July 10 WASDE Recap

Mac Marshall, VP Market Intelligence, United Soybean Board
Key Updates to Soy Complex for MY* 20/21

**World/International**

- World 20/21 soybean demand forecast at 363.6 million MT, **up 4.35%** from 19/20 demand.
  - Demand revised **up 1.8 MMT** from June on higher crush in US and China
  - Demand **up 15.1 MMT** relative to 2019/20; YOY demand growth driven by increased crush in China (+6.5 MMT), Argentina (+2.2 MMT), India (+1.1 MMT), and Brazil (+750 TMT)

- World 20/21 soybean production forecast at 362.5 million MT, **up 8.5%** from 19/20 production.
  - World production revised down slightly from June
  - World production **up 25.4 MMT YOY** due to projected rebound in US production (+15.9 MMT) and expansion in Brazil (+5.0 MMT), Argentina (+3.5 MMT), and India (+1.2 MMT)

US/ Domestic

- The July WASDE did not update the trendline yield estimate for US soybeans; such adjustments in July are rare.
- US planted area was revised upward by 0.3 million acres to 83.8 million acres as the estimates from the June 30th Acreage report were integrated into the July WASDE.
- Based on trendline yield and the June 30th figure of 83.8 million planted acres, US soybean crop projected to be **4.135 billion bushels**, **up 16%** from weather-hampered 2019/20 crop of 3.557 billion bushels. This figure is **unchanged from June**.
- US soybean exports projected to rebound significantly to **2.050 billion bushels**, **up 24%** from 19/20 exports of 1.650 billion bushels. This would be the highest export figure since prior to the US-China trade war. This figure is **unchanged from June**.
- US MY cash price forecast to be **$8.50/bu**, down from 19/20 MY price of $8.55/bu. This figure is **up 30 cents/bu from June**.
- US ending stocks to **decline from 58.7 days’ use to 35.7 days’ use**. This would be the lowest carryout since 2016/17. Relative to June, carryout is **up 30 million bushels**, driven by higher carryin from 19/20.
- Based on yield, area, and price estimates, the estimated farm gate value of US soybean production is **$35.1 billion**, **up 15.7%** from MY 19/20. The estimates underpinning this figure are **up from June on higher planted area and price**.

*US MY is Sep 1 – Aug 31 for whole bean; Oct 1 – Sep 30 for SBM/SBO. Note that MY 19/20 is not yet final.

**International figures expressed in metric tonnes. For reference, 1 MT = 36.73 bushels.**
Key Updates to Soy Complex for MY* 19/20 – Changes from Prior Month

World/International**
- **Whole bean**
  - Global crush revised up by 1.5 MMT, driven by increases in US and China
  - Global production up 1.79 MMT, driven by upward revision to Brazilian production (+2 MMT MOM)
  - Global ending stocks revised up by 483 TMT on higher Argentine inventories
  - Chinese imports revised up by 2 MMT
- **SBO**
  - Global consumption up 78 TMT with higher India food use partially offset by reduced US and China use
  - Ending stocks revised down by 123 TMT on lower inventories in Argentina
  - World production revised up by 252 TMT on higher Chinese crush
- **SBM**
  - World demand revised up 1.0 MMT on higher Chinese (+802 TMT) and US (+272 TMT) feed use
  - World ending stocks revised down by 391 KMT with reduced Brazilian inventories more than offsetting increased Black Sea stocks
  - Argentine exports revised down 1 MMT
  - World production up 1.1 MMT with upward revisions to US and Chinese crush.

US/Domestic
- **Whole bean**
  - US production unchanged
  - US crush up slightly (+15 m bu)
  - US exports unchanged
  - US residual use revised down by 50 m bu
  - US ending stocks revised up 35 m bu
  - MY 19/20 price of $8.55/bu up 5 cents from June
- **SBO**
  - Production up 105 m lbs on higher crush
  - Domestic non-biodiesel use down 150 m lbs
  - Exports up 150 m lbs
  - Ending stocks up 80 m lbs
  - MY 19/20 price of 29 cents/lb unchanged from June
- **SBM**
  - Production up 300,000 ST on higher crush
  - Domestic use up 300,000 ST
  - MY 19/20 price of $290/ST down from $295/ST in June

Data Source: USDA WASDE, PSD, updated July 2020.
*US MY is Sep 1 – Aug 31 for whole bean; Oct 1 – Sep 30 for SBM/SBO. Note that MY 19/20 is not yet final.
**International figures expressed in metric tonnes. For reference, 1 MT = 36.73 bushels.
***Trade residual defined as world exports less world imports.
July 10 WASDE – Prerelease Estimates

**PREDICTING USDA:**

<table>
<thead>
<tr>
<th></th>
<th>Corn Production</th>
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<tbody>
<tr>
<td>Average trade estimate</td>
<td>15.041</td>
<td>178.6</td>
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Source: Reuters via Refinitiv Eikon, USDA
### July 10 WASDE – Prerelease Estimates

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**US Ending Stocks**

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#### USDA June

**2019/20**

- Corn: 2.103
- Soy: 0.585
- Wheat: 0.925

**2020/21**

- Corn: 3.323
- Soy: 0.395

#### USDA July

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### WORLD ENDING STOCKS

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#### USDA June

**2019/20**

- Wheat: 296.92
- Corn: 315.76
- Soy: 100.13

**2020/21**

- Wheat: 315.86
- Corn: 323.53
- Soy: 100.10

#### USDA July

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**Source:** Reuters via Refinitiv Eikon, USDA
Historical Performance of July WASDE

July WASDE vs. Final MY Crop Size

Production Residuals - Final Less July

July 2020 Estimate of US 2020 Soybean crop: 4.135 billion bushels

Data Source: USDA WASDE, 2009-2020
Historical Performance of July WASDE

July WASDE vs. Final MY Cash Price

Production Residuals - Final Less July


Data Source: USDA WASDE, 2009-2020
US Soy Complex – Usage Breakdown for MY 20/21

Data Sources: USDA PSD Tables as of July 2020 WASDE Report

End Market Use is defined as the point of consumption once soybeans or co-products have left the US processing chain. For this reason and to avoid double counting, US crush is shown on a co-product (not whole bean) basis.

59% of the US soy complex is exported

- Domestic Use
- Exports
- Export Share
US Soy Complex – Usage Breakdown for MY 19/20

Data Sources: USDA PSD Tables as of July 2020 WASDE Report

End Market Use is defined as the point of consumption once soybeans or co-products have left the US processing chain. For this reason and to avoid double counting, US crush is shown on a co-product (not whole bean) basis.
Based on the July 2020 WASDE estimates putting world whole soybean demand for MY 20/21 at 363.6 MMT:

- World demand is up 15.1 MMT YOY, outpacing 10-year trend* of +10.9 MMT/yr
- US demand is up 2.4 MMT YOY slightly above 10-year trend of +0.9 MMT/yr
- Ex-US demand is up 12.7 MMT YOY, outpacing 10-year trend of +10.0 MMT/yr

Data Source: USDA PSD, updated July 2020.

*MY 2009/10 – MY 2019/20
Long-Term Demand Pace

Data Source: USDA PSD, updated July 2020.
*Growth paths based on trends from MY 2009/10 – MY 2019/20