



Weekly Outlook: Soybean Crush Prospects

Todd Hubbs

Department of Agricultural and Consumer Economics
University of Illinois

November 18, 2019

farmdoc daily (9): 217

Recommended citation format: Hubbs, T. “[Soybean Crush Prospects](#)” *farmdoc daily* (9): 217, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, November 18, 2019.

Permalink: <https://farmdocdaily.illinois.edu/2019/11/soybean-crush-prospects.html>

The release of the NOPA soybean crush estimates last Friday indicated crush levels picked up substantially in October. Driven by a moderate export pace for soybeans and a decent crush margin, soybean crush appears back on track for the 2019-20 marketing year

For the 2019-20 marketing year, the USDA projects soybean crush at 2.105 billion bushels in November, down 15 million bushels from the previous projection. Despite the lowering of crush, the forecasted total sits one percent above last year and at a record amount for a marketing year. The reason for a lower crush forecast was due to a lower than expected crush total in September. At 162.3 million bushels, September crush came in down 4.3 percent from the previous September. NOPA released October crush estimates last Friday, and they were stronger than expected. The 175.4 million bushels crush estimate by NOPA in October place crush near 185.2 million bushels if the difference between USDA and NOPA crush estimates over the last few months stays constant. Soybean crush needs to total 1.757 billion bushels for the next ten months, or a one percent increase over last year’s total for the same period, to reach the USDA’s current projection. Crush levels at that pace seem feasible under current market conditions.

Soybean meal prices ticked up recently from the levels seen in August and September when they dropped below \$300 per ton. In the November WASDE report, domestic soybean meal use stayed at 36.65 million tons, up 558 thousand tons from last marketing year’s estimate. An expectation of expanded year-over-year production in the next two quarters in beef, pork, and poultry provide support. Driven by African Swine Fever in Asia and a recent relaxing of import restriction on U.S. poultry by China, pork and poultry production appears set to be particularly robust. Uncertainty about the outcome of trade talks continues to hang over agricultural markets. Still, the scale of meat demand due to the hog herd losses around Asia provides hope for expanded production and prices in the livestock sector.

Projected soybean meal exports dropped by 350 thousand tons in the latest report. The 13.35 million tons expected for export sit 204 thousand tons below the last marketing year’s estimate. Soybean meal exports ended the 2018-19 marketing year on a down note. From April to September, exports came in 12 percent lower than the previous year. Six weeks into this marketing year, total commitments sit 8 percent below the five-year average over this period. While accumulated exports are up 9 percent, outstanding sales lag last year’s pace by 14 percent. Lack of sales to the EU, Japan, and Vietnam account for the

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](#).

majority of the drop-off. A slight expansion of soybean meal exports from Argentina this marketing year alongside moderate growth from major importers may inhibit stronger soybean meal exports this marketing year.

Soybean oil prices exhibited strength in the last few months. Soybean oil prices rose to over 30.5 cents per pound, up over three cents from a few months ago. Vegetable oil stocks in the world fell due to a lower Chinese crushing of oilseeds and reduced inventories. Lower stocks in China bolstered imports and led to higher vegetable oil prices, particularly palm oil prices. Stocks-to-use ratios for major vegetable oils sit at lower levels this marketing year. World soybean oil stocks-to-use of six percent indicate a drop of approximately 0.7 percent from the last marketing year. Lower inventories show up in recent soybean oil export data. Accumulated exports came in up 58 percent over last year's pace through the first six weeks. Outstanding sales are down slightly, but total commitments are up two percent. At 1.7 billion pounds, the projection for soybean oil exports comes in down 241 million pounds from the last marketing year. Tightening palm oil supplies and increasing prices may benefit soybean oil over the near term.

The forecast for domestic use of soybean oil of 23.5 billion pounds is up 2.7 percent from last year. Increased food and industrial uses seem probable under current conditions in the world vegetable oil market. The projection for biodiesel use of soybean oil hitting 8.5 billion pounds may be high. The lack of progress on biodiesel credits in Washington combined with recent plant shutdowns looks to limit growth in this use category.

Soybean crush levels appear set to maintain a pace for record soybean use in this category during the 2019-20 marketing year. Both soybean oil and soybean meal markets contain positive demand factors as we move into 2020. The availability of soybeans may be an issue. If the trade impasse with China lacks a resolution, soybean crush looks to be the dominant use for U.S. soybeans moving into 2020. Crush totals remain poised to meet the current USDA projections.

Discussion and graphs associated with this article available here: <https://youtu.be/pZPhCD13ct0>