The Soy Export Weekly Update

ASA Offers Senate Agriculture Committee Its Farm Bill Priorities; USDA Unveils Part Of Its Farm Bill Proposal

The American Soybean Association last week called on the Senate Agriculture Committee to improve the farm safety net, and biodiesel and healthy oils incentives in the 2007 farm bill. Testifying before the committee on April 25, ASA First Vice President John Hoffman said ASA is proposing the following:

- Adjust target prices for all program crops to a minimum of 130 percent of the Olympic average of season average prices in 2000-2004. At 130 percent, the soybean target price would increase from $5.80 to $6.85/bushel. Subtracting the $0.44 direct payment, the effective target price will be $6.41.
- Adjust marketing loan rates to a minimum of 95 percent of the same five-year Olympic price average. These adjustments would only marginally affect soybeans – the increase would only be one cent, from $5.00 to $5.01/bushel.
- Extend the biodiesel tax incentive which has spurred growth in the U.S. biodiesel industry.
- Authorize a Biodiesel Incentive Program under which U.S. biodiesel producers would receive a commodity reimbursement from the Commodity Credit Corporation equal to subsidies paid to foreign biodiesel exporters.
- Authorize a Healthy Oils Incentive under which CCC would cover up to one-third of the total premium paid to farmers by oilseed marketers for up to five years of commercialization.

In other farm bill news, Agriculture Secretary Mike Johanns last week sent Congress the administration's proposed legislative language covering the conservation and credit titles of the 2007 farm bill. "The conservation title calls for $7.8 billion in additional funding and a restructuring of our programs to make them easier to access and easier to administer," Johanns told reporters said during a briefing.

Under the administration's plan, USDA would consolidate several existing programs into a newly designed and expanded environmental quality incentives program (EQIP) and increase funding for the consolidated program by $4.25 billion. The programs that would be included in the proposed new EQIP include the old EQIP and the wildlife habitat incentives program, agricultural management assistance program, forestland enhancement program, ground and surface water conservation program and Klamath Basin program.

And, Johanns said: "We're going to streamline it into a more understandable situation because for every program there's regulations, for every program there's applications, for every program therefore we burn up a lot of administrative cost just getting the program dollars out the door."

Other proposals include a new regional water enhancement program and a stronger conservation security program that would receive an additional $500 million to expand the number of acres enrolled from 15 million acres to 96 million acres over the next 10 years.

The administration also is proposing to raise the cap on the wetlands reserve program from 2.3 million acres to 3.5 million acres, and to institute a "sod-saver" provision to discourage conversion of grassland into cropland.

NOPA Crush And Oil Stocks Larger Than Expected

NOPA's March crush of 4.03 million tonnes was about 136,000 tonnes above expectations, reflecting a contra-seasonal rise in the crush rate from February. Cash margins are nothing to brag about, but crushers are thought to own a lot of soybeans. The surprisingly large crush caused soybean oil stocks to build further into record territory during March. NOPA's March soybean oil stocks were 51,700 tonnes above the previous month, which was revised up by 21,800 tonnes. Analysts expect the Census Bureau to peg March soybean stocks at a record 1.53 million tonnes. Implied domestic usage during March was 9 percent above the 5-year average, compared with a 6 percent increase over the 5-year average from October through February.

It would appear that the biodiesel production rate is accelerating. Biodiesel production has accounted for essentially all of the increase in vegetable oil domestic usage during the first half of 2006-07.

Ocean Freight At Highest Levels In 31 Months

The cost to ship grain and other dry bulk commodities by ocean continues to get more expensive. Jumping more than 4 percent through April 20, the rate on the PNW to Japan route is within 3 percent of an all time high, closing that week at $48.61 per tonne. The record high for the PNW was $49.89 on December 1, 2004. The Gulf to Japan rate closed the April 20 up a little more than 3 percent to $68.09. The Gulf rate is 8 percent below the record of $73.61 recorded on March 11, 2004. The spread between these two key grain routes finished the week up nearly one dime to $19.47. One year ago the spread was $9.62 per tonne.

With China's economy chugging along at 11 percent GDP, it is no wonder freight rates are strong. China is consuming large quantities of iron ore to produce steel to support its economy. So far demand is keeping this extraordinary fleet of dry bulk vessels active. With China's appetite for iron ore; the taking in supplies from Australia, Indonesia, and Brazil; soybeans and grain from the United States and South America and loading delays in Australia, this market has surprised many. There is talk that the market is being overbuilt and a collapse in rates is forthcoming. As long as China's economy continues to grow and sail along, the dry bulk market will ride be continue to be strong.

Soy Complex Mixed As Soybeans Follow Corn Lower; Meal Up After Sell-Off

The soy complex was mixed on April 26 with soybeans reflecting a lower corn market. However, the losses in soybeans lagged those of corn on a more favorable corn planting outlook that would lessen the prospects for acreage to shift to soybeans. Soybean meal futures posted gains after the April 24 sell off with July meal finding support near the lows made in January. Soybean oil suffered the biggest losses of the soy complex, under pressure from speculative selling and lower petroleum prices. May bean futures closed down $1.19 finishing at $263.91; July was $1.01 lower, closing at $270.06; and August lost $0.83 ending at $272.45. May meal was up $1.21 closing at $213.52; July was $1.87 higher, finishing at $220.46; and August gained $1.65 to close at $223.66. May oil closed $11.24 lower to finish at $709.66; July was down $11.24, closing at $722.01; and August lost $10.36, ending at $727.08.

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 19 April 2007

Country	*Commodity*	*New Sales*	*Accum. Exports*
Belgium	Soybeans	2.4	3551.1
Canada	Soybeans	0.5	106.7
China	Soybeans	64.3	10336.2
Colombia	Soybeans	6.3	198.7
Costa Rica	Soybeans	28.7	170.8
Cuba	Soybeans	1	128.3
Indonesia	Soybeans	83.8	1003.8
Japan	Soybeans	65.4	2131.4
Malaysia	Soybeans	2	186.7
Mexico	Soybeans	43.7	2476.5
Morocco	Soybeans	25.9	228.3
Taiwan	Soybeans	25.3	1350.9
Turkey	Soybeans	56	426
Vietnam	Soybeans	1.5	4.6
Bulgaria	Soymeal	0.6	6.6
Canada	Soymeal	22.5	727.5
Colombia	Soymeal	11.9	170.3
Dom. Rep.	Soymeal	7.5	241
FW IND	Soymeal	2.2	9.8
Honduras	Soymeal	0.9	68.8
Hong Kong	Soymeal	0.6	12

Country	*Commodity*	*New Sales*	*Accum. Exports*
Hungary	Soymeal	3.2	2.4
Indonesia	Soymeal	1.3	29.9
Japan	Soymeal	25	218.9
Mexico	Soymeal	27.6	784.7
Morocco	Soymeal	17.8	61.5
New Guinea	Soymeal	0.3	0.7
OPAC Is.	Soymeal	0.4	2.4
Peru	Soymeal	28.7	11.7
Philippines	Soymeal	42	249.8
Turkey	Soymeal	15	95.3
Vietnam	Soymeal	4	2.1
Canada	Soyoil	0.9	20.3
Jamaica	Soyoil	3.1	12.4
Mexico	Soyoil	2.6	45.7

Export Sales Totals (tmt)

Commodity	*Outstanding Sales*	*Accum. Exports*	*New Sales*
Soybeans	3,168.5	24,839.0	422.4
Soymeal	1,685.6	3,870.5	151.3
Soyoil	57.3	340.3	16.6

Thursday Spot and Futures Prices, 26 April 2007

Item	*Location*	*May*	*July*	*August*
Soybeans ($/mt)	Central Ill./Chicago	263.91	270.06	272.45
	FOB Gulf (Basis)	269.79	274.84	279.07
	CIF Gulf Coast (Basis Chicago)	269.79	274.84	279.07
Board Crush Margin	$/mt	22.77	23.98	24.86
		May	*July*	*August*
Soybean Meal 48%, HiPro ($/mt)	Central Ill./Chicago	213.52	220.46	223.66
	FOB Gulf (Basis)	221.23	228.18	231.37
	West Coast (Basis)	252.10	261.25	264.44
Soybean Meal 44% ($/mt)	Central Ill./Chicago	213.52	220.46	223.66
	FOB Gulf (Basis)	210.21	217.15	220.35
	West Coast (Basis)	241.07	250.22	253.42
Soybean Oil, Crude ($/mt)	Central Ill./Chicago	709.66	722.01	727.08
	FOB Gulf (Basis)	698.64	710.98	716.05
		Beans	*Meal*	*Oil*
1 year ago prices	Chicago, $/mt	211.37	188.71	554.90