

R.J.O'Brien Weekly Fundamental Feedgrains Outlook

U.S. Corn Exports

November 20, 2001

While it is still rather early in the 2001/02 marketing year, the slow pace of US corn exports has raised concerns about the potential for a disappointing final tally when all is said and done. This year, perhaps more than any in recent memory, holds significant unknowns about the future corn export stream. The excessive rainfall across Argentina, resulting in lower production ideas, has allowed for optimism about longer-term US export prospects. China's entry into WTO also has raised hopes that export competition will decline from recent years upon their elimination of export subsidies. However, both of these issues will not likely become apparent as to their importance until the second half of 2001/02.

Potentially overriding both of those factors are the concerns about the US and global economies and what it may mean for global demand. An ongoing slowdown in the global economy likely would have a negative impact on feed demand and, accordingly, US exports.

For the time being, the majority of our concerns stem from the actual level of US exports so far. The chart below details some of these factors. The most notable feature is the consistency in which weekly exports

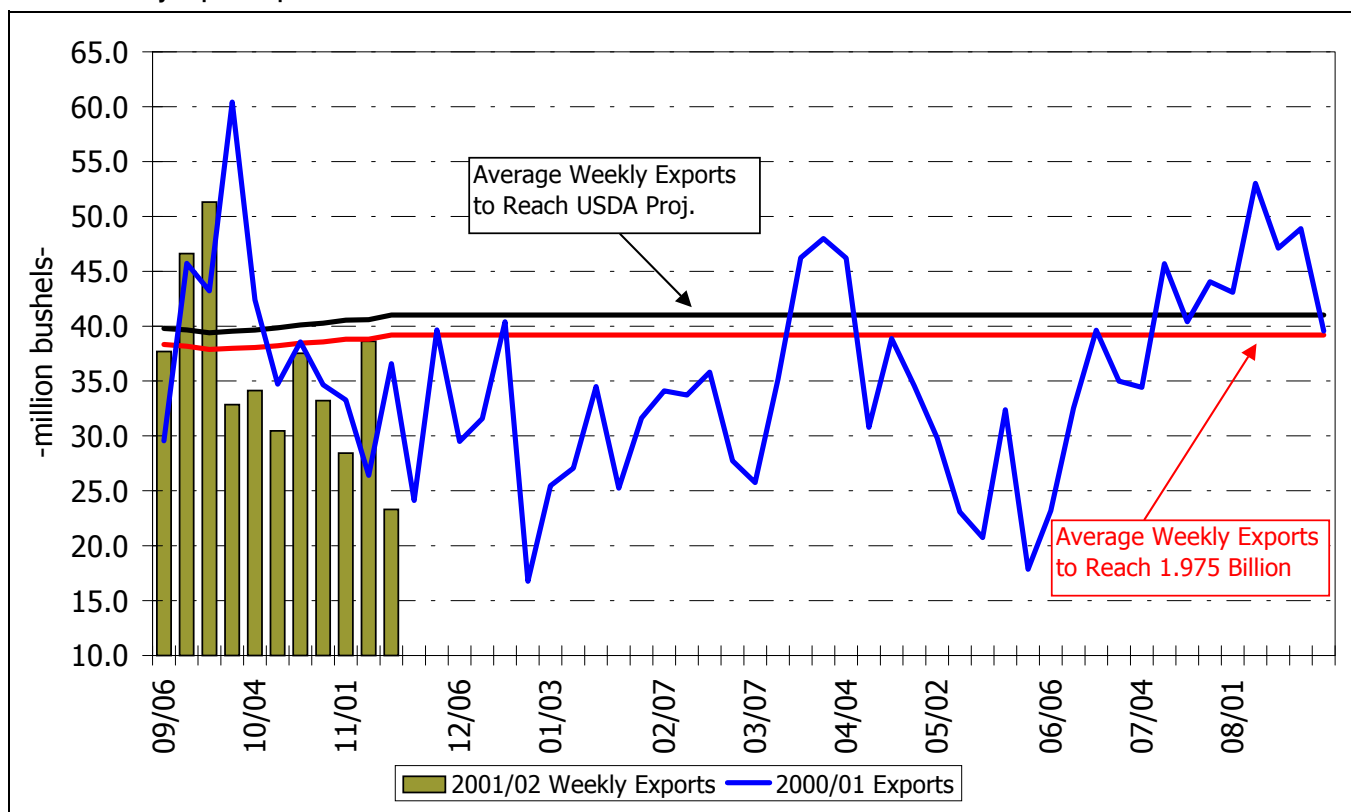
have fallen below the level needed to reach the USDA projection of 2.050 billion bushels. Of the first 11 weeks of 2001/02, only two have reached the average weekly exports needed.

To put this in a different perspective, exports from this point forward last year averaged 34.5 million bushels/week, even with the impressive levels to end the year. In order to reach the USDA's estimate, exports need to average roughly 41 million bushels/week for the remainder of 2001/02, or a 19% increase from last year for the next 9+ months.

We have recently lowered our 2001/02 export projection to 1.975 billion bushels. This still requires an average export pace of 39.2 million bushels/week, or a 14% increase over last year's pace, from this point forward. The slow start this year (exports are currently down 13% from 2000/01) has put this year's export program in a sizable hole and needing to play a significant catch-up game. While it is possible still, it will take a very impressive second half program to achieve anything more than a modest increase from last year's exports.

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US Corn Weekly Export Inspections



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