

Summary of USDA February 9 Supply-Demand Report

In the February 9 WASDE, the USDA released updated supply/demand estimates for the 2009/10 crop year. No new US production estimates are included in this report, and fairly limited world production and US demand adjustments were made. As a result, the new information from this report is minimal, and thus (as is typical) the February WASDE adds little market-relevant news to guide price discovery.

The March 10 WASDE report will also contain limited changes that will impact the market. A more important piece of market intelligence will be revealed on February 19, when USDA releases their first detailed estimates of 2010/11 US supply/demand for major crops (including corn, wheat and soybeans).

Highlights of February 9 WASDE:

Corn – USDA lowered 09/10 ending stocks from 1764 mm to 1719 mm bushels (13.1% of usage). Ethanol use of corn was raised from 4.2 B to 4.3 B bushels (vs. 3.68 B YA) due to larger YTD usage and favorable margins. This was offset by a decrease in 09/10 exports from 2050 mm to 2000 mm (vs. 1858 mm) to reflect YTD export commitments and shipments.

Wheat – USDA raised 09/10 ending stocks from 976 mm to 981 mm (vs. 657 YA) – from extremely large to slightly more extremely large. The ending stocks increase reflects a 5 mm bushel increase in imports (SRW +7 and white -2). All demand components (in aggregate) were left unchanged.

By class, HRW ending stocks were reduced from 431 to 421 (vs. 254 YA) due to a 10 mm bushel increase in exports. SRW ending stocks were raised from 196 to 203 (vs. 171 YA) due to the larger imports. HRS ending stocks are raised from 267 to 272 (vs. 142 YA) due to a 5 mm bushel decrease in exports. White ending stocks are reduced from 42 to 40 (vs. 64 YA), while durum ending stocks are increased from 40 to 45 (vs. 25 YA) due to reduced exports.

Soybeans – Ending stocks are reduced from 245 mm to 210 mm (6.4% of usage) to reflect increased demand estimates. Exports are increased from 1375 mm to 1400 mm (vs. 1283 mm), although the YTD pace data suggest the final total could be larger. Crush is increased from 1710 mm to 1720 mm (vs. 1662 mm), due to large YTD crush and extremely large soybean meal exports through January. Both exports and crush have upside as a result of the YTD pace of soybean and soymeal exports.

At 210 mm, the ending stocks could face further downward revision, but must be weighed against a sharp rebound in South American production. The USDA increased their estimate of Brazilian production from 63 mmt to 65 mmt (vs. 57 mmt YA), but left Argentine production unchanged at 53 mmt (rebounding sharply from 32 mmt YA).

Soymeal – Estimated domestic meal use left at 30.6 mm tons (off 0.5% from YA), consistent with YTD pace data. Export forecast for 09/10 was increased from 9.9 mm tons to 10.0 mm

tons, a 17% increase from year ago (8.5 mm tons) – however soymeal exports are up 67% YTD and sales commitments are 84% above a year ago. With the pace of exports this strong, the risk is to the upside for total 09/10 soymeal exports and thus soybean crush.

Soyoil – USDA raised their forecast of ending stocks from 2152 mm to 2227 mm pounds (vs. 2742 mm last year). Oil production was raised due to the higher crush, but 09/10 oil yield was pared back (from 11.16 to 11.14). All components of demand were left unchanged: domestic food use 14.3 B vs. 14.45 B YA (-1.2%), biodiesel 2.2 B vs. 1.9 B YA, and exports 3.25 B vs. 2.19 B YA. The market had expected USDA to raise their biodiesel number from 2.2 B due to the RFS-2 rule announcement, but left it unchanged due to some uncertainty over the rules, as well as near zero production during Jan-Feb with no action on the \$1 per gallon tax credit.

Other Changes – Note that in addition to reducing ending stocks of corn and soybeans, the USDA reduced their forecast of three other crops as well. Cotton ending stocks were reduced from 4.3 mm bales to 3.3 mm bales (vs. 6.3 mm YA); sugar ending stocks-use was reduced from 10.8% to 10.0% (vs. 13.5% YA); and rice ending stocks were reduced from 42.8 mm cwt to 39.8 mm cwt (vs. 30.4 mm YA).

The sugar situation remains extremely tight, as reflected in the rising prices. Cotton stocks are tight enough to drive prices higher and could result in a 10% increase in 2010 acreage. Overall the USDA did not make dramatic reductions, but may be the sign that the next sustained move in prices could be to the upside.

U.S. Wheat Supply and Use 1/

Item	2007/08		2008/09		2009/10 Projections	
		Est.	January	February		
Area	Million acres					
Planted	60.5	63.2	59.1	59.1		
Harvested	51.0	55.7	49.9	49.9		
Yield per harvested acre	Bushels					
	40.2	44.9	44.4	44.4		
Beginning stocks	Million bushels					
Production	456	306	657	657		
Imports	2,051	2,499	2,216	2,216		
Supply, total	113	127	110	115		
Food	2,620	2,932	2,983	2,988		
Seed	948	927	940	940		
Feed and residual	88	75	72	72		
Domestic, total	16	258	170	170		
Exports	1,051	1,260	1,182	1,182		
Use, total	1,263	1,015	825	825		
Ending stocks	2,314	2,275	2,007	2,007		
CCC inventory	306	657	976	981		
Free stocks	0	0	0	0		
Outstanding loans	306	657	976	981		
Avg. farm price (\$/bu) 2/	1	27	30	30		
	6.48	6.78	4.70- 5.00	4.75- 4.95		

U.S. Wheat by Class: Supply and Use

Year beginning June 1	Hard	Hard	Soft	Durum		Total
	Winter	Spring	Red	White		
2008/09 (estimated)	Million bushels					
Beginning stocks	138	68	55	37	8	306
Production	1,035	512	614	255	84	2,499
Supply, total 3/	1,174	625	702	300	130	2,932
Domestic use	472	273	332	100	81	1,260
Exports	447	210	199	136	24	1,015
Use, total	919	483	531	236	105	2,275
Ending stocks, total	254	142	171	64	25	657
2009/10 (projected)						
Beginning stocks	254	142	171	64	25	657
Production	919	548	404	237	109	2,216
Supply, total 3/	1,174	730	599	311	174	2,988
Domestic use	443	263	291	101	84	1,182
Exports	310	195	105	170	45	825
Use, total	753	458	396	271	129	2,007
Ending stocks, total						
February	421	272	203	40	45	981
January	431	267	196	42	40	976

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1.
 2/ Marketing-year weighted average price received by farmers. 3/ Includes imports.

U.S. Feed Grain and Corn Supply and Use 1/

Item	2007/08		2008/09		2009/10 Projections	
		Est.	Est.	January	February	
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FEED GRAINS						
Area	Million acres					
Planted	109.0	101.8	100.1	100.1	100.1	
Harvested	98.3	91.0	89.6	89.6	89.6	
Yield per harvested acre	Metric tons					
	3.56	3.58	3.91	3.91	3.91	
	Million metric tons					
Beginning stocks	36.2	45.1	47.0	47.0	47.0	
Production	349.7	325.7	350.1	350.1	350.1	
Imports	3.3	3.0	2.4	2.4	2.4	
Supply, total	389.1	373.7	399.6	399.6	399.6	
Feed and residual	157.1	142.5	147.9	147.9	147.9	
Food, seed & industrial	117.1	133.0	146.0	146.0	148.4	
Domestic, total	274.2	275.5	294.0	294.0	296.4	
Exports	69.9	51.2	55.8	54.8	54.8	
Use, total	344.1	326.6	349.7	351.1	351.1	
Ending stocks, total	45.1	47.0	49.8	48.4	48.4	
CCC inventory	0.0	0.0	0.0	0.0	0.0	
Free stocks	45.1	47.0	49.8	48.4	48.4	
Outstanding loans	2.7	4.4	5.8	5.8	5.8	
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CORN						
Area	Million acres					
Planted	93.5	86.0	86.5	86.5	86.5	
Harvested	86.5	78.6	79.6	79.6	79.6	
Yield per harvested acre	Bushels					
	150.7	153.9	165.2	165.2	165.2	
	Million bushels					
Beginning stocks	1,304	1,624	1,673	1,673	1,673	
Production	13,038	12,092	13,151	13,151	13,151	
Imports	20	14	10	10	10	
Supply, total	14,362	13,729	14,834	14,834	14,834	
Feed and residual	5,913	5,246	5,550	5,550	5,550	
Food, seed & industrial	4,387	4,953	5,470	5,565	5,565	
Ethanol for fuel 2/	3,049	3,677	4,200	4,300	4,300	
Domestic, total	10,300	10,198	11,020	11,115	11,115	
Exports	2,437	1,858	2,050	2,000	2,000	
Use, total	12,737	12,056	13,070	13,115	13,115	
Ending stocks, total	1,624	1,673	1,764	1,719	1,719	
CCC inventory	0	0	0	0	0	
Free stocks	1,624	1,673	1,764	1,719	1,719	
Outstanding loans	106	171	225	225	225	
Avg. farm price (\$/bu) 3/	4.20	4.06	3.40- 4.00	3.45-	3.95	

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Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for corn and sorghum; June 1 for barley and oats. 2/ For a further breakout of FSI corn uses including ethanol, see the ERS Feed Outlook table 5, or Feed Grains Database at "www.ers.usda.gov/db/feedgrains." 3/ Marketing-year weighted average price received by farmers.

U.S. Rice Supply and Use 1/
(Rough Equivalent of Rough and Milled Rice)

Item	2007/08	2008/09	2009/10 Projections		
			Est.	January	February
TOTAL					
Area		Million acres			
Planted	2.76	3.00	3.14	3.14	
Harvested	2.75	2.98	3.10	3.10	
Yield per harvested acre	7,219	6,846	7,085	7,085	Pounds
		Million hundredweight			
Beginning stocks 2/	39.3	29.4	30.4	30.4	
Production	198.4	203.7	219.9	219.9	
Imports	23.9	19.2	21.0	21.0	
Supply, total	261.6	252.4	271.3	271.3	
Domestic & residual 3/	127.4	128.4	129.5	130.5	
Exports, total 4/	104.7	93.6	99.0	101.0	
Rough	37.7	31.1	35.0	37.0	
Milled (rough equiv.)	67.1	62.5	64.0	64.0	
Use, total	232.2	222.0	228.5	231.5	
Ending stocks	29.4	30.4	42.8	39.8	
Avg. milling yield (%) 5/	70.5	70.5	70.5	70.5	
Avg. farm price (\$/cwt) 6/	12.80	16.80	13.65-14.65	14.05-14.55	
LONG GRAIN					
Harvested acres (mil.)	2.05	2.35	2.27	2.27	
Yield (pounds/acre)	6,980	6,522	6,743	6,743	
Beginning stocks	28.5	19.0	20.1	20.1	
Production	143.2	153.3	152.7	152.7	
Supply, total 7/	189.4	188.2	190.8	190.8	
Domestic & Residual 3/	91.3	103.0	99.5	99.5	
Exports 8/	79.1	65.1	69.0	70.0	
Use, total	170.4	168.1	168.5	169.5	
Ending stocks	19.0	20.1	22.3	21.3	
Avg. farm price (\$/cwt) 6/	12.40	14.90	12.50-13.50	12.90-13.40	
MEDIUM & SHORT GRAIN					
Harvested acres (mil.)	0.70	0.63	0.84	0.84	
Yield (pounds/acre)	7,924	8,063	8,010	8,010	
Beginning stocks	10.0	9.1	8.0	8.0	
Production	55.2	50.5	67.1	67.1	
Supply, total 7/	70.8	61.9	78.1	78.1	
Domestic & Residual 3/	36.1	25.3	30.0	31.0	
Exports 8/	25.7	28.5	30.0	31.0	
Use, total	61.8	53.9	60.0	62.0	
Ending stocks	9.1	8.0	18.1	16.1	
Avg. farm price (\$/cwt) 6/	14.60	24.80	17.00-18.00	17.50-18.00	

Note: Totals may not add due to rounding. 1/ Marketing year beginning August 1. 2/ Includes the following quantities of broken kernel rice (type undetermined) not included in estimates of beginning stocks by type (in mil. cwt): 2007/08-0.8; 2008/09-1.3; 2009/10-2.4. 3/ Residual includes unreported use, processing losses, and estimating errors. Use by type may not add to total rice use because of the difference in brokens between beginning and ending stocks. 4/ Includes rough rice and milled rice exports. Milled rice exports are converted to an equivalent rough basis. 5/ Expressed as a percent, i.e., the total quantity of whole kernel and broken rice produced divided by the quantity of rough rice milled. 6/ Marketing-year weighted average price received by farmers. 7/ Includes imports. 8/ Exports by type of rice are estimated.

U.S. Soybeans and Products Supply and Use (Domestic Measure) 1/

Item	2007/08		2008/09		2009/10 Projections	
			Est.		January	February
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SOYBEANS:	Million acres					
Area	:					
Planted	64.7	75.7		77.5	77.5	
Harvested	64.1	74.7		76.4	76.4	
:						
Yield per harvested acre	Bushels					
	41.7	39.7		44.0	44.0	
:						
	Million bushels					
Beginning stocks	574	205		138	138	
Production	2,677	2,967		3,361	3,361	
Imports	10	13		8	8	
Supply, total	3,261	3,185		3,507	3,507	
Crushings	1,803	1,662		1,710	1,720	
Exports	1,159	1,283		1,375	1,400	
Seed	93	95		94	94	
Residual	0	6		83	83	
Use, total	3,056	3,047		3,262	3,297	
Ending stocks	205	138		245	210	
Avg. farm price (\$/bu) 2/	10.10	9.97		8.90-10.40	8.70	-10.20
:						
	Million pounds					
SOYBEAN OIL:	:					
Beginning stocks	3,085	2,485		2,742	2,742	
Production	20,580	18,746		19,085	19,160	
Imports	65	90		75	75	
Supply, total	23,730	21,321		21,902	21,977	
Domestic	18,335	16,385		16,500	16,500	
For methyl ester	3,245	1,907		2,200	2,200	
Exports	2,911	2,193		3,250	3,250	
Use, total	21,246	18,578		19,750	19,750	
Ending stocks	2,485	2,742		2,152	2,227	
Average price (c/lb) 2/	52.03	32.16		36.00-	33.50-	36.50
				39.00		
:						
	Thousand short tons					
SOYBEAN MEAL:	:					
Beginning stocks	343	294		235	235	
Production	42,284	39,104		40,425	40,525	
Imports	141	88		140	140	
Supply, total	42,768	39,486		40,800	40,900	
Domestic	33,232	30,743		30,600	30,600	
Exports	9,242	8,508		9,900	10,000	
Use, total	42,474	39,251		40,500	40,600	
Ending stocks	294	235		300	300	
Average price (\$/s.t.) 2/	335.94	331.17		265.00-	270.00-	
				315.00	320.00	

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Note: Reliability calculations at end of report. 1/ Marketing year beginning September 1 for soybeans; October 1 for soybean oil and meal. 2/ Prices: soybeans, marketing year weighted average price received by farmers; for oil, simple average of crude soybean oil, Decatur; for meal, simple average of 48 percent, Decatur.

WASDE-479-16 February 2010
 U.S. Sugar Supply and Use 1/

Item	2009/10 Projections			
	2007/08	2008/09 Est.	January	February
1,000 short tons, raw value				
Beginning stocks	1,799	1,660	1,451	1,451
Production 2/	8,152	7,484	7,837	7,972
Beet sugar	4,721	4,166	4,400	4,500
Cane sugar	3,431	3,318	3,437	3,472
Florida	1,645	1,577	1,680	1,665
Hawaii	182	192	137	137
Louisiana	1,446	1,397	1,450	1,500
Texas	158	152	170	170
Imports	2,620	3,082	2,377	2,157
TRQ 3/	1,354	1,370	1,257	1,257
Other program 4/	565	308	350	350
Other 5/	701	1,404	770	550
Mexico	694	1,402	760	540
Total supply	12,571	12,226	11,665	11,580
Exports	203	137	150	150
Deliveries	10,708	10,638	10,375	10,375
Food 6/	10,506	10,479	10,140	10,140
Other 7/	202	159	235	235
Miscellaneous	0	0	0	0
Total use	10,911	10,775	10,525	10,525
Ending stocks	1,660	1,451	1,140	1,055
Stocks to use ratio	15.2	13.5	10.8	10.0

1/ Fiscal years beginning Oct 1. Includes Puerto Rico. Historical data are from FSA, "Sweetener Market Data" (SMD) except imports (U.S. Customs Service, Census Bureau). 2/ Production projections for 2009/10 are based on Crop Production and trend recovery rates. 3/ For 2009/10, includes shortfall of 200,000 tons. 4/ Includes sugar under the re-export and polyhydric alcohol programs. 5/ For 2009/10, other high-tier (10) and other (0). 6/Combines SMD deliveries for domestic human food use, SMD miscellaneous uses, and the difference between SMD imports and WASDE imports. 7/ Transfers to sugar-containing products for reexport, and for nonedible alcohol and feed.

Mexico Sugar Supply and Use and High Fructose Corn Syrup Imports 1/

Fiscal year	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Domestic	Exports	
1,000 metric tons, raw value						
2008/09 est.						
Jan	1,975	5,260	160	5,540	1,367	488
Feb	1,975	5,260	160	5,540	1,367	488
2009/10 proj.						
Jan	488	5,300	720	5,300	690	518
Feb	488	5,100	720	5,300	490	518

1/ U.S. HFCS exports to Mexico (metric tons, dry-weight basis): Oct-Nov 2008 = 53,366; Oct-Nov 2009 = 136,491; Oct-Sep 2008/09 = 297,231. Footnote source: U.S. Census Bureau. 2/Includes domestic consumption and Mexico's products export program (IMMEX).

U. S. Cotton Supply and Use 1/

Item	2007/08		2008/09		2009/10 Projections	
		Est.	Est.	January	February	
Million acres						
Area						
Planted	10.83	9.47		9.15		9.15
Harvested	10.49	7.57		7.69		7.69
Pounds						
Yield per harvested acre	879	813		774		774
Million 480 pound bales						
Beginning stocks 2/	9.48	10.04		6.34		6.34
Production	19.21	12.82		12.40		12.40
Imports	0.01	0.00		0.01		0.01
Supply, total	28.70	22.86		18.74		18.74
Domestic use	4.59	3.59		3.40		3.40
Exports	13.65	13.28		11.00		12.00
Use, total	18.24	16.86		14.40		15.40
Unaccounted 3/	0.41	-0.34		0.04		0.04
Ending stocks	10.04	6.34		4.30		3.30
Million 480 pound bales						
Avg. farm price 4/	59.3	47.8		57.0-64.0		59.0-65.0

Note: Reliability calculations at end of report.

1/ Upland and extra-long staple; marketing year beginning August 1. Totals may not add due to rounding. 2/ Based on Bureau of Census data. 3/ Reflects the difference between the previous season's supply less total use and ending stocks based on Bureau of Census data. 4/ Cents per pound for upland cotton.