HIGH REFINING LOSS AFFECTS PRICES FOR COTTONSEED OIL*

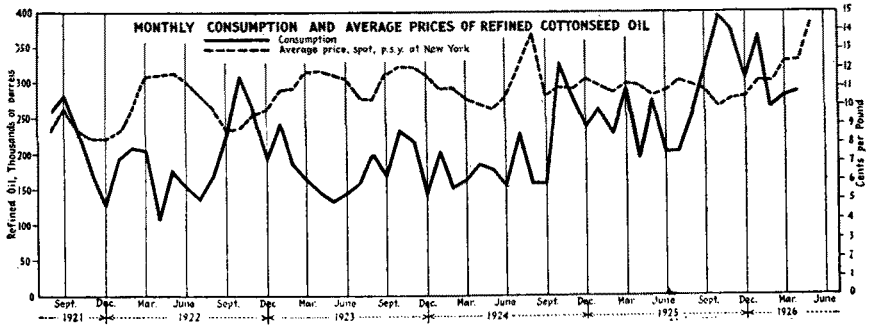
At the beginning of the 1925-26 cottonseed oil year, opinion in trade circles was almost unanimous in favoring a low-priced period for crude and refined oils. To start with there was a carryover equivalent to 474,000 bbl. of refined oil. In the second place, a large increase over the preceding season had been recorded in the cotton crop. With a larger seed supply, it was logical to look for a more or less corresponding increase in production of oil which with the carryover would offer a total supply for the year far in excess of what had come to be regarded as normal requirements.

These expectations seemed destined to be realized when early ginning reports revealed that cotton was being marketed in large volume. Under the influence of large offerings of seed, the market for crude cottonseed oil eased off in price and refined oil not only followed suit but took the lead in the downward movement. From October on, however, the trend of values was almost continuously upward and the rise in values became more pronounced as the season advanced.

This remarkable upset to price calculations is attributed to two important factors. Production of refined oil did not show an increase over the preceding season commensurate with the increase in seed supplies. Loss in refining crude oil ran exceptionally high and cut deeply into the output of the refined product. In the preceding season refining loss was reported at about 9 per cent while for the present season 17 per cent is given as a fair average with some reports running as high as 25 per cent loss. The second factor which had an important part in establishing high prices was found in the record consumption of oil among domestic industries.

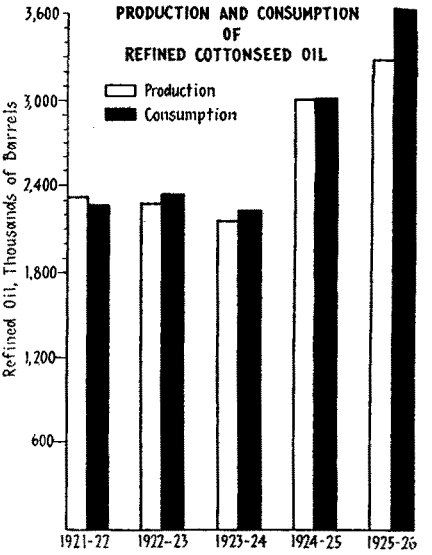
In the latter part of the 1924-25 season, the disappearance of cottonseed oil was on a large scale. This was explained by the strong position of the market for hogs and lard and the consequent stimulus given trading in lard compound which offers the largest outlet for cottonseed oil. To

*Reprinted from Chemical and Metallurgical Engineering.



Production and Consumption of Refined Cottonseed Oil

Crop Year	Production, Bbl.	Consumption Bbl.
1925-26.....	3,298,000	3,650,000
1924-25.....	3,190,000	3,019,000
1923-24.....	2,162,000	2,236,000
1922-23.....	2,271,000	2,340,000
1921-22.....	2,320,000	2,260,000



a certain extent the lard market may be credited with helping demand for cottonseed oil in the present season but within the past few days the price for oil has crossed that for lard and current oil values are dominated by the law of supply and demand.

Production of refined oil is given in the accompanying tables,

Average Monthly Prices for Spot P.S.Y. Cottonseed Oil at New York

	1925-26	1924-25	1923-24	1922-23	1921-22
August	11.16	13.85	10.31	9.95	8.69
September	10.82	10.52	11.62	8.70	9.88
October	9.91	11.03	12.06	8.88	8.69
November	10.31	10.86	11.65	9.50	8.30
December	10.47	11.41	11.00	9.81	8.28
January	11.34	11.17	11.01	10.83	8.62
February	11.27	10.70	10.36	10.90	9.91
March	12.33	11.15	9.76	11.77	11.53
April	12.40	11.09	10.08	11.81	11.57
May	14.50	10.55	9.82	11.60	11.71
June	....	10.77	10.43	11.42	11.30
July	....	11.36	12.07	10.35	10.69

Monthly Consumption of Refined Cottonseed Oil

	Crop Year 1925-26, Bbl.	Crop Year 1924-25, Bbl.	Crop Year 1923-24, Bbl.	Crop Year 1922-23, Bbl.	Crop Year 1921-22, Bbl.
August	254,000	157,000	203,000	169,000	259,000
September	321,000	157,000	169,000	229,000	283,500
October	395,000	328,000	232,000	309,000	233,500
November	375,000	281,000	219,000	263,000	173,500
December	309,000	238,000	145,000	194,000	129,000
January	369,000	262,000	203,000	242,000	192,000
February	266,000	228,000	153,000	187,000	208,500
March	282,000	293,000	162,000	164,000	204,000
April	288,000	193,000	188,000	148,000	109,500
May*	.....	278,000	179,000	133,000	179,500
June*	.....	302,000	153,000	143,000	152,000
July*	.....	302,000	230,000	159,000	136,000
	2,859,000	3,019,000	2,236,000	2,340,000	2,260,000

*Figures not yet available, but estimates place 800,000 bbl. as probable consumption for the three months, which would give a total of 3,659,000 bbl. as consumption for 1925-26.

the totals representing consumption as reported monthly by the government with due allowance for the difference in carryover at the beginning and end of the respective seasons. Figures also are given to show monthly.

In order to overcome a possible shortage in oil supplies, attempts have been made to import cottonseed oil. There is a difference of opinion regarding the amount of foreign oil which has been bought for shipment to this country, but well informed members of the trade say this movement was not started early enough to offer much relief and that about 75,000 bbl. is all that can be expected before new crop domestic oil comes on the market. Scarcity of tonnage is said to be the chief obstacle to foreign trade as prices abroad are below the domestic parity.

Charles C. Phelps, secretary and sales manager of the Uehling Instrument Company, Paterson, N. J., has just completed a ten weeks' trip visiting all of the company's southern representatives, as well as several in the Middle West. Most of this time was devoted in actual field work with the idea of better fitting the representatives to co-operate with users of Apex CO_2 Recorders and Fuel Waste Meters. Mr. Phelps made a special study of the application of these instruments in oil refineries.