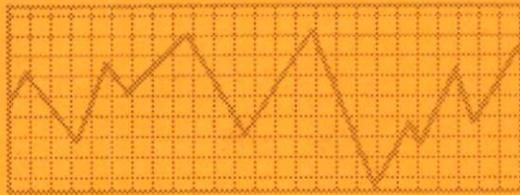




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WEEKLY OUTLOOK

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EXPORT WATCH

Export prospects continue to be the major focus of the corn, soybean, and wheat markets. Extremely low exports have allowed futures prices of all three commodities to sink to contract lows.

Through the first 11 weeks of the 1990-91 marketing year, corn exports totaled only 288 million bushels, one-third less than exported a year ago. Export commitments for the entire marketing year reached 587 million bushels, 40 percent below the level of commitments of a year ago. Exports during the first quarter of the marketing year will be the smallest since 1986 and the second smallest since 1975.

Sales to all major importers are down from a year ago. South Korea and Mexico have purchased only one-half as much U.S. corn as a year ago. Sales to Taiwan are down 22 percent and purchases by Japan are down 6 percent. The largest decline in sales is to the USSR. Sales total only 16 million bushels, compared to 320 million bushels at this time last year. Prospects of corn exports to the USSR hinge largely on the availability of export credits or direct aid from the United States. Export credits and/or aid have been extended by a number of other countries. The potential still exists that U.S. aid will be forthcoming in the near future. Even so, the USDA's most recent projection of corn exports of 2.025 billion bushels for the 1990-91 marketing year may still be too optimistic. Exports will have to average 42.4 million bushels per week for the next 41 weeks to reach that level.

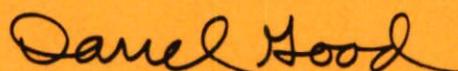
Through November 15, soybean exports totaled only 82.4 million bushels, 39 percent less than exports of a year ago. Exports during the first quarter of the 1990-91 marketing year will be at the lowest level in over 20 years. Export commitments (exports plus outstanding sales) have increased to 212.5 million bushels. Commitments are only 15 percent less than commitments of a year ago. Prospects for U.S. soybean exports depend heavily on the size of the 1991 South American harvest. Continued planting delays in Brazil support the outlook for a smaller crop in that country. For exports to reach the USDA projection of 610 million bushels, exports will have to average nearly 13 million bushels per week for the rest of the year.

Soybean meal exports are running about one-third larger than a year ago, but export commitments are down 15 percent. Soybean oil exports are down 46 percent and

commitments are down 74 percent from a year ago. Preliminary figures, however, indicate that domestic use of both meal and oil are continuing at record levels. Domestic meal disappearance in September and October totaled 4.07 million tons, nearly 16 percent more than during the same period last year. Domestic oil disappearance reached 2.2 billion pounds, up 5 percent from a year ago.

The 1990-91 wheat marketing year will reach the half way point at the end of this month. Through November 15, wheat exports totaled only 504 million bushels, down 23 percent from exports of a year ago. Export commitments were down 22 percent. Through the first 24 weeks of the year, wheat exports averaged 21 million bushels per week. To reach the USDA projection of 1.175 billion bushels for the entire marketing year, exports will have to average 20.4 million bushels per week for the final 28 weeks of the marketing year.

Corn, soybean, and wheat prices will continue to be dominated by the pace of export sales. The lack of corn exports is of the greatest concern at this point. If sales continue to lag, increased selling by producers could pressure the cash market after the first of the year. USDA reports to be released in early January will also influence prices. The final corn and soybean production estimates, the December 1 grain stocks estimates, and the winter wheat seedings estimate will all be released during the second week of January. The grain stocks report will allow a calculation of the magnitude of corn and wheat feeding during the fall quarter of 1990. Unless these reports contain some surprises, prices are expected to remain at low levels through the winter months.



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