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U.S. SOYBEANS — A LOOK AT THE COMPETITION

Annual production of soybeans in the United States has varied significantly since the late 1970s due to volatile weather conditions, but the overall trend has been sideways. Production totaled 1.87 billion bushels in 1978 and a record 2.26 billion bushels in 1979. From 1980 through 1992 production was in a range of 1.8 to 2.19 billion bushels, except for the drought years of 1983 and 1988. For 1993, the crop is currently estimated at 1.834 billion bushels.

Planted acres of soybeans declined from a record 71.4 million acres in 1979 to a low of 57.8 million in 1990. Acreage in 1993 totaled 59.46 million, about 2 million less than intended because of extensive flooding. The U.S. average soybean yield first exceeded 30 bushels per acre in 1977. For the period 1978 through 1991 the average yield ranged from 29.5 to 34.2 bushels, excluding the dry years of 1980, 1983, 1984 and 1988. In those years the average ranged from 26.2 to 28.1 bushels. The average jumped to a record 37.6 bushels in 1992 and declined to 32.7 bushels in 1993.

In contrast to the sideways trend in the U.S., soybean production in the rest of the world has increased significantly since the late 1970s. Foreign production of soybeans totaled 977 million bushels in 1978-79. By 1992-93, the total had grown to 2.093 billion bushels. The U.S. share of world soybean production declined from 66 percent to 51 percent. Most of the increased production has occurred in South America-Brazil, Argentina, and to some extent, Paraguay. Brazilian production grew from 290 million bushels in 1974 to 852 million in 1989. Production was down sharply from 1990 through 1992 due mostly to poor growing conditions. Production rebounded to 819 million bushels in 1993. Soybean production in Argentina totaled 26 million bushels in 1976, but has exceeded 400 million in each of the last 3 years. During that same period, production in Paraguay increased from 10 million to 66 million bushels. From 1978 through 1993, combined production in the three countries grew from 461 million bushels to 1.289 billion bushels. Production there accounted for 30 percent of the world total in 1992-93, up from 17 percent in 1977-78 and 5 percent in 1970-71.

During the 1978-79 marketing year, the United States exported 24.2 million metric tons of soybean protein, either as meal or as whole beans. South American exports totaled 8.82 million tons. During the 1992-93 marketing year, U.S. exports of soybean protein totaled 22.3 million tons. For the year ending January 1, 1994, South American protein exports are expected to reach 20.43

million tons. The growth in world soybean protein consumption over the past 15 years has been supplied mostly by South America.

The South American crop that will be harvested in 1994 has been or is being planted now. Preliminary projections by the USDA show the potential for a record 1.352 billion bushel crop in 1994, due to increased acreage. Conditions during the planting and early growing season have not been ideal. Parts of Argentina have had excessive moisture while parts of Brazil have been on the dry side. It is unlikely that yield potential has been reduced yet, however. In addition to the potential for a larger South American crop, China has harvested its largest soybean crop in 5 years and soybean production in the remainder of the world is record large. Even though the U.S. crop is 354 million bushels smaller than the 1992 crop, production in the rest of the world in 1993-94 is expected to be up 157 million bushels, at a record 2.25 billion bushels. If these estimates are correct, the U.S. will account for only 45 percent of the world soybean crop in 1993-94.

The small crop of 1993 means that consumption of U.S. soybeans will have to decline by 200 million bushels, or about 10 percent, during the 1993-94 marketing year. Prices have risen sharply in order to ration the smaller supply. Compared to prices of a year ago, soybean prices are up 20 percent, soybean meal prices are up 16 percent, and soybean oil prices are 32 percent higher. Many have been disappointed in prices, expecting that higher prices would be required to ration the smaller crop. The limiting factor to date, however, is the availability of competing supplies of soybeans from other areas as well as large crops of other oilseeds. That is, price has not had to do all of the rationing, competition has accomplished part of the task. Higher prices may yet be required, if the South American crop runs into trouble or the U.S. production estimate is lowered in January, but weekly estimates of use suggest that consumption is being reduced in line with USDA projections.

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