



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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### SOYBEAN EXPORTS LOOK GOOD, BUT CORN EXPORTS ARE DRAGGING

AS WE APPROACH THE HALFWAY MARK IN THE CROP YEAR, the exports of soybeans and soybean products are doing very well, but corn exports are lagging behind expectations. The export rates during the first half of the crop year do not always carry through the entire year, but they are a good indicator.

*CORN.* Exports for the 1977-78 crop year are currently projected at 1.75 billion bushels, compared to 1.68 billion actually exported in 1976-77, an increase of 4 percent. However, exports through February 24 were only 616 million--compared to 724 million during the same period last year, a decrease of 15 percent. Should the decrease continue at the same magnitude, exports for the year would total only 1.43 billion. This would make a major difference in carryover next fall.

The European Economic Community is the biggest single destination for our corn exports, typically taking about a third of the total. This year, the EC is lagging in its purchases. Corn exports to the Western Hemisphere, Eastern Europe, Russia, and Asia during the October-December quarter were all larger than the year before. Total exports in October-December were down 101 million, but exports to the EC were down 127 million. Whether the deficit is made up during the second half of the season is the central question concerning corn. Exports to the EC were unusually large last year because of drought in Europe in the summer of 1976. In addition, the EC is tending to increase imports of root crops such as manioc and tapioca and using that for feed at the expense of corn. The root crops enter duty-free, in contrast to the very high import levy placed on corn.

Shipments from the Gulf have been delayed by interior transportation problems and by an elevator explosion. Exports to Europe should increase when navigation on the Great Lakes opens in the spring. But the entire deficit is not likely to be made up, and we should expect corn exports to be moderately less than last year.

*SOYBEANS.* Exports through February 24 were 329 million bushels, compared to 303 million the year before, an increase of 9 percent. This speaks well for the projected 615 million bushels for the year. Soybean export prospects are getting a boost from weather problems in Brazil. The crop in Brazil was first estimated at 12.8 million metric tons by the USDA; later, at 12.5 million; and on March 2, at

11.5 million. Some trade estimates are even lower. (A million metric tons is 36.7 million bushels.) A decrease of 10 percent in the Brazilian crop becomes a major factor in U.S. exports.

Soybean-meal exports during October-January were 1.9 million tons, up 10 percent from the year before. Large exports for the year seem assured.

Exports of soybean oil during October-January were 588 million pounds, up 41 percent from the year before. Oil exports are very erratic from month to month, so movement to date is not a good basis for estimation. The USDA is projecting exports of 1.75 billion pounds for the year, compared to 1.55 billion last year and 976 million in 1975-76. Significant increases are projected for India, Pakistan, Iran, and Peru. In addition, the Peoples Republic of China has bought a substantial quantity.

The large exports taking place are in spite of unusually large production increases outside the U.S. Part of the reason is a liberal use of Public Law 480 funds for soybean oil. In addition, the world demand for edible fats and oils may be going up.

The high export levels of soybeans and soybean products are coupled with a high level of use for soybean meal and oil in the United States. The total disappearance is of a record size. However, supplies are also of record size, and there appears to be virtually no chance of using the entire 1977 crop. Planting intentions for 1978 were up 8 percent on January 1 and may go higher if soybean prices continue to strengthen.

*T.A. Hieronymus*

*T.A. Hieronymus, Extension Specialist, Prices and Outlook*

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801

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