



Weekly Outlook: Mixed News for Corn and Soybean Exports

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The USDA's weekly Export Sales report and weekly reports of export inspections provide timely information about export demand for U.S. agricultural commodities. The U.S. Census Bureau, however, is the official source of export estimates. The monthly Census Bureau reports are not as timely as USDA reports, but provide an opportunity to reassess export progress during the marketing year.

For the marketing year that began on September 1, 2010, the USDA forecasts U.S. corn exports at 1.95 billion bushels, 37 million less than exported last year. Through the first 23 weeks of the marketing year (September 1, 2010 through February 10, 2011) the USDA's weekly export inspections report showed cumulative export inspections of 737 million bushels, 7 million more than the total of the previous year. Inspection estimates for the week ended February 10 will likely be revised higher, as has been the pattern all year, so that the actual difference is likely closer to 10 million bushels. Census Bureau estimates of exports for December 2010 were released on February 11. Cumulative Census Bureau export estimates for the first four months of the marketing year exceeded inspections by 34.5 million bushels. Last year, Census Bureau estimates for the same period exceeded inspection by 50.9 million bushels. By the end of the marketing year, Census Bureau estimates exceeded inspections by 102 million bushels. It is typical for the difference to get larger as the marketing year progresses. If the pattern of differences this year in relation to that of last year has continued since December, actual exports through February 10 were likely about equal to those of last year. If so, exports during the last 29 weeks of the marketing year will need to be 37 million bushels less than exports of a year ago to reach the USDA projection, a difference of about 1.3 million bushels per week. As of February 3rd, unshipped export sales exceeded those of a year ago by 21 million bushels. Larger outstanding sales and prospects for a further reduction in the estimated size of the Argentine crop suggest that marketing year exports will at least reach the USDA projection.

Marketing year soybean exports are projected at 1.59 billion bushels, 81 million more than exported last year. Through February 10, export inspections totaled 1.056 billion bushels, 27 million more than the total of a year earlier. Cumulative Census Bureau export estimates through December 2010 exceeded inspection by 14.2 million bushels very close to the difference of 15.4 million bushels of last year. If that equality holds for the rest of the year, it appears that soybean exports during the last 29 weeks of the year will need to be 54 million bushels larger than exports of a year ago in order to reach the USDA projection. Unshipped sales as of February 3rd were 100 million bushels larger than sales of a year ago, supporting prospects for reaching the USDA projection. The recent slowdown in new export sales and

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prospects for further increases in the prospective size of the Brazilian crop, however, raise some red flags.

For the marketing year that began on October 1, 2010, the USDA projects U.S. soybean meal exports at 9.2 million tons, 17.7 percent less than exported last year. Census Bureau export estimates through December 2010 revealed cumulative exports 22.2 percent less than in the previous year. Last year, meal exports were extremely large in January, February, and March. As of February 3rd, the USDA reported unshipped soybean meal export sales of 2.3 million tons, 27 percent less than unshipped sales of a year earlier. It appears that soy bean meal exports could fall short of the USDA projection. Such a shortfall would result in a smaller domestic crush than currently projected.

For the October 2010 through September 2011 marketing year, the USDA projects U.S. soybean oil exports at 2.8 billion pounds, 16.6 percent less than exported last year. Through the first quarter of the marketing year, the Census Bureau reported cumulative exports that were 33.2 percent larger than during the previous year. However, the pace of soybean oil exports has slowed in 2011, with the USDA reporting cumulative exports as of February 3rd about equal to those of last year. Unshipped sales on the same date were about 13 percent larger. While the pace has slowed dramatically, soybean oil exports for the year could still be a bit larger than the USDA projection. The concern for soybean oil centers on domestic demand for biodiesel. The USDA projects that use will rebound sharply this year to meet the Renewable Fuels Standards. As pointed out last week, the pace of use will have to accelerate to near record levels each month from January through September 2011 to meet the projection.

The slowing pace of exports and export sales of soybeans and soybean products, along with prospects for an even larger soybean crop in Brazil, suggest that the rationing process has been completed.