



## USDA August Crop Production and WASDE Reports

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August 10, 2012

*farmdoc daily* (2):155

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Recommended citation format: Good, D. "USDA August Crop Production and WASDE Reports." *farmdoc daily* (2):155, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, August 10, 2012.

Permalink: <http://farmdocdaily.illinois.edu/2012/08/usda-august-crop-production-an.html>

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Today, the USDA's National Agricultural Statistics Service released the *August Crop Production Report* that contained the first survey-based forecasts of the size of spring planted crops. For a review of the forecasting process see our publication [here](#) and the USDA publication [here](#). The World Agricultural Outlook Board released the monthly WASDE report that incorporates these production forecasts into the 2012-13 marketing year supply and demand forecasts. Following is a brief summary of report high lights for corn, soybean, and wheat.

### Corn

The 2012 U.S. corn crop is forecast at 10.779 billion bushels, reflecting a national average yield of 123.4 bushels per acre. The yield forecast is 23.8 bushels below last year's average, 41.3 bushels below the record yield of 2009, and the lowest yield since 1995. The crop forecast is 1.579 billion less than the 2011 crop and the smallest since 2006. Average yields in southern states are expected to be above those of a year ago, but most Corn Belt states are expected to have averages well below those of last year, with the exception of Minnesota.

For the current marketing year, the projection of both exports and ethanol use of corn were reduced by 50 million bushels, while the projection of other processing uses was reduced 15 million and the projection of imports was increased by 3 million. September 1 stocks are now projected at 1.021 billion bushels, 118 million more than projected last month. For the upcoming marketing year, the small size of the expected crop resulted in smaller forecasts of consumption in all categories—feed and residual down 725 million, ethanol down 400 million, and exports down 300 million from last month's projection. These forecasts reflect year-over-year declines of 475 million, 500 million, and 250 million bushels, respectively. Year-ending stocks are projected at 650 million bushels, or 5.8 percent of projected consumption. The marketing year average farm price is projected in a range of \$7.50 to \$8.90 per bushel.

For the rest of the world, projections of the size of the upcoming European corn harvest was reduced by 155 million bushels and the expected size of the 2013 South American crop was increased by 236 million.

### Soybeans

The 2012 U.S. soybean crop is forecast at 2.692 billion bushels, reflecting a national average yield of

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36.1 bushels per acre. The yield forecast is 5.4 bushels below last year's average, 7.9 bushels below the record yield of 2009, and the lowest since 2003. The crop forecast is 364 million smaller than last year's crop and the smallest since 2007. The state-by-state yield pattern is expected to be similar to corn, equal to or above last year's average in Southern states, down only 0.5 bushels in Minnesota, and down sharply in the rest of the Corn Belt.

For the current marketing year, the projection of U.S. exports was increased by 10 million bushels and the projection of the domestic crush was increased by 15 million bushels. September 1 stocks are now projected at 145 million bushels, 25 million less than projected last month. For the upcoming marketing year, a sizable reduction in consumption will be required. Year-over-year declines of 175 million bushels for the domestic crush and 250 million bushels for exports are projected. Year-ending stocks are projected at 115 million bushels, or 4.2 percent of projected use, and the marketing year average price is projected in a range of \$15 to \$17.

For the rest of the world, the largest forecast change was an additional 110 million bushel increase in the expected size of the 2013 Brazilian crop. That crop is forecast at 2.976 billion bushels, 24 percent larger than the drought reduced crop of 2012.

## **Wheat**

The 2012 U.S. wheat crop is forecast at 2.268 billion bushels, 44 million larger than the July forecast, reflecting a national average yield of 46.5 bushels. The yield forecast is 0.9 bushels larger than last month's forecast and 2.8 bushels above the 2011 average. The production forecast is 269 million larger than the 2011 crop, reflecting a 189 million bushel increase in winter wheat production, a 35.5 million bushel increase in durum production, and a 44 million bushel increase in production of other spring wheat.

For the current marketing year, the projection of imports was increased by 10 million bushels and the projection of feed and residual use was increased by 20 million bushels. Year-ending stocks are projected at 698 million bushels, 34 million above last month's projection, and the marketing year average farm price is projected in a range of \$7.60 to \$9.00 per bushel.

For the rest of the world, only small changes were made in expected crop size, but the total was reduced from last month's projection. The projection of world ending stocks was reduced by nearly three percent.

## **Implications**

The crop production and supply and demand forecasts were generally in the range of expectations, although the expected size of the soybean crop was smaller than generally expected. Soy bean prices moved higher following the release of the reports, but corn and wheat prices were a little softer. The reports confirmed that substantial rationing of corn and soybeans will be required in the year ahead, suggesting that prices will remain strong for an extended period to ensure the necessary rationing occurs. There is some chance that the forecasts of both the average corn yield and acreage harvested will decline in subsequent reports. New highs in both corn and soybean prices cannot be ruled out.