



The Soy Export Weekly Update

Rapid Depletion Of South American Stocks Points To Large 2009-10 U.S. Soy Exports

Brazil continues to export soybeans at a brisk pace. July shipments are on track to reach 3.6 million tonnes, marking the fifth consecutive month that exports have been record large compared with the same month in previous years. The two main reasons for Brazil's record export pace are the shortfall in Argentina's exportable supplies due to its crop shortfall, and the steep inverse in the soybean market.

Brazil's huge soybean exports and Argentina's small crop are significantly reducing the supply of South American soybeans available to crush or export after September 1. This will leave the United States as the world's dominant supplier of soybeans during the first half of the 2009-10 marketing year. Due to the continuation of its record soybean export pace, analysts are expected to shifted more of Brazil's projected 2009-10 (Feb./Jan.) soybean disappearance to exports for July through September away from the crush during the second half of its marketing year. September 1, 2009, South American soybean stocks are now seen at 39.4 million tonnes, down 13.4 million tonnes from last year and the lowest since 2004.

Meanwhile, China's soybean imports are expected to decline in 2009-10 unless it continues to add to its soybean reserves.

June Census Crush Recap

The Census Bureau confirmed that soybean oil stocks have risen to the highest level since January 2008, revising end-of-June stocks up slightly to 1.55 million tonnes. Soybean oil use in methyl ester (dominantly biodiesel) production increased from 37,600 tonnes during May to 49,400 tonnes in June. However, total fats and oils used in biodiesel production declined from a downwardly revised 135,000 tonnes in May to 121,000 tonnes in June as animal fat usage fell from an estimated 69,400 tonnes in May to 49,400 tonnes in June. Soybean oil's share of biodiesel feedstock rebounded from a low of 28 percent in May to 41 percent in June as margins for soybean oil based biodiesel improved. Biodiesel production capacity utilization declined slightly to a new low of 15 percent.

Biomass Crop Assistance Program Provides Farmers With Income Opportunities

Farmers who provide biomass material to energy conversion facilities could double their income through a new program from the Department of Agriculture's Farm Service Agency. The Biomass Crop Assistance Program provides financial assistance to producers or entities that deliver eligible material to designated biomass conversion facilities for use as heat, power, bio-based products or biofuels. Assistance will be for the collection, harvesting, storage and transportation costs associated with the delivery of materials, according to the agency.

Producers or entities will be eligible for as much as a dollar-for-dollar match up to \$45 per dry ton for the value of the biomass that is delivered to a designated biomass conversion facility. For example, if the conversion facility pays a producer \$30 per dry ton for the biomass, the producer would be eligible for a program payment of \$30 per dry ton for the associated costs.

Producers will be eligible for up to two years' worth of payments.



The agency said the program is expected to benefit producers, the biomass industry, the general public and the environment through generation of clean and sustainable biomass energy.

Brazilian Soybean Crushers Extend Ban On Purchasing Product From Amazon Basin

Soybean crushers in Brazil have extended their ban on purchasing soybeans from recently deforested areas of the Amazon basin for another year. The moratorium, which was set up as a response to pressure from activist groups and buyers to preserve the world's largest rainforest, applies to soybeans planted after October 2006. The initiative will now include the monitoring of properties with less than 100 hectares, which so far not been a part of the initiative.

"Soy is not a relevant factor in Amazon destruction anymore," said Carlos Minc, the country's environment minister, during an event to celebrate the project's third anniversary but he added that Amazon deforestation figures were still "unacceptable."

The initiative joins all major grain processors with operations in Brazil, such as ADM, Cargill, Louis Dreyfus and Bunge.

China: July Soybean Imports Likely A Record High

China's soybean imports in July will likely set a new record high of 4.82 million tonnes, according to a report by the Ministry of Commerce issued July 29. China imported 4.71 million tons of soybeans in June, up 31 percent compared with last June – and the highest recorded volume for a single month. The ministry expects July vegetable oil imports to also be higher on month, according to the report posted on the ministry's Web site. The estimate was based on importers' reports during the July 1-July 15 period. The forecast is usually lower than actual imports as it doesn't include all cargoes.

In related news, China's government failed to sell soybeans from its reserves again on July 29, as the base auction price was set too high. The government planned to sell 502,700 tonnes of soybeans to north and northeast major producing areas, but high prices curbed bidding interest. The result is in line with market expectations and helped support soybean futures, as local soybean supply will remain tight as long as the government is unable to release its soybeans. Last week, the government failed to sell any soybeans in another auction.

Soy Complex Higher As USDA Announces Purchases Of U.S. Soybeans By China

The soy complex closed higher on July 30 as USDA announced via its daily reporting system that China had bought 1.92 million tonnes of U.S. soybeans, 1.8 million tonnes of which were for 2009-10 marketing year shipment. Prices also are being supported by the market becoming more cognizant of the robust new-crop demand for U.S. soybeans and perhaps less optimism about crop prospects with drier conditions emerging in much of the Corn Belt. August bean futures were up \$26.00, finishing at \$414.56; September gained \$23.88, closing at \$378.09; and November was up \$20.21, ending at \$356.78. August meal increased \$19.07, closing at \$392.20; September was \$20.72 higher, finishing at \$358.58; and October meal closed up \$17.42, ending at \$333.78. August soyoil was \$41.01 higher, finishing at \$770.07; September was up \$41.23, closing at \$774.48; and October gained \$41.45, closing at \$778.22.



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 23 July 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Colombia	Soybeans	10	183.4	Panama	Soymeal	4.5	120.3
Indonesia	Soybeans	123.1	1258.1	Philippines	Soymeal	131.4	410.6
Japan	Soybeans	52.5	2141.3	Salvador	Soymeal	5.1	106.6
Mexico	Soybeans	12.1	2807.5	Saudi Arabia	Soymeal	1.5	63.5
Taiwan	Soybeans	32.8	1380.1	Canada	Soyoil	0.4	32.8
Thailand	Soybeans	2.5	174	Dom. Rep.	Soyoil	0.5	40.8
Turkey	Soybeans	30.2	721.4	Korea, Rep.	Soyoil	10.0	13.5
Australia	Soymeal	25	0	Nicaragua	Soyoil	1.5	20.2
Dom. Rep.	Soymeal	2	307.6				
FW IND	Soymeal	1.0	11.2				
Guatemala	Soymeal	2.2	208.6				
Honduras	Soymeal	4.0	121.9				
Japan	Soymeal	11.2	254.4				
Mexico	Soymeal	8.0	1086.1				
Nigeria	Soymeal	7.5	112.5				
Export Sales Totals (tmt)							
	Commodity	Outstanding Sales	Accum. Exports	New Sales			
	Soybeans	2,886.9	32,142.3	245.6			
	Soymeal	867.7	6,175.6	168.2			
	Soyoil	167.5	651.8	22.7			



Thursday Spot and Futures Prices, 30 July 2009

<i>Item</i>	<i>Location</i>	<i>Aug</i>	<i>Sep</i>	<i>Nov</i>
Soybeans (\$/mt)	Central Ill./Chicago	414.56	378.09	356.78
	FOB Gulf (Basis)	443.22	425.12	388.01
	CIF Gulf Coast (Basis Chicago)	439.54	424.02	386.17
Board Crush Margin	\$/mt	14.23	26.86	30.67
		<i>Aug</i>	<i>Sep</i>	<i>Oct</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	392.20	358.58	333.78
	FOB Gulf (Basis)	425.27	423.61	377.87
	West Coast (Basis)	485.89	485.34	405.43
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	392.20	358.58	333.78
	FOB Gulf (Basis)	414.24	412.59	366.85
	West Coast (Basis)	474.87	474.32	394.40
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	770.07	774.48	778.22
	FOB Gulf (Basis)	764.56	768.96	772.71
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	512.85	418.43	1284.40

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

	<i>25-Jun</i>	<i>2-Jul</i>	<i>9-Jul</i>	<i>16-Jul</i>	<i>23-Jul</i>
Nearby Soybean Futures (CBT)	439.54	424.02	384.89	358.61	376.07
Basis Central Illinois	474.36	458.92	456.54	422.92	401.79
Basis Gulf	470.68	472.89	417.96	395.36	401.79
Nearby Soybean Meal Futures (CBT)	437.94	453.27	382.50	340.61	356.04
Basis Decatur	504.08	485.01	426.59	363.76	379.19
Basis Gulf	485.34	498.46	437.61	379.19	383.60
Basis West Coast	512.90	537.04	477.30	427.69	443.12
Nearby Soybean Oil Futures (CBT)	805.56	779.11	721.57	745.15	764.33
Basis Decatur	761.47	723.99	644.40	667.99	687.17
Basis Gulf	805.56	779.11	710.54	734.13	753.31
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	29.20	31.09	31.40	34.19	35.57
US Gulf/Japan, grains basis	49.52	52.38	52.97	57.56	59.86
PNW/Japan, grains basis	26.97	27.79	25.93	27.79	28.29
PNW/Japan Spread	22.55	24.59	27.04	29.77	31.57
US Corn, CBOT Nearby Futures	150.58	136.11	135.23	124.70	128.73
US Sorghum, Gulf Cash Price	147.60	130.40	129.85	133.05	138.01
Canadian Canola, Nearby Winnipeg	401.71	397.56	365.40	379.63	383.19



