



## Soybean Oil Use for Biodiesel Begins to Recover

**Darrel Good**

Department of Agricultural and Consumer Economics  
University of Illinois

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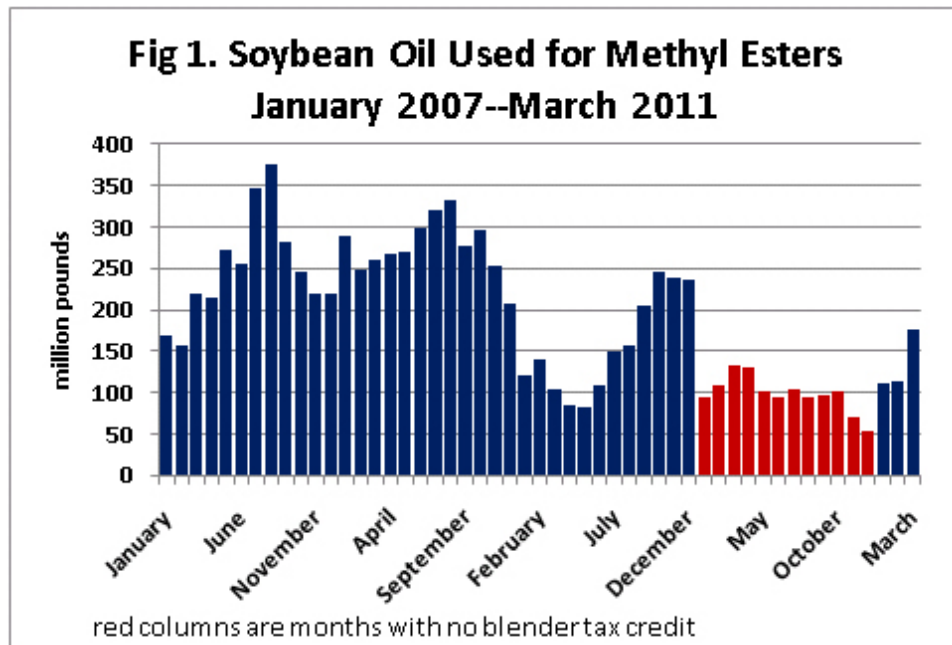
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The consumption of soybean oil in domestic biodiesel (methyl esters) totaled 2.021 billion pounds during the 2008-09 marketing year (October 2008-September 2009). Consumption during the 2009-10 marketing year declined to 1.681 billion pounds. The decline reflected the failure to extend the \$1.00 per gallon biodiesel blenders' tax credit for calendar year 2010. As indicated in the red columns in figure 1, consumption of soybean oil in methyl esters declined to very low levels in November and December of 2010. The Census Bureau has provided estimates of the consumption of all soybean oil in methyl esters since October 2006. Monthly consumption peaked at 376.2 million pounds in August 2007 and accounted for 20 percent of total consumption of U.S. soybean oil. Consumption in December 2010 was only 53.7 million pounds, accounting for 3.4 percent of total soybean oil consumption that month.

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The blenders' tax credit was re-instated beginning in January 2011 and a rebound in consumption of soybean oil in methyl esters has been expected. The USDA initially projected consumption during the current marketing year that began on October 1, 2010 at 2.9 billion pounds. Consumption rebounded slowly in January and February 2011 and the USDA lowered the projection to 2.7 billion pounds. The Census Bureau report for March was released today and that report showed a rebound in consumption to 176.3 million pounds, or 11 percent of total soybean oil consumption during the month. Consumption during the first half of the 2010-11 marketing year totaled 625.4 million pounds. To reach the USDA projection of 2.7 billion pounds for the year, consumption during the last half of the year will need to total almost 2.075 billion pounds. That is an average of 345.8 million pounds per month. Monthly consumption will need to double from the March level and remain at that level through September to meet the projection. The Census Bureau report of consumption during April is scheduled for release on May 2nd.

The Census Bureau also provides monthly estimates of the amount of all fats and oils consumed in methyl esters (figure 2). Consumption peaked at 515.6 million pounds in July 2008 and accounted for 17.7 percent of consumption of all fats and oils. Consumption declined to 120.8 million pounds in November 2010, accounting for 5.1 percent of total consumption. Today's report showed a rebound to 370.6 million pounds in March 2011, or 13.7 percent of total consumption. During the first half of 2007, soybean oil accounted for nearly 90 percent of all fats and oils consumed in methyl esters. That share has now declined to just under 50 percent.

**Fig. 2. Fats and Oils Used in Methyl Esters  
January 2007--March 2011**

