January WASDE Reflections

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Corn

- We view the January WASDE as supportive for U.S. corn prices. From the supply side, the USDA reduced U.S. harvest acres by 1.6 ma to 79.2 ma from the December report. Despite the 1bpa yield increase, 173.3bpa, U.S. production was reduced by 200 mbu to 13.730 bbu. To help manage the ending stocks figure U.S. demand was reduced.
- The 1.242 bbu U.S. carryout, -15mbu, does nothing to change price projections the figure seems like a fair and appropriate starting point ahead for the new calendar year.
- Argentine and Brazilian corn production were lowered from December. Brazil's corn crop, estimated at 125 mmt, would be the largest on record.

Wheat

- We see the data from the January WASDE and Winter Wheat Seedings report as a negative for U.S. wheat prices.
- Taking advantage of favorable pricing conditions in 2022, winter wheat producers are expected to raise planted acres by 11% YoY to 36.95 ma during MY 23/24. HRW acres rose by 10% YoY to 25.3 ma with acres up across most of the growing region. Soft wheat acres soared by +20% YoY to 7.9 ma.

Soy & Soy Derivatives

- We view the January WASDE as supportive for U.S. soybean prices and neutral for meal and oil.
- U.S. production was reduced by 70 mbu to 4.276 bbu. Exports were lowered by 55 mbu which resulted in the carryout falling by 10 mbu to 210 mbu.
- Argentine soy production was lowered by 4 mmt to 45.5 mmt. Brazilian production was lifted by 1 mmt. Brazil's soy crop, estimated at 153 mmt, would be the largest on record.
- Reverberations from the weakening Argentine soy crop were evident in the soy derivative and other oil seed balance sheets. In the report USDA believes that Brazil, not the U.S., will be the net beneficiary of any lost Argentina soybean meal and soybean oil export business.

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