

MSU Product Center

For Agriculture and Natural Resources

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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Soybeans for Feed - Overview

Products included in the product line

- Soybeans used for feed are defined as soybean based products used in the ration mix for livestock, including dairy cows, beef cattle, hogs, poultry and aquaculture.

General market trends and information

- In the 2003-04 crop year, 62 percent of the soybean crop was crushed into soybean meal, the most common form of soybean feed. Feed is the dominant use of soybeans in the U.S. The U.S. is also a major exporter of soybeans.
- Soybeans used for feed is a commodity. A purchaser of feed will choose the lowest cost source that meets the needs of the purchaser.
- The demand for feed is derived from the demand for dairy and meat products. The greater the demand for dairy and meat products the greater the demand for dairy and food animals and therefore the greater the demand for corn as feed.
- There are several demand drivers that point to an increased demand for dairy products. The meat market is also showing signs of increased demand and production which will, in turn, increase the demand for soybean meal. Per capita meat consumption is expected to reach an all time high in 2005.
- Soybeans for feed are a well known and understood commodity, with well established marketing channels. The opportunities for new product introductions are extremely limited.

New product trends

- If the current trend for larger and larger dairy farms continues so will the demand for purchased feed. Many large dairy farms specialize only in milking and managing cattle and do not grow any of their own feed, which they can often purchase for less than their cost of production.
- The increased interest in organic products has encompassed livestock products, particularly dairy products. This has increased the demand for certified organic feed, including soybeans.

Manufacturing and distribution issues

- The supply chain for soybeans is very well established. This includes grading, adjusting for moisture content, etc. Some of the largest firms in the world such as Cargill and Archer Daniels Midland are involved in some or all of the stages in the feed market.
- There is a great deal of vertical integration in the industry. This severely limits the opportunities in the market.

Overall assessment of opportunities

- The opportunities in the soybean feed market are severely limited. Soybeans in this market are a commodity, and as such price is the overriding concern. It is important to be the low cost producer in this market.

Source

USDA. Oilseeds: Situation and Outlook.