



The Soy Export Weekly Update

USDA September Supply/Use And Crop Production Report Recap

USDA was widely expected to boost its U.S. soybean crop production estimate in its September Crop report. It did not disappoint with a higher soybean yield of 2.845 tonnes per hectare. U.S. production of soybeans was pegged at 88.3 million tonnes, which met trade expectations. The huge U.S. crop is the main contributor as demand was boosted to 85.6 million tonnes from 84.6 million tonnes in August and 83.5 million tonnes last year. USDA offset most of the production increase with a 544,000 tonne increase in the 2009-10 crush and a 408,000 tonne increase in 2009-10 exports, resulting in a 272,000 tonne increase in the 2009-10 carryout to 5.99 million tonnes.

Both crush and exports were raised as the world crop was also raised slightly. U.S. soy meal demand was actually cut 27.9 million tonnes from August's 28.1 million tonnes, but remains near 2008-09 levels, while exports were raised to 8.71 million tonnes. The crush increase was to compensate for lower Indian soybean production and soybean meal exports. The soybean export increase offsets lower Chinese production and an accompanying increase in China's soybean imports and also reflects larger supplies and lower prices. Brazil's upcoming soybean crop was increased by 2 million tonnes to 62 million tonnes, USDA said.

EU Farm Commissioner Calls For Leniency With Respect To Traces Of GM Soy In Imports

EU farm commissioner Mariann Fischer Boel will push member states to support rapid action to break the deadlock over unauthorized presence of genetically modified (GM) organisms in soy imports. Addressing Members of the European Parliament (MEPs) at last week's Agriculture Committee meeting, Fischer Boel called for action in the face of recurrent interruptions of soybean shipments, poor harvests in major growing regions, and rising feed supply fears among the EU's livestock sector.

Accepting the failures of the EU's 'zero tolerance' policy for unauthorized GM dust, Fischer Boel told MEPs that 80 percent of soybeans produced around the world are GM and this bias "is not going to change." "If we can't rely on it at competitive prices we'll kill our meat production," she added. Fischer Boel said rapid action is needed, adding that the issue will next week be brought to the attention of agriculture ministers, who will be asked to "take on their responsibilities".

The continued opposition of some member states to the presence of unapproved GM traces in soybean imports, and failure to approve GM applications at European Council level, are seen as key contributing factors to the current deadlock.

Oil World: Soyoil Prices Increase On Tight Supplies

Global soyoil production is falling against the odds, causing a rise in prices, oilseeds analyst Oil World said last week. Production from July to the end of September this year is likely to fall by 400,000 tonnes to 9 million tonnes from the same period in 2008, it estimated. This would be down by 730,000 tonnes on global production between April and June 2009.

"Soya oil supplies have tightened, triggering remarkable price strength in recent weeks," Oil World said, adding that both Argentina and Brazil are likely to achieve much larger soybean



crops at the beginning of next year than their drought-reduced 2009 harvests. Argentina's 2009-10 soybean crop for harvesting in early 2010 will rise to 52 million tonnes from 32.2 million tonnes harvested earlier this year, and Brazil's crop is forecast to reach 62 million tonnes from 57.6 million tonnes in 2009.

Despite high global demand for soyoil, both countries have been forced to reduce soybean crushings, partly due to a lack of supplies following their poor harvests in early 2009. Argentina's 2009 crop had been sharply reduced by drought from 46.2 million tonnes in 2008. Poor weather also cut Brazil's 2009 crop from 60 million tonnes in 2008.

However, the current weather in Argentina is suiting soybeans and weather forecasts for September and October are favorable, Oil World said. "We consider it likely that (Argentine) soybean plantings will be boosted to 19.1 million to 19.5 million hectares compared with 17.5 million hectares planted last year," it said.

Most of the July to September output reduction is likely in Argentina where a 300,000 tonne fall in soyoil production is forecast. Declines could also take place in the EU and the United States.

China May Call For Consolidation In Crushing Sector

China's top planning body has warned that soybean crushing capacity was far larger than needed, the latest suggestion that Beijing could push for consolidation in the sector. Overcapacity in the shipbuilding, aluminum and soybean crushing industries were worrisome, Chen Bin, department director at the National Development and Reform Commission (NDRC), told a conference.

The government would further curb such expansion next and push forward restructuring of those industries, Chen was quoted by the 21st Century Business Herald as saying. He said some provinces were still building or planning to build new plants.

China has already restricted expansion by Wilmar International, which has the largest soybean crushing capacity in the country, but state-owned COFCO was still expanding. COFCO said last month it planned to build a soybean crushing plant with annual capacity of 1.2 million tonnes in the southern region of Guangxi. Industry officials said that about half of 80 million tonnes of annual soybean crushing capacity were not operating last year, and the situation was unlikely to improve this year. Many of the closures were plants with daily capacity below 1,000 tonnes.

Soy Complex Mostly Lower Just Ahead Of USDA Report Release On Tight Supplies

The soy complex closed mostly lower on September 10 reflecting tight supplies. Volume was light with traders awaiting the September 11 USDA reports, but favorable weather and expectations for USDA to boost its soybean production forecast brought mild pressure to soybean futures. Soybean meal futures were mixed, while soyoil futures closed narrowly lower. September bean futures were up \$4.41, finishing at \$357.70; November lost \$0.73, closing at \$340.43; and January was down \$0.83, ending at \$343.00. September meal increased \$0.22, closing at \$384.70; October was \$1.43 lower, finishing at \$319.12; and December meal closed up \$0.22, ending at \$314.71. September soyoil was \$0.66 lower, finishing at \$742.95; October was down \$0.66, closing at \$746.48; and December lost \$0.66, closing at \$755.08.



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 03 September 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	81.8	1.7	Syria	Soybeans	34.8	0.0
China	Soybeans	10385.2	183.9	Taiwan	Soybeans	371.5	1.9
Colombia	Soybeans	63.2	0.0	Thailand	Soybeans	139.3	0.0
Costa Rica	Soybeans	16.5	0.0	Turkey	Soybeans	18.0	0.0
Cuba	Soybeans	29.3	0.0	UK	Soybeans	60.0	0.0
Dom. Rep.	Soybeans	18	0.0	Venezuela	Soybeans	2.5	0.0
Egypt	Soybeans	148.8	0.0	Canada	Soymeal	18.9	957.6
Guatemala	Soybeans	19	0.0	Japan	Soymeal	3.2	260.0
Indonesia	Soybeans	129.8	3.3	Mexico	Soymeal	0.8	1163.1
Iran	Soybeans	63	0.0	Philippines	Soymeal	11.5	450.0
Italy	Soybeans	60	0.0	Canada	Soyoil	0.7	37.5
Japan	Soybeans	707.5	1.2	Guatemala	Soyoil	0.5	12.0
Korea, Rep.	Soybeans	61.5	0.0	Mexico	Soyoil	0.6	103.1
Malaysia	Soybeans	12.8	0.0	Morocco	Soyoil	8.0	87.9
Mexico	Soybeans	567.9	1.1	Peru	Soyoil	0.9	30.0
Morocco	Soybeans	26.5	0.0	Trinidad	Soyoil	4.1	19.7
Netherlands	Soybeans	58	0.0	Export Sales Totals (tmt)			
Peru	Soybeans	33	0.0		Outstanding Sales	Accum. Exports	New Sales
Philippines	Soybeans	3.5	0.0	Soybeans	16,947.4	193.8	17,141.2
Singapore	Soybeans	8.5	0.0	Soymeal	646.1	6,593.4	14.8
Spain	Soybeans	60.0	0.0	Soyoil	117.3	808.7	9.5
Switzerland	Soybeans	23.0	0.0				

Note: New Soybean Marketing Year Began On September 1



Thursday Spot and Futures Prices, 10 September 2009

<i>Item</i>	<i>Location</i>	<i>Sep</i>	<i>Nov</i>	<i>Jan</i>
Soybeans (\$/mt)	Central Ill./Chicago	357.70	340.43	343.00
	FOB Gulf (Basis)	388.93	373.50	379.01
	CIF Gulf Coast (Basis Chicago)	385.25	369.82	375.33
Board Crush Margin	\$/mt	60.63	30.45	26.22
		<i>Sep</i>	<i>Oct</i>	<i>Dec</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	384.70	319.12	314.71
	FOB Gulf (Basis)	500.44	380.84	378.64
	West Coast (Basis)	511.47	390.77	386.36
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	384.70	319.12	314.71
	FOB Gulf (Basis)	489.42	369.82	367.62
	West Coast (Basis)	500.44	379.74	375.33
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	742.95	746.48	755.08
	FOB Gulf (Basis)	742.95	746.48	755.08
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	446.80	385.81	1036.16

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

	<i>6-Aug</i>	<i>13-Aug</i>	<i>20-Aug</i>	<i>27-Aug</i>	<i>3-Sep</i>
Nearby Soybean Futures (CBT)	430.08	391.41	367.16	409.41	360.82
Basis Central Illinois	485.20	442.85	414.92	486.57	415.93
Basis Gulf	455.80	444.69	465.06	451.67	397.56
Nearby Soybean Meal Futures (CBT)	405.10	370.26	360.34	417.77	355.38
Basis Decatur	434.86	428.68	418.76	500.44	423.28
Basis Gulf	440.37	441.91	424.28	483.91	423.72
Basis West Coast	498.97	486.00	465.06	519.18	474.43
Nearby Soybean Oil Futures (CBT)	811.95	829.81	789.25	798.29	751.33
Basis Decatur	723.77	719.58	679.02	688.06	685.19
Basis Gulf	806.44	818.79	778.22	787.26	751.33
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	26.22	22.79	22.61	22.07	25.54
US Gulf/Japan, grains basis	50.91	45.20	44.94	44.77	48.47
PNW/Japan, grains basis	26.75	24.93	24.28	22.39	23.89
PNW/Japan Spread	24.16	20.27	20.67	22.38	24.58
US Corn, CBOT Nearby Futures	130.90	127.75	125.39	127.16	122.43
US Sorghum, Gulf Cash Price	140.32	139.66	142.31	143.41	138.34
Canadian Canola, Nearby Winnipeg	398.53	403.97	388.07	398.73	370.04



