



USDA Reports Flash

USDA Bumps up Corn Use

USDA raised corn usage for ethanol on Tuesday for the 2017-18 crop by 50 million bushels, but also lowered soybean and wheat exports by 25 million bushels for each crop as well.

The December World Agricultural Supply and Demand Estimates were released Tuesday with few major changes in the numbers, though the ripple effect increases projected wheat and soybean stocks for the 2017-18 crop by a comparable 25 million bushels while lowering corn ending by 50 million bushels.

USDA typically does not make major changes to the WASDE in the December report.

CORN

Ending stocks for the 2017-18 crop are now pegged at 2.437 billion bushels, which is 40 million bushels below the pre-report average. USDA raised corn use for ethanol production to 5.525 billion bushels, a bump of 50 million bushels. The rationale for higher corn use for ethanol stems from higher sorghum export commitments, which would prompt ethanol plants able to use either sorghum or corn to use more corn for ethanol.

The projected farm-gate price for corn was unchanged at \$3.20 per bushel, but USDA narrowed the price range for the crop, bumping up the minimum price to \$2.85 a bushel.

SOYBEANS

Stronger-than-projected competition from Argentina and Brazil prompted USDA to lower soybean exports 25 million bushels for 2017-18 with exports now pegged at 2.225 billion bushels. USDA also bumped up projected seed production by 5 million bushels as well.

The export and seed changes led USDA to increase soybean ending stocks by 20 million bushels to 445 million bushels for the 2017-18 crop year. That fell right in line with the pre-report average forecast.

Cash prices for soybeans remain projected at \$9.30 per bushel, though USDA also narrowed the average price range for soybeans on both the high and low end by 15 cents a bushel.

Globally, USDA made no changes to Brazil's soybean production, pegged at 108 million metric tons, or Argentina's production, projected at 57 million metric tons.

According to Dow Jones, Brazil's crop agency Conab on Tuesday increased projected soybean production to 109.2 million metric tons.

WHEAT

USDA lowered wheat exports by 25 million bushels for 2017-18 to 975 million bushels. The lower export forecast stems from higher projected export competition from Canada.

The net result was increasing wheat ending stocks for the year to 960 million bushels. That comes in at 19 million bushels higher than pre-report estimates.



The wheat cash price remains pegged at \$4.60 a bushel, but much like corn and soybeans, USDA narrowed the low and high prices for wheat by 10 cents a bushel on each end.

COTTON

USDA also released updated forecasts of all-cotton production, pegging production at 21.4 million bales (480 pounds each) for 2017, dropping the forecast 1% from November, but still reflecting cotton production in 2017 was 25% higher than a year ago. National yield is projected at 902 pounds per acre, up 35 pounds from a year ago. If realized, 2017 would be the highest cotton yield on record.

Despite Hurricane Harvey, Texas, the dominant cotton state, harvested 5.8 million acres, up 600,000 acres from 2016. Overall, Texas cotton production was pegged at 9.5 million bales, up 17.2% from last year.

U.S. ENDING STOCKS (million bushels) 2017-2018						
	Dec	Avg	High	Low	Nov	2016-17
Corn	2,437	2,477	2,519	2,363	2,487	2,295
Soybeans	445	445	491	425	425	301
Grain Sorghum	21	20	23	17	19	34
Wheat	960	941	987	925	935	1,181
WORLD ENDING STOCKS (million metric tons) 2017-2018						
	Dec	Avg	High	Low	Nov	2016-17
Corn	204.1	202.7	205.0	195.7	203.9	226.6
Soybeans	98.3	97.8	99.0	95.2	97.9	96.3
Wheat	268.4	266.3	269.0	264.0	267.5	255.6

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