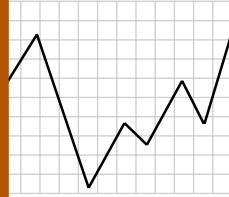


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WEEKLY OUTLOOK

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CORN AND SOYBEAN EXPORTS START SLOWLY

For the current marketing year, the USDA projects U.S. corn exports at 2.275 billion bushels. That projection is 340 million bushels larger than last year's exports and would be the largest in 11 years, exceeding 1995 exports by 47 million bushels. World trade of corn is expected to be about equal to that of last year, but the U.S. share of exports is expected to grow from 60.3 percent last year to 71.1 percent this year. China is expected to export less corn due to the shortfall in production. Other crop and smaller exports are also projected for Argentina.

The recent recovery in U.S. exports started in the summer of 1998 and persisted through the fall of 1999. For the last half of the 1999-00 marketing year (March through August 2000), U.S. corn shipments, however, were 133 million bushels less than during the same period in 1999. Through the first 8 weeks of the 2000-01 marketing year, the USDA export inspection report indicates that U.S. corn exports are running about 21 million bushels behind the pace of exports of a year ago. Of the major importers, only Mexico has received more U.S. corn than during the same period last year. The greatest decline (72 percent) is in shipments to South Korea, where imports of Chinese corn remain large.

As of October 19, the USDA reported that 272.5 million bushels of U.S. corn had been sold for export, but not yet shipped. That is 16 percent less than the level of outstanding sales on the same date last year. The largest year over year decline in sales is to Japan, the largest importer of U.S. corn. Of the major importers, only Taiwan had larger purchases on the books.

Early season exports and export sales are not always a good indication of shipments for the year. The seasonal pattern is not consistent from year to year. Right now, exports are continuing the decline started last spring. The size of the Chinese crop may determine if that pattern continues or is reversed in the spring of 2001. Some still argue that China could appear as an importer of corn at that time.

Soybean exports for the current marketing year are projected at 965 million bushels, about equal to the record exports of last year. The USDA projects world trade of soybeans at 1.657 billion bushels nearly 4 percent less than trade during the 1999-00 marketing year. In addition, the 2001 South American soybean harvest is expected to be nearly 130 million bushels (6 percent) larger than the 2000 harvest. The large U.S. export projection is a little surprising in light of the slow down in trade and larger crops in South America. The U.S. share of world soybean exports is expected to grow from 56.3 percent last year to 58.2 percent this year. Smaller South American exports are expected due to increased domestic crush.

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The current recovery in U.S. soybean exports began in the summer of 1999, fueled by purchases by China. Exports continue large, although shipments during the first 8 weeks of the current marketing year were about 13 million bushels less than during the same period last year. Shipments to Japan, Taiwan, and China are ahead of last year's pace, while shipments to Mexico, South Korea, and especially the European Union are behind last year's pace.

As of October 19, about 229 million bushels of U.S. soybeans had been sold for export, but not yet shipped. Outstanding sales were about 10 percent larger than on the same date last year, so that total commitments were about 3 percent larger. Compared to last year, outstanding sales exceed year-ago levels to all major buyers except Taiwan.

In addition to the size of the South American crop, U.S. soybean exports will be influenced by Chinese import policy. The USDA expects Chinese imports to decline by about 90 million bushels (from all sources) even though domestic meal consumption is expected to increase by about 10 percent. The smaller import projection reflects a slightly larger crop (26 million bushels), slightly larger meal imports (507,000 tons), and a drawdown in stocks (46 million bushels). Some analysts believe that Chinese imports will exceed the USDA projection.

In addition to revisions in U.S. crop estimates on November 9, the market will carefully track U.S. exports and export sales for clues that current projections are too high or too low. The slow start to the corn export program is of some concern, particularly with the recent controversy over GMO corn.

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