



## Weekly Outlook: Corn and Soybean Export Progress

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February 20, 2012

*farmdoc daily* (2):32

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Recommended citation format: Good, D. "[Corn and Soybean Export Progress](#)." *farmdoc daily* (2):32, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 20, 2012.

Permalink: <http://farmdocdaily.illinois.edu/2012/02/corn-and-soybean-export-progre.html>

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In December 2011, the USDA judged total corn production prospects in Argentina and Brazil at 3.54 billion bushels. That forecast was reduced by 120 million bushels in January and by an additional 160 million bushels earlier this month. All of the reduction has been for the Argentine crop. Similarly, combined soybean production in those two countries was forecast at 4.67 billion bushels in December, but was reduced by 90 million bushels in January and an additional 165 million bushels earlier this month.

Total precipitation has been well below average in southern Brazil since late January, suggesting that production there may fall short of the current forecast. Prospects for much smaller South American crops than initially forecast have raised expectations for stronger export demand for U.S. corn and soybeans during the remainder of the 2011-12 marketing year and in the first half of the 2012-13 marketing year. Over the past two months, the USDA has raised the U.S. corn export forecast for the current year by 100 million bushels, to a total of 1.7 billion bushels. The forecast is still 100 million bushels below the initial forecast made in May 2011 and 135 million less than exports of a year ago. The forecast of U.S. soybean exports during the current year has declined steadily from the initial forecast of 1.54 billion bushels to the current forecast of 1.275 billion bushels, 226 million less than exported last year.

Export progress is being carefully monitored for indications that shipments for the year might exceed current forecasts. Export prospects for corn are especially important since year-ending stocks are expected to be small. There are three regular sources of information relative to the progress of U.S. corn and soybean exports. A weekly report, released on Monday morning (except for holidays), reports quantities inspected for export in the previous week ended on Thursday and cumulative inspections since the beginning of the marketing year. The U.S. Export Sales Report, released on Thursday morning, reports cumulative marketing year exports and the magnitude of unshipped sales as of Thursday of the preceding week. Finally, the U.S. Census Bureau reports exports on a monthly basis. That report is typically released about six weeks after the month ends. The Census Bureau estimates for the marketing year become the official estimates shown in the USDA's WASDE report.

For corn, cumulative 2011-12 marketing year export inspections totaled 741 million bushels through February 9. Through December 2011, cumulative marketing year Census Bureau export estimates exceeded inspections by 23 million bushels. Assuming that margin has persisted, cumulative exports through February 9 totaled 764 million bushels. To reach the USDA projection of 1.7 billion bushels for

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the year, exports need to total 936 million bushels during the remainder of the year. That is an average of 32.1 million bushels per week, compared to the average to date of 33 million. As of February 9, the USDA reported unshipped export sales of 420 million bushels. Export commitments (shipments plus outstanding sales) totaled 1.184 billion bushels, requiring additional sales of about 18 million bushels per week. For the five weeks ended February 9, new sales averaged 34 million bushels per week.

For soybeans, cumulative marketing year export inspections totaled 794.4 million bushels through February 9. Through December 2011, cumulative Census Bureau export inspections were 5.5 million less than inspections. Assuming that margin has persisted, cumulative exports were near 789 million bushels on February 9. To reach the USDA projection of 1.275 billion bushels, exports need to total 486 million bushels during the remainder of the year, or an average of 16.7 million bushels per week. Since exports begin a sharp seasonal decline in April, a comparison of the needed rate to the average rate to date is not useful. The needed rate, however, is about 1.7 million bushels larger than the average during the same period last year. As of February 9, the USDA reported unshipped export sales of 221.5 million bushels, so that export commitments stood at 1.01 billion bushels. New sales of about 9.1 million bushels per week are needed for exports to reach the projected level. Since the seasonal decline in exports has not yet begun, the current pace of sales is well above the needed rate, averaging nearly 21 million bushels per week for the five weeks ended February 9.

Based on the current pace of export activity and the likelihood that South American production will fall short of current projections, U.S corn and soybean exports for the current year are expected to exceed current projections.