The Soy Export Weekly Update

Very Few Revisions In USDA's 2006-07 Soybean Forecast

As was expected, USDA made very few changes in its U.S. balance sheet forecasts for soybeans last week. USDA still pegs U.S. planted area at 30.6 million hectares of soybeans in 2006-07, with production expected to reach 86.8 million tonnes. Yield also remained unchanged by USDA at 2.87 tonnes per hectare. Of the notable changes there is a 109,000 tonne shift from seed use to residual use for 2006-07 soybeans. USDA also revised its 2006-07 U.S. soybean oil balance estimates by cutting soybean oil imports by 11,300 tonnes to 13,600 tonnes and adding it to ending stocks that now stand at 1.21 million tonnes. U.S. soybean ending stocks for 2006-07 are projected at a record 16.2 million tonnes, up 33 percent from 2005-06. Crush and exports are unchanged from the previous USDA estimates. Soybean meal supply and demand are unchanged this month.

Global oilseed production for 2006-07 is projected at 399.1 million tonnes, according to USDA. Foreign production accounts for all of the change. Increases for soybeans, rapeseed, peanuts, and copra are partly offset by a small reduction for sunflowerseed. Global soybean production in 2006-07 is projected by USDA to be a record 229.4 million tonnes. Brazil production is now expected to produce a record 57 million tonne soybean crop. Growing conditions have been exceptionally good this season, especially in the southern states, which were affected by drought during each of the past three seasons, USDA said.

Coalition of State Soybean Groups Demand Lower Shipping Rates

Soybean industry groups from Iowa, Nebraska, South Dakota, North Dakota, Minnesota, Illinois and Indiana have launched Soy Transportation Coalition to fight for lower railroad shipping rates. The federal governments Government Accountability Office (GAO) reported last summer that the benefits of deregulating the railroad industry, brought about by the Staggers Act of 1980, were not distributed equally among commodity groups. While railroads reduced rates for coal shipments by 35 percent, rates charged for grain went up 9 percent, GAO reported. The cost of shipping soybeans from the Midwest to coastal ports is about $1 to $2 per bushel.

Railroads point out that shipping rates have dropped dramatically under the Staggers Act, especially when adjusted for inflation. "Overall, rates have gone down for just about every commodity group," said Tom White of the Association of American Railroads. The rates (per ton-mile) for grain are second-lowest of any commodity, trailing only coal, White said.

The new Soy Transportation Coalition is funded from state check-off organizations and currently shares an office with the Iowa Soybean Association in Des Moines. Eventually, the Soy Transportation Coalition hopes to join with other interested agriculture groups and other rail shippers to broaden the industry's ability to make changes.

"We will attempt to find areas of common interest with the major railroads," according to Kirk Leeds, chief executive officer of the Iowa Soybean Association. For example, Leeds said, grain shippers could support the railroad industry in attempts to get government funding for infrastructure improvements.

Pacific Shipping Rates May Increase

Bloomberg News reports that a group of shipping lines says it plans to increase rates for moving grain, soybeans and other agricultural products to Asia from the United States in order to recover higher costs. Rates for moving a 40-foot container will increase by $100 and fees for a 20-foot standard box by $80, said the 10-member group, forming the so-called Westbound Transpacific Stabilization Agreement. The increase will take effect April 1, the group said, without disclosing the actual fees.

Hyundai Merchant Marine Co., Japan's Nippon Yusen K.K. and other shipping lines have reported profit declines last year because of increased costs from higher oil prices, inland transportation fees and lower rates on more supply of vessels. "The increases are needed to address ongoing higher cargo handling, equipment and other operating costs in the trans-Pacific market," the group said in the statement.

USB: Aquaculture To Boost Soymeal Demand

Soymeal demand from the aquaculture sector will continue to grow, fuelled in a large part by the growth of fish farming in China, said Terry Ecker, marketing chairman of the United Soybean Board. According to Ecker said: "The soybean check-off recognized the bright future of aquaculture and has gotten in on the ground floor with our investment in new technologies to increase soy inclusion in fish diets."

The search for ways to develop greater soymeal inclusion in fish feed was spurred last year by surging prices of fishmeal, the favored high protein ingredient for fish feed. Soy-based diets for some varieties of marine fish have been developed and are being applied in several projects in the Philippines, Vietnam and China. Researchers are currently trying to develop methods of increasing soy inclusion in diets of marine fish such as salmon, pompano, amberjack, Mediterranean sea bass, sea bream and cobia as well marine shrimps.

Census Bureau: January Biodiesel Production Just Over 90 Thousand Tonnes

The U.S. Census Bureau reported that biodiesel production in January 2007 was 90,167 tonnes. In December 2006, 69,916 tonnes of biodiesel were produced. However, the January figure includes all fats and oils consumed for biodiesel production. The December figure included only once-refined soyoil and these figures are thus not comparable. Biodiesel production from virgin soyoil in calendar year 2006 was 712,777 tonnes.

Soy Complex Mostly Higher On Fund Buying Ahead Of USDA Report

The soy complex was mostly higher on March 8 reflecting support from light fund buying ahead of the March 9 release of USDA’s supply/usage balance sheets. Additional support may have come from a soybean export sales report that was on the high end of trade expectations. Traders also will continue to monitor harvest reports out of South America, where a large crop could alleviate some concerns caused by the sizable reduction in U.S. soybean plantings to grow more corn to feed the rapidly expanding demand from ethanol producers. March bean futures closed up $0.83 finishing at $273.74; May was $0.64 higher, closing at $278.88; and July gained $0.64 ending at $284.58. March meal was down $1.87 closing at $237.88; May was $1.65 lower, finishing at $243.72; and July decreased $1.76 to finish at $249.23. March oil closed $7.28 higher to finish at $665.35; May was up $8.60, closing at $674.61; and July gained $9.70, ending at $685.63.

U.S. & South America Soybean/Products Balance

	United States			Argentina			Brazil		
	Actual	*Estimate*	*Proj.*	*Actual*	*Estimate*	*Proj.*	*Actual*	*Estimate*	*Proj.*
	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
Soybeans	*thousand tonnes*								
Carryin	3,059	6,960	12,229	2,434	514	579	3,400	1,440	514
Production	85,013	83,368	86,770	39,000	40,500	44,000	53,000	55,000	56,000
Imports	152	92	109	708	900	950	353	60	100
Crush	46,160	47,320	48,444	29,560	32,600	36,000	29,730	28,200	27,300
Exports	30,011	25,778	29,937	10,548	7,200	7,350	22,798	25,450	26,700
Other	5,093	5,093	4,521	1,520	1,535	1,566	2,785	2,336	2,024
Usage	81,264	78,191	82,902	41,628	41,335	44,916	55,313	55,986	56,024
Carryout	6,960	12,229	16,206	514	579	613	1,440	514	590
Soymeal	*thousand tonnes*								
Carryin	191	156	285	1,350	1,187	1,549	870	640	490
Production	36,936	37,414	38,484	23,347	25,487	28,400	22,928	21,850	21,435
Domestic use	30,446	30,097	30,754	537	575	650	9,162	9,950	10,200
Net Exports	6,525	7,188	7,743	22,973	24,550	27,600	13,996	12,050	11,400
Usage	36,971	37,285	38,497	23,510	25,125	28,250	23,158	22,000	21,600
Carryout	156	285	272	1,187	1,549	1,699	640	490	325
Soybean oil	*thousand tonnes*								
Carryin	488	771	1,370	660	542	659	293	248	450
Production	8,781	9,250	9,147	5,404	6,200	6,800	5,708	5,403	5,233
Domestic use	7,910	8,144	8,641	408	458	709	3,059	3,319	3,385
Net exports	588	507	656	5,114	5,625	6,100	2,694	1,882	2,000
Usage	8,498	8,651	9,297	5,522	6,083	6,809	5,753	5,201	5,385
Carryout	771	1,370	1,220	542	659	650	248	450	298

USDA Export Sales (tmt) - Week of 01 March 2007

Country	*Commodity*	*New Sales*	*Accum. Exports*
Chile	Soybeans	7.9	7.9
China	Soybeans	235.1	8855.9
Colombia	Soybeans	2	165.1
Egypt	Soybeans	22.5	526.5
Germany	Soybeans	77.2	988.9
Indonesia	Soybeans	84.1	682.2
Japan	Soybeans	791.9	2438.2
Mexico	Soybeans	115.2	1873.3
Netherlands	Soybeans	77.4	1188.8
Philippines	Soybeans	1.3	38.1
Syria	Soybeans	15.4	182.9
Taiwan	Soybeans	35.2	1104.8
Turkey	Soybeans	20	358.4
UK	Soybeans	0.4	64
Canada	Soymeal	10.8	549.2
Guatemala	Soymeal	2.7	135.8
Honduras	Soymeal	2.6	58.8
Ireland	Soymeal	9.3	14.7
Japan	Soymeal	12.9	154.2

Country	*Commodity*	*New Sales*	*Accum. Exports*
Korea, Rep.	Soymeal	0.5	115.9
Mexico	Soymeal	28.5	577.9
Netherlands	Soymeal	3	3
Nicaragua	Soymeal	3.9	27.1
Philippines	Soymeal	0.8	183.8
Saudi Arabia	Soymeal	1.5	56.1
Canada	Soyoil	1.7	13.4
Cuba	Soyoil	0.7	0.1
Guatemala	Soyoil	3	11.3
Mexico	Soyoil	1.3	37
Oman	Soyoil	0.2	0.3
Trinidad	Soyoil	0.2	2.6

Export Sales Totals (tmt)

Commodity	*Outstanding Sales*	*Accum. Exports*	*New Sales*
Soybeans	5,217.1	19,885.5	408.3
Soymeal	1,793.8	2,747.2	-7.5
Soyoil	46.8	303.4	-9.0

Thursday Spot and Futures Prices, 08 March 2007

Item	*Location*	*March*	*May*	*July*
Soybeans ($/mt)	Central Ill./Chicago	273.74	278.88	284.58
	FOB Gulf (Basis)	277.41	284.39	291.19
	CIF Gulf Coast (Basis Chicago)	275.94	283.29	290.46
Board Crush Margin	$/mt	22.69	23.52	23.89
		March	*May*	*July*
Soybean Meal 48%, HiPro ($/mt)	Central Ill./Chicago	237.88	243.72	249.23
	FOB Gulf (Basis)	246.69	252.54	258.05
	West Coast (Basis)	287.48	293.32	298.83
Soybean Meal 44% ($/mt)	Central Ill./Chicago	237.88	243.72	249.23
	FOB Gulf (Basis)	235.67	241.51	247.03
	West Coast (Basis)	276.46	282.30	287.81
Soybean Oil, Crude ($/mt)	Central Ill./Chicago	665.35	674.61	685.63
	FOB Gulf (Basis)	654.33	663.58	674.61
		Beans	*Meal*	*Oil*
1 year ago prices	Chicago, $/mt	211.83	190.15	523.59