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WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

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CORN EXPORTS DOWN; SOYBEANS DOING BETTER

IN ITS MAY *SUPPLY AND DEMAND* REPORT, the USDA projected corn exports for the 1985-86 marketing year at 1.4 billion bushels, the lowest level in 11 years. The level of corn exports since that report was released has been extremely low. Only 57 million bushels were exported in April, and it seems that exports during May were under 60 million bushels. Now with only three months left, it appears that exports for the year could be less than 1.3 billion bushels.

Compared with last year, when exports totaled 1.85 billion bushels, exports to date are down by about 30 percent. The greatest decline, 60 percent, has been in shipments to the Soviet Union. The European Community has purchased 21 percent less U.S. corn than a year ago, and shipments to Japan are down 10 percent.

Compared with the record export year of 1979-80, when exports exceeded 2.4 billion bushels, exports for the 1985-86 marketing year are lagging behind by about 37 percent. Exports were extremely large during the summer of 1980. That is not likely to be repeated in 1986.

Based on exports accumulated to mid-May, the difference between exports from the crop years, 1985-86 and 1979-80, is the decline in shipments to Europe. So far this year, Western European countries have received about 110 million bushels of U.S. corn. By the same date in the 1979-80 marketing year, those countries had received 405 million bushels of U.S. corn. Shipments this year to Eastern Europe have been about 190 million fewer bushels than shipments six years ago. Shipments have also been smaller to China and Korea. Exports to the Soviet Union and Japan are about the same as in the 1979-80 marketing year, and sales to Taiwan are larger this year.

European countries accounted for 42 percent of U.S. corn sales in the 1979-80 marketing year, but only 15 percent of U.S. corn exports in the 1984-85 marketing year and only 15 percent of sales so far this year. It is unlikely that the European market will rebound significantly in the near future; this fact will probably limit the overall rate of growth of U.S. corn exports.

As of May 22, 1986, soybean exports were estimated at 656.5 million bushels, up 25 percent from last year. For the marketing year ending August 31, 1986, the

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USDA projects exports totaling 780 million bushels, or 30 percent more exports than a year ago. Exports declined sharply last summer because of the large South American harvest. Declines in U.S. exports should be smaller than normal this summer because the South American harvest was 20 percent smaller this spring. The United States probably will export 780 million bushels.

Sales of U.S. soybeans to the European Community are up 16 percent, compared with last year. The Soviet Union has purchased nearly 56 million bushels of U.S. soybeans, compared to none a year ago. Sales to Asian countries are up slightly, whereas countries in the Western Hemisphere have purchased fewer U.S. soybeans.

Although up sharply from last year, soybean exports are still well below the pace of the 1981-82 and 1982-83 crop years, when exports exceeded 900 million bushels. As in the case of corn, the decline since that time reflects the sharp decline in sales to European countries. The prospects for regaining some of that market are better for soybeans and soybean meal than for corn. Even so, continued competition from other oilseed crops and from South America may limit the rate of growth of total U.S. soybean exports.

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