UPCOMING USDA REPORTS

Three upcoming USDA reports will provide important information for the corn and soybean markets. The quarterly *Hogs and Pigs Report* will be released on June 25 and the quarterly *Grain Stocks* and annual *Acreage* reports will be released on June 30.

The quarterly *Hogs and Pigs* report will reveal the inventory of market hogs as of June 1 as well as producers’ production intentions for the last half of the year. Last week’s *Cattle on Feed* report showed a large year-over-year increase of placements into feedlots during May. The information in the hog report will provide further insight into potential feed demand for the last quarter of the 2009-10 marketing year and for the 2010-11 marketing year.

The quarterly *Grain Stocks* report will reveal the level of inventories as of June 1. For context, it is useful to estimate the magnitude of June 1 stocks based on known use during the previous quarter and on USDA projections for the year for use that is not yet known. For corn, Census Bureau export estimates are available for the first two months of the third quarter of the 2009-10 marketing year and USDA estimates are available for the entire quarter. Through April, cumulative Census Bureau estimates for the marketing year exceeded USDA inspection estimates by 72 million bushels. If that margin persisted through April, quarterly exports would have been near 539 million bushels, 42 million more than exports of a year ago.

For the year, USDA projects processing use of corn at 5.89 billion bushels, 18 percent larger than use of a year ago. During the first half of the year, use in that category was estimated at 2.777 billion bushels, 16 percent larger than use of a year ago. If the USDA projection is to be reached, use during the last half of the year needs to be 3.113 billion bushels, nearly 20 percent larger than use during the second half of the 2008-09 marketing year. A 20 percent increase during the March-May 2010 quarter would have resulted in consumption of 1.494 billion bushels.

Feed and residual use of corn for the current marketing year is projected at 5.35 billion bushels, 2.8 percent larger than use of a year ago. That projection reflects a return to a typical season pattern of use following the deviation of the past two years. Use during the first half of the year totaled 3.428 billion, 3.5 percent less than use of a year ago. If the USDA projection is to be reached, use during the last half of the year needs to be 16 percent larger than that of a year ago, implying use of 1.108 billion bushels during the March-May quarter. Total use during the
quarter should have been near 3.141 billion bushels, pointing to June 1 corn stocks of 4.555 billion bushels.

Through April 2010, cumulative Census Bureau soybean export estimates exceeded USDA export inspection estimates by 40.3 million bushels. If that margin persisted through May, exports for the third quarter of the 2009-10 marketing year were near 214.4 million bushels, down 30.1 million from exports of a year ago. Census Bureau crush estimates are also available through April, with the May estimate to be released on June 24. The National Oilseed Processors Association reported that members crushed 10.1 percent fewer soybeans in May 2010 than in May 2009. If Census Bureau estimates confirm that magnitude of decline, the crush for the March-May quarter totaled 424.2 million bushels, 6.7 million fewer than during the same quarter last year.

For the year, the USDA projects seed, feed and residual use of soybeans at 133 million bushels. If use during the last half of the year follows a typical seasonal pattern (negative use during the fourth quarter) use during the third quarter should have been near 44.6 million bushels. Total use during the quarter should have been near 683.2 million bushels, pointing to June 1 stocks near 589 million bushels.

In March, producers reported intentions to plant 88.8 million acres of corn and 78.1 million acres of soybeans in 2010. Intentions exceeded acreage in 2009 by 2.3 million acres for corn and 647,000 acres for soybeans. Expectations for the June report are mixed. Corn planting intentions may have been conservative due to uncertainty about spring weather and the unusual amount of spring field work needed in some areas. If so, corn acreage may exceed intentions. However, November 2010 soybean futures rallied sharply during the last half of April, encouraging producers to maintain soybean planting intentions. Large deviations from March intentions are not expected.

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