WEEKLY OUTLOOK
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November 28, 1984

EXPORTS - PROGRESS AND PROSPECTS

THE SLOW RATES OF CORN AND SOYBEAN EXPORTS early in the marketing year have raised concerns that the current USDA forecasts for the year are too optimistic. As pointed out last week, those forecasts have already been trimmed from the October estimates.

Through November 15 corn exports totaled 283.8 million bushels, about 11.5 million less than on the same date a year ago. For the year, USDA is projecting exports of 2.075 billion bushels, 209 million more than a year ago. Shipments to the European Economic Community (EC) and other western European customers were running 50 percent behind last year's pace. Outstanding sales to those areas were also very small. Shipments to Japan, usually our largest customer, were down 43 percent and outstanding sales were 47 percent less than a year ago.

Corn shipments and sales to Taiwan were about equal to a year ago, but no shipments had been made to Korea (through November 8). Shipments to Mexico, our largest market in the western hemisphere, were down 22 percent and outstanding sales were down 41 percent. Shipments to the U.S.S.R. were almost 4 times as large as a year ago and outstanding sales were 3.3 times larger.

While it is still quite early in the marketing year (only the seventh week), the slow rate of sales to our traditionally strong markets is disturbing. It is feared that the large grain crops, particularly wheat, in Europe will result in a further deterioration in that market. Shipments to the European Community, for example, have declined by 64 percent in the past four years.

A further concern is the emergence of China as a significant exporter of corn. Those sales will likely compete with U.S. sales to some of the Asian countries, particularly Japan. Early estimates suggest China could export as much as 100 million bushels of corn. Rather than reduce U.S. exports, however, these sales will slow the rate of increase in U.S. shipments to Asian countries. It is likely that U.S. corn exports for the 1984-85 marketing year will exceed 2 billion bushels.

Eleven weeks into the marketing year, soybean exports total only 106.2 million bushels, 69 million less than a year ago, and 40 percent less than the average of the past 6 years. The USDA projects exports for the year at 790 million, 50 million more than exported last year. The patterns of soybean shipments and sales compared to a year ago are very similar to that of corn exports. Combined shipments and sales to the EC are down 45 percent. Shipments and sales to other western European countries and Japan are down 50 percent. Sales to Taiwan are 60 percent larger than a year ago.

Exports of soybean meal are down 54 percent from the level of a year ago. Oil sales are nearly 7 times as large as a year ago, when shipments got off to a very slow start.

The likelihood of a large South American soybean crop puts a cloud over U.S. soybean export prospects. The USDA estimates that crop at 823 million bushels, up 8 million from last year's large crop. However, the official internal estimate of the Brazilian crop is about 30 million bushels above the USDA estimate. That figure seems optimistic at this time. The crop there has just been planted.

An examination of U.S. soybean and soybean meal shipments by destination for the last few years reveals a sharply declining European market (particularly within the EC), steady growth in Japan, a modest growth in eastern Europe, the rest of Asia, and the western hemisphere. A continuation of those trends would suggest exports of U.S. soybeans during this year of about 780 million bushels.

The rate of exports will obviously be important to corn and soybean price prospects over the next few months. Perhaps more important, however, will be the rate of domestic use. The figures for October indicate a sharp increase in meal use. The rate of domestic use of corn will be revealed by the January Grain Stocks report.

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