

Report on Fats and Oils

Many Ways of Keeping Statistics

THERE ARE AS MANY ways of keeping statistics on fats and oils as there are statisticians. Some prefer to use the 60,000-lb. tank car as the unit of quantity; others speak of millions of pounds while the global thinkers refer to thousands of tons (metric, of course). There is the school which insists on converting all figures to a refined-oil basis; and conversely there is one which works on a crude-oil basis, treating refining losses as a form of disappearance. In these respects we follow the lead of the U. S. Department of Agriculture, the biggest statistician of them all, which presents fats and oils analyses in terms of millions of pounds, crude basis.

The table which is at the bottom of this page may require more explanation. It would take too much space to give each of the many items involved separate treatment so we have done quite a bit of combining to arrive at the very important figure for domestic disappearance for food uses, which is the last line in the table.

The first figure in the table, stocks, is the sum of factory and warehouse stocks of lard, cottonseed oil, soybean oil, peanut, corn, and olive oil, edible beef fats, and all secondary products including margarine and shortening, as reported by the Census Bureau monthly. To avoid possible confusion it should be pointed out that, in most presentations, stocks of secondary products are considered separately, and changes in them take the form of an adjustment. The second line in the table is the total production of the food fats and oils and includes imports to save space. It does not include the amounts of butter and lard which are produced and consumed on the farm since the Census Bureau reports only commercial production. The quantities of these items produced on the farm however are small, and since they change very slowly, any error which might be incurred by consistently omitting them will be negligible. Our figure for exports, the sixth line on the table, includes exports of shortening, margarine, and other finished products as well as those of the principal food fats and secondary materials. It also includes shipments to U. S. territories.

In the U. S. a significant quantity of edible oil is consumed in inedible products each year (principally soybean oil in paint and varnish). In addition, a certain percentage of the supply of crude oils is lost in the refining process, and this may be considered a form of inedible consumption. Since we are primarily concerned with edible uses, these nonfood uses (line eight) are subtracted from the figure for domestic consumption. On the other hand, it is also true that certain "nonfood fats" (not actually inedible ones, of course) find their way into food products. To complete the picture these quantities are added in line nine of the table to yield the total domestic disappearance of all fats and oils for food uses.

WE MENTIONED in the first paragraph that this last figure was a very important one, but even its value is diminished by the limitations of the statistical raw material from which it is derived. As was pointed out last month, this computed disappearance may differ significantly from actual consumption because of fluctuations in inventories ("pipeline stocks") which are not reported by the Census Bureau. From a price point of view, increases or decreases in pipeline stocks are very important since they result in a demand for products which exceeds or falls short of anticipated requirements for consumption. As can be seen from the table, disappearance in August and September took a big jump from its earliest level, and those two months undoubtedly saw a good increase take place in the pipelines. From recent reports on the current rate of demand the same may be true of October.

At this writing (mid-October) the U.S.D.A. has yet to announce any important deals under Public Law 480 for the export of fats and oils, but the rumors are beginning to crystallize and gain detail. Probably by the time this is read, some sizeable ones will have been consummated. It is widely believed that among them will be an authorization to Spain for 180 million lbs. of vegetable oils. The impact of such an export sale would depend largely on how quickly it was shipped. Such a quantity can easily be spared from this year's supplies, but if it were drawn off quickly, it could result in temporary tightness.

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FOOD FATS AND OILS,^a EXCEPT BUTTER: SUPPLY AND DISPOSITION (in millions of lbs.)

Year beginning October 1	1953-	1954-	1955-	1956-57									
	54	55	56	Oct.- Dec.	Jan.- Mar.	Oct.- Mar.	Apr.- June	July	Aug.	Sept.*	July- Sept.†	Apr.- Sept.†	Year†
Stocks, beginning of period ^b	1469	1339	944	949	1098	949	1180	1015	943	838	1015	1180	949
Production (exc. farm), and imports, crude....	7147	7447	8347	2395	2261	4656	1866	531	548	608	1687	3553	8209
Total.....	8616	8786	9291	3344	3359	5605	3046	1546	1491	1446	2702	4733	9158
Stocks, end of period ^b	1339	944	949	1098	1180	1180	1015	943	838	776	776	776	776
Total disappearance ^c	7277	7842	8342	2246	2179	4425	2031	603	653	670	1926	3957	8382
Exports ^d	1029	1433	2002	540	651	1191	468	101	84	93	278	746	1937
Domestic disappearance, food fats and oils ^e	6248	6409	6340	1706	1528	3234	1563	502	569	577	1648	3211	6445
Less nonfood uses of food fats and oils ^e	436	456	479	122	118	240	106	30	33	36	99	205	445
Plus food uses of nonfood fats ^f	177	189	226	57	59	116	68	21	24	20	65	133	249
Domestic disappearance, all fats and oils for food ^e	5989	6142	6087	1641	1469	3110	1525	493	560	561	1614	3139	6249

* Estimated † Partly estimated

^a Lard, cottonseed oil, soybean oil, peanut, corn, and olive oils and edible beef fats.

^b Includes stocks all crude and refined primary materials and secondary products, shortening, margarine, etc.

^c Excludes farm consumption of farm-produced butter and lard.

^d Includes food fats and oils and secondary products. Includes shipments to territories.

^e Includes refining losses.

^f Principally coconut and palm kernel oils.