

What's Hot: Supportive market outlook for corn and wheat in USDA's first 2024/2025 forecasts

Publié le 17 mai 2024

Aneeka Gupta

Director, Macroeconomic Research, WisdomTree Europe

Points clés

- The prospects for corn and wheat prices are improving following the favourable estimates in the May World Agricultural Supply and Demand Estimates (WASDE) report.
- USDA raised its estimate for global consumption by 2mn tons to a record 802.4mn as food, seed and industrial use are expected to continue growing.
- USDA lowered their estimates for the Argentine and Brazilian corn harvests as the countries have been battling disease, pests and weather problems in recent weeks that are likely to limit yields.
- Related Products [WisdomTree Corn](#), [WisdomTree Grains](#), [WisdomTree Wheat](#) Find out more

After a relatively lacklustre performance over the past year, grains are showing a ray of light following the release of the May World Agricultural Supply and Demand Estimates (WASDE) report. The May WASDE report is one of the biggest reports the US Department of Agriculture (USDA) publishes in the year. It offers a first look at the new crop marketing year production, supplies and usage estimates, updated US winter wheat balance production estimates alongside modifications to South American crops currently being harvested.

In USDA's first estimates for the 2024/25 marketing year, wheat and corn ending stocks for both US and the global balance came in below expectations fuelling a rally for wheat and corn prices. However, US and global soybean ending stocks surprised on the upside sending soybean prices lower.

Figure 1: Grains performance lags other commodities



Source: Bloomberg, WisdomTree from 15 May 2023 to 15 May 2024. **Historical performance is not an indication of future performance and any investments may go down in value.**

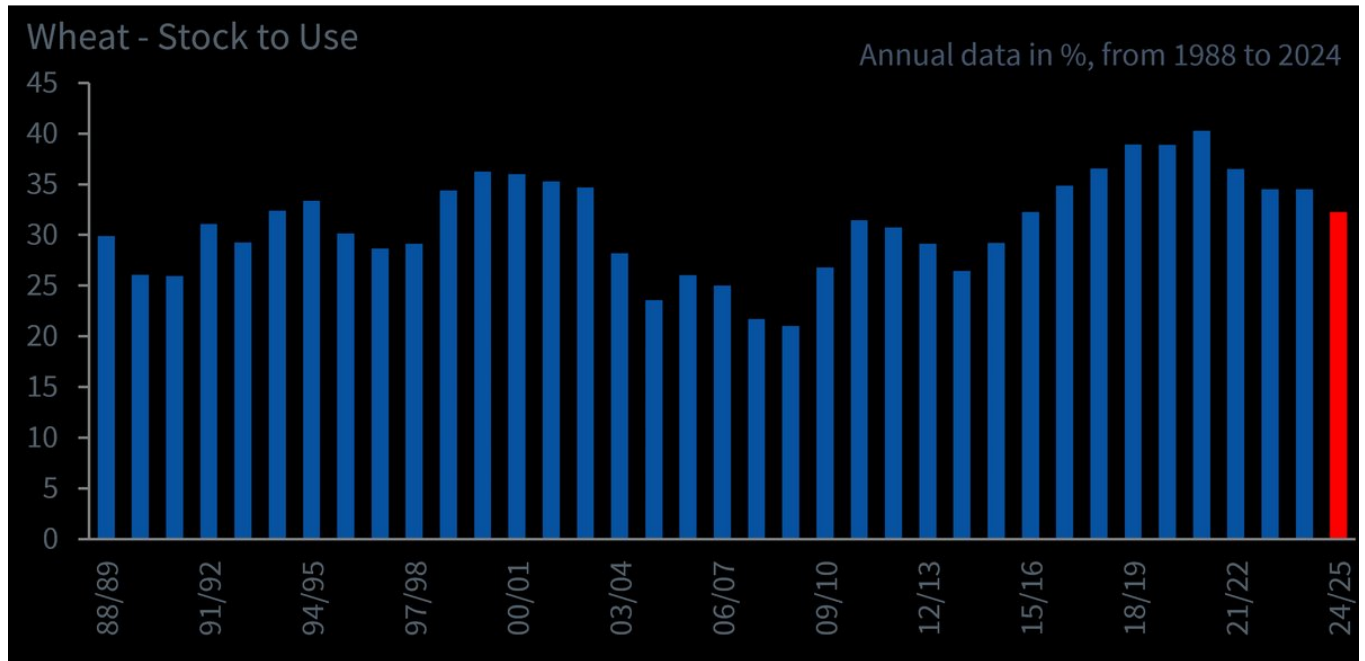
May WASDE report constructive for wheat

Shrinking global wheat stocks over 2024/25 marketing year helped fuel rallies in the wheat market. USDA forecasts global ending stocks to fall from 257.8mn tons in 2023/24 to 253.6mn tons in 2024/25, marking the lowest level since 2015/16 season¹. Contributing to the decline in global ending stocks was Russia, the world’s largest exporter of wheat. Russia is expected to face a 4% decline in Russian production owing to drought and recent frost damage¹. While production cuts in Ukraine and the European Union are providing early indications of supply tightening in the global wheat market.

USDA expects US wheat ending stocks for 2024/25 to increase by 78mn bushels to 766mn bushels, marking its highest level in four years¹. However, the estimates were still well below the 780mn the market was expecting. The increase in US wheat production is largely due to larger area and improved yields.

USDA raised its estimate for global consumption by 2mn tons to a record 802.4mn as food, seed and industrial use are expected to continue growing¹. The initial projections from USDA show global wheat demand exceeding production by over 4mn tons.

Figure 2: wheat stocks-to-use ratio is expected to decline for the fifth year in a row



Source: USDA, WisdomTree as of 12 May 2024. **Historical performance is not an indication of future performance and any investments may go down in value.**

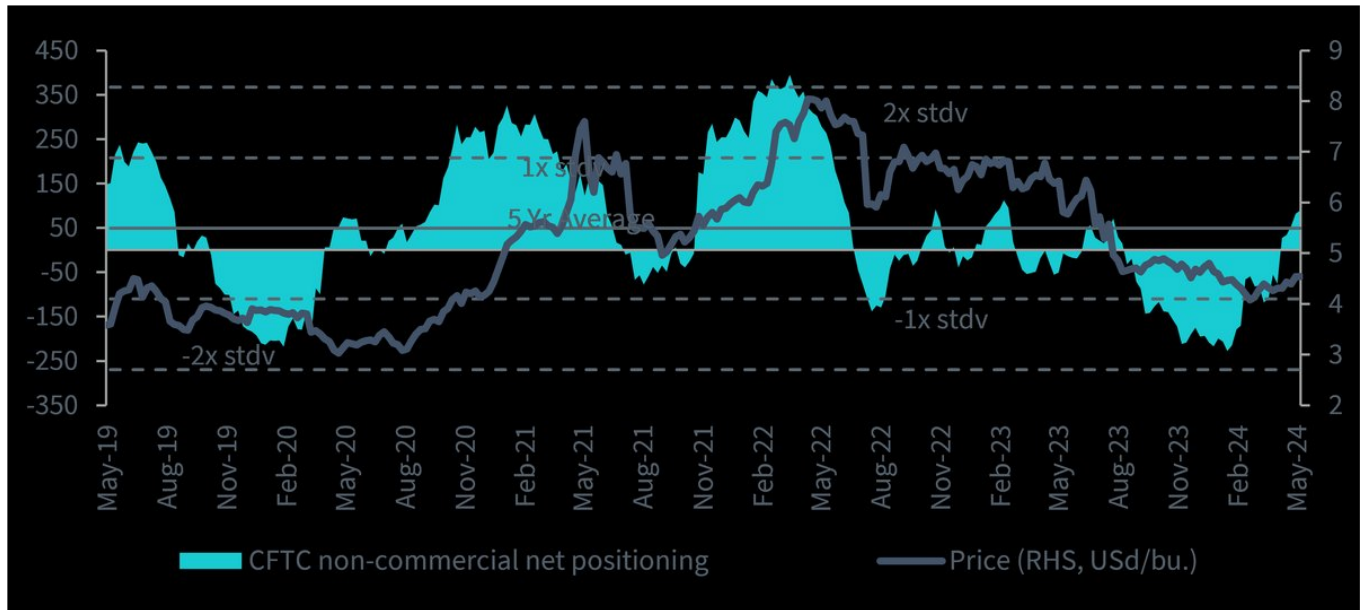
Corn stocks come in lower than expected

In the case of corn, USDA expects US corn production in 2024/25 to decline by over 3% annually from last year's record crop as farmers switch to soybeans¹. Despite weaker domestic production and expectations for stronger demand, US ending stocks are still forecast to increase from 2.02bn bushels in 2023/24 to 2.1bn bushels in 2024/25, marking the highest level since 2018/19¹. Yet the forecasts were well below market expectations of close to 2.3bn bushels.

For the global balance, world production is estimates to reach 1.2bn tonnes in 2024/25, down 0.7% over the prior year. USDA lowered their estimates for the Argentine and Brazilian corn harvests as the countries have been battling disease, pests and weather problems in recent weeks that are likely to limit yields. As a result, global ending corn stocks are projected at 312.3mn tons, down 0.8mn tons versus the prior year and well below the 319mn tons the market was anticipating¹. Higher stocks in the US were mostly offset by declines in Brazil and Ukraine.

In the wake of the May WASDE report, net speculative positioning in corn swung from net short to net long underscoring the improvement in sentiment towards corn².

Figure 3: Net speculative positioning in corn rises following the release of the May WASDE report



Source: Commodity Futures Trading Commission (CFTC), WisdomTree as of 7 May. **Historical performance is not an indication of future performance and any investments may go down in value.**

Sources

- 1 May World Agriculture Supply and Demand Estimates WASDE
- 2 Commodity Futures Trading Commission (CFTC) as of 7 May 2024

Important Risks Related to this Article

Important Information

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

For professional clients only. The information contained in this document is for your general information only and is neither an offer for sale nor a solicitation of an offer to buy securities or shares. This document should not be used as the basis for any investment decision. Investments may go up or down in value and you may lose some or all of the amount invested. Past performance is not necessarily a guide to future performance. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

The application of regulations and tax laws can often lead to a number of different interpretations. Any views or opinions expressed in this communication represent the views of WisdomTree and should not be construed as regulatory, tax or legal advice. WisdomTree makes no warranty or representation as to the accuracy of any of the views or opinions expressed in this communication. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares or securities in the United States or any province or territory thereof. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States.

Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.