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## *The Soy Export Weekly Update*

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### **U.S. Farmers Planting More Non Biotech Soybeans Than Last Year**

U.S. farmers planted 2.82 million hectares of non-biotech soybeans this year, a significant increase over last year's plantings of 2.41 million hectares, according to the monthly publication *The Organic and Non-GMO Report*. However, it still represents only 9 percent of total U.S. soybean plantings this year on 31.4 million hectares.

Last year non-biotech soybeans accounted for 8 percent of total U.S. plantings (30.6 million hectares). The percentage of farmers growing transgenic soybeans decreased slightly from 92 percent last year to 91 percent this year, the first drop in plantings of biotech soybeans since 2000.

The report ascribes increased plantings of non-biotech soybeans to higher premiums (\$1.00 to \$2.75 per bushel) and lower seed costs compared to biotech soybeans. The cost for glyphosate herbicide to which the bioengineered soybean plants are resistant also increased from \$15 to \$50 per gallon.

### **CFTC Withdraws Letters Allowing Funds To Exceed Ag Limits**

The Commodity Futures Trading Commission (CFTC) said August 19 it was withdrawing so-called noaction letters that allowed two firms to avoid speculative positions limits for soybeans, corn and wheat futures contracts. The CFTC said it will withdraw exemptions granted to Deutsche Bank AG's DB Commodity Service LLC and Gresham Investment Management LLC, a \$6 billion New York-based money manager. Both letters allowed the firms, which did not qualify for hedging exemptions, to exceed speculative position limits without reprisal from the CFTC. The letter to DB Commodity Services pertained to its positions in corn and wheat futures; the second letter related to positions in corn, soybeans, and wheat traded on the CBOT. The CFTC said it will work with the affected firms "as they transition to positions within current federal speculative limits."

The agency did not detail why the letters were withdrawn but said the CFTC's Division of Market Oversight previously had been informed that "any change in circumstances or conditions could result in a different conclusion" and the "the trading strategies employed by these entities would not qualify for a bona fide hedge exemption under the commission's regulations."

"Position limits should be consistently applied and vigorously enforced," CFTC Chairman Gary Gensler said in a statement. "Position limits promote market integrity by guarding against concentrated positions."

Gensler, in Senate testimony earlier in the summer, said the CFTC would be reviewing no-action letters granting relief from agriculture position limits. The no-action letters are not the same as exemptions from position limits, which are granted to "bona fide" hedgers trading for commercial business purposes. Instead, the no-action letters state that the CFTC's Department of Market Oversight would not recommend to the commission that it take enforcement action if their recipients exceeded position limits.

In June, the Senate Permanent Subcommittee on Investigations issued a report arguing that excessive speculation by commodity index traders has led to unprecedented volatility in a



certain wheat futures contract. It asked the CFTC to phase out no-action waivers and exemptions it had granted commodity index traders over the number of contracts they could hold in the commodity. While the report dealt specifically with a certain wheat futures contract, the subcommittee staff said the issue of excessive speculation and the no-action waivers extended to other agriculture products as well. U.S. lawmakers are also considering legislation that would more narrowly define who can be exempt from position limits.

### **Bayer Buys Crop Biotechnology Company Athenix**

Bayer CropScience is buying up venture capital-backed Athenix in a deal that combines companies focused on advances in crop technology. Athenix is developing transgenic plants that are resistant to chemicals and pests. In 2008, Athenix landed contract with Syngenta to research potential development of protective products for soybeans and corn. The company has also developed a platform for creation of herbicide tolerance and insect control.

The deal, which needs regulatory approval, not only will provider Bayer CropScience with that platform but also “significantly” expand its research and development capabilities, the company said.

### **Chinese Subsidies For Local Crushers Unlikely To Affect Imports**

China’s State Council is considering a proposal to give subsidies of ¥200 (\$29.30) per tonne to help plants in the northeast crush domestic crops. The move would help the sale of huge stockpiles of state soybean reserves but was unlikely to hurt imports as soybean plants in the inland province of Heilongjiang crushed only domestic crops, traders said.

The subsidy was proposed because few buyers were interested in the high prices set at the government’s weekly soybean auctions, leading to thin trade of state soybean reserves, which Beijing was eager to sell to free storage space ahead of a new harvest in two months. Soy plants in coastal areas of China, the world’s largest soybean importer, have increased imports of the new U.S. soy crop over past weeks after crushing margins recently improved.

China’s soybean imports in August are likely to fall to around 3 million tonnes from record June imports of 4.71 million tonnes and 4.4 million tonnes in July. However, Chinese traders expect that after lower imports for September and October, monthly imports afterwards will be back to normal levels (about 3 million tonnes each month).

With the subsidy, crushers in Heilongjiang province are willing to buy soybeans from state reserves as many face a supply shortage after the government soybean stockpiling campaign, which has crimped supply in the area.

### **Soy Complex Mixed**

The soy complex closed mixed on August 20 with new-crop soybean and soybean meal contracts a bit lower and the old-crop contracts exhibiting some strength. September bean futures were up \$0.83, finishing at \$367.16; November lost \$0.37, closing at \$351.63; and January was down \$1.29, ending at \$352.56. September meal increased \$11.68, closing at \$360.64; October was \$3.09 higher, finishing at \$320.11; and December meal closed up \$0.11, ending at \$312.39. September soyoil was \$6.83 lower, finishing at \$789.25; October was down \$7.05, closing at \$793.44; and December lost \$6.83, closing at \$802.25.



### 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	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
<b>Soymeal</b>	<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
<b>Soybean oil</b>	<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 13 August 2009

Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	4	286.3
China	Soybeans	222	18284.4
Costa Rica	Soybeans	4.3	165.4
Dom. Rep.	Soybeans	18	0
Indonesia	Soybeans	7	1269.8
Japan	Soybeans	5.9	2253.4
Mexico	Soybeans	2.5	3017.2
Philippines	Soybeans	3	44.8
Taiwan	Soybeans	11	1439.3
Canada	Soymeal	9.9	910.5
China	Soymeal	2.0	0.0
Colombia	Soymeal	16.3	98.6
Costa Rica	Soymeal	3.2	27.5
Dom. Rep.	Soymeal	13.0	307.6

  

Country	Commodity	New Sales	Accum. Exports
FW IND	Soymeal	1.5	11.2
Honduras	Soymeal	5.1	126.8
Indonesia	Soymeal	1.5	80.9
Mexico	Soymeal	27.7	1121.3
Philippines	Soymeal	1.2	447.0
Singapore	Soymeal	1.9	63.9
Canada	Soyoil	0.4	34.9
Cuba	Soyoil	0.2	20.0

  

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	3,272.6	32,785.5	274.9
Soymeal	701.3	6,435.9	110.7
Soyoil	170.5	722.6	-12.3



### Thursday Spot and Futures Prices, 20 August 2009

<i>Item</i>	<i>Location</i>	<i>Sep</i>	<i>Nov</i>	<i>Jan</i>
Soybeans (\$/mt)	Central Ill./Chicago	367.16	351.63	352.55
	FOB Gulf (Basis)	392.88	404.91	385.62
	CIF Gulf Coast (Basis Chicago)	440.64	397.56	381.95
Board Crush Margin	\$/mt	41.79	28.58	23.61
		<i>Sep</i>	<i>Oct</i>	<i>Dec</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	360.34	320.11	312.39
	FOB Gulf (Basis)	424.28	391.76	354.28
	West Coast (Basis)	465.06	435.85	384.04
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	360.34	320.11	312.39
	FOB Gulf (Basis)	413.25	380.73	343.26
	West Coast (Basis)	454.04	424.83	373.02
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	789.25	793.44	802.25
	FOB Gulf (Basis)	778.22	782.41	791.23
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	492.73	394.29	1224.88

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

	<i>16-Jul</i>	<i>23-Jul</i>	<i>30-Jul</i>	<i>6-Aug</i>	<i>13-Aug</i>
Nearby Soybean Futures (CBT)	358.61	376.07	414.56	430.08	391.41
Basis Central Illinois	422.92	401.79	421.91	485.20	442.85
Basis Gulf	395.36	401.79	443.22	455.80	444.69
Nearby Soybean Meal Futures (CBT)	340.61	356.04	392.20	405.10	370.26
Basis Decatur	363.76	379.19	414.24	434.86	428.68
Basis Gulf	379.19	383.60	425.27	440.37	441.91
Basis West Coast	427.69	443.12	485.89	498.97	486.00
Nearby Soybean Oil Futures (CBT)	745.15	764.33	770.07	811.95	829.81
Basis Decatur	667.99	687.17	681.88	723.77	719.58
Basis Gulf	734.13	753.31	764.56	806.44	818.79
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	34.19	35.57	32.10	26.22	22.79
US Gulf/Japan, grains basis	57.56	59.86	56.69	50.91	45.20
PNW/Japan, grains basis	27.79	28.29	28.74	26.75	24.93
PNW/Japan Spread	29.77	31.57	27.95	24.16	20.27
US Corn, CBOT Nearby Futures	124.70	128.73	130.80	130.90	127.75
US Sorghum, Gulf Cash Price	133.05	138.01	141.65	140.32	139.66
Canadian Canola, Nearby Winnipeg	379.63	383.19	381.04	398.53	403.97



