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OUTLOOK FOR OILSEEDS, FATS AND OILS

(By George W. Kromer, Agricultural Economist, Economic Research Service, USDA)

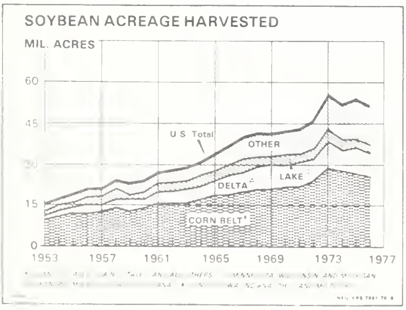
The U.S. soybean outlook is for sharply reduced supplies, continuing strong demand, low carryover stocks next September 1, and high prices.

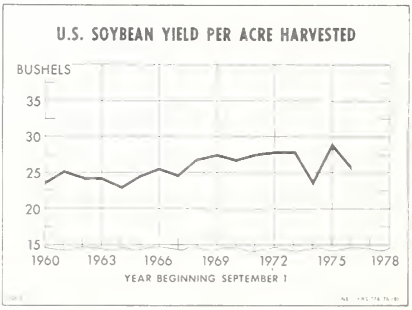
Soybean production in 1977 will need to increase substantially to avoid continued tight supplies through the 1977/78 marketing year. If the soybean/corn price ratio holds at 2½ to 1 into spring, farmers likely will expand soybean acreage in 1977, possibly a tenth above this year's 50 million acres.

The U.S. oilseed harvested acreages this year were about 63 million, down 2.7 million from 1975. A sharp drop of 4.2 million acres (8 percent) in soybeans and 0.6 million in flaxseed (40 percent) more than offset the 2.1-million-acre gain (24 percent) in cotton. Peanut acreage remained unchanged from last year's level of 1.5 million. Total oilseed production (soybean, cottonseed, peanuts, and flaxseed combined) is forecast at 39 million metric tons, 15 percent less than in 1975 due to reduced yields.

SOYBEAN SUPPLIES DOWN SHARPLY

The combination of reduced acreage and lower yields is resulting in lower soybean production in 1976. The crop, estimated at 1,252 million bushels as of November 1, was a fifth below last year. Even when adding in carryover stocks of 244 million bushels, the total soybean supply for 1976–77 is 1.5 billion bushels (41 million metric tons), compared with the record 1.7 billion (47 million tons) last year.





Despite the smaller supplies and high prices, soybean demand is expected to remain strong. Total disappearance probably will drop to around 1.4 billion bushels, some 5 percent below last season but about 160 million bushels in excess of 1976 production. Both crushings and exports are expected to decline from the record highs of last season. Carryover stocks next September 1 likely will be drawn down to low working levels—now estimated at around 85 million bushels (2.3 million metric tons) or less than 1 month's total requirement.

HARVEST PRICES HIGH

Soybean prices to producers are relatively favorable this fall, averaging about $6.30 per bushel during September-October or $1.15 above a year ago. Prices received by farmers for all of 1976–77 are estimated to average somewhat above this early season level and sharply higher than the $5 received during 1975–76. The crop harvest is nearly complete and farmers are storing large quantities of beans in anticipation of higher prices later. Since the current high rate of soybean crush and exports cannot be sustained throughout the marketing year, prices likely will rise in order to ration available supplies.

A sharp expansion in Brazilian soybean plantings this November-December and an expected sizable gain in U.S. 1977 soybean acreage would tend to moderate the price strength for soybeans in the second half of 1976–77.

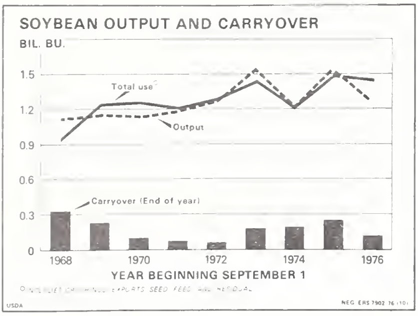
The national average CCC price support loan rate for the 1976 and 1977 soybean crops is $2.50 per bushel. There was no loan program for 1975 crop soybeans and the 1974 soybean loan level was $2.25 per bushel. As in recent years, no USDA acquisitions are expected this season because of the strong market price.

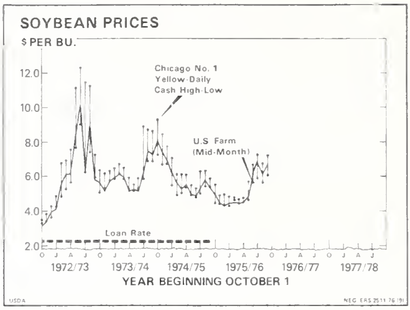
CRUSH TO DECLINE SHARPLY BELOW CAPACITY

Soybean crushings this season are expected to total around 790 million bushels, about 9 percent below the record 865 million crushed in 1975–76. This drop reflects the prospective decline in domestic requirements for soybean meal and oil from last year's record highs due to higher prices, and increased availabilities of competitive fats, oils, and protein feeds. Crushings during September-October 1976 totaled an estimated 143 million bushels compared with 128 million last year.

A season's crush of 790 million bushels would utilize only about two-thirds of the industry's 1976–77 processing capacity—now estimated at 1.2 billion bushels, or 100 million per month, nearly a tenth greater than 1975–76. Last season the industry operated at approximately 80 percent of capacity or close to the long-term average utilization rate.

With increased capacity, higher soybean prices, and fewer beans to crush, the outlook is for a continuation of relatively small processing margins. Spot processing margins averaged 16 cents a bushel last season and 15 cents in 1974–75. The record high margin of 72 cents was achieved in the 1973–74 crush year.



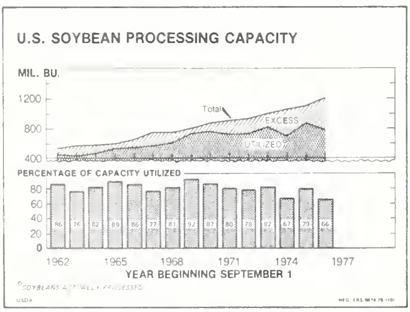


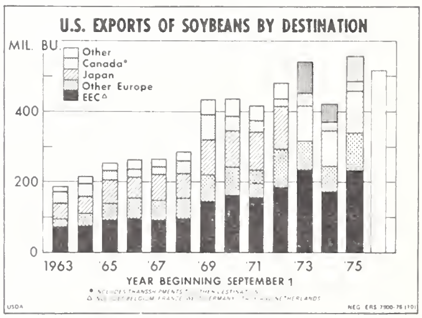
EXPORTS ALSO TO DROP

Soybean exports are estimated around 540 million bushels compared with the record high of 555 million shipped during 1975–76. As with domestic use, exports will be largely limited by the tight supply situation. However, high soybean prices, anticipated larger Brazilian supplies of soybeans, and less favorable livestock/feed price ratios probably will reduce U.S. exports by curtailing the demand for soybean meal.

With about 55 million bushels of 1976 crop soybeans already contracted by the USSR, and the guarantee to Japan of at least 110 million bushels (3 million metric tons) this season, fewer U.S. soybeans are available for other markets. During 1975–76 the United States exported about 12 million bushels to the Soviet Union and 118 million to Japan.

As of mid-October, reported outstanding export sales of soybeans totaled 189 million bushels. Nearly 30 million bushels were booked for the USSR versus none a year ago. Japan and Western Europe accounted for most of the remainder. Soybeans inspected for export from September 1, 1976, through November 5 totaled 86 million bushels, 15 million less than a year ago.





MORE BRAZILIAN SOYBEANS AND PALM OIL AVAILABLE IN 1977

Brazil, continuing its rapid rise as a major soybean producer-exporter, likely will take up the slack in U.S. exports of soybeans in 1976–77. Their 1977 soybean crop, four-fifths of which will be available for export, is projected at 13¼ million metric tons—2 million above this year's record 11.3-million-ton harvest.

World palm oil production in calendar 1977 is forecast to increase 13 percent to 3.6 million tons. Since 1967, world shipments of palm oil have had uninterrupted expansion. Exports in 1967 were 0.5 million tons; in 1976 they will probably total around 2 million tons, and they are forecast to hit 2.3 million next year. The continuing expansion of Malaysia's palm area has resulted in heavy competition from palm oil in traditional U.S. vegetable oil markets.

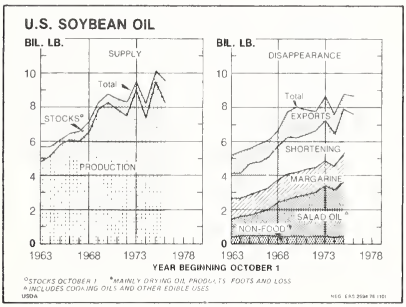
Malaysia, already exporting over 90 percent of her output, is the world's largest producer-exporter of palm oil and is expected to account for much of the future expansion. In 1976, Malaysia (including Sabah) is expected to account for 45 percent of the world's palm oil production and 70 percent of the world's exports.

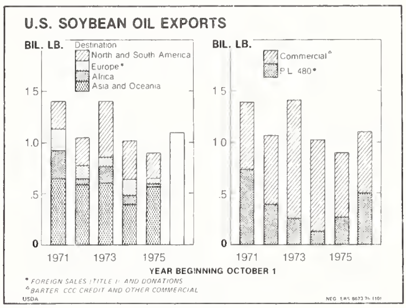
Other major developments have a bearing on the U.S. export outlook for soybeans and products include:

—A 200,000-ton drop (to around 2.9 million tons) in 1977 world coconut oil output from this year's record volume, due to less favorable rainfall in the Philippines.

—A 1976 Soviet sunflowerseed crop of around 5½ to 6 million tons compared with last year's reduced harvest of 5 million.

—A 1976 Canadian rapeseed output of only 0.9 million tons, compared with 1.7 million in 1975, as as result of acreage diversion to wheat.





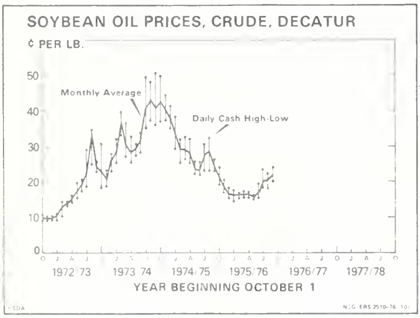
U.S. SOYBEAN OIL OUTPUT TO DECLINE

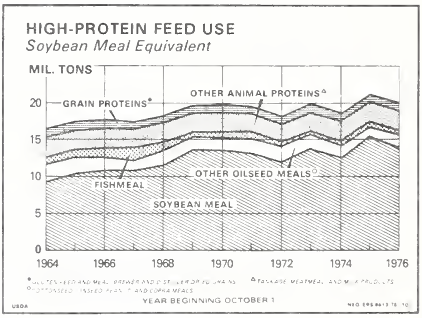
Due to tight soybean supplies and smaller crushings, soybean oil production in 1976–77 may total around 8.4 billion pounds, some 13 percent or nearly 1.3 billion pounds below last year's record high. However, carryover stocks on October 1 were a record high 1.3 billion pounds, up 0.7 billion from a year ago. Therefore, total soybean oil supplies are estimated at 9.6 billion pounds, about 0.6 billion pounds or 6 percent below 1975–76.

Domestic disappearance of soybean oil is expected to drop from its record 7.9 billion pounds of last year to around 7½ billion—in contrast to last year when use increased 1.4 billion pounds from the year before. Most of the gain in soybean oil use was in shortening manufacture (up over 28 percent), margarine (up over 13 percent), and cooking and salad oils (up over 8 percent). During 1976–77, more cottonseed oil, peanut oil, and lard will be available, but this probably will be partly offset by smaller imports of palm and coconut oils. The U.S. total per capita use of edible fats and oils, which was a record 56 pounds in 1975–76, may decline slightly in the 1976/77 marketing year.

Soybean oil exports may approach 1.2 billion pounds, up from 1 billion in 1975–76. The gain mainly reflects increases in P.L. 480 programing, both titles I and II. Major recipients of soybean oil under title I include Pakistan and Bangladesh. Public Law 480 shipments in 1976–77 are likely to account for nearly one-half of total soybean oil exports. U.S. commercial exports will face stiff competition from increased world supplies of Malaysian palm oil and Brazilian soybean oil.

Soybean oil prices (crude, Decatur) during the 1975/76 marketing year varied between 22 cents per pound (monthly average) and 16 cents, averaging 18 cents. With reduced soybean oil supplies in 1976–77, prices are expected to average somewhat above the year-earlier level. Nevertheless, greater availabilities of other domestic fats and oils will tend to hold soybean oil prices in check. Soybean oil prices in early November 1976 averaged 23 cents per pound, about 3 cents above a year earlier.





SOYBEAN MEAL USE TO DROP SHARPLY

Soybean meal supplies total an estimated 19 million short tons, about 2 million tons or a tenth below 1975–76.

Domestic disappearance will drop sharply from last season's record 15.6 million tons, possibly to under 14 million. Soybean meal demand in 1975–76 was phenomenal, up nearly a fourth from 1974–75. Major factors boosting the demand last season were expanding hog and poultry production, favorable prices compared to other feed concentrates, reduced supplies of cottonseed meal, plus some buildup in pipeline stocks. The sharp cutback in prospective soybean meal use in 1976–77 reflects the slowdown in hog and poultry expansion and a return to more normal protein-grain price relationships. Also, prices of urea mixes for ruminant feeding hold a substantial competitive edge over soybean meal.

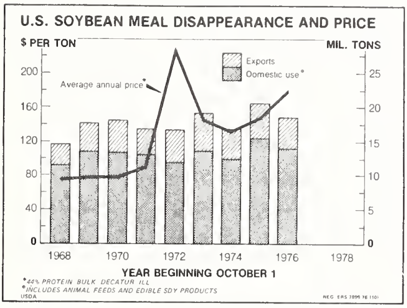
In 1975–76 the soybean meal/corn price ratio averaged 1.5 and soybean meal use was 15 percent that of corn use. A more normal relationship was that which existed in the 1960's, when a price ratio of 1.7 showed soybean meal usage about 11 to 12 percent that of corn use. With the 1976–77 soybean meal/corn price ratio projected at about 2 to 1, soybean meal use will drop in relation to corn. Furthermore, more wheat is available for feeding.

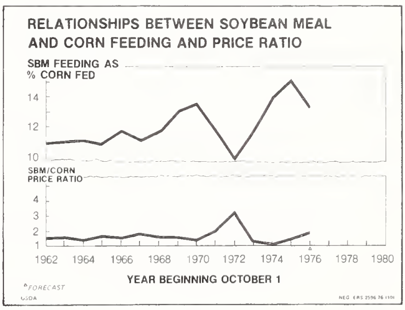
Soybean meal exports are estimated at about 4.8 million tons compared with 5.2 million tons shipped in 1975–76. Higher prices along with increased competition from Brazil and other oilmeal exporters will tend to limit our exports. As in past years, Western Europe is expected to take around two-thirds of total U.S. exports.

Reduced supplies of soybeans and meal in 1976–77 are expected to result in meal prices averaging sharply above the $147 per ton last season. Soybean meal prices (44 percent protein, Decatur) during 1975–76 fluctuated sharply, the monthly average varying between $120 and $194 per ton. The relatively high soybean meal/corn price relationship will temper meal use. Soybean meal prices in early November 1976 averaged $175 per ton campared with $115 a year ago.

PALM OIL IMPORTS MAY DECLINE IN 1976–77

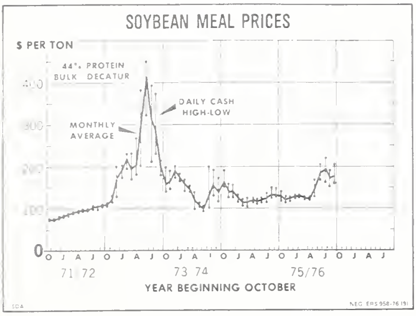
U.S. imports of duty-free palm oil during the marketing year which started October 1 are forecast at around 800 million pounds (363,000 metric tons), some 14 percent less than the record 933 million pounds (423,000 tons) brought in during 1975–76. This forecast assumes a more normal price discount of palm oil to soybean oil of some 2 to 3 cents per pound. In early November, crude soybean oil at Decatur was 23 cents per pound compared with palm oil prices at U.S. ports of 20 cents.

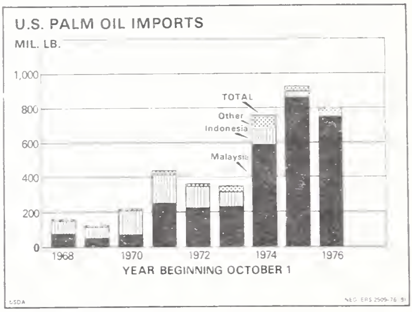




U.S. imports of palm oil in October-December will be sharply below the 356 million pounds brought in during the same quarter of 1975. A year ago imports were record large because of the sharp price discount for palm oil in the summer of 1975—8 cents per pound under soybean oil. But, the 2- to 3-month shipping time from Malaysia to the West and East Coasts of the United States, plus more lead time to execute transactions, means 4 to 5 months between placing an order and the actual arrival in the United States. Over 90 percent of U.S. palm oil imports are from Malaysia, with the remainder from Indonesia, Singapore, and Nigeria.

Domestic use of palm oil during the 1975/76 marketing year totaled 885 million pounds, 28 percent more than the previous year. Re-exports were also up sharply, reaching 37 million during the year. Use of Palm oil in shortening manufacture, the major outlet for this commodity, totaled 600 million pounds or roughly two-thirds of the U.S. usage. Significant gains in palm oil use were also registered for cooking oils and margarine.





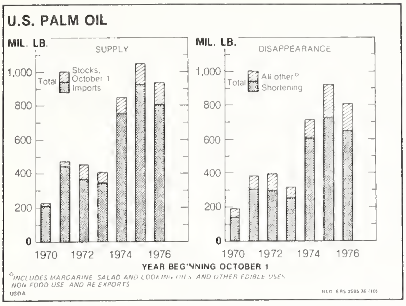
U.S. stocks of palm oil on October 1, 1976, were 138 million pounds, up a tenth from a year ago. While some stock declines may occur during the 1976/77 marketing year, supplies nevertheless will remain relatively large in relation to domestic needs.

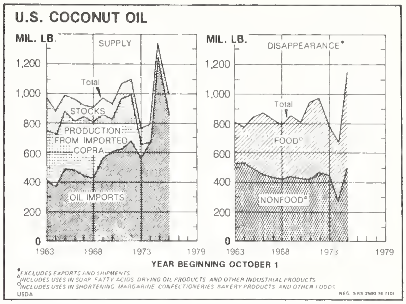
COCONUT OIL IMPORTS TO BE CUT DURING 1976–1977

U.S. imports of coconut oil in the 1976/77 marketing year are expected to drop sharply from the record high 1.25 billion pounds (566,000 metric tons) last season, possibly to around 0.9 billion (385,000 tons). This outlook reflects reduced domestic demand which is associated with higher-than-year-earlier prices. Total supplies this marketing year will not be off as sharply as imports, since October 1 stocks were up a fifth from a year earlier. There is no commercial production of coconut oil in the United States.

Because of less favorable rainfall in the Philippines and despite continued increase in bearing-tree numbers, world coconut oil production in calendar 1977 is projected at around 2.9 million metric tons compared with this year's 3.1-million-ton record high. There is approximately a 10-month lag between rainfall and its impact on the level of coconut oil production. The Philippines account for about one-half of total world coconut oil production and over 90 percent of U.S. coconut oil comes from the Philippines. The remainder is shipped in from Indonesia, Sri Lanka, Malaysia, Macao, the Netherlands, and Japan.

During 1975/76 heavy U.S. imports and use were encouraged by relatively low prices and record world output. Coconut oil prices were steady at the 16- to 17-cent level until the summer of 1976, when they advanced to 22 cents. For the entire marketing year, they averaged 18 cents a pound (crude, tanks, Pacific Coast) compared with 25 cents in 1974/75. Coconut oil prices in early November were 24 cents, 8 cents above a year ago. They are expected to continue above year-earlier levels throughout 1976/77.





Domestic disappearance of coconut oil in 1976–77 likely will drop sharply from the record 1.2 billion pounds of last year. Use in 1975–76 was up mainly in food products, with smaller increases for soap and other nonfood products.

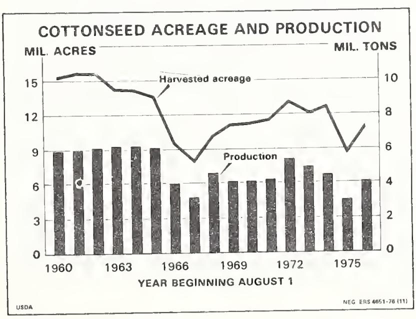
MORE COTTONSEED AVAILABLE IN 1976–77

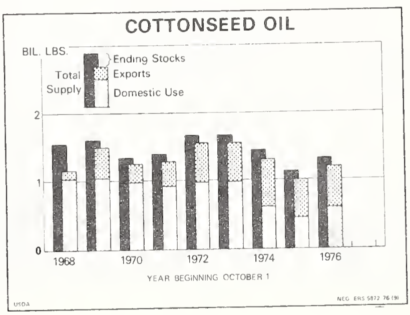
The 1976 cottonseed crop is estimated at 3.8 million short tons, about 0.8 million tons above last year. Cotton acreage for harvest this year at 10.9 million is up a fourth. However, carryover cottonseed stocks on August 1 were down sharply from a year ago, resulting in a total supply of 4.0 million tons or a tenth more than in 1975–76.

Prices received by farmers for cottonseed may average somewhat above the $98 a ton of 1975–76. Prices in October, at $104, were the same as in 1975. Although supplies are up sharply, strong demand for cottonseed products and higher prices this season for soybean oil and meal should tend to keep cottonseed prices relatively high.

Based on cottonseed crushings of 3.5 million tons, cottonseed oil output is estimated at 1.1 billion pounds and cottonseed meal output at 1.6 million tons.

Cottonseed oil supplies for the year starting August 1 total 1.3 billion pounds, 13 percent more than in 1975–76. With increased supplies, domestic use is expected to recover from last season's record low of 440 million pounds, possibly approaching 600 million. This year, cottonseed oil prices are expected to be more competitive with other fats and oils. While less soybean oil, palm oil, and coconut oil are available, lard will be in greater supply. The tight supply situation last season pushed cottonseed oil prices considerably above these competitive commodities.





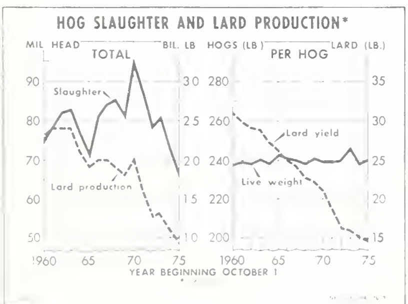
Exports of cottonseed oil are estimated at 0.6 billion pounds, up from the 0.5 billion shipped in 1975–76. As with domestic use, larger supplies and more stable prices should help encourage exports. Annual cottonseed oil exports vary widely, depending largely upon U.S. availabilities and world supplies. Egypt is the largest single market, last year taking 325 million pounds or about three-fifths of the total U.S. exports. Venezuela was our second largest market, taking 71 million pounds, followed by Western Europe with 53 million.

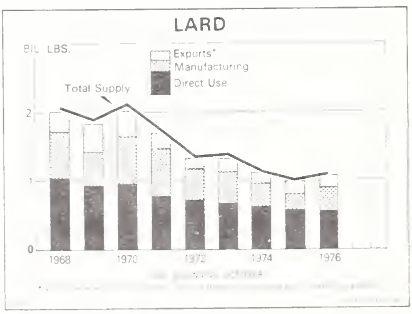
Cottonseed oil prices (crude, Valley) averaged 25 cents a pound during 1975–76, down from the 34 cents of the year before, and prices this season are expected to trade in a narrower range than last year. Also, the price premium of cottonseed oil over soybean oil may be narrower than the 6-cent average in 1975–76—possibly a more normal 2-cent differential. In early November, soybean oil was selling at 23 cents a pound and cottonseed oil at 24 cents; whereas, a year earlier, the price spread was about 4 cents. A key pricemaking force in 1976–77 will be export demand since we now export about one-half of our cottonseed oil production.

Cottonseed meal supplies for the August 1976–July 1977 season likely will total about 1.6 million short tons, 250,000 more than last year. Its domestic use is estimated at 1.5 million tons, up from last season's 1.3 million, and, as usual, a small quantity will be exported. Cottonseed meal prices (41 percent protein, Memphis) in early November at $166 per ton were $46 above a year ago. Prices probably will continue strong, reflecting continued good demand and smaller supplies of soybean and linseed meals.

LARD OUTPUT INCREASING

Lard production in the 1976/77 marketing year which began October 1 is projected to rise about a tenth to 1.1 billion pounds. Monthly output has exceeded year-earlier levels since June 1976 and is expected to continue higher throughout the current marketing year, reflecting increased hog slaughter.





Hog numbers are on the increase. The June–August 1976 pig crop was up 21 percent. And producers plan to have 16 percent more sows farrow during September–November 1976; with a further 9-percent increase indicated for December 1976–February 1977 over the comparable period ending February 1976. Thus, hog slaughter during the

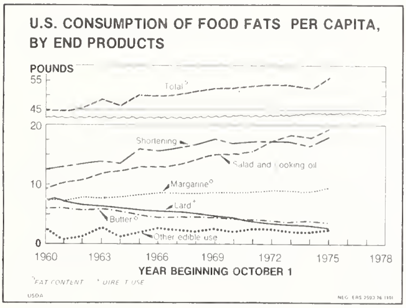
1976–77 marketing year probably will be up around 15 to 20 percent, although lard yields per animal may be off some.

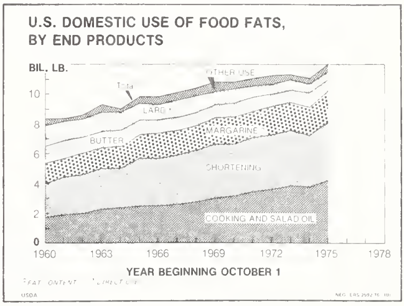
The 1 billion pounds of lard produced in 1975–76 was the smallest of record. Hog slaughter totaled only 69 million head, the smallest since 1953–54. In addition, lard yield per hog slaughtered continued to drop, reaching a record low of 14.2 pounds, 0.8 pounds less than in 1974–75. Lard yields have dropped steadily over the past 2 decades, from around 33 pounds per hog in the mid-1950's to last season's 14 pounds.

Domestic disappearance of lard is expected to increase to around 0.9 billion pounds in 1976–77, up more than a tenth from last year's record low of 0.8 billion. Thus, lard going into shortening and margarine manufacture is expected to gain while direct use may show little change.

Lard exports and shipments in 1976–77 probably will total around 0.2 billion pounds, up slightly from last season. Last year, Mexico, the United Kingdom, Canada, and Puerto Rico accounted for 90 percent of total exports. U.S. lard prices should be more competitive with Continental European lard in 1976–77.

Lard prices (tanks, loose, Chicago) averaged 20 cents a pound in 1975–76, down sharply from 33 cents a year earlier. Prices in early November, at 19½ cents, were 6 cents below a year ago. Also, lard is now running 3 cents below soybean oil; whereas, in November 1975 lard was selling 7 cents above soybean oil. Lard prices were likely to remain at a discount to domestic edible vegetable oils and this should help boost lard consumption.





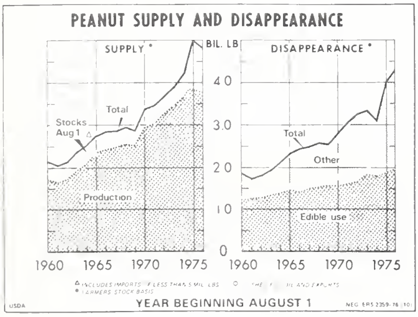
TOTAL FOOD FAT SUPPLY DOWN

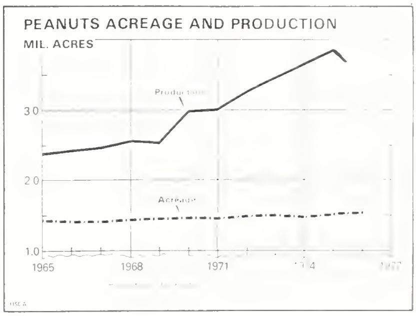
The total U.S. supply of edible fats, oils, and oilseeds during the 1976/77 marketing year is forecast at 11½ million metric tons (including the oil equivalent of the soybean crop, and coconut and palm oil imports), approximately 0.8 million tons, or 6 percent, below 1975–76. Soybean oil accounts for over two-thirds of total projected 1976–77 U.S. supplies. Soybean oil, palm oil, and coconut oil supplies will be smaller than in 1975–76, but more cottonseed oil and lard will be available. Total domestic use of edible fats and oils is projected at 6½ million metric tons and exports are projected at 3.8 million, both near the 1975–76 levels. This would cause carryover stocks on October 1, 1977, to drop to around 1.2 million tons, about 45 percent below the 2.2 million this October 1.

The U.S. per capita consumption of food fats and oils totaled an estimated 56 pounds (fat content basis) in 1975–76, a new record high and 4 pounds above the depressed level of 52 pounds in 1974–75. The previous record high was 54 pounds in 1973–74. Shortening, margarine, and salad and cooking oil use was up sharply, more than offsetting declines in butter and lard. These estimates are based on disappearance data and do not measure actual consumption, which probably was lower due to buildup in inventories at distributing levels. Per capita disappearance of food fats is projected to decline slightly in 1976–77—perhaps to around 55 pounds—reflecting higher prices and some drawdown of inventories.

PEANUT SUPPLY OFF SLIGHTLY; PRICES ARE HIGHER

With both carryover stocks and production off, the 1976–77 peanut supply, estimated at 4.7 billion pounds (farmers' stock basis), is down from last year's record 5 billion pounds.





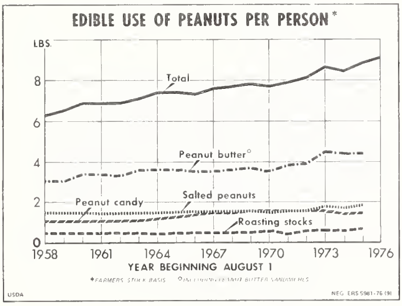
The 1976 peanut crop, estimated at 3.7 billion pounds (net weight) as of November 1, is 4 percent below the record 3.9 billion produced in 1975. The national yield per acre of 2,439 pounds is down 126 pounds from last year. While U.S. acreage allotments were again at the legal minimum, 1.6 million acres, acreage to be harvested this year is placed at 1.5 million acres—1 percent more than in 1975.

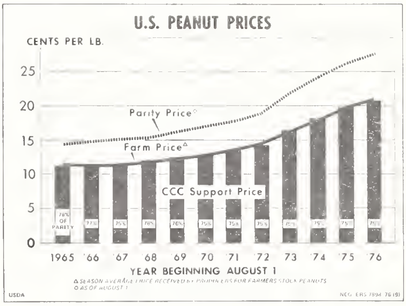
During 1976–77, the use of peanuts in edible products is expected to increase some 4 percent to nearly 2 billion pounds, about the same rate of gain as last season. This total would provide about 9 pounds per capita compared with 8.7 estimated for 1975–76. Despite the anticipated increase in consumption this year, supplies are well in excess of edible and farm requirements. As a result, the CCC is expected to acquire about a fourth of the 1976 peanut crop under the price support program.

The 1976 peanut crop is being supported at a national average loan rate of $414 per ton (20.7 cents per pound), an increase of $19.50 over 1975. This rate is 75 percent of the August 1, 1976, parity price, which is the minimum price support level under existing legislation for loans and purchases. Loans to approved grower associations, cooperating in making support available to farmers, will mature on demand by the

CCC. Prices received by farmers during 1976–77 probably will average around 20 cents per pound, slightly above last year and near the CCC support.

USDA announced on November 11 that surplus 1976-crop peanuts acquired through the price support program will be sold for unrestricted use as in past years at from 105 to 107 percent of the loan level, plus carrying charges. Export sales will not be less than 100 percent of the 1976 loan, plus carrying charges. Any peanuts not sold for these uses will be offered at competitive bids for crushing with the use of the oil being restricted to domestic markets. As of November 5 there were about 661 million pounds of CCC-owned peanuts not committed for use.





Also, the CCC will sell approximately 130 million pounds of surplus 1975-crop peanut oil at competitive bids for domestic use only.

CCC sales are expected to start in December and will be so scheduled for the orderly movement of all stocks by September 30, 1977.

SMALL FLAXSEED SUPPLY

Flaxseed supplies in the 1976–77 marketing year which started last June are estimated at 13 million bushels (including 1 million imports), about 5 million below the previous year.

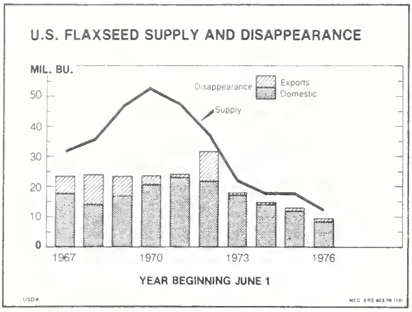
The 1976 flaxseed crop is placed at about 7 million bushels, only half as large as in 1975. Acreage for harvest totals 0.9 million acres, down from the 1.5 million of last year. The crop's yield per acre, at 7.7 bushels, is off 2 bushels.

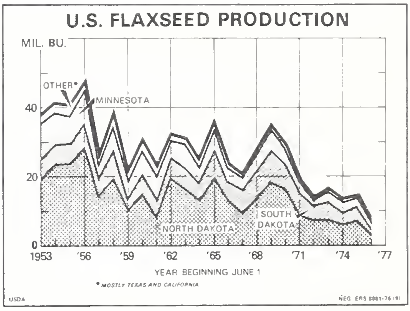
Flaxseed crushings probably will total only 9 million bushels, some 3 million below 1975–76, with smaller supplies a restrictive factor. However, crushings have been trending down over the past 25 years due to declining demand for linseed oil. Last season's crush was the smallest on record. About 1 million bushels of flaxseed are estimated to be available for planting seed, leaving only a small quantity available for export during the 1976–77 marketing year. During June–October 1976 only 0.2 million bushels were inspected for export.

Prices received by farmers for 1976-crop flaxseed averaged $7.10 during June–October, a shade above a year earlier, but probably will be stronger the rest of the season due to the short crop.

Linseed oil supplies for the current season are estimated at 225 million pounds compared with 279 million in 1975–76. Its use is estimated at 175 million pounds, leaving 20 million pounds available for export. The major domestic market for linseed oil is in paint and varnish manufacture. Prices for linseed oil (raw, Minneapolis) are averaging around 27 cents per pound compared with 40 cents in 1975–76.

This year's linseed meal supplies are estimated at 175,000 tons, about a fourth below last season, and its domestic feed use may total around 90,000 tons, leaving 75,000 tons available for export. Linseed meal prices (34 percent protein, Minneapolis) in early November were $149 per ton, $32 above year-earlier levels, and reflect the strong demand for reduced supplies.



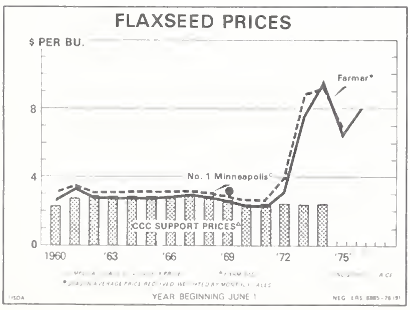


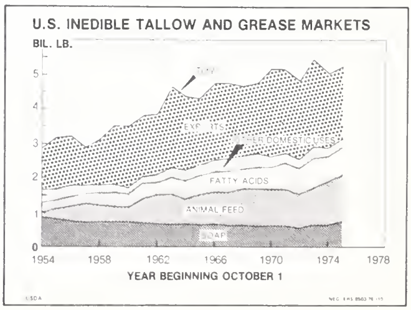
INEDIBLE TALLOW OUTPUT TO CONTINUE HIGH

Inedible tallow and grease production in 1976–77 is expected to continue near the year-earlier level of around 5.5 billion pounds. Prospective increases in hog grease probably will offset a decline in inedible tallow output. Because of higher carryover stocks on October 1, total supplies for the marketing year likely will be up a bit.

Domestic use of tallow and grease in 1976–77 probably will approximate last season's 3.3 billion pounds. In 1975–76 their domestic use gained 14 percent as use in soap, fatty acids, animal feeds, and lubricants increased. This upturn in industrial activity should carry through the 1976/77 marketing year.

Exports of tallow and grease totaled 2.1 billion pounds in 1975–76, down slightly from the previous year's 2.2 billion. Exports in 1976–77 may exceed 2 billion pounds; however, larger world supplies of many competing fats and oils will result in keener competition. Because tallow is perhaps the cheapest fat moving in world trade, it has estab-





lished a ready market in many countries: Japan, South Korea, Pakistan, Egypt, Colombia, and Western Europe are major U.S. overseas markets.

Inedible tallow prices (bleachable, fancy, Chicago) during 1975–76 averaged 15 cents per pound, up 1 cent from the year before. In early November tallow prices were around 15 cents per pound, a shade less than a year ago. Prices probably will continue relatively high, reflecting little change in the supply situation for 1976–77, continuing strong demand, and the generally higher price level for edible vegetable oils.