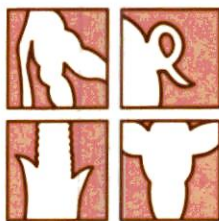




Cooperative
Extension Service
University of Illinois
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WEEKLY OUTLOOK

Department of Agricultural Economics
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March 15, 1989

MIDYEAR EVALUATION OF CORN AND SOYBEAN EXPORTS

The 1988-89 marketing year for corn and soybeans reached the halfway mark at the end of February. Corn exports have been large during the first half of the year, but new sales slowed in February. Soybean exports have been small, but commitments were on the increase during February.

Based on the USDA's weekly export inspection figures, corn exports from September 1, 1988, through March 2, 1989, totaled 1.02 billion bushels. That figure is 22 percent larger than cumulative shipments on the same date last year. The increase reflects a fivefold increase in shipments to the USSR. Exports to Western Europe are up about 60 percent from a year ago, but shipments to Japan and South Korea are down 15 and 36 percent, respectively. Large imports by the USSR are the result of the 15 percent decline in coarse grain production in that country. The 1988 Soviet crop was the smallest since 1984.

In its March *Supply and Demand* report, the USDA maintained the export projection for the entire marketing year at 2 billion bushels. At that magnitude, exports would be up 15 percent from a year ago and at their highest level since the 1981-82 marketing year. As of March 2, the USDA reported that 339 million bushels of corn had been sold for export but not yet shipped. That figure compares to 371 million bushels on the same date last year. Outstanding sales to the USSR are large, but sales to other major importers--Western Europe, Japan, Taiwan, and South Korea--are down sharply. At midyear, exports plus outstanding sales were up only 12.5 percent from the same time last year. Additional sales to the USSR are anticipated, but the slow rate of purchase by other importers is cause for concern. It seems unlikely that exports for the year will exceed 2 billion bushels, and they may fall short of that projection.

Through March 2, soybean exports totaled 341 million bushels, 35 percent less than cumulative exports of a year ago. The decline reflects the reduced availability of U.S. soybeans, increased competition from South American soybeans, and the substitution of other feed ingredients for soybean meal. Of the major importers, shipments to Western Europe have suffered the most, running 40 percent behind last year's pace.

The USDA also reported that as of March 2, 96 million bushels of U.S. soybeans had been sold but not yet delivered. That figure compares to 112 million bushels on the same date last year. Outstanding sales to Mexico and Japan exceed year-ago levels, while sales to other major importers are down. As of March 2, total export commitments (shipments plus outstanding sales) were 31 percent below the commitments of a year ago.

In its March report, the USDA estimated that the current soybean harvest in Brazil would total 772 million bushels, 109 million bushels above last year's harvest and 37 million bushels above last month's estimate. The Argentine crop is estimated at 312 bushels. That figure is 18 million bushels below last month's figure and 51 million bushels below last year's harvest. Combined production in the two countries is expected to be only 57 million bushels larger than last year's harvest, just half the increase projected two months ago.

In spite of the smaller South American crop estimate, the USDA lowered its projection of U.S. soybean exports during the current marketing year by 15 million bushels, to a total of 550 million bushels. That projection is 31 percent below last year's total. At midyear, exports are on target to meet at least the revised projection. If soybean exports follow a typical seasonal pattern, exports during the first half of the marketing year project to a total of 568 million bushels. If the pattern of the previous short crop year of 1983-84 is followed, first-half exports project to 588 million bushels. There is some possibility, then, that soybean exports will exceed the current USDA projection.

While the magnitude of exports and export sales over the next few weeks will be important to the corn and soybean market, attention will focus on the March 31 *Prospective Plantings* report.



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