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WEEKLY OUTLOOK

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

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EXPORTS OFF TO A FAST START

The 1987-88 corn and soybean marketing years began on September 1. Exports during the first eight weeks of that year were well ahead of the pace of the past two years. The wheat marketing year began on June 1. Exports during the first five months of the year were also up sharply.

Through the week ending October 22, corn shipments totaled 248 million bushels, compared to 178 million bushels on the same date in each of the past two years. The increase represents larger shipments to Japan, South Korea, Taiwan, Eastern Europe, and Mexico. Soybean exports totaled 128 million bushels, compared to 88 million on the same date a year ago and 76 million bushels two years ago. The increase primarily reflects larger shipments to western Europe. Smaller increases have also been registered for China, Mexico, and South American countries.

For the period June 1 through October 22, 1987, wheat exports totaled 611 million bushels, compared to 479 million last year and 381 million bushels two years ago. Most of the increase from a year ago is in the shipment of hard red winter wheat. Exports of that class of wheat are up 75 percent due to sales to the USSR and China. To date, the United States has shipped 150 million bushels of hard red winter wheat to the USSR and 21 million bushels to China compared to none a year ago. Shipments to most other major customers are down from last year.

Exports of soft red winter wheat are up about 20 percent, reflecting larger sales to China and Bangladesh. China has imported 20 million bushels, compared to none a year ago. Exports of hard red spring, white, and durum wheat are running behind the pace of a year ago.

Although corn exports are running well ahead of a year ago, total sales are only slightly above the level of the past two years. Sales to Asian countries are large, but outstanding sales are down sharply for Egypt and Brazil compared to last year. The USDA has projected that corn exports for the entire marketing year will reach 1.6 billion bushels, up 5 percent from the 1986-87 marketing year. Sales to non-Asian countries, and more specifically the USSR, will have to increase if that level of exports is to be obtained.

In contrast to corn, the sales of soybeans are well ahead of the level of the past two years. Outstanding sales are large for western Europe, China, and Brazil. The increase in soybean sales, however, is coming at the expense of soybean meal sales. Through the first two weeks of the 1987-88 soybean meal marketing year (beginning October 1, 1987) export sales of soybean meal totaled 1.2 million tons, down 42 percent from last year. The largest decline is in sales to western Europe. Large crush margins for soybean processors have favored soybean exports at the expense of soybean meal. Although this pattern may not affect the level of use of U.S. soybeans this year, it may alter the distribution between crush and export. The domestic crush will likely fall short of the 1.2 billion bushel projection. Exports should exceed 700 million bushels.

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Outstanding sales of wheat are about 30 percent larger than a year ago, reflecting large unshipped sales to Poland and China. Because of the aggressive export bonus program for wheat, exports for the 1987-88 marketing year should reach the 1.225 billion bushels projected by the USDA.

Conclusions. Even with sharply lower prices, corn exports are increasing slowly. Wheat exports are being expanded only because of a small crop in the USSR and an aggressive U.S. subsidy program. Soybean and soybean protein exports will likely be below the level of a year ago due to increased competition from other oil seeds in Europe. Current policy designed to increase exports is working, but progress will continue to be slow. The removal of production controls for feedgrains and wheat any time soon is not likely.

Darrel Good

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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