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THE OUTLOOK FOR THE OILSEEDS INDUSTRY: FORECASTING IS NEVER EASY....

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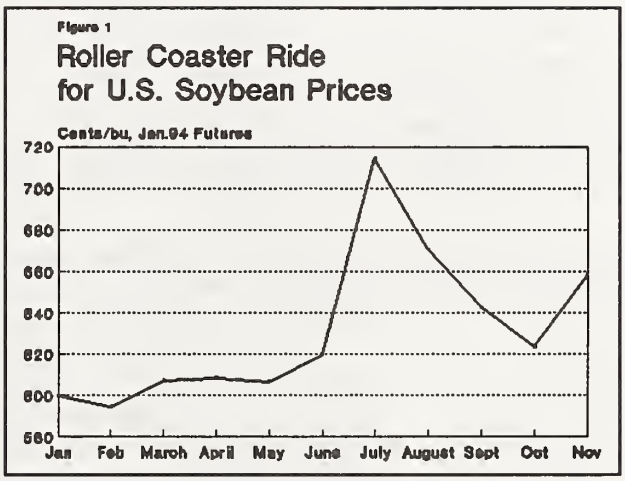
1993 was a roller coaster year for the U.S. soybean industry (figure 1). We cannot help but give a sigh of relief as farmers finally put the crop into the bins. In the oilseed outlook speech last year, the soybean outlook for 1993/94 was portrayed as similar to 1992/93, with slightly lower production because of lower yields. Well, yields were indeed lower this year and the growing season could hardly have been worse--floods in the midwest and drought in the southeast. Weather, obviously, makes a liar out of the best analyst. Even so, I can with a certain degree of confidence predict that 1994/95 will not be similar to 1993/94.

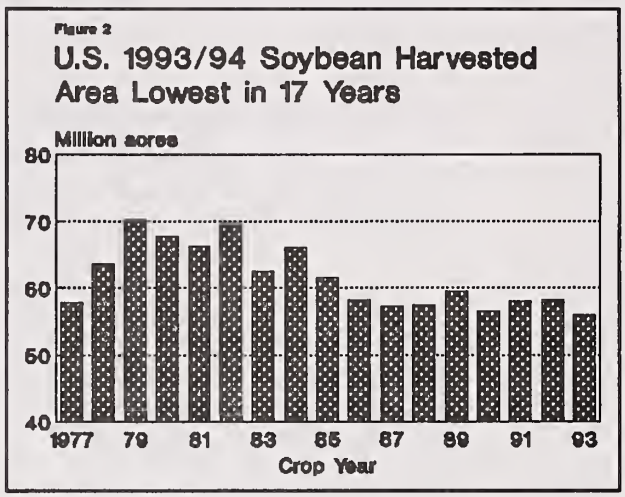


Today I will present the outlook for oilseeds. I will focus on soybeans and touch briefly on the prospects for minor oilseeds. Although domestically for 1993/94 the major supply uncertainties are over, questions continue to cloud the outlook for the global oilseed market: the Blair House agreement, implementation of NAFTA, tightness of Russian credit, and the outlook for South American oilseed production.

The 1993/94 Story: Floods and Drought

The 1993 U.S. soybean production is now estimated at 1,834 million bushels, the smallest crop since 1988. This crop was produced on an estimated 56 million acres, the smallest area harvested in 17 years (figure 2). Yields have suffered---although, some states like Illinois and Indiana had higher yields than in 1992. The national average yield should be 32.7 bushels/acre, which is below trend and 13 percent lower than 1992's record.

Carryin stocks for 1993/94 were 292 million bushels, 14 million higher than the 1992/93 stocks but still about 12 weeks of domestic crush or about 24 weeks of exports. The carryover stocks for 1993/94 are estimated at about 170 million bushels, the lowest since 1977/78.



While estimated supplies will be nearly 14 percent lower than the record supplies of 1992/93, the demand for soybeans will also experience its own decline. Crush is expected to drop to 1,225 million bushels in 1993/94, 54 million bushels below the record 1992/93 crush. Crushing margins, while adequate, are not likely to remain at the very favorable levels of last season. Exports of soybeans are forecast to decline substantially from the 770 million bushels of 1992/93 to only 625 million bushels. Weak European soybean import demand and record-large crops in Brazil, Argentina and India pressure U.S. exports.

Domestic soybean meal demand this year will likely be unchanged from 1992/93 (24.0 vs. 24.16 million tons). The forecast increases in broiler and turkey production (5 percent and 2 percent, respectively), are expected to offset the smaller inventory of hogs and pigs and hold soybean meal feeding near last year's levels. Poultry and other feed operations may be affected slightly by some crop quality problems which may limit the availabilities of 48 percent soybean meal relative to 44 percent, adding to high-protein meal price premiums in 1993/94. Projected soybean meal exports are off by more than 19 percent from 1992/93 to 5.1 million short tons, basically due to changes in the European Community's (EC) Common Agricultural Policy (CAP), limited import demand from the Former Soviet Union, and higher supplies from South American crushers. I will elaborate on these issues later on.

Despite the expected rebound in 1993/94 of soybean oil yields, production of soybean oil is likely to decline, mirroring crushings. Production is expected to drop to 13,720 million pounds. Exports of soybean oil are expected to be off by 150 million pounds from last year to 1,350 million due to reduced U.S. availabilities and higher prices along with larger foreign production of soybean and palm oil. Domestic use is expected to shrink slightly to 12.9 billion pounds, while an abundant Canadian oilseed crop will encourage more imports of canola and soybean oil this year than last.

Based on the above forecasts of supply and demand, our forecasts for prices for 1993/94 are (1992/93 in parentheses):

i) bean prices in the range of $6.00 to $7.00 per bushel ($5.60).

ii) **oil prices** is the range of 23 to 27 cents per pound (21.40)
iii) **meal prices** in the range of $190 to $220 per ton ($193.75).

Table 1: U.S. Soybean Supply and Use for 1993/94 and 1994/95

ITEM	1993-94	1994-95
Acreage (mil. ac.)		
Planted	59.5	60-61
Harvested	56.0	58.9-59.9
Yield/Harv. Ac.(bu)	32.7	35.5
Supply (mil. bu.)		
Beginning Stocks, Sept 1	292	170
Production	1,834	2,091-2,125
Imports	5	5
TOTAL SUPPLY	2,131	2,266-2,301
Disposition (mil. bu.)		
Domestic	1,336	1,355-1,375
Exports	625	650-660
TOTAL DISPOSITION	1,961	2,005-2,035
TOTAL ENDING STOCKS	170	250-280
Season Average Price ($bu)	$6.00-7.00	$5.30-6.30

1993/94: Could Be A Very Bad Year for U.S. Oilseed Exports

U.S. oilseed and product exports in 1993/94 are not only faced by stronger competition from our traditional competitors in the soybean market, ie., South America, but also a slight recovery from last year's low world production of other oilseeds, particularly rapeseed and sunflowerseed. And, in the vegetable oil market, palm oil is experiencing an export surge as relatively high oil prices fuel import demand for the cheaper palm oil.

While demand uncertainties traditionally plague the oilseed market at this time of year, this year is unusual as the world tries to anticipate feed compounders' responses in the E.C. to the realignment of grain prices that accompanied the implementation of CAP reform in 1993/94. With the EC accounting for approximately half of all oilseed imports, switches in consumption patterns affect world prices and U.S. exports of soybeans and meal.

More predictable is the slowness of buying by the FSU as credit problems have restricted imports of both meal and beans. While the U.S. continues to supply some credit, much of the FSU imports may have to be made on barter or other arrangements. To date, 1993/94 U.S. meal exports are at levels similar to last year. Unless additional credit arrangements are made, U.S. exports to

the FSU will be limited to between 600,000 and 900,000 tons, significantly below the 2.2 million tons of soybean meal exported in 1991/92.

U.S. soybean and meal exports in 1993/94 are forecast to plummet to a three year low of 17 million and 4.6 million tons, respectively. However, higher world prices are expected to maintain U.S. oilseed export values at only slightly less than last year's high of $7 billion.

Looking Ahead One Year

As you know, USDA will not issue 1994/95 projections until next May and July. While major questions still remain about the outlook for the rest of 1993/94, based on information to-date, we can sketch out a preliminary 1994/95 scenario for the soybean complex.

The most significant imprint left by the floods of 1993 will be the high price of soybeans. Higher prices, coupled with a lower ARP for corn, should move more acres into soybeans in 1994. Present conditions suggest that U.S. planted acres for 1994/95 could range between 60-61 million acres. Assuming trend yields at the regional level and aggregating to the national average suggests a yield for 1994/95 of 35.5 bushels per acre. Acreage and yields of these magnitudes could push production to between 2.091-2.125 billion bushels.

Supply and demand conditions in the meal and oil markets imply a slight rebound in demand for crush. This would be up modestly from 1993/94, with part of the larger crop used to restore stocks to a more comfortable level of 255 to 285 million bushels, up sharply from 1993/94.

U.S. exports of soybeans are expected to show a small rebound-- although Brazil, Argentina and India, in the absence of crop yield problems, will likely have larger supplies available for export. Weakness should persist in European soybean meal consumption and import demand in response to lower relative grain prices under the Community's CAP reform. Additionally, weak import demand in the FSU is likely to continue into 1994/95. Nevertheless, strengthening demand in other countries, particularly in Asian markets and Mexico, will likely be enough to allow small U.S. export gains in 1994/95, particularly if prices are somewhat lower.

The combination of a larger crop and a weak recovery of demand is likely to mean growing stocks and some downward pressure on soybean prices. In this scenario, the season average price is expected to drop to about a range of $5.30 and $6.30 per bushel compared to $6.00 to $7.00 in 1993/94.

U.S. soybean meal consumption is postulated to increase slightly and set a new record at approximately 24.5 million tons in 1994/95. This is due mostly to anticipated growth in the production of broilers and turkeys.

Soybean meal exports in 1994/95 are projected to show not much of a recovery from 1993/94 low levels as the European Community's demand continues to weaken. E.C. feed compounders should again substitute more domestically

produced cereals for imported meal. FSU meal imports are expected to lag also, unless their debt situation improves and financial credit is again available.

This combination of weak export demand, only a small increase in domestic use, and the prospects of larger supplies of competitive protein feeds is expected to apply downward pressure on U.S. soybean meal prices. Soybean meal prices are expected to range between $160 and $190 per ton, an almost 15 percent reduction from the 1993/94 level.

Unlike soybeans and soybean meal, oil prices may rise in 1994/95. While the production of soybean oil is estimated to increase modestly, up 1 to 3 percent from 1993/94 production, total supplies of oil in 1994/95 are expected to be lower because of sharply lower carryin.

Exports of soybean oil are expected to drop modestly in 1994/95. U.S. supplies are expected to remain tight and strong palm oil supplies in Malaysia and Indonesia will continue to challenge other vegetable oils exporters in developing countries and other Asian markets.

Domestic disappearance is estimated to increase modestly, up around 100 million pounds from 12.9 billion pounds in 1993/94. Despite the lower projected exports of soybean oil, the much lower stocks of 1994/95 as well as the increased domestic demand, are expected to strengthen oil prices. The season price of soybean oil is expected to range between 23 and 27 cents per pound.

1994/95 Trade Prospects for Soybeans and Products

The U.S. soybean and product export outlook in 1994/95 and beyond hinges critically on a number of policy issues. At present, many policy issues, such as the NAFTA agreement, implementation of the EC oilseed agreement contained in the Blair House agreement, a GATT agreement and FSU credit, could have impacts that are felt in the 1994/95 marketing year.

Assuming a return to more normal weather conditions and the implementation of the Blair house agreement concerning oilseeds, prospects for the world oilseed complex in 1994/95 are for an increase in world oilseed production. 1993/94 was the first year since 1988 that world oilseed production was not a record. Higher soybean production in 1994/95 as the U.S. returns to more normal production patterns, and world sunflowerseed production increases are expected to drive the overall increase.

Despite stronger competition, U.S. soybean and meal exports are expected to increase only slightly over 1993/94's low levels as production levels rebound from this year's low. U.S. exports will also be helped by stronger macroeconomic growth, especially in Asia, which will buoy demand for vegetable oil and meal. Furthermore, U.S. oilseed export prospects in these rapidly growing markets of the SouthEast Asian countries of Malaysia, Indonesia, and Thailand will continue to be enhanced due to reduced bean and meal exports from China.

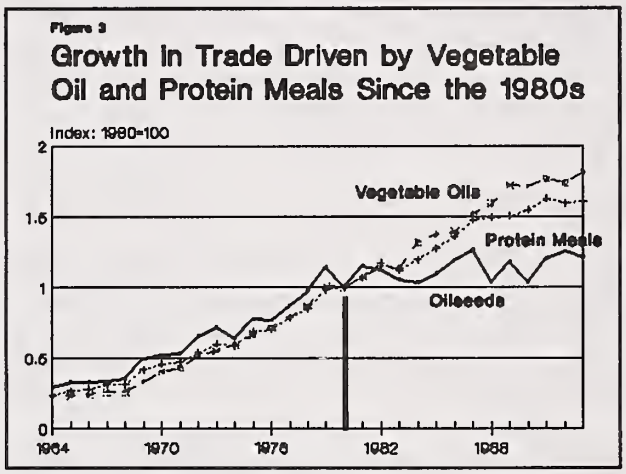
While our South American competitors, Brazil and Argentina, are likely to maintain relatively high levels of production, it is unlikely that area and production will expand much more, unless prices reach the high levels of the 1970s. Despite higher soybean production in China, China's exports will remain constrained by strong income growth in China which has fuelled increased demand for meat and consequently protein meals.

Underlying these projections are the highly uncertain implications of a NAFTA agreement, the effects of CAP reform and the Blair House accord, and a resolution of the GATT. The difficulty in assessing these policy issues is that confusion in both the direction and magnitude of the effects results in an extremely cloudy outlook for the U.S. oilseed sector in both 1994/95 and beyond.

Let's look at each of the issues separately and the overall outlook for soybean and products exports in the 1990s within a context of world oilseed trading trends in the 1970s and 1980s.

Trends in Oilseeds and Product Consumption and Trading

A review of past trends in oilseeds and products consumption and trade reveal a discernible pattern favoring the consumption and trade of vegetable oils as opposed to protein meals and seeds. (figure 3). This can be explained in part by the rapid growth in production of the higher oil yielding oilseeds such as rapeseed, sunflowerseed, and palm oil. The strong production growth of these oilseeds was induced in many countries by domestic oilseed policies focused on increasing vegetable oil self-sufficiency. The consequences of these policies were increased vegetable oil supplies, lower prices, and stronger global consumption and trade.



Within the context of these trends, lets discuss some of the issues that have the potential to fundamentally change the global oilseed complex and the outlook for U.S. soybean and product exports.

Impact on the outlook for oilseeds and products due to CAP reform and the Blair House agreement on oilseeds

Critical to the outlook for the world oilseed complex is the changing protein meal demand in the EC as a result of CAP reform. Analysts' estimates of the impact of reform on EC protein meal consumption range from a slight increase to a decline by over 6 million tons by the end of the century. While these

estimates vary dramatically in magnitude and time frame, they all point in the same direction--lower EC protein meal consumption.

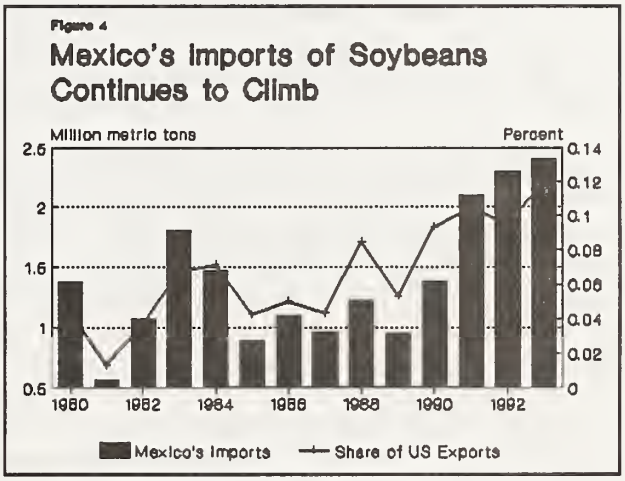
Under the new oilseeds policy in the EC, producer prices for oilseeds dropped by about 50 percent. This drop, combined with the general CAP set-aside provisions, resulted in a 10-percent drop in oilseed production in 1993/94. This drop should be maintained by the Blair House agreement of November 29, 1992 which has since been ratified by all EC Member countries. This agreement limits payments on oilseed area for food purposes to 5.499 million hectares (12.5 million acres) in 1994/95 and 5.128 million hectares (11.6 million acres) in 1995/96. The result should be lower EC oilseed area and hopefully production, depending on the policy effects on oilseed yields.

However, lower cereal prices in the E.C. will undoubtedly increase the proportion of cereals used in feed rations. So despite the drop in EC oilseed area and production, soybean meal consumption may initially drop over 1 million tons in 1993/94, followed by a continued but slighter decline in 1994/95. In the out years, however, strong growth in the poultry and pork industries may result in a slight recovery in overall meal consumption.

NAFTA: Bodes Well for U.S. Soybean Exports

Mexico, with soybean imports more than doubling since 1989 (figure 4), is one of the fastest growing markets for U.S. oilseeds and products. Much of this growth is driven by a more favorable macroeconomic environment which has strengthened demand for meat products, and consequently protein meal. For oilseeds and products, the effects of the stronger economic growth resulting from already implemented unilateral internal economic reforms outweigh the effects of tariff reduction envisioned under NAFTA. Present Mexican tariffs on oilseeds and products are limited to a seasonal import duty of 15 percent on soybeans (in effect from August 1 through January 31st) and a 15 percent and 10 percent tariff on soybean meal and oil, respectively. Reductions, and eventual elimination, of these tariffs will have only a small effect on Mexican oilseed imports. Rather, the tariff-related impacts on import demand will stem from cross-commodity linkages that favor increased meal usage.

Figure 4



The Longer Term Fundamentals for Oilseeds

We believe that the fundamentals point to rising world demand for oilseeds by the mid-to-late 1990s. Economic recovery will strengthen demand in Eastern Europe while the economies of the FSU Republics stabilize and then begin

growing towards the end of the decade. Repercussions from changing EC feeding rations will stabilize while many of the developing countries now hurt by excessive debt will attain stronger economic growth. This favorable global macroeconomic outlook will stimulate oilseed and product demand.

The trends of higher demand for imports of protein meals and vegetable oils are expected to continue to erode trade in oilseeds. Much of the growth in oilseed and product demand in the 1990s and beyond is expected in lower income countries who will continue to have inadequate crushing facilities. These countries will opt for importing the products rather than seeds and in the case of oil, low priced palm oil will be preferred to other oils.

How Might Soybeans and Products Fare?

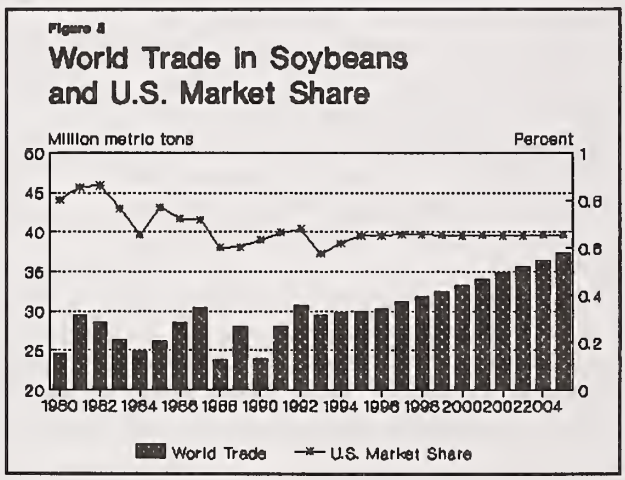
A look at the longer term outlook for trade in soybeans and meal reveals that world trade in soybeans is forecast to increase at a 2.1 percent annual growth rate over the next ten years, faster than in the 1980s. This compares to stagnating bean exports in the 1980s.

Foreign meal consumption is expected to expand over the next ten years with average annual growth projected at 2.8 percent, marginally higher than the growth experienced during the 1980s. This growth rate compares favorably with the much slower projected population growth, forecast at 1.5 percent over the same period. Projections of very slow GDP growth in Eastern Europe and the FSU are constraining the consumption outlook through the mid 1990s. This is accentuated by the falling meal consumption in the E.C.

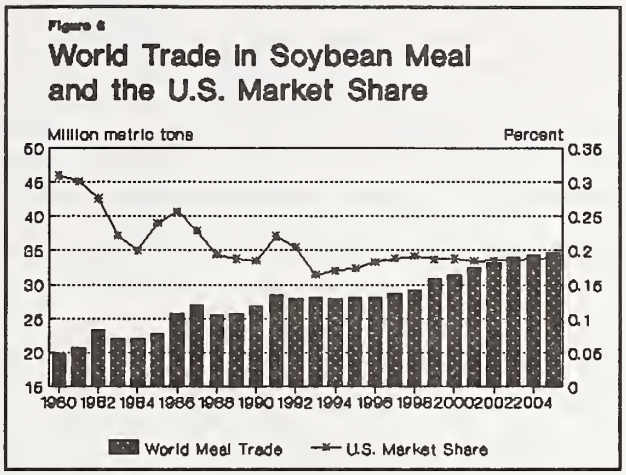
However, the import mix in the EC will favor beans over meal in the medium term in an effort to maintain domestic oil supplies. This will buoy world soybean import demand in the near term. The U.S. market share for soybeans is expected to rise from 60 percent in 1993 to 65 percent over the next decade (figure 5).

While world meal consumption is projected to experience a slightly higher growth rate during the projection period, most of the growth will occur in the latter part of the decade. Consequently, the U.S. market share for meal exports is expected to drop in the near term. Declines in import demand from

Figure 5



the EC and the FSU over the next few years will result in the U.S. meal export market share not showing much growth over the 16 percent share in 1993/94. It is only later that the U.S. level will return to the more normal range of 19-20 percent (figure 6). Much of the growth in import demand will stem from Asian markets or developing countries.



What Does This Mean For the Longer Term Outlook for U.S. Exports?

The U.S. is the world's major oilseed producer accounting for an average of 28 percent of world production, 50 percent of world trade in oilseeds, and 20 percent of world protein meal consumption. Our oilseed industry is dominated by soybeans, although we are also a leading producer of cottonseed and peanuts. While U.S. soybean exports account for 70 percent of the world market, soybean meal exports account for only about 20 percent of world trade and soybean oil exports 15 percent.

We believe the U.S. will continue to maintain a dominant role in the global oilseed market for the rest of 90's for the following reasons:

a) Widespread deregulation of markets by many countries, especially developing countries, along with more prudent macroeconomic policies and debt management will faster growth, buoying import demand;

b) Passage of multilateral and regional trade agreements, such as GATT and NAFTA, will accelerate economic growth and reduce trade barriers.

c) The U.S's strong infrastructure and excess productive capacity is well positioned to take advantage of expanded demand. U.S. acreage idled under the 10 year Conservation Reserve contracts will become available starting in 1996. Of the nearly 40 million acres idled in this program a substantial portion could be returned to cropping if needed. Indeed, several million acres could return to soybean production if the demand is there, and;

d) Supply expansion opportunities in other countries such as Argentina will be constrained by limited area and productivity gains, thus helping the U.S. maintain a strong market share in an expanding global economy.

A GATT Agreement--Changes in the Outlook?

The million dollar question for the U.S. oilseed industry is whether historical world trends favoring product exports over oilseeds will continue or even escalate under a GATT agreement. In general, a GATT agreement would have more of an impact on trade and prices for other commodities, such as wheat or corn, that face more trade barriers in world markets than do oilseeds and products.

Most of the present trade barriers facing the oilseed complex hinder trade in the products--meals and particularly vegetable oils--more than the seed. Consequently, a reduction in trade barriers, whether they be in the form of tariffs or non-trade barriers--such as quotas or state trading--would result in lower domestic prices for the products in many countries, increased import demand and higher prices in world markets. Reduced barriers for oils, combined with the income growth postulated under an agreement, should result in stronger demand for oils than for protein meals. With much of the demand growth stemming from developing markets, particularly in Asia, lower priced palm oil would be a major beneficiary along with high oil content oilseeds.

In summary, the trends of the 1980s which favored trade in products over beans are likely to not only continue into the 1990s but even escalate under a GATT agreement. However, while U.S. oilseed exports stagnated during the 1980s, the trends envisioned for the 1990s could have a silver lining for U.S. exports, particularly beans. Higher products prices will engender stronger crushing margins and those regions capable of expanding crushing may do so, thereby strengthening demand for U.S. soybeans. Additionally, a continuation of liberalizing meat product markets mandated under the GATT provisions could stimulate demand for U.S. livestock products, thus generating additional domestic demand for crushing.

The Outlook for Minor Oilseeds

Sunflowerseed: The 1993/94 Marketing Year

When it comes to minor oilseeds, the 1993/94 marketing year can easily be called the year of the sunflower. Acreage is up almost one-third from a year ago and production rose an impressive 28 percent to 3.34 billion pounds. The larger supplies of 1993/94 are welcome as beginning stocks were drawn down to uncomfortably low levels (147 million pounds). Ending stocks of all types of sunflowers are expected to reach 220 million pounds, although higher than 1992/93, they are still tight by historic standards.

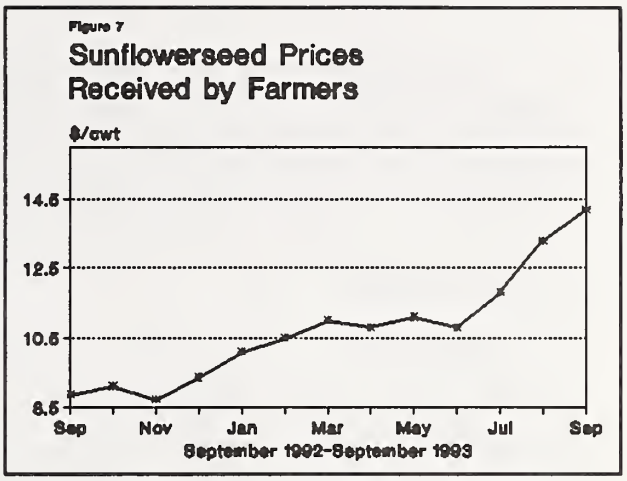
The 1993/94 U.S. sunflower crop is expected to encounter increased demand driven by anticipated growth in crush, seed exports and non-oil use. The growth in demand for sunflowers is expected to more than offset the larger supplies, resulting in higher prices for sunflowerseed and its products. The season average price for 1993/94 is projected to average $11.30 to $12.30 per hundred weight. As the domestic market for sunflower oil gains momentum, oil prices are expected to range between 26 to 30 cents per pound. The season average price for sunflower meal is expected to range between $97 to $117 per ton (figure 7).

The Outlook for Peanuts for 1993/94

Unlike the soybean crop, excessive moisture was not the problem for the peanut crop in the 1993/94 season. The peanut crop in the Southeast was hit particularly hard by dry conditions. The lack of rain during June and July is the main reason for the 24 percent reduction in production for 1993/94.

Production is estimated at 3.253 billion pounds, while beginning stocks are at 1.350 billion for 1993/94 making total supplies 14 percent lower from last year at 4.6 billion pounds.

The smaller supplies of the peanut crop are expected to encounter reduced demand in 1993/94. Total demand is expected to decline by 211 million pounds in 1993/94 to 3.780 billion pounds. All the major components of the demand are expected to decline in 1993/94:



i) food use at 2.075 billion pounds, down 47 million pounds from 1992/93
ii) crush at 729 million pounds, down 162 million and
iii) exports 231 million pounds lower than 1992/93 at 720 million.

The principle cause of the lower food use has been weak offtake of peanuts for peanut butter production, the most important component of the food use. Total peanut offtake for peanut butter production fell in 1992/93 by 10 percent. It is quite unlikely that this trend will reverse itself in the near future. Most of the imports (around 80 percent) came from Canada, a country that does not produce peanuts, while the rest came from Argentina and China, 18 and 1 percent respectively. Peanut butter imports can increase as much as the market forces of supply and demand dictate, unlike imports of raw peanuts which are controlled under Section 22 of the Agricultural Adjustment Act of 1933.

The Cottonseed Outlook for 1993/94

The U.S. cottonseed crop for 1993/94 is estimated at 6.327 million short tons, up 97,000 short tons from last season. The increased production is mainly due to increased acres and production of cotton for lint of which cottonseed is a by-product. The fact that cottonseed is a by-product sometimes complicates and distorts the supply and demand dynamics for the cottonseed and products markets.

The larger supplies of cottonseed in 1993/94 are expected to face an increased demand. Higher projected corn and soybean meal prices for 1993/94 make cottonseed very competitive in the dairy feed market. In addition weather-related production problems have reduced the quality of dairy hay in many parts of the country providing another incentive to substitute cottonseed for feeding.

In 1993/94 crush is expected to increase by 121,000 short tons to 3.75 million tons, while feed use is estimated to reach 2.519 million tons up 15,000 short tons from last season.

1994/95: **Again The Year of the Sunflower...?**

The higher prices for sunflowerseed generated in 1993/94 should have a large impact in 1994/95. Farmers in the three dominant sunflower producing states--North Dakota, Minnesota, and South Dakota--are expected to increase their acreage to between 2.9 and 3.1 million acres in 1994/95. The prospective increase in acres is reinforced by a continuing effort to develop high oleic sunflowers for mass production. High-oleic sunflowers are able to produce sunflower oil with 4 percent saturated fat, which is lower than canola oil with 6 percent.

Assuming regional trend yields, 1994/95 production could reach between 3.6 - 3.8 billion pounds. Tightening global markets for vegetable oils and higher sunflowerseed oil prices encouraging strong crush demand will mean strong demand for sunflowerseeds. Demand for confectionery sunflowerseed is also expected to grow modestly. A breakthrough in the development of high-oleic sunflowers would add strength to sunflower oil demand prospects, while confection seed export prospects may be enhanced by new markets in Spain and the Middle East.

The larger supplies of 1994/95, as well as the recovery of the stocks, are expected to have a negative impact on prices of sunflowerseed and its products. In this scenario, the U.S. seed price is expected to average $10.75 to $12.75 per hundredweight while the price of sunflower oil is expected to range from 25 to 31 cents per pound as competition with other vegetable oils mounts.

Table 2: **U.S. Supply and Demand for Sunflowerseeds**

Item	1993-94	1994-95
SUNFLOWER SEED		
Area (1,000 ACRES)		
Planted	2,821	2,900-3,100
Harvested	2,740	2,810-3,010
Yield (lbs./acre)	1,218	1,273
Supply (Million lbs.)		
Beginning Stocks, Sept. 1	147	220
Production	3,336	3,600-3,800
Imports	105	105
TOTAL SUPPLY	3,588	3,925-4,125
Disposition		
Crush	2,110	2,050-2,150
Other	972	1,008-1,028
Exports	286	400-450
TOTAL DEMAND	3,368	3,458-3,628
Ending Stocks, Aug. 31	220	467-497
Season Ave. Price ($/cwt)	$11.30-$12.30	$10.75-$11.75

An Economist's Caveat on Commodity Projections

Weather, government policies, international trade agreements, changing macroeconomic environments, etc. will obviously change the outlook for any commodity. While USDA's commodity projections incorporate information from different econometric models with analyst's expert judgements, they are still just projections and numbers always change as more information is obtained.

While the analyst last year was made a liar by the weather, analysts can in general be optimist with the odds over the long term. With numbers changing all the time, an analyst can hope to be right at least once. Looking at the outlook for the 1994/95 outlook for the U.S. soybean complex, the market fundamentals indicate room for optimism. Higher soybean prices and a lower ARP for corn should move more area into soybeans. While import demand for both beans and meal is expected to remain constrained, stronger domestic meal demand should outweigh the effect of potentially higher oil prices to stimulate demand for crush.