



Monitoring Corn and Soybean Exports

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May 17, 2011

farmdoc daily (1):67

Recommended citation format: Good, D. "[Monitoring Corn and Soybean Exports](#)." *farmdoc daily* (1):67 , Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 17, 2011.

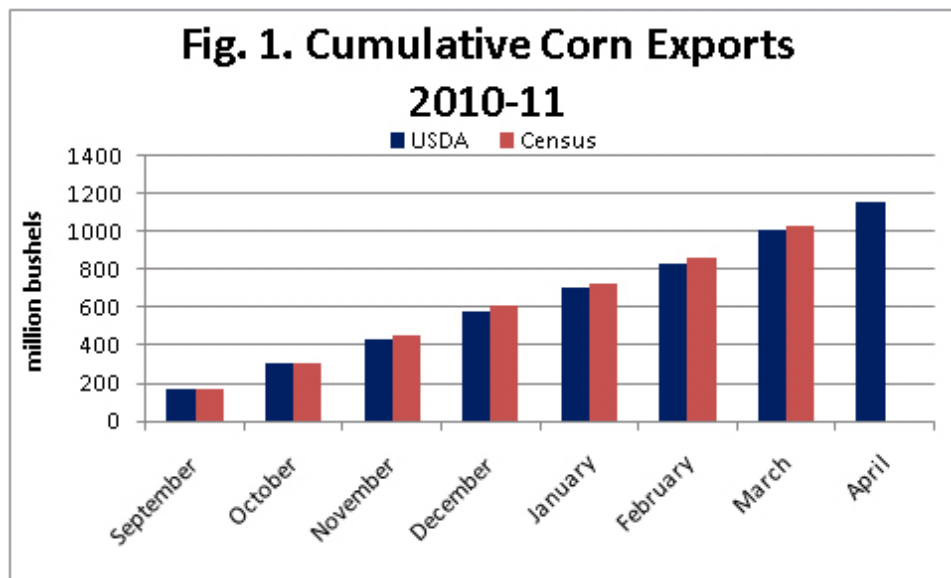
Permalink: <http://farmdocdaily.illinois.edu/2011/05/monitoring-corn-and-soybean-ex.html>

The May 11 USDA WASDE report lowered the forecast of 2010-11 marketing year exports of U.S. corn and soybeans. Corn exports are now forecast at 1.9 billion bushels, 87 million less than exported in the previous year and 50 million less than forecast in April. Soybean exports are still expected to be record large at 1.55 billion bushels, but the forecast is 30 million bushels below the April forecast. In addition, the first forecast of 2011-12 marketing year corn exports is at a 9 year low of 1.8 billion bushels. Soybean exports are expected to remain large at 1.54 billion bushels.

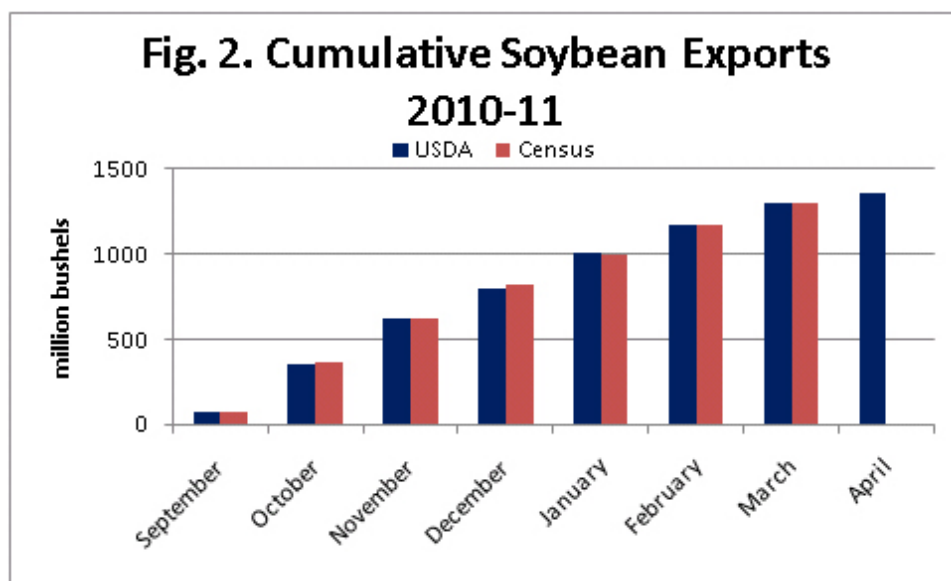
The lower export forecasts result in prospects for slightly more abundant stocks at the end of the current marketing year (September 1, 2011) and, depending on the outcome of the 2011 U.S. crops, tight but adequate stocks at the end of the 2011-12 marketing year. Along with monitoring prospects for the 2011 crops, export progress will be closely followed to judge if the new forecasts are in fact unfolding. The USDA's weekly export inspection report released on Monday mornings is the most widely followed report of export progress. That report reveals export inspections for the week ended the previous Thursday, with revisions (mostly higher) for the week prior to that.

Through May 12, cumulative marketing year corn export inspections were estimated at 1.227 billion bushels, implying average weekly inspections for the first 36 weeks of the marketing year of nearly 34 million bushels. To reach the USDA projection of 1.9 billion bushels for the year, inspections need to average just over 42 million bushels per week during the last 16 weeks of the year. While the inspection figures provide the most current information on export progress, the Census Bureau provides the official export estimates. Monthly estimates are released about 6 weeks after the end of the month. Typically, Census estimates exceed USDA inspection estimates. Through March 2011, cumulative Census Bureau estimates exceeded inspections by 24 million bushels (figure 1). Last year, that difference was 69 million bushels. If that margin persisted through May 12, weekly exports during the last 16 weeks of the year need to average almost 41 million bushels to reach the USDA projection. The average for the 4 weeks ended May 12 was only 35.2 million.

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Cumulative marketing year soybean export inspections through May 12 totaled 1.371 billion bushels, implying average weekly inspections for the first 36 weeks of the marketing year of about 38 million bushels. Weekly soybean exports decline sharply each year beginning in late March or April as the South American crop is harvested and exported. To reach the USDA projection of 1.55 billion bushels for the year, inspections need to average just over 11 million bushels per week during the last 16 weeks of the year. The average for the 4 weeks ended May 12 was 7.9 million. Through March 2011, cumulative Census Bureau export estimates were equal to inspection estimates (figure 2). Last year, Census Bureau estimates through March exceeded inspections by 39 million bushels.



In addition to reporting weekly inspections, the USDA reports weekly new export sales of corn and soybeans each Thursday for the week ended the previous Thursday. For the week ended May 5, new sales were at the level required to sell 1.9 billion bushels of corn and 1.55 billion bushels of soybeans this year. The level of shipments, however, will have to accelerate to reach those levels by year-end.