



# WEEKLY OUTLOOK



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## **CORN AND SOYBEAN EXPORT PROGRESS**

During the first five months of the 2008-09 marketing year, soybean exports and export sales have been surprisingly large. In contrast, exports and export sales of corn have been disappointingly small. At the beginning of the marketing year (September 2008) the USDA projected marketing year soybean exports at one billion bushels. That forecast is now at 1.1 billion bushels, only 61 million (5.3 percent) less than the record exports of a year ago. In September 2008, the USDA projected corn exports at two billion bushels. That forecast is now at 1.75 billion bushels, 686 million (28 percent) less than the record shipments of a year ago.

As of January 22, 2009, 20.5 weeks into the 2008-09 marketing year, the USDA reported cumulative U.S. soybean export inspections at 627 million bushels, 65 million larger than the cumulative total of a year earlier. Through November 2008, cumulative Census Bureau estimates of soybean exports were 16 million bushels larger than the USDA export inspection estimates, about the same margin as last year. The larger shipments to date reflect the rapid pace of imports by China. As of January 15, 2009, exports to China totaled 352 million bushels, 39 percent more than exports of a year earlier. Nearly 60 percent of U.S. exports through January 15 were to China, compared to 47 percent last year. To reach the USDA projection of 1.1 billion bushels for the year, shipments to all destinations during the final 31.5 weeks of the year need to average only 14.5 million bushels per week. Last year, export shipments averaged 17.7 million bushels per week during the final 31.5 weeks of the year.

As of January 15, 2009, 276 million bushels of U.S. soybeans had been sold for export, but not yet shipped. Unshipped sales a year earlier totaled 297 million bushels. Assuming all of the outstanding sales are actually shipped, only 180 million bushels of new sales are required to reach the 1.1 bushels projected by the USDA. Earlier this month, the USDA projected the 2009 Argentine soybean harvest at 1.82 billion bushels, about 37 million less than the December projection. The projection of Argentine exports was lowered by 11 million bushels. Continuing dry weather in parts of Argentina appears likely to further reduce the prospective size of that crop, perhaps resulting in even less competition for U.S. soybeans in the export market.

It now appears likely that U.S. exports will exceed the current projection of 1.1 billion bushels, resulting in smaller year ending stocks if the projected level of domestic crush is reached. That projection of 1.685 billion bushels is 6.4 percent less than the crush of last year. The crush during the first quarter of the marketing year was 10 percent below that of a year earlier. Crush during the last three quarters of the year needs to be only 5.2 percent smaller than the crush of a year earlier in order to reach the projected level.

As of January 20, 2009, the USDA reported cumulative marketing year corn exports of 617 million bushels, 412 million bushels less than the total of a year earlier. Through November 2008, the cumulative Census Bureau export estimate was about 40 million bushels larger than the USDA export inspections estimate, about the same difference as a year earlier. The decline in shipments so far this year (through January 15) reflects sharp declines in exports to Egypt (70 percent), South Korea (43 percent), Taiwan (36 percent), and Mexico (21 percent). Shipments to Japan, the largest U.S. customer, were about 2 percent larger than shipments of a year ago. Shipments to Japan accounted for 39 percent of the U.S. total, compared to 23 percent at the same time last year. The major factor contributing to the decline in U.S. corn exports is the large increase in corn production outside of the U.S. The USDA currently projects that production at 19.04 billion bushels, about 900 million bushels larger than production of a year ago. Another factor contributing to the decline in U.S. corn exports may be the sharp increase in feeding of wheat. The USDA projects that feed use of wheat in the rest of the world during the current marketing year will be 835 million bushels larger than feed use of last year.

As of January 15, 2009, about 304 million bushels of U.S. corn had been sold for export, but not yet shipped. A year ago, outstanding sales stood at 773 million bushels. To reach the USDA export projection of 1.75 billion bushels, an additional 790 million bushels of U.S. corn must be sold for export, an average of 25 million bushels per week. Shipments need to average about 35 million bushels per week. Shipments have reached or exceeded that level in only three weeks so far this year, and all of those were last fall.

It now appears that 2008-09 marketing year corn exports could fall short of the USDA projection of 1.75 billion bushels, adding to year ending stocks and reducing the need for corn acres in 2009. However, the fate of the Argentine crop may have an impact on U.S. corn exports. Earlier this month, the USDA reduced the projected size of Argentine production and exports by nearly 60 million bushels. Further reductions are likely and could result in a small increase in the demand for U.S. corn.

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