

March 31st Quarterly Grain Stocks Report Summary

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April 1, 2010

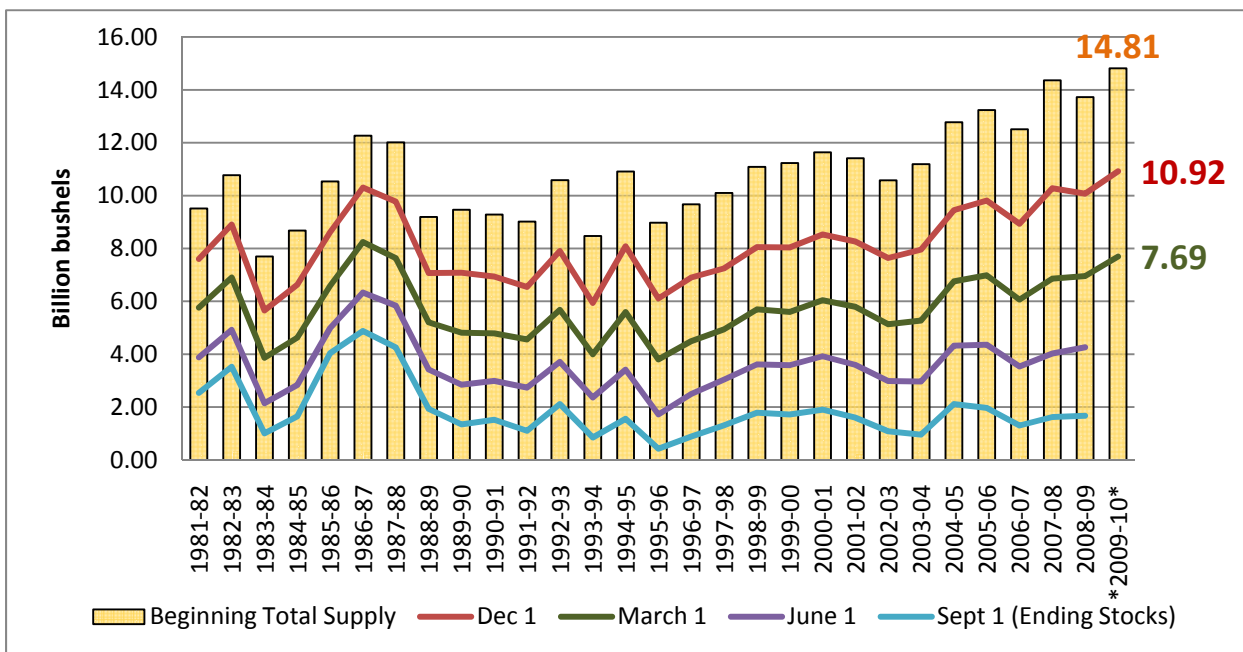
The results of the Quarterly Grain Stocks report released on Wednesday, March 31st by the USDA National Agricultural Statistical Service are likely to have a negative impact on grain market price prospects for 2010, but more so for feedgrains and wheat than for soybeans. The Grain Stocks report generally indicated less usage of grain during the December-February period than had been anticipated – resulting in higher than expected March 1st quarterly stocks of U.S. corn, soybeans, and grain sorghum. This report indicated that less near term demand for feedgrains and soybeans occurred during the December-February quarter than what had been previously thought – with weaker short and intermediate term grain price prospects being the result.

Corn Stocks on March 1, 2010

Corn stocks in all positions on March 1, 2010 totaled 7.694 billion bushels (bb), up 10.6% from a year ago, and the largest amount of March 1st corn stocks since 1987 (Figure 1). The 7.694 bb March 1st corn stocks figure was 189 million bushels or 2.5% higher than average pre-report expectations of private analysts which ranged from 7.318 to 7.758 bb. Of this total, 4.548 bb were stored on farms, with 3.146 bb stored off farms. Figure 1 shows generally increasing trends for U.S. total supplies and quarterly corn stocks on December 1st and March 1st since the mid-1990s.

Figure 1. U.S. Corn Total Supply & Quarterly Use Since the 1981-82 Marketing Year

(Source: USDA National Agricultural Statistical Service)

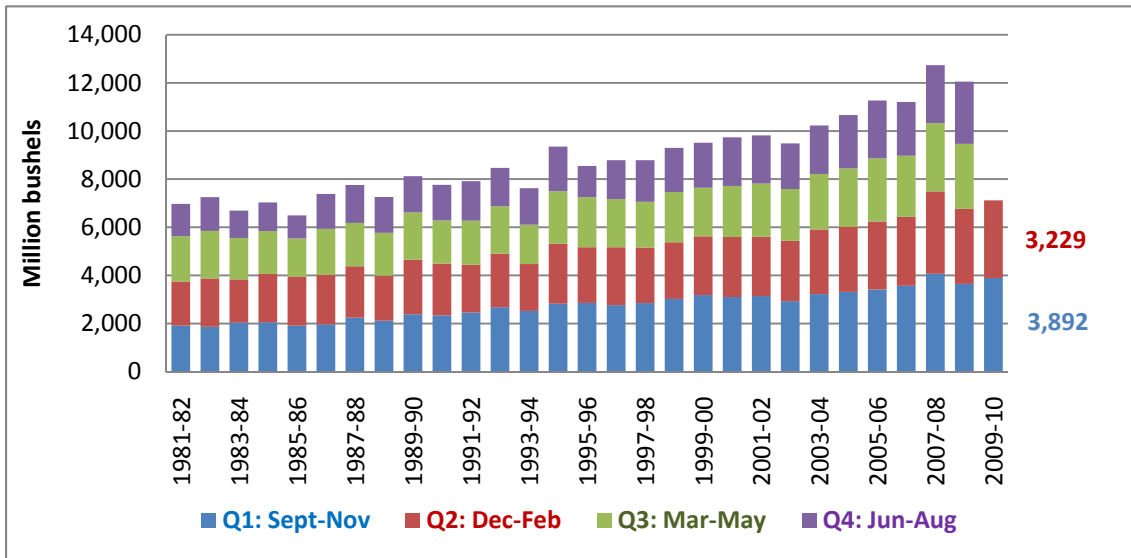


A total of 3.229 bb of U.S. corn was used during the December 2009-February 2010 period compared to 3.892 bb during the September-November 2009 quarter (Figure 2). This figure is up 106.5 million bushels (mb) from Dec-Feb 2009 usage, but 189 mb or 5.5% less than had been expected on average by the grain trade. The

shortfall in Dec-Feb use relative to pre-report expectations can be attributed to some combination of lower than expected livestock feeding and/or wet or dry mill corn processing use. If low test weights of corn resulting from late maturity and poor harvest conditions during fall 2009 were to impact corn usage as some market analysts expected, then the impact would be reflected in these quarterly corn usage numbers. The Dec-Feb 2010 usage figure seemingly does not reflect any significant impact on usage from light corn test weights or poor quality in the 2009 U.S. corn crop.

Figure 2. U.S. Corn Use by Quarter Since the 1981-82 Marketing Year

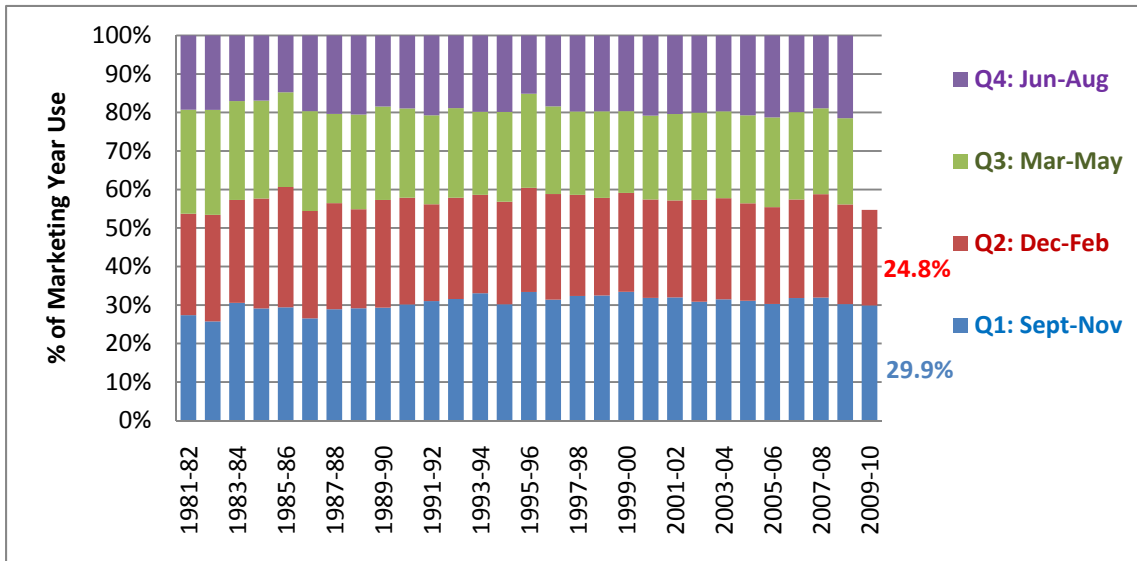
(Source: USDA National Agricultural Statistical Service)



The 3.229 bb in corn usage during Dec-Feb 2010 represents 24.8% of projected total corn usage during the 2009-10 marketing year, 1% below the average use for the previous 10 years (Figure 3). December-February 2010 usage of 24.8% is also lower than the 29.9% of total usage figure represented by the September-November 2009 quarter of the 2009-10 marketing year (which itself was less than the average of 31.5% Sept-Nov usage during the previous 10 marketing years). Taken together, these findings may indicate that the total usage estimate for corn in the 2009-10 marketing year will be reduced in future USDA World Agricultural Supply Demand Estimates reports.

Figure 3. % U.S. Corn Use by Quarter Since the 1981-82 Marketing Year

(Source: USDA National Agricultural Statistical Service)

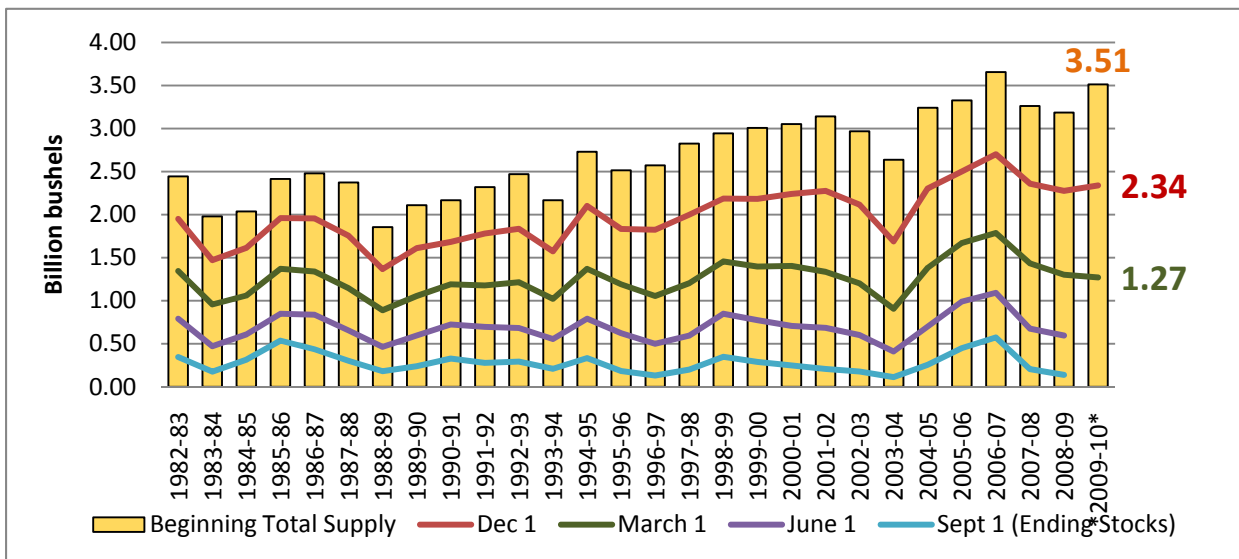


Soybean Stocks on March 1, 2010

Soybean stocks in all positions on March 1, 2010 totaled 1.270 billion bushels (bb), down 2.4% from a year ago, which is the smallest amount of March 1st corn stocks since 2004 (Figure 4). The 1.270 bb March 1st soybean stocks figure was 63 million bushels or 5.2% higher than average pre-report expectations of private analysts, and equal to the high end of the pre-report estimate range of 1.160 to 1.270 bb. Of this total, 609 mb were stored on farms, with 661 mb stored off farms. Figure 4 shows generally increasing total supplies of U.S. soybeans since the late 1980s, but decreasing quarterly March 1st stocks since 2007.

Figure 4. U.S. Soybean Total Supply & Quarterly Use Since the 1982-83 Marketing Year

(Source: USDA National Agricultural Statistical Service)

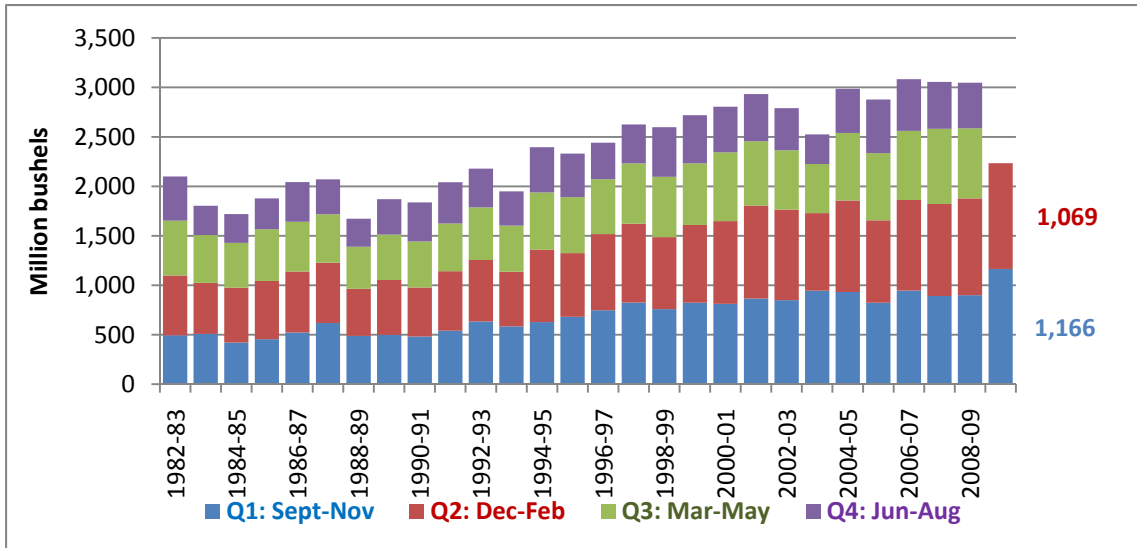


A total of 1.068 bb of U.S. soybeans were used during the December 2009-February 2010 period compared to 1.166 bb during the September-November 2009 quarter (Figure 5). This figure was up 90.2 mb from Dec-Feb 2009 usage, but 63 mb or 5.6% less than had been expected on average by the grain trade. The lower than

expected soybean usage figure for December-February is puzzling given that soybean exports and domestic crush are typically projected somewhat accurately based on complementary USDA reports.

Figure 5. U.S. Soybean Use by Quarter Since the 1982-83 Marketing Year

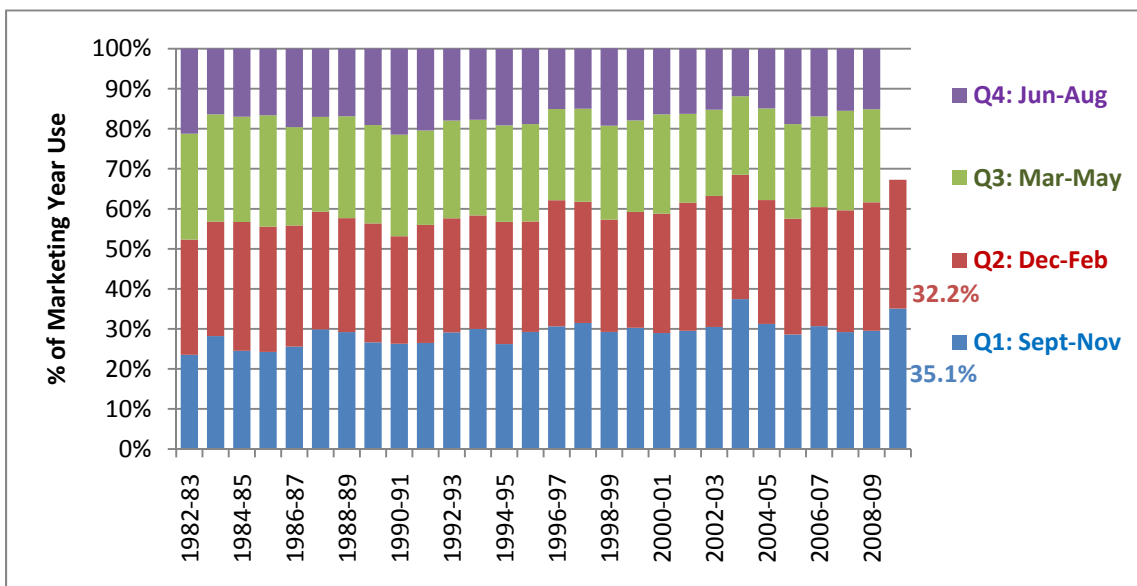
(Source: USDA National Agricultural Statistical Service)



The 1.068 bb estimate of soybean usage during December 2009-February 2010 represents 32.2% of projected total soybean usage during the 2009-10 marketing year, 1.5% above the average usage for the previous 10 years (Figure 6). December-February 2010 usage of 32.2% is less than 35.1% of total usage represented by the September-November 2009 quarter of the 2009-10 marketing year (which is itself greater than the average of 30.6% Sept-Nov usage during the previous 10 marketing years). Taken together, these findings may indicate that the total usage estimate for U.S. soybeans in the 2009-10 marketing year are likely to remain unchanged if not actually increase in future USDA World Agricultural Supply Demand Estimates reports.

Figure 6. % U.S. Soybean Use by Quarter Since the 1982-83 Marketing Year

(Source: USDA National Agricultural Statistical Service)

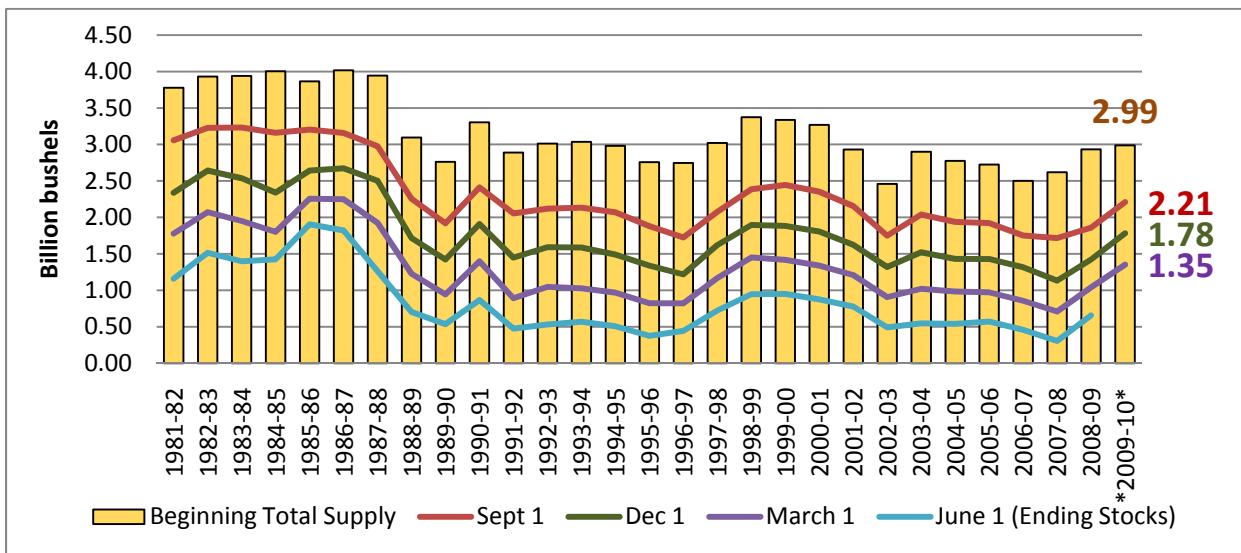


Wheat Stocks on March 1, 2010

Wheat stocks in all positions on March 1, 2010 totaled 1.352 billion bushels (bb), up 30.0% from a year ago, and the largest amount of March 1st wheat stocks since 2000 (Figure 7). The 1.352 bb March 1st wheat stocks figure was 12 million bushels or 0.9% less than average pre-report expectations of private analysts which ranged from 1.332 to 1.398 bb. Of this total, 348.2 mb were stored on farms, with 1,004 bb stored off farms. Figure 7 shows increasing total supplies and quarterly September 1st, December 1st and March 1st stocks of U.S. wheat since the 2006/07 marketing year.

Figure 7. U.S. Wheat Total Supply & Quarterly Use Since the 1981-82 Marketing Year

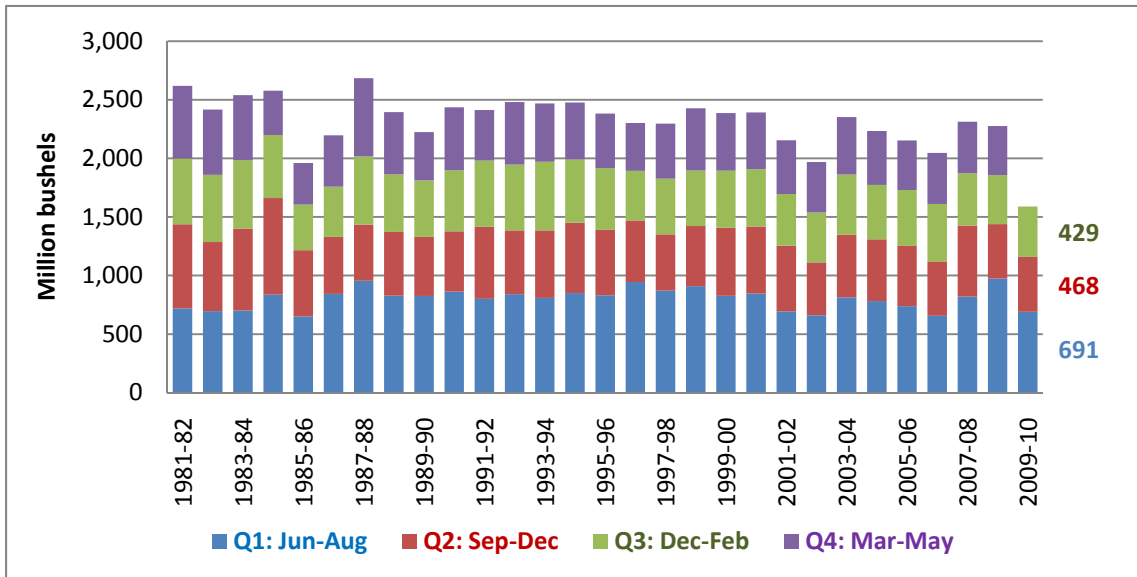
(Source: USDA National Agricultural Statistical Service)



A total of 429 mb of U.S. wheat were used during the December 2009-February 2010 period compared to 468 mb during the September-November 2009 quarter, and 691 mb during the June-August 2009 quarter (Figure 8). This estimate was up 11.4 mb from December 2008-February 2009 usage, and up 12 mb or 2.8% more than had been expected on average by the grain trade. The main difference in wheat usage between the 2009-10 and the previous 2008-09 marketing year is the dramatically lower amount of wheat use that occurred during the June-August 2009 quarter (down 284 mb or 29%). With slow rates of use and U.S. wheat ending stocks-to-use estimates for 2009-10 rising to 50% or more, there are few positive prospects for wheat market prices in the immediate future – barring potential impacts from volatility in outside financial, energy or other grain markets.

Figure 8. U.S. Wheat Use by Quarter Since the 1981-82 Marketing Year

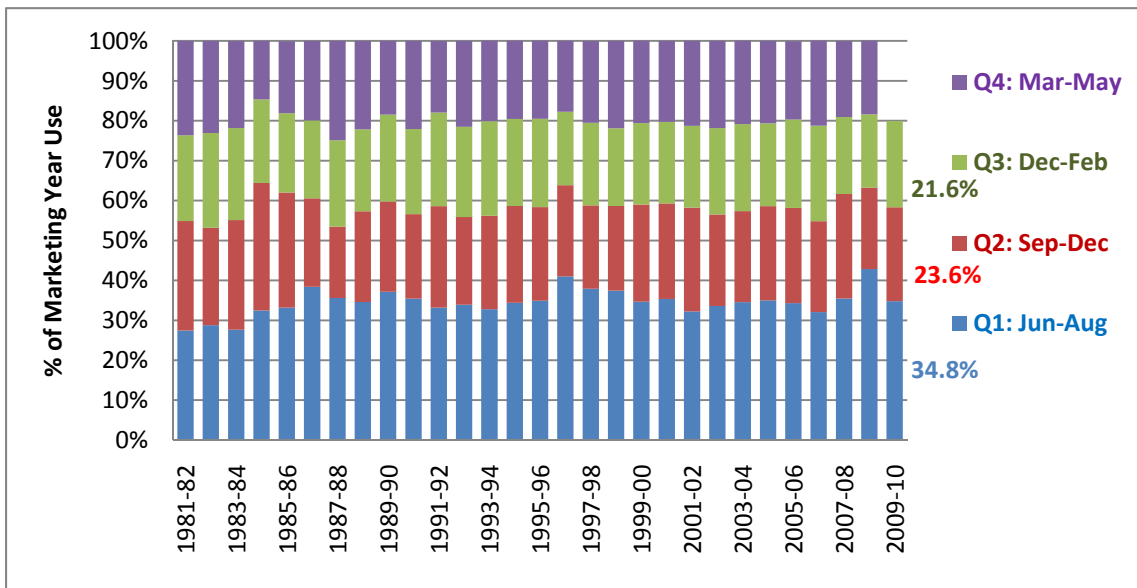
(Source: USDA National Agricultural Statistical Service)



The 429 mb in wheat usage during December 2009-February 2010 represents 21.6% of projected total wheat usage during the 2009-10 marketing year, 0.9% above the average Dec-Feb quarter usage for the previous 10 years (Figure 9). December-February 2010 usage of 21.6% is less than both the 23.6% of total marketing year usage represented by the September-November 2009 quarter and the 34.8% of total usage that occurred in the June-August 2009 quarter of the 2009-10 marketing year. The September-December and June-August quarter % usage figures are essentially equal to the average usage proportions for the previous 10 year period. Taken together, these findings indicate general weakness in total usage of U.S. wheat, and limited demand-based support for wheat prices in the near term.

Figure 9. % U.S. Wheat Use by Quarter Since the 1981-82 Marketing Year

(Source: USDA National Agricultural Statistical Service)



Grain Sorghum Stocks on March 1, 2010

Grain Sorghum stocks in all positions on March 1, 2010 totaled 175 mb, down 14.9% from a year ago. The 175 mb March 1st grain stocks figure was 3 million bushels or 1.7% more than average pre-report expectations of private analysts which ranged from 165 to 180 mb. Of this total, 23.7 mb were stored on farms, with 151.6 mb stored off farms.

Historic Reliability of Quarterly Grain Stocks Report Estimates

Due to differing survey procedures, the historic reliability of the on farm and off farm parts of USDA quarterly Grain Stocks reports differ. For the on-farm portion of the report, there is a 95% probability that the survey estimates for on farm stocks are within plus or minus 3.0% for corn, 4.6% for soybeans, and 4.2% for soybeans. The off farm survey numbers are based on a “full enumeration” of all commercial grain storage facilities in the U.S..