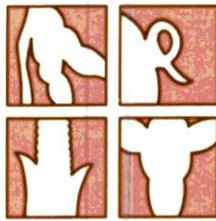




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

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

November 26, 1986

EXPORTS-SOYBEANS UP, CORN DOWN

THE 1986 MARKETING YEAR FOR CORN AND SOYBEANS began on September 1, so that the first quarter is almost completed. During the first 10.5 weeks of the year, soybean exports exceeded the level of a year ago, while corn shipments were well below last year's pace.

Based on weekly export inspection figures, exports of corn through November 13 totaled 260.5 million bushels, 42 million less than a year ago. With only two weeks left in the quarter, it appears that shipments for the quarter will be about 320 million bushels, or 100 million bushels less than a year ago. At that level, exports for the first quarter of the marketing year will be the smallest in 12 years.

Compared with last year, the largest declines in U.S. corn exports have been to Western Europe and the Soviet Union. Western European countries have imported only about 12 million bushels of U.S. corn compared with about 55 million by this time a year ago. The Soviet Union has purchased no U. S. corn to date. By this time a year ago, the Soviets had received about 45 million bushels of U.S. corn and purchased a total of 137 million bushels.

Exports to Japan and Korea are up, but shipments to Taiwan are down from last year. Brazil, Canada, and Mexico have received more U.S. corn than a year ago.

For the year, corn exports are expected to total 1.3 billion bushels, only marginally higher than last year's disappointing exports. Part of the reason for the pessimistic export outlook is the increase in grain production in the rest of the world. For countries other than the U.S., the combined production of wheat and coarse grains for 1986-87 is projected at 1.037 billion tons, up 3 percent from a year ago. About three quarters of the increase is in wheat production.

Large increases in grain production are expected in Canada, China, and in Eastern European countries. Production in the Soviet Union is expected to be slightly larger than last year's revised crop estimate and 14 percent larger than the crop of two years ago.

Through November 13, soybean exports totaled 171 million bushels, about 40 million more than a year ago. Exports for the first quarter will be the highest

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in four years. Most of the increase compared with last year has been in shipments to western Europe. Exports to that area are up about 75 percent from last year. Taiwan, Korea, and Mexico have also received additional U.S. soybeans.

One of the reasons U.S. soybean exports are off to a fast start is reduced competition from South America. The soybean harvest in South America in the spring of 1986 totaled 782 million bushels, 161 million bushels less than harvested in 1985. Most of the decline was in Brazil. The Argentine crop was larger than in 1985.

U.S. soybean exports should continue to exceed the levels of last year for the next 3 or 4 months because of reduced supplies in South America. The world market for soybean protein is not growing rapidly. When the 1987 South American crop becomes available, U.S. soybean exports are expected to decline sharply. Early projections place the 1987 harvest at 915 million bushels. The USDA projects U.S. soybean exports at 760 million bushels, only 20 million more than last year.

The development of the South American crop will be an important factor for soybean prices for the next several weeks. A normal growing season there would likely pressure soybean prices. Higher prices would be expected only if weather problems are encountered.



Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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