



The Soy Export Weekly Update

Census: March Crush Exceeds Expectations

The Census Bureau pegged the March soybean crush at 4.24 million tonnes, roughly 27,200 tonnes above expectations and 174,000 tonnes more than last year. Soybean oil stocks were a record large 1.52 million tonnes at the end of March, although somewhat below trade expectations. The Census report confirmed the contra-seasonal increase in the crush rate from February and also confirmed that there has been little growth in soybean oil disappearance during the first half of 2006-07 apart from biodiesel. However, this lack of growth may reflect inflated disappearance during 2005-06 because of stocks pipelining and possibly the straight burning of soybean oil the previous marketing year.

The surprisingly large increase in biodiesel's usage of soybean oil for March in last week's Census report has significant implications for the soybean oil fundamentals. The data suggests biodiesel margins have been sufficiently large for new plants to come on line once construction is complete. Since the first of the year, some 300 million gallons of annual capacity has been built with total capacity now exceeding 1 billion gallons. While record soybean oil supplies in the U.S. can easily supply the feedstock needs for these new facilities this marketing year, soybean oil supplies could become extremely tight by the end of the 2007-08 marketing year. As a consequence, soybean oil prices eventually will have to gain on the petroleum markets to squeeze biodiesel margins, something that has started to occur recently after margins have steadily improved since bottoming out in November. A 1- to 2-cent rally in soybean oil futures would reduce biodiesel margins back to last fall's lows.

January/February Soy-Based Biodiesel Production Nearly 150,000 Tonnes

The Census Bureau reported that soy-based biodiesel production in February 2007 was 72,527 tonnes, down from a revised 76,164 tonnes in January. This brought cumulative soy-based biodiesel production in January/February 2007 to 148,691 tonnes, up sharply from 54,551 tonnes for the corresponding 2006 period. However, the 2007 figures include all soy-based oils consumed for biodiesel production while the 2006 data include merely once-refined soyoil. Thus, these figures are not comparable. Biodiesel production from virgin soyoil in 2006 was 712,777 tonnes.

EPA Announces RFS Rules

The Environmental Protection Agency on May 1 finalized the regulations for congressionally mandated renewable fuels standard (RFS), saying in a Federal Register notice that the final rule will go into effect Sept. 1. EPA's regulations for the RFS program, which requires the use of 7.5 billion gallons of renewable fuels in the domestic gasoline pool by 2012, establishes a compliance and trading program that would allow the covered entities to purchase or sell credits, depending on whether they exceed their annual obligation to use renewable fuels, or fall short.

Slow Export Market For Brazil And Argentina

An evaluation of Argentine lineup data reveals that Argentina's soybean exports are off to a slow start like Brazil's. Industry expectations are that Argentina will export around 1.5 million tonnes of soybeans during April, significantly less than previous forecasts and well below last year's 2 million tonnes. As a consequence, 2006-07 import demand expectations have been reduced outside of the EU and China.



Exports of soybeans from the United States, Brazil and Argentina likely will be no bigger than 6.7 million tonnes during April, more than 0.5 million tonnes below year-ago levels. Exports for the 3 major exporters will still be the third largest on record for the month, but the export pace to date shows that South America is in no hurry to export their record-large crops.

European Food Safety Authority Approves Import, Food And Feed Use Of Optimum GAT Soybean

Pioneer Hi-bred International gained scientific approval for the import, food and feed use of its soybean trait Optimum GAT (also known as event 356043), according to a report in the *Public Ledger*. The European Food Safety Authority posted the approval on its website this week. DuPont, the parent company of Pioneer, said that the same trait was submitted for approval in the United States on November 28 2006 and the EU outcome keeps it on track for U.S. commercial use by 2009 as well as approval in key export markets after thereafter.

Alejandro Munoz, vice president for European operations at Pioneer Hi-Bred International, said: "We expect the EU to process this application according to the timelines set out in its own legislation and anticipate EU approval for import, food and feed use of soybean event 356043 in early 2009."

The Public Ledger also reports that DuPont has completed its regulatory submissions for soybeans with the Optimum GAT trait in the U.S. and Canada for cultivation approval and in Mexico for import approval. Additional submissions for import approval will be made in Japan, Korea, Taiwan, and Australia-New Zealand, the report said.

House Ag Committee To Begin Farm Bill Markup To Begin In "Next Week Or Two"

The House Agriculture Committee is expected to begin marking up its version of the agricultural policy bill "in the next week or two" to replace the 2002 farm bill, which is set to expire in September, Committee Chairman Collin Peterson (D-Minn.) said May 3. "We are waiting for scoring on proposals that are trickling in," Peterson said. "The [House] Budget Committee has still not finalized their [numbers]."

Peterson said he expects the various subcommittees to mark up individual titles of the bill that are appropriate to the jurisdiction of those subcommittees.

Soy Complex Mixed As Soybean Market Reacts To Burdensome Fundamentals

The soy complex was mixed on May 3 as soybean fundamentals were burdensome with the 2006-07 carryout forecast to be record large. Soyoil futures were a bit higher as the oil share recovered near its highs for the move amid a sharp increase in Malaysian palm oil futures. May bean futures closed down \$0.18 finishing at \$269.60; July was \$0.28 lower, closing at \$274.75; and August lost \$0.09 ending at \$277.60. May meal was down \$1.32 closing at \$214.62; July was \$0.55 lower, finishing at \$221.12; and August lost \$0.88 to close at \$224.10. May oil closed \$2.20 higher to finish at \$731.27; July was up \$0.88, closing at \$741.41; and August gained \$0.44, ending at \$746.04.



07 May 2007

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	<i>thousand tonnes</i>								
Carryin	3,059	6,960	12,229	2,434	514	579	3,598	1,638	2,252
Production	85,013	83,368	86,770	39,000	40,500	45,500	53,000	57,000	58,800
Imports	152	92	109	708	900	725	352	40	100
Crush	46,160	47,320	48,036	29,560	32,600	37,150	29,728	28,756	29,400
Exports	30,011	25,778	29,393	10,548	7,200	7,550	22,799	24,770	26,700
Other	5,093	5,093	4,951	1,520	1,535	1,516	2,785	2,900	2,974
Usage	81,264	78,191	82,380	41,628	41,335	46,216	55,312	56,426	59,074
Carryout	6,960	12,229	16,728	514	579	588	1,638	2,252	2,078
Soymeal	<i>thousand tonnes</i>								
Carryin	191	156	285	564	671	564	841	640	894
Production	36,936	37,414	37,939	23,347	25,687	29,250	22,928	22,327	22,800
Domestic use	30,446	30,097	30,527	538	544	550	9,121	10,000	10,644
Net Exports	6,525	7,188	7,425	22,702	25,250	28,700	14,008	12,073	12,215
Usage	36,971	37,285	37,952	23,240	25,794	29,250	23,129	22,073	22,859
Carryout	156	285	272	671	564	564	640	894	835
Soybean oil	<i>thousand tonnes</i>								
Carryin	488	771	1,370	91	35	32	293	248	250
Production	8,781	9,250	9,069	5,404	6,000	6,850	5,708	5,521	5,625
Domestic use	7,910	8,144	8,505	378	428	683	3,059	3,222	3,335
Net exports	588	507	667	5,082	5,575	6,166	2,694	2,297	2,292
Usage	8,498	8,651	9,172	5,460	6,003	6,849	5,753	5,519	5,627
Carryout	771	1,370	1,267	35	32	33	248	250	248

USDA Export Sales (tmt) - Week of 26 April 2007

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	0.9	106.9	Mexico	Soymeal	17.1	816.7
Colombia	Soybeans	0.3	198.7	Morocco	Soymeal	15	61.5
Guatemala	Soybeans	2	7.9	Nicaragua	Soymeal	0.5	40.7
Indonesia	Soybeans	38	1073.1	Panama	Soymeal	1	91.5
Japan	Soybeans	55.2	2152.3	Philippines	Soymeal	13	252.3
Malaysia	Soybeans	0.5	187.9	Vietnam	Soymeal	1	2.1
Mexico	Soybeans	100.6	2583.8	Barbados	Soyoil	0.7	1.2
Netherlands	Soybeans	0.4	1394.1	Canada	Soyoil	0.3	2.1
Taiwan	Soybeans	33.8	1375.9	Peru	Soyoil	0.5	0.2
Turkey	Soybeans	7.8	481.8				
Vietnam	Soybeans	0.5	5.3				
Algeria	Soymeal	19.5	19.5				
Canada	Soymeal	9.9	750				
Chile	Soymeal	23.6	149.7				
Dom. Rep.	Soymeal	8	256				
Honduras	Soymeal	5.3	68.8				

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	2,666.6	25,270.3	-70.6
Soymeal	1,643.4	4,031.8	119.1
Soyoil	48.7	352.4	3.5



Thursday Spot and Futures Prices, 3 May 2007

<i>Item</i>	<i>Location</i>	<i>May</i>	<i>July</i>	<i>August</i>
Soybeans (\$/mt)	Central Ill./Chicago	269.60	274.75	277.60
	FOB Gulf (Basis)	269.60	278.42	283.11
	CIF Gulf Coast (Basis Chicago)	269.60	277.69	283.11
Board Crush Margin	\$/mt	21.85	23.33	23.52
		May	July	August
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	214.62	221.12	224.10
	FOB Gulf (Basis)	222.33	229.94	232.92
	West Coast (Basis)	252.10	259.70	262.68
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	214.62	221.12	224.10
	FOB Gulf (Basis)	211.31	218.92	221.89
	West Coast (Basis)	241.07	248.68	251.66
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	731.27	741.41	746.04
	FOB Gulf (Basis)	720.24	730.38	735.01
		Beans	Meal	Oil
1 year ago prices	Chicago, \$/mt	217.06	194.67	549.83

