



The Soy Export Weekly Update

Soybean And Biodiesel Producers Refute Land Use Claims

The U.S. biodiesel industry and the soybean checkoff have teamed up to try to dispel some of the misinformation being used that would basically disqualify soybean-based biodiesel, the bulk of the nation's biodiesel, from the proposed federal Renewable Fuel Standard (RFS-2).

A United Soybean Board press release says the National Biodiesel Board's (NBB) Sustainability Analysis and Awareness project, funded in part by the United Soybean Board and soybean checkoff, is building on the limited amount of information about biodiesel and Indirect Land Use Change (ILUC):

"It is necessary to use science-based research to help ensure people are well-informed and educated regarding soy biodiesel," says Chuck Myers, USB Chairman. "All Americans can benefit from soy biodiesel, not just soybean farmers. Soy biodiesel remains a critical part of our renewable energy solution this country badly needs."

Since the soybean checkoff helped establish the biodiesel industry in the 90's, sales of the fuel have grown from 2 million gallons in the year 2000 to over 700 million gallons in 2008. With the checkoff funding, NBB has put together a team of land use experts consisting of economists, leaders in the field of life cycle analysis, commodity experts and environmental engineers to analyze the Environmental Protection Agency's initial estimation of biodiesel Green House Gases (GHG) due to ILUC used in the RFS-2.

A few inaccuracies that have already been brought to the forefront include that the soybeans were not given a significant GHG credit for fixing nitrogen in soil and biodiesel production did not receive a GHG credit for the production of glycerin as a valuable co-product.

The NBB also showed that the development of the RFS-2 did not account for the value of 80 percent soy protein meal as a significant portion of the market value for the entire crop and did not allow for expected steep increases in soybean yield in coming years.

Soybean Oil Use in Biodiesel Rises in June, Other Feedstocks Drop

The Census Bureau reported that soybean oil use in methyl ester (mainly biodiesel) production increased from 37,600 tonnes during May to 49,400 tonnes in June. The seasonal increase during June may have been enhanced by an improvement in margins for producing soybean oil based biodiesel, which in May had been at their lowest level in more than a year.

Despite the increase in soybean oil usage, total use of fats and oils 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 68,900 tonnes in May to 48,100 tonnes in June. Soybean oil's share of biodiesel feedstock usage rebounded from a low of 28 percent in May to 41 percent in June amid the improvement in margins, but biodiesel production capacity utilization declined slightly to 15 percent.

The Census Bureau also 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.



Little Concern Over Soybean Rust Damage For 2009

Asian soybean rust appears to be a bust once again in 2009, representing the fifth consecutive season in which the plant disease has failed to cause appreciable damage to the top U.S. oilseed crop. *Dow Jones Newswires* reports that the airborne fungus — which has been known to produce yield losses of 10 percent to 90 percent in other parts of the world via premature defoliation — has been found in 33 U.S. counties from Texas to Florida this season. That's up from 27 as of early August 2008.

“There are more positive sites in the central Gulf area this year, but you should be aware that the disease is progressing very slowly,” said University of Kentucky plant pathologist Don Hershman. “The lack of tropical weather systems so far this summer has helped to keep soybean rust in check. There is little cause for alarm until soybean rust begins a northward trend.” Hurricane winds are suspected as the vehicle which originally carried rust spores to the continental United States from infected South American fields in late 2004.

Since its discovery in Louisiana in November 2004, researchers across the United States have found that development/spread of rust is highly weather-dependent, requiring extended periods of rain or heavy dew, mild temperatures and a lack of direct sunlight. Several fungicides, which provide effective control of the fungus, have also been identified.

Argentina's Soy Exports Expected To Decline

Argentina's soymeal and soyoil exports are likely to fall sharply in the second half of 2009 as low soybean stocks following a poor harvest squeeze output, according to oilseeds analyst Oil World's forecast released last week. “In July to December 2009 we expect a severe year-on-year decline in (Argentina's) soymeal output by approximately 2.1 million tonnes which will probably enforce a decline in exports by 1.8 million tonnes,” Oil World said.

It expects Argentina's July to December 2009 soyoil exports to fall by 400,000 tonnes on the year, although this is also due to increased competition for soya oil supplies from Argentina's biodiesel industry, it said. “Sharply reduced soybean production and front-loaded disposals have decimated soybean stocks in Argentina, Brazil and Paraguay to as much as 20.5 million tonnes below last year's levels as of July 1, 2009,” it said.

The decline in Argentina's exports will raise global dependence on U.S. soyoil and on palm oil, it said. U.S. and Indian soymeal will be sought as alternatives although the size of India's soybean crop is also uncertain because of drought, Oil World said.

Soy Complex Lower On Weather Forecast, Weak Dollar And Oil Prices

The soy complex closed lower on August 6 reflecting expectations that rain will accompany the warm up in temperatures. Also weighing on the market was profit-taking, a stronger U.S. dollar and weaker petroleum prices. The uniform decline in soybean oil prices yesterday was more than the drop in heating oil futures would have indicated as biodiesel margins continued to improve. August bean futures were down \$1.65, finishing at \$430.08; September lost \$3.12, closing at \$396.64; and November was down \$5.51, ending at \$378.46. August meal decreased \$1.21, closing at \$405.10; September was \$2.31 lower, finishing at \$374.23; and October meal closed down \$3.64, ending at \$351.63. August soyoil was \$15.21 lower, finishing at \$811.95; September was down \$15.21, closing at \$815.04; and October lost \$15.21, closing at \$819.23.



Thursday Spot and Futures Prices, 06 August 2009

<i>Item</i>	<i>Location</i>	<i>Aug</i>	<i>Sep</i>	<i>Nov</i>
Soybeans (\$/mt)	Central Ill./Chicago	430.08	396.64	378.46
	FOB Gulf (Basis)	455.80	440.74	409.69
	CIF Gulf Coast (Basis Chicago)	453.96	438.90	407.12
Board Crush Margin	\$/mt	15.85	27.22	29.60
		<i>Aug</i>	<i>Sep</i>	<i>Oct</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	405.10	374.23	351.63
	FOB Gulf (Basis)	440.37	443.68	395.73
	West Coast (Basis)	498.79	501.00	423.28
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	405.10	374.23	351.63
	FOB Gulf (Basis)	429.35	432.65	395.73
	West Coast (Basis)	487.77	489.97	412.26
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	811.95	815.04	819.23
	FOB Gulf (Basis)	806.44	809.53	813.72
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	456.72	378.31	1148.38

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

	<i>2-Jul</i>	<i>9-Jul</i>	<i>16-Jul</i>	<i>23-Jul</i>	<i>30-Jul</i>
Nearby Soybean Futures (CBT)	424.02	384.89	358.61	376.07	414.56
Basis Central Illinois	458.92	456.54	422.92	401.79	421.91
Basis Gulf	472.89	417.96	395.36	401.79	443.22
Nearby Soybean Meal Futures (CBT)	453.27	382.50	340.61	356.04	392.20
Basis Decatur	485.01	426.59	363.76	379.19	414.24
Basis Gulf	498.46	437.61	379.19	383.60	425.27
Basis West Coast	537.04	477.30	427.69	443.12	485.89
Nearby Soybean Oil Futures (CBT)	779.11	721.57	745.15	764.33	770.07
Basis Decatur	723.99	644.40	667.99	687.17	681.88
Basis Gulf	779.11	710.54	734.13	753.31	764.56
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	31.09	31.40	34.19	35.57	32.10
US Gulf/Japan, grains basis	52.38	52.97	57.56	59.86	56.69
PNW/Japan, grains basis	27.79	25.93	27.79	28.29	28.74
PNW/Japan Spread	24.59	27.04	29.77	31.57	27.95
US Corn, CBOT Nearby Futures	136.11	135.23	124.70	128.73	130.80
US Sorghum, Gulf Cash Price	130.40	129.85	133.05	138.01	141.65
Canadian Canola, Nearby Winnipeg	397.56	365.40	379.63	383.19	381.04



