The Soy Export Weekly Update

USDA Report Recap

USDA last week resolved several issues this morning in its release of September 1 U.S. grain inventories and its small grain production annual report. USDA also resolved the issue of discovering a minimum U.S. soybean stocks level at current usage rates: 3.76 million tonnes versus statistical projections of 2.88–3.05 million tonnes USDA also revised up the 2008 soybean crop by 218,000 tonnes to 80.7 million tonnes. The revised stock level will add to 2009 soybean supplies and boost ending stocks estimates.

Analysts estimate that this results in 2008-09 residual use of just 272,000 tonnes. This is subject to a minor change pending Census export and import figures for August. The small residual use that USDA has implied for 2007-08 and 2008-09 calls into question whether residual use for 2009-10 should be forecast at something smaller than 2.18 million tonnes, which would further add to the projected 2009-10 carryout.

Census Soybean Crush Confirms Slowdown

The Census Bureau last week confirmed that the soybean crush declined further in August to 3.26 million tonnes, the lowest August crush since 2004. This puts the soybean crush for the 2008-09 marketing year at 45.2 million tonnes. Soybean meal stocks declined less than analysts expected, implying disappointing domestic disappearance.

Record New-Crop Export Sales on Books for Meal and Oil

U.S. soybean outstanding export sales are record large at the start of the 2009-10 marketing year. It may not be as widely known that new-crop export sales for both soybean meal and oil also are record large. These large export sales support industry forecasts for 2009-10 U.S. soybean meal exports to be a record large 9.66 million tonnes and for 2009-10 U.S. soybean oil exports to be the second largest on record at 1.36 million tonnes. U.S. new-crop soybean meal export sales through September 30 are the largest on record and more than double any of the last 10 years.

While unknown destinations account for one-half of this year’s new-crop soybean meal export sales, sales are record large to Asia, which is the biggest destination of South American soybean meal exports after the EU-27. This provides some confirmation that the United States is picking up some export business at the expense of South America. Unusually large sales also are on the books to the EU-27 despite the inability of the EU to import U.S. soybeans or soybean meal at the present time because of the risk that they could be contaminated with trace amounts of unapproved GMO corn. There seems to be some optimism on the part of EU buyers that the GMO issue will be resolved before the next South American harvest.

Purdue Study Shows As Biofuel Production Increases, Corn-Soybean Rotation Better For Water Pollution Levels

More of the fertilizers and pesticides used to grow corn would find their way into nearby water sources if ethanol demands lead to planting more acres in corn, according to a Purdue University study.

The study of Indiana water sources found that those near fields that practice continuous-corn rotations had higher levels of nitrogen, fungicides and phosphorous than corn-soybean rotations. Results of the study by Indrajeet Chaubey, an associate professor of agricultural and biological engineering, and Bernard Engel, a professor and head of agricultural and biological engineering, were published in the early online version of The Journal of Environmental Engineering.

“When you move from corn-soybean rotations to continuous corn, the sediment losses will be much greater,” Chaubey said. “Increased sediment losses allow more fungicide and phosphorous to get into the water because they move with sediment.”

Nitrogen and fungicides are more heavily used in corn crops than soybeans, increasing the amounts found in the soil of continuous-corn fields. Sediment losses become more prevalent because tilling is often required in continuous-corn fields, whereas corn-soybean rotations can more easily be no-till fields, Engel said.

USDA data have shown that corn acreage has increased with the demand for ethanol, with 37.6 million hectares in 2007, an increase of 4.9 million hectares that year. The study was jointly funded by Purdue and USDA.

Rabobank: Price Volatility And Trade Patterns Increase Attention On Oilseed Sourcing

Growing demand from non-traditional countries and concentrated supply will limit sourcing options for the net-importing oilseed markets like the EU, a new report Rabobank says. According to Rabobank industry analyst Vito Martielli, the net importer position of the EU is expected to continue in the long term. Price volatility and shifting trade patterns could further increase attention on sourcing. “Oilseed players will face a global market characterized by higher price volatility and shifts in trading relationships, which might impact oilseed availability,” Martielli says. “Secure origination and sourcing will be the key success factors going forward.”

China, predicted to become the dominant protein consumer by 2015, will see imports grow over the next decade, although at a slower pace than before. China will boost meal demand for feed use allowing the country to surpass the EU as the leading oilseed consumer. The strengthened trade relationship in animal protein and oilseeds between China and Brazil will further limit the EU’s sourcing options.

Soy Complex Mostly Lower On Weakening U.S. Dollar And Potential Record Yields

The soy complex closed mostly lower on October 1. Much of the price action in soybeans last week can be attributed to a weakening of the U.S. dollar. Also, increasing acceptance that soybean yields will reach record levels appears to be weighing on soybeans and soybean meal. Soybean futures are expected to be under pressure into harvest as hedging pressure and market expectations for the crop increase. November bean futures were down $3.31, finishing at $337.30; January lost $3.40, closing at $339.60; and March was down $3.22, ending at $339.78. October meal decreased $4.41, closing at $313.82; December was $5.18 lower, finishing at $309.53; and January meal closed down $5.18, ending at $306.44. October soyoil was $6.17 higher, finishing at $755.08; December was up $5.73, closing at $762.57; and January gained $5.73, closing at $771.83.

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	*thousand tonnes*								
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	*thousand tonnes*								
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	*thousand tonnes*								
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 24 September 2009

Country	*Commodity*	*New Sales*	*Accum. Exports*
Canada	Soybeans	25.5	8.4
China	Soybeans	808.7	466.5
Colombia	Soybeans	1.9	5.6
Guatemala	Soybeans	2.9	6.2
Indonesia	Soybeans	8.1	19.6
Japan	Soybeans	66.7	103.9
Mexico	Soybeans	11.0	58.3
Singapore	Soybeans	2.0	2.0
Syria	Soybeans	16.6	16.6
Taiwan	Soybeans	28.6	16.7
Thailand	Soybeans	67.0	0.9
UAE	Soybeans	1.5	1.7
Venezuela	Soybeans	2.2	0.0
Canada	Soymeal	11.1	1013.2
Peru	Soymeal	4.0	102.8

Country	*Commodity*	*New Sales*	*Accum. Exports*
Saudi Arabia	Soymeal	3.1	457.3
Thailand	Soymeal	1.5	95.0
Venezuela	Soymeal	3.0	546.5
Canada	Soyoil	1.6	39.7
Haiti	Soyoil	5.1	8.4
Korea, Rep.	Soyoil	7.0	30.1
Mexico	Soyoil	0.7	108.6
Morocco	Soyoil	23.0	95.9

Export Sales Totals (tmt)

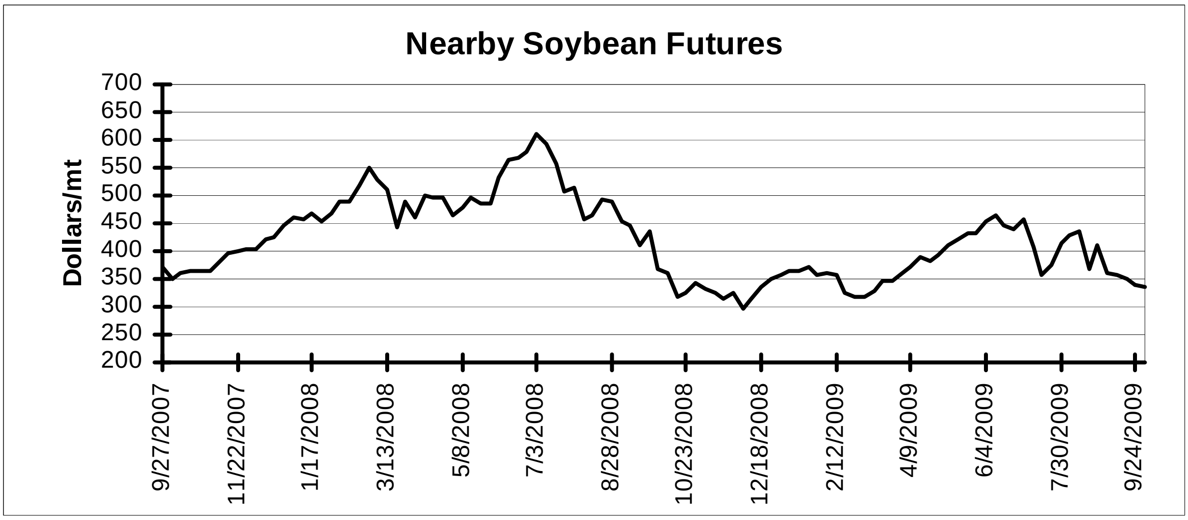
Commodity	*Outstanding Sales*	*Accum. Exports*	*New Sales*
Soybeans	19,417.5	749.9	1,384.8
Soymeal	537.8	6,773.6	6.0
Soyoil	146.7	880.0	52.8

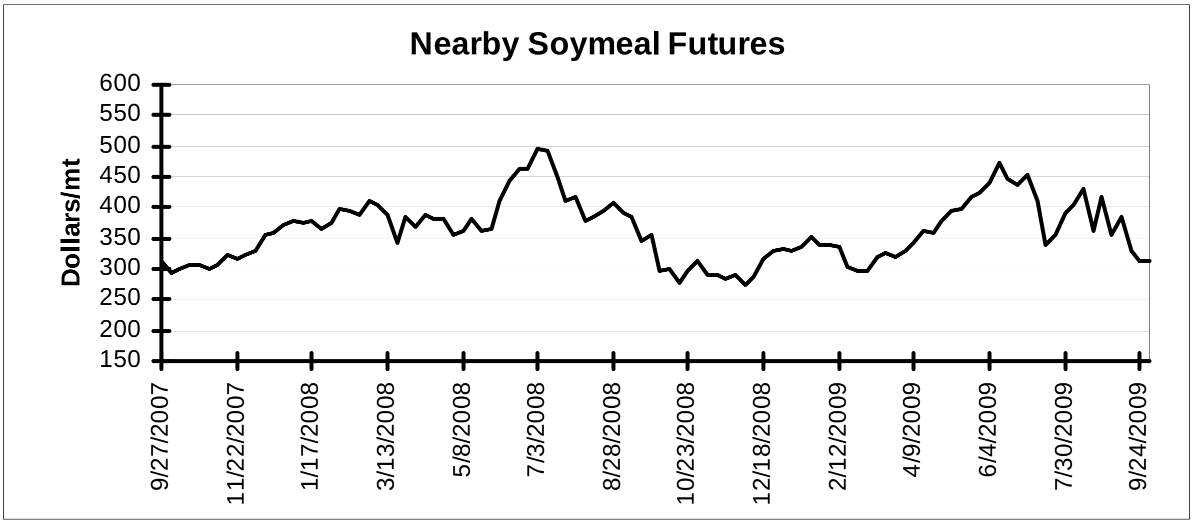
Thursday Spot and Futures Prices, 01 October 2009

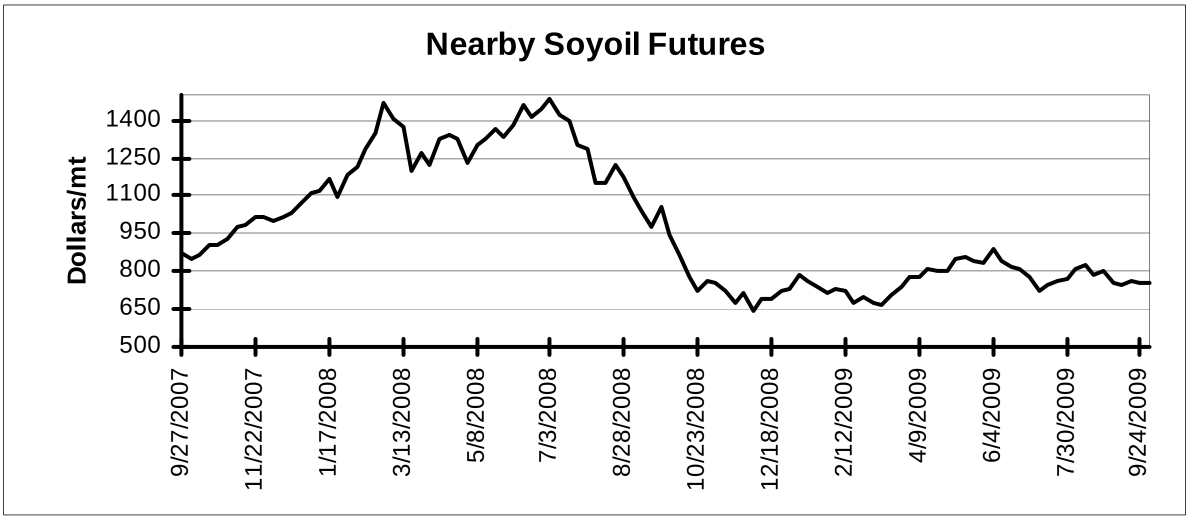
Item	*Location*	*Nov*	*Jan*	*Mar*
Soybeans ($/mt)	Central Ill./Chicago	337.30	339.60	339.78
	FOB Gulf (Basis)	374.05	378.18	379.10
	CIF Gulf Coast (Basis Chicago)	369.27	370.83	371.75
Board Crush Margin	$/mt	31.26	27.19	26.44
		Oct	*Dec*	*Jan*
Soybean Meal 48%, HiPro ($/mt)	Central Ill./Chicago	313.82	309.53	306.44
	FOB Gulf (Basis)	373.35	364.64	361.55
	West Coast (Basis)	366.74	359.13	356.04
Soybean Meal 44% ($/mt)	Central Ill./Chicago	313.82	309.53	306.44
	FOB Gulf (Basis)	362.33	353.62	350.53
	West Coast (Basis)	355.71	348.11	345.02
Soybean Oil, Crude ($/mt)	Central Ill./Chicago	755.08	762.57	771.83
	FOB Gulf (Basis)	777.12	784.62	793.88
		Beans	*Meal*	*Oil*
1 year ago prices	Chicago, $/mt	368.90	296.96	941.58

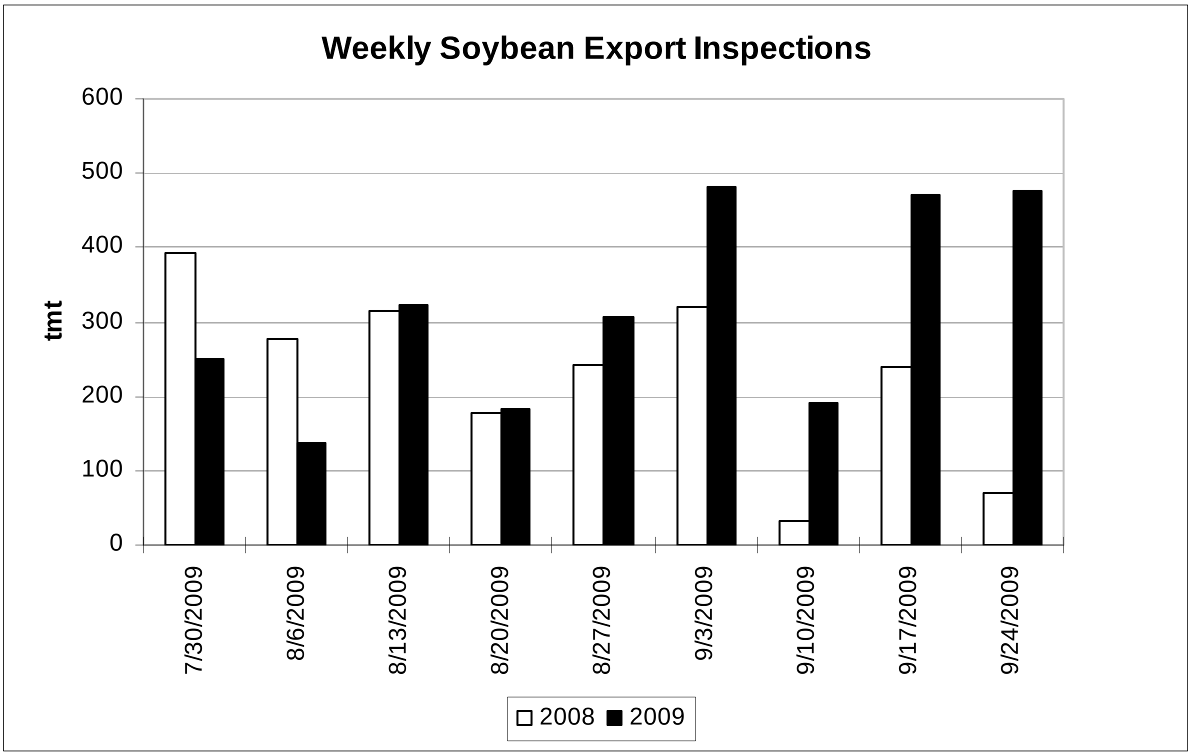
Weekly Statistics, Past Five Weeks ($/mt)

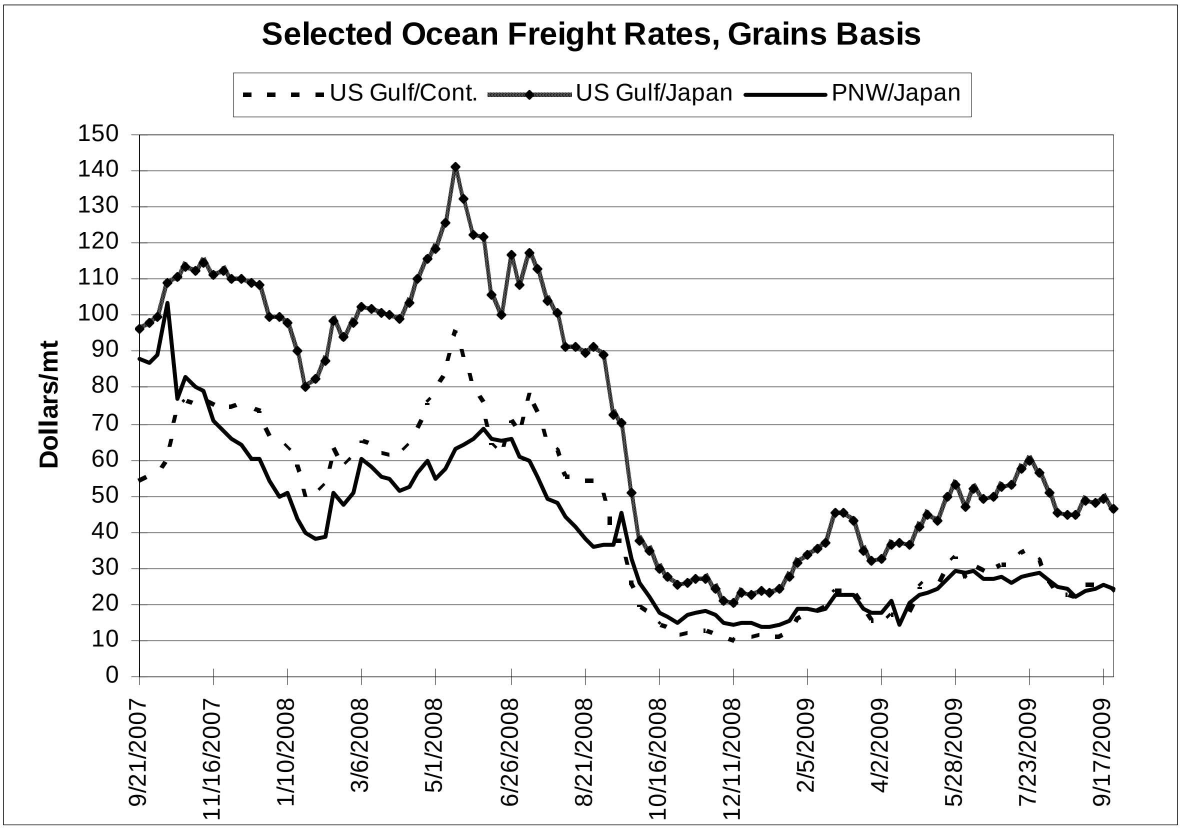
	27-Aug	*3-Sep*	*10-Sep*	*17-Sep*	*24-Sep*
Nearby Soybean Futures (CBT)	409.41	360.82	340.43	350.16	337.85
Basis Central Illinois	486.57	415.93	340.87	372.21	352.55
Basis Gulf	451.67	397.56	373.50	388.74	374.60
Nearby Soybean Meal Futures (CBT)	417.77	355.38	319.12	329.59	313.50
Basis Decatur	500.44	423.28	423.83	390.21	351.63
Basis Gulf	483.91	423.72	380.84	412.26	373.68
Basis West Coast	519.18	474.43	390.77	412.26	373.68
Nearby Soybean Oil Futures (CBT)	798.29	751.33	746.48	761.69	751.55
Basis Decatur	688.06	685.19	669.32	684.53	696.43
Basis Gulf	787.26	751.33	746.48	761.69	773.59
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	22.07	25.54	26.52	25.57	23.02
US Gulf/Japan, grains basis	44.77	48.47	48.25	49.31	46.38
PNW/Japan, grains basis	22.39	23.89	24.57	25.29	24.37
PNW/Japan Spread	22.38	24.58	23.68	24.02	22.01
US Corn, CBOT Nearby Futures	127.16	122.43	121.84	129.52	132.07
US Sorghum, Gulf Cash Price	143.41	138.34	137.90	143.30	145.39
Canadian Canola, Nearby Winnipeg	398.73	370.04	361.31	370.88	354.79


Nearby Soybean Futures
Dollars/mt
700
650
600
550
500
450
400
350
300
250
200
9/27/2007
11/22/2007
1/17/2008
3/13/2008
5/8/2008
7/3/2008
8/28/2008
10/23/2008
12/18/2008
2/12/2009
4/9/2009
6/4/2009
7/30/2009
9/24/2009


Nearby Soymeal Futures
Dollars/mt
600
550
500
450
400
350
300
250
200
150
9/27/2007
11/22/2007
1/17/2008
3/13/2008
5/8/2008
7/3/2008
8/28/2008
10/23/2008
12/18/2008
2/12/2009
4/9/2009
6/4/2009
7/30/2009
9/24/2009


Nearby Soyoil Futures
Dollars/mt
1400
1250
1100
950
800
650
500
9/27/2007
11/22/2007
1/17/2008
3/13/2008
5/8/2008
7/3/2008
8/28/2008
10/23/2008
12/18/2008
2/12/2009
4/9/2009
6/4/2009
7/30/2009
9/24/2009


Weekly Soybean Export Inspections
tmt
600
500
400
300
200
100
0
7/30/2009
8/6/2009
8/13/2009
8/20/2009
8/27/2009
9/3/2009
9/10/2009
9/17/2009
9/24/2009
2008
2009


Selected Ocean Freight Rates, Grains Basis
US Gulf/Cont.
US Gulf/Japan
PNW/Japan
Dollars/mt
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
0
9/21/2007
11/16/2007
1/10/2008
3/6/2008
5/1/2008
6/26/2008
8/21/2008
10/16/2008
12/11/2008
2/5/2009
4/2/2009
5/28/2009
7/23/2009
9/17/2009