



The Soy Export Weekly Update

USDA's Soybean Condition Rating Jumps to Highest Level Since 1994

Following widespread beneficial rains, USDA's rating of the soybean crop as of August 23 jumped 3 percentage points in the combined good and excellent categories from the previous week to be the best rated crop for this date since 1994. The crop has been rated well above average for some time and now is in rare territory despite concern about its delayed development. The crop continues to advance on par with last year and about 1 week behind the 5-year average (that includes 3 of the 5 fastest crops on record). The Western Corn Belt is less than 1 week behind normal, with the bigger lags in the Eastern Corn Belt where normal first frost dates are later.

The exceptionally high condition of the soybean crop justifies a yield at least as high as some analysts' forecast of 2.93 tonnes per hectare. This yield is 0.06725 tonnes per hectare above the 1986-2008 trend, which would be the smallest amount that the final soybean yield has been above trend given a crop rated this high as of this date.

Soybean Crush Declines Less than Expected in July

The Census Bureau reported a July soybean crush of 3.52 million tonnes. This was more than 54,400 tonnes above the market's expectation, but still reflects a decline of 299,000 tonnes from June. The Census crush for July was 229,000 tonnes, or 7 percent, above the NOPA crush of 3.29 million tonnes. This difference is rather large compared with previous months, but the Census crush was nearly 7 percent higher than the NOPA crush in several months during the second half of the 2003-04 marketing year when the crush was being rationed due to extremely tight soybean supplies, as is the case this year.

The Census Bureau left July soybean oil stocks essentially unchanged at 1.51 million tonnes and revised lower June stocks by 1,360 tonnes to 1.55 million tonnes. Soybean oil used in methyl ester (dominantly biodiesel) production increased to 68,000 tonnes in July from 49,400 tonnes in June. Total usage of fats and oils in methyl ester production was 157,000 tonnes during July, up from 132,000 tonnes during June. Soybean oil's share of biodiesel's feedstock increased for the second consecutive month to 43 percent as biodiesel margins continued to improve. While biodiesel production has been increasing, it was just 19 percent of total biodiesel capacity in July.

Soybean meal stocks of 318,000 tonnes were in line with analysts' expectation despite the larger crush. This implies that domestic use was better than expected in July, but still was down 4 percent from last year and 6 percent below the 5-year average.

Barge Movements Likely To End 2008-09 On Solid Footing

The movement of soybeans and grain heading to the Center Gulf will finish 2008-09 at 34.3 million tonnes if this current pace does not change. If the pace holds, this volume of grain through the key locks will end the year 11 percent ahead of last year's movement total.

With a relatively narrow ocean freight spread between the Gulf and Pacific Northwest to Japan, and a strong export program this fall, barge volumes to the Gulf are expected to start the year off on a good note and are forecast to total 20.6 million tonnes from September through February, which would be 6.8 million tonnes more than last year's program. The last



time volumes were this large for this time period was 2003-04. One-third of the crop year volume of grain and soybeans moves through the key locks between September 1 and mid-December.

The barge market will display a more typical down-bound soybean and grain program with minimal northbound traffic available this fall, which will provide increased velocity in barge turns. Together with near ideal navigation conditions, grain barge freight rates are not displaying the extreme run-up of previous years.

Latest Strike Over, But Argentine Farm Leaders Plan More

Argentine farmers protesting government agrarian policies will end an eight-day strike as planned this week, but are already organizing a new round of protests, a farm leader said last week. Farmers will “keep up protests by marching in different provinces to show that farmers are worried about the consequences of these failed policies,” said Mario Llambias, president of the Argentine Rural Confederations. Llambias spoke after farm leaders held a meeting to decide whether to extend the strike after calls to keep up the protest from some hard-line farmers.

Ranchers and growers are refusing to sell cattle and grains in a strike that has paralyzed local grain markets and revived a bitter conflict that gripped the country last year.

Argentina is a top global supplier of corn, wheat and soybeans. A tax hike on soy exports triggered the farming standoff in March 2008, but farmers are also disgruntled with export curbs and price controls in local markets. The new protest was sparked by the president’s veto of part of a drought-aid law. A severe drought in much of Argentina’s farm areas badly affected the last grains harvest and is threatening this year’s wheat and maize crop, heightening anti-government sentiment.

Farm leaders say they want to avoid violent clashes like the ones that erupted last year when a political crisis hit the economy after four months of farm protests over a government attempt to raise soya export taxes.

President Fernandez backed down on highest taxes but has refused to trim the 35 percent export levy on soybeans, Argentina’s top crop produced almost only for export, saying that high profit from soybeans should be taxed to fund social programs and to promote other crops for domestic use.

Soy Complex Lower As Market Transitions From Old Crop To New Crop

The soy complex closed lower on September 3 amid a collapse in the spot basis from historically high levels as the market wrestles with the transition from extremely tight old-crop supplies to the arrival of new-crop harvest. Soybean meal was the weaker product as losses in soybean oil were slight — in line with the energy markets. September bean futures were down \$10.01, finishing at \$360.82; November lost \$3.49, closing at \$345.94; and January was down \$3.22, ending at \$347.41. September meal decreased \$28.77, closing at \$355.38; October was \$8.93 lower, finishing at \$322.09; and December meal closed down \$6.39, ending at \$316.03. September soyoil was \$0.88 lower, finishing at \$751.33; October was down \$1.10, closing at \$755.08; and December lost \$1.10, closing at \$763.89.



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 27 August 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	1.7	293.9	Vietnam	Soymeal	4.1	75
Malaysia	Soybeans	2	82	Australia	Soyoil	0.3	1.1
Mexico	Soybeans	1.4	3056.7	Canada	Soyoil	1.2	36.8
Singapore	Soybeans	4	3.4	Cuba	Soyoil	7.6	20
Taiwan	Soybeans	57.2	1530.9	Haiti	Soyoil	2.2	8.4
Thailand	Soybeans	12.1	177.4	India	Soyoil	36.0	172.6
Vietnam	Soybeans	2	87.6	Mexico	Soyoil	2.1	101.2
Canada	Soymeal	3.4	943.5	Peru	Soyoil	4.1	19.7
Dom. Rep.	Soymeal	7.2	321.3	Export Sales Totals (tmt)			
Hungry	Soymeal	20	44		Outstanding Sales	Accum. Exports	New Sales
Israel	Soymeal	1.1	86.0	Commodity			
Japan	Soymeal	4.5	258.9	Soybeans	2,381.8	33,705.4	-58.9
Mexico	Soymeal	2.9	1153.8	Soymeal	673.2	6,551.5	19.1
Thailand	Soymeal	1.3	95.0	Soyoil	130.9	785.6	23.8



Thursday Spot and Futures Prices, 03 September 2009

<i>Item</i>	<i>Location</i>	<i>Sep</i>	<i>Nov</i>	<i>Jan</i>
Soybeans (\$/mt)	Central Ill./Chicago	360.82	345.94	347.41
	FOB Gulf (Basis)	397.56	380.84	383.05
	CIF Gulf Coast (Basis Chicago)	393.89	377.17	379.37
Board Crush Margin	\$/mt	37.54	28.69	24.39
		<i>Sep</i>	<i>Oct</i>	<i>Dec</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	355.38	322.09	316.03
	FOB Gulf (Basis)	423.72	399.25	382.17
	West Coast (Basis)	474.43	410.28	368.94
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	355.38	322.09	316.03
	FOB Gulf (Basis)	412.70	388.23	371.14
	West Coast (Basis)	463.41	399.25	357.92
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	751.33	755.08	763.89
	FOB Gulf (Basis)	751.33	755.08	763.89
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	453.52	391.76	1091.94

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

	<i>30-Jul</i>	<i>6-Aug</i>	<i>13-Aug</i>	<i>20-Aug</i>	<i>27-Aug</i>
Nearby Soybean Futures (CBT)	414.56	430.08	391.41	367.16	409.41
Basis Central Illinois	421.91	485.20	442.85	414.92	486.57
Basis Gulf	443.22	455.80	444.69	465.06	451.67
Nearby Soybean Meal Futures (CBT)	392.20	405.10	370.26	360.34	417.77
Basis Decatur	414.24	434.86	428.68	418.76	500.44
Basis Gulf	425.27	440.37	441.91	424.28	483.91
Basis West Coast	485.89	498.97	486.00	465.06	519.18
Nearby Soybean Oil Futures (CBT)	770.07	811.95	829.81	789.25	798.29
Basis Decatur	681.88	723.77	719.58	679.02	688.06
Basis Gulf	764.56	806.44	818.79	778.22	787.26
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	32.10	26.22	22.79	22.61	22.07
US Gulf/Japan, grains basis	56.69	50.91	45.20	44.94	44.77
PNW/Japan, grains basis	28.74	26.75	24.93	24.28	22.39
PNW/Japan Spread	27.95	24.16	20.27	20.67	22.38
US Corn, CBOT Nearby Futures	130.80	130.90	127.75	125.39	127.16
US Sorghum, Gulf Cash Price	141.65	140.32	139.66	142.31	143.41
Canadian Canola, Nearby Winnipeg	381.04	398.53	403.97	388.07	398.73



