



WEEKLY OUTLOOK



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EXPORTS OFF TO A FAST START, BUT DEPEND HEAVILY ON CREDITS

Exports of corn, soybeans and wheat are running well ahead of last year's pace. Outstanding sales of corn, however, are down from sales of a year ago.

Through the first 8 weeks of the 1991-92 marketing year, corn exports totaled 249 million bushels, 32 percent larger than exports of a year ago and 4 percent larger than exports of 2 years ago. Shipments, however, are down 21 percent from the level of 3 years ago. Nearly 80 percent of exports to date have gone to Japan, the USSR, and Taiwan. Shipments to South Korea and Mexico are down sharply from a year ago. The sales to the USSR have come largely as a result of U.S. export credits.

For the entire marketing year, the USDA has projected corn exports at 1.65 billion bushels, down 4 percent from exports of last year. Exports will have to average 32 million bushels per week for the next 44 weeks to reach that level. During that period last year, exports averaged 35 million bushels per week. As of October 24, 284 million bushels of U.S. corn had been sold for export, but not yet shipped. The comparable figures for the past three years were 320, 628 and 402 million bushels. It is expected that the next allocation of export credits for the USSR will include large amounts for corn. It appears that those credits, and probably additional credits later in the year, will be required if corn exports are to reach the projected level.

Soybean exports totaled 77.4 million bushels as of October 24. That is 27.9 million bushels larger than exports of a year ago and the highest total for the first 8 weeks of the marketing year in 4 years. The increase from a year ago reflects sales to the European Community (EC) and the USSR. Those two destinations account for nearly 50 percent of the shipments to date. Large sales to the EC reflect smaller South American supplies while sales to the USSR are the result of export credits.

For the year, the USDA projects soybean exports at 625 million bushels, up 65 million from exports of a year ago. To reach that level, weekly shipments need to average 12.5 million bushels for the next 44 weeks, 1 million bushels above the average during the same period last year. As of October 24, 149 million bushels of U.S. soybeans had been sold for export,

but not yet shipped. Outstanding sales on the same date totaled 102 million bushels last year and 157 million 2 years ago. With the relative abundance of soybeans in the United States, future credit allocations for the USSR may include larger quantities of soybeans. Exports for the year may reach 650 million bushels.

Through the first 21 weeks of the 1991-92 wheat marketing year, exports totaled 468 million bushels, 25 million bushels larger than exports of a year ago, but 135 million less than shipments of 2 years ago. Slightly more than one-third of the exports to date have been to the USSR and China. Those sales are heavily dependent on subsidies.

For the year, the USDA projects wheat exports at 1.1 billion bushels. To reach that level, exports for the next 31 weeks will have to average 20.4 million bushels per week, about equal to the average during that period last year. As of October 24, 297 million bushels of U.S. wheat had been sold for export, but not yet shipped. Outstanding export sales are nearly double the level of a year ago and are at the highest level in 7 years. The majority of these sales reflect export bonus sales and sales on credit to the USSR. With the relatively low level of stocks projected for the end of the 1991-92 marketing year, the pace of subsidized sales may slow considerably over the next several months. If a large 1992 harvest appears likely, sales might expand in the spring of the year.

Unless there are major revisions in next week's estimates of the 1991 corn and soybean crops, prices will continue to be influenced primarily by export news. In particular, export credits for the USSR will be critical. The timing, magnitude and mix of commodities will all be watched closely by the market. If credits are near the expected level, prices of all the major commodities should remain firm to slightly higher over the next few weeks.

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