

Situation and Outlook

U.S. oilseed production and supply prospects for 1999/2000 are off sharply from a month ago as modest to severe August drought in the South Central and Eastern United States curtailed yields, particularly for soybeans. Soybean yields are forecast at 2.55 tons/ha (37.9 bushels/acre), off nearly 3 percent from last month's estimate and well below the 1994/95 record yield of 2.78 tons/ha or 41.4 bushels/acre. Forecast soybean production of 75.6 million tons is off 2.5 million tons from August but is still record-large. A smaller carryin along with a reduction in expected crush and exports bring ending stocks down 2.2 million tons from last month, to 12.5 million tons. This level is still nearly 2.6 million tons above last season but well below the record carryover in 1985/86.

With tighter U.S. soybean supplies and increased foreign export availabilities of rapeseed and soybeans, prospective U.S. soybean and soybean meal exports in 1999/2000 are reduced. Projected soybean exports are cut 544,000 tons to 24.4 million tons while soybean meal exports are reduced 257,000 tons to 7.0 million tons. U.S. soybean crush is lowered 272,000 tons to 44.5 million tons because of the cut in meal exports. Reduced soybean oil production combined with a small increase in forecast domestic use led to a decline in forecast U.S. 1999/2000 soybean oil stocks this month. However, stocks are still expected to reach a record 1.1 million tons.

U.S. season-average producer prices for soybeans are projected at \$4.40 to \$5.20 per bushel, up 30 cents per bushel from last month, compared to last season's price of \$5.00 per bushel. Soybean meal prices are increased \$12.50 per short ton to \$142.50 to \$167.50 per short ton. Soybean oil prices are projected at 16.0 to 19.0 cents per pound, up 1 cent per pound from a month ago.

Global oilseed production in 1999/2000 is projected at a record 296.5 million tons, off 2.0 million tons from last month but up 4.0 million tons from last year. Foreign output is up 0.7 million tons from last month to a record 210.1 million tons as a sharp advance in rapeseed crop prospects to a record 41.8 million tons is only partially offset by a drop in foreign peanut production. Projected foreign soybean production is up slightly to 79.3 million tons as a 500,000-ton increase in Argentina's crop to 17.5 million tons is largely offset by a reduction in India's crop to 5.7 million tons. Canada's soybean production forecast was also raised 100,000 tons this month to 2.7 million tons due to favorable weather this season. India's groundnut crop is lowered as late-season dry weather cut yield prospects sharply in Gujarat State and to a lesser extent in Andhra Pradesh.

The world rapeseed production forecast was increased 1.9 million tons this month to 41.8 million tons. This is 14 percent ahead of last year and is a result of increases in Australia, Canada, the EU, and to a lesser extent, Eastern Europe and India. Increases in rapeseed production this month are led by Canada, up 1 million tons this month to 8.3 million tons as nearly ideal late-season growing conditions developed after a late start for the crop. Western Europe and Australia rapeseed crops are also up this month. U.S. oilseed output is off nearly 3 million tons,

mostly due to the reduced soybean production forecast, but also in response to a lower cottonseed production forecast.

World oilseed and product consumption and trade are little changed from last month but the totals reflect more rapeseed and rapeseed meal use and trade, mainly at the expense of soybeans and soybean meal. The world rapeseed export forecast was increased 672,000 tons this month, led by increases in Canada, the EU, and Australia. China is expected to be the major recipient of this rapeseed with forecast imports boosted to 2.0 million tons. Soybean oil use and trade is about unchanged as improved Indian import prospects largely offset increased global competition from rapeseed oil.