

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

no.20, August 2013
 Date of aggregation: 23rd August

1. World at a glance

In August, the forecast for global 2013/14 soybean production has been lowered slightly, thus maintaining the expected recovery from the present 2012/13 season in the 7 percent range. The current 2013/14 production forecast of 284 million tons represents an all-time record. Total available supplies (i.e. comprising 2012/13 carry-out stocks) are estimated to expand by around 6 percent in the new season.

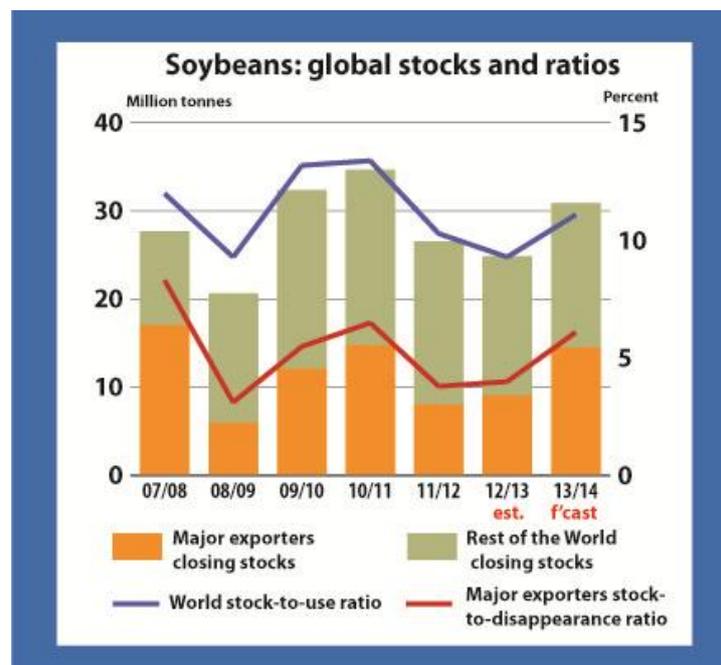
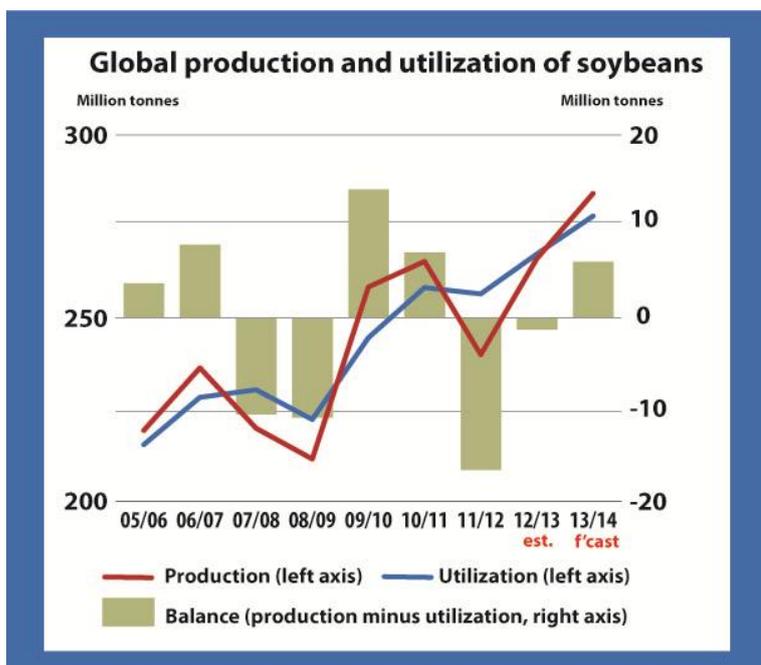
The forecast for world soybean utilization has been revised slightly upwards to 278 million tons, which implies an about-average growth of around 4 percent compared to 2012/13. Based on current estimates, in 2013/14, global production is set to exceed utilization by nearly 6 million tons, in contrast to the 2012/13 season when production fell short of total demand by 1.3 million tons. The estimate for global soybean trade in 2013/14 is about unchanged from last month, confirming the expected year-on-year increase of almost 7 million

tons or 7 percent, which would exceed the growth rates recorded in recent years. The acceleration points to lower international prices stimulating import demand.

Global 2013/14 end-of-season stock estimates have been revised downwards by 2 million tons compared to last month. Notwithstanding the correction, inventory levels are still expected to recover substantially compared to the level recorded in 2011/12 and 2012/13, also leading to an improvement in the stock-to-use ratios.

2. Country details

Supply: This month's slight revision in global production is the combined result of downward adjustments for the United States and (partially offsetting) upward corrections for Argentina and India. In the United States, lower forecasts for harvested area and yields resulted in a month-on-month cut of 4.5 million tons or 5 percent, which, however, would still imply a marked recovery (8 percent) in production compared to last year when



the crop was hit by severe drought. These forecasts remain subject to weather uncertainties and latest reports about prolonged dry weather could lead to further downward corrections in the coming weeks.

In Argentina and Brazil, where soybeans still have to be planted, production is anticipated to climb to new records, with a combined year-on-year increase of up to 9 million tons. Planting decisions are bound to be influenced by the direction international soybean quotations will take during the coming weeks. The production estimate for India has been revised upwards by 1 million to a record 12.7 million tons, reflecting higher than earlier reported plantings and sharply above-average rainfall.

The growth forecast for total *supplies* has been reduced marginally, though the year-on-year increase should remain around 6 percent. This month's corrections mirror the revisions made to national production forecasts as the global estimate for 2012/13 closing stocks remains unchanged at roughly 25 million tons.

Utilization: The forecast for global utilization in 2013/14 has been adjusted upwards slightly and now implies a year-on-year increase of 3.8 percent. With respect to individual countries, downward revisions in the United States have been more than

offset by upward corrections in India, Argentina and the EU.

Inventories: The marked month-on-month downward revision in global 2013/14 *closing stocks* mainly reflects the negative adjustment reported from the United States, where carry-out stocks are no longer expected to climb to a multi-year high, although inventories would still recover fully from the historically low levels recorded in 2011/12 and 2012/13. Both the global *stock-to-use ratio* and the major exporters' *stock-to-disappearance ratio* are expected to improve markedly year-on-year, with both values reaching 3-year highs.

Trade: As to trade, the initial estimate for global 2013/14 soybean imports and exports remains about the same as last month. With respect to national trade forecasts, on the export side, upward revisions for Argentina compensate lower forecasts for the United States. The estimate for Brazil's shipments remains unchanged at 40.5 million tons, which, assuming the current estimates materialize, would be 3 million tons more than the United States – the world's top exporter until two years ago. On the import side, no major changes have been recorded, with China continuing to account for almost 65 percent of global purchases.

World soybean supply and demand						
	2010/11	2011/12	2012/13 estimate	2013/14 forecast		change in percent
				previous (26/07/'13)	current (23/08/'13)	
 in '000 mt					
Production	265433	239983	266199	284874	283960	-0.32
Supply ¹	297814	274637	292742	309799	308835	-0.31
Utilization ²	258283	256563	267459	276940	277826	0.32
Trade ³	90809	94350	97595	104350	104400	0.05
Ending stocks	34654	26543	24875	32978	30857	-6.43
 in percent					
World stock-to-use ratio	13.4	10.3	9.3	11.9	11.1	
Major exporters' stock-to-disappearance ratio ⁴	6.5	3.8	4.0	6.9	6.1	
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.						

3. Soyoil/soymeal supply and demand

Current soybean crop forecasts for 2013/14 are expected to translate into a year-on-year increase in soymeal and soyoil production in the 7-8 percent range.

As to utilization, year-on-year, global soy oil consumption is anticipated to grow by 5 percent, whereas soy meal utilization, after contracting in 2012/13, is expected to resume growing (up over 6 percent) as easing international meal prices should stimulate demand.

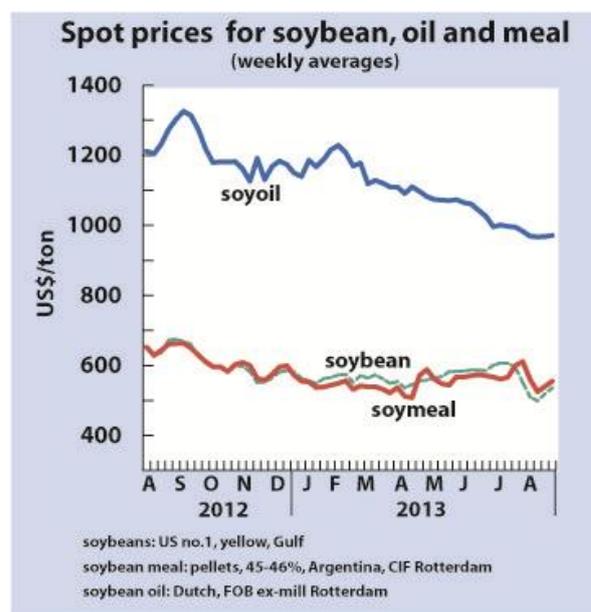
4. Price developments

Compared to July, during August, average international prices have weakened across the soybean complex, both in the spot market and futures market. While soybean and soyoil values continued to follow an overall downward trend, soymeal prices remained historically high due to on-going supply problems in several important consuming countries.

The easing in prices was concentrated in the first half of August, influenced by generally favourable weather conditions in the United States as well as India and the prospective production increase in South America, which, together, confirm the prospect of ample supplies of soybean in the coming 2013/14 season. Regarding soyoil, the fall in prices was primarily driven by the recent rise in export availabilities in South America as well as by persistently weak growth in global demand. Sharply higher soyoil shipments from Argentina (following lower domestic demand for biodiesel production) played a key role in this regard. Moreover, also the prospect of further growth in

total vegetable oil supplies in 2013/14 seems to contribute to the general relaxation in vegetable oil prices.

From mid August onward, however, prices have found renewed support as USDA trimmed its domestic production forecast based on lower estimates for harvested area and yield following increasingly dry weather conditions. The US revision resulted in world prices moving up again throughout the soybean complex. Clearly, weather developments during the next few weeks will be critical for crop outcomes in the northern hemisphere and, consequently, price volatility is expected to remain high.



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Soy products: global supply and demand										
	Soybean meal					Soybean oil				
	2010/11	2011/12	2012/13 estimate	2013/14 previous current (26/07/'13) (23/08/'13)		2010/11	2011/12	2012/13 estimate	2013/14 previous current (26/07/'13) (23/08/'13)	
 in '000 mt									
Production	186937	168299	186261	201687	200870	44483	40072	45038	48456	48254
Consumption	178536	182367	181195	192171	192779	42167	42903	44940	46892	47013

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.	
	23-Aug-'13	16-Aug-'13	09-Aug-'13	02-Aug-'13	Jul 2013	Jul 2012
SPOT						
<i>soybeans (US no.1, yellow, Gulf)</i>	536	519	499	510	578	644
<i>soybean meal (pellets, 45-46%, Argentina, CIF Rotterdam)</i>	555	540	525	560	583	604
<i>soybean oil (Dutch, FOB ex-mill Rotterdam)</i>	971	968	967	969	990	1236
FUTURES						
<i>soybeans (CBOT, September contract)</i>	476	463	444	457	500	581
<i>soybean meal (CBOT, September contract)</i>	463	448	421	442	452	530
<i>soybean oil (CBOT, September contract)</i>	945	940	926	936	999	1181

Source: USDA, CME, Bloomberg