



## Weekly Outlook: Corn and Soybean Exports Update

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While market observers focus on the changing outlook for corn and soybean yields brought on by the shift in weather patterns over the last few weeks, export markets continue to reveal consumption information relevant to price formation during the current and subsequent marketing years. Exports will play a significant role in determining prices in both corn and soybean markets moving forward.

At 2,225 million bushels, the current USDA projection for corn exports during the 2016-17 marketing year appears attainable given cumulative exports to date and unshipped sales. On August 4, the Census Bureau released export data for June and corn exports for the marketing year through June totaled 1,965 million bushels. A comparison of Census Bureau export numbers with weekly export inspections provide by the USDA shows Census export total running around 42.5 million bushels ahead of export inspection totals through June. Through August 3, cumulative export inspections for the 2016-17 marketing year totaled 2,119 million bushels. If the difference between the two totals remained constant over the period, total exports for corn currently sit at 2,162 million bushels. For the four weeks remaining in the marketing year, export inspections need to average 15.7 million bushels per week to meet the USDA projection. For the last three weeks of export inspection data, corn exports averaged 38.1 million bushels per week. While this pace looks promising, expectations should be tempered by the weak export sales data over the last three weeks in corn for the current marketing year. Net sales over the last three weeks ending July 27 averaged 7.8 million bushels for the current marketing year. Total outstanding sales for the current marketing year sit at 198 million bushels, which is well above the 63 million bushels required to reach the USDA projection. Currently, the USDA projections look attainable with the potential for 2016-17 marketing year totals to exceed current projections.

Current USDA projections for corn exports during the 2017-18 marketing year total 1,875 million bushels, 350 million bushels lower than current marketing year projections. World import projections during the 2017-18 marketing year provided by the USDA on July 9 are 5,740 million bushels, up 348 million bushels over the current marketing year estimates. The increase in world imports is led by increases in the European Union, Mexico, and Southeast Asia. Large corn crops in South America may mitigate U.S. corn exports. The large corn export totals for the U.S. last fall due to poor crops in South America do not appear to be feasible in the upcoming marketing year. Current export sales data give indications to support this idea. As of July 27, corn outstanding sales for the 2017-18 marketing year sit at 174.7 million bushels, a 45 percent decrease in sales from the same time last year.

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USDA projections for 2016-17 marketing year soybean exports total 2,100 million bushels as of the July 9 reports. Census Bureau export estimates through June place soybean exports at 1,977 million bushels. Census Bureau export totals came in 46 million bushels larger than cumulative marketing year export inspections over the same period. As of August 3, cumulative export inspections for the current marketing year totaled 2,024 million bushels. If the same difference in export pace through June is maintained, total soybean exports totaled 2,070 million bushels. For the four weeks remaining in the current marketing year, 7.5 million bushels of soybean exports are required each week to meet the USDA projection. Over the last three weeks, export inspections of soybeans averaged 21.7 million bushels. As of July 27, total outstanding sales for the current marketing year totaled 219 million bushels, which is well above the estimated 30 million bushels required to meet the USDA projection. As of July 27, net export sales for the current marketing year averaged 9.9 million bushels during the previous three weeks. Current data suggest soybean exports may exceed the USDA projection for this marketing year.

The USDA forecasts soybean exports to be 2,185 million bushels in the 2017-18 marketing year. World import projections for soybeans during 2017-18 stand at 5,460 million bushels, a 220 million bushels increase over the current marketing year. Chinese imports of soybeans make up a large portion of this increase with 2017-18 soybean imports projected to increase 110 million bushels to 3,454 million bushels. Similar to corn exports, large South American soybean crops may mitigate U.S. soybean export levels during the 2017-18 marketing year. Through, July 27, outstanding sales of U.S. soybeans for the 2017-18 marketing year total 235 million bushels, down 42 percent from the same time last year.

Corn and soybean exports during the 2016-17 marketing year provided a strong market for consumption. Current estimates of export pace place both crops on track to meet or possibly exceed USDA projections during the current marketing year. Early signs of reduced export potential during the 2017-18 marketing year foretell the possibility of lower export totals in 2017-18, but it is still too early to draw solid conclusions. The size of the 2017 crop in both the U.S. and South America go a long way in determining U.S. export potential next marketing year.