

RETURN TO 419 M.H.



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

December 5, 1979

CORN AND SOYBEAN EXPORTS—HOW LARGE?

ONCE THE HARVEST IS FINISHED AND GRAIN SUPPLIES ARE KNOWN, demand factors begin to play the dominant role in influencing prices. The export market has become a larger and larger part of the demand for U.S. grains. Given a fixed supply of grain, the size of the export demand determines the quantity of grain available for domestic use and inventory. The more grain we export, the smaller the domestic supply and, everything else remaining equal, the higher the price.

For the 1979-80 crop year, corn and soybean exports are expected to set new records. The USDA projects corn exports at 2.5 billion bushels, 17.2 percent more than last year. Soybean exports are projected at 825 million bushels, an increase of 9.6 percent over last year.

With corn, the large increase expected in exports primarily reflects the smaller crops of coarse grains raised outside the United States. In November, the USDA projected the 1979 crops of coarse grains outside the United States at 505.3 million metric tons, down 5 percent from last year. Most of the reduction comes from the 22 percent decline in Russia.

To reach 2.5 billion bushels by the end of the marketing year (through next September), corn exports must average 48.1 million bushels per week. However, exports are not usually distributed evenly throughout the year. Ports closing on the Great Lakes and frozen river conditions result in slower export rates during the winter. Export rates, therefore, are expected to be high in the fall and again during the following spring and summer.

In the first 7.5 weeks of the corn marketing year, corn exports averaged 47.6 million bushels a week. That rate is well ahead of last year, but slightly behind the pace needed to reach 2.5 billion bushels for the year.

The USSR has been buying corn to meet its import needs for the year ahead. As of November 11, outstanding sales to all buyers plus accumulated corn exports totaled almost 1.3 billion bushels, compared to only 680 million a year ago.

The large increase in soybean exports projected by the USDA reflects expectations of a growing world demand for high-protein feeds and edible fats and oils. The oilseed crop outside of the United States is likely to be about 6 percent larger than

