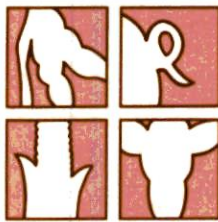




Cooperative
Extension Service
University of Illinois
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WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
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EXPORT PACE KEY TO CORN AND SOYBEAN PRICES

There is general agreement that the rate of exports will be one of the major factors for corn and soybean prices for the next two months. Sales of U.S. corn were large early in the marketing year, but they have slowed in recent weeks. Soybean exports made a very slow start but they have improved in November.

Japan started buying large quantities of 1988 U.S. corn in June. By the end of July, Japanese purchases totaled 185 million bushels. Sales since July have been modest, with outstanding sales plus accumulated shipments reaching 252 million bushels on November 10. That total is about 7 percent larger than on the same date a year ago. Soviet purchases of U.S. corn were extremely large in September and early October but have been small since then. Outstanding sales plus shipments totaled 185 million bushels in mid-November, compared to only 63 million bushels at the same time last year. Corn sales to the European Community are larger than a year ago, but Taiwan and South Korea have purchased smaller quantities. No sales have been made to China.

Based on USDA's weekly export inspection reports, corn exports totaled 428 million bushels during the first 11 weeks of the marketing year, an increase of nearly 19 percent from the total last year. Exports plus outstanding sales totaled 850 million bushels, a 30 percent increase from last year. During the first 20 percent of the 1988-89 marketing year, corn export sales totaled 48 percent of the USDA's projected exports for the entire marketing year. New sales will have to average 22.6 million bushels per week to reach the projection of 1.775 billion bushels. Shipments will have to average 33 million bushels per week. Large sales to the Soviet Union will be required. The 2-year trade agreement between the United States and the Soviet Union signed this week improves the prospects of those sales. In addition, the rate of sales to Taiwan and South Korea needs to accelerate.

Sales of the 1988 soybean crop got off to a very slow start. At the beginning of the marketing year, September 1, only 115 million bushels had been sold for export. Sales were nearly 30 percent less than at the same time the previous year. Japan had purchased relatively large quantities of U.S. soybeans, but sales to Taiwan and the European Community were down sharply. By November 10, accumulated exports plus outstanding sales of soybeans totaled only 252 million bushels, 40 percent less than on the same date in 1987. Sales to the European Community were down 60 percent.

Actual shipments of soybeans during the first 11 weeks of the marketing year totaled only 114.2 million bushels, compared to 231 million bushels last year. The comparison to last year, however, is somewhat deceiving because exports were nearly record large during the first quarter of the 1987-88 marketing year. The other encouraging factor is the large export sales

of soybean meal so far this year. Through November 10, meal exports totaled 600 thousand tons, compared to 440 thousand tons last year. Outstanding sales were 315 thousand tons larger than last year as well. Much of that increase was due to larger sales to the Soviet Union.

The USDA projects that soybean exports for the 1988-89 marketing year will total 565 million bushels, 30 percent less than during the previous year. To reach that level, only 7 million bushels of new sales will be required each week. Weekly shipments will need to average only 11 million bushels. Sales to the European Community will have to increase if the projection is to be reached. Soybean meal exports are expected to reach only 4.35 million tons, 36 percent less than last year's exports. More than 50 percent of the projected total has already been sold. It appears that sales will exceed the USDA projection. The size of the South American crop will be important in determining the level of U.S. meal exports next summer.

Lagging soybean sales and a slowdown in corn sales have helped push corn and soybean prices lower since mid-October. Export prospects, however, are good. Totals for the year will likely reach or even exceed USDA projections.



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