



Weekly Outlook: Soybean Use Exceeded USDA Projection, Did Corn Use Fall Short?

Darrel Good

Department of Agricultural and Consumer Economics
University of Illinois

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The 2015-16 marketing year for corn and soybeans ended on August 31. The USDA's quarterly *Grain Stocks* report to be released on September 30 will reveal the magnitude of total consumption of those two crops during the year and the magnitude of stocks available for use during the 2016-17 marketing year. Based on data currently available, soybean consumption exceeded the forecast of 3.889 billion bushels contained in the USDA's August WASDE report. There is more uncertainty about the magnitude of corn consumption since feed and residual use during the final quarter of the year is never known until the September 1 stocks estimate is released.

Soybean consumption has exceeded the USDA August projection due to a very strong pace of exports. The USDA has projected marketing year exports at 1.88 billion bushels. Cumulative export inspections for the year totaled 1.886 billion bushels. However, cumulative Census Bureau export estimates through the first 11 months of the year exceeded inspections by 53 million bushels. Assuming that margin persisted through August, marketing year exports totaled 1.939 billion bushels 59 million bushels more than projected and 97 million bushels more than the record large exports of the previous year.

The USDA projected the marketing year domestic soybean crush at 1.9 billion bushels. Based on the USDA's monthly *Fats and Oils: Oilseed Crushings, Production, Consumption and Stocks* report, the crush during the first 11 months of the year totaled 1.746 billion bushels. To reach 1.9 billion bushels for the year, then, the crush during August needed to be 154 million bushels. That is 9.4 million bushels, or 6.5 percent, larger than the crush during August 2015. The combined crush in June and July this year was 2.5 percent larger than the crush in those two months last year. It appears that the marketing year crush may have fallen five million bushels or so short of the USDA projection. The National Oilseed Processors Association (NOPA) estimate of the August crush by its members will be released on September 15th. That report will provide a reasonable estimate of the total crush for the month. For the first 11 months of the year, the USDA crush estimate averaged 6.4 percent larger than the NOPA estimate. The USDA's estimate of the August crush will be released on October 3rd.

For corn, the USDA's August WASDE report projected 2015-16 marketing year exports at 1.925 billion bushels. Cumulative export inspections for the year totaled 1.841 billion bushels. However, cumulative

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Census Bureau export estimates through the first 11 months of the year exceeded inspections by 67 million bushels. Assuming that margin persisted through August, marketing year exports totaled only 1.908 billion bushels, 17 million bushels short of the projection.

The USDA has projected corn used for production of ethanol and co-products during the 2015-16 marketing year at 5.2 billion bushels. Based on the USDA's monthly [*Grain Crushings and Co-Products Production*](#) report, use during the first 11 months of the year totaled 4.748 billion bushels. To reach 5.2 billion bushels for the year, then, the crush during August needed to be 452 million bushels. Based on weekly ethanol production estimates provided by the U.S. Energy Information Agency (EIA), ethanol production during August 2016 was 1.04 percent larger than in July 2016. If the mix of feedstocks and the ethanol yield per bushel of feedstock was the same in August as in July, corn use would have totaled 460 million bushels. It appears that use for the year may have been 5.208 billion bushels, slightly larger than the USDA projection. The USDA's estimate of the August corn crush will be released on October 3rd.

The USDA has projected feed and residual use of corn during the 2015-16 marketing year at 5.2 billion bushels. Based on the quarterly *Grain Stocks* reports released in January, March, and June of this year, use during the first three quarters of the year totaled 4.552 billion bushels. To reach 5.2 billion bushels for the year, then, use during the last quarter needed to be 648 million bushels. That would be 110 million bushels larger than use during the same quarter last year and the largest use for the quarter in seven years. Use at that level would be somewhat surprising given the level of livestock and poultry inventories during the quarter and the widely expected increase in wheat feeding during the summer months. However, since revealed use varies substantially from quarter to quarter, use at that higher level cannot be ruled out.

The magnitude of soybean and corn inventories carried into the 2016-17 marketing year is of some importance given the large crops expected this year. Based on currently available consumption information for the 2015-16 marketing year, it appears that stocks of soybeans at the end of the year may have totaled about 200 million bushels, 55 million bushels less than projected in the August WASDE report. Stocks of corn may have been larger than the projection of 1.706 billion bushels based on expectations of smaller than projected feed and residual use during the summer. For both crops, however, the USDA's September 1 stocks estimate has often differed from expectations.

References

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