SOYBEAN AND CORN EXPORT SALES PATTERNS ARE NOT CONSISTENT

In its weekly Export Sales report released on November 23, the USDA reported that 52 million bushels of soybeans had been sold for export during the week ended November 15. That brings total export commitments (shipments plus outstanding sales) for the year to 575 million bushels, compared to a total of only 450.5 million on the same date last year. The largest increases in sales compared to last year's sales are to Japan (up 28 percent) and the European Union (up 26 percent). Sales to China are about equal to those of last year, while sales to Mexico are down 10 percent. Those four customers account for nearly 60 percent of total U.S. export sales to date. Outstanding sales to unknown destinations, however, totaled 105 million bushels on November 15, compared to 37 million on the same date last year. Those sales may be to China. If so, the four customers account for 76 percent of total U.S. export sales to date.

For the year, the USDA projects exports at 980 million bushels, 18 million less than exported last year. With nearly 59 percent of that total already sold, some wonder if exports will exceed the USDA projection. History, however, suggests that the pace of export sales early in the year is not a good predictor of exports for the year. Sales as of mid-November exceeded 50 percent of the USDA projection in six of the past 10 years. Exports for the year exceeded the USDA’s November projection in four of those six years. Excluding 1999-00, exports exceeded the November USDA projection by 12 to 40 million bushels (1.3 to 5.5 percent). The average increase was 30 million bushels, or 3.8 percent. In 1999-00, exports exceeded the USDA’s November projection by 109 million bushels, or 12.6 percent. In the four years with a slow start to the U.S. export sales program, export sales exceeded the USDA’s November projection three times.

The fact that U.S. soybean exports have exceeded the USDA’s November projection in seven of the past ten years gives some support to the argument that exports this year might exceed 980 million bushels. The market is cautious, however, due to the potential for another large crop in South America in 2002 and because of the current economic slow down.

For corn, export sales during the week ended November 15 totaled about 27 million bushels, bringing total commitments for the year to 663 million bushels. Commitments on the same date last year totaled nearly 667 million. The slightly smaller total this year is the result of declining sales to South Korea and Egypt. Japan accounts for one-third of all U.S. export sales of corn.
For the year, the USDA projects U.S. corn exports at 2.05 billion bushels, 113 million bushels (5.8 percent) more than exported last year. Only 31 percent of that total has been sold for export. Does the slow start to the export program imply that the USDA export projection is too high? That conclusion is not supported by recent history. In the five slowest starts to the U.S. corn export sales program over the past 10 years, marketing year exports equaled or exceeded the USDA November forecast three times. In the five fastest starts to the corn export sales program, exports also exceeded the November forecast three times.

Exports, then, have equaled or exceeded the USDA November forecast in six of the past 10 years. As a result, the corn market has not panicked because of the slow start to export sales and export inspections this year. There is a general expectation that U.S. corn exports will accelerate during the last half of the marketing year due to smaller supplies and exports from other key exporting countries. For example, the USDA projects that combined corn exports from Argentina and China will decline by 188 million bushels this year compared to last year’s exports. Exports by all countries excluding the U.S. are expected to decline by 233 million bushels. Even with a reduction in world trade of corn, there is room for U.S. exports to expand.

The soybean and corn markets will be monitoring the rate of exports and export sales closely. For soybeans, the development of the South American crop and purchases (or cancellations) by China will be of most interest for evidence that exports could exceed the USDA projection. For corn, the market will show some patience with the slow pace of export sales. However, the pace will need to accelerate after the first of the year to maintain expectations that shipments can exceed 2 billion bushels.

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