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## *The Soy Export Weekly Update*

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**NOTE TO READERS: The Soy Export Weekly will not be published next week as staff will be out for the U.S. Independence Day Holiday. Publication resumes July 17.**

### **USDA Acreage And Stocks Report Recap**

USDA released its June guidance on U.S. spring planted crop acreage on June 30, along with its estimates of U.S. grain and soybean stocks inventories on hand as of June 1. The planted acreage estimates incorporate survey and field measurement data for a more robust examination of plantings, and the first since its March acreage intentions survey.

Soybean planted area for the 2009-10 crop increased 591,000 hectares from the March estimate to 31.4 million hectares, but this was about 243,000 hectares below market expectations. Soybean production for 2009-10 is forecast at 88.7 million tonnes, which is 8.33 million tonnes above last season. USDA reported that 91 percent of this season's soybean acreage is planted with biotech varieties versus 92 percent last season. The soybean market still faces yield uncertainty and consequent risk due to minimal old-crop carryover and expected strong 2009-10 demands.

### **Census May Crush Report And Annual Fats And Oils Report Recap**

The Census Bureau pegged the May crush at a surprisingly small 3.98 million tonnes, nearly 81,600 tonnes smaller than the trade were expecting given the NOPA crush. The April crush also was revised slightly lower. The May crush as reported by Census still reflected a slight increase in the daily crush rate from the previous 2 months, but was just 106,000 tonnes larger than the NOPA crush and just 102.8 percent of the NOPA crush. Both comparisons are the lowest since the summer of 2003. Also making the May Census crush look curiously small were the unusually high meal and oil yields implied for the month.

The Census Bureau's smaller-than-expected meal and oil production combined with larger-than-expected meal and oil stocks indicated less improvement in domestic disappearance than thought following the NOPA report. Soybean meal stocks were anticipated to be large because May ended on a weekend, but reported stocks of 539,000 tonnes exceeded expectations and nearly were a marketing year high. Implied domestic use was 6 percent below last year and the 5-year average, which likely will be offset by better disappearance in June when stocks should decline to more normal levels. End-of-May soybean oil stocks were a marketing-year high at 1.45 million tonnes, implying May domestic use that was down 10 percent from last year and 8 percent below the 5-year average.

The Census Bureau also released the 2008 annual summary for its fats and oils report. Estimated usage of fats and oils in methyl ester (dominantly biodiesel) production was revised higher for each month of 2008, in many cases by a significant amount. These upward revisions increased the Census Bureau's estimate of the biodiesel industry's total usage of fats and oils by 267,000 tonnes for the 2007-08 marketing year. Estimated soybean oil use in biodiesel increased by 124,000 tonnes to 1.47 million tonnes for 2007-08 and by 28,600 tonnes for the first quarter of 2008/09.

### **USDA: U.S. Farmers Favor GM Crops**

U.S. farmers are massively favoring genetically modified (GM) crops as they seek to maximize yields and profitability, a new report from the USDA has shown. The report shows that an estimated 91 percent of U.S. soybeans are biotech in 2009 and, although this was a drop from 92 percent a year earlier, it represents the highest proportion of the three key crops



studied. The proportions vary from 83 percent in Ohio and Michigan to 98 percent in South Dakota. Top soybeans growing states Iowa and Illinois used 94 percent and 90 percent, respectively. All biotech soybeans used in the United States are herbicide tolerant.

Cotton has the second highest proportion of biotech use, rising to a new high in 2009 of 88 percent across the United States, ranging from 73 percent in California to 98 percent in Missouri. Key state Texas has a level of 81 percent.

Sharon Bomer Lauritsen, executive vice president of food and agriculture for the Biotechnology Industry Organization, said: "Since 1996, these crops have proved to yield more per acre and reduce farmers' production costs with more environmentally friendly farming practices." Lauritsen added: "The move to biotechnology and modern farming practices is reflected in the choices of farmers around the world. In 2008, 309 million acres of biotech crops were planted in 25 countries by 13.3 million farmers. At a time when the United States and the world are looking for sustainable, science-based solutions to rising food and fuel demands, this trend is likely to continue."

### **EPA Extends Comment Period For Proposed RFS-2 Rule**

Comments on the Renewable Fuels Standard-2 (RFS2) proposed rule will now be due September 25 after a 60-day extension of the comment period was announced by the Environmental Protection Agency (EPA). The move will give the EPA more information to work with but has raised concern with some (like the National Biodiesel Board) that this could further slow implementation of RFS-2.

The NBB released a statement which expressed concern about the extension of the public comment period: "Everyone agrees with the need for a thorough public review of the EPA's proposed RFS2 rule and a comment period of sufficient duration to accommodate public input. There are clearly ways to improve the proposed rule," the NBB said. "With that said, it is important to note that RFS2 was supposed to be in place at the beginning of this year, and extension of the comment period could further delay the implementation of the program. This will provide additional hardship to the U.S. biodiesel industry."

### **China Buys More U.S. Soybeans**

China last week booked another two cargoes of American soybeans for delivery this summer at a time crushing plants may have to shut down for lack of beans. Confirmation by the U.S. Agriculture Department that China, the world's top soy buyer, booked 113,000 tonnes of U.S. soybeans for delivery before the 2009 crop is harvested came the same day the government issued its June 1 soybean stocks, a number that underscored domestic supply is the tightest in years.

### **Soy Complex Lower On Broad-Based Weakness In Commodity And Financial Markets**

The soy complex closed lower on July 2 reflecting pre-holiday weekend positions and broad-based weakness in commodity and financial markets. July bean futures were down \$5.70, finishing at \$456.72; August lost \$2.39, closing at \$424.02; and September was down \$2.76, ending at \$389.85. July meal decreased \$7.72, closing at \$453.27; August was \$2.20 lower, finishing at \$421.30; and September meal closed down \$0.44, ending at \$384.48. July soyoil was \$14.11 lower, finishing at \$775.58; August was down \$14.99, closing at \$779.11; and September lost \$11.68, closing at \$786.16.



### 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
<b>Soybeans</b>	<i>thousand tonnes</i>								
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
<b>Soymeal</b>	<i>thousand tonnes</i>								
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
<b>Soybean oil</b>	<i>thousand tonnes</i>								
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 25 June 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	29.2	272.2	Panama	Soymeal	3.8	114.8
China	Soybeans	68.6	17644.2	Salvador	Soymeal	5.7	89.0
Egypt	Soybeans	10.3	863.3	Saudi Arabia	Soymeal	3.5	0.0
Indonesia	Soybeans	5	1168.3	Spain	Soymeal	29.8	79.4
Japan	Soybeans	67.2	1998.4	Turkey	Soymeal	1.2	281.9
Korea, Rep.	Soybeans	4.5	320.5	Costa Rica	Soyoil	1.1	29.8
Mexico	Soybeans	43.5	2570.1	Jamaica	Soyoil	3.2	15.0
Taiwan	Soybeans	58.7	1290.5	Mexico	Soyoil	1.1	87.8
Turkey	Soybeans	2.2	583.9				
Canada	Soymeal	8.3	769.3	<b>Export Sales Totals (tmt)</b>			
Dom. Rep.	Soymeal	2.8	251.9	<b>Commodity</b>	<b>Outstanding Sales</b>	<b>Accum. Exports</b>	<b>New Sales</b>
Honduras	Soymeal	12.0	107.0	Soybeans	3,333.2	30,709.3	193.5
Jamaica	Soymeal	1.7	78.4	Soymeal	932.2	5,704.2	-22.9
Lebanon	Soymeal	15.2	38.3	Soyoil	206.4	584.8	69.5
Morocco	Soymeal	16.5	112.5				



### Thursday Spot and Futures Prices, 02 July 2009

<i>Item</i>	<i>Location</i>	<i>July</i>	<i>Aug</i>	<i>Sep</i>
Soybeans (\$/mt)	Central Ill./Chicago	456.72	424.02	389.85
	FOB Gulf (Basis)	505.59	472.89	467.01
	CIF Gulf Coast (Basis Chicago)	501.91	469.21	463.33
Board Crush Margin	\$/mt	17.86	27.77	36.24
		<i>July</i>	<i>Aug</i>	<i>Sep</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	453.27	421.30	384.48
	FOB Gulf (Basis)	487.44	498.46	505.74
	West Coast (Basis)	528.22	537.04	538.80
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	453.27	421.30	384.48
	FOB Gulf (Basis)	476.41	487.44	494.71
	West Coast (Basis)	517.20	526.02	527.78
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	775.58	779.11	786.16
	FOB Gulf (Basis)	775.58	779.11	786.16
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	609.20	469.59	1484.36

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

	<i>28-May</i>	<i>4-Jun</i>	<i>11-Jun</i>	<i>18-Jun</i>	<i>25-Jun</i>
Nearby Soybean Futures (CBT)	433.20	451.94	465.54	445.97	439.54
Basis Central Illinois	447.90	483.17	475.83	451.12	474.36
Basis Gulf	460.76	478.77	490.52	473.90	470.68
Nearby Soybean Meal Futures (CBT)	423.06	439.82	471.78	446.87	437.94
Basis Decatur	449.52	467.38	499.34	470.68	504.08
Basis Gulf	472.67	489.42	521.39	494.27	485.34
Basis West Coast	499.12	519.18	551.15	521.83	512.90
Nearby Soybean Oil Futures (CBT)	833.56	889.34	842.16	814.60	805.56
Basis Decatur	800.49	845.24	798.07	770.51	761.47
Basis Gulf	833.56	889.34	842.16	814.60	805.56
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	30.52	32.98	26.85	31.14	29.20
US Gulf/Japan, grains basis	49.68	53.39	46.85	51.97	49.52
PNW/Japan, grains basis	27.22	29.40	28.79	29.34	26.97
PNW/Japan Spread	22.46	23.99	18.05	22.63	22.55
US Corn, CBOT Nearby Futures	168.79	176.56	173.61	158.75	150.58
US Sorghum, Gulf Cash Price	162.92	171.74	170.86	155.75	147.60
Canadian Canola, Nearby Winnipeg	409.09	433.27	431.51	405.88	401.71



