



WEEKLY OUTLOOK



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SEASONAL DECLINE IN SOYBEAN CONSUMPTION

The consumption of U.S. soybeans has a very clear seasonal pattern. That pattern is modest for the domestic crush and very pronounced for exports.

For the 10 years from 1999-00 through 2008-09, an average of 51.7 percent of the domestic crush occurred in the first half of the marketing year. Percentages were in a narrow range of 50.2 percent in 2006-07 to 55.1 percent in 2003-04. There is a slight tendency for the crush during the first half of the year to be a smaller percentage of the marketing year total when the crop is large. In the 5 years when the crop was larger than the previous year, the crush during the first half of the year averaged 50.8 percent of the marketing year total. The domestic crush is always the smallest during the fourth quarter of the year. The average during that quarter over the last 10 years was 23.4 percent.

For the current year, Census Bureau estimates of the domestic crush are available through January 2010, the first five months of the marketing year. The February estimate will be released on March 25. It appears that the domestic crush during the first half of the year was near 935 million bushels, nearly 93 million larger than during the first half of the 2008-09 marketing year. If the domestic crush is following an average large crop pattern, the crush during the first half of the marketing year points to a marketing year total of 1.84 billion bushels. That is 110 million bushels above the USDA's current projection for the year. If the crush for the year is at the 1.73 billion bushels projected by the USDA, crush during the last half of the marketing year would need to total only 795 million bushels, 25 million less than during the last half of the 2008-09 marketing year. The crush during the first half of the year would then account for 54 percent of the marketing year total.

Over the 10 years from 1999-00 through 2008-09, U.S. soybean exports during the first half of the marketing year averaged 69.4 percent of the marketing year total. The range was large and the pattern was not consistent. For the four years from 2001-02 through 2004-05, first half exports averaged 74.6 percent of the total, in a range of 71.4 to 81.2 percent. During the other six years, first half exports averaged 65.7 percent, in a range of 62.9 to 68.2 percent.

For the current year, exports during the first six months were likely near 1.155 billion bushels, 278 million more than during the first half of the 2008-09 marketing year. The USDA projects marketing year exports at 1.42 billion bushels. At that level, exports during the first half of the marketing year would represent 81.3 percent of the total for the year. Exports during the last half of the year would need to total only 265 million bushels, about 10.2 million bushels per week. The rate at which the consumption of U.S. soybeans declines will determine the magnitude of year ending stocks. Those stocks are currently projected at a modest 190 million bushels. Exports so far in March have remained brisk, averaging 32.7 million bushels per week. Shipments need to average only 7.4 million per week from now through August to reach the USDA projection.

The reason for the sharp decline in U.S. exports during the last half of the marketing year is the availability of large South American supplies beginning in early April. The seasonal decline is expected to be especially large this year because U.S. exports over the past six months have been supported by a small South American soybean crop in 2009. The 2010 crop is expected to be very large. At 4.787 billion bushels, that crop is expected to be 36 percent larger than the 2009 crop.

In its early projections, the USDA anticipates the large South American crop will continue to impact the consumption of U.S. soybeans during the 2010-11 marketing year. Both the domestic crush and exports are expected to decline during the year ahead, leading to some build-up in U.S. stocks. The magnitude of that build-up will depend on the size of the U.S. harvest this fall. Expectations about crop size will begin with the *Prospective Plantings* report on March 31.

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