



WEEKLY OUTLOOK

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CORN AND SOYBEAN EXPORTS PROGRESS

The first quarter of the 1996-97 marketing year for corn and soybeans ended on November 30. This is a useful time to evaluate the rate of exports of those two crops. For corn, the USDA projects exports for the entire marketing year at 1.95 billion bushels, 12.5 percent below the exports of last year. Corn exports last year were at a six year high of 2.228 billion bushels due to large purchases by China. Exports during the first quarter of the marketing year were the second largest ever, at 660 million bushels. Shipments were rather small during the final quarter (last summer) due to reduced supplies and high prices.

Through November 28 this year, the USDA reported corn exports of 439 million bushels, 32 percent less than during the same period last year. Every major importer, with the exception of Mexico, has received less U.S. corn than was the case last year. China has imported no U.S. corn, compared to 85 million bushels by the same time last year. Due to the unusual pattern of exports last year, the sharp decline in corn exports so far this year is not a complete surprise. World grain supplies are much more abundant than was the case last year.

Outstanding export sales of corn on November 28 stood at 481 million bushels, 28 percent below the level of sales one year ago. Sales exceed year ago levels only for a few Central and South American destinations. Importers have been reluctant to cover their needs very far into the future because prices have been trending lower since late summer. In addition, the Argentine corn crop is expected to be large and China may have exportable supplies. At 530 million bushels, the Argentine crop is expected to be 27 percent larger than last year's harvest and exports are expected to increase by 75 million bushels. South Africa, however, will have slightly smaller exportable supplies than a year ago. Finally, wheat will likely substitute for some corn imports this year.

In the short run, it appears that the rate of U.S. corn export sales will remain modest. There is still no urgency for importers to cover their distant needs. The progress of the Argentine corn crop will be very important over the next month. If the summer weather is favorable, a large harvest can be expected and U.S. exports might well fall short of the current projection. Problems there, however, could push importers to be more aggressive with U.S. purchases.

The soybean export picture is much different than that for corn. Through November 28, the USDA reported soybean export shipments of 286 million bushels, nearly 50 million above the shipments of a year ago. It is interesting to note that all of the traditional buyers of U.S. soybeans have

received fewer U.S. soybeans than at this time last year, with the exception of Mexico. Most of the increase in shipments is accounted for by China — 35 million bushels versus 300,000 bushels last year. Last year, export shipments followed a fairly normal pattern during the first three quarters of the marketing year, but were unusually large during the summer quarter.

As of November 28, the USDA reported that 246.5 million bushels of U.S. soybeans had been sold for export, but not yet shipped. That compares to outstanding sales of only 188 million bushels on the same date last year. All of our major customers, except Japan, have larger purchases on the books than was the case last year. Clearly, available supplies will not allow the recent pace of export sales to be sustained indefinitely. The rate of sales after the first of the year will be extremely important to export prospects. Those sales will be influenced by the progress of the South American crop (currently very favorable) and by Chinese import decisions. Sales are expected to decline fairly rapidly, but if they do not, the USDA projection of 870 million bushels for the year (up from 851 last year) will have to be reassessed.

The marketing year for soybean meal and *oil* on October 1. Through November 28 commercial exports of meal totaled about 800,000 *metric* tons, up about 8 percent from shipments during the same period last year. However, unshipped sales stood at 1.68 million tons, 2.7 times the level of outstanding sales last year. Sales were larger to Western Europe, China, and "unknown" destinations (probably China).

Commercial oil exports totaled 162,700 tons on November 28, compared to 48,100 tons on the same date last year. Outstanding sales totaled 102,100 tons, up from 79,400 tons last year. China accounts for much of the increased business this year.



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