

U.S. Soybean Exports (10/06/2016)

The United States is the world's largest soybean producer. Based on USDA's World Agricultural Supply and Demand Estimate report ([WASDE] September 12, 2016), U.S. soybean production for 2016/2017 is projected at 4,201 million bushels, up 6.9% compared with the previous year (3,929 million bushels). The 2016/17 U.S. soybean yield is forecast at 50.6 bushels per acre, up 1.7 bushel per acre from last month's projection. If realized, 2016/17 yield would be up 2.6 bushels per acre from last year's record (48 bushels per acre). U.S. soybean supplies for 2016/17 are projected at a record 4,426 million bushels.

According to the most recent Crop Progress report published by USDA, the U.S. soybean harvest was 26% complete as of October 2, 2016, behind the five-year average of 27%. The report also indicated that the percentages of U.S. soybeans in fair, good, and excellent condition were 25%, 48%, and 16%, respectively.

Overall soybean production is split between soybean crush and soybean exports but the share of soybean crush of total production has been declining while the share of exports has been increasing. Figure 1 indicates that the share of U.S. soybean exports of total production rose from 36% in 2000/01 to 47% in 2014/15. The share of exports relative to total production for 2015/16 increased to 49%.

2016/17 U.S. soybean meal production is projected at 46.275 million short tons (ST), increasing by 0.2 million short tons from August projection and 1.335 million ST relative to the previous marketing year. Domestic disappearance of U.S. soybean meal is projected at 34.300 million ST, up 0.8 million ST compared with 2015/16. The U.S. is projected to export 26.2% (12.3 million ST) of the total soybean meal supply (46.9 million ST) in 2016/17. The U.S. is the world third largest exporter of soybean meal after Argentina and Brazil.

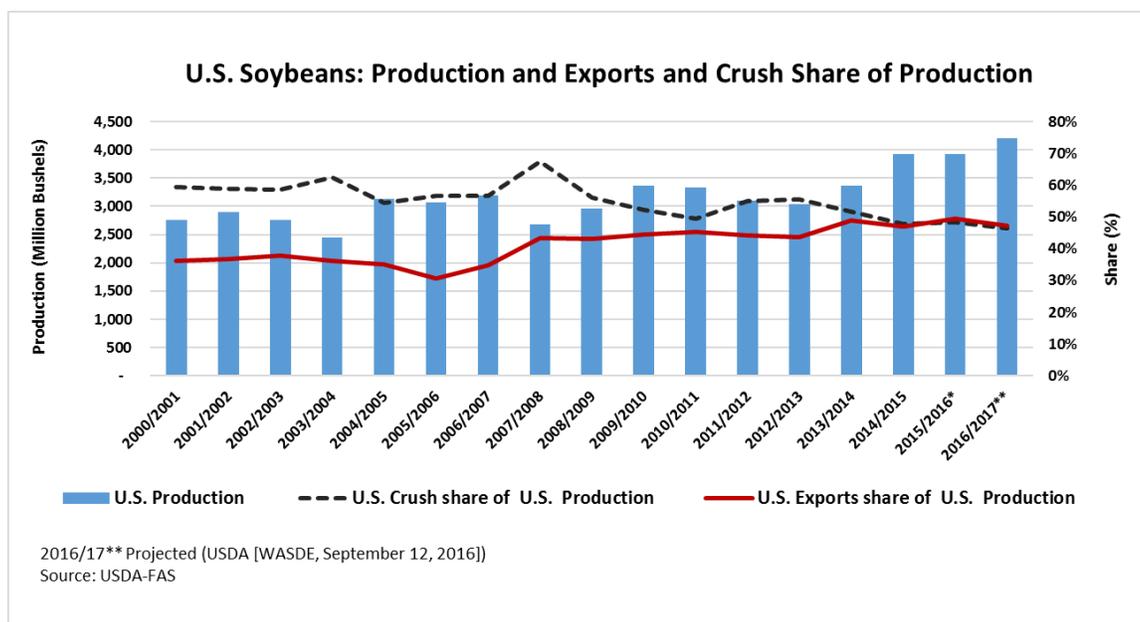


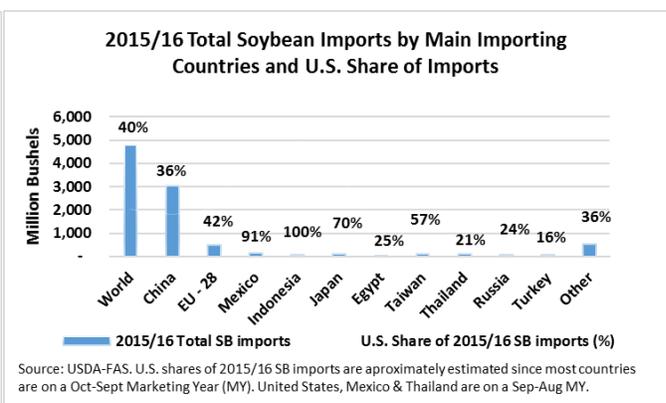
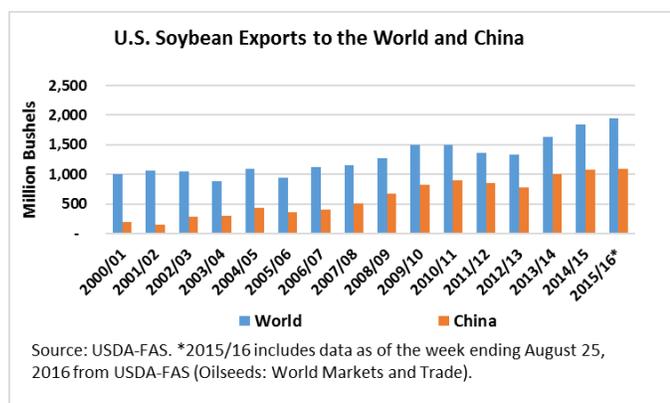
Figure 1. U.S. Soybeans: Production and Exports and Crush Share of Production

According to the Oilseeds-World Markets and Trade report published by USDA-FAS on September 12, 2016, as of the week ending August 25, 2016, the U.S. total 2015/16 soybean exports commitments (outstanding sales plus accumulated exports) to the world reached a volume of 1,940 million bushels, compared with 1,842 million bushels, which is the estimated value for 2014/15 U.S. soybean exports

(WASDE, September 2016). U.S. soybean exports are projected to increase in the new marketing year. Based on USDA projections the U.S. will export 1,985 million bushels of soybeans in 2016/17. This projection is 2.3% above the 2015/16 level and represents 47% of the total expected 2016/17 U.S. soybean production.

China is the world largest soybean consumer and is the main importer of U.S. soybeans (Figure 2). U.S. soybean exports to China increased from 197 million bushels in 2000/01 to 1,099 million bushels, which was the U.S. 2015/16 soybean export commitments as of the week ending August 25, 2016. Through the years the Chinese market has become an important destination for U.S. soybeans. In 2000/2001 U.S. soybean exports to China represented 20% of U.S. total soybean exports whereas in 2015/16 that percent increased to 57%. China increased its demand of U.S. soybeans to support the country’s growing livestock sector, particularly pork. From 2011/12 to 2015/16, on average, the U.S. has supplied 37.4% of China’s total soybean imports. The USDA’s latest projection (September 2016) for China’s 2016/17 soybean imports was reduced by 37 million bushels to 3,160 million bushels, compared with the August projection. The USDA indicated that a slightly larger China soybean production forecast, ongoing auctions from state reserves, and reduced exportable supplies in Brazil contributed to China’s lower projection for 2016/17 soybean imports. However, China’s soybean imports in the new marketing year are expected to increase 4% relative to 2015/16 (3,031 million bushels). Based on the U.S. share of China’s soybean market during the last five years (37.4%) and China’s projected total soybean imports in 2016/17 (3,160 million bushels), the U.S. could be exporting about 1,181 million bushels of soybean in the new marketing year.

At the global level the United States is the second largest exporter of soybeans after Brazil. At a distant third place is Argentina. In 2015/16 the U.S. supplied 40% of the world soybean imports. The countries shown in Figure 2 imported 89% of world total soybean imports (4,808 million bushels) in 2015/16, with China importing 63% of total global soybean imports. After China, the European Union (EU) was the second largest importer of soybeans last year with the U.S. supplying 42% of that demand. Countries in which the U.S. had 25% or less than 25% of the market share in 2015/16 were Egypt (25%), Russia (24%), Thailand (21%), and Turkey (16%)¹. As Figure 3 indicates, these markets’ total volume of soybean imports in 2015/16 were very small compared to the total amount imported by China last year (3,031 million bushels). The U.S. supplied 36% of total soybean import demand (526 million bushels) from the rest of the world (see “Other” in Figure 2) in 2015/16.



¹ U.S. shares of 2015/16 SB imports were approximately estimated since most countries are on an Oct-Sept Marketing Year (MY). The United States, Mexico & Thailand are on a Sep-Aug MY.

Figure 2. U.S. Soybean Exports to the World and China.

Figure 3. 2015/16 Total Soybean Imports by Main Importing Countries and U.S. Share of Imports.

USDA’s September 2016 forecast for U.S. 2016/17 soybean exports increased by 35 million bushels (1.8%) to 1,985 million bushels compared with prior month projection (1,950). Based on larger projected U.S. soybean production in 2016/17. U.S. soybean exports in the new marketing year are projected to increase 45 million bushels (2.3%) relative to 2015/16. Meanwhile, the latest (September 2016) USDA projection for 2016/17 Brazil soybean exports was reduced by 48 million bushels (2.2%) to 2,146 million bushels compared with the August projection due to expected lower soybean production. Nonetheless, Brazil soybean exports in 2016/17 are projected to increase 5.2% relative to last year (2,039 million bushels) and will continue as the main global soybean exporter (see Table 1). USDA’s September 2016 projection for Brazil’s soybean production in 2016/17 was reduced by 73 million bushel to 3,711 million bushels from the August forecast. Lower soybean planted area is anticipated as strong corn prices in southern Brazil are expected to increase first-crop corn planting (WASDE, September 2016). Despite this expected soybean production decline, Brazil’s soybean production in 2016/17 is projected to be 4.7% ahead of the last marketing year estimate (3,546 million bushels).

Argentina, the world’s third largest producer and exporter of soybeans, is expected to produce 2,094 million bushels of soybeans and to export 391 million bushel in 2016/17 (see Table 1). On October 4, 2016, [Reuters](#) news indicated that Argentina will not lower soybean export taxes this year or in 2017 as formerly announced. Instead, the tax will be reduced by 0.5% per month from January 2018 to December 2019. This could increase U.S. soybean export projections in the new marketing year.

Table 1. World Soybean Main Exporters (Million Bushels)

	2012/13	2013/14	2014/15	2015/16	2016/17*	2016/17**
Brazil	1,540	1,721	1,860	2,039	2,194	2,146
United States	1,328	1,639	1,842	1,940	1,950	1,985
Argentina	284	288	388	378	391	391
Paraguay	203	176	165	176	182	182
Canada	128	127	142	156	152	141
Other	222	191	237	200	237	233
Total	3,704	4,142	4,634	4,890	5,106	5,079

Source: USDA-FAS. 2016/17* is the Aug 2016 projection for 2016/17. 2016/17** is the Sep 2016 projection for 2016/17.

Increasing market share of U.S. soybeans in international markets is in the best interest for U.S. soybean producers given that almost 50% of soybean production goes to international markets. In 2015/16 U.S. soybean exports to China, the world largest consumer of soybeans, represented more than 50% of total U.S. soybean exports. U.S. soybeans supplied more than a third of China’s total soybean imports in 2015/16. Changes in policy by the Chinese government such as encouraging domestic soybean production by increasing compensation for farmers could impact U.S. soybean exports to China. In 2015/16 China’s soybean imports were seven times larger than its own domestic soybean production.