



WEEKLY OUTLOOK

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EXPORT SALES OF CORN AND SOYBEANS START FAST

The 1992-93 marketing year for corn and soybeans began on September 1 and prices are in the process of establishing their seasonal lows. Reduced risk of an early frost and confirmation of large crops suggest that new lows may yet be established in the corn market. December futures traded within 2 cents of that low on September 18. While lower soybean prices are expected in the near term, new lows may not occur. November futures were 14 cents above the contract low at the close on September 18. The pace of export sales will be a significant factor in determining the timing and magnitude of a post-harvest price recovery. Export sales through September 10 show a fast start for both corn and soybeans.

Actual exports of corn in the first 1.5 weeks of the marketing year totaled 57.8 million bushels, up from 46 million bushels during the same time last year. Export commitments (exports plus undelivered sales) stood at 405 million bushels. Sales are 22 percent larger than on the same date last year and at the highest level since 1988, when the drought reduced crop encouraged early buying by the major importers. The large increase in corn sales this year reflects large purchases by South Africa, Zimbabwe, Taiwan and a number of central and South American countries. The drought-reduced crop in South Africa last year has resulted in a sharp increase in import requirements by southern African countries.

For the entire marketing year, the USDA projects U.S. corn exports at 1.55 billion bushels, about 40 million bushels less than the estimate for the 1991-92 marketing year. To reach that level exports will have to average just under 30 million bushels per week. An additional 1.145 billion bushels will have to be sold, an average of 22.6 million bushels per week through August 1993. The greatest uncertainty centers around the former Soviet Union. The commodity mix of the next \$500 million of export credits are scheduled to be announced in October.

Exports of soybeans during the first 10 days of the 1992-93 marketing year totaled 22.2 million bushels, compared to only 7.8 million bushels during the same period last year. Export commitments stood at 210 million bushels on September 10, 100 million bushels above sales on the same date last year. Sales are off to the fastest start since the early

1980s. Except for the former Soviet Union, all major importers have bought more U.S. soybeans than they purchased last year. Sales to the European Community and Japan are more than double those of a year ago, while sales to Taiwan are up nearly 70 percent. Large sales to the European Community reflect the lower value of the U.S. dollar and the smaller rapeseed crop in Europe. The rapeseed crop in all of Europe is estimated at 7.52 million tons, 16 percent smaller than the 1991 harvest.

For the entire marketing year, the USDA projects U.S. soybean exports at 710 million bushels, up 20 million bushels from the estimate for the 1991-92 marketing year. To reach that level, exports will have to average 13.7 million bushels per week. An additional 500 million bushels will have to be sold, an average of about 10 million bushels per week from now through August 1993.

The 1992-93 marketing year for soybean meal and oil begins on October 1. Outstanding sales of both products are running well ahead of last year's pace. The market continues to expect that the administration will announce a significant export enhancement initiative on soybean oil. The market will also be anxious to see how much of the additional \$800 million in credit for the former Soviet Union is allocated to protein meal.



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