

# USDA reports show drop in domestic production, global stocks



---

A pair of reports from Department of Agriculture economists project a drop in American grain and oilseed production and overseas stocks on hand, prolonging a bump in commodity prices.

The forecasts — monthly Crop Production and World Agricultural Supply and Demand Estimates reports — also project decreased average yields on farms across the country.

The drop in corn ending stocks was perhaps the biggest decline in the report, a 465-million-bushel decrease to 1.7 billion bushels. If realized, that would be the lowest figure in that category since 2013, USDA noted. Soybean ending stocks were also cut by 100 million bushels to 190 million bushels, a figure on the low

end of the trade range and which — if realized — would be the lowest level of the past seven years.

American Farm Bureau Federation Chief Economist John Newton said the report showed “everything analysts were expecting to happen.”

“You expect it, you never know if USDA is going to confirm it,” he added. “Folks were thinking this (corn) crop was going to start getting smaller, and we saw that.”

The projected yields for corn (175.8 bushels per acre) and soybeans (50.7) both came in below trade estimates, as did overall production figures for both commodities. Commodity markets rallied on the news, jumping double-digits across many corn, soybean, and wheat contracts. USDA left the season average wheat price unchanged at \$4.70 per bushel but raised the corn price 40 cents to \$4.00 per bushel and the soybean price 60 cents to \$10.40 per bushel.

***Interested in more coverage and insights? Receive a free month of Agri-Pulse.***

The combination of less American production and smaller stocks on hand leads to the current market situation being a more demand-focused scenario, Newton noted, which shifts the focus to end-users and buyers of American products.

Specifically, the corn market will pay special attention to how ethanol use reacts — or doesn’t — in the wake of a resurgence of COVID-19 cases in the U.S. There are also overseas purchase commitments that haven’t been fulfilled and could have the potential to have an outsized impact on American markets.

“We need to see those outstanding export sales turn into actual shipments,” Newton said. “We need to see these exports remain strong, we don’t want to see any of these exports canceled and lead to the bottom falling out of this market.”

In other commodities:

- Rice: USDA left domestic use unchanged, but lowered supplies and exports while raising ending stocks. The all rice yield is now forecast at 7,560 pounds per acre, down seven pounds from the previous forecast.
- Cotton: Estimates for production, use, and ending stocks were largely unchanged from the previous report. USDA described its cotton

production forecast as “marginally higher,” up to 17.1 million bales.

- Sugar: “Lower-than-expected imports from the 2019/20 raw sugar (tariff relief quota)” contributed to dropped beginning stocks, as did a decreased domestic supply.
  - Livestock products: USDA raised total red meat and poultry production and reduced egg production while raising export forecasts.
- 

For more news, go to [www.Agri-Pulse.com](http://www.Agri-Pulse.com).

---



Spencer Chase  
Managing Editor

---

Source:

<https://www.agri-pulse.com/articles/14814-usda-reports-show-drop-in-domestic-production-global-stocks>

[Disclaimer]