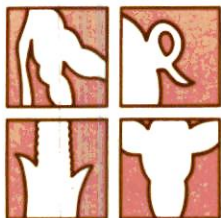




Cooperative
Extension Service
University of Illinois
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WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
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NEW CROP EXPORT SALES OFF TO A SLOW START

EARLY PROJECTIONS BY THE USDA AND others reflect the expectation that corn and wheat exports will be down sharply in 1985-86. Soybean exports are expected to rebound modestly, but remain well below the levels of the period 1978-79 through 1983-84.

The USDA projects corn exports in a range centered on 1.7 billion bushels. Exports of that magnitude would be 225 million bushels less than the projections for the current year and the lowest level since 1976-77. The mid point of the export projection for soybeans is 675 million bushels, 75 million more than the projection for the current year. Other than the current year, however, that projection represents the smallest exports since 1976-77.

Wheat exports are projected in a range around 1.2 billion bushels, 224 million less than a year ago and the lowest level since the 1978-79 marketing year. Compared to the record export years, projected exports are down 43 percent, 38 percent, and 48 percent for corn, soybeans, and wheat, respectively.

Actual sales of new crop grain are even more disappointing than the projections for the year. As of August 8, 1985, only 88 million bushels of new crop corn had been reported as sold for delivery during the 1985-86 marketing year. That level of sales represents only 5 percent of the projected exports for next year. Last year at this time, 18 percent of actual exports had already been sold. Over the last 5 years, the lowest level of sales was 6 percent of actual shipments.

The largest decline is in sales to the U.S.S.R. No new crop corn has been sold to the U.S.S.R., compared to 224 million bushels a year ago. Of the major importers, only Taiwan has bought more new crop corn than a year ago.

For soybeans, only 45 million bushels of new crop had been sold by August 8, compared to 78 million a year ago and the 5-year average of 117 million. Sales to date represent only 7 percent of projected sales, compared to the previous 5-year average of 15 percent. The greatest decline is in sales to western Europe. New crop sales are slightly less than 7 million bushels, compared to

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25 million a year ago.

The wheat marketing year began on June 1. Through August 8, 314 million bushels of wheat had either been shipped or sold for later delivery. This compares to 669 million a year ago and the previous 5-year average of 604 million. Sales represent only 26 percent of projected exports. On average over the past 5 years, nearly 40 percent of the year's exports had been sold by the same date.

The U.S.S.R. had purchased no new crop wheat as of August 8, compared to 134 million bushels a year ago. Sales to China are only 20 percent as high as a year ago. Sales of soft red winter wheat are only one-third as large as a year ago because of the decline in sales to China.

There are a number of possible explanations for the low level of export sales in relation to the projections for the year. The recent rapid decline in prices as well as the announced goals of the current administration to make U.S. agricultural prices more competitive in the world market, result in a wait-and-see attitude by many importers. Prospects of further declines in the value of the dollar also encourage importers to postpone purchases. Rapid exports of soybean products by South America since the spring harvest have hampered U.S. exports.

Another possibility is that, as low as they are, current export projections may be too high. Unless export sales accelerate, post harvest price recovery will be slow. The CCC loan program will be the major price supporting factor.

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