



WEEKLY OUTLOOK

Department of Agricultural Economics
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1981-82 EXPORT PROSPECTS ARE FAVORABLE

MARKETS FOCUS ON PROSPECTIVE CORN AND SOYBEAN CROPS at this time of the year. While production is important, it must be related to prospective demand, and exports are an increasingly important part of demand. Early projections of exports must be tentative, but they are important.

Exports of corn from October 1, 1980, through the week ending May 28, 1981, totaled 1,732 million bushels, compared to 1,608 million bushels the previous year. This increase of 7.7 percent occurred despite the increased production of coarse grains outside the U.S. (1980-81 production was up 5 percent from 1979-80), and the partial embargo on grain shipments to the Soviet Union. World demand for grain as livestock feed has increased faster than production outside the U.S. The total exports of grain for the year ending September 30 may be 2,550 million bushels.

Exports from the U.S. during 1981-82 will depend on the continued increase in world demand and on how much grain is produced outside the U.S. The availability of grain for export from the U.S. is also a factor, but it will limit exports only if the U.S. crop is damaged by weather as extensively as it was in 1980.

If growing conditions are normal outside the U.S., a moderate increase in 1981-82 coarse grain production can be expected. Among the major producers, we can expect moderate decreases in production in Argentina, South Africa, and Western Europe since growing conditions in 1980-81 were very favorable. The odds favor an increase in Russian production. Production increases and grain consumption outside the U.S. may be just about equal. However, the increase in Russian production will probably be the net production increase outside the U.S. This increase in Soviet production will be for increased grain use and for building grain stocks. The U.S.S.R. will probably import about as much grain in 1981-82 as it did in 1980-81.

Soybean exports have been disappointing compared to those of last year. The total exports from September 1, 1980, through May 28, 1981, were

587 million bushels, compared to 706 million bushels in the same period of 1979-80. The decrease in the exports of soybeans and soybean products from the U.S. can be attributed to two factors. The South American crops harvested this spring were very large and appear to have been sold rapidly. And, soybean-meal prices in Europe have been higher than usual in relation to corn prices, which is one of the factors making livestock feeding in Europe unprofitable.

Consumption of soybean protein outside the U.S. increased slowly during the current crop year, but the long-term trend toward increased use remains. An increase in competition from other oilseeds is not expected next year. There will be little increase in South American soybean acreage, and yields may decrease after two years of excellent crops. A normal increase in the consumption of oilseed products will probably be supplied from U.S. soybeans.

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