The Soy Export Weekly Update

Decreasing U.S. Biodiesel Production Likely To Increase U.S. Soyoil Exports

A reduction in U.S. biodiesel output is likely to increase U.S. soyoil exports in the next few months as producers of the edible oil seek out new markets. “The decline in usage for biodiesel production will probably pressure domestic soyoil prices, thus allowing larger than expected U.S. soyoil exports,” industry analyst *Oil World* said in a recent report. “We consider it likely that (soyoil) shipments will reach 600,000 to 650,000 tonnes in April to September 2009, up from 516,000 tonnes a year ago.”

Oil World concludes that high vegetable oil prices compared to crude mineral oil have restrained U.S. biodiesel output along with the EU’s decision in March to impose punitive import duties on U.S. biodiesel because of claims it is produced with subsidies. U.S. domestic biodiesel consumption fell to between 50,000 and 60,000 tonnes a month in the January to April 2009 period, down from 90,000 to 105,000 tonnes monthly in 2008, *Oil World* said.

Oil World added that U.S. net biodiesel exports fell by 36 percent on the year in the first four months of 2009 to 270,000 tonnes. This followed record exports of 1.27 million tonnes in 2008 before the EU imposed the extra import duties.

The U.S. consumed only 487,000 tonnes of oils and fats for biodiesel production in January to April 2009, down from 680,000 tonnes in January to April 2008. Of this total, January to April 2009 soyoil use fell to 164,000 tonnes from 431,000 tonnes. Some of this will probably be sold in export markets, *Oil World* said. U.S. soyoil exports are also expected to benefit from reduced competition from Brazil and Argentina, where drought has reduced the size of their respective soybean crops.

Analysts Expects Substantial U.S. Soyoil Exports In Second Half Of 2009

Exports of soyoil from the United States could be “substantial” in the second half of the year due to production problems in the other major producers and this could lead to price rises. Olivier Gross, a trader at Swiss-based CommoSupply, told *The Public Ledger’s* Edible Oils 2009 conference in London that this year’s slump in soybean production in Argentina and Brazil, due to drought and administrative issues, could benefit U.S. soyoil sales. “The U.S. could have a substantial export (soyoil) export program in the second half of 2009, as South America cannot supply,” he said.

According to a report by the *Public Ledger*, Gross cited the example of a shipment of 50,000 tonnes to “unknown destinations” announced by the USDA last week and speculated that this volume could be heading to China, the world’s top buyer of edible oils.

Indian traders also said recently that they were expecting the arrival of the first shipment of U.S. soyoil to the country for a number of years due to the lack of availability from South America - the traditional origins for their purchases. India is the world’s second biggest vegetable oil importer, the Ledger reported.

Gross told the conference that the fact that the United States is exporting large volumes is likely to support values of the edible oil. “Usually, when soyoil is being shipped from the United States, the price (of soyoil) usually goes up as the country is not geared towards large exports,” he said.

Brazil's Soybean Sales Down From 2007-08 Level

Brazil's 2008-09 soybean crop was 73 percent sold by June 19, up one percentage point from a week earlier, but forward sales continue to lag behind last year, analyst *Celeres* said on June 22. Sales of the crop, which *Celeres* estimates at 58.2 million tonnes, are behind the 79 percent of the 2007-08 crop sold ahead by this time last year.

The Brazilian real has jumped 25 percent against the U.S. dollar from March to early June, due to a big influx of foreign investment capital. A stronger real reduces producers and exporters' earnings when they are converted to the local currency. However, the real has weakened sharply recently as have futures prices for soybeans at the CBOT – trends which producers view as offsetting.

Soybean sales are lagging in Brazil this season due mainly to a lack of credit late last year and in early 2009 as a result of the global financial crisis. Farmers and exporters depend on loans to finance planting, harvesting and sales. Producers have been reluctant to sell, as well, on the belief that resilient Chinese demand for soybeans, tight U.S. soybean stocks and the drought-stricken output from Argentina will limit global supply and support prices.

Barge Movements Surging

The movement of grain and soybeans on the inland river system continues to improve. Grain barge volumes have picked up as farmers completed their planting and are now clearing out storage ahead of this fall's harvest. Moreover, the Gulf has been enjoying an advantage over the Pacific Northwest to land oilseeds and grain into Asia.

Barge movements are typically slower this time of year, but with late crop planting and attractive grain prices, farmers are pushing inventories out the farm gate and to the river. Usually there is an uptick in river lockings from mid-July through mid-August. Over the next week movements are likely to slow on account of high water on the upper Mississippi River through St. Louis. There are daylight restrictions for southbound tows through the St. Louis Harbor and will remain in effect through June 24.

Soybean and grain barge movements through the key locks for delivery to the Gulf are forecast to end the 2008-09 marketing on August 31 at 32.8 million tonnes, 1.8 million tonnes more than the previous year and a 300 thousand tonne improvement from last month. For 2009-10, with improved grain export prospects and a favorable freight advantage, barge movements are forecast to increase 7.3 million tonnes to 40.1 million tonnes, which would be the highest volume since 2002-03.

Soy Complex Mostly Higher Reflecting Tight Old-Crop Situation

The soy complex closed mostly higher on June 25. The apparent need to ration usage of tight U.S. soybeans through absolute price levels, futures spreads and spreads to South American prices are the dominate drivers of old-crop soybean and soybean meal futures prices. USDA's stocks report on June 30 will have a lot to say about whether the market has sufficiently restrained demand. July bean futures were up $4.04, finishing at $439.45; August gained $1.65, closing at $414.10; and September was down $1.10, ending at $386.54. July meal increased $5.29, closing at $437.94; August was $0.88 higher, finishing at $404.32; and September meal closed down $1.32, ending at $371.81. July soyoil was $2.20 higher, finishing at $805.56; August was up $2.20, closing at $809.09; and September gained $2.43, closing at $821.87.

U.S. & South America Soybean/Products Balance

	United States			Argentina			Brazil		
	Actual	*Estimate*	*Proj.*	*Actual*	*Estimate*	*Proj.*	*Actual*	*Estimate*	*Proj.*
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Soybeans	*thousand tonnes*								
Carryin	15,617	5,580	3,531	1,876	4,460	325	3,110	4,818	2,210
Production	72,859	80,536	86,954	46,200	34,000	51,000	61,000	57,000	60,000
Imports	269	327	327	2,650	250	0	88	50	150
Crush	49,024	44,634	45,586	32,570	31,250	37,000	31,890	31,550	32,220
Exports	31,598	33,743	34,292	12,124	5,750	10,835	24,515	25,100	24,950
Other	2,543	4,535	4,672	1,572	1,385	1,650	2,975	3,008	3,075
Usage	83,165	82,912	84,550	46,266	38,385	49,485	59,380	59,658	60,245
Carryout	5,580	3,531	6,262	4,460	325	1,840	4,818	2,210	2,115
Soymeal	*thousand tonnes*								
Carryin	314	267	542	1,144	1,193	908	1,563	1,694	1,584
Production	38,322	35,528	36,137	25,480	24,438	28,934	24,880	24,490	24,970
Domestic use	30,078	27,578	27,941	634	650	684	12,250	12,525	12,875
Net Exports	8,291	7,675	8,196	24,797	24,073	27,858	12,499	12,075	11,790
Usage	38,369	35,253	36,137	25,431	24,723	28,542	24,749	24,600	24,665
Carryout	267	542	542	1,193	908	1,300	1,694	1,584	1,889
Soybean oil	*thousand tonnes*								
Carryin	1,399	1,126	1,226	310	363	400	341	505	375
Production	9,329	8,457	8,639	6,189	5,975	7,074	6,160	6,050	6,180
Domestic use	8,313	7,484	7,575	1,026	1,083	1,140	3,925	3,990	4,035
Net exports	1,289	873	1,209	5,110	4,855	5,950	2,071	2,190	2,130
Usage	9,602	8,357	8,784	6,136	5,938	7,090	5,996	6,180	6,165
Carryout	1,126	1,226	1,081	363	400	384	505	375	390

USDA Export Sales (tmt) - Week of 18 June 2009

Country	*Commodity*	*New Sales*	*Accum. Exports*
Barbados	Soybeans	1	18.9
China	Soybeans	37.1	17455.6
Colombia	Soybeans	10	161.1
Costa Rica	Soybeans	7.3	141.8
Indonesia	Soybeans	2.3	1153.9
Japan	Soybeans	29.3	1952.2
Malaysia	Soybeans	3.3	75.3
Mexico	Soybeans	21.3	2530.6
Romania	Soybeans	1	26.4
Syria	Soybeans	39.3	405.4
Taiwan	Soybeans	4.7	1284.5
Vietnam	Soybeans	2.4	73.4
Canada	Soymeal	10.6	748.8
Dom. Rep.	Soymeal	5.6	243.5
Germany	Soymeal	9.3	9.3
Guatemala	Soymeal	7.1	172.5
Italy	Soymeal	48.0	73.8

Country	*Commodity*	*New Sales*	*Accum. Exports*
Japan	Soymeal	2.8	224.6
Mexico	Soymeal	10.9	953.8
Morocco	Soymeal	13.2	96.0
Nicaragua	Soymeal	4.6	45.0
Panama	Soymeal	8.8	114.8
Philippines	Soymeal	25.1	392.0
Spain	Soymeal	16.5	49.6
UAE	Soymeal	14.5	30.6
Canada	Soyoil	0.6	29.0
Nicaragua	Soyoil	0.7	17.5

Export Sales Totals (tmt)

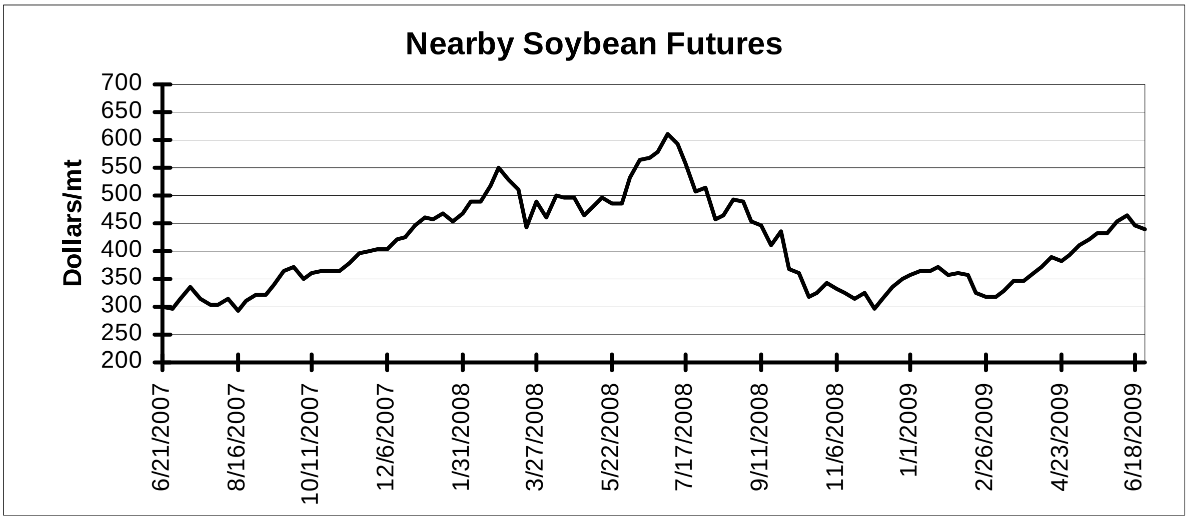
Commodity	*Outstanding Sales*	*Accum. Exports*	*New Sales*
Soybeans	3,526.9	30,322.1	28.1
Soymeal	11,707.1	5,488.6	79.6
Soyoil	139.4	582.3	6.8

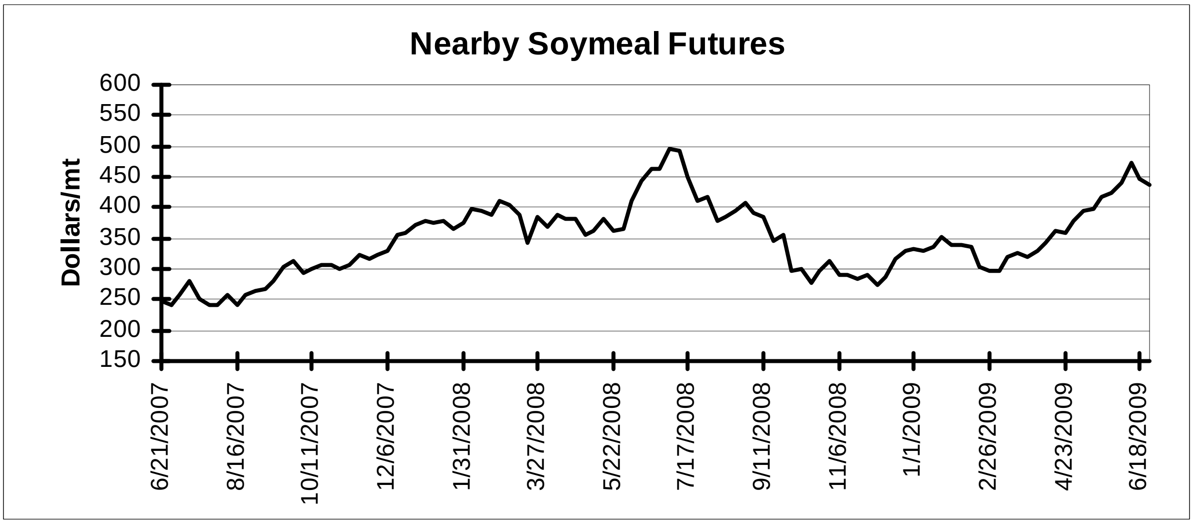
Thursday Spot and Futures Prices, 25 June 2009

Item	*Location*	*July*	*Aug*	*Sep*
Soybeans ($/mt)	Central Ill./Chicago	439.45	414.10	386.54
	FOB Gulf (Basis)	470.68	445.33	426.96
	CIF Gulf Coast (Basis Chicago)	467.01	441.65	419.61
Board Crush Margin	$/mt	29.39	30.74	35.14
		July	*Aug*	*Sep*
Soybean Meal 48%, HiPro ($/mt)	Central Ill./Chicago	437.94	404.32	371.81
	FOB Gulf (Basis)	485.34	451.72	452.27
	West Coast (Basis)	512.90	479.28	476.52
Soybean Meal 44% ($/mt)	Central Ill./Chicago	437.94	404.32	371.81
	FOB Gulf (Basis)	474.32	440.70	441.25
	West Coast (Basis)	501.88	468.26	465.50
Soybean Oil, Crude ($/mt)	Central Ill./Chicago	805.56	809.09	812.84
	FOB Gulf (Basis)	805.56	809.09	812.84
		Beans	*Meal*	*Oil*
1 year ago prices	Chicago, $/mt	508.90	412.04	1299.17

Weekly Statistics, Past Five Weeks ($/mt)

	21-May	*28-May*	*4-Jun*	*11-Jun*	*18-Jun*
Nearby Soybean Futures (CBT)	431.73	433.20	451.94	465.54	445.97
Basis Central Illinois	444.59	447.90	483.17	475.83	451.12
Basis Gulf	464.80	460.76	478.77	490.52	473.90
Nearby Soybean Meal Futures (CBT)	417.99	423.06	439.82	471.78	446.87
Basis Decatur	441.14	449.52	467.38	499.34	470.68
Basis Gulf	467.60	472.67	489.42	521.39	494.27
Basis West Coast	494.05	499.12	519.18	551.15	521.83
Nearby Soybean Oil Futures (CBT)	837.31	833.56	889.34	842.16	814.60
Basis Decatur	870.38	800.49	845.24	798.07	770.51
Basis Gulf	848.33	833.56	889.34	842.16	814.60
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	25.20	30.52	32.98	26.85	31.14
US Gulf/Japan, grains basis	43.19	49.68	53.39	46.85	51.97
PNW/Japan, grains basis	24.19	27.22	29.40	28.79	29.34
PNW/Japan Spread	19.00	22.46	23.99	18.05	22.63
US Corn, CBOT Nearby Futures	166.92	168.79	176.56	173.61	158.75
US Sorghum, Gulf Cash Price	165.35	162.92	171.74	170.86	155.75
Canadian Canola, Nearby Winnipeg	419.75	409.09	433.27	431.51	405.88


Nearby Soybean Futures
Dollars/mt
700
650
600
550
500
450
400
350
300
250
200
6/21/2007
8/16/2007
10/11/2007
12/6/2007
1/31/2008
3/27/2008
5/22/2008
7/17/2008
9/11/2008
11/6/2008
1/1/2009
2/26/2009
4/23/2009
6/18/2009


Nearby Soymeal Futures
Dollars/mt
600
550
500
450
400
350
300
250
200
150
6/21/2007
8/16/2007
10/11/2007
12/6/2007
1/31/2008
3/27/2008
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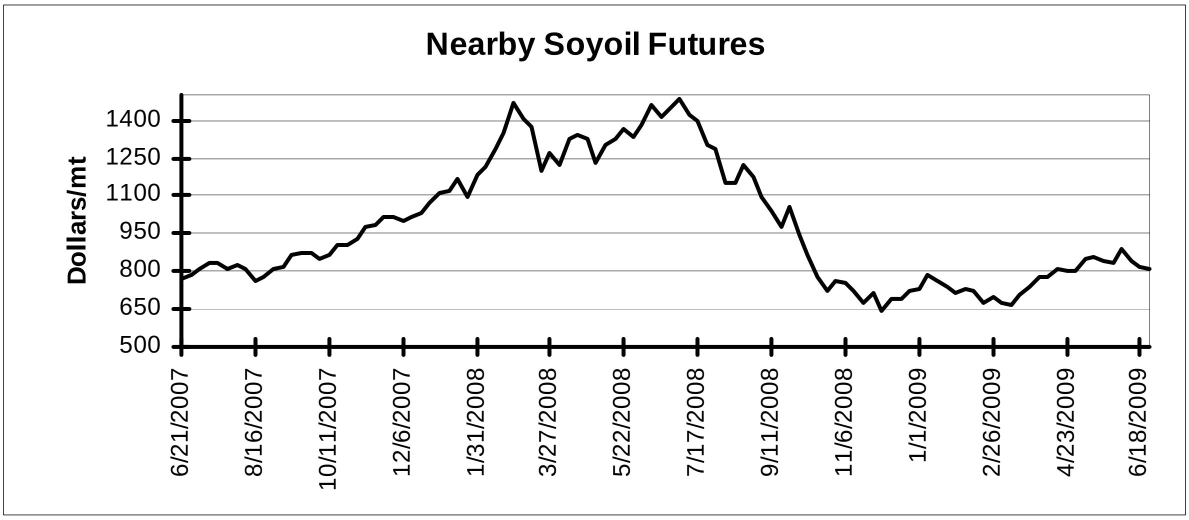
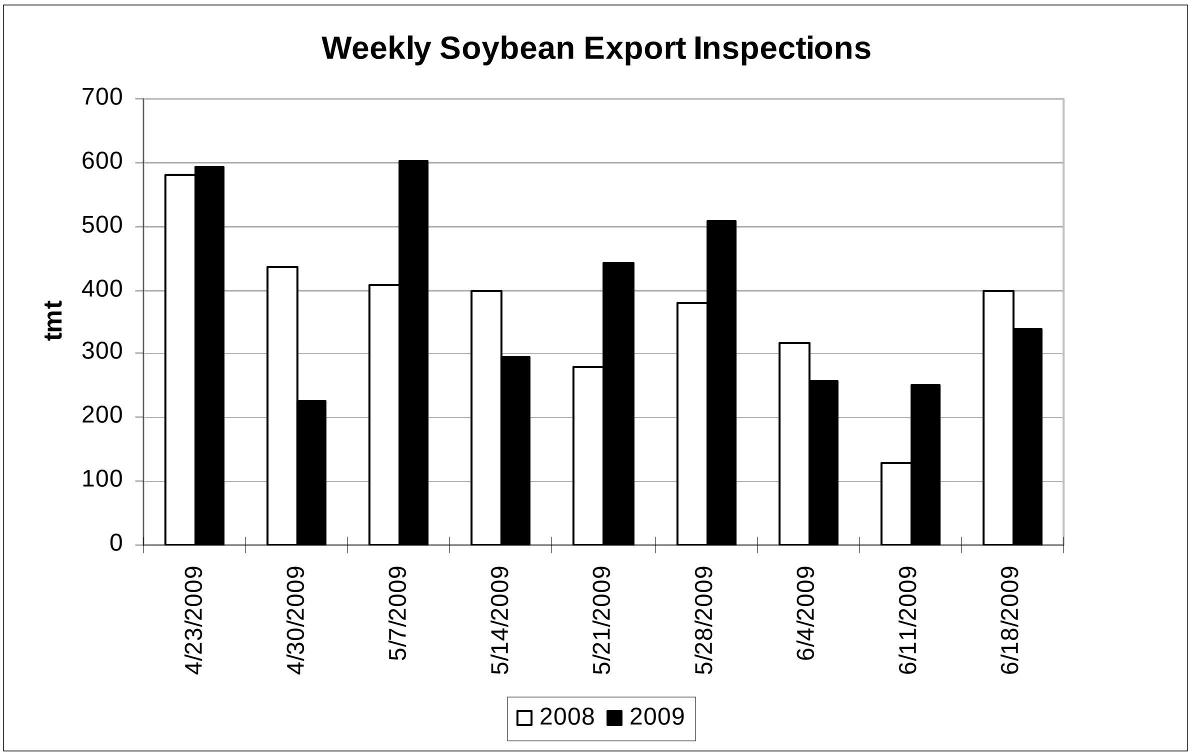
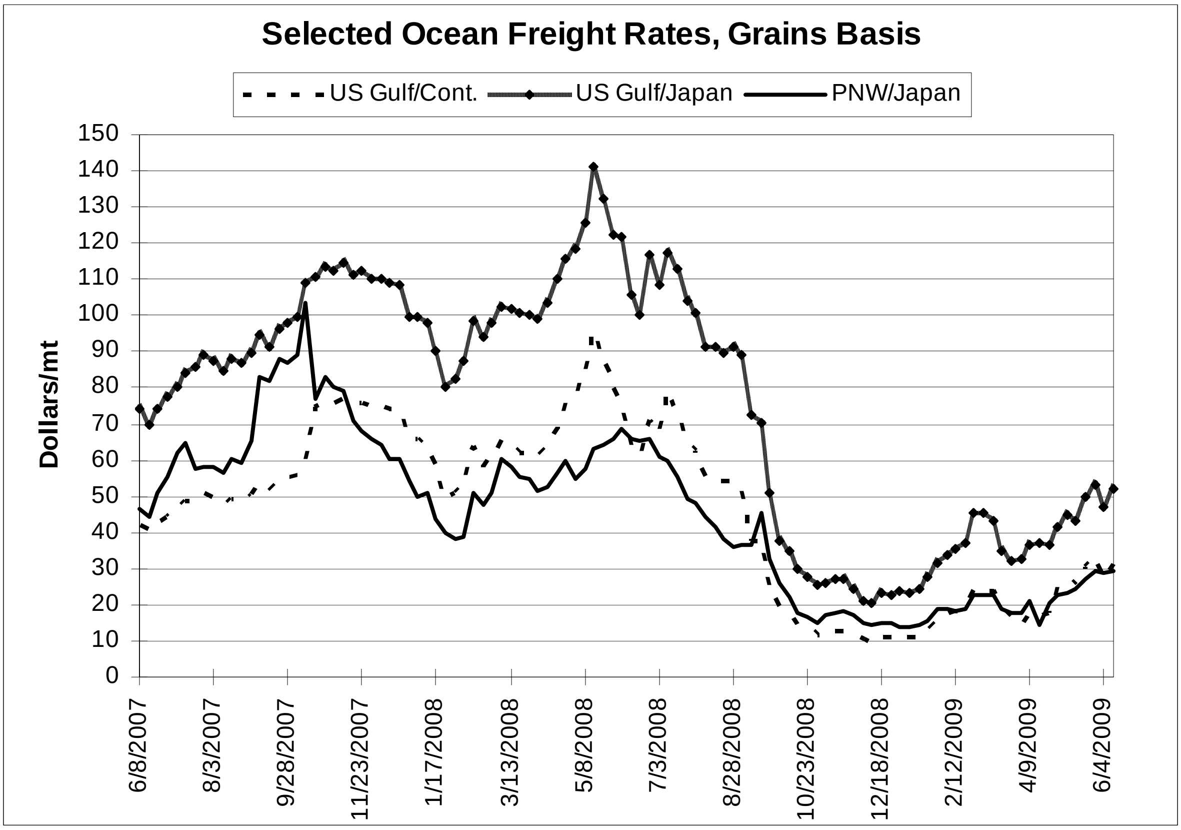
4/23/2009
6/18/2009


Nearby Soyoil Futures
Dollars/mt
1400
1250
1100
950
800
650
500
6/21/2007
8/16/2007
10/11/2007
12/6/2007
1/31/2008
3/27/2008
5/22/2008
7/17/2008
9/11/2008
11/6/2008
1/1/2009
2/26/2009
4/23/2009
6/18/2009


Weekly Soybean Export Inspections
tmt
700
600
500
400
300
200
100
0
4/23/2009
4/30/2009
5/7/2009
5/14/2009
5/21/2009
5/28/2009
6/4/2009
6/11/2009
6/18/2009
2008
2009


Selected Ocean Freight Rates, Grains Basis
US Gulf/Cont.
US Gulf/Japan
PNW/Japan
Dollars/mt
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
0
6/8/2007
8/3/2007
9/28/2007
11/23/2007
1/17/2008
3/13/2008
5/8/2008
7/3/2008
8/28/2008
10/23/2008
12/18/2008
2/12/2009
4/9/2009
6/4/2009