



WEEKLY OUTLOOK



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MIXED DEVELOPMENTS FOR CORN EXPORTS

For the current marketing year that runs through August 2010, the USDA projects U.S. corn exports at 1.95 billion bushels. That projection is 92 million bushels larger than exports during the previous marketing year. The projection is about equal to average exports of the previous 10 years that have ranged from 1.588 billion bushels (2002-03) to 2.437 billion bushels (2007-08).

With one quarter remaining in the marketing year, there is mixed evidence of the likelihood of reaching the USDA's export projection. The Census Bureau provides the official export estimates on a monthly basis, with about a 6-week lag. Current Census Bureau estimates for the 2009-10 corn marketing year are available through March 2010. The USDA provides weekly estimates of exports and export sales. From September 2009 through March 2010, cumulative Census Bureau export estimates exceeded cumulative USDA export inspection estimates by 69 million bushels. If that margin persisted through May 27, 2010, cumulative exports would have totaled 1.401 billion bushels. To reach the USDA projection of 1.95 billion for the year, exports during the final 13.7 weeks of the marketing year need to average about 40 million bushels per week. While export inspections underestimate actual exports, inspections have exceeded 40 million bushels in only 9 weeks during the first 38.4 weeks of the marketing year and have averaged only 34.7 million bushels per week during that period. Inspections have been relatively large since mid February, averaging just over 37.8 million per week. However, inspections averaged 46.1 million per week for the two weeks ended May 27. A rapid pace will have to be maintained if the USDA projection is to be reached.

While the pace of shipments has been slow relative to that needed to reach the USDA projection, the pace of new sales has been rapid since the beginning of April. As of May 20, the USDA reported that 444.5 million bushels of corn had been sold for export during the current marketing year, but not yet shipped. That compares to unshipped sales of 379.4 million bushels on the same date last year. Unshipped sales as of May

20 included unexpected sales of 23.4 million bushels to China, 108.3 million bushels to Japan, 60 million to South Korea, 63.4 million to Mexico, and 66.3 million to unknown destinations.

Assuming that no unshipped sales are cancelled, new sales need to total only 104.4 million bushels in order for total export commitments for the year to reach 1.95 billion bushels. That is an average of 7.6 million per week for the remaining 13.7 weeks of the year. New sales during the 8 weeks ending May 20 averaged 49.7 million bushels per week. It appears almost certain that export sales will exceed that needed to reach projected exports for the year. It is less certain that shipments will reach the projected level. Along with weekly USDA export estimates, the Census Bureau export estimate for April, to be released next week, will provide more information about that likelihood.

Presumably, any unshipped export sales at the end of the 2009-10 marketing year will be rolled into the 2010-11 marketing year. Sales for the 2010-11 marketing year have started slowly, totaling 43.3 million bushels as of May 20, 2010. New marketing year sales totaled 57.4 million bushels on the same date last year. For the upcoming marketing year, the USDA projects U.S. corn exports at 2 billion bushels. The modest increase reflects expectations for a 4 percent (782 million bushel) increase in foreign corn production. More than half of that increase is expected in China.

The recent surge in corn export sales adds to the generally positive developments for corn demand that include favorable ethanol blending margins and higher livestock prices. Those developments, however, have not resulted in sustained price strength for corn. In addition to continued slow economic recovery, corn prices have been kept in check by expectations for another very large U.S. crop in 2010. That crop is just entering the important stages of the growing season, with the National Weather Service providing a generally favorable outlook for June weather.

Issued by Darrel Good
Agricultural Economist
University of Illinois