Cooperative Extension Service

WEEKLY OUTLOOK

A joint publication of the Department of Agricultural Economics, College of Agriculture, Purdue University, West Lafayette, Indiana, and the Department of Agricultural and Consumer Economics, College of Agricultural, Consumer and Environmental Sciences, University of Illinois at Urbana-Champaign.

MARCH 24, 1997

SOYBEAN WATCH

The U.S. Census Bureau reported that the soybean crush during February 1997 totaled a record 125.153 million bushels, 12.6 percent above the crush of February of last year and 7.4 percent larger than the previous record February crush of two years ago. Soybean crush in the first half of the 1996-97 marketing year totaled 761.3 million bushels, 7.2 percent larger than last year's crush during the same time period. For the entire marketing year, the USDA has projected the crush at 1.42 billion bushels, only 3.6 percent larger than last year's crush. If that projection is correct, crush during the last half of the year (March through August) needs to be equal to last year's crush during the same time period, or an average of 25.4 million bushels per week. Figures from the National Oilseed Processors Association showed a weekly crush of 30.1 million bushels during the first two weeks of March. The first indication of a slow down was the crush of 28.1 million bushels during the week ended March 19. The slow down reflects a sharp decline in the crush margins and decisions by some processors to take down time early this year.

For the past six years, the seasonal pattern of crush has been very consistent. The crush during the first half of the year has averaged 51.5 percent of the total for the year (in a range of 51.2 to 51.9 percent). Using the average distribution, the crush during the first half of this year projects to a total of 1.478 billion bushels, 58 million bushels above the USDA projection. The reduction in crush during the second half of the year will have to be larger than normal to hold the crush to the USDA projection. The record large South American crop will certainly contribute to that reduction, as will narrow crush margins and high soybean prices. However, if the crush rate continues to exceed the average pace required, higher soybean prices may be needed.

The large soybean crush so far this year has been driven by soybean meal demand. Meal production during the first five months of the marketing year that began on October 1, 1996 totaled 15.63 million tons, an increase of 1.22 million tons (8.5 percent) over production during the same time period last year. Soybean meal stocks at the end of February totaled an estimated 198,000 tons, about 32,000 tons below the level of stocks a year earlier. Apparent meal disappearance during the first five months of the year totaled 15.71 million tons, 1.23 million tons (8.5 percent) more than during the same period last year. According to the USDA's weekly *Export Sales* report, all of the increase in meal use over last year is due to larger exports. The average soybean meal yield per bushel of soybeans has been 47.3 pounds, down about 0.5 pounds from last year's yield and about equal to the yield of the 1994 crop.

Soybean oil production during the first five months of the marketing year totaled 7.128 billion pounds, an increase of 436 million pounds (6.5 percent) from production during the same period last year. Soybean oil consumption during the same period has increased by 633 million pounds. Due to the large level of oil stocks at the beginning of the year, February 1997 stocks totaled 2.2 billion pounds, compared to 1.52 billion a year ago. Most of the increase in oil use has been due to larger exports. The average oil yield per bushels of soybeans has been 10.79 pounds, about 0.3 pounds less than the yield from the 1995 crop. A yield near last year's level would have produced an additional 200 million pounds of oil during the first five months of the 1996-97 marketing year.

Based on USDA export inspection figures, soybean exports during the first 29 weeks of the marketing year totaled nearly 678 million bushels, 17 percent more than exported during the same period last year. For the year, the USDA projects exports at 900 million bushels, 49 million (5.8 percent) more than were exported last year. If that projection is correct, exports during the final 23 weeks of the marketing year need to average about 9.5 million bushels per week. The average weekly rate to date has been 23.6 million bushels. The average for the past four weeks (ended March 20) was 18.5 million bushels. As in the case of the domestic crush, the decline in exports during the last half of the marketing year must be larger than normal to hold exports to the USDA projection. Exports for the next 23 weeks need to be about 50 million bushels less than during the same period last year. As of March 13, unshipped sales were only 20 million less than sales of a year ago.

Darrel Good

Issued by Darrel Good
Extension Economist
University of Illinois

CES Newsletter Service
University of Illinois
at Urbana-Champaign
69 Mumford Hall
1301 West Gregory Drive
Urbana IL 61801

FIRST CLASS