Analysis of the June 2010 USDA Crop Production & WASDE Reports

Daniel O'Brien – Extension Agricultural Economist, K-State Research and Extension

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Summary of Critical Factors in June 2010 Crop Production & WASDE USDA Reports

Wheat Market Impact ⇨ Neutral impact on Wheat market outlook

- **World wheat ending stocks in MY 2010/11 = 193 mmt (29% S/U)** *(⇩ 4.2 mmt from May WASDE)*
  - Versus 193 / 165 / 124 mmt (30% / 26% / 20% S/U) for MY 2009, 2008 & 2007, respectively
    - *Slightly lower World wheat stocks, but still large World wheat supplies vs use*
- **U.S. wheat ending stocks in MY 2010/11 = 991 mb (47% S/U)** *(⇩ 6 mb from May 2010 WASDE)*
  - Versus 930 / 657 / 306 mb (45% / 29% / 13% S/U) for MY 2009, 2008 & 2007, respectively
  - U.S. wheat prices in \$4.00 - \$4.80 /bu range in MY 2010/11 *(vs \$4.85 in MY 2009/10)*
    - *Large U.S. wheat stocks, but what impact will disease problems have on HRW wheat production & quality?*
    - *Facing likely storage, handling and some quality problems during the Kansas wheat harvest (concerns about widening wheat basis levels)*

Corn & Grain Sorghum ⇨ Positive impact on Feedgrain market outlook

- **World Coarse Grain ending stocks in MY 2010/11 = 192 mmt (17% S/U)** *(⇩ 9.6 mmt vs May WASDE)*
  - Versus 193 / 194 / 162 mmt (17.5% / 18% / 15% S/U) for MY 2009, 2008 & 2007, respectively
    - *Tighter world Coarse Grain stocks, but not comparable to MY 2007/08 (absent 2010 crop problems)*
- **U.S. Corn ending stocks in MY 2010/11 = 1,573 mb (11.7% S/U)** *(⇩ 245 mb from May 2010 WASDE)*
  - Versus 1,603 / 1,673 / 1,624 mb (12.2% / 13.9% / 12.7% S/U) for MY 2009, 2008 & 2007, respectively
  - U.S. Corn prices in \$3.30 - \$3.90 /bu range in MY 2010/11 *(vs \$3.45 - \$3.65 in MY 2009/10)*
  - U.S. Grain Sorghum prices in \$3.00 - \$3.60 /bu range in MY 2010/11 *(vs \$3.05 - \$3.25 in MY 2009/10)*
    - *Steady to strong ethanol use & exports of U.S. corn in both MY 2009 & MY 2010*
    - *Focus on U.S. crop prospects & ethanol policy decisions (E-10 to E-12 or E-15) in coming months*

Soybeans ⇨ Neutral impact on Soybean market outlook

- **World Oilseed ending stocks in MY 2010/11 = 77.5 mmt (21% S/U)** *(⇩ 0.27 mmt vs May WASDE)*
  - Versus 76.6 / 57 / 62 mmt (22% / 17% / 18% S/U) for MY 2009, 2008 & 2007, respectively
    - *Large world Oilseed stocks due to U.S. & South American production (absent 2010 U.S. crop problems)*
- **U.S. Soybean ending stocks in MY 2010/11 = 360 mb (11.5% S/U)** *(⇩ 5 mb from May WASDE)*
  - Versus 185 / 138 / 205 mb (6% / 5% / 7% S/U) for MY 2009, 2008 & 2007, respectively
  - U.S. Soybean prices in \$8.00 - \$9.50 /bu range in MY 2010/11 *(vs \$9.50 in MY 2009/10)*
    - *U.S. Soybean crush & exports down in MY 2010/11 compared to MY 2009/10 due to world competition*

Summary Analysis with Market Implications

In the June 10, 2010 Crop Production and World Agricultural Supply-Demand Estimate (WASDE) reports, the USDA projected increased ethanol use of U.S. corn in both the 2009-10 and 2010-11 marketing years, causing projections of U.S. ending corn stocks in both periods to be markedly lower than in the May 2010 USDA WASDE reports. Increases of 150 and 100 million bushels (mb) in ethanol use in MY 2009-10 and MY 2010-11 led to declines of 135 and 245 mb in U.S. corn ending stocks projections for the respective marketing years. As a result, U.S. corn ending stocks-to-use ratios reversed what had been higher trends in since MY 2007-08 to begin declining to an estimate of 12.2% in MY 2009-10 and to a projected value of 11.7% in MY 2010-11. These declines in U.S. corn ending stocks have important implications for risk and volatility in U.S. corn and grain sorghum markets during the summer 2010 growing season, as well as potential cross-market affects on wheat and soybean prices. With declines in projected MY 2010-11 corn stocks versus earlier years, any threat to 2010 feedgrain production during the summer season will have even larger impacts on corn price volatility than previously would have been the case.

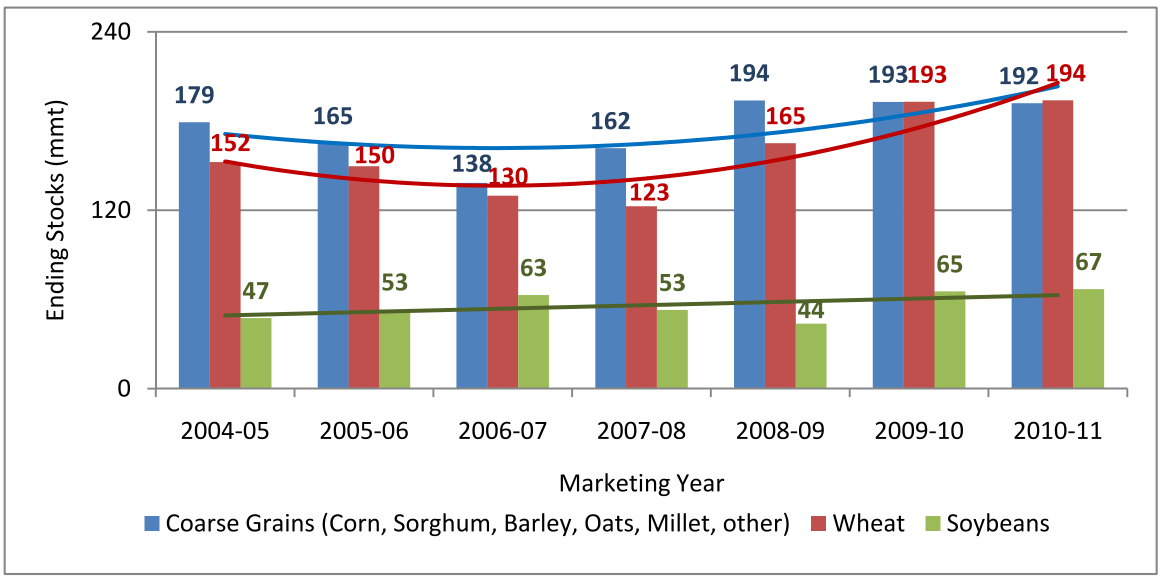
The June 10th reports also indicated only marginal changes in the projected supply-demand balances in the U.S. and World wheat markets. Although both U.S. and World wheat ending stocks for MY 2009-10 are projected to diminish marginally, projected ending stocks-to-use for U.S. wheat are in the 45%-47% range for MY 2009-10 and MY 2010-11, with World ending stocks being in the 29%-30% range for the same period. These stats indicate that ample supplies of wheat are projected to be available in World and U.S. markets for the coming year. These USDA reports are likely neutral for wheat market prospects, signaling neither an increasing or decreasing trends in wheat prices in any way different than what had existed prior to their release. Rather, wheat market concerns now are shifting to potential wheat quality and disease issues coming to light during hard red winter wheat harvest in the central plains. In addition, emerging local harvest storage and handling issues for wheat are of great concern for plains wheat producers, with historically wide wheat basis bids occurring in some areas.

The impact on World oilseed and U.S. soybean markets from this report are also likely to be neutral at least for the time being. These reports signal no change in the existing soybean / oilseed market situation, i.e., the expectation of large and increasing South American soybean harvests combined with good progress in planting and development to date for the 2010 U.S. soybean crop. Given the strength of U.S. and World soybean prices to date in the 2009-10 marketing year – based on strong soybean and soy product exports primary to China – oilseed markets seem hesitant to diminish price bids in response to prospects for increasing supplies. However, ending stocks of World oilseeds and U.S. soybeans are projected to increase in this report, with U.S. soybean ending stocks-to-use for MY 2010-11 projected to be 11.45%, up from 6.7%, 4.5% and 5.5% stocks-to-use for MY 2007-08, MY 2008-09 and MY 2009-10, respectively. If the 2010 U.S. soybean crop is not threatened this summer with significant weather, disease or other problems, it is possible that U.S. soybean prices could decline markedly into fall harvest in late 2010 (given the growing stocks of World and U.S. soybeans that would likely be occurring as a result).

World Ending Stocks of Coarse Grains, Wheat and Soybeans

World Coarse Grain & Corn Stocks: **World coarse grain production and total supplies** are both projected at record high levels of 1,128 mmt and 1,321 mmt, respectively, for MY 2010-11. Although lowered marginally than projected in the May WASDE report, World coarse grain production has increased by 4.6% over benchmark 2007-08 marketing year. Likewise, World coarse grain total supplies are projected to have increased by 18.5% since MY 2007-08. Total use of World coarse grains are also estimated to have increased in like fashion to production, with a projected total use of 1,129 mmt in MY 2010-11, up 4.3 mmt from the May WASDE report and 7% from MY 2007-08 (Figure 1). World coarse grain ending stocks are projected to be 192 mmt in MY 2010-11, down 9.6 mmt from the May WASDE report, and representing 17% stocks to use. This level of ending stocks is down only marginally from the previous 2 marketing years (193-194 mmt), but still 19% higher than during MY 2007-08. **World corn** ending stocks are projected to be 147.32 mmt (17.7% S/U) in MY 2010-11, down 6.89 mmt from the May WASDE, and comparable to 143 mmt (17.6% S/U) in MY 2009/10 and 147.56 mmt (18.9% S/U) in MY 2008-09. World corn stocks are projected to account for 76.8% of total World coarse grain ending stocks in MY 2009-10, up from 74.4% in MY 2009-10 and 76.2% in MY 2008-09.

Figure 1. World Ending Stocks of Coarse Grains, Wheat and Soybeans: 2004-05 through 2010-11 Marketing Years (June 10, 2010 USDA WASDE Report)



<u>World Wheat Stocks</u>: **World wheat** ending stocks for the 2010-11 MY are projected to be 193.93 mmt (29% S/U), down 4.16 mmt from the May WASDE (Figure 1). World wheat ending stocks in MY 2010-11 are up marginally from 192.9 mmt (29.6% S/U) in MY 2009-10, but are substantially higher than 165.05 (25.7% S/U) in MY 2008-09 and 124 mmt (20% S/U) in MY 2007-08, the benchmark comparison year for World wheat supply-demand in recent history. The types of wheat aggregated together to represent total wheat supplies include hard red winter, hard red spring, soft red winter, white wheat, and durum.

<u>World Oilseed & Soybean Stocks</u>: **World oilseed** ending stocks for the 2010-11 MY are projected to be 77.52 mmt (21.0% S/U), up 0.27 mmt from the May WASDE report, and up from 76.52 mmt (21.7% S/U) in MY 2009-10 and from 56.53 mmt (16.7% S/U) in MY 2008-09. The category of "Oilseeds" includes soybeans, sunflowers, cotton, canola, flaxseed, peanuts, and other oilseed-type crops.

World soybean ending stocks are projected to be a record high 66.99 mmt (27.2% S/U) in MY 2010-11, up 0.9 mmt from the May WASDE report, and up from 65.47 mmt (27.8% S/U) in MY 2009-10 and from 43.66 mmt (19.6% S/U) in MY 2008-10.

Perspective on World Ending Stocks for Major Grains & Oilseeds: As shown in Figure 1, World coarse grain, wheat and soybean ending stocks are projected to remain at or near historically high levels in MY 2010-11, nearly equal to ending stocks levels in MY 2009-10 for these same grain commodities. Given the importance of export markets in price determination for U.S. and world grains, a continuation of these historically high world ending stocks figures would not provide support for any markedly higher moves in world and U.S. grain prices. However, with production uncertainty still an issue in the United States during the remainder of June through the end of the summer, and with the possibility of higher grain-based ethanol production being mandated within months by the U.S. government, there remains a reasonable possibility of a scenario of lower supplies, tighter ending stocks and higher prices for MY 2010-11 coming to fruition.

Corn and Grain Sorghum Supply-Demand Situation

Projected Corn Supply-Demand for MY 2010-11: In its June 10, 2010 Crop Production report, the National Agricultural Statistical Service (NASS) made no changes from its May 11th projections of 2010 U.S. corn planted acreage based on the March 31 Prospective Plantings report (88.798 million acres or mln ac.). Using historic harvested to planted acreage relationships, and adjusted trendline yields, the June 10 WASDE report projects record high 2010 U.S. corn production of 13.370 billion bushels (bb), up 260 million bushels (mb) from 2009 (Table 1).

Using the USDA NASS production projections, the USDA WAOB projected U.S. corn supply-demand for MY 2010-11. Based on beginning stocks of 1.603 bb (down 70 mb from MY 2009-10) and imports of 10 mb, total supplies of U.S. corn for the 2010-11 MY are projected to be a record 14.983 bb (up 190 mb from last year). Marked changes occurred in the June WASDE report from the previous month, as MY 2010-11 beginning stocks and total supplies declined by 135 mb each.

Projected record high total use of 13.410 bb consisted of corn use for ethanol of 4.7 bb (up 100 mb from May WASDE and up 150 from MY 2009-10), non-ethanol food, seed and industrial use of 1.36 bb (up 10 mb from May WASDE and up 20 mb from MY 2009-10), corn exports of 2.0 bb (up 50 mb from MY 2009-10), and feed and residual use of 5.35 bb (unchanged from MY 2009-10). The use of 4.7 bb of corn for ethanol production would indicate that 13.16 billion gallons of ethanol were to be produced during MY 2010-11 (assuming 2.8 gallons of ethanol per bushel of corn). This amount of ethanol production appears to more closely match current Renewable Fuels Standard requirements for MY 2011-12. Increasing use of corn for ethanol production is based on mandated federal the current Renewable Fuels Standard of increasing amounts of grain-based ethanol production through 2015 (up to 15.0 billion gallons per year).

Ending stocks of U.S. corn are projected at 1.573 bb in MY 2010-11 (down 245 mb from May WASDE and down 135 mb from MY 2009-10), representing 11.7% ending stocks-to-use (down from 12.2% in MY 2009-10). This would be the lowest % stocks-to-use figure for U.S. corn since MY 2003-04 (i.e., 9%). Season average corn prices for MY 2010-11 were projected to be in the range of $3.30-$3.90 per bushel (up $0.10 per bushel on both ends of the range), with a midpoint of $3.60. This compares to estimated MY 2009-10 prices in the range of $3.45-$3.65 per bushel (midpoint of $3.55).

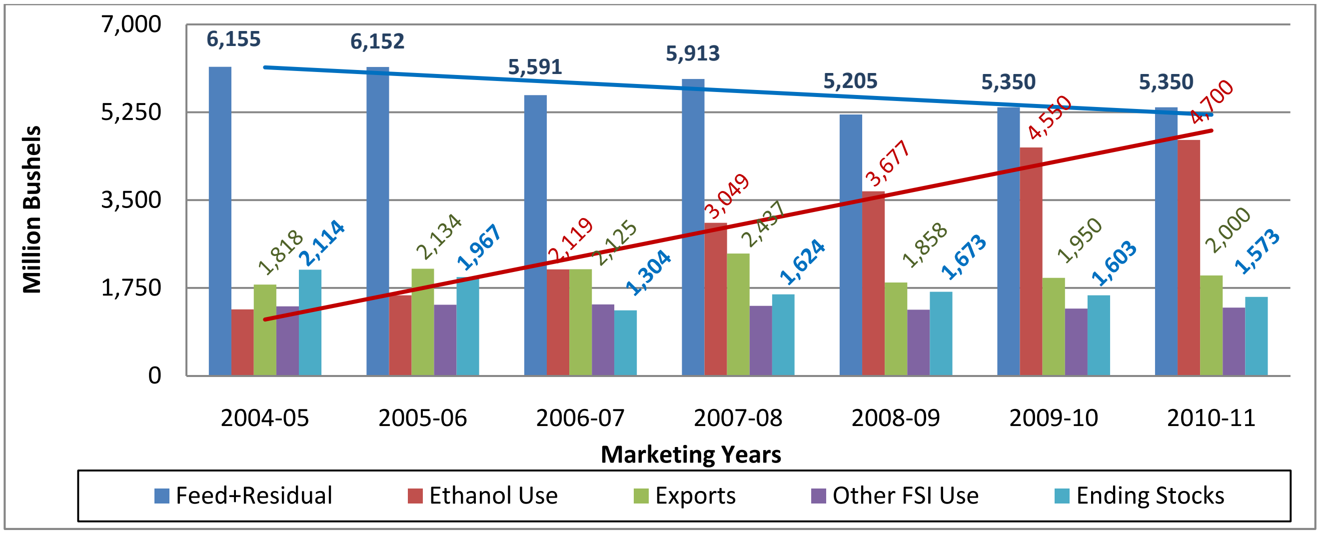
Adjustments in 2009-10 Corn Supply-Demand: Use of corn for ethanol production was raised 150 mb to 4.55 bb from May WASDE, based on U.S. Energy Information Administration ethanol production data. Corn feed and residual use estimates were lowered 25 mb to 5.350 bb due to a slow recovery in animal herd numbers and increased use of distillers grains as a competing substitute for corn in livestock feed rations. Resulting from these changes, MY 2009-10 ending stocks were lowered 135 mb to 1.603 bb, representing 12.2% stocks to use. The projected price range of $3.45-$3.55 per bushel was lowered$0.05 per bushel on each end of the price range.

Table 1. U.S. Corn Supply-Demand Balance Sheet: 2007/08 through 2010/11 Marketing Years
(June 10, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	93.5	86.0	86.5	88.8
Harvested Area (million acres)	86.5	78.6	79.6	81.8
Yield per harvested acre (bushels/acre)	150.7	153.9	164.7	163.5
	million bushels			
Beginning Stocks	1,304	1,624	1,673	1,603
Production	13,038	12,092	13,110	13,370
Imports	20	14	10	10
Total Supply	14,362	13,729	14,793	14,983
Ethanol for fuel	3,049	3,677	4,500	4,700
Non-ethanol Food, Seed & Industrial	1,393	1,316	1,340	1,360
Exports	2,437	1,858	1,950	2,000
Feed & Residual	5,858	5,205	5,350	5,350
Total Use	12,737	12,056	13,190	13,410
Ending Stocks	1,624	1,673	1,603	1,573
% Ending Stocks-to-Total Use	12.8%	13.9%	12.2%	11.7%
U.S. Average Farm Price ($/bushel)	$4.20	$4.06	$3.45-$3.65 *Midpoint = $3.55*	$3.30-$3.90 *Midpoint = $3.60*

U.S. Corn Use and Ending Stocks Trends During the 2004-05 through 2010-11 Period: Since the 2004-05 marketing year, U.S. feed and residual use of corn has generally declined, while use of corn for ethanol production has increased over the same period (Figure 2). Ending stocks of U.S. corn have increased and then declined since the 2006-07 marketing year, moving from 1.304 bb in 2006-07 up to 1.673 bb in MY 2008-09 and down to a projected level of 1.573 bb in 2010-11.

Figure 2. Trends in U.S. Corn Use and Ending Stocks: 2004-05 through 2010-11 Marketing Years
(June 10, 2010 USDA WASDE Report)



__Projected Grain Sorghum Supply-Demand for MY 2010-11__: In its June 10, 2010 Crop Production report, the National Agricultural Statistical Service (NASS) projected 2010 U.S. grain sorghum planted acreage at 6.360 million acres, down 273,000 acres from 2009 based on the March 31 Prospective Plantings report (Table 2). Using historic harvested to planted acreage relationships, and trendline yields, the June 10 WASDE report projects 2010 U.S. grain sorghum production at 355 mb, down 28 mb from MY 2009-10.

Based on beginning stocks of 33 mb (down 10 mb from May WASDE and down 22 mb from MY 2009-10), total supplies of U.S. grain sorghum for the 2010-11 MY are projected to be 388 mb (down 10 mb from May WASDE and 50 mb from MY 2009-10). Total use of 350 mb consisted of food, seed and industrial use of 100 mb (including ethanol use), exports of 140 mb (down 30 mb from MY 2009-10), and feed and residual use of 110 mb (down 5 mb from May WASDE and 25 mb from MY 2009-10).

Ending stocks of U.S. grain sorghum are projected at 38 mb in MY 2010-11 (down 5 mb from May WASDE and 5 mb greater than for MY 2009-10), representing 10.9% ending stocks-to-use (up from 8.1% in MY 2009-10). Average grain sorghum prices for MY 2010-11 were projected to be in the range of $3.00-$3.60 per bushel (up $0.10 per bushel on each end of the range), with a midpoint of $3.30.

__Adjustments in 2009-10 Grain Sorghum Supply-Demand__: Estimated grain sorghum exports for MY 2009-10 were raised to 170 mb (up 10 mb). Resulting from these changes, MY 2009-10 ending stocks were lowered 10 mb to 33 mb, representing 8.1% stocks to use. Estimated MY 2009-10 grain sorghum prices were projected to be in the range of $3.05-$3.25 per bushel (down $0.05 per bushel on each end of the range).

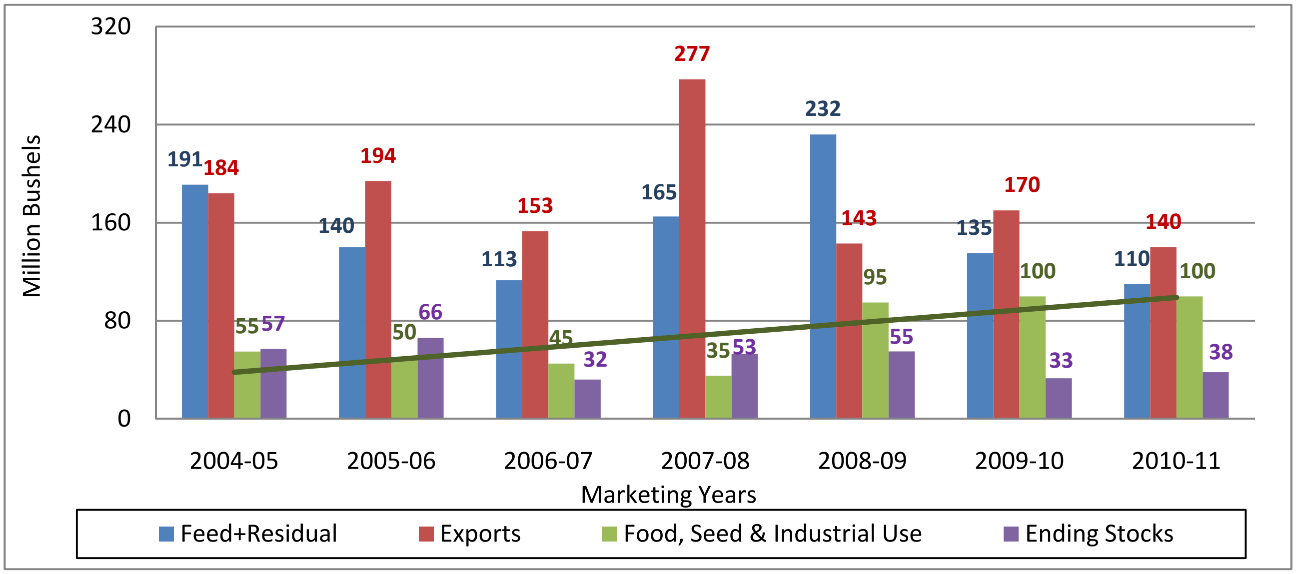
Table 2. U.S. Grain Sorghum Supply-Demand Balance Sheet: 2007-08 through 2010-11 Marketing Years (June 10, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	7.7	8.3	6.6	6.4
Harvested Area (million acres)	6.8	7.3	5.5	5.4
Yield per harvested acre (bushels/acre)	73.2	65.0	69.4	65.9
	million bushels			

Beginning Stocks	32	53	55	33
Production	497	472	383	355
Total Supply	530	525	438	388
Food, Seed & Industrial	35	95	100	100
Exports	277	143	170	140
Feed & Residual	165	232	135	110
Total Use	477	471	405	350
Ending Stocks	53	55	33	38
% Ending Stocks-to-Total Use	11.1%	11.7%	8.1%	10.9%
U.S. Average Farm Price ($/bushel)	$4.08	$3.20	$3.05-$3.25 *Midpoint = $3.15*	$3.00-$3.60 *Midpoint = $3.30*

U.S. Grain Sorghum Use and Ending Stocks Trends During the 2004-05 through 2010-11 Period: Increasing use of grain sorghum in ethanol production is reflected by increased food, seed and industrial use in MY 2008-09 through MY 2010-11 (Figure 3). Ending stocks for U.S. grain sorghum continue to remain - in the range of 32 to 66 million bushels during the MY 2004-05 to MY 2010-11 period, with 33 mb of ending stocks (10.9% stocks to use) projected for MY 2010-11.

Figure 3. Trends in U.S. Grain Sorghum Use and Ending Stocks Over the 2004-05 – 2010-11 Marketing Years (June 10, 2010 USDA WASDE Report)



Wheat Supply-Demand Situation

<u>Projected Wheat Supply-Demand for MY 2010-11</u>: In its June 10, 2010 Crop Production report, the National Agricultural Statistical Service (NASS) projected 2010 U.S. winter wheat production to be 1.48 bb, up 2% from the May USDA Crop Production report forecast, but 3% below 2009 winter wheat production levels. June 1st U.S. wheat yields are forecast at 46.6 bushels per acre, up 0.7 bushels from the May Crop Production report and 2.4 bu/ac. from 2009. Expected 2010 harvested acreage of U.S. wheat totals 31.8 mln. ac., unchanged from the May Crop Production report. By subcategory, U.S. hard red winter wheat production was projected to be up 2% from the May report to 979 mln. bu.. Soft red winter wheat production was projected to be up marginally from the May report to 284 mln. bu.. White wheat production was projected up 2% from the May report to 219 mln. bu..

Based on winter wheat production and spring wheat acreage projections from USDA NASS, the USDA WASDE projections for all U.S. wheat production for MY 2010-11 were 2.067 bb (up 24 mb from May WASDE, but down 149 mb from MY 2009-10 (Table 3). The prediction is based on a planted area of 53.8 million acres as forecast by NASS in the March 31 Prospective Plantings report (down 5.3 mln acres), harvested area of 47.1 mln ac., and projected trend yields of 43.9 bushels per acre (up 0.5 bu/ac. from May WASDE).

Based on beginning stocks of 930 mb (down 20 mb from May WASDE, but up 233 mb from MY 2009-10) and imports of 110 mb (down 5 mb from MY 2009-10), total supplies of U.S. wheat for the MY 2010-11 are projected to be 3.107 bb (up 119 mb from MY 2009-10). Total use of 2.116 bb (up 58 mb from MY 2009-10) consisted of food use of 940 mb (up 20 mb from MY 2009-08), seed use of 76 mb, exports of 900 mb (up 15 mb from MY 2009-10), and feed and residual use of 200 mb (up 10 mb from May WASDE, and up 20 mb from MY 2009-10). Exports and wheat feeding are projected to be greater due to lower prices and increased competitiveness of U.S. wheat exports in world markets.

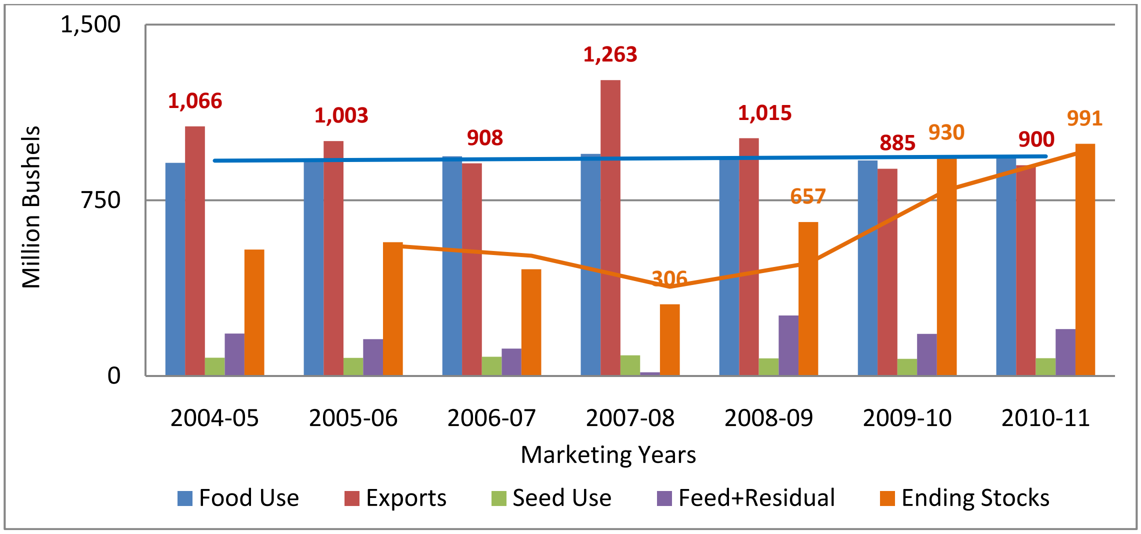
Ending stocks of U.S. wheat are projected at 991 mb (46.8% S/U) in MY 2010-11 (up 61 mb from MY 2009-10). Ending stocks-to-use for U.S. wheat will have increased for the fourth consecutive marketing year if this projection holds true, rising from 13.2% to 28.9% to 45.2% to 46.8% from MY 2007-08 through MY 2010-11. Average U.S. wheat prices for 2010-11 were projected to be in the range of $4.00-$4.80 per bushel (down $0.10 on each end of the range from May WASDE), with a midpoint of $4.40. This compares to an estimated MY 2009-10 average prices of $4.85 per bushel (down $0.05 from May WASDE).

Table 3. U.S. Wheat Supply-Demand Balance Sheet: 2007-08 through 2010-11 Marketing Years
(June 10, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	60.5	63.2	59.1	53.8
Harvested Area (million acres)	51.0	55.7	49.9	47.1
Yield per harvested acre (bushels/acre)	40.2	44.9	44.4	43.9
	million bushels			
Beginning Stocks	456	306	657	930
Production	2,051	2,499	2,216	2,067
Imports	113	127	115	110
Total Supply	2,620	2,932	2,988	3,107
Food Use	948	927	920	940
Seed Use	88	75	73	76
Exports	1,263	1,015	885	900
Feed & Residual	16	258	180	200
Total Use	2,314	2,275	2,058	2,116
Ending Stocks	306	657	930	991
% Ending Stocks-to-Total Use	13.2%	28.9%	45.2%	46.8%
U.S. Average Farm Price ($/bushel)	$6.48	$6.78	$4.85	$4.00-$4.80 *Midpoint = $4.40*

U.S. Wheat Use and Ending Stocks Trends During the 2004-05 through 2010-11 Period: A strong upward trend in U.S. wheat ending stocks has existed since the 2007/08 marketing year (Figure 4). U.S. wheat ending stocks have increased from 306 mb in MY 2007-08 to 657 mb in MY 2008-09 to 930 mb in MY 2009-10 to a projected level of 991 mb in MY 2010-11.

Figure 4. Trends in U.S. Wheat Use and Ending Stocks: 2004-05 through 2009-10 Marketing Years
(June 10, 2010 USDA WASDE Report)



Soybean Supply-Demand Situation

Projected Soybean Supply-Demand for MY 2010-11: In its June 10, 2010 Crop Production report, the National Agricultural Statistical Service (NASS) projected 2010 U.S. soybean planted acreage at 78.098 million acres in 2010, up 674,000 acres from 2009 based on the March 31 Prospective Plantings report (Table 4). Using historic harvested to planted acreage relationships and trendline yields, the June 10 WASDE report projects 2010 U.S. soybean production at 3.310 bb., down 49 mb from MY 2009-10.

Based on beginning stocks of 185 mb (down 5 mb from May WASDE, but up 47 mb from MY 2009-10) and imports of 10 mb, total supplies of U.S. soybeans for the MY 2010-11 were projected to be 3.505 bb (down 5 mb from May WASDE, and down 7 mb from MY 2009-10). Total use of 3.144 bb (down 184 mb from MY 2009-10) consisted of domestic crushings of 1.64 bb (down 100 mb from MY 2009-10), exports of 1.35 bb (down 105 mb from the record high 1.455 mb in MY 2009-10), seed use of 88 mb, and residual use of 66 mb (up 24 mb from MY 2009-10). Sizable declines in projected 2010-11 exports of soybean meal (down 23%) and soybean oil (down 32%) are reflected in the lower domestic soybean crushings projection for MY 2010-11. Use of soybean oil for biodiesel production (in the form of methyl ester) is projected to be up 32% in MY 2010-11.

Ending stocks of U.S. soybeans are projected at 360 mb in MY 2010-11 (down 5 mb from May WASDE, but up 175 mb from MY 2009-10), representing 11.5% ending stocks-to-use (up from 5.5% in MY 2009-10 and 4.5% in MY 2008-09). Average U.S. soybean prices for MY 2010-11 are projected to be in the range of $8.00-$9.50 per bushel, with a midpoint of $8.75. This compares to an estimated MY 2009-10 U.S. average price of 9.50 per bushel.

Table 4. U.S. Soybean Supply-Demand Balance Sheet: 2007-08 through 2009-10 Marketing Years
(June 10, 2010 USDA WASDE Report)

Item	2007-08	2008-09	2009-10	2010-11
Planted Area (million acres)	64.7	75.7	77.5	78.1
Harvested Area (million acres)	64.1	74.7	76.4	77.1
Yield per harvested acre (bushels/acre)	41.7	39.7	44.0	42.9
	million bushels			
Beginning Stocks	574	205	138	185
Production	2,677	2,967	3,359	3,310
Imports	10	13	15	10
Total Supply	3,261	3,185	3,512	3,505
Domestic Crushings	1,803	1,662	1,740	1,640
Exports	1,159	1,283	1,455	1,350
Seed	89	90	91	88
Residual	5	12	42	66
Total Use	3,056	3,047	3,328	3,144
Ending Stocks	205	138	185	360
% Ending Stocks-to-Total Use	6.7%	4.5%	5.5%	11.5%
U.S. Average Farm Price ($/bushel)	$10.10	$9.97	$9.50	$8.00-$9.50 *Midpoint = $8.75*

U.S. Soybean Use and Ending Stocks Trends During the 2004-05 – 2010-11 Period: U.S. soybean exports were trending higher from MY 2005-06 to MY 2009-10, but are projected to decline on a year to year basis in MY 2010-11 (from 1.45 bb to 1.35 bb) (Figure 5). Projected MY 2010-11 ending stocks of 360 mb would be the largest since MY 2007-08, but lower than the levels of MY 2005-06 and MY 2006-07.

Figure 5. U.S. Soybean Use and Ending Stocks: 2004-05 through 2010-11 Marketing Years
(June 10, 2010 USDA WASDE Report)