



WEEKLY OUTLOOK

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CORN AND SOYBEAN EXPORTS

The 1995-96 marketing year for corn and soybeans draws to a close at the end of the month. USDA export inspection estimates are available through August 22. With nine reporting days left in the year, it appears that corn exports will fall short of the latest USDA projection of 2.25 billion bushels. Soybean exports will apparently exceed the current projection of 840 million bushels.

Through August 22, USDA's export inspections for corn stood at 2.164 billion bushels. That is 86 million bushels short of the USDA projection. Export data from the USDA's weekly *Export Sales* report (available through August 15) indicate shipments very close to estimates in the inspections report. The U.S. Census Bureau figures represent the official export estimate, but based on the USDA data, it appears corn exports will fall about 50 million bushels short of the current projection.

The largest customer for U.S. corn is Japan. Based on export sales data through August 15, Japan had purchased 635 million bushels of U.S. corn, 28.5 percent of total U.S. sales. The other larger customers for U.S. corn are South Korea (328 million), Taiwan (243 million), Mexico (222 million), and the European Union (108 million). China had purchased 87 million bushels of U.S. corn as of August 15, down from 144 million last year.

The USDA currently projects corn exports during the 1996-97 marketing year at 2.05 billion bushels. As of August 15, 479.5 million bushels of corn had been sold for export during the 1996-97 marketing year. That compares to sales of 554.4 million on the same date last year. South Korea has been the most aggressive buyer of new crop corn, with outstanding sales 60 percent larger than sales of a year ago. Sales to Japan are down 10 percent and China has not yet purchased any new crop corn.

Through August 22, USDA's export inspections for soybeans stood at 835 million bushels, only 5 million short of the projection for the year. Export data from the USDA's weekly *Export Sales* report (through August 15) indicates larger soybean shipments than indicated in the weekly inspection reports. Again, the Census Bureau figures will become official, and those figures have been running very close to the inspection figures. It now appears that soybean exports for the current marketing year will be close to 850 million bushels, 10 million above the USDA projection.

The largest customer for U.S. soybeans is the European Union. Based on export sales data through August 15, the European Union had purchased 322 million bushels of U.S. soybeans, 36 percent of total U.S. sales. The other large customers for U.S. soybeans (with sales through August 15) are Japan (155 million), Taiwan (102 million), Mexico (102 million), and South Korea (53 million).

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The USDA currently projects soybean exports during the 1996-97 marketing year at 820 million bushels. As of August 15, 116.6 million bushels of soybeans had been sold for export during the upcoming marketing year. That compares to sales of 121 million on the same date last year. Japan has been the most aggressive buyer of new crop soybeans, with outstanding sales up 85 percent from the level of a year ago. Sales to the European Union are down 48 percent from the level of a year ago. Sales of soybean meal and oil to be exported during the 1996-97 marketing year have started slowly. Meal sales are down 50 percent and no commercial oil sales have been reported.

As pointed out in recent letters, many analysts believe that the demand for soybeans and soybean products will be extremely strong during the year ahead due to reduced competition from other oilseeds and re-entry of China in the market. If that is the case, we should expect to see the level of export sales increase over the next several weeks. In particular, a rebound in exports of meal and oil from the low levels of this year will be required to verify the demand prospects.

If a demand market for soybeans is to unfold, the evidence will be very apparent to the market. Weekly data are available on exports, export sales, and domestic crush. That is, the estimates of the rate of U.S. soybean consumption are readily available. This is much different than the case for corn. Estimates of domestic feed use of corn, the largest category of use, are available only with the quarterly *Grain Stocks* reports. Surprises are often revealed in those reports. It will be much more difficult to surprise the soybean market.

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