



WEEKLY OUTLOOK

A joint publication of the Department of Agricultural Economics, College of Agriculture, Purdue University, West Lafayette, Indiana, and the Department of Agricultural and Consumer Economics, College of Agricultural, Consumer and Environmental Sciences, University of Illinois at Urbana-Champaign.

NOVEMBER 2, 1998

CORN AND SOYBEAN MARKETS WAIT FOR EXPORT NEWS, PRODUCTION ESTIMATES

Prospects for U.S. corn and soybean exports during the 1998-99 marketing year depend in part on the nature and magnitude of U.S. export assistance programs. In particular, the market is anxious to learn the details of the export assistance package currently being negotiated with Russia. The magnitude of the package, the mix of commodities, and the expected timing of shipments will all be important.

So far this year, soybean export sales and shipments have started in a fairly normal pattern. For the past four years, annual exports have been in a narrow range – 838 to 882 million bushels. In three of those years, export shipments as of the third week of October ranged from 100.1 to 111.8 million bushels. Total sales ranged from 305.7 to 408.1 million bushels. Last year, when exports totaled 870 million bushels, shipments and sales started rapidly, totaling 156.2 and 472.3 million bushels, respectively, by the third week of October. This year, shipments and sales are in line with the pattern of 1994-95 through 1996-97, totaling 112.8 and 353.8 million bushels, respectively, as of October 22.

For the year, the USDA projects a 40 million bushel decline from soybean exports of a year ago. The smaller projection reflects larger South American stocks and generally sluggish world economies. The slow start of exports this year compared to last year is entirely accounted for by smaller sales to western Europe. Sales to all Asian destinations are 7.4 percent larger than sales at the same time last year. Export sales of soybean meal are down nearly 27 percent from the level of sales last year. For the year, the USDA projects only an 11 percent decline. In contrast, commercial export sales of oil are nearly 16 percent larger than sales of a year ago. For the year, the USDA projects a 16.5 percent decline in oil exports. The decline in meal sales is primarily to western Europe and Latin America. Increased oil sales are geographically distributed.

Corn exports over the past four years have been a wide range. Excellent demand and modest world crops resulted in shipments of 2.177 billion bushels in 1994-95 and 2.228 billion in 1995-96. Slowing world demand and large world crops resulted in U.S. exports of only 1.795 billion in 1996-97 and 1.505 billion last year. For the current year, the USDA projects exports at 1.65 billion bushels.

After starting slowly, corn exports and export sales have accelerated in recent weeks. As of October 29, export inspections totaled 265 million bushels, a 6.4 percent increase over accumulated shipments last year. As of October 22, unshipped sales of corn stood at 325 million

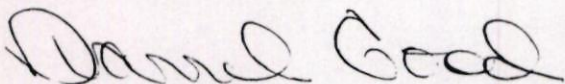
STATE • COUNTY • LOCAL GROUPS • U.S. DEPARTMENT OF AGRICULTURE COOPERATING

The Illinois and Indiana Cooperative Extension Services provide equal opportunities in programs and employment.

bushels, 45 million larger than outstanding sales on the same date last year. A slow down in sales to Japan have been more than offset by increases to South Korea and Latin America.

Corn and soybean exports during the current marketing year will be influenced by a number of factors in addition to Russian assistance. The size of the South American harvest in 1999 is one of the more important factors. The health of world economies and exchange rates are also critical. The export assistance package to Russia is expected to be heavily weighted to wheat, but is also expected to include a wide range of commodities. Inclusion of corn and soybean meal would be a "bonus" for those markets. Exports of both corn and soybeans may well turn out to be a bit higher than the current U.S. forecast. Those projections will be updated on November 10.

Corn and soybean prices have recovered from the early harvest lows. Additional price strength, however, may be difficult to generate. The USDA's November 10 *Crop Production* report will be important for price prospects, particularly for soybeans. The October report contained a surprising reduction in the estimated size of that crop. Following the report, the market will watch export progress and South American weather. Without a crop problem, the recent narrow trading range could persist into the winter months.



Issued by Darrel Good
Extension Economist
University of Illinois

Return Service Requested

U of I Extension Newsletter Service
University of Illinois
at Urbana-Champaign
1917 S. Wright St.
Champaign IL 61820

First Class
U.S. Postage Paid
Permit #75
Champaign, IL