

**AgCountry Farm Credit Services**  
**OCTOBER 2022 MARKET UPDATE**  
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**U.S. Average Yield Estimates**

| <b>U.S. Average Yield</b> |                    |                  |                    |
|---------------------------|--------------------|------------------|--------------------|
|                           | October's Estimate | Average Estimate | September Estimate |
| Corn                      | 171.9              | 171.9            | 172.5              |
| Soybeans                  | 49.8               | 50.5             | 50.5               |

October’s World Agricultural Supply and Demand Estimates (WASDE) brought us a surprise in soybean yield being lowered 0.7 bushels, although right in line with corn yield. With the lowered yield estimate we saw a decent day rally for soybeans. Even with corn estimates getting dropped by 0.6 bushels, it was right in line with the average trade estimate and was quiet market-wise.

**U.S. Production**

With yield loss, production loss comes into play as well.

| <b>U.S. Production in Million Bushels</b> |                    |                  |                      |
|---|--------------------|------------------|----------------------|
|   | October's Estimate | Average Estimate | September's Estimate |
| Corn                                      | 13,895             | 13,891           | 13,944               |
| Soybeans                                  | 4,313              | 4,379            | 4,378                |

Here we can see the lower yield take effect in production. With corn yield estimates dropping 0.6 bpa, overall production dropped by 49 million bushels. We saw a similar downward adjustment with soybeans dropping by 0.7 bpa, which brought soybean production down by 65 million bushels.

**U.S. Ending Stocks**

| <b>U.S. Ending Stocks in Million Bushels</b> |                    |                  |                    |
|--|--------------------|------------------|--------------------|
|  | October's Estimate | Average Estimate | September Estimate |
| Corn   | 1,172              | 1,127            | 1,219              |
| Soybeans                                     | 200                | 240              | 200                |
| Wheat  | 576                | 563              | 610                |

Ending corn stocks are lower than last month but still higher than the average trade estimate. The big battle corn is facing is cheaper exports coming from Brazil, Argentina, and Ukraine. They have corn available for export in the range of \$1.00-\$2.00 cheaper than the U.S. For soybeans, we saw ending stocks come right in line with last month's estimate of 200 million bushels. Even though wheat ending stocks are at a shocking 15-year low, they still came out above trade estimate due to lower exports as well.

## **World News**

Let's start out with South America where they are trying to plant a record crop, per usual. Brazil has been off to a great start with good planting conditions. Argentina is a different story as they are dry with little to no rain in the forecast. If South America holds true to its soybean production estimates, it will be 20% larger than last year's crop.

Now onto Russia and Ukraine. We have to expect anything is possible to happen at this point in the region. Russia announced that they may cancel their grain export quota in result of having such a large crop. Their wheat crop is 36% larger than last year. If that holds true and they do cancel their quota, it will result in more grain available for exports, which would be more bearish news for the already super-volatile wheat market.

## **Summary**

With such big factors to be daily topics of discussion, we can expect this volatile market to be sticking around for quite some time.

Even as we move deeper into the U.S. harvest, we must pay attention to South American planting progress and the weekly to daily war efforts between Russia and Ukraine, which can bring such volatile movements in the market.