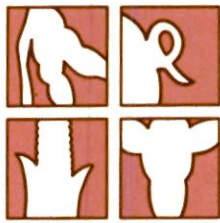




Cooperative
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WEEKLY OUTLOOK

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COULD CORN EXPORTS REACH A NEW RECORD?

Corn exports during the first quarter of the 1989-90 marketing year were estimated at 580 million bushels, 20 percent more than during the same quarter last year. Exports were at the highest level for the quarter since 1980, when shipments reached a record 692 million bushels. On November 30, total export commitments (shipments plus outstanding sales) stood at 1.15 billion bushels, 30 percent more than commitments of a year ago.

The large quantity of corn sold to the USSR has been well publicized. Through November 30, the USSR had purchased 410 million bushels of U.S. corn. Last year the USSR imported a record 656 million bushels of U.S. corn, but by this time they had purchased only 231 million bushels. Last week, the USDA increased the maximum amount of grain the USSR could buy this year without prior approval from 16 to 20 million tons. Assuming that 4 million tons of that total will be wheat, the USSR has permission to buy 630 million bushels of corn this year. Approval to purchase more would likely be granted.

The large purchases of U.S. corn by other countries have been less well publicized. Sales to all non-USSR buyers reached 734 million bushels by November 30. That figure is 92 million bushels above the level of sales on the same date last year. Combined sales to Taiwan, South Korea, and Mexico total 275 million bushels, 79 percent above the sales of a year ago. Japan, the second largest importer of U.S. corn, has purchased 271 million bushels, equal to purchases of a year ago. Sales to western European countries total only 33 million bushels, 47 percent less than had been sold by this time last year.

The large export sales to date have raised speculation that exports for the entire marketing year will be larger than the USDA's November projection of 2.15 billion bushels. Some analysts are suggesting that exports may challenge the record of 2.41 billion bushels reached in both 1979-80 and 1980-81. In addition to strong world demand, the speculation is supported by prospects of small corn crops in the Southern Hemisphere. The corn harvest in South Africa is estimated to reach only 315 million bushels, 31 percent less than last year's crop. The Argentine crop is estimated at 283 million bushels, 53 percent larger than last year's drought-reduced crop but 20 percent less than was produced in 1986 and 1987. Actual crop size may be less than the November estimate in both Argentina and South Africa.

In both 1979 and 1980, corn export commitments at the end of the first quarter of the marketing year totaled 1.6 billion bushels. Sales this year are 45 percent behind the pace of those two years. To reach 2.4 billion bushels this year, exports will

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have to average 46 million bushels per week from December through August. An average of 32 million bushels of new sales will be required each week to reach a total of 2.4 billion bushels.

The impact of larger corn exports could be either tempered or enhanced by the USDA's final production estimate and December 1 stocks estimate to be released early next month. The January production estimate has been larger than the November estimate in 11 of the past 14 years. The increase has ranged from 0.4 to 5.3 percent, averaging 2.1 percent. A 2 percent increase this year would add 150 million bushels to the size of the crop. The market is probably not expecting such a large increase.

The grain stocks report will indicate the rate of domestic corn feeding during the first quarter of this marketing year. If the production estimate is unchanged at 7.59 billion bushels, a December 1 stocks estimate less than 7.355 billion bushels would indicate that corn feeding during that quarter was up from last year. A variation in the stocks figure equal to the change in the production estimate would lead to the same conclusion.



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