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Weekly Outlook: Monitoring Soybean Consumption and Production Prospects

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The projected U.S. supply and consumption balance sheet for the 2014-15 soybean marketing year has changed considerably since last fall. The [USDA's May 2015 balance sheet](#), for example, indicates that the supply of soybeans was 33 million bushels larger than projected in September 2014. Consumption is expected to exceed the September projection by 158 million bushels and year ending stocks are expected to be 125 million bushels less than projected in September. The marketing year average price received by producers, however, is currently expected to be very near the mid-point of the range of prices projected by the USDA in September.

With the 2014-15 marketing year entering the final quarter, the pace of consumption will have some influence on prices even though the primary focus will be on the prospective size of the 2015 crop. The USDA currently projects that the domestic soybean crush during the current marketing year will reach 1.805 billion bushels, near the record large crush of 2006-07 and 2007-08. The projection is 4.1 percent larger than the crush during the previous marketing year. Estimates from the National Oilseed Processors Association (NOPA) indicate that crush by its members during the first eight months of the current year exceeded that of last year by 2.6 percent. The year-over-year increase has accelerated as the year progresses. Crush during the most recent four months (January-April 2015) exceeded that of a year ago by 6.5 percent and the April 2015 crush was 13.3 percent larger than the crush during April 2014. To reach the USDA projection, the crush during the last four months of the marketing year needs to exceed that of a year earlier by 7.7 percent. The NOPA crush estimate for May is scheduled for release on June 15.

The USDA projects that U.S. soybean exports during the current marketing year will reach a record 1.8 billion bushels, 9.3 percent more than the previous record of last year. With about 14.6 weeks remaining in the marketing year, cumulative USDA export inspection estimates have reached 1.722 billion bushels. For the first seven months of the marketing year, export inspections tracked Census Bureau export estimates very closely. To reach 1.8 billion bushels for the year, exports during the final weeks need to total about 78 million bushels, or about 5.35 million bushels per week. For the five weeks ended May 21, export

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inspections averaged 10.1 million bushels per week. Unshipped export sales as of May 14 were reported at 132 million bushels. Some of those sales will be rolled into the next marketing year, or cancelled altogether, but it appears that exports will easily reach the USDA projection.

While the pace of the domestic crush and exports appear to be on pace to reach the USDA projections, the magnitude of year ending stocks will not be known until the release of the USDA September [Grain Stocks](#) report on September 30. Historically, the estimate of September 1 stocks of old crop soybeans in that report has provided some surprises, resulting in revisions in the estimated size of the previous year's harvest.

Until very recently, few concerns have been expressed about the 2015 soybean production season. Planting has proceeded at a pace that exceeds the previous 5-year average pace and expectations have been for acreage to exceed intentions reported in the [USDA's March Prospective Plantings](#) report. The recent weather pattern, however, has generated a few issues. In particular, the area of extreme rainfall amounts in Texas and Oklahoma that extends into southern Kansas and parts of Arkansas have raised a few concerns about the timeliness of planting and the potential for some prevented planting. The focus is on Kansas due to the combination of the slow pace of planting (17 percent as of May 17) and the magnitude of soybean acreage (3.8 million) intended to be planted in that state. For the U.S as a whole, there is some measurable yield loss as the percentage of the crop planted after May 30 increases. For the period from 1986 through 2014, the percentage of the crop planted after May 30 has ranged from nine percent (2012) to 66 percent (1995) and averaged 34 percent. With 45 percent of the crop reported planted as of May 17, the percentage of the U.S. crop planted after May 30 this year will not likely exceed the average of the previous 29 years due to the rapid pace of planting in northern growing areas. The impact, if any, of extreme wetness on the magnitude of planted acreage of soybeans should be revealed in the [USDA's June 30 Acreage](#) report.

Less noticed has been the recent dry pattern in the eastern Corn Belt, including eastern Illinois, Indiana, Ohio, Kentucky, Tennessee, and much of the Southeast. If the National Weather Service forecast for the next week materializes, however, timely rainfall will be received in much of that area.

While there are some issues surrounding 2015 U.S. soybean production prospects, it is too early for the market to reflect much concern. With current expectations of a growing surplus during the 2015-16 marketing year, threatening summer weather conditions will likely be required to generate higher prices.

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