



Weekly Outlook: Corn and Soybean Export Development

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Corn and soybean export projections for the 2017-18 marketing year changed substantially in the [February 8 WASDE](#) report. The adjustments to export projections for both crops confirmed recent market information associated with export pace and foreign production potential. Exports for both crops will continue to play a large role in price formation during the current marketing year.

At 2.050 billion bushels, the current USDA projection for corn exports during the 2017-18 marketing year increased 125 million bushels in the latest WASDE report. On February 6, the Census Bureau released export data for December and corn exports for the marketing year through the period totaled 488 million bushels. Comparison of Census Bureau export numbers with weekly export inspections provided by the USDA shows the Census export total running approximately 59.2 million bushels ahead of export inspections through December. Through February 8, cumulative export inspections equaled 617.9 million bushels. If the difference between the two totals remained constant over the intervening period, total exports of corn currently sit at 677.1 million bushels. For the rest of the marketing year, export inspections need to average 47.3 million bushels per week to meet the USDA projection. The rate of weekly export inspections continues to show strength with average export inspections over the last three weeks equaling 38.6 million bushels: a ten million bushels increase over the previous three-week period. While this pace looks slow, growth in export sales data over the last four weeks in corn supports expectations of stronger export levels during the rest of the marketing year. Net sales over the last four weeks ending February 1 averaged 68 million bushels. Total outstanding sales for the current marketing year sit at 758 million bushels, which is below the 1.373 billion bushels required to reach the USDA projection. Currently, an increase in corn exports equivalent to last year's export performance from February through August is necessary to meet USDA's latest projection.

Production issues associated with foreign corn exporters and stronger demand provide backing for stronger U.S. corn export performance during the remainder of the marketing year. The Argentinian production forecast decreased by 118 million bushels to 1.53 billion bushels. Corn exports from Argentina decreased by 59 million bushels to 1.08 billion bushels. A continuation of dry weather in the region holds the potential for Argentine corn production and exports to move lower. The USDA forecast for Brazil corn production stayed at 3.7 billion bushels despite CONAB reducing the corn production forecast in the region to 3.5 billion bushels. USDA forecasts an increase of Brazilian corn exports by 39.6 million bushels in spite of potential production issues. The projection for corn production in Ukraine decreased by 35 million bushels and the USDA lowered projected exports by 19.7 million bushels. In

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conjunction with these production issues, reports out of China indicate the current 9.5 billion bushels of domestic consumption forecast by USDA may underestimate consumption by 157 million bushels. Export prices for U.S. corn continue to be highly competitive with other export markets and indicate strength in U.S. corn export markets over the near term.

USDA projections for the marketing year soybean exports decreased 60 million bushels to 2.1 billion bushels. Census Bureau export estimates through December place soybean exports at 1.286 billion bushels. Census Bureau export totals came in 26.7 million bushels larger than cumulative marketing year export inspections over the same period. As of February 8, cumulative export inspections for the current marketing year totaled 1.324 billion bushels. If the same difference in export pace through the current period is maintained, total soybean exports equal 1.350 billion bushels. For the rest of the current marketing year, 25.8 million bushels of soybean exports are required each week to meet the USDA projection. As of February 1, total outstanding sales for the current marketing year totaled 349.3 million bushels, which is below the estimated 749 million bushels required to meet the USDA projection. Current data suggest soybean exports may reach the recently lowered USDA projection for this marketing year. The ability to attain the current projection hinges on the size of the current crop in South America and U.S. competitiveness in export markets.

The Brazilian soybean production forecast increased by 73.48 million bushels for the second straight month to 4.11 billion bushels. The expected increase in soybean production levels led to a 73 million bushels increase in the forecast for Brazilian soybean exports, up to 2.53 billion bushels. Forecasts of Argentine soybean production currently sit at 1.98 billion bushels for the 2018 crop year, down 73.4 million bushels. Reports out of Argentina indicate recent rains did not alleviate dryness issues and continued stress on the current soybean crop is expected. Soybean export projections for Argentina stayed at 312 million bushels. USDA forecasts 2.85 billion bushels of soybeans exports from Brazil and Argentina over the marketing year, up from last year's 2.59 billion bushels. Stronger South American exports would continue to place downward pressure on U.S. soybean exports in 2018.

Corn exports continue to build strength during this marketing year and hold the potential for a substantial increase in consumption. Current estimates of the soybean export pace remain subdued and continue the trend that began last fall. The size of the 2018 crop in South America and the competitiveness of U.S. export prices remain essential to determining U.S. export potential for the remainder of the marketing year.

Reference

U.S. Department of Agriculture, World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates*, WASDE-574, February 8, 2018.
<http://usda.mannlib.cornell.edu/usda/waob/wasde//2010s/2018/wasde-02-08-2018.pdf>