



WEEKLY OUTLOOK

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THE STATUS OF CORN AND SOYBEAN EXPORTS

CORN EXPORTS THROUGH APRIL 22 TOTALED 1.175 BILLION BUSHEL, 21 percent less than on the same date a year ago. Soybean exports, on the other hand, had reached 624.7 million bushels, nearly 19 percent more than exports last year.

Soybean exports have been surprisingly large. The USDA now estimates that for the year ending August 31, 1982, exports will total 870 million bushels. Exports reached record levels of 875 million bushels two years ago. To date, soybean exports have averaged 18.7 million bushels per week. To reach the USDA's projections, weekly exports need to average only 13.2 million bushels for the next 19 weeks. The U.S. export rate during the spring and summer is often decreased because of competition from the South American soybean harvest.

This year, two occurrences may lead to strong U.S. exports for the remainder of the crop year. The first is the confrontation between Britain and Argentina over the Falkland Islands. The second is the small soybean crop in Brazil.

As the conflict between Argentina and Britain escalates, exports of Argentine soybeans could be reduced: importers are not anxious to send their ships to Argentina. Moreover, the EEC has imposed a temporary ban on the import of Argentine goods. Shipments of Argentine soybeans are normally large during May, June, and July; in 1981 they accounted for 70 percent of the annual total. Over the past two years about 30 percent of Argentine soybean exports have gone to Russia and about 35 percent to EEC countries. Only an approximate 10 percent of Argentine exports have gone to Brazil.

Importers concerned about the possible interruption in Argentine shipments of soybeans may turn to alternative sources for their immediate needs. The United States and Brazil are their two choices. However, the Brazilian soybean crop, which is now almost harvested, is significantly smaller than preharvest estimates. Some analysts estimate the crop to be as small as 12.5 million metric tons (460 million bushels), compared with last year's harvest of 15.5 million tons (570 million bushels). In addition, Brazil prefers to process the soybeans and export soybean meal while most European countries are currently interested in importing whole soybeans. Presumably, Argentine soybeans could be exported to Brazil for

transshipment. But importers, particularly in European countries, are more likely to turn to the United States to meet their needs. If so, U.S. soybean exports will be considerably larger than the current estimate of 870 million bushels. Carryover stocks could be reduced to just over 300 million bushels. Even if the British-Argentine conflict is settled, U.S. soybean exports could be expected to exceed 870 million bushels because of the shortfall in Brazilian production and the likely political turmoil in Argentina.

Corn exports have been well below early expectations. Most of the major importing countries have taken less U.S. corn than they did a year ago. However, exports during the second half of the marketing year appear to compare very favorably with those of last year. Weekly exports in April averaged 46.5 million bushels compared to 46.4 million during the same period last year. Any interruption in Argentine shipments of corn could further strengthen U.S. export demand. Most probably, the USDA's projection of 2.175 billion bushels will be reached, if not exceeded, by September 30.

Feed demand for corn has been surprisingly large. Total corn use for the 1981-82 marketing year could be as high as 7.35 billion bushels, leaving a carryover of about 1.89 billion bushels. Old crop corn prices will have to remain high enough so that the corn currently in the 9-month loan program can be redeemed.

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