



The Soy Export Weekly Update

U.S. Soybean Crop Record Large

USDA expects U.S. soybean production to be a record 87.2 million tonnes, based on a yield of 2.63 tonnes per hectare, according to the latest USDA Supply and Demand report. With a 136,000 tonne increase in estimated crushings the only use adjustment; implied ending stocks were increased 272,000 tonnes to 15.4 million tonnes. The larger crushings were attributed to soybean meal export prospects (estimated annual exports were raised 150 thousand tonnes) with the additional oil added to season ending stocks.

Global oilseed production for 2006-07 is projected at a record 392.5 million tonnes. USDA expects increased global oilseed stocks reflecting higher stocks in the United States that will likely more than offset a small reduction in foreign stocks, including lower rapeseed stocks for Canada and reduced soybean stocks for Argentina.

Biodiesel Production Could Triple In 2006; Profitability Questioned

The U.S. National Biodiesel Board (NBB) estimates production of biodiesel could reach 250 million gallons in 2006, triple the amount produced in 2005. The NBB credits state and federal incentives, grants, and tax credits for the industry's rapid growth. The NBB notes a particularly high amount of activity in state legislatures, with more than 275 biodiesel-related bills introduced this year, 53 of which passed. According to Joe Jobe, Chief Executive Officer of NBB, "With this flurry of activity at the state level, production increases could be even more dramatic in 2007."

Some signs of how dramatic the growth could be in 2007 are presented by several recent announcements of new biodiesel production plants. Washington State will soon feature the nation's largest biodiesel facility, since Imperium Renewables recently broke ground on a facility that will produce 100 million gallons per year (mgpy). The Grays Harbor plant will begin producing biodiesel from soybean and canola oil in mid-2007. Meanwhile, Nova Biosource Fuels, Inc. is planning two 60-mgpy-biodiesel facilities, one in Oklahoma and one in Illinois. In fact, as of mid-September the NBB had tallied 86 operating biodiesel plants with a total capacity of 580 mgpy. An additional 65 plants are under construction and 13 plants are being expanded, enough to add another 1,400 mgpy in production capacity.

Although the industry remains on track to expand, falling energy prices and rising soybean oil prices may hurt the profitability of making biodiesel from soybean oil next year. When comparing soybean oil prices with the Btu-equivalent prices of heating oil and natural gas the breakeven price that biodiesel producers can afford to pay for crude soybean oil is driven by heating oil futures, which takes into account variable costs of production and the \$1.00 excise tax credit. The breakeven price has dropped from nearly 38 cents per pound this summer to just under 30 cents recently.

The possible erosion of raises questions on how well the industry will perform, as it is poised to likely double and perhaps triple its output in the next few years. However, traditional users of soyoil believe the industry is quite sensitive to price changes and that they expect biodiesel production to adjust quickly as the price rises.



Crop Scientists Work To Improve Organic Yields

Researchers at the University of Nebraska, Lincoln are examining ideas to help organic farmers improve yields on crops like soybeans, corn and wheat. Rotating crops is key, but the best patterns for rotation on an organic farm without use of chemical fertilizers and insecticides aren't known, said Liz Sarno, an extension educator in organic production.

Other challenges include keeping enough nitrogen in fields to naturally fertilize crops. Researchers are experimenting with field covers of such nitrogen-rich plants as Berseem clover, said Jim Brandle, a university professor in shelterbelt ecology.

Another hurdle is finding the right kind of equipment to cultivate ground for mechanical weed control. Many large-scale, chemical-intensive farms have discarded cultivators, said Chuck Francis, an extension specialist in agronomy and horticulture.

Demand is growing for organic foods as people become more concerned about the use of pesticides, herbicides and fertilizers in conventional farming. But organic farmers have not received the kind of attention conventional farmers have, and the need for research is great, Sarno said.

Brazil's Census Bureau Expects Smaller Soybean Crop In 2006-07

Brazil's Census Bureau (IBGE) said last week that the 2006-07 soy planted area would be 7% less than the previous season's crop, or 20.5 million hectares. IBGE pegged the yield at 2.695 tonnes per hectare, 13.3% larger than the 2005-06 crops. However, IBGE expects farmers to spend less this year on fungicides to fight Asian soybean rust in the center-west, so yields could fall under adverse conditions. IBGE put the total season's output at 55.2 million tonnes. Brazil harvested 52.3 million tonnes in the 2005-06 seasons, IBGE said.

U.S. Seeks Formal Adoption Of WTO Ruling On EU Biotech Restrictions

The Bureau of National Affairs reports that the United States has asked WTO members to formally adopt a dispute panel ruling in its complaint against the EU's restriction on the market authorization of biotech products. According to the news service, the U.S. request signals that the United States will not appeal the panel's findings, which upheld several key claims against the EU's alleged moratorium on the authorization of genetically engineered foods.

Soy Complex Lower As Corn Sell-Off Led To Soybean Liquidation

The soy complex closed lower on November 9 as a sell-off in corn sparked aggressive long liquidation in soybean and drove the market moderately lower at the close. Soybean deliveries increased to 1,736 contracts and the 2006-07 soybean carryout looks to be record large, which suggest that prices should be well below current level but corn futures are at 10-year highs. November bean futures closed down \$3.22, finishing at \$241.59; January was \$3.12 lower, closing at \$246.00; and March lost \$2.76 ending at \$250.31. December meal was down \$2.98, closing at \$218.59; January was \$2.87 higher, finishing at \$219.80; and March was down \$2.76 to finish at \$222.55. December oil closed \$0.22 lower to finish at \$610.89; January was down \$0.66, closing at \$619.27; and March was unchanged, ending at \$626.99.



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	12,214	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
Soymeal	<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
Soybean oil	<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 02 November 2006

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Barbados	Soybeans	0.2	6.6	Guatemala	Soymeal	23	50.3
Belgium	Soybeans	60.3	60.3	Hong Kong	Soymeal	1	2.9
China	Soybeans	229.9	2970.3	Honduras	Soymeal	42	5.7
Colombia	Soybeans	12.1	75.9	Jamaica	Soymeal	11.6	7.1
Costa Rica	Soybeans	12.3	48.8	Mexico	Soymeal	78.6	90.1
Egypt	Soybeans	42	131.5	Nicaragua	Soymeal	5.6	6.7
Germany	Soybeans	47.3	231.4	Panama	Soymeal	39.3	10.6
Indonesia	Soybeans	24.4	290.2	Philippines	Soymeal	1	11
Japan	Soybeans	75.8	410.4	Trinidad	Soymeal	10.6	0
Korea, Rep.	Soybeans	8.5	99.8	Turkey	Soymeal	32	15.5
Mexico	Soybeans	87.7	803.3	Canada	Soyoil	0.2	3.6
Netherlands	Soybeans	111.7	362.1				
Philippines	Soybeans	0.2	14.2				
Taiwan	Soybeans	79.2	350.2				
Thailand	Soybeans	66	66.6				
Canada	Soymeal	18.2	138.1				
Colombia	Soymeal	13.7	36.4				
FWW Ind.	Soymeal	4.4	0.7				

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	7,496.7	6,519.3	768.3
Soymeal	1,753.3	551.6	265.9
Soyoil	48.0	64.9	-0.3





Thursday Spot and Futures Prices, 09 November 2006

<i>Item</i>	<i>Location</i>	<i>Nov</i>	<i>Jan</i>	<i>Mar</i>
Soybeans (\$/mt)	Central Ill./Chicago	241.59	246.00	250.31
	FOB Gulf (Basis)	260.69	268.04	273.09
	CIF Gulf Coast (Basis Chicago)	260.69	268.04	273.09
Board Crush Margin	\$/mt	30.71	28.72	27.84
		Dec	Jan	Mar
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	218.59	219.80	222.55
	FOB Gulf (Basis)	246.14	247.36	250.11
	West Coast (Basis)	269.29	270.50	275.46
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	218.59	219.80	222.55
	FOB Gulf (Basis)	235.12	236.33	239.09
	West Coast (Basis)	258.27	259.48	264.44
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	610.89	619.27	626.99
	FOB Gulf (Basis)	632.94	641.32	649.03
		Beans	Meal	Oil
1 year ago prices	Chicago, \$/mt	212.01	193.45	501.99

Selected Ocean Freight Rates, Grains Basis

