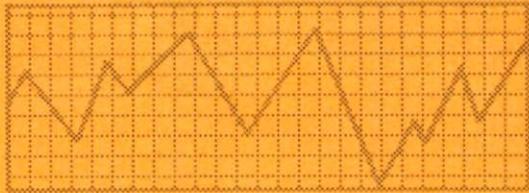




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WEEKLY OUTLOOK

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March 14, 1990

A MIDYEAR LOOK AT CORN AND SOYBEAN EXPORTS

The 1989-90 marketing year for corn and soybeans reached the halfway point at the end of February. Midyear is a good time to take the pulse of the market and see whether or not exports are on track to reach USDA projections.

In the case of corn, the USDA is currently projecting exports for the year at 2.275 billion bushels. This projection is 247 million bushels more than was exported during the 1988-89 marketing year and the largest since the 1980-81 marketing year, when 2.4 billion bushels were exported. Since September 1989, the projection of exports has been increased by 275 million bushels and the estimate of last year's exports has declined by 47 million bushels.

Based on USDA weekly export inspection figures, 1.253 billion bushels of corn were exported between September 1989 and February 1990. Cumulative exports were 245 million bushels above the total for the same time last year. Export estimates from the Census Bureau are only available through December 1989. Through December, Census estimates were about 2 percent larger than USDA figures. This is in sharp contrast to the previous two years when USDA figures were 1 to 2 percent above the Census estimates. For the 1988-89 marketing year, the export figure in the USDA's *Supply and Demand* estimates coincides with the Census figure.

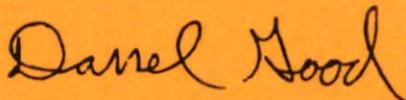
The increase in corn exports so far this year has been distributed among a number of buyers: the USSR, Japan, China, Taiwan, South Korea, and Mexico. Those countries have imported 27 percent more U.S. corn than they did a year ago, and they account for 82 percent of all U.S. corn exports. The largest importer is the USSR, accounting for one-third of U.S. exports.

As of March 1, 387 million bushels of corn had been sold for export but not yet shipped. That figure is about 50 million bushels larger than unshipped sales of a year ago. Export sales have remained large even though the USSR has not purchased significant quantities of U.S. corn since the first week of December. To reach the USDA projection, exports during the last half of the marketing year will have to equal last year's shipments during the same period. The relatively small size of the Southern Hemisphere crop will support U.S. exports for the next six

months. The real question centers around the USSR. It is unlikely that exports to the USSR during the next six months will be nearly as large as the 320 million bushels of a year ago. Unshipped sales to the USSR on March 1 were only 40 percent as large as sales of a year ago. Their absence from the market for the past three months merits concern. If sales do not increase over the next eight weeks, the USDA projection may have to be reduced.

Soybean exports for the 1989-90 marketing year are projected at 590 million bushels. That figure is only 63 million bushels larger than last year's exports. Exports were at a 14-year low last year. Through February, USDA inspection figures showed that 383 million bushels of soybeans had been exported. Exports were 53 million bushels larger than those of a year ago (based on last year's Census figures).

To reach the USDA projection, soybean exports during the last half of the year will have to be 10 million bushels above exports during the same period last year. As of March 1, soybeans sold for export but not yet delivered totaled 90 million bushels, 6 million less than on the same date last year. With a record soybean harvest expected in South America, U.S. exports will remain under pressure for the next six months. It seems unlikely that the USDA's projection will be exceeded. The rate of soybean meal exports is of more concern. For the year, the USDA expects meal exports to reach 4.65 million tons, a decline of 9.3 percent from last year's shipments. Through February, export sales of meal were 30 percent lower than sales of a year ago.



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