



OILSEEDS, OILS & MEALS

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

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1. World at a glance

FAO's global soybean production forecast for 2012/13 has been revised upwards slightly (by barely around 1%) in December, reaching 272 million tons, thus confirming the strong rebound (up 14%) from the poor 2011/12 outcome. However, total supplies for the new season should remain limited (growing by no more than 8% relative to last season) due to very low carryover stocks.

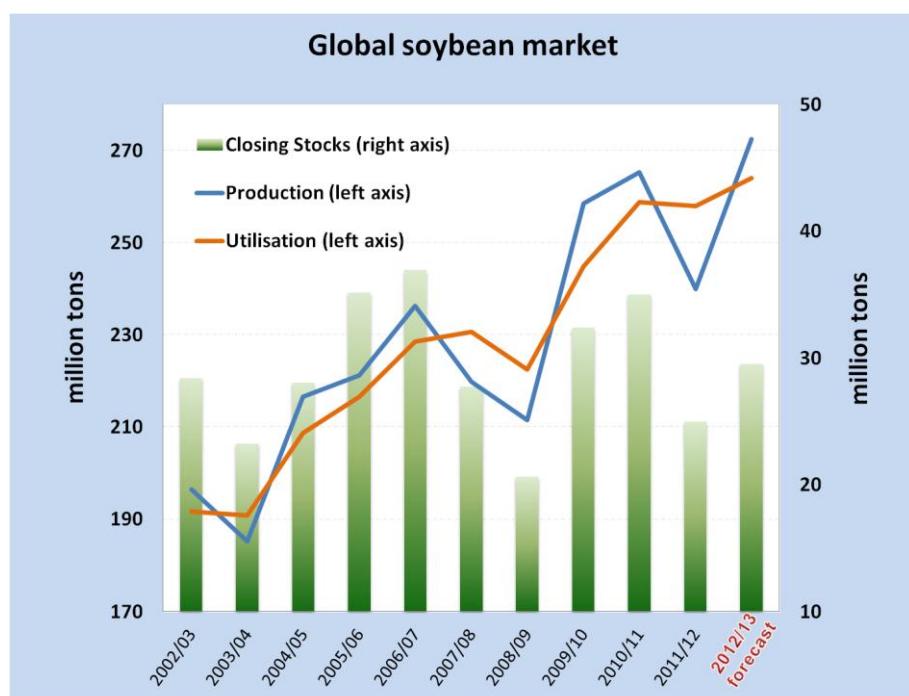
The latest upward revision maintains the surplus in world production relative to utilization at around 8 million tons, which points to a less tight than earlier anticipated supply and demand balance for soybeans in 2012/13.

Global soybean utilization is now predicted to increase (year-on-year) by about 3% to 264

million tons, thus resuming growth after last season's stagnation.

As to world soybean trade, this month's estimates for the current season have remained virtually unchanged, still confirming a substantial increase in total shipments compared to last season.

Global end-of-season stocks, although expected to recover from last season's depressed level, have been revised slightly downward this month, leading to downward corrections in both the stock-to-use ratio and the major exporters' stock-to-disappearance ratio. Although recovering from the previous season, both values remain well below the considerably higher levels recorded in past years.



2. Country details

Supply: This month's slight upward revision in global *production* is mainly on account of Brazil and Canada. In Canada, the estimate for the recently harvested soybean crop has increased sharply, implying a 16% year-on-year rise to an all time-high of 4.9 million tons, mostly reflecting record levels of both planted area and yields. In South America, where planting of the new soybean crop is underway, adequate precipitation in Brazil has led to an upward revision in the country's official production estimate. By contrast, in Argentina, excessive rainfall continues to hamper planting operations, which possibly could affect the country's production prospects. The limited year-on-year expansion in global *supplies* is due to a sharp drop in opening *stocks*, which concerns mainly South American producers, but also the United States and China. As to 2012/13 ending stocks, further inventory drawdown in China and the United States are likely to be more than compensated by rising stock positions in South America, notably in Brazil and Argentina.

Utilization: World 2012/13 soybean crush is now estimated to grow by 2.3% compared to 2011/12. Though slightly above previous estimates, soybean utilization growth is still anticipated to be below historical rates. This season's crush estimate for Brazil has been raised slightly, which leads to a year-on-year increase of about 12%. Although to a smaller extent, the utilization estimates for Argentina, EU and Canada have been corrected upward, confirming year-on-year improvements. Also in the United States there has been a slight upward revision from last month, although the expected drop from 2011/12, by about 6%, remains.

Trade: Globally, the 2012/13 trade forecast for soybeans has remained virtually unchanged from last month, hence maintaining a 7-8 % increase compared to 2011/12 values. Slightly raised export estimates for Canada, due to its exceptionally high crop, are offset by lower consignments forecasts for the United States, where exports are predicted to be at a 4-year low, as well as for some South American exporters. With unusually low US export

World soybean supply and demand

	2009/10	2010/11	2011/12	2012/13	
			estimate	forecast	
				previous (16/11/'12)	current (17/12/'12)
..... in '000 mt					
Production	258479	265219	239972	270538	272431
Supply ¹	279120	297610	274993	295491	297400
Utilization	244859	258815	257991	262343	264077
Trade ²	91743	91908	93798	100738	100800
Ending stocks	32391	35021	24969	29672	29512
World stock-to-use ratio	13.2	13.5	9.7	11.3	11.2
Major exporters' stock-to-disappearance ratio	5.5	6.9	3.6	6.6	6.4

¹ Supply is defined as production plus opening stocks

² Trade refers to exports

availabilities – and robust world import demand – the realization of South America's anticipated record crop plays a crucial role.

3. Soyoil/soymeal supply and demand

The upward revision in crop production estimates for 2012/13 now translate into an almost 14% year-on-year rise in output for both soymeal and soyoil at the global level.

With regard to utilization, global meal and oil consumption is now expected to grow by about 2%, which remains well below the growth rates recorded in the last three seasons. The key factors contributing to this slowdown remain: weak global economic growth prospects; record high prices rationing demand on the meal side; and, with regard to vegetable oils, weakening demand for soyoil by the biofuel industry and growing competition from attractively priced palm oil.

4. Price developments

After easing during the previous 2-3 months, in December, international prices across the soybean complex strengthened again, suggesting that the market is responding to the prospected tightness in global supply and demand during the first half of the current season. In particular, low global opening stocks – combined with the prospect of ending stocks in the United States falling further (possibly to a 9-year low) – are creating concern in the market. Persistent strong rainfall affecting plantings in parts of Argentina also exerted upward pressure on international prices. During the coming weeks, the market is expected to closely monitor weather developments across South America as the realization of global production recovery forecasted for 2012/13 relies heavily on that region's crop.

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Soy products: global supply and demand											
	Soybean meal						Soybean oil				
	2009/10	2010/11	2011/12	2012/13			2009/10	2010/11	2011/12	2012/13	
			estimate	previous	current	(16/11/'12)	(17/12/'12)				(16/11/'12)
<i>..... in '000 mt</i>											<i>..... in '000 mt</i>
<i>Production</i>	181960	187949	169324	190948	192495		43438	44848	40170	45632	45841
<i>Consumption</i>	166788	179625	182417	183549	186422		39152	42169	43707	44542	44808

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)						
SPOT week ending on monthly avg.	
	21-Dec-'12	14-Dec-'12	07-Dec-'12	30-Nov-'12	Nov 2012	Nov 2011
<i>soybeans (US no.1, yellow, Gulf)</i>	582*	585	581	564	567	452
<i>soybean meal (pellets, 48%, Brazilian origin, CIF Rotterdam)</i>	565	585	584	568	567	359
<i>soybean oil (Dutch, FOB ex-mill Rotterdam)</i>	1143	1165	1191	1175	1137	1220
FUTURES						
<i>soybeans (CBOT, May contract)</i>	525	537	531	518	522	436
<i>soybean meal (CBOT, May contract)</i>	471	480	468	454	459	336
<i>soybean oil (CBOT, May contract)</i>	1095	1123	1138	1122	1099	1138

Source: USDA, CME, BCR, Bloomberg

* Average 17 to 19 December only