

## Marex Pre-WASDE report - Grain and Oilseed

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### **USDA will update their March S&D update on Friday the 8<sup>th</sup> @ 11:00 AM CT / 5:00 PM UK**

A good number of analysts don't see major changes in the monthly USDA March S&D update, but we penciled in some U.S. demand and world supply balance changes. Much of the focus will be again on South American production, where USDA may further trim its Brazil soybean production, cut Brazil corn, leave Argentina soybeans unchanged and lower Argentina corn. For the U.S., we have a bias for USDA to tighten up the balance sheets for grains, and increase the carryout for soybeans, but would not be shocked to see no U.S. ending stocks changes as USDA could wait until April to consider results from the of quarterly *Grain Stocks* report.

Starting with soybeans, we think about half of the Brazilian soybean crop will have been collected as of the end of the first week of March. Conab estimated 47.3 percent of the Brazil soybean crop had been harvested as of March 3<sup>rd</sup>, nine points above the previous week and compares to 44 percent year ago. They are at 149.4 million tons for production, middle to the lower end, of a wide range of expectations. The average trade guess for USDA Brazil soybean production, per Reuters, when updated Friday, is 152.3 million tons, 3.7 million below current USDA. We are looking for 155 million tons for this report, versus our final estimate of around 151 million tons. Recent rains benefited the crop, but yields have varied across Parana and Mato Grosso per recent local crop reports. A 152.3-million-ton Brazil soybean crop is still large, in our opinion, and if realized by USDA, this could trim Brazil exports by 1.0-1.5 million tons and limit, if any, any downward revision to the U.S. export estimate. Traders are looking for a slight upward revision to Argentina's soybean crop, by 200,000 tons, resulting in an average of 50.2 million tons. If there is no change, which we expect, look for USDA to leave their Argentina export projection unchanged.

Corn conditions declined briefly across Argentina last month during a dry and warm spell, resulting in some yield loss, but combined good to excellent conditions have stabilized to 52 percent. We think USDA may address the potential yield and/or acreage loss by reducing production by 500,000 tons to 54.5 million. The trade is calling for an unchanged output. By early March, 42 percent of Brazil's summer corn had been planted, 4 points above average. The above average pace is promising for the recently planted crop, as much of Brazil saw favorable precipitation during last half February into early this month, and the current weather forecast calls for rains across some of the driest areas through the middle of this month. With the second corn crop production in the early stage of development, we see no reason for USDA to change their total production outlook, as the second crop corn represents most of the overall output. At 124.0 million tons, this would be a large enough crop to undercut U.S. exports over the long run, but in the meantime, U.S. export demand has recovered. Remember, Brazil's second corn crop, or bonus crop, is harvested later and will hit the global export market around June. The trade, on the other hand, has been arguing for a smaller second corn crop planted area due to unfavorable economic conditions for producers (cost of corn

production). Therefore, the average trade guess for this report is for a 2.1 million ton cut to Brazil corn production from USDA's current 125 million tons.

### Reuters poll for South American Production

2023-24

	Argentina Corn	Argentina Soybeans	Brazil Corn	Brazil Soybeans
Average	55.0	50.2	122.0	152.3
High	57.0	52.0	125.0	156.0
Low	54.0	50.0	118.0	148.0
High-Low	3.0	2.0	7.0	8.0
USDA February	55.0	50.0	124.0	156.0
Average - USDA	0.0	0.2	(2.1)	(3.7)
Marex - Reilly	54.5	50.0	124.0	155.0

Source: Reuters, USDA and Marex

Our global soybean ending stocks estimate is 114.5 million tons, below USDA's 116.0 MMT. The trade is looking for a 1.8-million-ton reduction to 114.3 million. We see USDA possibly lowering China soybean imports by 1 million tons from current 102 million as they may lower Brazil soybean exports. World corn ending stocks could fall 1.7 million tons and wheat by 0.3 million, per Reuters trade estimates. We don't see major changes to the world wheat balance sheets, other than global trade flows. Fob export Russian wheat prices are near their lowest level since mid-2020. President Putin estimated Russia grain exports ending at as high as 65 million tons for 2023-24, about 10 million tons above the previous season. Russia wheat exports during February were robust and we think USDA is understating the Russian export campaign by 1.0-1.5 million tons and would not discount an upward revision on Friday.

### Reuters poll for USDA world crop end stocks

PREDICTING USDA

	2023/24		
	Wheat	Corn	Soybeans
Average	259.1	320.4	114.3
High	260.2	322.1	118.0
Low	257.0	317.0	111.0
High-Low	3.2	5.1	7.0
USDA February	259.4	322.1	116.0
Average - USDA	(0.3)	(1.7)	(1.8)
Marex - Reilly	260.5	321.0	114.5

Source: Reuters, USDA and Marex

Most of USDA's U.S. balance sheets were recently reset in the January update, then again addressed last month, and will be more so in April, post the USDA NASS *Grain Stocks* (released at the end of the month), so many analysts don't expect major changes to U.S. demand for the March update. But there are some issues out there when it comes to U.S. soybean demand that USDA should eventually consider. USDA soybean export inspections for the month of February came in at 185.7 million bushels, slightly below our working estimate. We estimate the U.S. export projection at 1.695 billion bushels, below USDA's 1.725 billion estimate, and think USDA could lower their export forecast by 25 million bushels on Friday. We don't

expect any other changes to the U.S. soybean demand categories, which would result in a 25-million-bushel upward revision to the carryout to 340 million, which would be the highest since 2019-20.

U.S. ethanol production is running strong, and corn use for ethanol has been better than expected post the January cold spells. With favorable plant margins, corn for ethanol use is on track to exceed USDA's 5.375-billion-bushel projection. We look for USDA to increase corn for ethanol use by 25 million bushels and leave exports unchanged. U.S. shipments and commitments of corn have improved in recent weeks, changing our mind that the U.S. could fall short of their 2.100 billion estimate. The result could end up with a 25 million bushel draw in stocks, as opposed to the trade looking for a 13 million reduction. Much of the trade is expecting no change to the U.S. all-wheat carryout. We look for a possible upward revision to exports by 5 million. At around 653 million bushels for the 2023-24 U.S. carryout, this would be larger than the 570 million bushels carried over from 2022-23.

Overall, slightly bullish grains and bearish soybeans headed into this report.

### Reuters poll for US Ending Stocks

PREDICTING USDA

	2023/24		
	Wheat	Corn	Soybeans
Average	0.657	2.159	0.319
High	0.682	2.250	0.350
Low	0.648	2.075	0.295
High-Low	0.034	0.175	0.055
USDA February	0.658	2.172	0.315
Average - USDA	(0.001)	(0.013)	0.004
Marex - Reilly	0.643	2.147	0.340

Source: Reuters, USDA and Marex

### Bloomberg poll for USDA U.S. exports

PREDICTING USDA

	2023/24		
	Wheat	Corn	Soybeans
Average	0.724	2.105	1.712
High	0.750	2.150	1.745
Low	0.690	2.000	1.675
High-Low	0.060	0.150	0.070
USDA February	0.725	2.100	1.720
Average - USDA	(0.001)	0.005	(0.008)
Marex - Reilly	0.730	2.100	1.695

Source: Reuters, USDA and Marex

## U.S. SOYBEAN SUPPLY / USAGE BALANCE

(September-August)(thousand acres)(million bushels)

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	Marex Proj. 23/24	USDA Dec. 23/24	USDA Jan. 23/24	USDA Feb. 23/24	Marex Proj for USDA Mar. 23/24	Change
ACRES PLANTED	82660	83453	90162	89167	76100	83354	87195	87450	83600	83600	83600	83600	83600	-
% HARVESTED	98.9	99.1	99.3	98.2	98.4	99.1	99.0	98.7	98.5	99.0	98.5	98.5	98.5	-
ACRES HARVESTED	81742	82706	89542	87594	74918	82603	86292	86336	82356	82791	82356	82356	82356	-
AVERAGE YIELD	48.0	51.9	49.3	50.6	47.4	51.0	51.7	49.6	50.6	49.9	50.6	50.6	50.6	-
CARRY-IN	191	197	302	438	925	539	257	274	264	268	264	264	264	-
PRODUCTION	3927	4296	4412	4428	3551	4216	4464	4270	4165	4129	4165	4165	4165	-
IMPORTS	24	22	22	14	15	20	16	25	32	30	30	30	30	-
<b>TOTAL SUPPLY</b>	<b>4141</b>	<b>4514</b>	<b>4734</b>	<b>4880</b>	<b>4491</b>	<b>4775</b>	<b>4736</b>	<b>4570</b>	<b>4461</b>	<b>4428</b>	<b>4460</b>	<b>4460</b>	<b>4460</b>	-
CRUSH	1886	1901	2055	2092	2165	2141	2204	2212	2304	2300	2300	2300	2300	-
EXPORTS	1943	2166	2134	1752	1679	2261	2152	1992	1695	1755	1755	1720	1695	(25)
SEED	97	105	104	88	97	101	102	97	101	101	101	102	102	-
FEED/RESIDUAL	18	41	3	23	12	15	4	4	20	26	23	22	22	-
<b>TOTAL USAGE</b>	<b>3944</b>	<b>4213</b>	<b>4296</b>	<b>3955</b>	<b>3953</b>	<b>4518</b>	<b>4462</b>	<b>4306</b>	<b>4120</b>	<b>4182</b>	<b>4179</b>	<b>4144</b>	<b>4119</b>	(25)
STOCKS	197	302	438	925	539	257	274	264	341	245	280	315	340	25
C.O. AS % USE	5.0	7.2	10.2	23.4	13.6	5.7	6.1	6.1	8.3	5.9	6.7	7.6	8.3	0.7

Source: USDA, Census & Marex 2024 trend: 10-year 51.1, 15-Y 52.9, 20-Y 52.2

## U.S. CORN SUPPLY / USAGE BALANCE

(September-August)(thousand acres)(million bushels)

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	Marex Proj. 23/24	USDA Dec. 23/24	USDA Jan. 23/24	USDA Feb. 23/24	Marex Proj for USDA Mar. 23/24	Change
ACRES PLANTED	88019	94004	90167	88821	89370	90432	92901	88162	94641	94868	94641	94641	94641	-
% HARVESTED	91.7	92.3	91.8	91.4	90.6	90.9	91.5	89.3	91.4	91.8	91.4	91.4	91.4	-
ACRES HARVEST	80753	86748	82733	81169	80991	82168	84988	78705	86513	87096	86513	86513	86513	-
AVERAGE YIELD	168.4	174.6	176.6	176.4	167.5	171.4	176.7	173.4	177.3	174.9	177.3	177.3	177.3	-
CARRY-IN	1731	1737	2293	2140	2237	2004	1235	1377	1360	1361	1360	1360	1360	-
PRODUCTION	13602	15148	14609	14322	13568	14087	15018	13651	15342	15234	15342	15342	15342	-
IMPORTS	68	57	36	28	42	24	24	39	25	25	25	25	25	-
<b>TOTAL SUPPLY</b>	<b>15401</b>	<b>16942</b>	<b>16939</b>	<b>16490</b>	<b>15847</b>	<b>16115</b>	<b>16277</b>	<b>15066</b>	<b>16727</b>	<b>16621</b>	<b>16727</b>	<b>16727</b>	<b>16727</b>	-
FOOD/IND	1393	1424	1422	1386	1399	1408	1399	1353	1395	1385	1385	1375	1375	-
ETHANOL	5224	5432	5605	5378	4857	5028	5320	5176	5400	5325	5375	5375	5400	25
SEED	31	29	30	29	30	31	38	30	30	30	30	30	30	-
F/S/I	6647	6885	7057	6793	6286	6467	6757	6559	6825	6740	6790	6780	6805	25
FEED	5118	5468	5304	5392	5780	5667	5671	5486	5675	5650	5675	5675	5675	-
EXPORTS	1899	2296	2437	2068	1777	2747	2472	1661	2125	2100	2100	2100	2100	-
<b>TOTAL USAGE</b>	<b>13664</b>	<b>14649</b>	<b>14798</b>	<b>14253</b>	<b>13843</b>	<b>14881</b>	<b>14900</b>	<b>13706</b>	<b>14625</b>	<b>14490</b>	<b>14565</b>	<b>14555</b>	<b>14580</b>	25
CARRY-OUT	1737	2293	2140	2236	2004	1235	1377	1360	2102	2131	2162	2172	2147	(25)
C.O. AS % USE	12.7	15.7	14.5	15.7	14.5	8.3	9.2	9.9	14.4	14.7	14.8	14.9	14.7	-

Source: USDA & Marex 2024 trend: 10-year 175.9, 20-Y 179.0, 30-Y 180.9

# U.S. WHEAT SUPPLY / USAGE BALANCE

(June-May)(thousand acres)(million bushels)

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	Marex	USDA	USDA	USDA	Marex Proj	Change
									Proj.	Dec.	Jan.	Feb.	for USDA	
									23/24	23/24	23/24	23/24	23/24	
<b>PLANTED</b>	54999	50116	46052	47820	45485	44450	46740	45769	49575	49575	49575	49575	49575	-
<b>HAR % OF PLANT</b>	0.860	0.875	0.815	0.828	0.822	0.824	0.795	0.775	0.752	0.752	0.752	0.752	0.752	-
<b>HARVESTED</b>	47318	43848	37555	39615	37394	36609	37145	35485	37272	37272	37272	37272	37272	-
<b>YIELD</b>	43.6	52.7	46.4	47.6	51.7	49.7	44.3	46.5	48.6	48.6	48.6	48.6	48.6	-
<b>CARRY-IN</b>	752	976	1181	1099	1080	1028	845	674	570	582	570	570	570	-
<b>PRODUCTION</b>	2062	2309	1741	1885	1932	1820	1646	1650	1812	1812	1812	1812	1812	-
<b>IMPORTS</b>	113	118	158	135	104	100	96	122	140	145	145	145	145	-
<b>TOTAL SUPPLY</b>	2927	3402	3079	3119	3116	2948	2587	2446	2522	2539	2527	2527	2527	-
<b>FOOD</b>	957	949	964	954	962	961	971	973	964	970	970	960	960	-
<b>SEED</b>	67	61	63	59	60	64	58	68	67	65	64	64	64	-
<b>FEED</b>	149	161	47	89	97	86	88	77	100	120	120	120	120	-
<b>EXPORTS</b>	778	1051	906	937	969	992	796	759	730	725	725	725	730	5
<b>TOTAL USAGE</b>	1951	2222	1981	2039	2087	2103	1912	1877	1861	1880	1879	1869	1874	5
<b>CARRY-OUT</b>	976	1181	1099	1080	1028	845	675	570	661	659	648	658	653	(5)
<b>C.O. AS % USE</b>	50.0	53.1	55.5	53.0	49.3	40.2	35.3	30.4	35.5	35.0	34.5	35.2	34.8	

Source: USDA & Marex

## USDA report links:

S&D's

<https://www.usda.gov/oce/commodity/wasde>

US Crop Production

<https://usda.library.cornell.edu/concern/publications/tm70mv177>

USDA NASS briefing

[https://www.nass.usda.gov/Newsroom/Executive\\_Briefings/index.php](https://www.nass.usda.gov/Newsroom/Executive_Briefings/index.php)

USDA OCE Secretary's Briefing

<https://www.usda.gov/oce/commodity-markets/wasde/secretary-briefing>

Understanding USDA Crop Forecasts

[https://www.nass.usda.gov/Education\\_and\\_Outreach/Understanding\\_Statistics/pub1554.pdf](https://www.nass.usda.gov/Education_and_Outreach/Understanding_Statistics/pub1554.pdf)

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