



**May USDA Supply/Demand Report Comments – Release Date May 12  
May 8, 2009**

The May USDA Supply/Demand report will contain the first 2009/10 U.S. balance sheets, including the first winter wheat production estimate from the Crop Production report. Winter wheat production, the 2009/10 corn and soybean demand categories, and how the USDA handles critically tight old-crop bean stocks will be the most watched items.

**Winter Wheat Production**

Winter wheat production will be lower than last year, which has been the assumption since at least January when the USDA reported 4 million fewer acres. The open question is how the early dryness and good April rains in the Southern plains, the Oklahoma freeze, and abundant moisture in the East will affect

	Winter Wheat Production		
	April	CHI	Average
	USDA	Estimate	Trade Estimate
	<u>2008/09</u>	<u>2009/10</u>	<u>2009/10</u>
All Winter Wheat	1868	1550	1527
HRW	1035	915	885
SRW	614	420	431

the abandonment rate and yield. We're assuming a higher abandonment rate (18% vs. 14%) and a lower yield (44.1 vs 47.2) than last year. A private production survey recently estimated the HRW crop at 882 million bushels, but our indications from the country indicate the much improved moisture situation will be able to bring that crop back to about 915 million bushels. Our estimate for the 2009/10 balance sheet shows the ending stocks for all wheat declining modestly with those production numbers to 612 million bushels, down from 696 in 2008/09.

million bushels

**2009/2010 Balance Sheets**

The demand assumptions for the next marketing year the USDA publishes on Tuesday will establish the framework for evaluating how critical the production issues are during the growing season.

	Ending Stocks				
	April	CHI	Average	CHI	Average
	USDA	Estimate	Trade Estimate	Estimate	Trade Estimate
	<u>2008/09</u>	<u>2008/09</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2009/10</u>
Corn	1700	1710	1687	1187	1283
Soybeans	165	108	126	272	228
Wheat	696	702	688	613	637

million bushels

The USDA will probably have somewhat aggressive demand assumptions, meaning usage categories such as corn for ethanol, corn exports, and soybean crush should show increases. A notable exception could be soybean exports. Even though China is expected to continue to expand soybean imports in 2009/10, a return to the export arena by Argentina would shorten the U.S. export window considerably from the current marketing year. All in all, we're expecting to see the stocks to use ratio in corn to go from 14% to 10% year on year, and from about 4% to 9% in soybeans.

**Old-Crop Soybeans**

The soybean export pace continues to over-perform expectations. Export commitments are now 12% ahead of last year, and just as importantly, that percentage has increased each of the last four weeks. Pure model projections of this year's export total using the percentage of the total that is typically committed by the end of April put the final export total at 1.32 billion. 1.32 billion in exports is an unachievable number, but a good indicator of the kind of pressure being put on old crop bean supplies. We're using 1.26 billion in exports, taking the stocks to use ratio down to 4%.

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