

Irresistible Forces versus Immovable Object

The recent tremendous rally in corn oil prices has been caused by the meeting of the irresistible force of consumer demand with the immovable object of a static corn oil production complex. The result has been a squeeze play on the casual user of corn oil such as the potato chipper. Thus, the market mechanism is trying to perform its normal rationing function. However in corn oil, rationing is difficult to accomplish since there is no practical way to increase greatly the production of corn germs in response to a rally. This is true both over the long and the intermediate term which is not the case in most other commodities.

Corn germs (the raw material from which corn oil is made) are an almost perfect example of a by-product. In most of the manufacturing operations in which de-germing of the corn kernel takes place, it must be accomplished to preserve end-product quality. Thus, there is little or no room for increasing de-germing without increasing the production of the end-products which follow. Obviously there is a point at which this ceases to be true. For instance, about two pounds of corn oil are obtained from a bushel of corn. There is also a small outturn of corn oil meal and also some solubles, both of which would be saleable. But for practical purposes with corn at \$1.10 per bu. F.O.B. plant, the corn-de-germing-for-crush-only-with-starch-or-whatever-thrown-away-break-point must be close to 50¢ a lb. for corn oil and this is a long way from current values. Presumably virtually all buyers would be priced out long before this. The current corn oil situation is indicative of how advertising and promotion can, under certain favorable circumstances, create a demand situation that can get out of control. Certainly the manufacturers of the margarines and salad-cooking oils involved have been more than circumspect in their advertising claims. Yet the saturated-unsaturated controversy seems to be catching hold of the public imagination in ever-increasing intensity. It is too early to say whether the resulting retail purchasing impulses will take on the proportions of the filter versus non-filter cigarette hassle. If by any chance it should take on this size, then it appears that plans for at least one alternative high-unsaturate oil had better be in everyone's marketing department.

The first obvious alternatives that come to mind are fish oil, sunflower oil and safflower oil. It is probably impractical to try to sell fish oil to Americans although this oil is perfectly acceptable elsewhere in the world. Sunflower probably is out because of the "Gentlemen's Agreement" against imported oils in margarine. Thus, on a technical as well as on a practical basis everyone is going to have to investigate safflower oil much more seriously. The single most important problem might be that consumer unfamiliarity with safflower is so colossal that in order to develop the market, considerable hard-sell stress might have to be placed on the unsaturate-to-saturate ratio and/or the linoleic-to-oleic ratio. This promotion might not only be expensive, but also if it gets to the latter item (linoleic-to-oleic) then the line of marketing approach might become exceedingly complex. Hardly anything can be sold successfully to housewives at the retail level basis on technical factors alone. Besides, no one has any idea what the attitude of the F.T.C. might be on the advertising of linoleic versus oleic. Their attitude has been roughed out on some facets of this subject but how tight they might become is unknown. It is all very confusing.

The price advance in corn oil is likely to produce further increases in safflower oil prices. Since safflower averages about 35% oil, every cent a pound advance in the oil price increases the potential per-ton guarantee to the producer by about \$6.50. Since at recent average guarantee prices of around \$80 per ton, safflower runs into considerable competition for acreage, (for instance with barley in Cal-

ifornia) a sharp run-up in safflower prices would enable guarantees to be raised, to say, \$100 per ton, maybe more. If this happens, safflower production could really take off. There has long been a feeling that 150,000 acres was a practical ceiling on safflower plantings. Guarantee of \$110-\$120 per ton (five-seven cents higher in oil?) might change this drastically. Some observers feel that if the oil price justified a guarantee increase such as this, acreage could hit 250,000 within a couple of years, perhaps 350-400,000 acres a few years later, (the yield is about a ton an acre). Exactly what an enormous increase like this would do to the safflower meal price is of course unknown. The high fiber, low protein, light lysine character of the meal might make it hard to move in such big volume.

At the moment, test marketing and limited-area marketing are taking place with both margarines and salad-cooking oils made of safflower oil. How well these tests go and what other products manufacturers introduce will determine whether corn oil tightness can be eased up a little over the intermediate to long term. Corn oil buyers certainly are hoping so. They are now between an irresistible force and an immovable object and are finding the location uncomfortable.

POTENTIAL SELLING POINTS? * (After U.S.D.A. and Eckey)

	Approximate Unsaturate to Saturate Ratio	Approximate Linoleic to Oleic Ratio
Safflower Oil	10 to 1	5 to 1
Sunflowerseed Oil	over 7 to 1	over 2 to 1
Rapeseed Oil	10 to 1	1 to 1
Corn Oil	over 6½ to 1	over 2 to 1
Soybean Oil	6 to 1	2 to 1
Peanut Oil	over 4 to 1	1 to 2
Cottonseed Oil	3 to 1	over 2 to 1

* Remember that advertising-selling points and demonstrable biochemical/medical advantages are not necessarily the same thing.

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• *A.O.C.S. Commentary*

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antioxidants, phase transformations, differential thermal analysis, and spectroscopic techniques. In the technological field new developments in rendering, refining, and manufacturing methods are to be discussed, and there will be several papers on drying oils.

Lectures will occupy 2½ days and will be conducted in three parallel sections, finishing on the morning of April 12, and there will be visits for a limited number of delegates to research and industrial establishments in and around London that afternoon, and visits to Cambridge and Oxford on April 13. A separate social program has been arranged for ladies accompanying the delegates and there will be a Congress banquet at Hyde Park Hotel on April 11, and evening receptions on other days.

The President is supported by an Organizing Committee under the chairmanship of K. A. Williams, and the joint honorary secretaries are F. Bradley, who deals with the general organization; and H. Jasperson, the honorable secretary of the Oils and Fats Group of the Society of Chemical Industry, who is responsible for the scientific program. The Congress secretariat is at 14, Belgrave Square, London, S.W.1.

H. JASPERSON