



WEEKLY OUTLOOK



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CORN AND SOYBEAN EXPORTS OFF TO A STRONG START

The first quarter of the 2006-07 marketing year for corn and soybeans ended on November 30. The pace of U.S. exports and export sales was brisk during that quarter.

The magnitude of exports during the first quarter does not always provide an accurate forecast of exports for the year. Over the past five years, for example, first quarter corn exports accounted for 22.2 to 27.4 percent of the total for the year. Performance has been even more variable for soybeans, with first quarter shipments ranging from 30.7 to 43.5 percent of the marketing year total. The first quarter total, however, allows the calculation of export performance needed for the rest of the year to reach current projections for the year.

For corn, the USDA currently projects 2006-07 marketing year exports at an 11 year high of 2.2 billion bushels, 53 million more than exported last year. Census Bureau estimates of U.S. corn exports are currently available only for September. USDA export inspection estimates are available through November 30 and estimates from the USDA's *Export Sales* report are available through November 23. Cumulative export inspections through November 30 were estimated at 565 million bushels. For September, the Census Bureau estimate was about 2 million bushels less than the inspections estimate. For September and October, the estimate from the *Export Sales* report exceeded inspections by 6.6 million bushels (1.7 percent). That difference was only 2.2 million (0.4 percent) through November 23.

The *Export Sales* report provides a more complete accounting of exports than the inspections report. It appears, then, that first quarter corn exports may have totaled about 567 million bushels. That estimate exceeds shipments during the first quarter last year by 90 million bushels and represents the largest first quarter shipments in 11 years. The largest year-over-year increase in shipments is to Mexico, while the largest buyer of U.S. corn, Japan, has imported less U.S. corn than at this time last year.

To reach the USDA projection of corn exports for the year, shipments during the last three quarters need to total 1.633 billion bushels, 37 million less than exported during the same period last year. Exports during the final three quarters of the marketing year last year

were the largest since 1994-95. As of November 23, the USDA reported that 468 million bushels of U.S. corn had been sold for export, but not yet shipped. That compares to only 305 million on the same date last year. All major importers have registered larger purchases than those of a year ago. New sales need to average only about 30 million bushels per week to reach the USDA projection for the year.

For soybeans, the USDA projects 2006-07 marketing year exports at a record 1.145 billion bushels, 198 million more than exported last year. The combination of Census Bureau and USDA estimates suggest that first quarter shipments were near 370 million bushels, about 57 million larger than the first quarter shipments of last year and the third largest ever for the quarter. All major buyers of U.S. soybeans imported more during the quarter than were imported in the same quarter last year. To reach the USDA projection for the year, U.S. soybean exports need to total 775 million bushels during the last three quarters of the year.

Shipments during that period totaled only 635 million bushels last year. The previous record for that three quarter period was 725 million bushels in 2002-03. As of November 23, the USDA reported that 269 million bushels of U.S. soybeans had been sold for export, but not yet shipped. That compares to only 145 million of outstanding sales on the same date last year. China and “unknown” destinations accounted for all of the increase. Weekly sales now need to average only about 13 million bushels for exports to reach the USDA projection. The size of the 2007 South American crop will have some influence on U.S. exports during the last five months of the marketing year.

There is no evidence yet that the higher prices of U.S. corn and soybeans have slowed the pace of export commitments. Some of the large outstanding sales, however, may represent an accelerated pace of purchases as importers anticipated higher prices, or in the case of corn, reduced availability due to domestic ethanol use and a smaller than expected crop. Until there is some evidence of reduced interest in U.S. crops, prices will likely remain well supported. However, it may be difficult to support prices at the extremely high levels of late November through the winter months.

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