



# WEEKLY OUTLOOK



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## **CORN AND SOYBEAN EXPORTS ON DIFFERENT PATHS**

The USDA's final production estimates and December 1 stocks estimates to be released on January 12 will provide important fundamental information for the corn and soybean markets. After the reports, however, the market will continue to pay close attention to the development of the South American crops and the pace of U.S. exports.

Corn and soybean export data are available from two USDA sources as well as the Census Bureau. USDA data are available weekly and Census data are available monthly, but with long time lags. Export inspection data from USDA are currently available through January 6, 2005 and export data from the USDA's export sales report are available through December 30, 2004. Census data are available only for September and October, the first two months of the 2004-05 marketing year.

The export data from all three sources are relatively consistent, showing a strong pace of exports and a modest level of unshipped sales. Through December 30, cumulative soybean export inspections were reported at 531.4 million bushels, 4 percent larger than the cumulative inspections a year earlier. Accumulated exports in the export sales report totaled 539.7 million bushels. An additional 28.3 million bushels were inspected during the week ended on January 6, so that cumulative inspections were 5.8 percent larger than those of a year earlier. Through October, the Census Bureau estimates of soybean exports were about 10 million bushels larger than the USDA estimates. This is a smaller difference than is typically experienced.

Through December 30, 2004, exports to China were 17.4 percent larger than exports of a year ago. China accounted for 46 percent of all U.S. exports. The European Union had imported 10.3 percent more U.S. soybeans than imported a year ago and accounted for 18.2 percent of U.S. exports.

For the year, the USDA has projected U.S. soybean exports at 1.01 billion bushels, 14.1 percent more than exported last year. When compared to last year's pace, exports so far this year would appear to be lagging the pace needed to reach the USDA projection. Last year, however, 80 percent of the U.S. exports occurred in the first half of the marketing year. A more typical pattern is for 65 to 70 percent of the exports to occur

during the first half of the year. Inspections need to average only about 13.4 million bushels per week from now through August to reach the USDA projection. With unshipped sales as of December 30, 2004 totaling 200 million bushels, exports appear on track to meet the USDA projection.

The corn export data are not as consistent as the soybean data. Through December 30, 17 weeks into the 2004-05 marketing year, export inspections totaled 617.3 million bushels, 3.8 percent less than the total in the previous year. However, accumulated exports in the USDA's export sales report totaled 646.2 million bushels as of December 30, nearly 30 million bushels more than reported for inspection. In addition, Census Bureau figures for September and October 2004 indicated that exports were 16 million larger than reported in the export sales report and 14 million more than exported in the same two months in 2003. All of that year-over-year increase, however, was in September, with October shipments about equal to those of a year ago.

For the year, the USDA currently projects U.S. corn exports at two billion bushels, 5.4 percent more than exported last year. Exports followed a typical pattern last year, with about half of the annual exports occurring in the first half of the year. With cumulative shipments apparently running about 1 percent behind last year's pace and unshipped sales as of December 30, 2004 trailing those of a year ago by 23.8 percent, there is concern that the USDA projection will not be reached. The key will be Asian demand and Chinese exports. Demand from Taiwan currently appears a little soft, with export commitments to that country running about 13 percent behind the pace of a year ago. On the other hand, the USDA reported a sale of about one million bushels to China during the week ended December 23, 2004. A continuation in the slow down of Chinese exports and any additional purchases of U.S. corn by China would be very supportive to U.S. export prospects. If new sales to China do not unfold, the market may want to discount the USDA projection of two billion bushels.

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