



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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### SOYBEAN DISAPPEARANCE CONTINUES LARGE

USDA'S ESTIMATE OF TOTAL SOYBEAN DISAPPEARANCE for the 1977-78 marketing year has been revised monthly since January. The May estimate places soybean crush at 925 million bushels, exports at 650 million bushels, and seed, feed, and residual uses at 74 million bushels. The estimate of total disappearance has increased by 100 million bushels since January. Carryover at the end of the marketing year is now estimated to be 170 million bushels.

The rate of use of soybeans to date suggests that even the most recent USDA estimate of total disappearance may be too conservative. Exports through May 12 averaged 14.2 million bushels per week and totaled slightly over 511 million bushels. To reach 650 million bushels, exports need to average only 8.7 million bushels per week from now through August.

In seven of the last ten years, U.S. soybean supplies were abundant and use was not artificially restricted. For these seven years, exports averaged 76 percent complete by mid-May. This pattern would project to exports of 670 million bushels for the current marketing year. However, in recent years the rate of U.S. soybean exports normally declined in the summer months, reflecting Brazil's entry into the export market. With Brazil's unexpectedly small crop, the U.S. export rate may not decline seasonally this year. Export inspections plus undelivered sales as of May 12 totaled 688 million bushels for the 1977-78 marketing year. Exports may reach 700 million bushels.

The domestic demand for soybeans has also been surprisingly strong. Through March, domestic soybean crush totaled almost 547 million bushels. To reach the USDA projection of 925 million bushels, crush needs to average about 17.2 million bushels per week from April to August. Although the official census estimate of the April crush is not yet available, the National Soybean Processors Association estimates that crush has averaged about 18.2 million bushels per week since March. If monthly soybean crush follows a typical pattern, the total for the marketing year projects to 940 million bushels.

The short Brazilian crop may also prevent some of the typical summer decline in U.S. soybean meal exports. The effect will not be as great as for soybeans

since Brazil will limit soybean exports to support the domestic crushing industry. The USDA places total meal exports for the year at 5.6 million tons. However, during the first half of the marketing year, meal exports totaled almost 3.1 million tons.

*IMPLICATIONS.* Although the 1977 soybean crop was of record size, a strong demand may prevent a significant increase in ending stocks. A strong and increasing demand along with a relatively small carryover implies a need for a relatively large soybean crop in 1978.

Considerable uncertainty still surrounds crop prospects, however yields and current prices being bid for new crop corn and beans still favor corn in central Illinois. However, late corn plantings reduce yield prospects and profit potential. Sign-up for the feed grain set-aside is relatively large, but the compliance rate is still unknown. Although current conditions are somewhat different, Illinois farmers did not switch from corn to soybeans in the late spring of 1974.

The market may be overestimating 1978 acreage. Prices will continue to respond to weather developments. The next indication of 1978 corn and soybean acreage will be revealed in the June 30 USDA report.

*D. L. Good*

*D.L. Good*, Extension Economist, Prices and Outlook

Cooperative Extension Service  
United States Department of Agriculture  
University of Illinois  
At Urbana-Champaign  
Urbana, Illinois 61801

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