



Weekly Outlook: Updating Corn and Soybean Export Pace

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As the focus of corn and soybean markets turns to 2017 prospects for production, the pace of old crop corn and soybean consumption carries implications for carryover stocks into the 2017-18 marketing year. The level of corn and soybean consumption in export markets provides an indication of demand strength moving into the next marketing year. The recent pace of exports in soybean and corn markets and the implications for stocks at the end of the marketing year is considered in this post.

Corn exports in the current marketing year exceed the pace for a year earlier through March and currently exceed the historical pace to meet USDA projection of 2.225 billion bushels. The 2016-17 marketing year corn exports through March came in at 61 percent of the total exports projected during the entire marketing year. This pace is substantially higher than the 43 percent pace during the same period last year, but poor crop performance in South America gave life to expanded exports through the summer months of 2016. The rate of weekly export inspections continues to show strength with 28.37 million bushels exported for the week ending May 4. Cumulative Census Bureau export estimates from September 2016 through March 2017 exceeded weekly export inspections by 43 million bushels. If the margin exhibited at the end of March continued, exports through May 4 equaled 1585 million bushels. With 17 weeks remaining in the marketing year, 37.6 million bushels per week are necessary to meet the USDA projection. Over the last six weeks, corn export inspections averaged 55 million bushels per week with a high of 61.7 million bushels and a low of 52.4 million bushels.

As of April 27, 575 million bushels of corn had been sold for export but not shipped. Additional sales of 3.82 million bushels per week are necessary to reach 2.225 billion bushels based off of current sales figures and estimated export levels through May 4. For the last six weeks ending April 30, new sales averaged 34.6 million bushels per week. The current pace and sales of corn appear supportive of the current 2.225 billion bushels projection. In assessing the potential for increased exports of corn during the marketing year, the large Brazilian second crop of corn will play a major role since total Brazilian corn production is projected at 3.68 billion bushels which are up 39.5 percent from last year's poor crop.

Soybean exports typically slow as the South American soybean crop enters the world market. Numerous reports of Brazilian farmers holding onto soybeans due to low prices in the local currency provides support for soybean exports lagging behind the normal pace in Brazil. U.S. soybean exports in the current marketing year exceed last year's pace through March. The 2016-17 marketing year soybean exports

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through March sit at 87.5 percent of the total exports projected during the entire marketing year. This pace is higher than the 80.5 percent pace during the same period last year, but progressing at a similar pace to the previous two marketing years. The rate of weekly export inspections continues to vacillate with 12.84 million bushels exported for the week ending May 4. Cumulative Census Bureau export estimates from September 2016 through March 2017 exceeded weekly export inspections by 23 million bushels. If the margin exhibited at the end of March continued, exports through May 4 equaled 1853 million bushels. With 17 weeks remaining in the marketing year, 10.1 million bushels per week are necessary to meet the USDA projection. Over the last six weeks, soybean export inspections averaged 23.8 million bushels per week but varied with a low of 16.4 million bushels on for the week ending April 13 and a high of 32.7 million bushels for the week ending April 6.

As of April 27, 251 million bushels of soybean had been sold for export but not shipped. This number exceeds the 172 million bushels necessary to reach 2.025 billion bushels based off of current sales figures and estimated export levels through May 5. For the last six weeks ending April 27, new sales averaged 14.7 million bushels per week. The current pace and sales of soybeans appear supportive of the current 2.025 billion bushel projection and give credence to the possibility of increased soybean exports for the 2016-17 marketing year. While some commentators see the potential for an increase in USDA projections, it may be too soon for this type of speculation.

The release of the May 10 WASDE report provides the first look at USDA projections for the 2017-18 marketing year. The strength of corn and soybean export demand bodes well for meeting USDA export projections. The ability to exceed these export projections is a possibility, but it is heavily dependent on South American exports and the continued growth in demand from importers. At this point, the ending stock projections outlined in the last WASDE supply and demand figures appear to be the levels we will see moving into the 2017-18 marketing year.