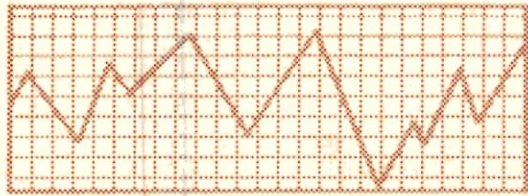




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WEEKLY OUTLOOK

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CORN AND SOYBEAN USE ARE ON TRACK WITH PROJECTIONS

The 1994-95 corn and soybean marketing year reaches the half-way mark at the end of February. This is a good time to assess the rate of consumption relative to the projections for the year. In the case of corn, information on current use is available only for the export market. Domestic use for the second quarter of the year cannot be evaluated until the release of the March 1 *Grain Stocks* report on March 31.

Based on weekly export inspection figures from the USDA, corn exports through the first 24 weeks of the marketing year totaled 946.4 million bushels. That figure is 233.2 million bushels larger than cumulative exports of a year ago and 39.3 million larger than the total on the same date two years ago. Compared to shipments of last year, the increase in exports this year reflects increased demand by a number of countries, including Mexico and a number of Asian countries, including China. The increased demand from Asia reflects trend increases in consumption and a sharp decline in Chinese exports.

For the year, the USDA projects exports at 1.95 billion bushels, nearly 47 percent above exports of last year. Through February 16, exports were running 32.7 percent above the pace of last year. To reach the USDA projection, exports during the last 28 weeks of the marketing year will need to average 35.8 million bushels per week. The average to date has been 39.4 million. The average for the past 16 weeks was 45.4 million bushels. Exports started slowly, so that cumulative shipments represent only 48.5 percent of the USDA projection. Last year at this time, shipments had reached 53.7 percent of the total for the year. Two years ago, 54.5 percent had been shipped by this date.

The amount of corn sold for export, but not yet shipped as of February 16 totaled 449.1 million bushels, compared to 198.6 million last year and 339.2 million two years ago. In total, 71.6 percent of the projected exports for the year have already been sold. That compares to 68.1 percent last year and 75 percent two years ago. To reach the USDA projection, new sales need to average 19.8 million bushels per week through August 1995. New sales have slowed the past three weeks, but averaged 26.6 million per week.

In the case of soybeans, exports during the first 24 weeks of the marketing year totaled 471.6 million bushels, up 108.7 million from shipments of a year ago, but 3.6 million less than on the same date two years ago. Cumulative exports are 30 percent above shipments of a year ago, while the USDA projects exports for the year to be up 33.3 percent, to a total of 785 million bushels. To reach that projection, exports need to average 11.2 million bushels per week for the last 28 weeks of the marketing year. To date, the weekly average rate of exports has been 19.6 million. In a typical year, the average weekly rate of exports during the last five months of the marketing year (April through

August) is about half the weekly rate of the first seven months due to competition from the South American crop.

As of February 16, 201 million bushels of soybeans had been sold but not yet shipped. Outstanding sales on that date stood at only 79.6 million bushels last year and 175 million two years ago. New sales need to average only 4.1 million bushels per week through August to reach the USDA projection. As of February 16, export commitments accounted for 85 percent of the USDA projection. Last year at this time only 75 percent of the total for the year had been sold.

The domestic soybean crush through the first five months of the 1994-95 marketing year totaled a record 600.9 million bushels. The crush is up 9.1 percent from the total of a year ago and up 7 percent from the previous record of two years ago. For the year the USDA projects the crush at 1.365 billion bushels, up 7.3 percent from the crush of last year.

The large increase in the domestic crush had not resulted in a build-up of stocks of soybean oil or meal through January. Stocks of oil at the end of January were estimated at 1.116 billion pounds, nearly 300 million pounds less than on the same date last year. Meal stocks totaled only 196,000 tons, down from 230,000 at the end of January last year. Stocks have not accumulated due to the increased rate of consumption and the relatively low yield of both meal and oil from the 1994 crop. During the first four months of the marketing year, meal consumption is up 8.5 percent from use of a year ago and oil consumption is up 7.5 percent. The average meal yield per bushel of soybeans crushed has been 47.3 pounds, down from the 47.6 pound average of last year. The average oil yield has increased to 11 pounds per bushel, up from 10.8 pounds last year, but is below the expected 11.2 pounds.

As we near the half-way point of the 1994-95 marketing year, it appears that consumption of corn and soybeans is on target with USDA projections, although the critical estimate of feed use of corn cannot be evaluated yet. The market will now take direction from the potential size of the South African corn crop and the South American soybean crop, as well as U.S. weather.

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