

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

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1. World at a glance

The forecast for global 2012/13 soybean production has remained virtually unchanged, confirming a record output for the current season and a rebound of 11 percent compared to the 2011/12 depressed crop. However, the current forecast is only slightly above the record set in 2010/11, contrary to the expectations at the beginning of the season.

Total supplies (which comprise 2012/13 production and global 2011/12 ending stocks) are anticipated to grow by little more than 6 percent, reflecting the sharp drop in inventories recorded during 2011/12.

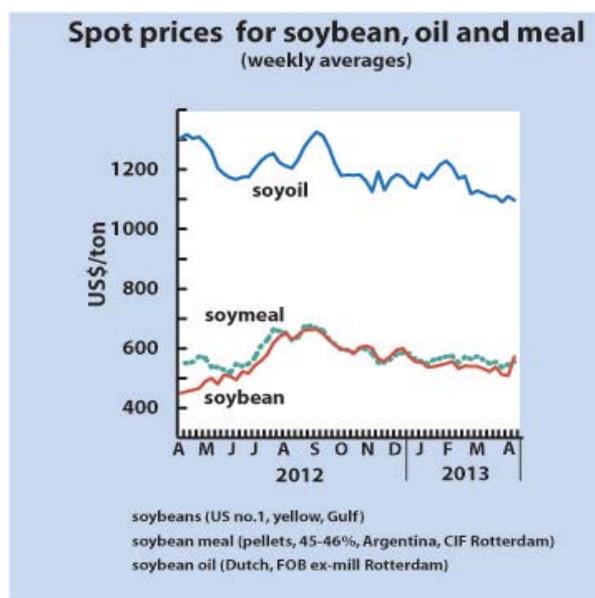
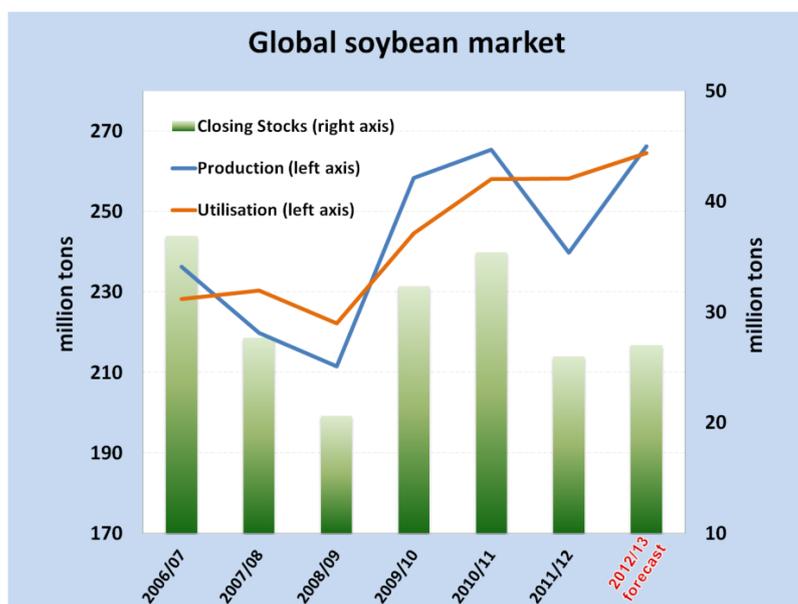
The global soybean utilization estimate for 2012/13 has been lowered marginally, confirming

an about average growth (2.6 percent) vis-à-vis last season.

The prospective production surplus relative to utilization is now estimated at around 1.2 million tons – as opposed to the 8 million tons forecast made at the beginning of this season.

As to world soybean trade, our forecast has been further adjusted downwards, limiting the year-on-year increase in shipments to 4 percent.

Global end-of-season stocks have been revised upwards marginally, still representing an only partial replenishment of global inventories following the severe drop recorded in 2011/12. The current estimates maintain the stock-to-use and stock-to-disappearance ratios almost unchanged from last month.



2. Country details

Supply: The almost unchanged *production* outlook for 2012/13 is the result of minor, compensating changes in Paraguay and in India. Paraguay's production forecast has been revised upwards based on reported excellent yield levels following favourable weather during most of the growing season. The current forecast of 8.5 million tons is almost double the drought reduced output of last season. In India, on the other hand, estimates have been revised downwards due to past crop damages in India's largest producing state Madhya Pradesh.

Current estimates confirm a year-on-year expansion in total *supplies* by about 17 million tons (6 percent), which compares to 23 million tons projected at the beginning of the current year, when production estimates for Latin America were considerably higher.

This month, world *closing stocks* have undergone a slight upward revision (0.5 percent), as higher estimates for Paraguay have been only partially offset by small reductions in the estimates for China and the EU. Substantial year-on-year replenishment of stocks in Brazil, Argentina and Paraguay should allow the major exporter's *stock-to-disappearance ratio* to recover from last season's critically low level. By contrast, the global *stock-to-use ratio* is set to rise only modestly from last season's depressed level, because of diminished stock levels in both China and the United States, where end-of-season inventories are expected to drop to multiyear-lows.

Utilization: Following this month's further slight downward revisions, global soybean disappearance in 2012/13 is now expected to grow by less than 3 percent compared to 2011/12. Consumption estimates have been lowered in particular for China as well as, although less strongly, for India and the EU. Domestic utilization in China is now envisaged to grow by only 1.7 percent relative to 2011/12 – well below the expansion rates observed during the past 5 years, pointing to reduced profitability in livestock production. Month-on-month, the reduction in China's estimate has been partially offset by higher forecasts for Paraguay, Argentina and Brazil.

Trade: Globally, the forecast for soybean shipments in 2012/13 has been revised downwards slightly to 98 million tons. Lower export availabilities than anticipated earlier in the season,

combined with logistical difficulties seem to constrain sales by Argentina and Brazil, while Paraguay's export forecast has been lowered following reports of rising crushing capacities in the country. On the import side, China's import forecast has been lowered in line with the country's subdued demand expansion.

3. Soyoil/soymeal supply and demand

The global soybean production forecast for 2012/13 suggests a year-on-year increase in soymeal and soyoil *production* in the 11-12 percent range.

As to *utilization*, relative to last season, global soybean oil consumption is now expected to grow by about 4 percent, while soybean meal is anticipated to expand by only 0.3 percent. Lower than earlier anticipated availabilities plus persistent price firmness, in particular for soybean meal, are believed to contribute to the slowdown in demand growth.

4. Price developments

Compared to March, during the first half of April international market quotations lost strength across the oilseed complex, both in spot and futures markets. Prices eased as the harvest of South America's bumper soybean crop progressed and thanks to the prospect of a record crop in the United States later this year. Concerns over a possible drop in China's meal consumption following a new outbreak of avian influenza, as well as higher than expected inventory levels in the United States, and spill-over effects from the maize market also contributed to the weakening in prices.

Interestingly though, prices for soybeans and in particular soymeal strengthened again in the week ending 19th of April. Apparently, the market reacted to reports of seasonally low soybean crush in Argentina, continued shipping delays in Brazil, insufficient arrivals of soymeal in Europe and other importing countries, and possible difficulties in the United States to satisfy domestic as well as export demand for soymeal. By contrast, soybean oil prices remained relatively weak, due to the influence of further slides in the prices for palm oil and other vegetable oils as well as persistent weakness in the energy sector.

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World soybean supply and demand						
	2009/10	2010/11	2011/12 estimate	2012/13 forecast		
				previous (25/03/'13)	current (22/04/'13)	change in percent
 in `000 mt					
Production	258449	265414	239831	266198	266207	0.00
Supply ¹	279090	297785	275244	292106	292221	0.04
Utilization ²	244619	258180	258248	265526	264542	-0.37
Trade ³	91743	91608	94023	98720	97700	-1.03
Ending stocks	32371	35413	26014	26911	27386	1.77
 in percent					
World stock-to-use ratio	13.2	13.7	10.1	10.1	10.4	
Major exporters' stock-to-disappearance ratio ⁴	5.5	6.9	3.6	4.7	5.1	

¹ Supply is defined as production plus opening stocks .

² Utilization is defined as domestic disappearance and includes primarily crush, plus seed, waste and confectionary uses.

³ Trade refers to exports.

⁴ Major exporters considered for this ratio include United States, Argentina, Brazil and an aggregate of other South American countries, and 'disappearance' comprises exports of the countries listed.

Soy products: global supply and demand										
	Soybean meal				Soybean oil					
	2009/10	2010/11	2011/12 estimate	2012/13 previous current (25/03/'13) (22/04/'13)		2009/10	2010/11	2011/12 estimate	2012/13 previous current (25/03/'13) (22/04/'13)	
 in `000 mt in `000 mt					
Production	182263	188679	168202	186653	186304	43473	44899	40145	45015	45058
Consumption	166692	179077	182759	185454	182971	39143	42271	43436	45363	45013

Note: Production data for soybean oil (cake) simply refer to the oil (cake) equivalent of current soybean production, i.e. they do not reflect the outcome of actual crushing.

Average soybean, soyoil and soymeal prices (US\$ per ton)						
 week ending on monthly avg.	
	19-Apr-'13	12-Apr-'13	05-Apr-'13	29-Mar-'13	Mar 2013	Mar 2012
SPOT						
soybeans (US no.1, yellow, Gulf)	555	546	536	554	560	518
soybean meal (pellets, 45-46%, Argentina, CIF Rotterdam)	572	508	512	537	533	417
soybean oil (Dutch, FOB ex-mill Rotterdam)	1097	1110	1091	1110	1117	1286
FUTURES						
soybeans (CBOT, May contract)	520	513	507	528	536	496
soybean meal (CBOT, May contract)	447	436	440	459	468	407
soybean oil (CBOT, May contract)	1082	1096	1085	1114	1105	1200

Source: USDA, CME, Bloomberg