

Situation and Outlook

SUMMARY

U.S. soybean ending stocks are reduced this month. USDA's estimate of March 1 soybean stocks is well below the level implied by year-to-date use and reported production. As a result, residual use for 1998/99 is increased by 1.4 million tons to 3.1 million tons. Forecast ending stocks are reduced 1.1 million tons, to 11.7 million bushels. Soybean exports are lowered 272,000 tons to 21.0 million tons, only partially offsetting the higher residual use. Reductions in prospective imports by the EU-15 and South Korea are the main factors in weaker U.S. export prospects. Financial difficulties have slowed soybean imports by South Korea's oilseed crushers. U.S. soybean oil exports are up by 66,000 tons, nearly offsetting a drop in domestic use of 69,000 tons. Soybean oil export prospects are helped by upward revisions in imports for Bangladesh and some Southeast Asian countries. Apparent domestic use of soybean oil has dropped sharply in the past 2 months following a strong early-season offtake.

Season-average soybean prices are unchanged this month but the price range is narrowed to \$5.00 to \$5.10 per bushel. Soybean oil prices are lowered slightly to 20.5 to 22.5 cents per pound while soybean meal prices are increased \$5 per short ton to \$130 to \$140 per ton.

Global oilseed production is reduced 947,000 tons this month, but is still record high at 293.2 million tons. World soybean production is down 309,000 tons to 157.8 million tons. Argentina's soybean crop is cut 500,000 tons to 18.7 million tons as dry weather in February, followed by excessive rains in March and early April, has reduced yield prospects. Paraguay's soybean crop is increased 200,000 tons to 3.3 million this month based on reports of higher area and excellent yields. For other oilseed crops, sunflowerseed and cottonseed production are lowered by 309,000 and 236,000 tons, respectively, with slight reductions noted for rapeseed and palm kernel crops. Other significant production changes include a 421,000-ton increase to 6.2 million tons for fish meal production. Fish meal is expected to offer significant competition for soybean meal, particularly in China, as reflected this month in higher imports by China of fish meal and lower imports of soybean meal. China's soybean meal import forecast is cut 500,000 tons to 3.0 million tons this month, well below last year's 4.2 million tons. This reduction is largely offset by increased soybean meal imports for the EU-15 and South Korea and a small reduction in exports by Argentina.

Soybeans

World soybean production in 1998/99 was reduced to 157.8 million tons reflecting a reduction in Argentina's forecast which more than offset a 200,000-ton increase in Paraguay's soybean forecast. Argentina's soybean production forecast was lowered 500,000 tons in response to scattered dryness in February and early March in the areas of Santa Fe and central Cordoba and recent rains that reportedly damaged some area and lowered yields. Paraguay's soybean crop was raised based on a 4 percent area expansion and good growing conditions.

World soybean trade is forecast at 38.5 million tons. Adjustments this month include a reduction in the U.S. export forecast due to continued competition from South America. Additionally, Paraguay's export forecast is raised 200,000 tons because of larger supplies. The world import forecast reflects a decrease in Belgium-Luxembourg in response to reduced trade activities over the past few months. Argentina's soybean import forecast was raised 200,000 tons. Whereas, South Korea's soybean import forecast was lowered 100,000 tons due to financial difficulties in the crushing industry.

World soybean ending stocks for September 1999 were lowered 4 percent this month reflecting in part the U.S. March 1, 1999 stocks report released on March 31, 1999 that reported stocks below expectations. In response to the report, the U.S. ending stocks forecast was reduced 9 percent and residual use was raised to account for the change. Also, Argentina's ending stocks forecast was lowered 2 percent this month in response to the lower production estimate.

World soybean meal trade is reduced this month from our earlier forecast but remains above the previous record level last year. Argentina's soybean meal export forecast was lowered 100,000 tons reflecting a reduced crush and soybean meal supply forecast. Reduced imports for China due to recent trade policy change (see special report) are partially offset by a 150,000 and 100,000-ton increase in the import forecast for Japan and South Korea, respectively.

World soybean oil exports at 7.3 million tons reflects a 7 percent increase in the U.S. export forecast to 1.1 million tons. This change is in response to the steady export pace for the first half of the marketing year. World soybean oil import demand is raised reflecting larger import forecasts for Malaysia, Vietnam, Bangladesh, Senegal, Thailand and Indonesia.

Other Oilseeds

World oilseed production for 1998/99, excluding soybeans, was reduced 638,000 tons in April to 135.4 million tons primarily in response to lower sunflowerseed and cottonseed production forecasts. Sunflowerseed production was reduced for China, down 320,000 tons to 930,000 tons, Hungary, down 94,000 tons to 706,000 tons, and South Africa, down 50,000 tons to 800,000 tons. Partially offsetting these declines were increases for Romania and Pakistan. Cottonseed production was reduced based primarily due to a lower production forecast for Pakistan. Other adjustments this month include small reductions in rapeseed and palm kernel production, and a small increase in world peanut production.

The world oilseed export forecast for 1998/99, excluding soybeans, was reduced 115,000 tons to 15.2 million tons. Small reductions in peanut, rapeseed, and sunflowerseed export forecasts accounted for the decline. The world oilseed crush forecast for 1998/99, excluding soybeans, was reduced 327,000 tons in April due to lowered cottonseed and sunflowerseed crush forecasts. These reductions were in response to the reduced production forecasts noted earlier. In addition, world palm kernel crush was reduced in response to the lowered production forecast for Malaysia. Forecast world ending stocks, excluding soybeans, remained unchanged this month at 3.4 million tons.

World protein meal production, excluding soybean meal, was increased 335,000 tons in April to 58.8 million tons. An increase in the world fishmeal production forecast, up 421,000 tons to 6.2 million tons, accounted for most of the increase. Partially offsetting this increase were reductions in cottonseed, sunflowerseed, and palm kernel meal production. Protein meal exports, excluding soybean meal, were increased 467,000 tons to 15.9 million tons while protein meal imports, excluding soybean meal, were increased 529,000 tons to 15.6 million tons. An increase in fish meal trade due to a larger production forecast for Peru and improved import prospects by China accounted for most of the adjustment this month. With the increase in fishmeal supplies, the world protein meal consumption forecast, excluding soybean meal, was increased 467,000 tons to 58.8 million tons. Offsetting the larger fishmeal consumption forecast were reduced forecasts for cottonseed, sunflowerseed, and palm kernel meal consumption. Forecast protein meal stocks, excluding soybean meal, were increased 148,000 tons to 1.9 million tons due to an increase in projected world fishmeal stocks to 656,000 tons.

The world vegetable and marine oil production forecast for 1998/99, excluding soybean oil, was nearly unchanged at 56.7 million tons this month as reduced sunflowerseed, cottonseed, and palm kernel oil production was nearly offset by increases in forecast rapeseed, peanut, and fish oil production. The 1998/99 vegetable and marine oil export forecast, excluding soybean oil, was also unchanged this month in response to offsetting adjustments. While palm and peanut oil export forecasts were increased slightly, declines in rapeseed, sunflowerseed, and fish oil export forecasts more than made up the difference. The vegetable and marine oil import forecast, excluding soybean oil, was increased 50,000 tons to 22.5 million tons this month. Forecast palm oil imports, which were up 62,000 tons this month, accounted for most of the change. Forecast vegetable and marine oil consumption, excluding soybean oil, was increased 74,000 tons to 56.6 million tons. Increased palm, rape, and fish oil consumption forecasts more than offset lowered sunflowerseed and coconut oil forecasts. The 1998/99 vegetable and marine oil ending stocks forecast, excluding soybean oil, remained unchanged this month at 4.7 million tons.

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