



## Weekly Outlook: Updating Corn and Soybean Export Pace

Todd Hubbs

Department of Agricultural and Consumer Economics  
University of Illinois

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On January 12, the USDA will release a flood of reports that will provide some clarifying information for corn and soybean markets in the 2017-18 marketing year. At present, the pace of soybean and corn exports carry concerns for consumption and ending stock levels in the 2017-18 marketing year. Soybean and corn exports continue to lag last year and the historical pace. Downward revisions in USDA estimates for exports in both commodities should be expected with the release of the next WASDE report.

U.S. soybean exports in the current marketing year trail last year's pace through December. Census Bureau export estimates are available through November. For the first quarter of the marketing year, soybean exports were 849.3 million bushels, 76.6 million bushels lower than last year's level over the same period. Over the previous five years, first quarter soybean exports averaged approximately 41 percent of the marketing year's total exports. Cumulative Census Bureau export levels exceeded weekly export inspections by 9.5 million bushels through November. If the margin exhibited at the end of November continues, export levels through January 4 total 1,096 million bushels. Current USDA projections for soybean exports during the marketing year are 2.3 percent larger than the 2016-17 marketing year estimate. Soybean export inspection totals currently lag last year's pace by 14 percent. Current export levels for soybeans are under the pace to meet the 2.225 billion bushels projected by the USDA.

A detailed look at the Census Bureau soybean export numbers shows most of our trading partners at or near last year's export levels except for China. U.S. soybean exports to China through November of this marketing year are running approximately 100 million bushels behind last year. Over the last five weeks, soybean export inspections averaged 49.3 million bushels per week, down from the 64.5 million bushels per week during the first quarter of the marketing year. Reports out of Brazil place December soybean exports at substantially higher levels than the same period last year. At 86.7 million bushels, Brazilian soybean exports in December are up almost 250 percent over last year, with 75.3 million bushels shipped to China. While the USDA currently has the 2017/18 soybean crop in Brazil projected at 3.97 billion bushels, estimates out of the region place soybean production near 4.04 billion bushels, second largest on record behind last year's massive crop. Despite the possibility of weather issues in Argentina, the prospects of another large Brazilian crop and continued strength in Brazilian exports will weigh on U.S. soybean exports for the entire marketing year.

Corn exports in the current marketing year lag the pace for a year earlier through December and currently trail the historical pace to meet USDA projection of 1.925 billion bushels. For the first quarter of the marketing year, corn exports were 348.04 million bushels, 199 million bushels lower than last year's level

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over the same period. Over the last decade, first quarter corn exports averaged approximately 24 percent of the marketing year's total exports. Cumulative Census Bureau export levels exceeded weekly export inspections by 38.6 million bushels through November. If the margin exhibited at the end of November continues, exports through January 4 equal 488.6 million bushels. Current USDA projections for corn exports during the marketing year are 16 percent lower than the 2016-17 marketing year estimate. Corn export inspection totals currently lag last year's pace by 36 percent. Current export levels for corn are well under the pace to meet the 1.925 billion bushels projected by the USDA.

Census Bureau corn export numbers present a contrast among our trading partners during the first quarter of the marketing year. U.S. corn exports to our major Central and South American trading partners through November came in at or above last year's pace. Meanwhile, corn exports to our Asian partners are down substantially. Corn exports to Japan during the first quarter came in 58 million bushels lower than last year and 32 million bushels lower than the previous five-year average. Similarly, corn exports to South Korea were down 56 million bushels from last year and 20 million bushels lower than the five-year average. Based on weekly export inspection data, this pattern continued through December with an increase in corn export levels. Over the last five weeks, corn export inspections averaged 27.9 million bushels per week, up from the 23.8 million bushels per week during the first quarter of the marketing year. Current planted acreage estimates in Brazil show corn acreage down three percent with almost the entirety of the estimate coming from the first crop. The potential for a delay in planting second crop corn in Brazil is looking more likely due to issues related to planting the soybean crop. Since most of the second crop corn enters the export market, any problem with the second crop may benefit U.S. exports. When combined with planting issues and dry weather in Argentina, U.S. corn exports may not face the same issues as soybeans during the rest of the marketing year.

The ability of corn and soybean exports to meet current USDA projections is growing less likely as we move through the marketing year. Any recovery to reach current export projections is heavily dependent on South American exports and the continued growth in demand from importers. At this point, an expectation of lower export levels and higher ending stocks in the January 12 WASDE for the 2017-18 marketing year appears likely.