

What is the WASDE Report and Why is It Important?

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The World Agricultural Supply and Demand Estimates (WASDE) report is prepared monthly by the Interagency Commodity Estimates Committees (ICECs) which are chaired by representatives from the Agricultural Marketing Service, Economic Research Service, Farm Service Agency, and Foreign Agricultural Service. The National Agricultural Statistics Service provides data about U.S. production and each ICEC (one for each of nine commodities) compile and analyze data from U.S. and foreign sources to produce the report.

The WASDE report is prepared under very tight security in a “lock-up” area inside a USDA building. On the day of the report release, doors in this room are secured, window shades are closed, and telephone and internet communication blocked! Analysts attending the meeting must present their credentials to a guard before entering to finalize the report. The WASDE report is released at 12:00 noon Eastern time, and not a minute sooner.

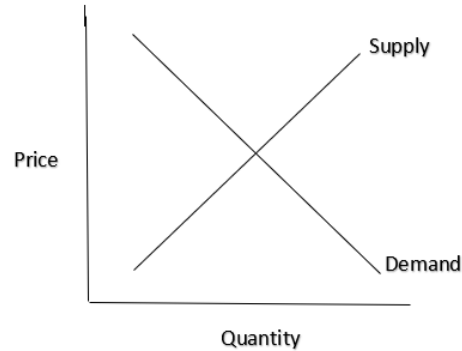
Who Provides Information?

The Interagency Commodity Estimates Committees described earlier use information from a variety of USDA sources. The National Agricultural Statistics Service provides data related to U.S. crop and livestock production. The USDA Foreign Agricultural Service, official data from foreign governments, satellite imagery, and weather data are also provided about foreign crop and livestock production and use.

All of this information is reviewed by ICEC members with broad expertise and perspective. To arrive at a consensus about the forecasts, the committee considers alternate assessments of domestic and foreign supply and use.

Commodity Balance Sheets

Do you remember back to your introductory economics class? One of the basic principles taught was supply and demand (see graph below). Those who develop the WASDE report use information to provide the agricultural industry with a baseline for supply and demand of given commodities. If a large supply is anticipated (think of it as a bumper yield), but domestic or foreign demand is not high, the result is lower prices. On the flip side, a poor harvest (lower quantity) combined with increased demand results in increasing commodity prices. We have seen commodity markets move up or down within minutes of a WASDE report being released.



A balance sheet for U.S. and world wheat, rice, coarse grains, oilseeds, and cotton is provided. Coarse grains include corn, barley, sorghum, and oats). Oilseeds include soybeans, rapeseed, and palm). The U.S. also reports sugar, meat, poultry, eggs, and milk on the balance sheet. Separate estimates are provided for components of supply and demand and domestic use is divided into major categories (for example, corn for feed and corn for ethanol use).

Of interest to many is the reported season-average farm price for farm commodities. Price forecasts are made by experts who carefully analyze the supply and demand sides of the balance sheet, along with commodity models, and in-depth research of domestic and international issues.

Why is the WASDE Important?

Agriculture operates in a global market and supply and demand are constantly changing. A monthly balance sheet of major commodities provides farmers, industry professionals, and others a current source of information.

Not everyone agrees with every number reported in each WASDE, but everyone should feel confident that a tremendous amount of research and time are invested to provide the most accurate report possible.

Where Can I Read the WASDE Reports?

Current and historical (since 1974) WASDE reports are available here: <https://www.usda.gov/oce/commodity/wasde>. These reports are approximately 40 pages in length, but an approximate five-page summary of coarse grains, oilseeds, and cotton is provided at the beginning of the report. Detailed data tables accompany the report.

Sources:

WASDE FAQs, United States Department of Agriculture, <https://www.usda.gov/oce/commodity-markets/wasde/faqs>

WASDE Report, United States Department of Agriculture, <https://www.usda.gov/oce/commodity/wasde>