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## Weekly Outlook: Soybean and Corn Export Outlook

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As the focus turns to the planting season and markets adjust to the new realities associated with the pandemic, export markets continue to reveal consumption information relevant to price formation during 2020. Exports will play a significant role in determining prices in both corn and soybean markets moving forward.

A slower pace of soybean exports saw the USDA lower projections by 50 million bushels in last week's WASDE report to 1.775 billion bushels. The weaker exports out of the U.S. do not signal overall weakness in the global soybean export market. Brazilian exports in March came in at 426 million bushels. April soybean exports out of Brazil look to surpass March's total by a healthy margin. Soybean exports out of Brazil appear set to eclipse 1.7 billion bushels this marketing year. A weak currency continues to help Brazilian exports. The Brazilian real recently strengthened against the dollar but still sits down 25 percent since the start of the year. Chinese crush margins showed improvement over recent weeks. As China rebuilds their hog herd, imports appear likely to maintain a strong pace in 2020 without supply chain disruptions. China's progress toward meeting the Phase 1 trade commitments got off to a slow start this year. Census Bureau data available through February indicated China imported a mere \$2.4 billion in the first two months of the year. An uptick in Chinese imports of U.S. agricultural products seems likely, but increased soybean purchasing looks set to materialize later in 2020. For the current marketing year, the export pace needs to accelerate to meet the current forecast.

Census Bureau export estimates through February place soybean exports at 1.12 billion bushels. Census Bureau export totals came in around 37 million bushels larger than cumulative export inspections over the same period. As of April 2, export inspections for the current marketing year totaled 1.172 billion bushels. If the same difference in export pace continued through the current period, soybean exports would total 1.209 billion bushels as of April 2. For the remainder of the current marketing year, 26.2 million bushels of soybean exports are required each week to meet the USDA projection. During the last four weeks, export inspections of soybeans averaged 16.5 million bushels per week. As of April 2, outstanding sales for the current marketing year totaled 193 million bushels, which sits well below the estimated 566 million bushels required to meet the USDA projection. China holds a mere 17 million bushels of outstanding sales and looks to continue sourcing soybeans from Brazil over the near term. Last year saw approximately 616 million bushels of soybeans exported between April and August, with

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China recording 300 million bushels. A repeat of that performance, under some trying economic circumstances, remains necessary.

The USDA left the corn export forecast at 1.725 billion bushels. Recent strength in export sales holds the potential for meeting this projection. Lower prices look to see continued strength for U.S. corn exports. A major competitor, Brazil, seems destined to import corn from Argentina and Paraguay over the short-run to meet the demand for livestock. Brazilian corn exports came in down 40 percent through the first three months of the year reflecting tight supplies in the country. A smaller first corn crop combined with substantial exports at the end of last year blunted export pace thus far in 2020. A lot is riding on the second crop for Brazil's domestic corn users. Export prices fell in Ukraine recently. Thus far, Ukraine exported approximately 945 million bushels of USDA's forecasted 1.26 billion bushels for the marketing year. U.S. competitiveness in corn export markets is set to stay strong into the early summer. A more robust pace is required to hit the current forecast.

Export estimates by the Census Bureau through February place corn exports for the marketing year at 622 million bushels. Through April 2, cumulative export inspections totaled 761 million bushels. Using the relationship between export inspections and Census Bureau totals, exports for corn currently sit at 819 million bushels. For the remainder of the marketing year, export inspections need to average approximately 42 million bushels per week to meet the USDA projection. Over the last four weeks of export inspection data, corn exports averaged 43.2 million bushels per week. Total outstanding sales for the current marketing year sit at 557 million bushels, which is below the 906 million bushels required to reach the USDA projection. Mexico, Japan, and South Korea provided much of the recent strength and total almost 60 percent of outstanding sales. China, at present, holds 32 million bushels of sales. China showed up with 2020-21 marketing year purchases despite limited buying this marketing year. Through April 2, outstanding sales for the next marketing year sit up 17.8 percent over last year. While corn exports may fall short of the current forecast, the export pace in the second half of this marketing year looks to recover substantially from the weak first half.

The contraction of economic activity around the globe continues as the economic impacts of the pandemic grow. Supply chains remain a particular concern and disruptions still hold the potential for dramatic effects on export markets. U.S. exports of corn and soybeans look to respond to lower prices as we move deeper into 2020.

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