



Key Results of COVID-19 Losses for U.S. Soybean Crushers & Farmers Report

Report for:

National Oilseed Processors Association and
United Soybean Board

July 2020

LMC International

Oxford

4th Floor, Clarendon House,
52 Cornmarket Street,
Oxford OX1 3HJ

t: +44 1865 791737

info@lmc.co.uk

New York

1350 Avenue of the Americas, Floor 2,
New York, NY 10019, USA

t: +1 (212) 586-2427

info@lmc-ny.com

Kuala Lumpur

SO-30-8, Menara 1,
No.3 Jalan Bangsar, KL Eco City,
59200 Kuala Lumpur, Malaysia

t: + 60 3 2202 1414

info@lmc-kl.com

www.lmc.co.uk



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Executive Summary

The world economy has been hit hard by COVID-19. The IMF now forecasts that only China and India among individual economies will have higher GDP in 2021 than in 2018.

U.S. GDP in 2021 is expected to be 2% less than in 2018, even after recovering next year.

U.S. diesel and biodiesel demand have been less badly hit during the COVID-19 lockdown than gasoline demand. Among U.S. biodiesel feedstocks, soybean oil was largely insulated from the fall in biodiesel output, as soybean oil was used to offset the loss of supplies of other oils and fats as a direct result of the contraction that occurred in other sectors.

Soybean meal demand depends on U.S. livestock activity. This was hit in April, but then recovered in May, with a similar pattern in all major meat sectors, as well as egg layers.

The U.S. crush of soybeans fell in May, in anticipation of a slowdown in the demand for soybean meal from livestock producers.

The loss of value due to COVID-19 between January and June 2020 is summarized in Table EXEC.1. The loss of value on total sales (excluding changes in stocks), derived entirely from detailed estimates published by USDA WASDE, may be shown to be:

- **\$220 million on soybean meal, a 1.4% decline in value;**
- **\$1,500 million on soybean oil, a 17.5% decline in value;**
- **A total of \$1,720 million on the two products combined, a 7.2% decline in value;**
- **\$2,999 million on soybean sales, an 8.3% decline in value.**

Table EXEC.1: Loss of value due to COVID-19 in the 2019/20 market year between January and June 2020 on sales by U.S. soybean producers and crushers, \$ million

Date of estimate	Value in \$ million		Loss of value due	
	Jan-20	Jun-20	to COVID-19	as a %
Soybean meal	15,250	15,030	220	1.4%
Soybean oil	8,568	7,068	1,500	17.5%
Combined products	23,818	22,098	1,720	7.2%
Soybean production	36,072	33,074	2,999	8.3%

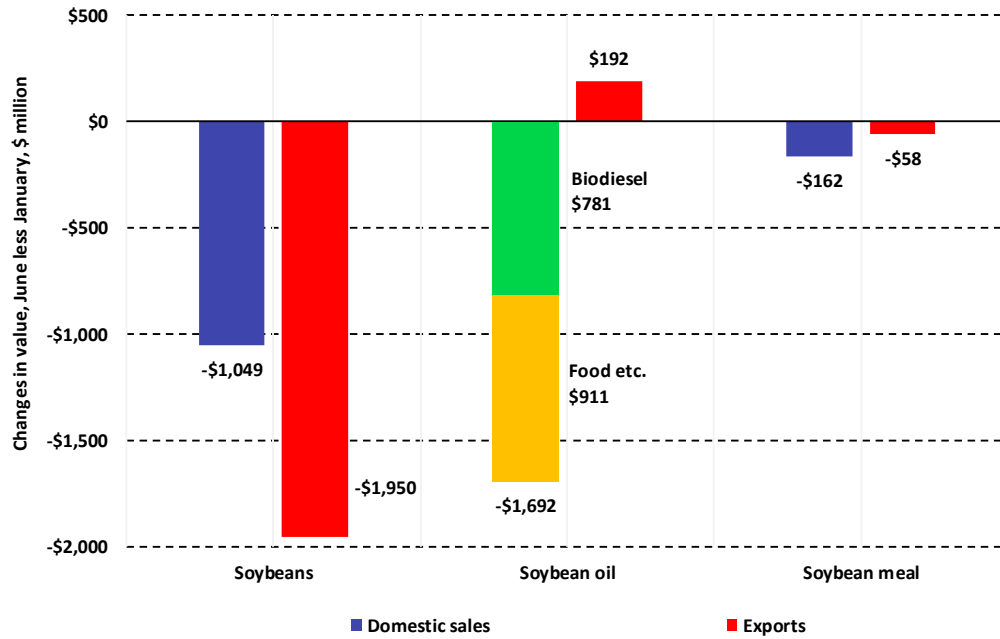
Sources: Derived from USDA World Agricultural Supply and Demand Estimates (WASDE) reports in January and June 2020.

Soybean oil proves to be the product whose demand is most sensitive to weak GDP growth.

Further analysis that we undertook indicates that a 2% slowdown in GDP worldwide cuts global import demand for all oils by 4.21 billion lbs. This equals 2.5% of total world imports of all vegetable oils. This decline is equivalent to over 17% of U.S. total soybean oil output.

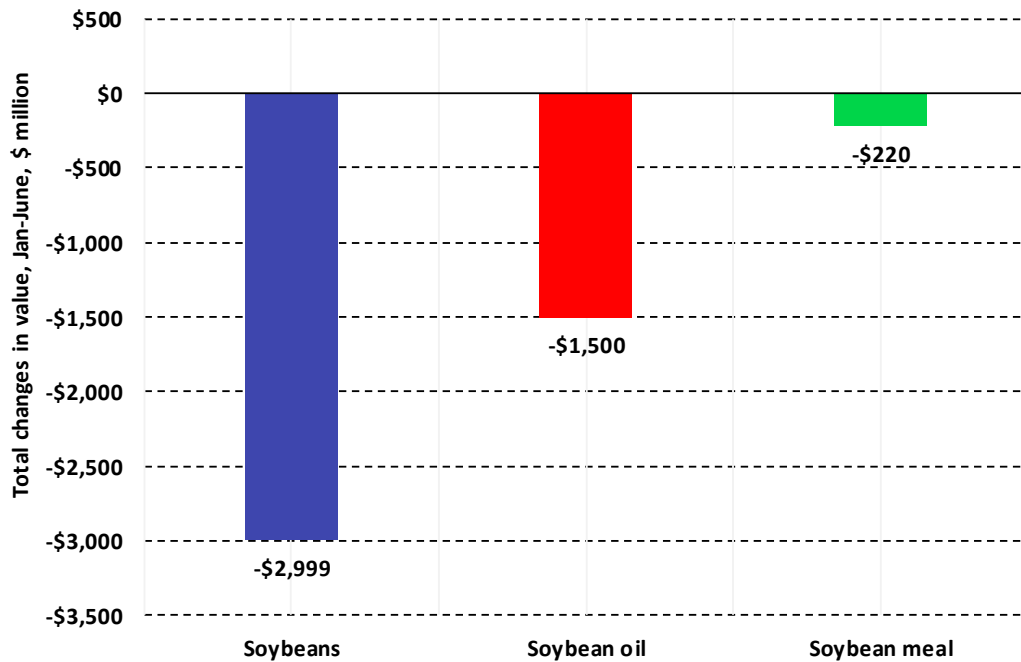
The allocation of the loss of sales value in the 2019/20 market year due to COVID-19, is depicted in Diagrams EXEC.1 and EXEC.2. The loss of value for soybean oil is divided into domestic biodiesel and food & feed end-use sales in Diagram EXEC.1

Diagram EXEC.1: Loss of soybean and soybean product value in domestic sales and exports, in the 2019/20 market year due to COVID-19, \$ million



Source: USDA WASDE reports in January and June 2020.

Diagram EXEC.2: Total loss of soybean and soybean product sales value, in the 2019/20 market year due to COVID-19, \$ million



Source: USDA WASDE reports in January and June 2020.