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# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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## GRAIN EXPORTS ARE LARGE

THROUGH THE FIRST WEEK OF FEBRUARY, grain exports exceeded the level achieved at the same time last year. The largest increase has been in soybean exports, followed closely by wheat. Corn exports are only slightly above year-ago levels.

**WHEAT.** Large wheat exports have been one of the major factors supporting wheat prices above the level received last year. Through February 4, wheat exports totaled 842 million bushels, 27 percent above last year. Much of the increase is the result of sales to the People's Republic of China. To date, about 95 million bushels of wheat have been shipped to mainland China. Several other countries have imported significantly more U.S. wheat, including Iraq, Pakistan, Indonesia, Chile, and Brazil. The USSR has imported only 47 million bushels of wheat, compared to 70 million by this time last year.

The USDA projects that wheat exports will reach 1.15 billion bushels by the end of the marketing year. With a third of that marketing year left, even the USDA expectation may be exceeded. In spite of the big export movement of wheat, carryover stocks will be large. Increased production during 1979 may put pressure on wheat prices.

**CORN.** Corn exports reached 594 million bushels by the end of the first week of February, compared to 555 million bushels at the same time last year. The European Community, our largest customer, has imported 119 million bushels. Japan is running a close second at 110 million bushels. Mainland China has also become a customer for U.S. corn, receiving almost 56 million bushels so far this year. The USSR has imported only 47 million bushels, compared to almost 105 million by this time last year.

Even though total corn exports are running ahead of last year's figures, the rate is well below that required to reach the 1.95 billion bushels projected for the year. Weekly export inspections will have to increase from the current 33-million-bushel level to almost 40 million in order to reach 1.95 billion bushels by the end of September. The export rate is expected to accelerate with the transportation improvements associated with warmer weather.

The pleasant surprise in the corn market to date has been the rapid rate of use for feeding. During the first quarter of the 1978-79 marketing year, corn feeding was 11 percent higher than a year ago. Even with a high rate of consumption, carryover

stocks may exceed 1.4 billion bushels by year-end. Failure to meet corn export expectations would add to an expected carryover that is already large.

**SOYBEANS.** The strong domestic demand for soybeans and soybean products has been paralleled in the export market. Soybean exports through the first week in February totaled almost 378 million bushels, 27 percent above last year. Exports of soybean meal and soybean oil were about 12 percent greater than a year ago. As with corn, the European Community is our biggest customer for soybeans and soybean meal. Both India and Iran have imported significantly more soybean oil than a year ago. Mainland China has imported less than half the amount of soybean oil it did a year ago.

The available supplies of U.S. soybeans will not permit a continuation of the current rate of exports. The upcoming harvest of soybeans in the Southern Hemisphere will provide competition for U.S. soybeans in the world market. However, the crops from the Southern Hemisphere will not be as large as expected earlier because of dry weather during the growing season. If the very strong demand for soybeans and soybean products continues, further price increases may be required to ration supplies. How much of an increase, if any, will depend on the size of the soybean crops in the Southern Hemisphere.

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