



WEEKLY OUTLOOK

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WHAT HAPPENED TO THE CORN EXPORTS?

IN OCTOBER, 1981, CORN EXPORTS for the 1981-82 marketing year were expected to total as much as 2.5 billion bushels. As of August 19, 1982, weekly inspection reports indicated that exports have reached only 1.81 billion bushels. This figure may be somewhat altered later on by the Census Bureau. However, with just 6 weeks left in the marketing year, exports will fall short of 2.1 billion bushels. At the rate of the last few weeks, exports will not even reach 2.0 billion bushels.

A review of exports through August 12 reveals sharp declines in corn shipments to the European Community, Poland, Romania, Japan, Canada, Mexico, and Venezuela. Last year at this time, these areas had imported 1.16 billion bushels of U.S. corn. For the current year, shipments to these areas have reached only 713 million bushels, 38 percent less than those a year ago.

Exports of U.S. corn to Spain, the USSR, and China have been 50 percent larger than those a year ago. On balance, however, exports are lagging behind last year's by nearly 15 percent. The largest customers for U.S. corn (importing 63 percent) have been Japan, the USSR, the European Community, and Spain.

The low levels of corn exports have been especially disappointing when compared with the record levels of wheat and soybean exports. For the year that ended on May 31, 1982, wheat exports totaled 1.773 billion bushels, up 17 percent from the previous year. Through the first 11 weeks of the 1982-83 marketing year, U.S. wheat exports have been about 3 percent above last year's exports. Soybean exports for the year ending August 31, 1982, are projected to be 920 million bushels, up 27 percent from last year and 5 percent above the previous record of 1979-80.

The success of wheat and soybean exports may have, in part, been detrimental to corn exports. For the 1981-82 marketing year, the USSR imported 240.3 million bushels of U.S. wheat, double the amount of the previous year. This quantity exceeded expectations, and wheat was probably substituted for corn imports in some cases.

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Through August 12, 1982, soybean exports to the European Community (EC) totaled 417 million bushels, a 40 percent increase from the 1980-81 marketing year. Exports of U.S. soybean meal to the EC totaled 3.7 million tons, up 35 percent from a year ago.

Whereas some of the increase in soybean and soybean meal exports to the EC results from the shortfall in the Brazilian soybean crop, part also results from the substitution of soybean meal for feed grains in livestock rations. From all sources, the EC has imported 20 percent more soybeans than it did a year ago. Because of the variable levy on corn imports, corn prices in the EC have remained quite high for the livestock feeder during 1981-82. Soybean meal prices, however, have declined, following the trend of the world market. Beginning in late September, 1981, the price of a ton of soybean meal was as low as the price of corn. The prices have remained comparable since then. Soybean meal has been attractively priced relative to corn and has encouraged a substitution in feed rations.

While most analysts are optimistic about an increase in U.S. corn exports for the year ahead, there are some discouraging signs. World economic recovery is slow, the U.S. dollar is still high priced, grain supplies are large outside the United States, and soybean meal is still cheap relative to corn in the EC.

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