



Weekly Outlook: Corn and Soybean Exports Finish Strong

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September 8, 2015

farmdoc daily (5):164

Recommended citation format: Good, D. "[Weekly Outlook: Corn and Soybean Exports Finish Strong](#)." *farmdoc daily* (5):164, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 8, 2015.

Permalink <http://farmdocdaily.illinois.edu/2015/09/weekly-outlook-corn-soybean-exports-finish-strong.html>

The 2014-15 marketing year for corn and soybeans ended on August 31. Final estimates of total consumption during the marketing year and the magnitude of year ending stocks will be revealed in the USDAs September 1 Grain Stocks report to be released on September 30. In some years that report also contains a revised estimate of the previous year's soybean crop. Such a revision would not be surprising this year given the large magnitude of implied residual use during the first three quarters of the marketing year.

The estimate of total marketing year exports of corn and soybeans will be available with the Census Bureau estimate of August exports to be released on October 6. Export data currently available indicates that marketing year exports were likely modestly larger than USDA projections in the August WASDE report. Soybean exports were projected at 1.825 billion bushels in that report, but cumulative marketing year export inspections as of August 31 totaled 1.832 billion bushels. Cumulative Census Bureau export estimates through July exceeded export inspections by 12 million bushels. If that margin was maintained through August, marketing year exports totaled 1.844 billion bushels, 19 million bushels larger than the USDA August projection. Exports finished the year on a very strong note. Exports in July 2015 totaled almost 40 million bushels, about double the exports of July 2014. Exports during the final quarter of the 2014-15 marketing year are projected to be near 111 million bushels, about 53 million more than exported during the final quarter of the previous year.

The USDA August WASDE report projected 2014-15 marketing year corn exports at 1.85 billion bushels. Cumulative export inspections at the end of the year, August 31, were estimated at 1.777 billion bushels. Cumulative Census Bureau export estimates through July, however, exceeded export inspections by 84 million bushels. If that margin was maintained through August, marketing year exports will total 1.861 billion bushels, 11 million bushels larger than the USDA August projection. Corn exports in July 2015 totaled 200 million bushels, the most for that month since 2009 and the second most since 1979. Exports during the final quarter of the marketing year are projected to be near 522 million bushels, only about 20 million bushels less than during the final quarter a year ago.

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Exports of ethanol and distillers' grains were also large in July 2015. Ethanol exports were reported at 77 million gallons, the second largest for that month following the record exports of 2011. Canada was the largest destination for exports during July, accounting for 30 percent of total exports. Other significant importers included South Korea, Philippines, India, China, Peru, Brazil, and Mexico. Exports during the 2014-15 corn marketing year will fall short of the record 1.1 billion gallons of 2011-12, but will exceed those of last year. During the 2013-14 corn marketing year, ethanol exports totaled about 800 million gallons. With one month remaining in the 2014-15 marketing year, exports had already reached 817 million gallons.

July exports of distillers' grains were reported at 1.5 million short tons, the third consecutive record large monthly export total. China continues to be the largest importer of distillers' grains, accounting for 68 percent of total exports during July. Mexico was the second largest importer, followed by South Korea and Vietnam. With only one month remaining, exports of distillers' grains during the 2014-15 corn marketing year appeared likely to fall only fractionally below last year's record exports, even though exports during the first half of the year were limited by Chinese import restrictions associated with biotech issues.

While old crop corn and soybean exports finished the year on a fairly strong note, the pace of export sales for the 2015-16 marketing year still remains sluggish. As of August 27, the USDA reported that 274 million bushels of corn had been sold for export during the marketing year starting September 1. That is one third less than the magnitude of new crop sales a year ago. The pace of new sales remains below that needed to reach the export forecast of 1.85 billion bushels. As of August 27, the USDA reported that 494 million bushels of soybeans had been sold for export during the marketing year starting September 1. That is 38 percent less than the magnitude of new crop sales a year ago. However, the pace of sales accelerated during the last two weeks of August, averaging 55 million bushels per week and well above the pace needed to reach the export forecast of 1.725 billion bushels. There is still some concern that export forecasts for both corn and soybeans may still be a little too optimistic.

The USDA will update old crop corn and soybean consumption estimates and new crop supply and consumption estimates in the September WASDE report to be released on September 11. The projection of old crop year-ending stocks of both corn and soybeans may be lowered a bit, but not by enough to measurably alter the supply and demand balance for the 2015-16 marketing year. A reversal of the recent price weakness would likely require September production forecasts to decline from the August forecasts.