



*OILSEEDS, OILS & MEALS*

**MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP**

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**1. World at a glance**

The global soybean production forecast for 2011/12 has undergone another downward revision in April, now barely reaching 240 million tons, which corresponds to an unprecedented drop of 25 million tons, or almost 10 percent, from 2010/11. Crop failures in South America are the main reason for the year-on-year decline.

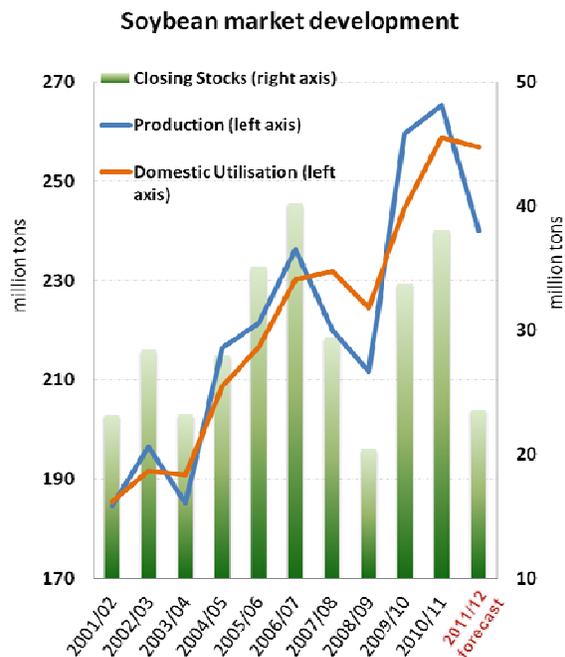
At 257 million tons, also our world soybean utilization estimate has been lowered further. The anticipated drop in global supplies, which started to translate into higher prices, is expected to temper this season's growth in consumption.

The prospective production deficit relative to utilization is now estimated at nearly 17 million tons, which is about 10 million tons more than what we estimated only four months back.

The unparalleled production shortfall is expected to lead to a sharp drawdown of global end-of-season stocks, which, in turn, would result in historically low stock-to-use and (for major exporters) stock-to-disappearance ratios.

Trade estimates have gone through further downward revisions, with global soybean transactions now set to drop 0.3 million tons below last season's record level.

<b>Soybean supply and demand</b>				
	2009/10	2010/11	2011/12	
		estimate	previous	current
			(16/03/12)	(13/04/12)
	..... in '000 mt .....			
<b>Production</b>	259703	265251	245262	<b>239993</b>
<b>Imports</b>	91273	91924	92159	<b>91659</b>
<b>Utilization</b>	244757	258902	256568	<b>256892</b>
<b>Exports</b>	91241	91978	92073	<b>91673</b>
<b>End. stocks</b>	33800	37990	28818	<b>23577</b>
	..... in % .....			
<b>World stock-to-use ratio</b>	13.8	14.7	11.2	<b>9.2</b>
<b>Major exp. stock-to-disapp. ratio</b>	7.2	10.2	7.9	<b>5.2</b>



## 2. Country details

**Production:** Global production estimates have been revised downwards by another 2 percent or 5 million tons in April. The additional cutback is entirely on account of South American producers, primarily Argentina and Brazil. In the case of Argentina, further cuts in production estimates in the next few weeks cannot be excluded. Overall, the effects of La Niña weather conditions in the region have led to downward corrections by nearly 22 million tons from the beginning of the crop year, making South America the main cause of this season's exceptional production slide.

**Utilization:** Continued low availabilities of soy, combined with relatively slow growth in global demand for soyoil and soy meal this season should lead to a year-on-year fall in world soybean crush. The anticipated 1 percent decrease compares to an expansion of 6 and 9 percent in, respectively, 2010/11 and 2009/10. Consecutive downward revisions made since last October (when the current season started) amount to almost 10 million tons in total. The projected fall (or limited expansion) in crush volumes in several countries - comprising China, the United States and Brazil - is partly due to this season's ample supplies of competitively priced feed grains, which can be used to replace soy meal in feed rations.

**Trade:** This month's small downward revision concerns primarily Paraguay as exporter and China as importer. Overall, since last October,

the global trade estimate for soybeans has been reduced by 4 million tons (or 4 percent) on the back of the anticipated slowdown in consumption growth. Although world trade is expected to fall slightly compared to last season, the current trade estimate would still be the second highest on record. Despite this season's crop failures, Argentina and Brazil are expected to significantly expand their shipments, thanks exclusively to ample leftovers from last year's soy crop. With an estimated 14 percent year-on-year rise, Brazil is actually set to post a new record. If realized, the anticipated export volume of 35.4 million tons would put Brazil almost at par with the United States, the world's leading supplier so far.

## 3. Price developments

The rise in international prices for soybeans that started last January has continued in April. The below referenced spot price has reached a 13-months high in mid-April. The pronounced rise in prices reflects the progressive tightening in world soybean supplies which has resulted from the repeated downward revisions of South American crop estimates. A recently published, official report about a potential reduction in US soybean plantings for the 2012/13 season plus signals of rising Chinese soybean imports have lent additional support to international prices.

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<b>Average soybean prices (US\$ per tonne)</b>						
	..... week ending on .....				March	March
	20-Apr-'12	13-Apr-'12	6-Apr-'12	30-Mar-'12	2012	2011
<b>SPOT: US no.1, yellow, Gulf</b>	554	551	550	537	523	527
<b>FUTURES: Chicago CBOT, July contract</b>	525	527	523	507	498	502
Source: USDA, CME						