



Weekly Outlook: Soybean Crush Holding Steady

Todd Hubbs

Department of Agricultural and Consumer Economics
University of Illinois

April 22, 2019

farmdoc daily (9): 72

Recommended citation format: Hubbs, T. "[Soybean Crush Holding Steady](#)." *farmdoc daily* (9): 72, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, April 22, 2019.

Permalink: <https://farmdocdaily.illinois.edu/2019/04/soybean-crush-holding-steady.html>

Soybean crush levels came in higher than expected in March and maintain a steady pace thus far in 2019. Domestic use in both soybean meal and oil looks to support crush levels in 2019 despite stiff foreign competition in export markets.

Soybean crush during the first half of the marketing year from September 2017 through February 2018 equaled 1.06 billion bushels, 4.9 percent higher than first half crush totals last marketing year. The USDA's current projection indicates a 2.2 percent increase over last year and implies that the crush during the last half of the year will total 1.04 billion bushels. A second-half crush total at this level comes in slightly lower than last year's 1.044 billion bushels. The NOPA crush estimate for March totaled 170.11 million bushels. USDA estimates of crush ran, on average, a little under six percent higher this marketing year than NOPA estimates. A March crush level estimated near 179 million bushels results if this relationship holds. The March estimate implies that the crush during the last five months of the year must total 861 million bushels. This crush total is near the same pace with the crush rate of a year ago to reach the USDA projection of 2.1 billion bushels.

The pace of domestic crush accelerated saw a substantial uptick last year with the shortfall in Argentinian soybean production. Current forecasts of Argentine soybean production reflect a recovery from last year's poor crop and sit at 2.02 billion bushels for the 2019 crop year, up 632 million bushels from last year's production. Soybean crush projections for Argentina sit at 1.58 billion bushels, 223 million bushels larger than last year's drought-plagued crush total. An expectation of Argentina moving into the soybean oil and meal markets over the next few months appears reasonable. The forecast for soybean meal and oil exports out of Argentina are up over fifteen and twenty percent respectively from last year.

Soybean oil prices strengthened in the first half of the marketing year. Lower soybean oil prices led to greater use in biodiesel production. The projection for biodiesel use expanded by 150 million pounds in the April WASDE report to 8.35 billion pounds. Total soybean oil use came in at 25.1 billion pounds, up five percent from the last marketing year. Despite the increase in soybean oil demand, prices remain in the 28-30 cents range with March Decatur soybean oil prices averaging 28.6 cents per pound. March

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available [here](#). The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

prices came in almost a full cent lower than February's average of 29.58 cents per pound in Decatur. Large soybean stocks look to keep soybean oil prices in check through the remainder of 2019.

The growth in soybean meal prices associated with the drought in Argentina continues to weaken. Soybean meal prices in Decatur came in at \$379 per ton last March and eventually hit a monthly average high of \$393 per ton in May. This March soybean meal prices averaged \$306 per ton in Decatur, down slightly from February. The April WASDE report held all consumption categories for soybean meal steady from the March report. Current marketing year use is projected at 49.7 million short tons, up 141 thousand tons from last marketing year. Domestically, ample livestock supply indicates continued consumption of soybean meal throughout the spring and summer as beef, pork, and broiler production look to expand over last year's levels. Red meat and poultry production came in 2.1 percent higher during the first quarter of 2019. Projections for second quarter production show an increase of 3.2 percent. A continuation of healthy domestic consumption appears feasible in 2019 with the potential for expanded pork exports and production during the latter part of the year.

Soybean meal export markets showed strength through the first quarter of the soybean meal marketing year (October 2018 – December 2018). Exports increased 12 percent over last year to 3.46 million short tons. The USDA's current projection indicates a 2.1 percent decrease for the year and implies that the exports during 2019 will be 6.2 percent lower during the 2019 portion of the marketing year. Through February, soybean meal exports total 6.08 million tons. Soybean meal exports must total 7.66 billion tons from March through September to reach the USDA projection, down 882 thousand short tons from 2018. Growing issues with African swine fever in Southeast Asia and competition out of South America look to dampen exports in 2019.

Soybean crush maintains a pace to set record levels of use this marketing year. Domestic consumption of soybean meal and oil appears set to support the necessary crush pace to meet current marketing year projections. The progression of soybean meal exports and domestic soybean oil use through the remainder of the spring and summer will provide insight into the potential for crush levels as we move into the next marketing year. While strong crusher demand is a bright spot in soybean use, robust crush will not solve the issues associated with burdensome ending stocks projected for soybeans this year.