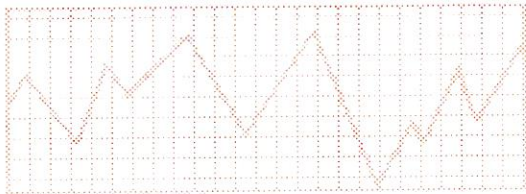




Cooperative
Extension
Service



WEEKLY OUTLOOK

A joint publication of the Departments of Agricultural Economics, Colleges of Agriculture of Purdue University, West Lafayette, Indiana, and the University of Illinois at Urbana-Champaign

JANUARY 19, 1993

EXPORT SALES REMAIN STRONG

The rapid pace of exports in recent months has kept wheat prices strong, rallied soybean prices from the harvest lows, and prevented corn prices from declining. The rate of exports will be the primary focus of these markets until spring, when weather moves to the forefront as the major price factor.

During the first 18 weeks of the 1992-93 marketing year, corn exports totaled almost 700 million bushels, 23 percent more than exported during the same period last year. As of January 7, an additional 370 million bushels of corn had been sold for export but not yet shipped. A year ago, outstanding sales totaled only 250 million bushels. Increased sales this year reflect a stronger demand by Japan, Taiwan, and South Korea, partly as a result of reduced Chinese exports; large sales to South Africa because of the drought reduced harvest there in 1992; and increased demand from Mexico. Sales to the former Soviet Union have declined.

For the entire 1992-93 marketing year, the USDA projects corn exports at 1.65 billion bushels, up from 1.584 billion last year. To reach that level, exports need to average 28.2 million bushels per week from January through August. The average weekly rate to date has been 38.2 million bushels. The average weekly rate from January through August last year was 31.4 bushels. The main threat to reaching USDA's projection this year lies with the former Soviet Union. If outstanding credit payments are made and additional credits already earmarked for the former Soviet Union are allocated, exports could exceed USDA projections. Without those credits, however, exports might fall short of the projection.

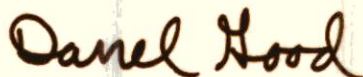
During the first 18 weeks of the 1992-93 soybean marketing year, soybean exports totaled 336 million bushels, an 18 percent increase over exports of a year ago. As of January 7, an additional 190 million bushels of soybeans had been sold for export, but not yet delivered. Outstanding sales on the same date last year totaled only 145 million bushels. The increase in export sales this year is supported by demand from the European Community, Japan, and South Korea. Sales were extremely large to the European Community early in the marketing year due to a smaller European rapeseed crop and a very low valued dollar. Increased sales to Japan and South Korea reflect the absence of

China from the export market. China has, in fact, purchased a few U.S. soybeans this year.

For the marketing year, the USDA has projected soybean exports at 745 million bushels, up from 685 million last year. To reach that level, exports will have to average 12 million bushels per week from January through August. That compares to the 18 million average so far this year and the 12.3 million average from January through August last year. The size of the South American harvest will influence the rate of U.S. soybean exports from April through August. The USDA is currently projecting that crop at 1.205 billion bushels, about 50 million bushels larger than last year's crop. It is believed that importers will be anxious to buy South American soybeans because of the low oil content of the 1992 U.S. crop. However, South America generally processes soybeans, exports soybean meal, and consumes soybean oil domestically.

Wheat exports during the first 31 weeks of the 1992-93 marketing year totaled 763 million bushels, slightly less than exports for the same period last year. On January 7, however, 334 million bushels of wheat had been sold for export, but not yet shipped. Outstanding sales on the same date last year stood at only 294 million bushels.

For the year, the USDA projects wheat exports at 1.35 billion bushels, up from 1.281 billion last year. To reach that projection, exports from January through May will have to average 26.1 million bushels per week. That compares to the average to date of 24.2 million and the average for the January through May period last year of 23.6 million bushels. The USDA will have to remain aggressive with the Export Enhancement Program for the export projection to be reached.



Issued by Darrel Good
Extension Economist
University of Illinois

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

FIRST CLASS