



# 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.

**DECEMBER 6, 2004**

## **CORN AND SOYBEAN EXPORT PACE IS MODEST**

As emphasized in earlier issues, the corn and soybean markets tend to focus on export demand for fundamental price direction at this time of year. The end of the first quarter of the marketing year, November 30, is a good time to review export progress.

For the 2004-05 marketing year, the USDA currently projects corn exports at 2.05 billion bushels, 8 percent more than exported last year and the largest marketing year shipments since 1995-96. U.S. corn exports have exceeded 2 billion bushels in only 7 years. Since 1996-97 annual exports have averaged 1.818 billion bushels, in a range of 1.504 to 1.981 billion. The projected increase in U.S. corn exports for the current year is based primarily on prospects of reduced competition from China. The decline in the value of the U.S. dollar may also be a positive factor for exports, but higher freight rates have offset some of that benefit.

Three sources of export data are available, the USDA's weekly grain inspections report; the USDA's weekly *Export Sales* report; and the Census Bureau's monthly estimate of exports, which is the official estimate used in USDA balance sheets. Export inspection data is available through December 2, 2004, which represents the first 13.3 weeks of the 2004-05 marketing year. The data for the week ended December 2 are subject to revision, but inspections for the first quarter of the year are currently estimated at 466.3 million bushels, 2.6 percent less than cumulative shipments of a year ago. Shipments have averaged 35.1 million bushels per week during the first quarter of the year and need to average 40.9 million per week from now through August 31, 2005 to reach the USDA projection for the year.

Export data from the *Export Sales* report is available through November 25, 2004. That report shows cumulative corn exports of 436 million bushels, 12.2 million more than indicated in the inspections report, and 2.5 percent less than indicated in this report last year. Based on this report, shipments have averaged 34.1 million bushels per week so far this year and need to average 41.1 million per week from now through August in order to reach the USDA projection.

Finally, Census Bureau export data are available only for September 2004, the first month of the 2004-05 marketing year. That report showed corn exports of 161.4 million bushels, 18.8 million more than indicated in the inspections report, and 11.1 million more than indicated in the *Export Sales* report. All three reports indicate that the pace of corn exports is a bit slow in relation to the USDA projections for the year. Of the major buyers, Japan, Taiwan, South Korea, Egypt, and Mexico, all but Japan are on a slower import pace than that of last year.

Unshipped U.S. corn export sales as of November 25, 2005 totaled 351.1 million bushels, compared to 406 million bushels on the same date last year. Japan, Taiwan, and Egypt all had smaller outstanding purchases than on the same date last year. New sales need to average about 32 million bushels per week to reach the USDA's marketing year projection for corn exports.

For the 2004-05 marketing year, the USDA projects U.S. soybean exports at 1.01 billion bushels, 14 percent more than the small exports of a year ago. Exports exceeded a billion bushels in 2001-02 and 2002-03. For the week ended December 2, 2004, cumulative U.S. soybean export inspections since September 1, 2004 totaled 401.8 million bushels, 2.5 percent more than cumulative exports of a year ago. Data from the *Export Sales* report through November 25, 2004 indicated cumulative export shipments of 361.3 million bushels, 6 million less than indicated by the inspections report, and 2.6 percent more than exported a year ago. Cumulative shipments to China are up 31 percent and shipments to all other destinations are down 17 percent. Finally, the Census Bureau export estimate for September 2004 was 47.2 million bushels, 2.8 million more than indicated by inspection and 3.5 million more than indicated in the *Export Sales* report. At least through the first month of the year, the three sources of soybean export data are more consistent than in most years, particularly last year.

Unshipped export sales of U.S. soybeans as of November 25, 2004 totaled 231 million bushels compared to 345 million on the same date last year. Both China and Mexico have smaller outstanding purchases than a year ago. While export shipments are on a fast pace, unshipped sales are lagging a bit. Importers may be a little more patient than last year due to huge U.S. supplies and a large expected increase in South American production. The post-harvest price strength defies the prospects of large surpluses, contributing to buyers' reluctance to be too aggressive.

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