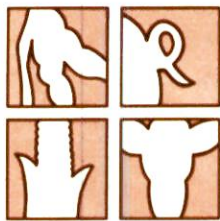




Cooperative
Extension Service
University of Illinois
at Urbana-Champaign



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

March 20, 1985

EXPORT PROJECTIONS LOWERED

IN ITS LATEST SUPPLY AND DEMAND ESTIMATES (March 11), the USDA lowered the projection of corn and soybean exports for the current marketing year. Corn exports for the year (October 1, 1984-September 30, 1985) are now projected at 1.95 billion bushels. That estimate is 75 million bushels less than last month's estimate and 150 million less than the estimate made at the beginning of the marketing year. The current projection is only 86 million bushels above last year's exports and is 483 million bushels less than the record exports of 1979-80.

The lower projection for the current year is the result of a slowdown in shipments to four of our large customers. Through February, shipments to the European Community (EC) totaled only 33 million bushels, down 53 percent from the same date a year ago. Total shipments to the EC in 1983-84 were 64 percent less than in 1979-80. Shipments to Japan total 225 million bushels, down 27 percent from last year. Korea has imported only 17 million bushels of U.S. corn, 70 percent less than a year ago, and shipments to Mexico have reached only 36.5 million bushels, down 38 percent from last year.

The reductions in exports to the above markets have been more than offset by increased sales to the Soviet Union. Through February, the Soviet Union had imported 391 million bushels of U.S. corn, 2.6 times more than a year ago. Exports to the Soviet Union accounted for about 40 percent of our total exports. Based on the level of outstanding sales, it appears that the Soviet Union will import at least 520 million bushels of U.S. corn, or about 27 percent of our total shipments. Exports to the rest of the world are expected to be 11 percent less than a year ago, but are currently running 26 percent behind last year's pace.

Soybean exports for the current marketing year (September 1, 1984-August 31, 1985) are now estimated at only 710 million bushels, down 25 million bushels from last month's estimate and 100 million bushels less than the estimate last October. That projection is 30 million bushels less than last year's exports and 219 million less than the record exports of 1981-82.

Through February, soybean exports were running about 45 million bushels behind last year's pace. The decline was fairly evenly distributed among our

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major customers—European Community, the rest of western Europe, and Japan. Outstanding export sales were running about 38 percent behind last year's pace.

Exports of soybean meal through February were down 22 percent from a year ago, with the major decline (57 percent) in the European Community. Soybean oil exports have been larger than a year ago. Through February, shipments were up 39 percent from last year's very low level.

The decline in soybean exports and shipments of corn to areas other than the Soviet Union are related to a number of factors. The strong U.S. dollar, as outlined last week, has been a major contributor to the decline in soybean protein exports. The large grain crops in western Europe have been an important factor in the decline in U.S. grain exports to that area. The combined production of wheat and coarse grains in the European Community, for example, was record large and 23 percent above last year's production. The prospects for a large South American soybean harvest also weighs on soybean export prospects for the remainder of the year. The emergence of China as a corn exporter to Korea and Japan is significant.

The factors contributing to the poor performance of U.S. exports may well continue into 1985-86. Exports may remain unimpressive again next year, particularly if the Soviet grain crop rebounds from this year's shortfall.

Darrel Good

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

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