The Soy Export Weekly Update

USDA's June Supply/Use Report

On June 10, USDA released its June World and U.S. supply and demand estimates. USDA tightened its 2008-09 U.S. soybean carryout by 544,000 tonnes on 272,000 tonne increases in both the crush and exports. Even larger increases are warranted given disappearance rates and outstanding export sales of soybeans and products, but USDA likely was reluctant to reduce its old-crop carryout below the 2.99 million tonnes that it forecast in the report, which USDA may consider a minimal carryout and was in line with trade expectations. USDA did not make any changes in its 2009-10 balance sheet other than to reduce the carryout to 5.72 million tonnes because of lower carryin stocks. The reduction in the U.S. carryouts accounted for most of the reductions in USDA's world stocks estimates.

USDA cut the Argentine crop by 2 million tonnes to 32 million tonnes, and similarly lower exports. China's 2008-09 soybean imports were increased by 1.3 million tonnes to 38.8 million tonnes, which was added mostly to ending stocks.

The market is likely to deviate from USDA's balance sheets with a shift of acreage from corn to soybeans, which probably puts the new-crop corn carryout a good bit below 27.2 million tonnes in the market's eyes. Conversely, additional soybean acres make the new-crop soybean supply situation more comfortable, but only after the tight old-crop situation has been resolved. While USDA's carryout forecasts were in line or larger than market expectations, USDA's cuts in the corn yield and the old-crop soybean carryout are features that could set the tone for higher markets.

Study Concludes That Biodiesel's Reliability And Performance On A Par With Ultra-Low Sulfur Diesel

A new Purdue University study shows that there is almost no statistical performance difference in semitrailer trucks using B20, a 20-percent blend of biodiesel, and No. 2 ultra-low sulfur diesel, the current standard. "In terms of performance, reliability and maintenance costs, it was basically a wash," said John Lumkes, the assistant professor of agricultural and biological engineering who led the study. "The only differences are environmental and economic."

The study, which compared two 10-vehicle truck fleets using the ultra-low sulfur fuel and B20, was released in the journal Applied Engineering in Agriculture. Trucks used for comparisons in the yearlong study had the same engines, similar miles already on them at the start and drove nearly the same number of miles over the year.

The only statistical difference related to the B20 was that it lowered the oil viscosity between maintenance intervals in engines slightly more than the ultra-low sulfur diesel. But even so, Lumkes said the oil still had sufficient viscosity so as not to damage engine parts. "They were still within the range of what is acceptable before you need an oil change," he said.

The study followed each fleet's idle time percentage, average speed, engine load percentage and engine speed. Each pair of trucks had close to the same statistics in each category.

At the end of the study, each fleet of 10 trucks had driven more than 1.5 million miles. Differences in performance based on fuel economy, fuel test results, engine oil analysis, and service and maintenance costs were considered minute. B20 cost about 13 cents more per gallon during that time than the ultra-low sulfur diesel.

Lumkes said his study could ease concern about the effect biodiesel has on engine durability. He said some engine manufacturers are wary about extending warranties to those who use biodiesel because not enough has been known about how the biodiesel affects engine wear. “This shows that there is no observable difference in performance of engines using biodiesel versus the more common commercial fuel,” Lumkes said.

Lumkes added that the quality of the B20 also is an important factor. All the fuel sampled during the study exceeded the National Biodiesel Accreditation Commission standards.

The Indiana Soybean Alliance provided funding for the research, and a private company that provided the trucks also helped fund the study.

Imported U.S. Soyoil Returns To India

The first cargo of U.S. soyoil to arrive in India for seven years has landed at a port in the west of the country after a delay of two weeks. A vessel carrying 45,000 tonnes of crude soyoil arrived in India arrived last week and was bought by global trading firms Concordia and Bunge.

After India scrapped a 20 percent import tax on March 24, importers had contracted 200,000 tonnes to 250,000 tonnes of crude soya oil till April from South America and the United States. The USDA estimated India bought over 100,000 tonnes of U.S. soya oil in the March to April period.

The first purchases from the United States since 2002, were contracted at $730 to $835 a tonne for delivery in mid-May.

In related news, India is very unlikely to re-introduce import duties on crude edible oils in the medium term as it will send local prices even higher ahead of the Asian festival season, when demand is expected to increase. “I do not believe the Indian government will re-introduce higher import duties on vegetable oil imports,” Dorab Mistry, a leading edible oil analyst and director of Godrej International, told Agra-Informa’s publication *The Public Ledger*. “The agriculture minister has himself said so and besides, prices are now high enough and duty would raise them further.”

Soy Complex Mostly Up On Tight U.S. Old Crop Supplies

The soy complex mostly higher on June 11 reflecting support from tight old-crop U.S. supplies as the inverses traded to new highs. Although the new-crop soybean supply situation likely will gain some cushion from a shift of acreage from corn, new-crop soybean futures may reflect an unusually large risk premium because of planting delays and support from surging old-crop futures. July bean futures were up $7.72, finishing at $465.54; August gained $3.77, closing at $435.59; and September was up $4.59, ending at $413.27. July meal increased $16.09, closing at $471.78; August was $11.90 higher, finishing at $429.90; and September meal closed up $11.02, ending at $403.44. July soyoil was $9.04 lower, finishing at $842.16; August was down $8.82, closing at $845.68; and September lost $8.38, closing at $849.65.

U.S. & South America Soybean/Products Balance

	United States			*Argentina*			*Brazil*		
	Actual	***Estimate***	***Proj.***	***Actual***	***Estimate***	***Proj.***	***Actual***	***Estimate***	***Proj.***
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Soybeans	*thousand tonnes*								
Carryin	15,617	5,580	3,531	1,876	4,460	325	3,110	4,818	2,210
Production	72,859	80,536	86,954	46,200	34,000	51,000	61,000	57,000	60,000
Imports	269	327	327	2,650	250	0	88	50	150
Crush	49,024	44,634	45,586	32,570	31,250	37,000	31,890	31,550	32,220
Exports	31,598	33,743	34,292	12,124	5,750	10,835	24,515	25,100	24,950
Other	2,543	4,535	4,672	1,572	1,385	1,650	2,975	3,008	3,075
Usage	83,165	82,912	84,550	46,266	38,385	49,485	59,380	59,658	60,245
Carryout	5,580	3,531	6,262	4,460	325	1,840	4,818	2,210	2,115
Soymeal	*thousand tonnes*								
Carryin	314	267	542	1,144	1,193	908	1,563	1,694	1,584
Production	38,322	35,528	36,137	25,480	24,438	28,934	24,880	24,490	24,970
Domestic use	30,078	27,578	27,941	634	650	684	12,250	12,525	12,875
Net Exports	8,291	7,675	8,196	24,797	24,073	27,858	12,499	12,075	11,790
Usage	38,369	35,253	36,137	25,431	24,723	28,542	24,749	24,600	24,665
Carryout	267	542	542	1,193	908	1,300	1,694	1,584	1,889
Soybean oil	*thousand tonnes*								
Carryin	1,399	1,126	1,226	310	363	400	341	505	375
Production	9,329	8,457	8,639	6,189	5,975	7,074	6,160	6,050	6,180
Domestic use	8,313	7,484	7,575	1,026	1,083	1,140	3,925	3,990	4,035
Net exports	1,289	873	1,209	5,110	4,855	5,950	2,071	2,190	2,130
Usage	9,602	8,357	8,784	6,136	5,938	7,090	5,996	6,180	6,165
Carryout	1,126	1,226	1,081	363	400	384	505	375	390

USDA Export Sales (tmt) - Week of 04 June 2009

Country	***Commodity***	***New Sales***	***Accum. Exports***
Canada	Soybeans	26.6	246.5
Indonesia	Soybeans	2.5	1136.6
Japan	Soybeans	11.2	1872.2
Mexico	Soybeans	12.4	2443.1
Syria	Soybeans	4.1	375.2
Taiwan	Soybeans	1	1245.5
Vietnam	Soybeans	6.2	67.1
Canada	Soymeal	11.3	706.7
Dom. Rep.	Soymeal	3.9	231.6
Indonesia	Soymeal	3.5	67.7
Israel	Soymeal	6.4	64.0
Jordan	Soymeal	18.6	18.6
Mexico	Soymeal	35.1	904.2
Peru	Soymeal	10.0	91.8

Country	***Commodity***	***New Sales***	***Accum. Exports***
Russia	Soymeal	5.0	19.4
Turkey	Soymeal	35.6	221.1
Ukraine	Soymeal	4.0	4.0
Canada	Soyoil	1.1	27.0
Jamaica	Soyoil	2.0	15.0
Mexico	Soyoil	3.3	81.7
Nicaragua	Soyoil	0.3	16.3

Export Sales Totals (tmt)

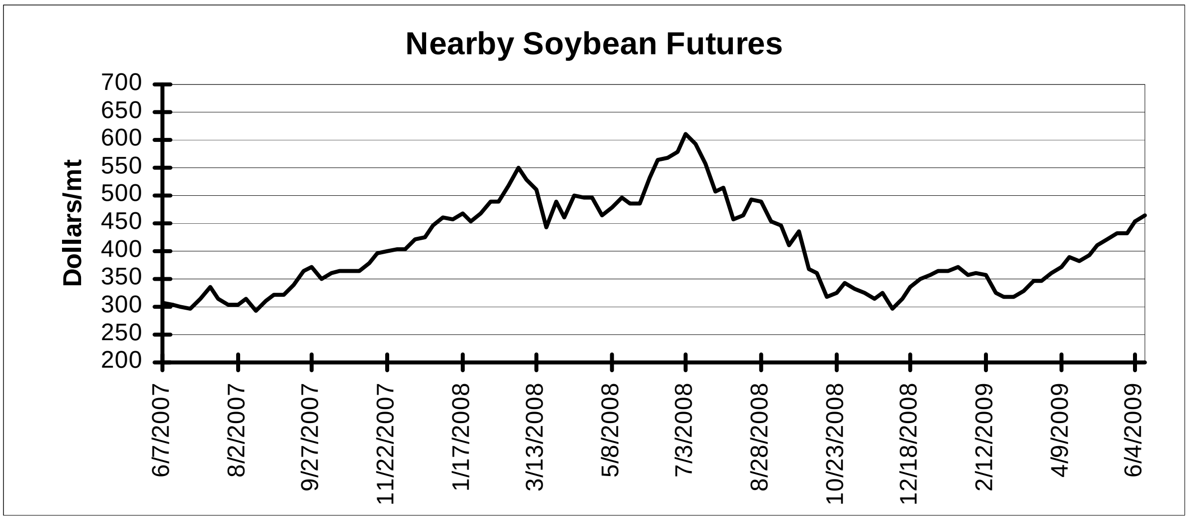
Commodity	***Outstanding Sales***	***Accum. Exports***	***New Sales***
Soybeans	4,080.8	29,594.5	-61.0
Soymeal	1,433.6	5,052.9	70.2
Soyoil	144.2	549.1	6.9

Thursday Spot and Futures Prices, 11 June 2009

Item	*Location*	*July*	*Aug*	*Sep*
Soybeans ($/mt)	Central Ill./Chicago	465.54	435.59	413.27
	FOB Gulf (Basis)	490.52	462.05	448.18
	CIF Gulf Coast (Basis Chicago)	486.85	458.37	444.50
Board Crush Margin	$/mt	34.83	34.71	38.36
		July	*Aug*	*Sep*
Soybean Meal 48%, HiPro ($/mt)	Central Ill./Chicago	471.78	429.90	403.44
	FOB Gulf (Basis)	521.39	479.50	480.60
	West Coast (Basis)	551.15	510.36	508.16
Soybean Meal 44% ($/mt)	Central Ill./Chicago	471.78	429.90	403.44
	FOB Gulf (Basis)	510.36	468.48	469.58
	West Coast (Basis)	540.13	499.34	497.14
Soybean Oil, Crude ($/mt)	Central Ill./Chicago	842.16	845.68	849.65
	FOB Gulf (Basis)	842.16	845.68	849.65
		Beans	*Meal*	*Oil*
1 year ago prices	Chicago, $/mt	564.56	443.35	1459.45

Weekly Statistics, Past Five Weeks ($/mt)

	7-May	*14-May*	*21-May*	*28-May*	*4-Jun*
Nearby Soybean Futures (CBT)	404.91	421.63	431.73	433.20	451.94
Basis Central Illinois	414.10	434.49	444.59	447.90	483.17
Basis Gulf	434.31	454.70	464.80	460.76	478.77
Nearby Soybean Meal Futures (CBT)	376.66	399.36	417.99	423.06	439.82
Basis Decatur	394.29	422.18	441.14	449.52	467.38
Basis Gulf	425.16	448.97	467.60	472.67	489.42
Basis West Coast	458.23	475.42	494.05	499.12	519.18
Nearby Soybean Oil Futures (CBT)	854.94	856.27	837.31	833.56	889.34
Basis Decatur	816.36	826.50	870.38	800.49	845.24
Basis Gulf	854.94	867.29	848.33	833.56	889.34
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	24.81	27.29	25.20	30.52	32.98
US Gulf/Japan, grains basis	41.77	44.76	43.19	49.68	53.39
PNW/Japan, grains basis	22.56	23.07	24.19	27.22	29.40
PNW/Japan Spread	19.21	21.69	19.00	22.46	23.99
US Corn, CBOT Nearby Futures	159.34	165.94	166.92	168.79	176.56
US Sorghum, Gulf Cash Price	156.31	162.70	165.35	162.92	171.74
Canadian Canola, Nearby Winnipeg	396.74	410.25	419.75	409.09	433.27


Nearby Soybean Futures
Dollars/mt
700
650
600
550
500
450
400
350
300
250
200
6/7/2007
8/2/2007
9/27/2007
11/22/2007
1/17/2008
3/13/2008
5/8/2008
7/3/2008
8/28/2008
10/23/2008
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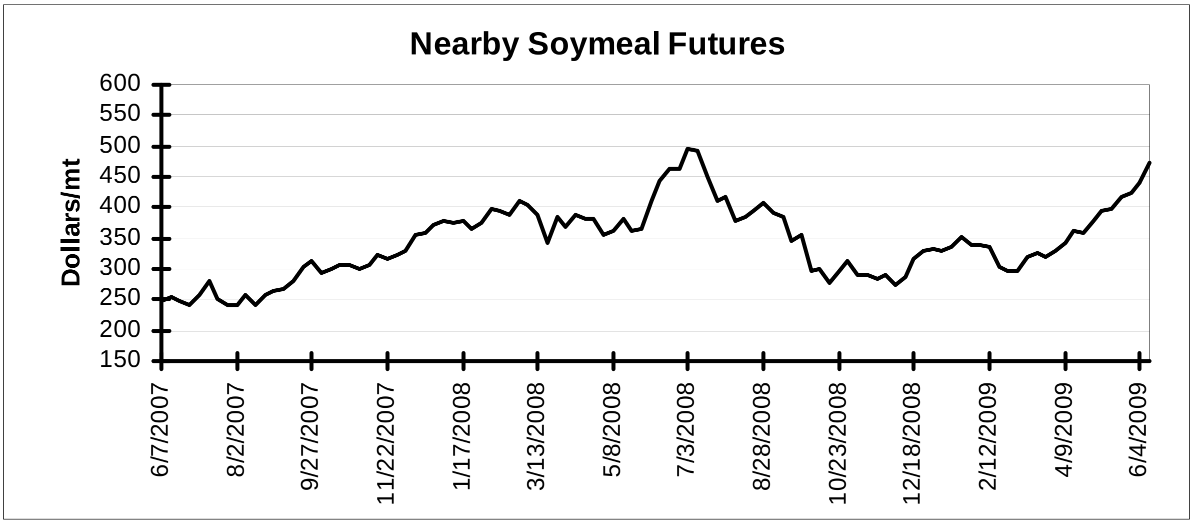
2/12/2009
4/9/2009
6/4/2009


Nearby Soymeal Futures
Dollars/mt
600
550
500
450
400
350
300
250
200
150
6/7/2007
8/2/2007
9/27/2007
11/22/2007
1/17/2008
3/13/2008
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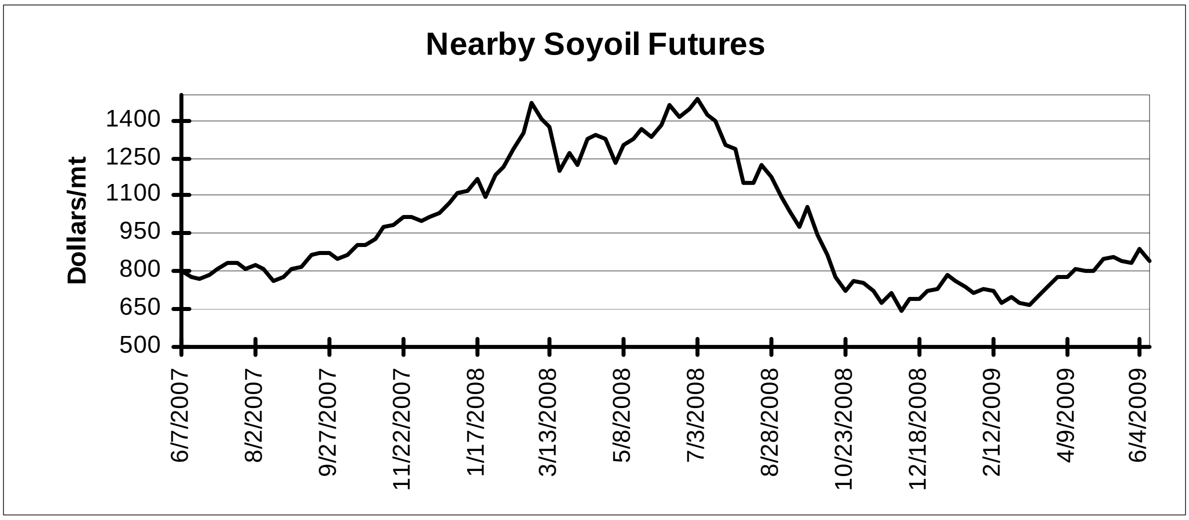
4/9/2009
6/4/2009


Nearby Soyoil Futures
Dollars/mt
1400
1250
1100
950
800
650
500
6/7/2007
8/2/2007
9/27/2007
11/22/2007
1/17/2008
3/13/2008
5/8/2008
7/3/2008
8/28/2008
10/23/2008
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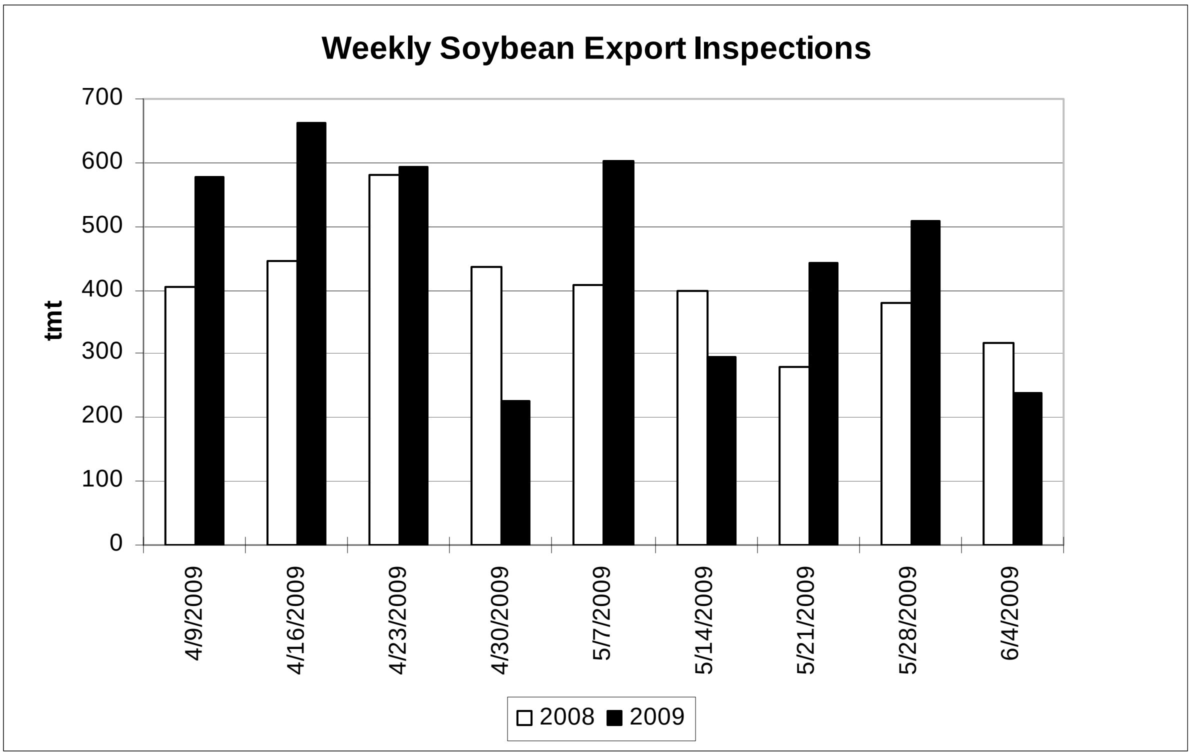
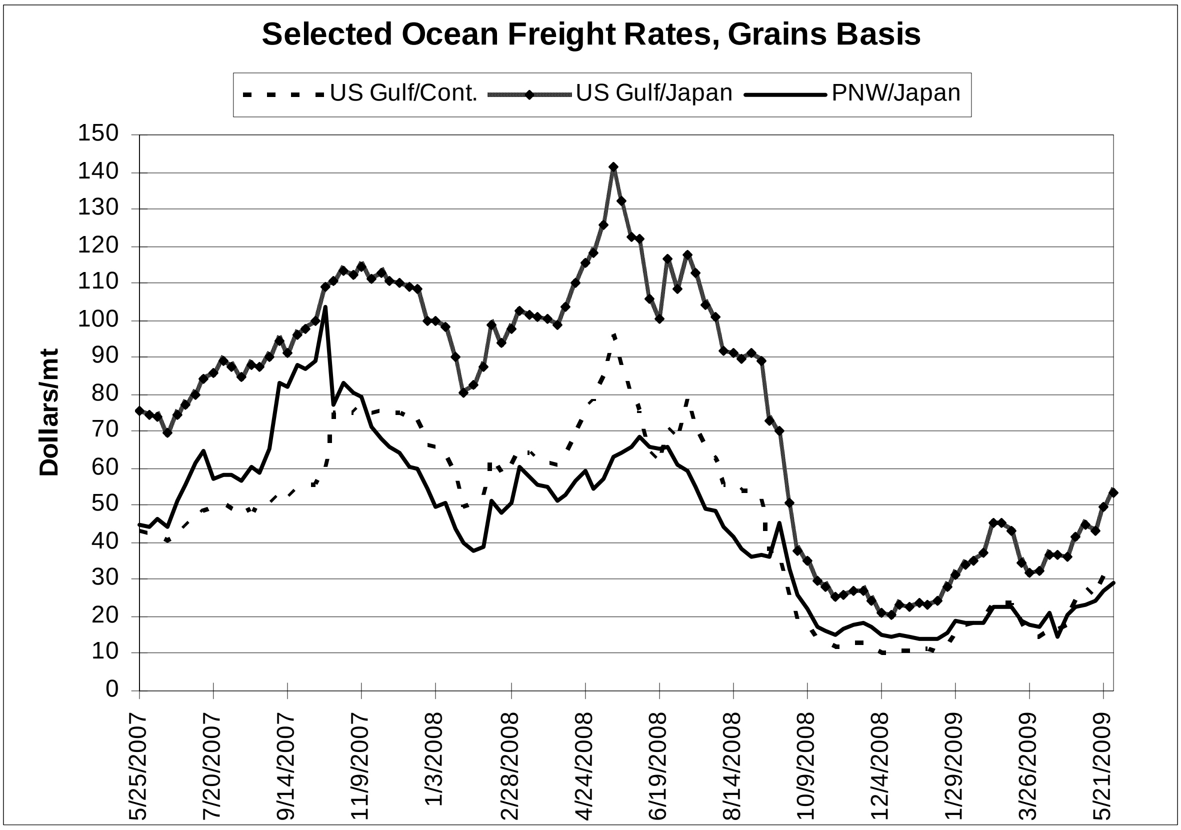
2/12/2009
4/9/2009
6/4/2009


Weekly Soybean Export Inspections
tmt
700
600
500
400
300
200
100
0
4/9/2009
4/16/2009
4/23/2009
4/30/2009
5/7/2009
5/14/2009
5/21/2009
5/28/2009
6/4/2009
2008
2009


Selected Ocean Freight Rates, Grains Basis
US Gulf/Cont.
US Gulf/Japan
PNW/Japan
Dollars/mt
150
140
130
120
110
100
90
80
70
60
50
40
30
20
10
0
5/25/2007
7/20/2007
9/14/2007
11/9/2007
1/3/2008
2/28/2008
4/24/2008
6/19/2008
8/14/2008
10/9/2008
12/4/2008
1/29/2009
3/26/2009
5/21/2009