



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

September 29, 1976

SOYBEAN STOCKS

THE USDA REPORT ON SOYBEAN STOCKS in all positions as of September 1 was released on September 22. This report indicates that the soybean carryover into the 1976-77 crop year will be 243.5 million bushels, compared to a September 13 estimate of 220 million bushels.

The carryover figure implies that last year's soybean crop was larger than the estimate of 1.521 billion bushels. Stock estimates are subject to a fair amount of error, but here's how the 1975-76 balance sheet shapes up: Soybean exports through August totaled 563 million bushels, domestic crush totaled 866 million bushels, and ending stocks are put at 243.5 million bushels. The crop plus carryin totaled 1.706 billion bushels, leaving an allowance for seed and waste of only 33.5 million bushels. We would expect this residual to be a minimum of 65 million bushels (1 percent waste and 50 million bushels for seed). The 1975 crop was apparently 32 million bushels above the last estimate.

Looking to the 1976-77 crop year, a carryover of nearly 244 million bushels plus a crop of 1.274 billion bushels, as estimated on September 1, equals a supply of 1.518 billion bushels. This would be 12 percent less than last year, but still the third largest crop on record.

Historically, the September 1 yield estimate has been very close to the final yield. The two major exceptions were in 1974, when crop conditions deteriorated quite rapidly after September 1, and again in 1975, when the crop was greater than anticipated. In those two years, the September 1 estimates were off by about 7 percent. Weather conditions since September 1 this year suggest that the final yield will be close to the current estimate.

Of the 1.518 billion bushels of soybeans estimated to be available in 1976-77, 75 million are likely to be used for seed and residual purposes, 100 million bushels is a minimum practical carryover, and 50 million bushels are committed to Russia. If the remaining supply is allocated between domestic crush and exports following recent proportions, 802 million bushels would be crushed with 541 million bushels exported.

A crush of 802 million bushels would produce nearly 8.7 billion pounds of soybean oil. Coupled with a carryin of 1.3 billion pounds, oil supplies would attain record levels. Even with optimistic disappearance estimates, burdensome inventories

of oil are indicated, and oil prices are more likely to decline than to increase. The average price for 1975-76 was 18.5 cents per pound.

An 802-million-bushel crush would produce slightly over 19 million tons of soybean meal in 1976-77, making the total supply about 19.4 million tons. This is a large meal supply compared to any year other than 1975-76. Assuming a reasonable carryout of 250 thousand tons, some 19.2 million tons would be available for the domestic and export markets. The USDA is estimating exports of 4.6 million tons, leaving 14.6 million for the domestic use. Domestic disappearance has ranged from 11.9 to 15.6 million tons during the last seven years. A trend increase in total soybean protein exports indicates meal exports of 6.2 million tons, leaving only 13 million tons for the domestic market.

A price range of \$140 to \$180 per ton for soybean meal would appear reasonable. An oil price of 18.5 cents a pound and meal at \$160 per ton would mean about \$5.50 per bushel for soybeans, suggesting a further price decline. Unfavorable harvest conditions could add some near-term strength to prices. The Brazilian crop situation as well as prospective acreage in the U.S. next spring will be major factors in spring soybean prices.

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