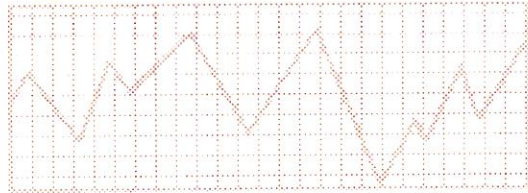




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# WEEKLY OUTLOOK

A joint publication of the Departments of Agricultural Economics, Colleges of Agriculture of Purdue University, West Lafayette, Indiana, and the University of Illinois at Urbana-Champaign

**FEBRUARY 22, 1993**

## **RECORD DOMESTIC CONSUMPTION OF SOYBEAN PRODUCTS**

**Domestic consumption of soybean meal and soybean oil** is calculated based on the Census Bureau estimates of meal and oil production and month end stocks and the Census Bureau estimate of meal and oil exports. The estimate of production and stocks is released about the third week of the following month, while export estimates are not available until about 7 weeks after the end of the month. Complete information is currently available through December 1992.

Domestic soybean meal consumption during the first quarter of the 1992-93 marketing year (October, November, and December) totaled a record 6.411 million tons. Apparent consumption was about 3.7 percent larger than during the same period last year and nearly 2 percent larger than the previous record consumption for the quarter established in 1987. Consumption was especially large during the month of December, exceeding the previous record consumption in 1982 by 15 percent.

For the period September through November 1992, domestic soybean meal consumption equalled 11.8 percent of apparent domestic corn feeding, nearly 2 percentage points less than the average of the past 7 years. Meal consumption as a percent of corn feeding was at the lowest level ever for the quarter. The low level of meal feeding in relation to corn reflected the high price of meal in relation to corn (44 percent meal at Decatur averaged 2.35 times the price of corn in central Illinois) and the low quality of the 1992 corn crop. In addition, corn feeding may have been overestimated due to errors in the 1992 production estimate and/or the December stocks estimate.

Over the past 3 years, domestic meal consumption during the first quarter of the year has ranged from 26.2 to 26.3 percent of the total for the year. The average was 26.27 percent. Domestic meal consumption is progressing at an annual rate of 24.4 million tons, 5 percent above the consumption of last year.

Domestic soybean oil consumption during the first quarter of the 1992-93 marketing year totaled a record 3.265 billion pounds, nearly 11 percent more than during the same period last year. Soybean oil consumption during the first quarter is not always a good indicator of consumption for the entire year. Over the past 10 years, consumption during the first quarter has ranged from 22.6 to 27.8 percent of the total for the year. The average was

25.3 percent. If the average pattern is followed this year, domestic oil consumption will reach 12.9 billion pounds, about 5 percent more than was consumed last year.

If the current rate of domestic meal and oil consumption is maintained, the domestic crush of soybeans will exceed the USDA projection. The USDA is currently projecting a 0.9 percent increase in crush from that of a year ago. For the period September through December 1992, the domestic crush was 2.8 percent larger than a year ago. Estimates from the National Oilseed Processors Association indicate that the crush through February 17 was 3 percent larger than a year ago. Based on the rate of crush to date, the crush for the year could be 10 to 15 million bushels above the current USDA projection, depending on how rapidly meal exports decline once the South American crop becomes available.

Soybean exports through February 11, were running nearly 19 percent ahead of last year's pace, according to weekly USDA export inspection figures. However, a discrepancy between USDA and Department of Commerce export figures showed up in December. Commerce figures through December indicate exports 17 million bushels, or about 5 percent, below the USDA figures. Exports of U.S. soybeans will decline sharply once the South American crop is harvested. The average weekly rate of U.S. exports normally drops by 50 percent beginning the first week of April. The current USDA projection of soybean exports is reasonable based on a typical seasonal pattern.

Soybean prices will likely remain mired in the recent narrow trading range for several more weeks. If estimates of the South American crop continue to grow, prices will drift lower. The next opportunity for an upward move in prices will come with spring and summer weather concerns in the United States.

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