



# WEEKLY OUTLOOK

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## **EXPORTS STILL LAGGING**

**One of the major reasons for the poor performance** of corn, soybean, and wheat prices so far in the 1990-91 marketing year is the dramatic slowdown in export sales. In its latest *Supply and Demand* report, the USDA projected that corn exports will be down 22 percent, wheat down 17 percent, and soybeans down 9 percent from exports of a year ago. The slow pace of exports reflect the large grain crops harvested last year. Wheat production outside of the United States was estimated at a record 514.5 million tons, nearly 7 percent larger than the previous harvest. Coarse grain production outside of the United States was a record 595.3 million tons, 2 percent larger than the 1989 harvest. The rest of the world produced a record 2 billion bushel soybean crop, 2 percent larger than the 1989 harvest. Following is an update on the current export status of these commodities.

**CORN.** According to USDA weekly export inspection figures, corn exports through February 7 (23 weeks of the marketing year) totaled 715.4 million bushels, down nearly 37 percent from exports a year earlier. Exports are about equal to those of three years ago when the total for the year reached only 1.72 billion bushels. The USDA is currently projecting exports for the 1990-91 marketing year at 1.85 billion bushels. To reach that level, exports will have to average 39 million bushels per week for the next 29 weeks. Last year, exports averaged about 43 million bushels per week during that same period. As of February 7, nearly 400 million bushels of corn had been sold for export, but not yet delivered. That figure is only 20 million bushels less than outstanding sales of a year ago. Total export commitments (shipments plus outstanding sales) stood at 1.12 billion bushels, 27 percent less than commitments of a year ago.

The USSR has purchased 241 million bushels of U.S. corn, compared to 433 million by the same time last year. Japan has purchased 360 million bushels, only about 6 percent less than last year. Sales to Taiwan, at 124 million bushels, are about equal to last year's sales. South Korea and Mexico have each purchased only 52 million bushels of U.S. corn, down 60 percent and 55 percent, respectively.

**SOYBEANS.** The USDA now projects soybean exports for the current marketing year at 565 million bushels, 58 million bushels (9 percent) less than last year's exports. Through February 7, exports totaled 254.8 million bushels, 21.5 percent less than cumulative exports of a year ago. Outstanding sales of soybeans totaled 100 million bushels, compared to 113 million last year. Export commitments, at 355 million bushels, were down 17 percent. To reach the USDA's

projection, exports from now through August will have to average nearly 11 million bushels per week. The average in that period last year was 9.3 million bushels.

The European Community has accounted for nearly 40 percent of the purchases of U.S. soybeans to date. However, sales to the European Community are down 26 percent from last year. Sales to Japan are up 5 percent, but sales to South Korea are down 5 percent. Taiwan has purchased about the same amount of U.S. soybeans as a year ago. Export sales of soybean meal are down about 2 percent from last year, while soybean oil sales have slipped by almost 80 percent.

**WHEAT.** For the current marketing year, the USDA projects wheat exports at 1.025 billion bushels, 17 percent less than a year ago. As of February 7 (36 weeks of the marketing year) wheat exports totaled 681 million bushels, 24 percent below exports of a year ago. Unshipped sales stood at 221 million bushels, only 14 million less than a year ago. Export commitments were down 21 percent from last year. To reach the USDA projection, exports during the last 16 weeks of the marketing year need to average 21.5 million bushels per week. The average during that period last year was 21.2 million.

Corn export sales are on target to meet the latest USDA projection. Soybean and wheat sales are lagging, but are expected to catch up. Recent export bonus sales of wheat to the USSR of nearly 40 million bushels have not yet been reported in the weekly numbers. Soybean exports will get a boost from the expected 100 million bushel reduction in the size of the South American harvest this spring.

Long term prospects for corn and wheat exports will depend on the size of the crops in the rest of the world this year. Odds favor a significant reduction in world output from the record level of 1990.

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