



WEEKLY OUTLOOK

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EXPORTS REMAIN STRONG

The relatively small crops of 1995 require that consumption of corn, wheat, and soybeans be reduced during the current marketing year. Most of the reduction for corn and wheat will occur in domestic use. The strength of export demand will determine how severe the reduction must be. The market, therefore, must pay close attention to the weekly export inspections and export sales reports as well as daily announcements of export business. The end of November marks the end of the first quarter of the 1995-96 marketing year for corn and soybeans and the end of the first half of the marketing year for wheat. Currently, export inspection data are available through November 23 and export sales information through November 16.

As of November 23, 592 million bushels of corn had been inspected for export. That represents 29 percent of the 2.05 billion bushels the USDA expects to be shipped during the 1995-96 marketing year. Through the first 12 weeks of the marketing year, export shipments were 50 percent larger than shipments during the same period last year. Inspections during the first quarter of the marketing year will be the largest since the record export years of 1979-80 and 1980-81. Exports have averaged about 49 million bushels per week. To reach the USDA projection for the year, exports during the next 40 weeks will need to average about 36 million bushels per week.

Unshipped sales of corn as of November 16 totaled 700 million bushels, bringing total reported export commitments to 1.3 billion bushels. That figure represents 65 percent of the USDA projection. To reach that projection, new sales from now through August 1996 need to average only 17 million bushels per week. Sales since early September have averaged over 53 million bushels per week. The pace of export sales will obviously slow from the current weekly rate. It is fairly common for export sales to be very large early in the year when a small crop is experienced. However, the rate of sales this year has remained large a little longer than expected. The longer those sales remain large, the more pressure that domestic users will feel.

As of November 23, 223 million bushels of soybeans had been inspected for export. That represents about 28 percent of the 800 million bushels the USDA expects to be exported this year. Exports are running about 4 percent ahead of last year's pace, while exports for the year are expected to decline about 5 percent. Exports during the first 12 weeks of the marketing year have averaged nearly 19 million bushels per week. To reach the USDA projection, exports from now

through next August need to average about 14 million bushels per week. Typically, weekly exports remain large through March or April and then decline rapidly as the South American crop becomes available. For the next five months, weekly exports need to remain in the 18 to 20 million bushel range to be on target with the USDA projection.

Unshipped sales of soybeans as of November 16 totaled 181 million bushels, about 100 million bushels below the level of outstanding sales one year ago. Sales need to average about 10 million bushels per week from now through August 1996 to reach the 800 million bushel projection. Export prospects will be significantly influenced by prospects of the 1996 South American soybean harvest. As planting is completed there, it is generally believed that acreage is down slightly from that of last year. Some early season dryness has been noted in the southern regions of Brazil.

As of November 23, 615 million bushels of wheat had been inspected for export. Shipments are running about 8 percent above those of a year ago, compared with the 1 percent increase projected by the USDA for the entire marketing year. Shipments have averaged about 24 million bushels per week since June 1 and need to average about 22 million per week from now through May 1996 to reach the USDA projection.

Unshipped sales of wheat as of November 16 totaled 232 million bushels, about 40 million more than on the same date last year. New sales from now through May need to average about 13 million bushels per week to reach the 1.2 billion bushels expected for the year.

The relatively large wheat sales are being accomplished without export subsidies and reflect the small available supplies in Europe and Australia. There are increasing rumors that Russia may eventually be in the market for wheat. If that occurs, a very tight world supply situation will continue to get tighter.

The strength currently being experienced in export demand is expected to continue to support corn, soybean, and wheat prices at relatively high levels. The next move in prices will be determined by hard information about domestic demand.

Darrel Good

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