



The Soy Export Weekly Update

USDA Report Recap

USDA's NASS on August 12 released its first estimates of 2009 U.S. row crop production and its updates of small grain production. USDA's WASDE report incorporates those crop views as well as ongoing global crop production, demand and trade indications.

USDA's first survey-based estimate of the U.S. soybean crop of 87.1 million tonnes, below the average analyst estimate for the ninth consecutive year. USDA revised planted area up 97,100 hectares and harvested area up 89,000 hectares and pegged the yield at 2.80 tonnes per hectare, nearly 0.0672 tonnes per hectare below the July balance sheet yield. USDA offset part of the 1.66 million tonne decline in production from last month with reductions of 272,000 tonnes each in exports and the crush, resulting in a 2009-10 carryout of 5.7 million tonnes that is down 1.09 million tonnes from last month. USDA's 2008-09 carryout remains at 2.99 million tonnes as USDA added 136,000 tonnes each to exports and the crush, which were offset by a reduction in residual use.

Although USDA's crop was smaller than the market was looking for, the new-crop carryout was in line with trade expectations. The smaller-than-expected yield may call into question expectations for a higher eventual yield.

USDA did not make any changes in South America except for a 300,000 tonne increase in Argentine 2009-10 soybean exports and a 360,000 tonne increase in Argentine 2009-10 soybean meal exports. South American 2010 harvest prospects were not changed at 60 million tonnes and 51 million tonnes respectively for Brazil and Argentina. China's crop was projected at 15.4 million tonnes versus 15.6 million tonnes last month and forecast imports were not changed at 38.1 million tonnes down from 39.1 million tonnes in 2008-09.

Importers Favoring U.S. Soybeans

Importers are continuing to favor U.S. soybeans as prices dip below those of main competitor Brazil because of expectations of a record crop. With Argentina, the world's third largest exporter, hit by drought, there has also been talk of some importers switching their purchases to the United States from Brazil, where prices have been rising.

"We are the cheap ones," Jack Scoville, vice president at Price Futures Group told *Reuters*. "Apparently, beans in the U.S. are cheaper than anywhere else. That is enough to take care of any freight (difference with Brazil)."

USDA said last week that China booked another 110,000 tonnes of U.S. soybeans for delivery during the new marketing year, which starts on September 1.

Many analysts are attributing the favoritism of U.S. soybeans to the weather in South America. The drought that Argentina and Brazil experienced this past growing season has left exporter with very little crop to sell. Also, high prices for soybeans caused many South American farmers to book a larger-than-usual amount of sales of their supplies before harvest, leaving them with little to provide to the export market during the past few weeks.



Meanwhile, light demand for soybeans from processors around the Midwestern United States also is helping exports receive a boost. This is due in part to weak soyoil demand from biodiesel makers.

U.S. Shipping Expected To Handle Large Soybean And Grain Export Volume Through February 2010

Soybean and grain exports for September/November and December/February combined are forecast to at 71.7 million tonnes, second only to record volume in 2007-08 that totaled 81 million tonnes. If realized, weekly exports will need to average 2.76 million tonnes for the first half of the marketing year. Last year exports averaged 2.35 million tonnes during the first half. Soybean exports are forecast at 28.8 million tonnes or nearly 1.12 million tonnes weekly.

Based on history, analysts believe a shipping program this large during September-February is wholly feasible. Export inspections during 2007-08 averaged 3.27 million tonnes on a weekly basis with four weeks exceeding 3.27 million tonnes. By port range, elevators across the Gulf can readily handle 1.63 million to 1.91 million tonnes weekly, with rare occurrences exceeding 2.04 million tonnes. In the PNW, elevators have handled increased volumes on a weekly basis in recent years, increasing from 408,000 to 544,000 tonnes during late 1990s and early 2000s to 680,000 to 816,000 tonnes 2007 and 2008. During the record 2007-08 year, weekly export inspections across the Gulf averaged 1.84 million tonnes and the PNW 691,000 tonnes, which when combined, represented 84 percent of all grain and soybean elevation during that time period.

China Expects Soybean Demand And Imports To Remain High

China's soybean imports are expected to rise to about 40 million tonnes this year, and China's demand and import of soybean will keep growing in a long term, said Liu Xiaonan, deputy director of the National Development and Reform Commission's economic and trade department.

Ten years ago, China's annual soybean imports were less than 3 million tonnes, accounting for less than 8 percent of world soybean imports. In 2008, soybean imports reached 37.45 million tonnes, up 21.5 percent year-on-year and standing as half of the world's total.

No quotas are currently erected to prevent soybean imports from entering China, instead the imports are protected by a 3 percent tariff.

Soy Complex Lower As Expiring August Contract Collapses

The soy complex closed lower on August 13 as the expiring August soybean contract collapsed amid increased deliveries of 227 contracts that represented nearly one-half of open interest. Direction for new-crop futures is being influenced by 2 factors – the development of the crop and looming demand prospects. The crop and demand could be bigger than USDA has portrayed and bigger than the market is currently trading. August bean futures were down \$10.56, finishing at \$436.24; September lost \$10.01, closing at \$391.41; and November was down \$9.28, ending at \$374.32. August meal increased \$3.2-, closing at \$430.89; September was \$5.07 lower, finishing at \$370.26; and October meal closed down \$6.28, ending at \$352.71. August soyoil was \$20.50 lower, finishing at \$827.61; September was down \$20.72, closing at \$829.81; and October lost \$20.72, closing at \$834.44.



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	<i>thousand tonnes</i>								
Carryin	15,617	5,580	2,984	1,876	4,890	325	3,110	4,818	1,810
Production	72,859	80,536	88,723	46,200	32,000	51,000	61,000	57,000	60,000
Imports	269	408	272	2,650	1,000	500	88	50	150
Crush	49,024	45,042	45,722	32,140	32,050	37,000	31,890	31,350	32,220
Exports	31,598	34,292	34,700	12,124	4,150	10,835	24,515	25,700	24,950
Other	2,543	4,206	4,765	1,572	1,365	1,650	2,975	3,008	3,075
Usage	83,165	83,540	85,187	45,836	37,565	49,485	59,380	60,058	60,245
Carryout	5,580	2,984	6,792	4,890	325	2,340	4,818	1,810	1,715
Soymeal	<i>thousand tonnes</i>								
Carryin	311	267	272	1,089	1,350	1,017	1,563	1,474	1,264
Production	38,358	35,757	36,228	25,230	25,075	28,934	24,710	24,300	24,970
Domestic use	30,111	27,805	28,032	632	650	684	12,300	12,525	12,864
Net Exports	8,291	7,947	8,196	24,337	24,758	27,858	12,499	11,985	11,870
Usage	38,402	35,752	36,228	24,969	25,408	28,542	24,799	24,510	24,734
Carryout	267	272	272	1,350	1,017	1,409	1,474	1,264	1,500
Soybean oil	<i>thousand tonnes</i>								
Carryin	1,399	1,127	1,399	307	380	168	266	315	299
Production	9,331	8,573	8,650	6,139	6,153	7,100	6,120	6,020	6,180
Domestic use	8,314	7,348	7,484	1,086	1,325	1,350	4,000	4,275	4,315
Net exports	1,289	953	1,440	4,980	5,040	5,700	2,071	1,761	1,864
Usage	9,603	8,301	8,924	6,066	6,365	7,050	6,071	6,036	6,179
Carryout	1,127	1,399	1,125	380	168	218	315	299	300

USDA Export Sales (tmt) - Week of 06 August 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
China	Soybeans	60.9	18284.4	Vietnam	Soymeal	1.1	75.0
Cuba	Soybeans	8.1	115.9	Algeria	Soyoil	12.1	45.3
Indonesia	Soybeans	85.9	1266.6	Canada	Soyoil	1.0	34.3
Japan	Soybeans	33.6	2206.9	Dom. Rep.	Soyoil	1.7	43.9
Mexico	Soybeans	1.5	2949.5	Indonesia	Soyoil	3.0	3.2
Taiwan	Soybeans	74.5	1435.2	Peru	Soyoil	3.0	15.9
Thailand	Soybeans	1.2	174.7	Venezuela	Soyoil	5.0	47.0
Canada	Soymeal	7.2	885.2				
Guatemala	Soymeal	1.9	217.4	Export Sales Totals (tmt)			
Indonesia	Soymeal	22.3	80.2	Commodity	Outstanding Sales	Accum. Exports	New Sales
Mexico	Soymeal	2.6	1109.2	Soybeans	3,153.3	32,629.9	259.5
Morocco	Soymeal	15.1	135.0	Soymeal	700.9	6,325.6	30.8
Philippines	Soymeal	3.3	415.7	Soyoil	211.3	694.1	5.3
Venezuela	Soymeal	11.3	528.5				



Thursday Spot and Futures Prices, 13 August 2009

<i>Item</i>	<i>Location</i>	<i>Aug</i>	<i>Sep</i>	<i>Nov</i>
Soybeans (\$/mt)	Central Ill./Chicago	436.24	391.41	374.32
	FOB Gulf (Basis)	461.96	444.69	407.39
	CIF Gulf Coast (Basis Chicago)	509.72	437.34	403.72
Board Crush Margin	\$/mt	31.48	32.25	29.98
		<i>Aug</i>	<i>Sep</i>	<i>Oct</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	430.89	370.26	342.71
	FOB Gulf (Basis)	494.82	441.91	384.59
	West Coast (Basis)	535.61	486.00	414.35
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	430.89	370.26	342.71
	FOB Gulf (Basis)	483.80	430.89	373.57
	West Coast (Basis)	524.58	474.98	403.33
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	827.61	829.81	834.44
	FOB Gulf (Basis)	816.58	818.79	823.42
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	464.90	383.82	1149.04

Weekly Statistics, Past Five Weeks (\$/mt)

	<i>9-Jul</i>	<i>16-Jul</i>	<i>23-Jul</i>	<i>30-Jul</i>	<i>6-Aug</i>
Nearby Soybean Futures (CBT)	384.89	358.61	376.07	414.56	430.08
Basis Central Illinois	456.54	422.92	401.79	421.91	485.20
Basis Gulf	417.96	395.36	401.79	443.22	455.80
Nearby Soybean Meal Futures (CBT)	382.50	340.61	356.04	392.20	405.10
Basis Decatur	426.59	363.76	379.19	414.24	434.86
Basis Gulf	437.61	379.19	383.60	425.27	440.37
Basis West Coast	477.30	427.69	443.12	485.89	498.97
Nearby Soybean Oil Futures (CBT)	721.57	745.15	764.33	770.07	811.95
Basis Decatur	644.40	667.99	687.17	681.88	723.77
Basis Gulf	710.54	734.13	753.31	764.56	806.44
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	31.40	34.19	35.57	32.10	26.22
US Gulf/Japan, grains basis	52.97	57.56	59.86	56.69	50.91
PNW/Japan, grains basis	25.93	27.79	28.29	28.74	26.75
PNW/Japan Spread	27.04	29.77	31.57	27.95	24.16
US Corn, CBOT Nearby Futures	135.23	124.70	128.73	130.80	130.90
US Sorghum, Gulf Cash Price	129.85	133.05	138.01	141.65	140.32
Canadian Canola, Nearby Winnipeg	365.40	379.63	383.19	381.04	398.53



