



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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### THERE MAY BE PROBLEMS WITH SOYBEANS

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THE TOTAL USE OF U.S. SOYBEANS was fairly stable at an average of 1,244 million bushels per year from the 1969 through 1972 crops. Disappearance in 1973-74 rose to 1,436 million, but decreased to 1,184 in 1974-75. The large disappearance in 1973-74 was partially the result of increased inventories of soybean oil and soybean meal. These inventories were liquidated in 1974-75. The average disappearance for the two years was 1,310 million bushels.

The disappearance figures suggest that the size of the market for soybeans has not increased during the past six years. In spite of sharply decreased production in 1974, the carryover at the end of August will have increased from 171 to 220 million bushels.

The USDA is currently projecting a 1975-76 disappearance of 1,278 million bushels and an ending carryover of 400 million, an increase of 9 percent from the 1974-75 level. Crush and export would need to be increased 25 percent to hold the carryover constant. Crush and export could be increased 29 percent if the carryover were reduced to the comfortable level of a year ago.

The domestic use of soybean meal will probably increase as larger feed supplies result in greater livestock numbers, but not much. Hogs are big users of soybean meal, and the number of hogs is quite low. Increases in hog numbers will be small because of the time required and because of the short corn crop in Iowa, the leading hog-production state.

The domestic use of soybean oil should recover from current low levels. These are partly the result of inventory liquidation, which has ended, also partly caused by competition from palm oil imports, which will continue.

Export prospects for soybeans are not bright. The world production of fats and oils appears likely to be above a normal trend increase. Livestock numbers are low and consumer demand is weak in destination countries.



The most severe problem is production of soybeans in Brazil. Brazilian soybean production was 184 million bushels in 1973, 277 million in 1974, and 340 million in 1975, and is projected at 395 million for 1976. Brazil is rapidly taking over the export market for soybeans.

The 1975 crop of soybeans needs to be priced low enough to (1) encourage a rapid rebuilding of the usage base, (2) discourage the production of soybeans next year, and (3) discourage further, rapid expansion in Brazil.

This material was prepared by T.A. Hieronymous for this newsletter.

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