



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

90
2008

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

LIE
CURRENT
★ JAN 22 1953

THE OUTLOOK FOR OILSEEDS, FATS, AND OILS IN 1952-53

Statement by S. Gershben, Agricultural Economic Statistician,
at the 30th Annual Agricultural Outlook Conference, Washington
D. C., October 23, 1952.

The 1952 soybean crop is slightly larger than the year before but prices to farmers probably will average at least as high as last year's season average price of \$2.70 per bushel. Last year, the value of the meal in a bushel of soybeans was substantially greater than the value of the oil. With a good demand for meal likely in 1952-53, the same relationship probably will hold. Recent developments in soybean processing and marketing have had an upward effect on soybean prices. These developments include increasing crushing capacity and hence more intense competition for beans among crushers, higher oil yields resulting from increases in solvent extraction, and the fact that farmers are extending their marketings over a longer period of time. As a result, soybean prices were unusually high relative to the value of oil and meal during the 1951-52 crop year. Present prospects indicate that this situation will continue during the 1952-53 crop year. The price support level for 1953 crop soybeans is \$2.56 per bushel (farm basis), the same as for the 1952 crop.

Exports of soybeans in 1951-52 totaled about 17 million bushels, compared with 28 million bushels in the preceding year. About a third of the total was shipped to Japan in the year just ended, compared with almost half of the larger total in 1950-51. The decline in exports to Japan is believed to reflect an accumulation of stocks at relatively high prices in the preceding year. As long as hostilities continue in Korea, it appears that Japan will need to import nearly as many soybeans from the United States as in 1950-51. Total exports of U. S. soybeans in 1952-53 are expected to be somewhat larger than the 17 million exported in 1951-52 but smaller than the 28 million exported 2 years ago.

Prices to farmers for 1952 crop cottonseed are being supported by loans, direct purchases and a cottonseed products purchase program at levels equivalent to a farm price of \$62.40 per ton of cottonseed basis grade (100). Prices received by producers for 1952 crop cottonseed are likely to average about the same as last year's season average price of \$69.30 per ton. Drought, high-level livestock production, and a smaller output of cottonseed has created a strong demand for cottonseed meal and hulls for use as feed. This demand is expected to be sustained throughout most of the crop year. Present market prices for meal and hulls are well above a year earlier and about offset lower prices for oil and linters. The 1952 cottonseed crop is estimated at 5,858 thousand tons, 7 percent less than a year earlier.

Prices received by farmers for 1952 crop flaxseed will be somewhat above last year's season average price of \$3.71 per bushel. The price is being supported at \$3.77 per bushel (farm basis), 80 percent of parity. Although production of flaxseed is down somewhat from last year, total supplies of flaxseed and linseed oil are large. Demand for meal is strong but in contrast to soybeans, only about one-third of the value obtained from a bushel of flaxseed comes from the meal. A national average support price of \$3.79 per bushel (farm basis) has been announced for 1953-crop flaxseed.

The 1952 peanut crop is estimated at 1.2 billion pounds, 27 percent less than last year and the smallest since 1939. Acreage was cut sharply because of smaller acreage allotments and repeal of legislation permitting farmers to pick and thresh peanuts for crushing from acreage in excess of allotments. Also, yields were less than the year before. Supplies will be sufficient to meet domestic requirements for edible use but practically no peanuts will be exported and only those which do not meet standards for other uses will be crushed. Prices received by farmers are expected to average well above the 10.4 cents received for the 1951 crop. Last year's average included lower prices received for peanuts sold for crushing as well as quota peanuts sold at support prices or above. The national average support price for 1952 crop peanuts is 11.97 cents per pound.

Supplies of fats and oils in prospect for 1952-53 are nearly as big as last season's peak. Domestic disappearance will be at least as great as in the past year but exports may decline somewhat from last year's record level. In contrast to the sharp decline which occurred during the first half of 1951-52, prices are expected to remain steady or increase slightly as the season progresses. The general level of fats and oil prices in October 1952 was about 25 percent less than the year before.

CCC owns about one-third of the carry-over of old crop cottonseed oil and, as of October 1, CCC had accepted tender of 62 million pounds of new crop cottonseed oil. If CCC takes possession of substantial additional quantities of new crop cottonseed oil, prices of edible fats would tend to strengthen later in the season, as the CCC resale price for cottonseed oil for domestic use is nearly 2 cents above the current market level.

Total production of fats and oils in the year beginning October 1, 1952 is estimated at 11.8 billion pounds, 3 percent less than last year's high output. The entire decline is expected to be in food fats.

Prospective supplies of food fats are nearly as large as last year's record level, with a large carry-over of lard and vegetable oils almost offsetting a moderate drop in production. Total output of edible fats and oils is estimated at nearly 8.8 billion pounds, 5 percent less than last year's peak. Most of the decline will be in lard but production of edible vegetable oils also will be smaller. The 1952 pig, cottonseed and peanut crops are estimated to be down, 9, 7, and 27 percent, respectively. Butter production also may be slightly smaller.

Supplies of most nonfood fats in 1952-53 will be adequate to meet all requirements. With a rise in cattle slaughter more than offsetting a decline in hog slaughter, output of inedible tallow and grease will be as large as last year when about 2.2 billion pounds were produced. This would permit high domestic use and exports. Supplies of flaxseed are large enough to enable crushers to crush as much as last year. In addition, beginning stocks of linseed oil are equal to about a year's use. Supplies of tung oil will continue relatively small, however, and the demand for castor oil for stockpiling will remain large.

Domestic disappearance of fats and oils in the year that ended last month is estimated at 66 to 67 pounds (fat content) per person. With a continued high level of consumer income and industrial activity expected, disappearance in 1952-53 may be equal to or somewhat greater than a year ago. Butter consumption has trended downward in the postwar period, while use of margarine has increased steadily. These trends are expected to continue, and nearly as much margarine as butter will be consumed in 1952-53.

Exports of fats and oils from the United States in 1951-52 were at a record or near record level and are expected to be nearly as large in the coming year. About 164 million pounds of lard were shipped to the United Kingdom during the first 8 months of the past crop year. However, no lard has been exported to the United Kingdom since May 1952 and very little is likely to be shipped to that country in 1952-53. A good export demand for U. S. edible oils is expected from areas other than the United Kingdom as supplies from sources other than the United States are no larger than in the preceding year. Exports of inedible tallow and greases were at a peak in the past year and probably will continue near this level in 1952-53 as substantial surpluses will be available for export at relatively low prices.

* This is a summary of the 1953 Outlook issue *
* of "The Fats and Oils Situation" for October *
* 1952, a processed publication issued by the *
* Bureau of Agricultural Economics *
