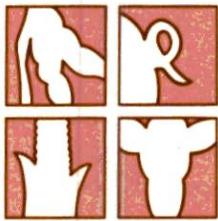




Cooperative  
Extension Service  
University of Illinois  
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# WEEKLY OUTLOOK

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

**March 1, 1989**

## **CORN AND SOYBEAN USE FOLLOWING A TYPICAL SHORT-CROP PATTERN**

**U.S. corn exports are running well ahead of last year's pace, despite sharply higher prices.** Through February 16, USDA weekly export inspection figures showed that 933.7 million bushels of corn had been exported since September 1, 1988. That total is 23 percent above the total on the same date last year. The latest USDA projections put exports for the entire marketing year at 2 billion bushels, 15 percent above last year's exports. This pattern of large exports in the face of small crops and high prices is not unique. Exports remained record-large in the 1980-81 marketing year and increased by 4 percent in the 1983-84 marketing year. In both marketing years, prices averaged about \$0.60 per bushel above the previous year's average.

There were no large changes in the distribution of U.S. corn exports by destination in either of those years. Currently, the large increase in exports is due almost entirely to increased shipments to the USSR. Nearly 300 million bushels of U.S. corn have been shipped to the USSR, compared with about 70 million bushels last year. An additional 115 million bushels have been sold but not yet shipped. For the entire marketing year, sales to the USSR are expected to exceed 500 million bushels, compared with last year's sales of 204 million bushels. The large purchases by the USSR reflect both the 14 percent smaller coarse-grain crop harvested in 1988 and the increased livestock production in that country. By contrast, exports of U.S. corn to all other destinations are down by 9 percent from last year. Sales to those destinations that have not yet been shipped are 28 percent below the level of a year ago.

Feed and residual use of corn in the 1988-89 marketing year is projected at 4.3 billion bushels, which is 9 percent below use in that category in the last two years. The decline is consistent with the declines that were registered in 1980-81 and 1983-84. In those two years, however, the number of grain-consuming animal units and the feeding-rate per animal declined. Animal units this year will probably exceed the total for last year. Feed and residual use of corn during the first quarter of the marketing year was 11 percent below the level of last year, but only 3 percent below the level of two years ago. Use in that category was the third largest on record. The projection of 4.3 billion bushels for this year seems low. The March 31 *Grain Stocks* report will allow an update of feed and residual use.

Through February 16, soybean exports totaled 308.1 million bushels, down 36 percent from accumulated exports on the same date last year. Soybeans sold but not yet delivered are down by 25 percent from a year ago, so that total export commitments are down by 34 percent. Except for Mexico, all major buyers have purchased fewer U.S. soybeans than they did a year ago. For the entire marketing year, the USDA projects a 30 percent drop in U.S. soybean exports. The pattern of sharply lower exports is consistent with the two previous years with small crops and high prices. During the 1980-81 and 1983-84 marketing years, soybean exports declined 17 and 20 percent, respectively. The unusually large decline this year reflects the small supply of U.S. soybeans and the large supply of South American soybean products.

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During the first five months of the 1988-89 marketing year, the domestic soybean crush totaled 475.8 million bushels, down 7 percent from the crush of last year. For the entire marketing year, the USDA projects an 11 percent decline in the crush. In 1980-81 and 1983-84, the domestic crush declined 9 and 11 percent, respectively.

The stocks of corn at the end of the 1988-89 marketing year may be slightly less than the 1.66 billion bushels currently projected by the USDA, due to an underestimate of feed and residual use of corn. Those stocks, however, will probably not be small enough to create a need for the farmer-owned-reserve to be released. There is a strong possibility that corn use will decline modestly during the year ahead even if prices move lower. The decline is most likely to come in the export market, particularly if the coarse-grain crop in the USSR is near normal.

Soybean use will likely expand during the 1989-90 marketing year as prices move lower. Stocks at the end of that year will probably remain below 200 million bushels.



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