



Reviewing the Pace of Corn and Soybean Exports

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January 26, 2015

farmdoc daily (5):14

Recommended citation format: Newton, J. "[Reviewing the Pace of Corn and Soybean Exports.](#)" *farmdoc daily* (5):14, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, January 26, 2015.

Permalink URL <http://farmdocdaily.illinois.edu/2015/01/reviewing-pace-of-corn-and-soybean-exports.html>

Following the January 12 USDA [Crop Production](#) and [Grain Stocks](#) reports it's becoming increasingly clear that the story in corn and soybean markets for the foreseeable future will be the ongoing pace of consumption. Series to monitor include ethanol production, soybean crush, feed and residual use, and exports. Last week's article ([farmdoc daily January 20, 2015](#)) reviewed feed, seed, and residual uses of corn and soybeans. Today's article will continue the review of corn and soybean consumption data by category by focusing on the pace of corn and soybean exports.

The pace of consumption for corn and soybeans is especially important given that the projected levels of ending stocks, while not considered burdensome, are at their highest levels since before the renewable fuels era. Holding all else constant, a lower rate of corn and soybean exports relative to projections would increase carryover stocks, and could provide downward pressure on prices until information from the USDA [Prospective Plantings](#) report is released on March 31, 2015. Following is an update of the pace of corn and soybean exports.

The January 12 USDA [World Agricultural Supply and Demand Estimates](#) (WASDE) projections forecast 2014/15 corn exports at 1,750 million bushels, down 8.7 percent from the 2013/14 marketing year. With respect to soybeans, the WASDE report forecast 2014/15 soybean exports at 1,770 million bushels, up 10 million bushels from the December WASDE projection and 7.5 percent above the 2013/14 total. While expectations for corn exports have remained largely unchanged, continued optimism in projections of soybean exports (in the form of WASDE revisions) can be attributed to both the record pace of exports and volume of total export commitments experienced this marketing year.

The USDA's January 26 [Federal Grain Inspection Service](#) (FGIS) report indicated that for the week of January 22, 34.9 million bushels of corn were exported, up 19 percent from the prior week. Cumulative corn exports for the 2014/15 marketing year total 562 million bushels, up 2 percent from the 2013/14 marketing year. It is important to consider, however, that FGIS inspections do not represent the final export value in the WASDE report. Instead, the WASDE exports settle to USDA's [Foreign Agricultural Service's Global Agricultural Trade System](#) (GATS) census data. GATS data on corn exports are available through November 2014. Through November, 2014/15 marketing year corn exports totaled 407 million bushels and were 40 million bushels higher than the FGIS inspection numbers through November. Assuming this pace continues, corn exports through January 22 totals 602 million bushels, about 34 percent of the projected

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WASDE total. With nearly 40 percent of the marketing year in the books, corn exports need to accelerate in order to reach the 1,750 million bushel WASDE projection. Based on the implied GATS estimate of 602 million bushels, 1,148 million bushels need to be exported during the remainder of the marketing year to reach the WASDE projection. On a weekly basis this total represents approximately 37 million bushels per week, and would require an increase of 57 percent over the current 10-week average export volume.

With respect to exports needed to meet the WASDE projection, the January 23 USDA [Foreign Agricultural Service's Export Sales Report](#) (FAS) revealed 652 million bushels of outstanding corn export sales. The report also revealed net sales of 86 million bushels for the week ending January 15, up 67 percent from the prior week sales. Combining the outstanding sales with the implied remaining balance needed, sales remain 496 million bushels short of the WASDE projection. A significant increase in the rate of corn exports is needed to hit the WASDE target. From a broader perspective, the January 23 report confirmed that the pace of export sales is indeed accelerating. Outstanding sales are only slightly less than that of a year ago.

For soybeans, January 26 FGIS inspections confirmed a slowdown in soybean exports from the record pace thus far in the marketing year. For the week of January 22, 55.9 million bushels of soybeans were exported, in line with the prior week, but down 26 percent from the 10-week average. Cumulative soybean exports for the 2014/15 marketing year total 1,312 million bushels, up 18 percent from 2013/14 marketing year. As noted earlier FGIS inspections do not represent the final export value in the WASDE report. Instead the WASDE exports settle to USDA's FAS GATS census data. GATS data on soybean exports are available through November 2014. Through November, 2014/15 marketing year soybean exports totaled 824 million bushels and are in line with the FGIS inspection numbers through November. Due to the similar pace in GATS and FGIS soybean exports no adjustment is needed to derive implied FGIS soybean exports. Based on the FGIS totals, then, to reach the 1,770 million bushel WASDE projection it's implied that 458 million bushels of soybeans need to be exported during the remainder of the marketing year. On a weekly basis this total represents approximately 15 million bushels per week.

The January 23 FAS report indicated 416 million bushels of outstanding soybean export sales. The report also revealed a much slower pace of soybean export sales with only half of a million bushels of net sales of soybeans for the week ending January 15. Combining the outstanding sales with the remaining balance needed, sales remain 42 million bushels short of the WASDE projection. For the remainder of the marketing year the pace of soybean exports is expected to slow considerably as the South American crop comes on. Given the recent [FAS Export Sales Announcements](#) of 10 million bushels of soybean export cancellations to China it remains possible for soybean exports to struggle to meet the lofty WASDE projection.

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