



WEEKLY OUTLOOK

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CORN EXPORTS ARE DISAPPOINTING AGAIN

WHEN CORN EXPORTS FELL SHORT OF EXPECTATIONS last September, we outlined some of the factors that caused the poor performance. At that time, the USDA was forecasting a rebound in exports during the 1982-83 marketing year. Exports were forecast at 2.35 billion bushels with a probable variation of 200 million bushels.

As of August 25, 1983, cumulative exports stood at only 1.652 billion bushels. With only five weeks left in the marketing year, it appears that exports will reach only about 1.8 billion bushels. Corn exports have declined for three consecutive years; at 1.8 billion bushels, they are 8.5 percent below a year ago and 26 percent less than during the 1979-80 crop year.

Data are available on exports by country of destination through August 19, 1983. Compared with a year ago, shipments to the European Community (EC) are down 43 percent. If all the current outstanding sales are shipped this year, exports to the EC will total 153 million bushels, down from over 400 million bushels in 1979-80.

Shipments to other western European countries, primarily Portugal and Spain, are down 41 percent from the general level of the past three years. Eastern European countries have bought 62 percent less U.S. corn, than a year ago and 82 percent less than three years ago.

Sales of U.S. corn to the Soviet Union are down 59 percent from the relatively high level of last year. Japan has been the largest and most stable importer of U.S. corn. To date, shipments to Japan are running about 16 percent ahead of last year's pace. Exports to Japan will total about 535 million bushels, slightly less than two years ago.

China and Taiwan have been small but growing markets for U.S. corn. These two countries will each buy nearly 100 million bushels of U.S. corn during the 1982-83 crop year. In the rest of Asia, the Korean Republic has been increasing its purchases of U.S. corn, and shipments to that country may approach 150 million bushels this year.

In the western hemisphere, Mexico has been the largest but most volatile market for U.S. corn. For a variety of reasons, Mexico bought very little U.S.

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corn last year but will buy more than 150 million bushels during the current marketing year.

The poor performance of U.S. corn exports is based upon the same factors that we outlined a year ago--a high-priced dollar, large grain supplies outside of the United States, and only little economic recovery. The strength of the dollar relative to the currency of major importers has been impressive.

Compared with the peak in early 1980, the value of the deutsche mark has declined nearly one-third relative to the dollar. The value of the Japanese yen has rebounded from its low of a year ago, but is still 15 percent off from the peak in early 1981. The value of the Mexican peso declined sharply during 1982, after modest declines in 1981. The decline in value, relative to the dollar, has totaled about 50 percent over the last two years.

Corn exports during the 1983-84 marketing year will be hampered by a continuation of present conditions. Along with the strong dollar, early estimates suggest a sizeable increase in feedgrain production outside of the United States. In its August estimate, the USDA forecast production in foreign countries at 549 million metric tons, 4.8 percent more than last year's production and up nearly 10 percent from 1979-80.

Unless world economic conditions improve rapidly or production prospects are reduced, U.S. corn exports will likely remain well under 2 billion bushels again in 1983-84.

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