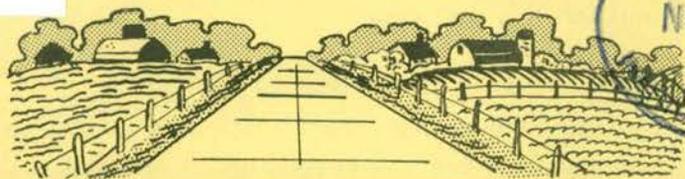


What's **AHEAD** for  
**Minnesota Farmers**



NOV 8 1962

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**OIL CROPS**

AGRICULTURAL EXTENSION SERVICE

UNIVERSITY OF MINNESOTA

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AT A GLANCE:

Soybean production for the nation is forecast at a record 703 million bushels based on August 1 conditions (2% above last year). The carryover supplies are expected to total about 55 million bushels (only 6 million last year) and will raise the total supply of soybeans for the 1962-1963 marketing year to 758 million bushels. The price of soybeans will be dominated by the loan and resale structure because the CCC will increase its holdings during the year ahead. This year's loan rate is 5¢ below last year. The demand structure for meal is reasonably favorable but not so for the oil as stocks of edible fats and oils point to new record-large supplies. The export outlook for both edible fats and oils and soybeans is also expected to result in a new record high.

SITUATION

OUTLOOK

. Soybeans. Early August indications for the nation point to a new record-large supply of soybeans for the 1962-1963 marketing year which begins on October 1. The expected 703 million bushel crop this year plus a 55 million bushel carryover totals 758 million bushels and 59 million bushels more than the total supply a year ago. While the nation is headed upward toward a new record in soybean production, estimates for Minnesota point to a 7.5 million bushel reduction from 1961 due to expected lower average yields.

. The demand for soybeans in the year ahead will be influenced by the increased production expected from other edible oils and certain animal fats. Present indications are for 5% more cottonseed, 27% more flax, and slightly more peanuts. Lard production, however, may be about the same as it was this past year.

. Exports. Soybean exports will again set a record in 1961-1962. They are expected to total 150 to 155 million bushels — up from 130 million last year. Exports to Canada were only moderately larger. Biggest increases were to Europe due mainly to (1) livestock expansion in European countries, (2) continued improvement in the quality of soybean meal produced in the United States, and (3) the low price of soybean oil when compared with other edible oil and animal fats.

. The supply of soybeans available for the 1962-1963 marketing year is larger than any reasonable estimate of prospective disappearance.

. It appears that there will be a substantial carry-over of soybeans on October 1, 1963, and also that the carryover will be larger than the one expected on October 1 of this year.

. The price of soybeans will be determined largely by the loan rate. For Minnesota, soybean loan rates will vary by counties from \$2.11 to \$2.19 per bushel. These prices reflect the 5¢ lower loan rate than a year ago. Prices at harvest time may encourage storage with many producers taking advantage of the loan. A subsequent rise in price later in the year may be sufficient to pull soybeans out of the loan and from the CCC inventory.

. Past trends offer the best guide to soybean export prospects. Japan may take an additional 3 to 4 million bushels; Europe, 12 to 15 million; and other countries combined, 3 to 4 million. Canada is a large importer of our soybeans but soybean production there is increasing and may limit future annual increases in exports to that country. Total expected exports may reach 175 million bushels compared with 150 to 155

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## SITUATION

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. Exports to Japan increased during the past year but they have a surplus edible oil problem.

. Soybean meal. The level of soybean crushings during the current marketing year was determined largely by a strong demand for meal. This resulted in a larger crush than was warranted by the oil situation. As a result, the 1962-1963 marketing year will probably start with large stocks of soybean oil and low stocks of meal; oil prices will be low in relation to meal prices.

. Soybean meal output, which is up 7% in total this marketing year, has moved steadily into both domestic consumption (up 4% from last year) and foreign consumption (up 80%).

. Soybean meal prices (bulk, Decatur) rose sharply from \$56 per ton in October 1961, to \$69 in July 1962, averaging \$65.00 for the 10-month period compared with \$60 for the same months a year earlier.

. Soybean oil. Stocks of soybean and cottonseed oils are substantially above a year ago, with prospects of this situation becoming more serious. Low prices on soybean oil means that meal must be held at higher prices. A problem exists in the balancing of soybean oil and meal prices above the fixed price of soybeans. Soybean processors are being squeezed between soybean price supports and the value of the products, meal and oil.

. World production per capita of oil is at an all time high and appears to be increasing faster than expected demand. Total exports of soybean and cottonseed oils during 1961-1962, included 800 million tons sold for dollars, a like amount sold for soft currencies, and 350 million tons as charitable donations. Assistance from various P.L. 480 programs has been an important factor in over half of the export sales of these edible oils.

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## OUTLOOK

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million this past year.

. Soybean meal prices are expected to decline seasonally from the currently high level, but will probably average slightly above the Sept.-Dec. 1961 level of \$59 per ton. Prices which crushers pay for new crop beans this fall are expected to drop somewhat from current levels. Only part of the decline will be reflected in lower product prices because recent slim processing margins probably will widen.

. Large exports of meal, particularly to Europe this past year, may drop back some. Europeans prefer to import beans rather than meal.

. During the year ahead, dollar sales will probably decline sharply. Europe is liberally supplied with animal fats and the increase in the total amount of soybean oil from the soybean exports expected will meet their needs amply.

. Some expansion in P.L. 480 exports is to be expected. A 4-year agreement with Pakistan was signed this past year. This outlet plus others including an expected increase in exports to Turkey and Egypt should expand exports of soybean oil. The CCC is well stocked with butter which may influence the volume of soybean oil exported by charitable organizations.

. Domestic use and exports of soybean oil should total 5,125 million pounds of oil and require a crush of 465 million bushels of soybeans compared with 435 million bushels estimated for the past 1961-1962 year.

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