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May Soybean Crush Slightly Larger Than Expected

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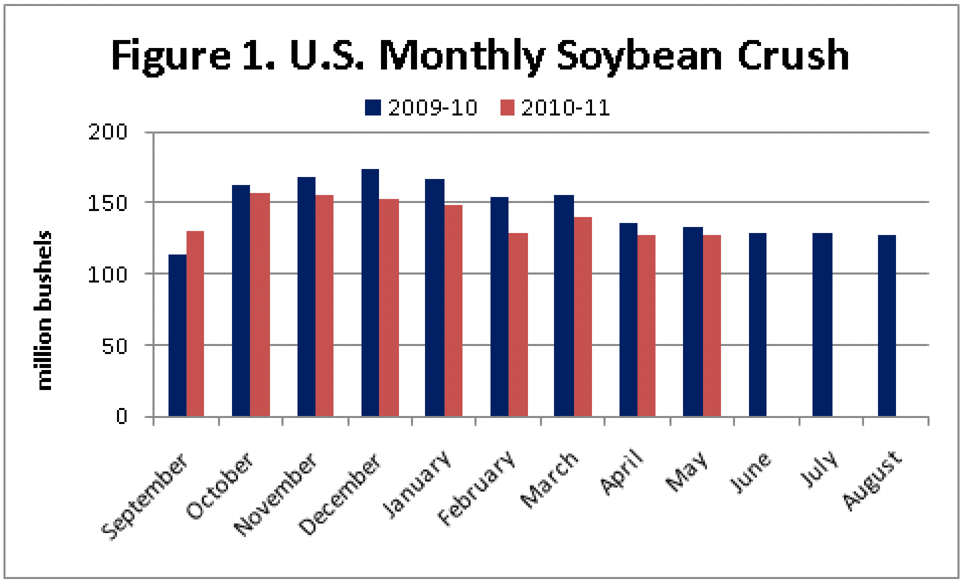
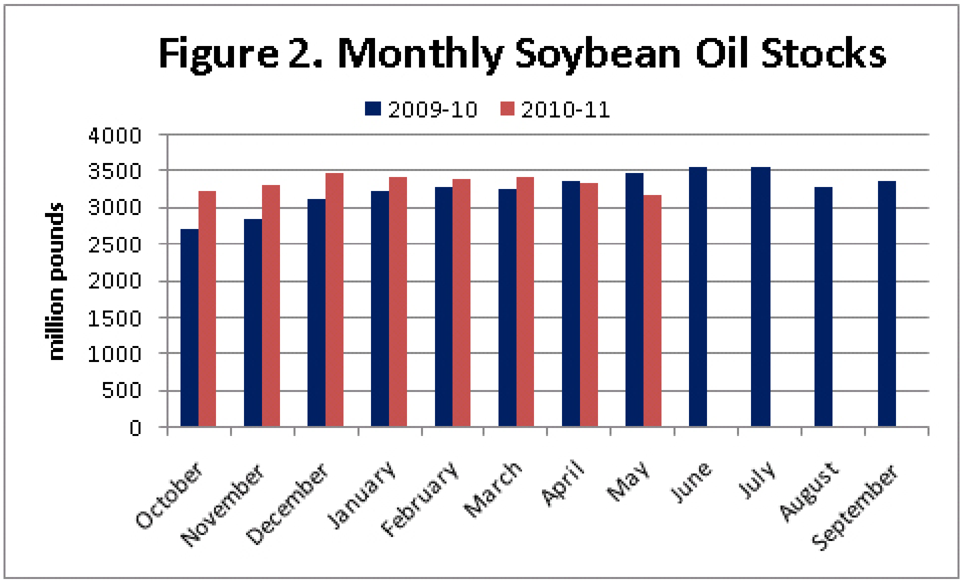
Today's Census Bureau report estimated the domestic crush of soybeans during May 2011 at 128 million bushels. That estimate is 4.9 million bushels less than the crush during May 2010, but equal to the crush during April 2011 (Figure 1). The crush was the smallest for the month since 2004 and the third smallest since 2000. However, the crush estimate exceeded expectations by 1.5 to 2.5 million bushels. The crush during the first three quarters of the 2010-11 marketing year totaled 1.2705 billion bushels, 94.4 million less than the crush during the same period last year. For the year, USDA projects that the crush will be 101.5 million bushels less than during the 2009-10 marketing year. To reach that projection, crush during the final quarter of the year will need to total 379.5 bushels, 7.1 million less than during the final quarter last year. Crush during the final quarter last year was relatively small and the smallest in 6 years. It now appears that the domestic crush during the current marketing year will reach, or perhaps exceed, the USDA projection.



At 11.65 pounds, the apparent soybean oil yield per bushel of soybeans remained high in May, but slightly below the record 11.76 pounds in April. Apparent soybean oil consumption (domestic plus exports) was 86 million pounds (5.5 percent) larger in May than in April. Soybean oil factory and warehouse stocks at the end of May were estimated at 3.174 billion pounds, 168 million less than stocks at the end of April and 294 million pounds less than stocks of a year ago (Figure 2).



The apparent yield of soybean meal and hull meal per bushel of soybeans also remained high in May, at 48.43 pounds. The calculated yield in April was a record 48.64 pounds. Total disappearance of soybean meal during the month was 173.3 thousand tons (5.8 percent) larger than in April and 195.4 thousand tons larger than in May 2010. Disappearance in both April 2011 and May 2010 were relatively small. Larger use in May was likely in the domestic market, as low prices of soybean meal relative to grain prices likely encouraged some substitution of meal for grains.

The May soybean crush report indicates that soybean oil and meal consumption are progressing a little more rapidly than projected, resulting in a slightly higher rate of soybean crush than expected. The increases are relatively small and do not substantially alter the supply-demand balance for the current marketing year. The USDA's quarterly *Grain Stocks and Acreage* reports to be released on June 30 will provide important information for re-assessing those balances for the current and upcoming marketing years.