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## *The Soy Export Weekly Update*

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### **USDA July Supply And Demand Report Recap**

In its July supply and demand report, USDA left its 2008-09 soybean carryout forecast at what it likely sees as a minimal level of 2.99 million tonnes. USDA nudged its crush up by 136,000 tonnes to 45 million tonnes and increased exports by 272,000 tonnes to 34.3 million tonnes. However, those changes and a modest increase in seed use were offset with larger imports and a reduction in residual use following the quarterly stocks report.

USDA raised its 2009-10 carryout forecast by 1.09 million tonnes to 6.80 million tonnes. The increase of 607,000 hectares in soybean plantings from the March planting intentions report to the June 30 Acreage report boosted USDA's production forecast by 1.77 million tonnes, but the production increase was partly offset by usage increases.

### **Biodiesel Production Up in May, but Soybean Oil Use Slightly Lower**

The Census Bureau reported that total usage of fats and oils in methyl ester (mostly biodiesel) production increased to 143,000 tonnes in May from a downwardly revised 133,000 tonnes in April. Census lowered its April estimate of soybean oil use in methyl ester production by 4,540 tonnes to 38,100 tonnes and reported a modest decline in May. Thus, other vegetable oils and animal fats accounted for all of the increase in biodiesel production from April to May. Soybean oil accounted for only 26 percent of the total feedstock usage in biodiesel production during April, compared with 31 percent in May and an average of 56 percent in 2008.

The Census Bureau's estimate of soybean oil use in biodiesel production for May was in line with expectations, and margins for producing biodiesel from soybean oil have improved to near breakeven levels since being deeply negative during April and May.

### **NOPA June Crush Recap**

The NOPA U.S. soybean crush for June was reported at 3.62 million tonnes, below trade expectations. With one less day, that was down from the May crush at 3.87 million tonnes but in line with last year at 3.63 million tonnes. The soybean oil stocks were reported at 1.32 million tonnes, up 95,700 tonnes from last month. That was well above trade expectations at 1.22 million tonnes and suggests continuing slowness to domestic soybean oil usage.

### **DuPont Pioneer Hi-Bred And Arzeda Corp. Partner To Produce Next Generation Seeds**

DuPont and Arzeda Corp. have announced a technology collaboration to develop new traits to increase agricultural productivity. Under the agreement, DuPont business Pioneer Hi-Bred will use novel enzymes designed by Arzeda to develop next generation seed traits in crops of worldwide agricultural importance such as soybeans, corn, rice, cotton and canola.

"Arzeda's tools are a perfect fit with our gene shuffling technology to enable the development of industry-leading products to increase productivity for our customers worldwide," said John Bedbrook, DuPont vice president - Agriculture & Nutrition Research and Development. "We are pleased to work with Arzeda, the industry leader in protein engineering and designing enzymes with novel activities."



Arzeda will use its proprietary computational protein design technology to custom-design novel enzymes that catalyze specific biological reactions that are of commercial importance to Pioneer. Pioneer will use its expertise in crop molecular biology and biotechnology, including its proprietary trait enhancing tool-gene shuffling, to incorporate these traits into seed products to meet the global demand for agricultural products. The agreement provides Pioneer with exclusive rights to traits resulting from the collaboration. Terms of the agreement were not disclosed.

Arzeda's groundbreaking technology integrates the power of chemical catalysis, the high selectivity of biological macromolecules, and the speed of computational design to rapidly design and screen novel enzymes that don't exist in nature and are currently inaccessible using traditional enzyme engineering approaches.

### **U.S. New Crop Soybeans Appealing To China**

China's soybean imports in June rose to a record 4.71 million tonnes, up 34 percent from May, official Customs data showed. The large imports were in line with earlier estimates by traders as Chinese crushers had bought voraciously on worries of tight world supplies after drought cut supplies from Argentina.

China's Commerce Ministry revised upwards its estimate for the country's soybean imports in July to 4.28 million tonnes from a previous projection of 3.56 million tonnes.

Meanwhile, China's purchases of the relatively cheap new U.S. soy crop are seen remaining robust in coming weeks, according to the China National Grain and Oils Information Centre (CNGOIC). Purchases are remaining as high as the week of July 10 when China booked 700,000 tonnes for the 2009-10 marketing year, CNGOIC said in a report.

China is likely to further cut its purchases of more expensive old crop soybeans and focus buying on the cheaper new crop deliveries in the coming weeks, as well as using up its existing stocks. Analyst Oil World said in a recent report: "We expect a very sharp decline in Chinese soybean imports in August and September 2009. Due to the very high prices on the world market in the nearby (delivery positions), China has apparently decided to reduce some of the record stocks accumulated for strategic reasons so far this season."

### **Soy Complex Lower On Potential China Reserve Sales And Favorable U.S. Weather**

The soy complex closed lower on July 16 reflecting news that China's government would sell 500,000 tonnes of soybeans from state reserves this week and expectations for the weather to remain favorable for the U.S. crop. This prompted speculative selling and unwinding of old-crop/new-crop spreads. China's sale of some soybean reserves may reduce its crushers' need to import soybeans, but there is uncertainty about their willingness to buy reserve soybeans from the government if they are not priced competitively with import prices. Nevertheless, soybean and meal futures could struggle to find much support in the near term if U.S. weather remains favorable through August and September, allowing soybean yields to exceed expectations. August bean futures were down \$16.35, finishing at \$358.61; September lost \$12.68, closing at \$336.57; and November was down \$5.33, ending at \$327.02. August meal decreased \$19.18, closing at \$340.61; September was \$16.42 lower, finishing at \$316.91; and October meal closed down \$8.82, ending at \$300.93. August soyoil was \$7.05 lower, finishing at \$745.15; September was down \$7.05, closing at \$748.68; and October lost \$7.05, closing at \$752.43.



### 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 09 July 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	1.9	279.9	Panama	Soymeal	5.7	120.3
China	Soybeans	111.2	17935.9	Philippines	Soymeal	1.3	400.8
Ireland	Soybeans	6	5	Salvador	Soymeal	5.5	94.5
Japan	Soybeans	41.4	2064.5	Turkey	Soymeal	2.5	301.4
Korea, Rep.	Soybeans	9	341.5	Venezuela	Soymeal	18.9	517.2
Malaysia	Soybeans	1	79.7	Costa Rica	Soyoil	1.5	7.5
Mexico	Soybeans	13.2	2756.8	Guatemala	Soyoil	1.8	10.2
Turkey	Soybeans	3.2	644.4	Korea, Rep.	Soyoil	13.5	0.0
Vietnam	Soybeans	2.2	80.4	Nicaragua	Soyoil	1.1	20.2
Canada	Soymeal	4.4	803.4	Trinidad	Soyoil	0.8	2.6
Costa Rica	Soymeal	3.7	24.3				
Guatemala	Soymeal	37.7	189.4				
Ireland	Soymeal	16.0	44.0				
Jamaica	Soymeal	6.0	82.1				
Japan	Soymeal	11.9	250.2				
Latvia	Soymeal	30.0	46.0				
Mexico	Soymeal	1.3	1024.8				

  

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	2,947.0	31,516.7	134.3
Soymeal	754.6	5,962.8	62.6
Soyoil	162.2	616.9	48.2



### Thursday Spot and Futures Prices, 16 July 2009

<i>Item</i>	<i>Location</i>	<i>Aug</i>	<i>Sep</i>	<i>Nov</i>
Soybeans (\$/mt)	Central Ill./Chicago	358.61	336.57	327.02
	FOB Gulf (Basis)	395.36	365.96	378.46
	CIF Gulf Coast (Basis Chicago)	393.52	362.29	374.78
Board Crush Margin	\$/mt	27.78	33.09	31.61
		<i>Aug</i>	<i>Sep</i>	<i>Oct</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	340.61	316.91	300.93
	FOB Gulf (Basis)	379.19	366.51	378.09
	West Coast (Basis)	427.69	408.40	411.16
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	340.61	316.91	300.93
	FOB Gulf (Basis)	368.17	355.49	367.07
	West Coast (Basis)	412.26	397.38	400.13
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	745.15	748.68	752.43
	FOB Gulf (Basis)	734.13	737.66	741.41
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	567.87	462.41	1413.59

### Thursday Spot and Futures Prices, 16 July 2009

<i>Item</i>	<i>Location</i>	<i>Aug</i>	<i>Sep</i>	<i>Nov</i>
Soybeans (\$/mt)	Central Ill./Chicago	358.61	336.57	327.02
	FOB Gulf (Basis)	399.03	369.64	360.08
	CIF Gulf Coast (Basis Chicago)	397.20	367.80	358.25
Board Crush Margin	\$/mt	27.78	33.09	31.61
		<i>Aug</i>	<i>Sep</i>	<i>Oct</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	340.61	316.91	300.93
	FOB Gulf (Basis)	389.11	372.03	384.70
	West Coast (Basis)	431.00	411.71	411.16
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	340.61	316.91	300.93
	FOB Gulf (Basis)	378.09	361.00	373.68
	West Coast (Basis)	419.98	400.69	400.13
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	745.15	748.68	752.43
	FOB Gulf (Basis)	734.13	737.66	741.41
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	567.87	462.41	1413.59



