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## *The Soy Export Weekly Update*

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### **USDA Expects Record U.S. Soybean Crop In 2006-07**

Total U.S. oilseed production is projected at 96.4 million tonnes, USDA said last week. U.S. oilseed ending stocks for 2006-07 are projected to be 16.3 million tonnes, up 2.2 million tonnes from revised 2005-06 ending stocks. U.S. soybean production is pegged at a record 86.8 million tonnes, with both yields and harvested area turning out to be higher than previously thought. USDA expects increased U.S. soybean supplies for 2006-07, which could lead to larger export and crush expectations. Soybean ending stocks are projected at 15.1 million tonnes, USDA said.

Global oilseed production for 2006-07 is projected at 390.4 million tonnes, up 2.1 million tonnes from 2005-06, according to USDA. This is based on larger than expected rapeseed, sunflowerseed, and cottonseed production. Global oilseed stocks for 2006-07 could also be higher than previously expected as higher production and increased beginning stocks are only partly offset by increased use.

### **ASA: Lack Of 2005 Countercyclical Payments A Sign Farm Bill Needs Improvement**

The American Soybean Association said last week that USDA's announcement on 2005-crop countercyclical payments is "a prime example of why soybean growers need a better income safety net. ASA is asking Congress to correct inequities under the current Farm Bill where target prices for oilseed crops are disproportionately low compared to other program crops." "The reason soybean growers didn't receive a counter-cyclical payment is because the soybean target price is disproportionately low compared to corn and other program crops," said ASA President Richard Ostlie. "Soybean farmers have never received a counter-cyclical payment under the 2002 Farm Bill, and this situation needs to be fixed when the 2007 Farm Bill is written. An equitable target price for soybeans relative to other program crops will ensure that soybean farmers are not disadvantaged."

ASA said it has already communicated its concern about the soybean target price to the House and Senate Agriculture committees. On September 20, ASA First Vice President John Hoffman testified before the House Agriculture Committee on behalf of the National Sunflower Association and the U.S. Canola Association, as well as ASA. Hoffman said that "oilseed producers have strongly supported the Marketing Loan as the most effective tool for ensuring the U.S. crops are competitive with foreign oilseed exports and for supporting producer income when world prices decline." He went on to say that "the target prices established for oilseed crops in the current farm program are disproportionately low compared to other program crops."

### **Biodiesel Consumption of Soybean Oil Up Sharply**

The Census Bureau pegged refined soybean oil consumption in methyl esters (biodiesel) production during August at 81,200 tonnes; this was well above July usage of 64,000 tonnes that was revised up by 16,300 tonnes. August biodiesel consumption of refined soybean oil also exceeded June consumption of 76,700 tonnes that was revised up by 12,700 tonnes. May consumption also was revised up by 1,360 tonnes to 66,200, as was April consumption that was revised up by 4,540 tonnes to 48,500 tonnes. The quantity of crude soybean oil used to produce biodiesel appears to have expanded to about 9,070 tonnes during August from the 2,270 tonnes to 4,540 tonnes consumed monthly so far this year as indicated by the increase in soybean oil consumed in other inedible products.



### **Barge Rates Remain Firm**

Since the new crop year started, barge rates have shown no signs of weakness, based on the USDA's latest barge rate call. However, rates typically run higher this time of year right on through early November. The number of empty and steel laden barges moving upbound through St. Louis the past six weeks suggests there is enough capacity to lift nearly 2 million tonnes of grain downriver. Over the past 5-years, more than 1,100 vessels moved upbound on average. The supply of barges will find plenty of use with a solid soybean and corn export program projected for the Center Gulf.

### **Brazilian Soybean Plantings Likely To Decrease**

Brazilian farmers are expected to reduce soybean plantings in 2006-07 in response to three consecutive years of losses caused by weather-related problems and unfavorable currency movements. Soybeans planted area is expected to reach between 20.5 million and 21.2 million hectares, a reduction of between 7.6% and 5.1% on the previous year, according to the National Commodity Supply Company (Conab). Despite the reduction in plantings, Conab expects soybean output to reach between 53.5 million tonnes and 55 million tonnes.

### **Brazil Develops Plan To Curb Spread Of Rust**

A ban on planting irrigated soybeans during Brazil's winter, removal of wild soy plants and earlier main crop sowing should reduce soy rust disease in the centre-west region, Brazilian crop scientists announced last week. The ban was introduced in the June 15 to Sept. 15 interharvest periods to try to break the cycle of the windborne fungal disease which thrives in wet and warm weather.

"There should be less risk of early outbreaks of soy rust in Primavera do Leste and other soy areas of Mato Grosso," said Jose Tadashi Yorinori, chief plant pathologist at the federal government's Embrapa Soy research agency. Primavera do Leste, an important soy area in the southeast of Mato Grosso, Brazil's main soy state, even banned the planting of winter soybeans in small research plots of land.

### **Soy Complex Up On USDA Report And Rising Corn Prices**

The soy complex closed higher on October 12 reflecting a positive crop report from USDA. Soybean market gains were also attributed to soaring corn prices that were strengthened higher by an unexpected cut in area and yield. Interior basis levels have been fairly steady amid the futures rally of the past 2 weeks, as farmers have not overwhelmed the market with new-crop sales. Rain for early this week and another system, which is expected to bring hefty rains for later next week, could slow the harvest. November bean futures closed up \$6.43 finishing at \$213.02; January was \$6.43 higher, closing at \$218.44; and March gained \$6.15 ending at \$222.02. October meal was up \$6.61, closing at \$189.60; December was \$6.72 higher, finishing at \$191.03; and January was up \$6.83 to finish at \$192.35. October oil closed \$10.36 higher to finish at \$542.77; December was up \$8.60, closing at \$548.72; and January increased \$8.38, ending at \$558.20.

### 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
<b>Soybeans</b>	<i>thousand tonnes</i>								
Carryin	3,059	6,960	12,214	2,434	514	379	3,400	1,440	640
Production	85,013	83,368	86,779	39,000	40,500	41,300	53,000	55,000	56,000
Imports	152	109	109	708	900	950	353	86	100
Crush	46,160	47,320	48,308	29,560	32,600	33,700	29,730	28,000	27,300
Exports	30,011	25,800	31,162	10,548	7,400	7,000	22,798	25,550	26,700
Other	5,093	5,103	4,520	1,520	1,535	1,536	2,785	2,336	2,024
Usage	81,264	78,223	83,990	41,628	41,535	42,236	55,313	55,886	56,024
Carryout	6,960	12,214	15,112	514	379	393	1,440	640	716
<b>Soymeal</b>	<i>thousand tonnes</i>								
Carryin	191	156	272	1,350	1,187	2,165	870	640	856
Production	36,936	37,342	38,360	23,347	26,101	26,548	22,928	21,874	21,435
Domestic use	30,446	30,255	30,935	537	573	602	9,162	9,556	9,511
Net Exports	6,525	6,971	7,425	22,973	24,550	25,800	13,996	12,102	12,220
Usage	36,971	37,226	38,360	23,510	25,123	26,402	23,158	21,658	21,731
Carryout	156	272	272	1,187	2,165	2,311	640	856	560
<b>Soybean oil</b>	<i>thousand tonnes</i>								
Carryin	488	771	1,374	660	542	712	293	248	450
Production	8,781	9,228	9,099	5,404	6,228	6,397	5,708	5,352	5,233
Domestic use	7,910	8,119	8,709	408	433	563	3,059	3,168	3,205
Net exports	588	506	542	5,114	5,625	5,950	2,694	1,982	2,180
Usage	8,498	8,625	9,251	5,522	6,058	6,513	5,753	5,150	5,385
Carryout	771	1,374	1,222	542	712	596	248	450	298

### USDA Export Sales (tmt) - Week of 05 October 2006

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Belgium	Soybeans	60	0	Mexico	Soymeal	288.1	10.8
Canada	Soybeans	2.7	8.1	Morocco	Soymeal	5	0
China	Soybeans	500.8	573.6	New Zealand	Soymeal	1	0
Colombia	Soybeans	5.2	27.4	Nicaragua	Soymeal	8.4	0
Costa Rica	Soybeans	0.6	33	Panama	Soymeal	19.5	0
Denmark	Soybeans	1.3	23.5	Philippines	Soymeal	83.9	2.1
Indonesia	Soybeans	67.2	71.7	Salvador	Soymeal	36.9	6.9
Israel	Soybeans	46.8	57.1	Surinam	Soymeal	1.3	0
Japan	Soybeans	85.7	199.4	Taiwan	Soymeal	3.9	0.4
Korea, Rep.	Soybeans	120	46.8	Tunisia	Soymeal	12	0
Malaysia	Soybeans	24.4	24.5	Turkey	Soymeal	15	0
Mexico	Soybeans	93.9	397.1	Australia	Soyoil	0.6	0
Netherlands	Soybeans	198.4	198.4	Canada	Soyoil	2.5	0.8
Singapore	Soybeans	0.3	0.3	China	Soyoil	20	0
Spain	Soybeans	58	0	Guatemala	Soyoil	4.9	0
Taiwan	Soybeans	44.6	180.8	Jamaica	Soyoil	2.2	0
Belize	Soymeal	0.4	0	Korea, Rep.	Soyoil	10	0
Canada	Soymeal	597.6	24.1	Mexico	Soyoil	49.1	0.6
Colombia	Soymeal	40	0	Nicaragua	Soyoil	3.4	2.4
Cuba	Soymeal	10	0	Peru	Soyoil	0.2	0
Dom. Rep.	Soymeal	42.5	0	Salvador	Soyoil	4.2	2
Egypt	Soymeal	23	0	Saudi Arabia	Soyoil	0.4	0
France	Soymeal	30	0	Trinidad	Soyoil	1.1	0
Guatemala	Soymeal	91.1	16.5				
Hong Kong	Soymeal	2.6	0				
Indonesia	Soymeal	17.6	0				
Israel	Soymeal	23.5	0				
Japan	Soymeal	58.2	0.6				
Korea, Rep.	Soymeal	114	0				
Malaysia	Soymeal	3.7	0.4				

  

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	8,954.1	2,161.1	1,086.2
Soymeal	1,667.1	61.8	1,728.9
Soyoil	92.9	6.0	98.9



**Thursday Spot and Futures Prices, 12 October 2006**

<i>Item</i>	<i>Location</i>	<i>Nov</i>	<i>Jan</i>	<i>Mar</i>
Soybeans (\$/mt)	Central Ill./Chicago	213.02	218.44	222.02
	FOB Gulf (Basis)	235.07	243.79	243.70
	CIF Gulf Coast (Basis Chicago)	235.07	243.79	243.70
Board Crush Margin	\$/mt	25.53	22.25	21.37
		<i>Oct</i>	<i>Dec</i>	<i>Jan</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	189.60	191.03	192.35
	FOB Gulf (Basis)	224.87	220.79	222.11
	West Coast (Basis)	246.92	248.35	249.67
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	189.60	191.03	192.35
	FOB Gulf (Basis)	213.85	209.77	211.09
	West Coast (Basis)	235.89	237.33	238.65
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	542.77	548.72	558.20
	FOB Gulf (Basis)	570.33	576.28	585.76
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	216.14	192.90	524.69

**Selected Ocean Freight Rates, Grains Basis**

