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IMPLICATIONS OF SHIFTING THE U. S. SOYBEAN
MARKETING YEAR TO SEPTEMBER 1

by

George W. Kromer

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The 1965-66 marketing year for soybeans will begin September 1--instead of October 1, as in the past--and end August 31. The primary reason for the shift has been the trend toward earlier soybean harvest with an increasing amount of the crop harvested in September. Furthermore, each year a varying amount of new-crop beans have been crushed and exported in September. These estimates for earlier years could only be approximated.

After discussion with various segments of the industry, USDA, on June 15, 1965, announced that total stocks of soybeans (farm and off-farm) will be reported as of September 1 instead of October 1. The shift to a September 1 basis will enable more accurate accounting of the utilization of old-crop soybeans prior to the time the new crop is harvested and furnish a more accurate benchmark from which to calculate supply for the ensuing year.

Beginning with this issue of the Fats and Oils Situation, soybean supply and disposition statistics will be published for the marketing year beginning September 1. The revised 1953-64 data are shown in table 3. Publication of the supply and disposition series for soybean oil and meal on an October 1 marketing year will continue as in the past. The aggregate food fats and oils balance sheet, table 6 shown on page 13, will also continue on the old basis.

September 1 Soybean Stock Estimates Developed;
Carryover are Higher than Formerly

Estimates are shown for September 1 stocks of soybeans in table 2, by years, 1953-64. The method for derivation of the data for September 1, 1964, for example, is as follows:

<u>Item</u>	<u>Million Bushels</u>
October 1, 1964, reported (USDA) stocks of old-crop beans	32.0
September 1964 reported (Census) crush and exports	47.3
Less estimate of new-crop crushed and exported in September	<u>12.0</u>
Difference equals estimate of old-crop beans used in September	<u>35.3</u>
September 1, 1964, estimated stocks	<u>67.3</u>

Table 2.--Soybeans: Estimation of September 1 stocks, 1953-64

Year	September			September		USDA	Estimated September 1 stocks
	Census reported	Crush	Exports	Minus estimate of new-crop beans crushed and exported	Equals estimate of old-crop beans crushed and exported	reported stocks of old-crop beans on October 1	
	Total						
(Million bushels)							
1953	15.7	1.1	16.8	4.5	12.3	10.1	22.4
1954	11.1	.7	11.8	5.0	6.8	1.3	8.1
1955	18.7	4.0	22.7	10.0	12.7	9.9	22.6
1956	19.9	2.9	22.8	5.5	17.3	3.7	21.0
1957	22.2	4.5	26.7	5.0	21.7	9.9	31.6
1958	25.1	1.6	26.7	5.0	21.7	21.1	42.8
1959	27.5	6.7	34.2	8.5	25.7	62.1	87.8
1960	26.9	8.2	35.1	6.5	28.6	23.2	51.8
1961	23.0	3.6	26.6	5.5	21.1	6.0	27.1
1962	30.4	7.3	37.7	17.0	20.7	57.6	78.3
1963	32.2	7.2	39.4	8.5	30.9	15.1	46.0
1964	36.3	11.0	47.3	12.0	35.3	32.0	67.3

Shifting over to a September 1 marketing year naturally results in higher carryover stocks than formerly shown for October 1 simply because the major portion of soybeans crushed and exported in September are old-crop soybeans--about three-fourths the September total on the average. During the 12-year period, 1953-64, the estimate of September 1 stocks averaged about 21 million bushels more than the reported stocks of old-crop soybeans on October 1. During the same years, new-crop soybeans crushed and exported during September varied between an estimated 4.5 and 17.0 million bushels annually.

In recent issues of the FOS, the carryover of old-crop soybeans had been forecast at around 10 million bushels for October 1, 1965. This estimate still appears on target. However, on the new soybean crop year basis, the carryover for September 1 is forecast at 30 million bushels, the smallest since 1961. Since there will no longer be a report for total stocks of soybeans in all positions as of October 1, the point of reference necessarily becomes September 1, 1965.

Soybean Crush and Export Data Revised to September 1 Basis

The revised soybean supply and demand statistics for the marketing year beginning September 1, 1953-64, are presented in table 3. The series cannot be constructed for earlier years since data are not available to estimate the volume of new-crop soybeans crushed and exported in September.

Table 3.--Soybeans: Supply and disposition, acreage and price, marketing year beginning September 1, 1953-65

Item	Year beginning September 1												
	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Supply:													
Stocks, Sept. 1 ^{2/}	22.4	8.1	22.6	21.0	31.6	42.8	87.8	51.8	27.1	78.3	46.0	67.3	3/30
Production	269.2	341.1	373.7	449.3	483.4	580.2	532.9	555.3	679.6	669.2	699.4	699.9	5/864
Total supply	291.6	349.2	396.3	470.3	515.0	623.0	620.7	607.1	706.7	747.5	745.4	767.2	894
Disposition													
Crushings	217.8	241.4	281.9	313.6	350.9	398.8	394.0	406.1	431.4	472.7	436.8	475.0	
Exports	40.1	57.3	68.6	83.7	88.4	105.0	139.9	134.7	149.4	180.5	187.2	215.0	
Seed	22.9	23.4	25.8	26.4	29.5	27.4	29.3	32.9	33.5	34.4	36.5	39.4	
Feed	1.4	1.6	1.6	1.7	1.5	1.9	1.5	1.3	1.4	1.2	1.0	1.1	
Residual	1.3	2.9	-2.6	13.3	1.9	2.1	4.2	5.0	12.7	12.7	16.6	6.7	
Total disposition	283.5	326.6	375.3	438.7	472.2	535.2	568.9	580.0	628.4	701.5	678.1	737.2	
Stocks, Aug. 31 ^{2/}	8.1	22.6	21.0	31.6	42.8	87.8	51.8	27.1	78.3	46.0	67.3	30.0	
Acreage grown alone	16.4	18.5	19.7	21.7	21.9	25.1	23.3	24.4	27.8	28.4	29.5	31.7	35.6
Acreage harv. ^{4/}	14.8	17.0	18.6	20.6	20.9	24.0	22.6	23.7	27.0	27.6	28.6	30.7	34.7
Pct. harvested (%)	90.2	91.9	94.4	94.9	95.4	95.6	97.0	97.1	97.1	97.2	96.9	96.8	97.5
Yield per acre harv.	18.2	20.0	20.1	21.8	23.2	24.2	23.5	23.5	25.2	24.2	24.5	22.8	5/24.9
Price per bushel:													
Support	2.56	2.22	2.04	2.15	2.09	2.09	1.85	1.85	2.30	2.25	2.25	2.25	2.25
Rec. by farmers	2.72	2.46	2.22	2.18	2.07	2.00	1.96	2.13	2.28	2.34	2.51	2.66	
No.1 yel. Ill.Pts.	3.24	2.60	2.51	2.33	2.20	2.12	2.07	2.53	2.41	2.50	2.59	2.80	
No.1 yel. Chicago	3.31	2.68	2.59	2.43	2.28	2.22	2.17	2.60	2.49	2.59	2.67	2.89	

1/ Preliminary. 2/ Estimates, as developed in Table 2. 3/ Forecast. 4/ For beans. 5/ Indicated August 1.

Items in the soybean balance sheet affected by the shift to September 1 are crushings and exports. Figures for crop production, seed, and feed uses are not affected.

Soybean crushings and exports for the 1964-65 marketing year beginning September 1, 1964, and ending August 31, 1965, are estimated at 475 million bushels and 215 million bushels, respectively. This is 15 million bushels greater than estimates published in earlier issues of the FOS (470 million bushel crush and 205 million exports) which were projected for the year beginning October 1, 1964. The reason the new 1964-65 season's total is estimated at the higher level is the heavy soybean crush and exports (47.3 million bushels) in September 1964 compared with the estimates for September 1965.

Soybean acreage, yield, and crop production data obviously will not change because of the shift to the year beginning September 1. Neither will price support rates or seasonal average prices received by farmers be affected. The USDA price series on the season average price received by farmers (weighted by marketings) was already on the crop marketing season of September 1 to August 31 for all States.

Soybean Outlook for Marketing Year Beginning September 1, 1965

The carryover of old-crop soybeans on September 1, 1965, is estimated at around 30 million bushels. Except for 1961 when it was 27 million bushels this is the smallest since 1956 (table 3). However, the current tight soybean situation will be alleviated as the 1965 harvest gets into full swing. Based on August 1 conditions, the 1965 soybean crop is estimated at 864 million bushels compared with 700 million in both 1964 and 1963. Soybean acreage to be harvested for beans is up 13 percent and yield prospects at 24.9 bushels per acre compare with only 22.8 bushels in 1964. Thus, total supplies of soybeans during the marketing year beginning September 1, 1965, are preliminarily estimated at 894 million bushels, approximately 17 percent more than the 767 million in 1964-65.

If production increases as expected, prices to soybean growers during the heavy harvesting season this fall probably will average close to the 1965 national support rate of \$2.25 per bushel, which is unchanged from the 1964 rate. Last September-December, prices for the 1964 soybean crop averaged \$2.59 per bushel, 34 cents above the support rate, reflecting the close balance between the 1964-65 soybean supply and the prospective season's requirements. The seasonal variation in soybean prices during 1965-66 is expected to follow a more normal pattern, with prices lowest at fall harvest time and highest in the spring. Prices normally advance during this period by the amount of storage charges.

Soybean utilization is expected to increase again during 1965-66 as the long-term uptrend in use continues. Crushings are expected to rise by around 10 percent from the 475 million bushels now estimated for 1964-65. Lower soybean prices in 1965-66 are also expected to stimulate bean exports to a new high--perhaps 7 to 10 percent above the 215 million bushels estimated for 1964-65. These early season prospects point to a substantially larger end-of-year soybean carryover on September 1, 1966, than the unusually small carryover of 30 million bushels now estimated for this September 1.

* * * * *

Table 6.--Food fats and oils: Supply and disposition, 1956-64

Item	Year beginning October										
										Forecast*	
	1956	1957	1958	1959	1960	1961	1962	1963 1/	1964	1965	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	
<u>Stocks, October 1</u>											
Butter	90	145	146	93	136	238	2/419	2/450	2/188	158	
Lard	123	69	46	93	92	100	73	81	68	68	
Cottonseed oil	254	146	154	190	217	170	296	488	433	233	
Soybean oil	227	286	281	298	308	677	618	920	578	353	
Other 3/	66	49	56	60	78	94	128	182	118	93	
Sub-total	760	694	4/683	734	830	1,279	1,534	2,121	1,385	905	
Finished products 5/	129	113	118	142	156	249	6/442	314	205	175	
Total food fats and oils	889	807	801	876	987	1,528	1,976	2,435	1,590	1,080	
<u>Imports</u>	52	70	74	66	81	91	55	73	75		
<u>Production</u>											
Butter	1,527	1,502	1,413	1,435	1,488	1,596	1,491	1,454	1,435	1,430	
Lard	2,614	2,423	2,679	2,726	2,484	2,471	2,497	2,480	2,200	2,025	
Cottonseed oil 7/	1,629	1,420	1,589	1,832	1,786	1,952	1,930	1,939	1,975	1,950	
Soybean oil	3,431	3,800	4,251	4,338	4,420	4,790	5,091	4,822	5,100	16/8,150	
Other 3/ 7/	719	678	767	771	863	923	1,057	1,101	1,150	1,200	
Sub-total	9,920	9,823	10,700	11,102	11,041	11,731	12,066	11,789	11,860		
Soybean exports (oil equiv.)	937	939	1,209	1,552	1,431	1,685	1,983	2,103	2,275		
Total food fats and oils	10,857	10,762	11,909	12,654	12,472	13,416	14,049	13,891	14,135	16/14,755	
<u>Total supply</u>	11,798	11,639	12,784	13,596	13,540	15,035	16,080	16,399	15,800		
<u>Exports 8/</u>											
Butter	18	36	19	22	9	9/19	9/131	9/319	9/155		
Lard	590	461	608	716	513	508	571	706	450		
Cottonseed oil 7/	427	250	406	506	9/371	9/474	9/392	9/586	675		
Soybean oil	807	804	930	953	9/721	9/1,308	9/1,165	9/1,105	1,325		
Other 3/ 7/	62	19	34	43	9/40	11	15	87	125		
Adjustment 10/	61	85	117	88	83	77	93	111	125		
Sub-total	1,965	1,655	2,114	2,328	1,737	2,397	2,367	2,914	2,855		
Soybeans (oil equivalent)	937	939	1,209	1,552	1,431	1,685	1,983	2,103	2,275		
Total exports	2,903	2,593	3,323	3,880	3,168	4,082	4,350	5,017	5,130		
<u>Domestic use</u>											
Butter	1,458	1,467	1,449	1,373	1,379	1,400	1,331	1,399	1,310		
Lard 11/	2,039	1,994	2,204	2,005	1,968	1,985	1,908	1,789	1,750		
Cottonseed oil	1,310	1,195	1,147	1,299	1,461	12/[1,352	1,347	1,407	1,500		
Soybean oil	2,565	3,051	3,304	3,376	3,329	3,540	3,624	4,058	4,000		
Other 3/	722	719	796	773	912	968	1,040	1,150	1,125		
Adjustment 10/	-61	-85	-117	-88	-83	-77	-93	-111	-125		
Total 11/	8,033	8,341	8,603	8,739	8,365	9,168	9,157	9,692	9,560		
Total (calculated net) 13/	8,049	8,336	8,579	8,725	8,872	8,977	9,295	9,792	9,590		
<u>Total use for food 14/</u>	7,886	8,145	8,389	8,438	8,560	8,602	8,849	9,535			
<u>Per capita, civilian and military 15/</u>											
Butter (fat content)	6.9	6.8	6.6	6.1	6.1	6.1	5.7	5.9	5.4		
Other	37.7	38.5	39.4	39.3	39.2	38.7	39.8	42.5	41.1		
Total (fat content)	44.6	45.3	46.0	45.4	45.3	44.8	45.5	48.4	46.5		

1/ Preliminary. 2/ Includes estimates of butter oil, ghee, and canned butter. 3/ Includes beef fats, peanut, corn, olive and sesame oils. 4/ Adjusted to new Census basis which includes hydrogenated oils and stearin. 5/ Shortening and salad and cooking oils. 6/ Includes 100 million pounds of shortening and salad and cooking oils (75 million SBO and 30 million CSO) which was held by CCC on October 1, 1962 for foreign donations during 1962-63. 7/ Includes oil equivalent of oilseeds exported. 8/ Includes shipments. Butter, cottonseed oil and adjustments include quantities from CCC stocks that are not reported in Census data. 9/ Includes estimates of foreign donations of fats and oils, not reported by Census. 10/ Includes exports of processed food oils not classified by kind, shortening and other secondary fats. 11/ Adjusted for estimated changes in stocks of farm lard. 12/ Includes 180 million pounds of shortening and salad and cooking oils purchased by CCC for foreign donations but not exported in 1961-62. 13/ Adjusted to reflect changes in stocks of finished products. 14/ Excludes food fats used for non-food purposes, but includes non-food oils (mostly coconut and palm kernel) used in food. 15/ Adjusted for trade and changes in stocks of shortening, margarine and salad and cooking oils. 16/ Includes oil equivalent of soybeans exported.

*Except for October 1, 1964 stocks.

Table 5.--Soybean oil and meal: Supply and disposition, crop years, 1956-64

Item	Year beginning October									
	1956	1957	1958	1959	1960	1961	1962	1963	1964	Forecast
										1/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
SOYBEAN OIL										
Soybean oil										
Supply										
Stocks, October 1	227	286	281	298	308	677	618	920	578	353
Production	3,431	3,800	4,251	4,338	4,420	4,790	5,091	4,822	2/5,100	
Total supply	3,658	4,086	4,532	4,636	4,728	5,467	5,709	5,742	5,678	
Disposition										
October-June										
Domestic disappearance	1,864	2,259	2,563	2,559	2,480	2,683	2,795	2,986	3,061	
Exports 3/	725	545	537	646	551	861	850	717	996	
Stocks, July 1	279	343	473	424	765	825	878	815	519	
July-September										
Domestic disappearance	701	792	741	817	850	857	829	1,073	939	
Exports 3/	82	259	393	307	170	447	315	389	329	
Season totals										
Domestic disappearance	2,565	3,051	3,304	3,376	3,329	3,540	3,624	4,058	4,000	
Exports 3/	807	804	930	953	721	1,308	4/1,165	1,106	1,325	
Total distribution	3,372	3,855	4,234	4,329	4,050	4,848	4,789	5,164	5,325	
Stocks, September 30	286	281	298	308	677	618	920	578	353	
Price per pound	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Crude, tanks, Decatur	12.7	10.8	9.5	8.3	11.3	9.5	8.9	8.5	11.1	
SOYBEAN MEAL										
Soybean meal										
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	tons	tons	tons	tons	tons	tons	tons	tons	tons	tons
Supply										
Stocks, October 1 5/	111	55	48	58	83	78	94	159	122	92
Production	7,510	8,284	9,490	9,152	9,452	10,342	11,127	10,609	6/11,300	
Total supply	7,621	8,339	9,538	9,210	9,535	10,420	11,221	10,768	11,422	
Disposition										
October-June										
Feed 7/	5,392	5,970	6,861	6,455	6,877	7,112	7,317	6,902	7,027	
Exports	367	241	398	524	471	847	1,175	1,019	1,665	
Stocks, July 1	157	82	159	116	204	97	153	144	230	
July-September										
Feed 7/	1,731	2,022	2,107	2,024	1,990	2,150	2,269	2,266	2,253	
Exports	76	59	114	125	119	217	301	459	385	
Season totals										
Feed 7/	7,123	7,992	8,968	8,479	8,867	9,262	9,586	9,168	9,280	
Exports	443	300	512	649	590	1,064	1,476	1,478	2,050	
Total distribution	7,566	8,292	9,480	9,128	9,457	10,326	11,062	10,646	11,330	
Stocks September 30 5/	55	48	58	83	78	94	159	122	92	
Price per ton	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Bulk, Decatur	47.45	53.40	55.80	55.55	60.60	63.60	71.30	71.00	70.00	

1/ Preliminary and partly estimated.
 2/ Based on a soybean oil yield of 10.9 pounds per bushel.
 3/ Beginning 1960 includes estimates of foreign donations not reported by Census.
 4/ Includes 125 million pounds of soybean salad and cooking oils and shortening which was held by CCC on October 1, 1962 for donations during 1962-63. This quantity needs to be deducted in order to balance out to ending stocks.
 5/ Stocks at processors' plants.
 6/ Based on a soybean meal yield of 48.0 pounds per bushel.
 7/ Includes small quantities used for industrial purposes, estimated at 30,000 tons annually.

