



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

May 26, 1982

RATE OF SOYBEAN USE IS IMPRESSIVE

HISTORICALLY, U.S. SOYBEAN EXPORTS HAVE SHOWN A TENDENCY to decline during the spring and summer months. This decline is related to the harvest of the South American soybean crop and to renewed competition in the world market. But this spring, weekly soybean exports so far have been exceptionally large. From the first of April through the middle of May, weekly exports averaged 20.3 million bushels, compared with only 13.6 million last year, and 18.7 million two years ago.

The high export rate this spring results from a strong European demand, a shortfall in the Brazilian soybean crop, and the conflict between Argentina and the United Kingdom. Through May 6, soybean exports to the European Community totaled 327.5 million bushels, an increase of 29 percent from the same date last year. Sales to Europe continue to be large partly because of the uncertainty surrounding soybean shipments from Argentina.

The Brazilian soybean harvest is nearing completion. That crop is expected to total 460 to 480 million bushels, compared with nearly 560 million bushels in each of the last two years. Such a small crop suggests that U.S. soybean exports will remain large for the remainder of the year.

Through May 13, soybean exports totaled 698.2 million bushels, up 24 percent from exports last year. The USDA now projects that exports will reach 890 million bushels by the end of the marketing year (August 31, 1982). To reach that level, weekly exports need to average 12.2 million bushels for the next 15 weeks. In light of recent developments, it appears that exports could exceed 900 million bushels.

During the first seven months of the crop year (September through March), the Census Bureau indicated that the domestic soybean crush totaled 646.8 million bushels, up 2 percent from last year. Since March, estimates indicate that the soybean crush has averaged 19.4 million bushels per week, almost identical to that of a year ago.

STATE • COUNTY • LOCAL GROUPS • U.S. DEPARTMENT OF AGRICULTURE COOPERATING

THE ILLINOIS COOPERATIVE EXTENSION SERVICE PROVIDES EQUAL OPPORTUNITIES IN PROGRAMS AND EMPLOYMENT.

The increased soybean crush reflects increases in both the domestic and export demand for soybean oil and soybean meal. Domestic oil consumption is running nearly 5 percent ahead of last year's pace, while exports are up 32 percent. Increases in soybean oil shipments to Japan, India, and Pakistan have been especially large. Domestic soybean meal consumption through March exceeded year-ago levels by about 4 percent. Soybean meal exports have increased about 2 percent since last year.

If the current rate of soybean product consumption continues through the end of the marketing year, domestic soybean crush will total 1.06 billion bushels. This total is close to the USDA's current projection of 1.55 billion bushels.

On the basis of current trends and world developments, we can assume that soybean exports and domestic crush combined will reach 1.96 billion bushels by the end of the marketing year. Seed, feed, and residual uses normally total about 90 million bushels, which would bring total use up to 2.05 billion. This rate of use would in turn reduce carryover stocks to slightly under 300 million bushels.

At harvest time last year, carryover stocks were projected to be as high as 430 million bushels. Although carryover supplies will still be abundant (300 million bushels), the supply-demand balance has, nevertheless, improved significantly. Marginal increases in acreage and average yields will produce a 1982 crop no larger than the 1981 crop. Prospects for increased soybean product demand point to a further tightening of soybean supplies during the 1982-83 crop year.

Darrel Good

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

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

Official Business
Penalty for private use, \$300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

