The Avalanche of Soybean Meal: The Good and The Bad

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About me

Lobo Consulting Solutions brings over 30 years of experience of leadership experience in animal and crop agriculture including market evaluations, animal nutrition research and communications, issues management strategies and communications, sustainability studies, and exports of products including feed ingredients, meat, and poultry.

Recent Project

Collaborated with DIS* on a study for IFEEDER that showed:

- The U.S. has limited domestic production capacity for some amino acids and even less production capacity for most vitamins
- The U.S. is increasingly reliant on imports of Chinese vitamins and amino acids

Key Takeaways

- U.S. animal agriculture should take steps to diversify their vitamins and amino acids suppliers
- Cheap isn't always safe

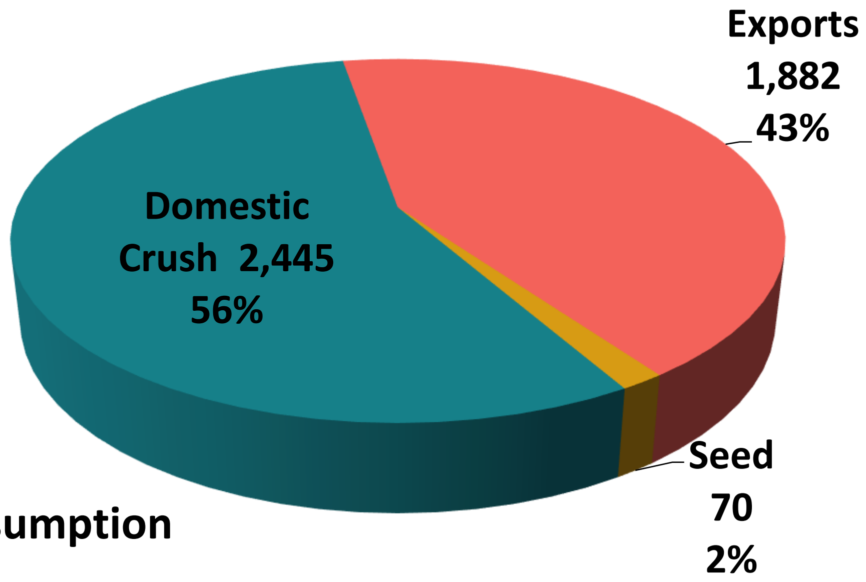
Built into same model used for IFEEDER's *Feed Ingredient Consumption Report*

* DIS—Decision Innovation Solutions Urbandale, Iowa

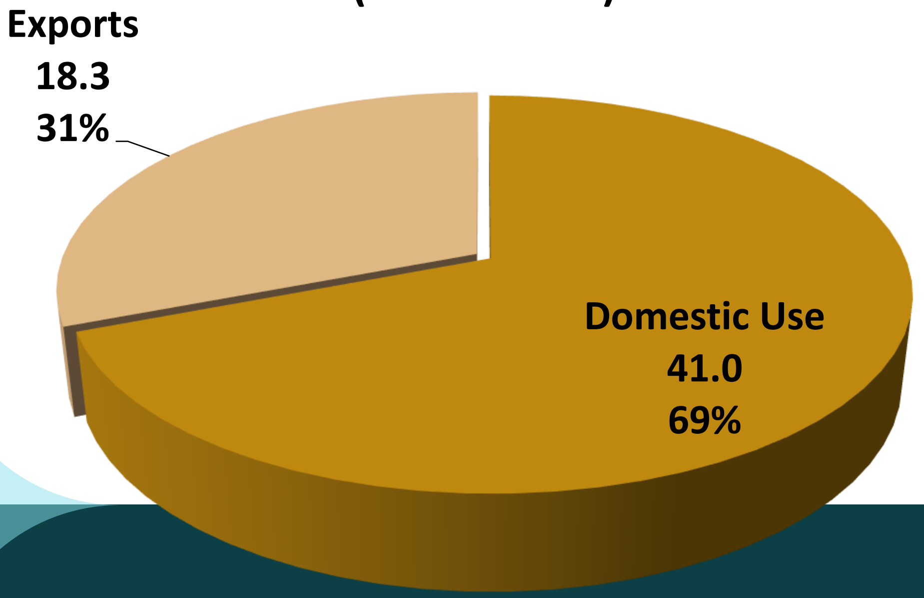
What We Will Cover Today

- Key drivers of the expansion in U.S soy crush including an overview of the market for soybeans and soy products
- Production capacity and volume increases
- Processor crush margins
- Value chain implications
- Anticipated SBM quality changes
- Key takeaways for the poultry industry

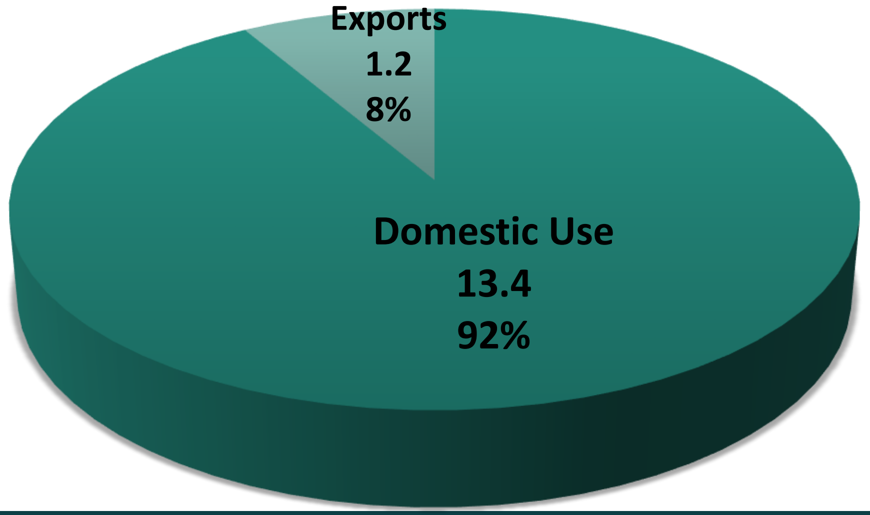
2024/25 U.S. Soybean Use
(million bushels)



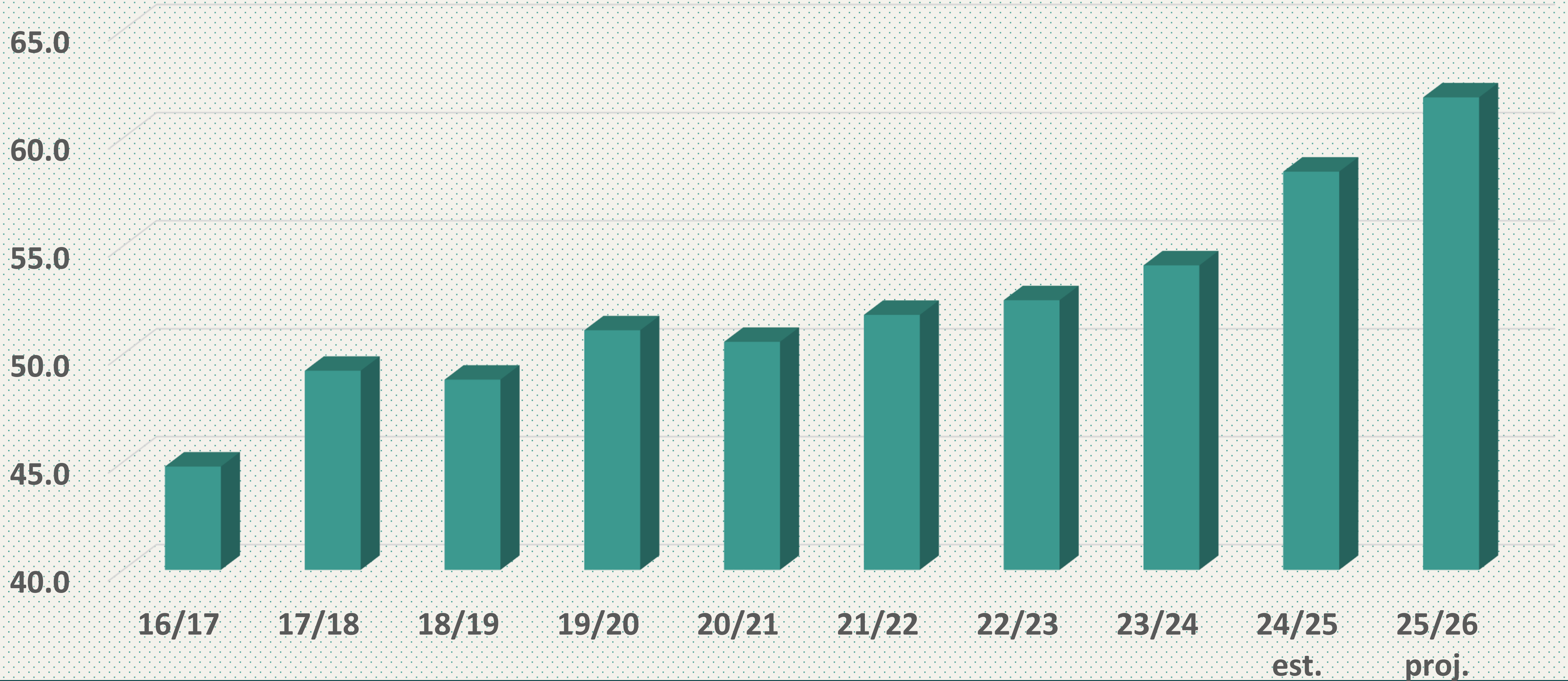
2024/25 U.S. SBM Consumption
(million tons)



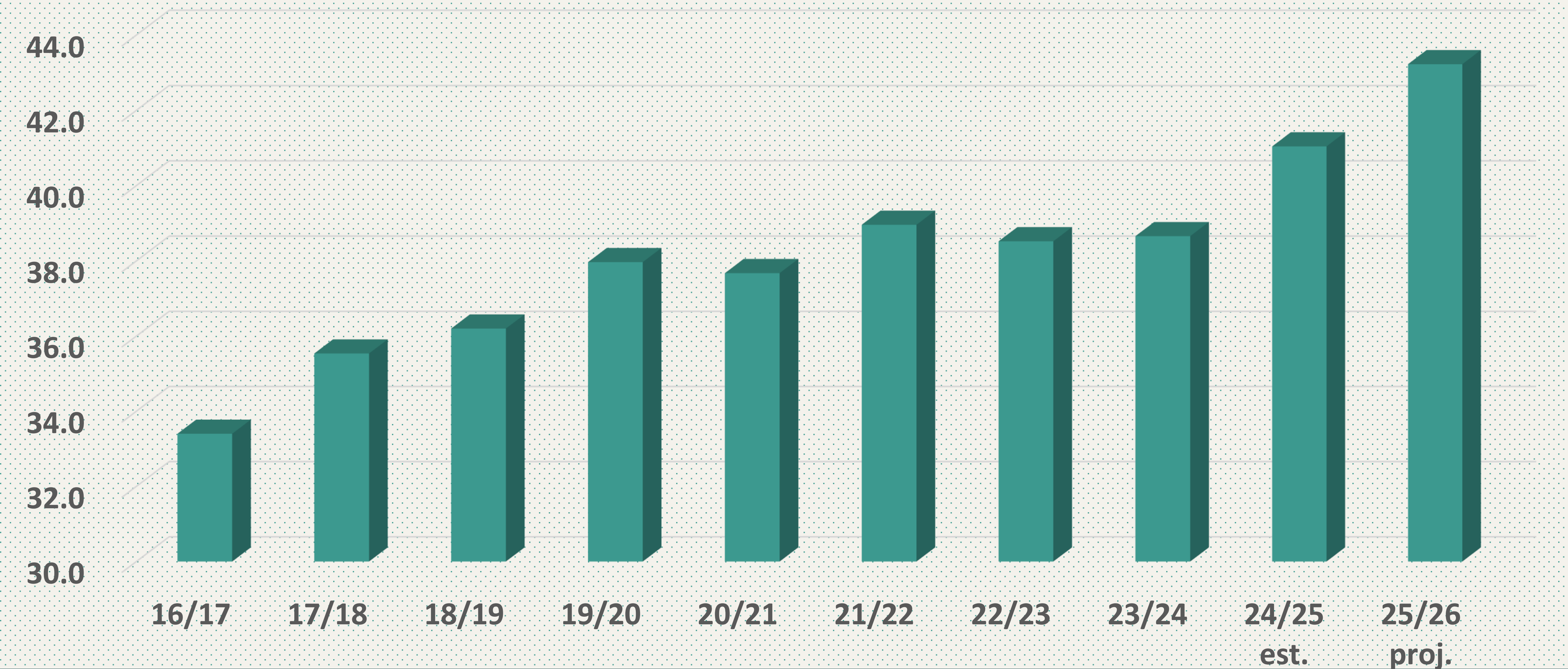
2024/25 U.S. Soy Oil Consumption
(million tons)



Domestic Soybean Meal Production
2016/17-2025/26 (million tons)



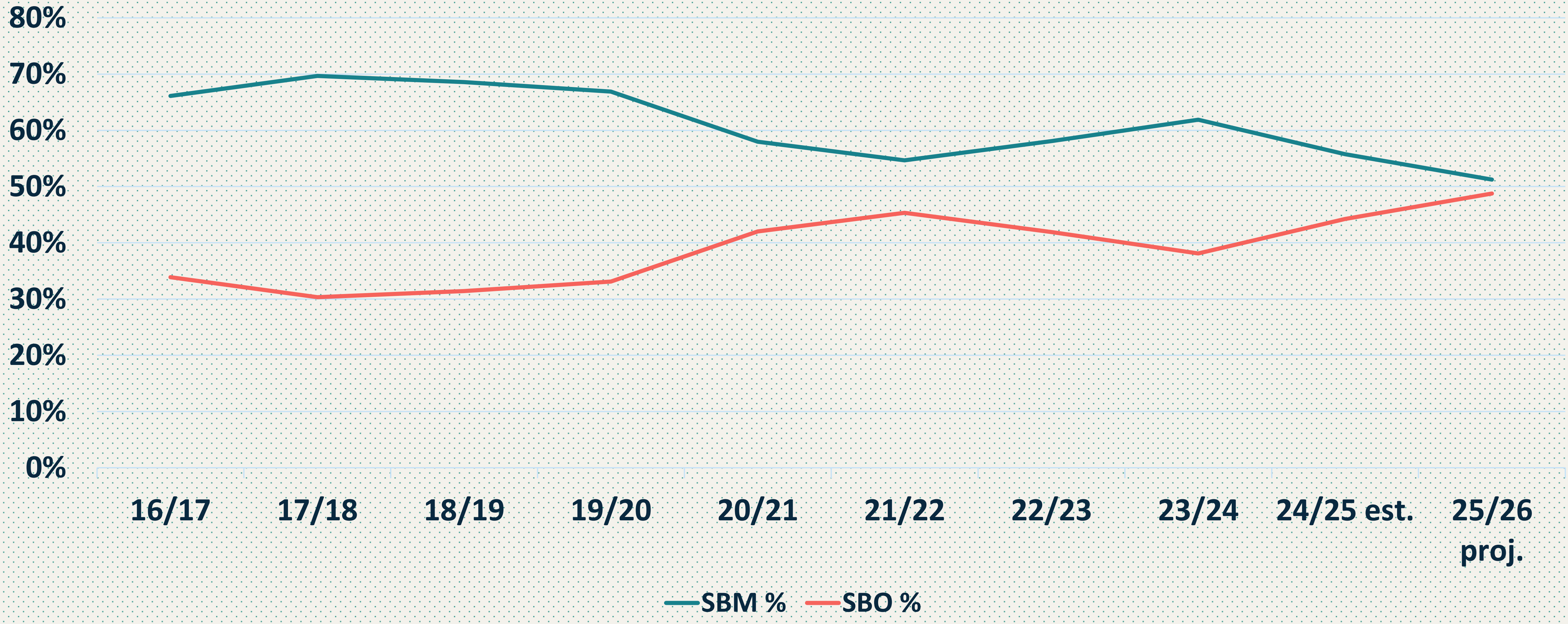
Domestic SBM Use by U.S. Feed Industry
2016/17-2025/26 (million tons)



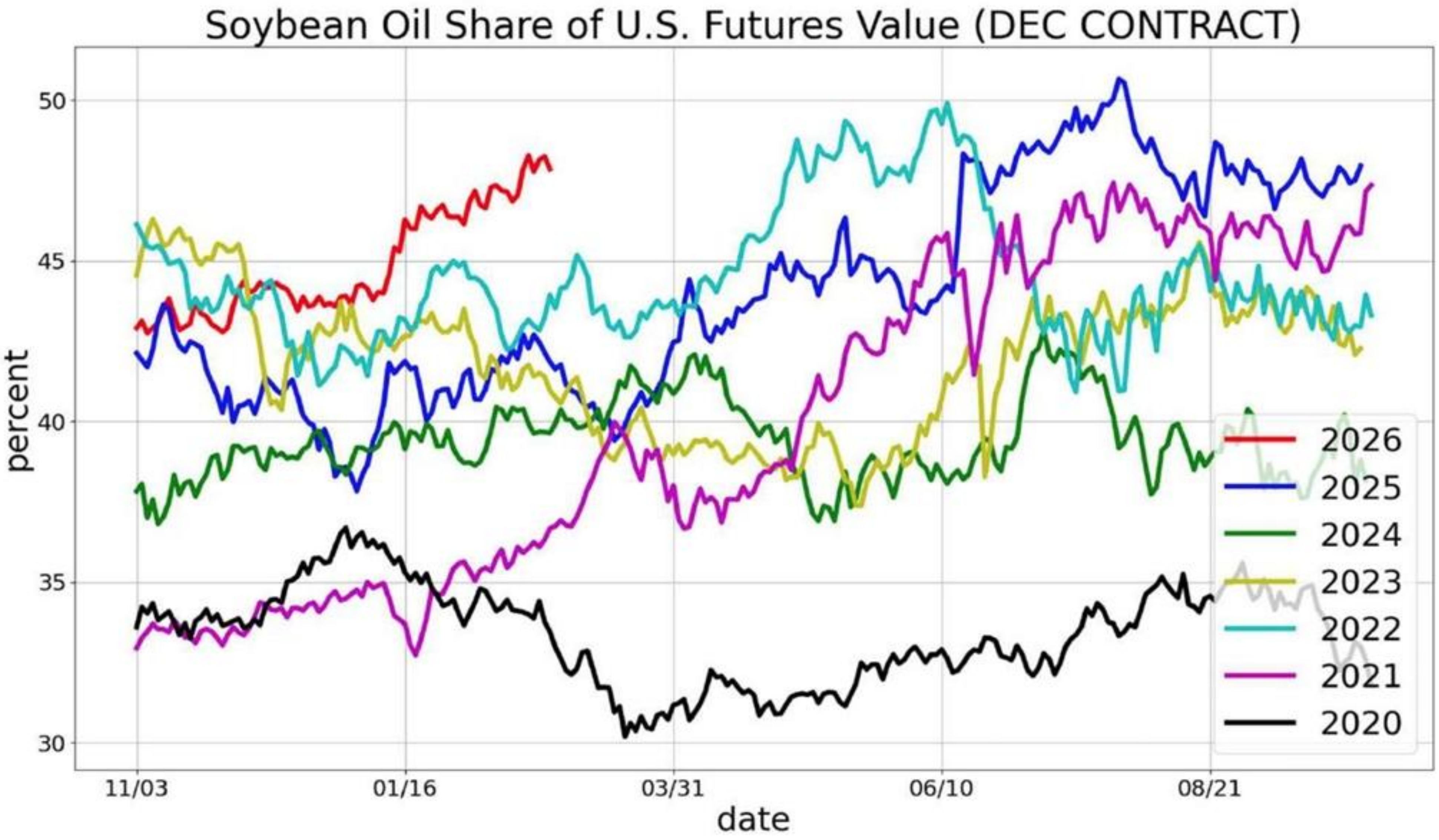
“I wish I could go back in time 20 years, so that I could spend my career enjoying the upcoming boom in biofuels.”

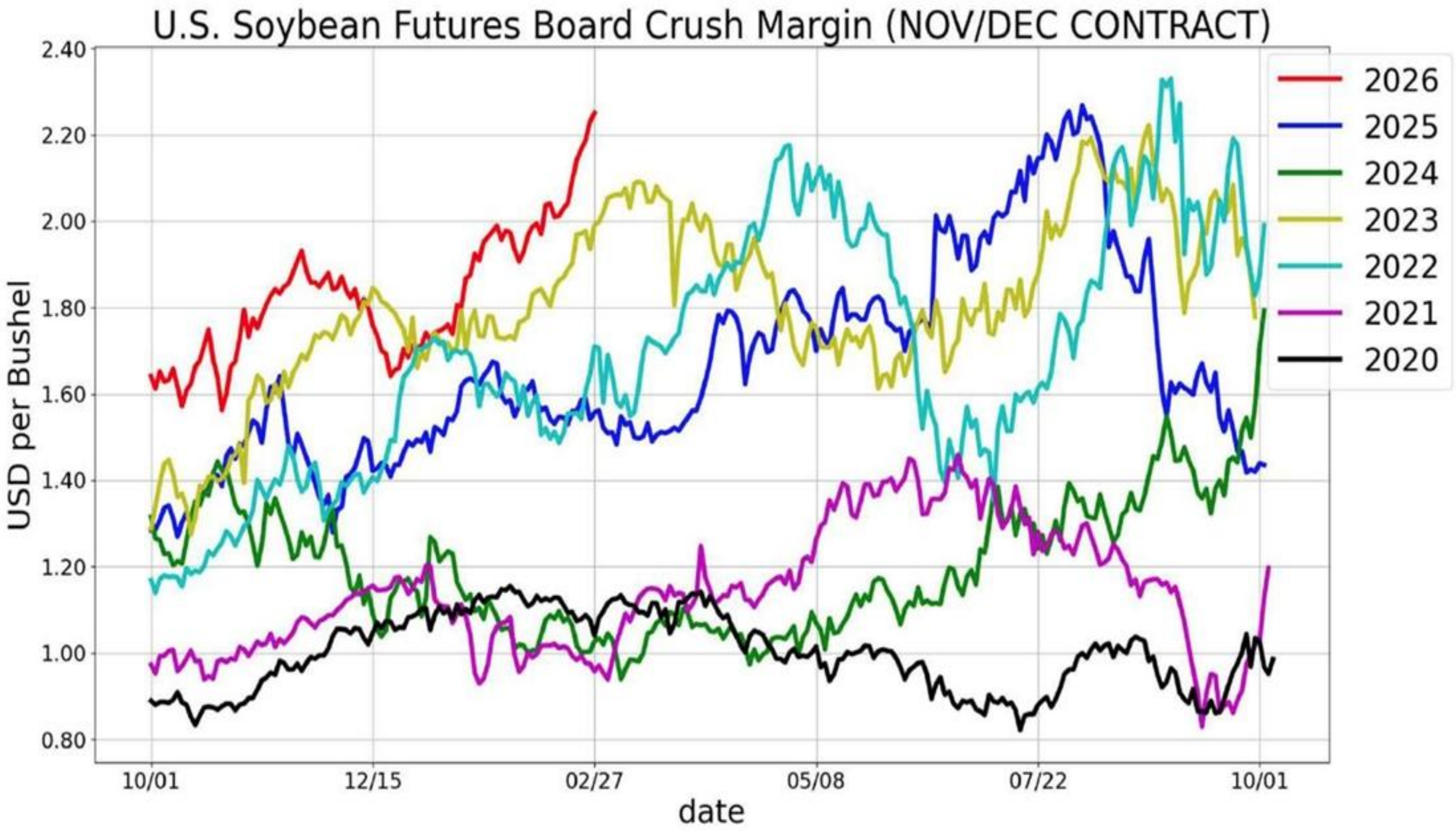
Tom Verry, Director of Outreach and Development, Clean Fuels Alliance America at Kansas Soybean Commission meeting, December 5, 2025

Relative Value of SBM vs. SBO
2016/17-2025/26



Share of the soybean value coming from oil has increased

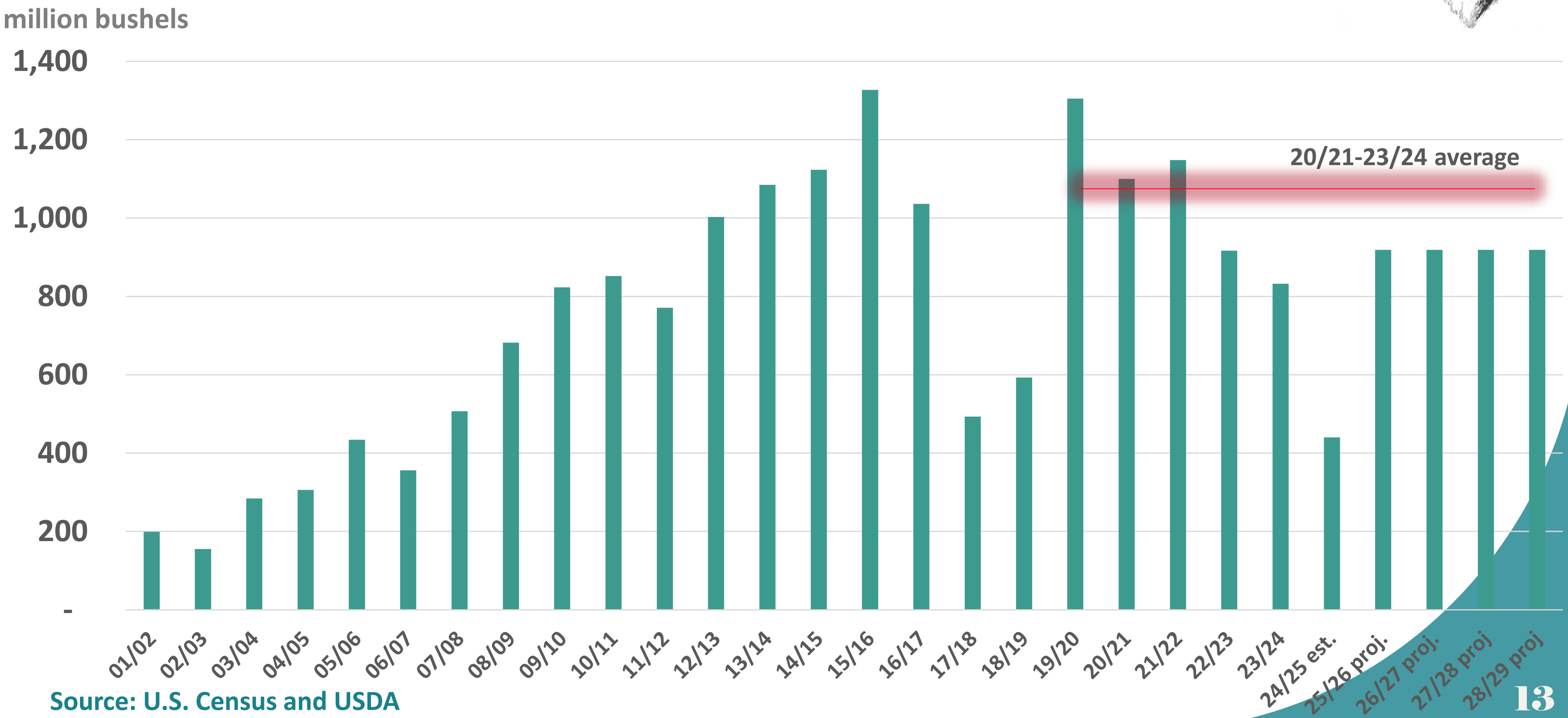



U.S. Soybean Futures Board Crush Margin (NOV/DEC CONTRACT)
USD per Bushel
2.40
2.20
2.00
1.80
1.60
1.40
1.20
1.00
0.80
10/01
12/15
02/27
05/08
07/22
10/01
date
2026
2025
2024
2023
2022
2021
2020

China's Severe Economic Stress

- **Deflation**
- **Collapsed property market**
- **Exploding demographic time bomb**
- **Weak domestic demand**
- **Poor productivity growth**
- **Low foreign direct investment**
- **High debt levels in:**
  - **Banking system**
  - **Local and provincial governments**

U.S. Soybean Shipments to China by Year



Source: U.S. Census and USDA

Soybean Balance Sheet

	2023/24	2024/25	2025/26	2026/27
Area Planted (mil. ac.)	83.6	87.3	81.2	85.0
Area Harvested (mil. ac.)	82.3	86.2	80.4	84.0
Yield (bu./ac.)	50.6	50.7	53.0	53.0
Production (mil. bu.)	4,162	4,374	4,262	4,450
Beginning stocks	264	342	325	350
Imports	21	29	20	20
Supply	4,447	4,746	4,607	4,820
Crush	2,285	2,445	2,570	2,655
Seed and Residual	119	93	112	109
Total domestic use	2,405	2,539	2,682	2,764
Exports	1,700	1,882	1,575	1,700
Total use	4,105	4,421	4,257	4,464
Ending stocks	342	325	350	355
Stocks/use (percent)	8.3%	7.3%	8.2%	8.0%
Season-avg. farm price ($/bu.)	$ 12.40	$ 10.00	$ 10.20	$ 10.30

Avalanche or a Lava Flow?

- U.S. soy processing capacity added:
  - 2023-One new crush plant (ND) plus one expansion (OH)
  - 2024-Four new crush plants (IA, ND, two in KS)
  - 2025-Two new crush plants (NE, SD), one plant expansion (GA), one closure (SC)
  - 2026-Four new crush plants (WI, OH, IL, and ND) and two expansions (IL, LA)
- If all are completed they will add about 13.7 million tons to U.S. processing capacity
  - Processing capacity will increase well over 20% in just four years
  - With potential to increase even more (IN)

Crush Plant Locations

- Total U.S. Crush Capacity (2025)—217,000 metric tons per day
  - Iowa-45.9k (21%), Illinois-24.9k (12%)
  - Indiana-24.4k (11%), Minnesota-20.8k (10%)
  - Nebraska-15.2k (7%), Missouri-14.3k (7%)
  - Ohio-11.4k (5%), South Dakota-9.4k (4%)
  - Kansas-8.6k (4%); North Dakota-8.6 (4%)
  - Alabama-6.7k (3%), Georgia-5.4k (3%)
  - Others-21.4k (10%)

“What are we going to do with all this meal?”

Seth Meyer, Director, Food and Agriculture Policy Research Institute and former Chief Economist, U.S. Department of Agriculture at St. Louis Agribusiness Club meeting, March 10, 2026

“What are we going to do with all this meal?”

- Expand animal numbers
- Expand soybean meal exports
- Change inclusion rates
- Human uses
- New uses

What are we going to do with all this meal?

- **Expand animal numbers?**
- **Exports**
  - **SBM exports are up**
  - **How much further can they rise?**
- **Change inclusion rates**
  - **Which species?**
- **Human uses**
  - **Little room for growth**
- **New uses**
  - **Small demand so far**

Expand Animal Numbers?

Livestock and Poultry Markets are Constrained

	2019	2020	2021	2022	2023	2024	2025	2026 (p)
dollars per hundred weight								
Cattle	116.78	108.51	144.40	175.54	187.12	224.37	224.37	240.00
Hogs	47.95	43.18	67.29	71.21	58.59	63.41	68.80	69.00
cents per pound								
Broilers	88.6	73.2	101.2	140.5	124.4	129.4	124.8	125.0
Turkeys	89.2	106.5	122.8	154.5	140.1	93.7	135.8	154.0
cents per dozen								
Eggs	94.0	112.2	118.5	282.4	192.4	303.1	373.7	125.0
dollars per hundred weight								
Milk	18.63	18.24	18.53	25.34	20.34	22.55	21.17	18.95

What are we going to do with all this meal?

- Expand animal numbers?
  - Limited opportunity
- Exports
  - SBM exports are up
  - How much further can they rise?
- Change inclusion rates
  - Which species?
- Human uses
  - Little room for growth
- New uses
  - Small demand so far

Quality Changes

Variability

- Improved in-plant variability
- Reduced variability between plants, especially newer and expanded plants
- Don’t discount variability of other ingredients
    - How you manage the variability of other ingredient is critical, especially corn
- Lower trypsin inhibitors?

Energy

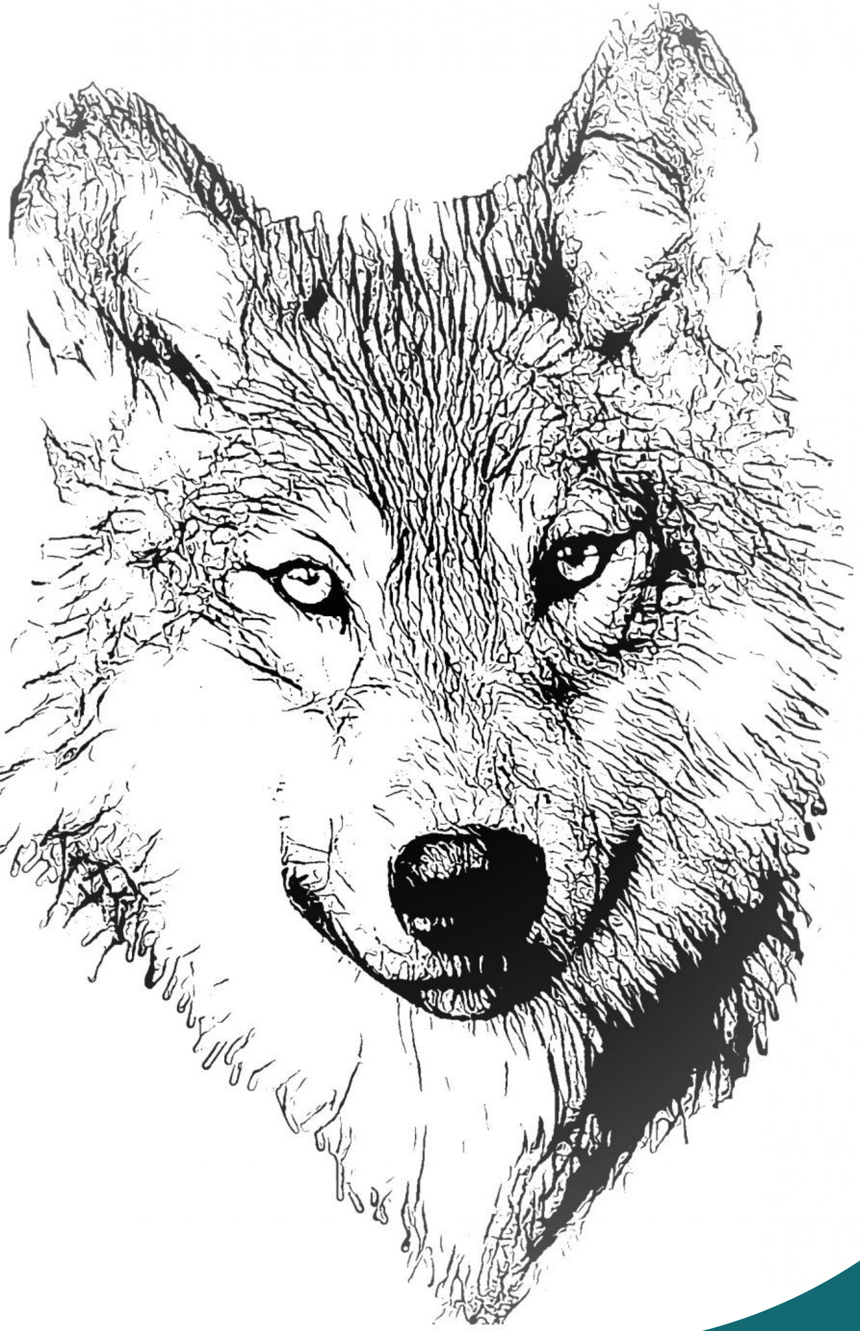
- Higher energy due to gums and soapstocks

The Good

- Oil will subsidize soybean meal availability
  - There will be a lot more soybean meal
- Lower variability
  - Lower in-plant variability
  - Less variability between plants too
- Energy level (on average) will be higher
- More competition for your business
- Due to oversupply of beans, little effect on extruded, extruder-expelled and other specialty soy products
- Opportunity to explore various additives or specialty SBMs?

The Bad

- If policy changes
  - Plants close
  - Availability and logistics could become problematic
- If policy remains in place
  - Animal ag will be less of a margin driver
    - You will be somewhat less important
  - Logistics have the potential to change, but probably won’t



Thank you!

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