



The Soy Export Weekly Update

Publication Note: The Soy Export Weekly Update will not be published next week as the editorial staff will be out of the office for a personal matter. Publication will resume on October 5.

Lack of South American Supplies Bolsters U.S. Soybean Export Prospects

U.S. soybean exports have been fairly front-loaded during the past 10 years due to the expansion in South American production and exports that are mostly shipped during the March-August period. However, as South American production has expanded faster than its export capacity, U.S. soybeans have had to compete with some remaining South American supplies during the first half of the marketing year. During the September-February period, Brazil and Argentina combined to export 11.3 million tonnes of soybeans in 2007-08 and 8.8 million tonnes in 2008-09. However, this year's September-February exports are seen at just 3.6 million tonnes as Argentina's drought-reduced 2009 crop and Brazil's torrid export pace during the first half of its marketing year have left September 1 South American soybean stocks at their lowest level in 5 years. As a result, world importers are left with the United States as essentially the only major source of soybeans until the 2010 South American crop becomes available around March.

Due to the diminished competition from South American supplies this year, some analysts are projecting U.S. September-February exports at a whopping 27.8 million tonnes in 2009-10, up from 23.8 million tonnes last year and about 21 million the two prior years. Many industry observers have been expecting 2009-10 exports to be particularly large for some time. USDA is beginning to move in that direction, but still has a way to go with its export forecast that was increased to 34.8 million tonnes in this month's supply and demand report.

U.S.-China Trade Conflict Unlikely To Effect Soybean Market

A U.S.-China trade tiff caught the attention of the Chicago Board of Trade soybean market last week but isn't expected to have an immediate effect on China's appetite for U.S. soybeans, according to *Dow Jones Newswires*. China indicated last week it would restrict U.S. imports of chicken and auto products after Washington slapped punitive sanctions on Chinese tire imports earlier in September. The face-off raised worries about the potential impact on the soybean market because China has been on a U.S. soy buying spree following crop failures in South America.

China ramped up its demand for U.S. soybeans after drought slashed production in Argentina. Its purchases helped push CBOT soybean futures to lofty levels as U.S. supplies from last year's harvest dwindled.

Given China's dependence on U.S. soybeans, "it's difficult to envision they would pick (soy) as a trade dispute item," a CBOT trader told *Dow Jones Newswires*. For the 2008-09 marketing year, China imported 19 million tonnes of U.S. soybeans, up from 13.7 million the previous year. China is the top buyer of U.S. soybeans.

In related news, China is expected to import 1.8 million tonnes of soybean in October, the lowest since February 2007 and sharply lower than the 2.8 million tons projected for September, according to estimates provided on September 15 by the China National Grain and Oils Information Center. Ample stocks from earlier imports are providing a buffer for crushers, and rising foreign prices are also making imports less attractive. Imports are



expected to pick up again after October, with estimates for November rising to 3.5 million tons, the government think tank said.

Argentine Agriculture Secretary Resigns

Carlos Cheppi has stepped down from the helm of the Agriculture Secretariat, and he will be replaced by Buenos Aires Deputy Julián Dominguez, as the government plans to turn the secretariat into a ministry. Cheppi had already resigned to his post, but the government had not accepted his resignation.

Cheppi took office in July 2008, and he played a very important role in the government's negotiations with farmers, who have been pressing the government to reduce export levies on agricultural products, among other measures to aid the farming sector. Cheppi originally was seen as a peacemaker between the government and Argentine farmers, but after just over a year on the job, an extended dispute over soy taxes remains a barrier between the two sides.

Cheppi was a former technician of the renowned INTA farming technology agency. In his resignation note, Cheppi argued "personal reasons" for his resignation.

Brazil Seen Importing Soybean Oil

Brazil, until now one of the world's leading soybean oil exporters, may start importing soyoil beginning next month because of the country's sharply rising need for biofuel production, oilseeds analysts Oil World forecast last week. "In Brazil, surging requirements for biodiesel production and declining soybean crushings will enforce a reduction in soyoil exports and probably necessitate soyoil imports in Oct. 2009-Jan. 2010," Oil World said.

Brazil's biodiesel output reached a record 134,000 tonnes in July 2009, up 41 percent on the year as the country raised compulsory blending of biofuels in fossil diesel, Oil World said. This meant Brazil's Jan-July 2009 biodiesel output rose 42 percent on the year to 710,000 tonnes, it said. Soyoil contributed 81 percent of Brazil's biodiesel feedstock in July with tallow and cotton oil making up the remainder. This heavy soyoil use followed the fall in Brazil's soybean crop harvested in early 2009.

Soy Complex Mixed As Frost/Freeze Becomes Unlikely

The soy complex closed mixed on September 17 as the threat of a frost or freeze this week becomes increasingly unlikely. The soybean market is going to have to come to terms with a much larger crop and much larger demand than USDA currently projects. Depending on how big the crop eventually gets and how quickly the unprecedented demand for U.S. soybeans and products is realized, soybean and meal futures could erode to the point that this summer's lows are tested. Once the ultimate crop size has been dialed in by the market, there is the potential for a considerable demand-led rally that easily could propel soybean and meal futures well above current levels. Downside risk for soybean oil futures and a potential rebound, on the other hand, are quite limited unless there is a big move in the petroleum markets because of how closely tied soybean oil futures are with biodiesel profitability. November bean futures were up \$0.92, finishing at \$350.16; January gained \$0.46, closing at \$351.36; and March was down \$0.46, ending at \$351.08. October meal increased \$1.32, closing at \$329.59; December was \$0.77 lower, finishing at \$323.30; and January meal closed down \$1.54, ending at \$320.22. October soyoil was \$3.75 higher, finishing at \$761.69; December was up \$3.97, closing at \$770.73; and January gained \$4.41, closing at \$779.33.



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 10 September 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	1.9	4.6	Mexico	Soymeal	19.3	1191.5
China	Soybeans	463.4	348.3	Nicaragua	Soymeal	2.3	52.9
Colombia	Soybeans	10	0.0	Panama	Soymeal	4.7	137.7
Costa Rica	Soybeans	9.5	0.0	Trinidad	Soymeal	1.6	20.2
Egypt	Soybeans	8	9.4	Algeria	Soyoil	4.5	54.2
Guatemala	Soybeans	2	0.0	Canada	Soyoil	0.7	38.4
Indonesia	Soybeans	10	9.2	Guatemala	Soyoil	0.8	12.0
Japan	Soybeans	9.7	24.1	Japan	Soyoil	0.5	2.2
Malaysia	Soybeans	23.7	22.2	Mexico	Soyoil	4.8	103.7
Mexico	Soybeans	34.2	30.2	Nicaragua	Soyoil	0.5	20.7
Thailand	Soybeans	5	0.0	Peru	Soyoil	18.4	30.0
Turkey	Soybeans	20	0.0				
Canada	Soymeal	6	980.9	Export Sales Totals (tmt)			
Dom. Rep.	Soymeal	8	328.3		Outstanding Sales	Accum. Exports	New Sales
Guyana	Soymeal	3.2	17.6	Commodity			
Honduras	Soymeal	11.2	137.7	Soybeans	17,172.9	457.6	489.3
Indonesia	Soymeal	4	82.5	Soymeal	615.1	6,667.2	242.8
Malaysia	Soymeal	1	13.4	Soyoil	145.4	810.4	29.8

Note: New Soybean Marketing Year Began On September 1



Thursday Spot and Futures Prices, 17 September 2009

<i>Item</i>	<i>Location</i>	<i>Nov</i>	<i>Jan</i>	<i>Mar</i>
Soybeans (\$/mt)	Central Ill./Chicago	350.16	351.36	351.08
	FOB Gulf (Basis)	388.74	386.63	386.36
	CIF Gulf Coast (Basis Chicago)	383.23	382.96	382.68
Board Crush Margin	\$/mt	31.18	27.03	26.62
		Oct	Dec	Jan
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	329.59	323.30	320.22
	FOB Gulf (Basis)	412.26	378.42	375.33
	West Coast (Basis)	412.26	378.42	375.33
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	329.59	323.30	320.22
	FOB Gulf (Basis)	401.24	367.40	364.31
	West Coast (Basis)	401.24	367.40	364.31
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	761.69	770.73	779.33
	FOB Gulf (Basis)	761.69	770.73	779.33
		Beans	Meal	Oil
1 year ago prices	Chicago, \$/mt	410.06	344.36	979.72

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

	13-Aug	20-Aug	27-Aug	3-Sep	10-Sep
Nearby Soybean Futures (CBT)	391.41	367.16	409.41	360.82	340.43
Basis Central Illinois	442.85	414.92	486.57	415.93	340.87
Basis Gulf	444.69	465.06	451.67	397.56	373.50
Nearby Soybean Meal Futures (CBT)	370.26	360.34	417.77	355.38	319.12
Basis Decatur	428.68	418.76	500.44	423.28	423.83
Basis Gulf	441.91	424.28	483.91	423.72	380.84
Basis West Coast	486.00	465.06	519.18	474.43	390.77
Nearby Soybean Oil Futures (CBT)	829.81	789.25	798.29	751.33	746.48
Basis Decatur	719.58	679.02	688.06	685.19	669.32
Basis Gulf	818.79	778.22	787.26	751.33	746.48
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	22.79	22.61	22.07	25.54	26.52
US Gulf/Japan, grains basis	45.20	44.94	44.77	48.47	48.25
PNW/Japan, grains basis	24.93	24.28	22.39	23.89	24.57
PNW/Japan Spread	20.27	20.67	22.38	24.58	23.68
US Corn, CBOT Nearby Futures	127.75	125.39	127.16	122.43	121.84
US Sorghum, Gulf Cash Price	139.66	142.31	143.41	138.34	137.90
Canadian Canola, Nearby Winnipeg	403.97	388.07	398.73	370.04	361.31



