

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

no.23, 6th December 2013

1. World at a glance

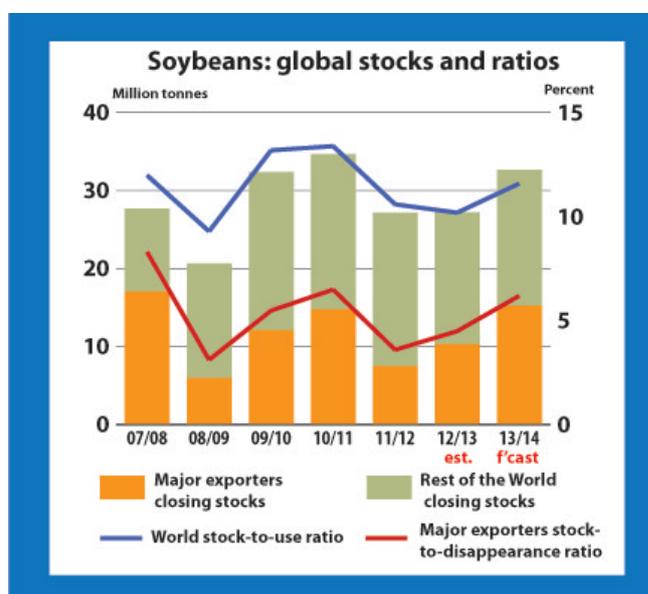
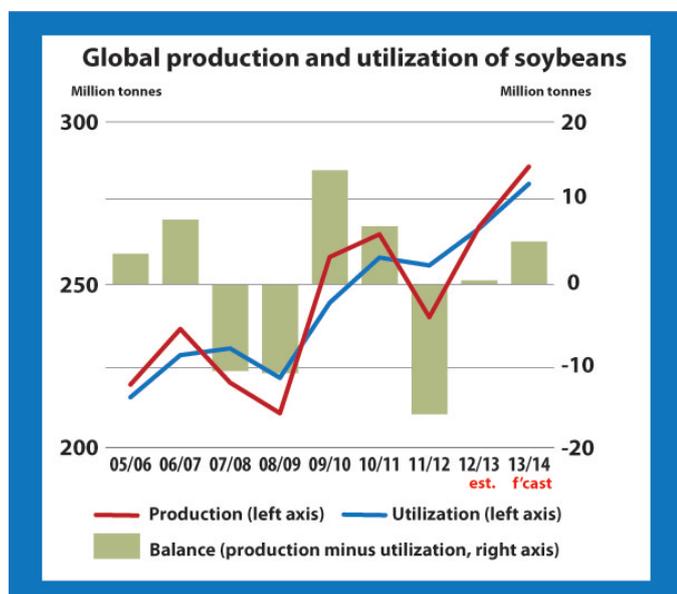
- FAO's global production estimate for 2013/14 had been revised upward by 1.7 percent. The new estimate stands at 286 million tons, an almost 7 percent rebound from the previous season. Total available supplies (which comprise 2013/14 production plus 2012/13 ending stocks) are now expected to increase 6.3 percent year-on-year.
- The 2013/14 forecast for global utilization has been raised by 1.3 percent to 280 million tons, and is now set to grow by an above average 5 percent from the 2012/13 season.
- The latest revisions point to a less tight 2013/14 supply/demand balance: the surplus of world soybean production relative to utilization is now anticipated at 5.2 million tons or about 2 percent.
- The 2013/14 estimate for global trade has been raised to 110.5 million tons, a more than 10 percent year-on-year increase and all-time record.

- Estimates for 2013/14 carry-out stocks have also undergone an upward revision, implying a recovery of over 20 percent compared to the level recorded in 2012/13. The two ratios, the global stock-to-use ratio and the stock-to-disappearance ratio for major exporters, also moved slightly upwards, though they remain below the levels recorded in 2010/11.

2. Country details

Supply:

- The improvement in the global production forecast for 2013/14 stems almost entirely from upward revisions in the United States, Argentina and Paraguay, which are only partially offset by a reduced estimate for India.
- Favourable weather conditions in the United States during the past two months have allowed average yields levels to improve, compensating for reductions in the estimate for area harvested. Although production is set to recover compared to the past two seasons, it would still remain below the record levels achieved in 2009/10 and 2010/11. The current forecast, if



materialized, would allow the United States to regain its role as the world's leading producer – faring some 0.4 million tons ahead of Brazil.

- In South America, plantings are now well advanced, despite dry spells at the beginning of the sowing season, and good progress is reported with regard to the crops' establishment. Argentina's output, now forecast at 55 million tons, could mark an all-time record, mainly driven by an expansion in planted area.
- In India, persistent strong monsoon rains have led to a downsizing in the output estimate notwithstanding this season's expansion in soy area. In particular Madhya Pradesh, the main soybean-growing state, has been affected by above average rainfall.

Utilization:

- This month's upward revision mainly reflects the revised production prospects in Argentina and the United States and the strong import demand expected in China. Soybean consumption in China is currently anticipated to grow by over 6 percent year-on-year.

Inventories:

- As to global closing stocks, the latest estimate includes upward revisions for Argentina, the United States and China. Based on improved production prospects, a replenishment of inventories in Argentina and the United States seems likely. US stocks, although recovering from last season, should be roughly around the level recorded in 2011/12.

Trade:

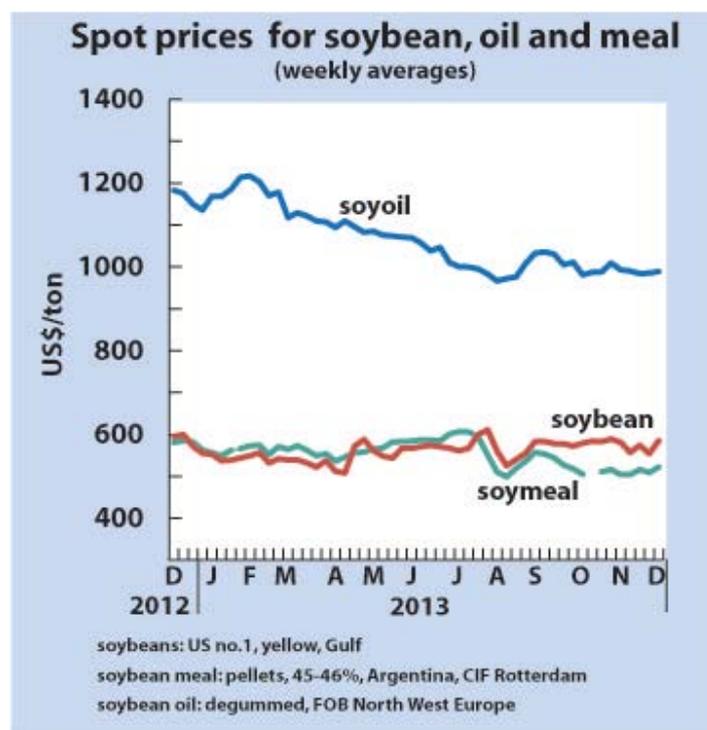
- The new estimate for global trade mainly reflects higher forecasts for the United States on the export side and for China on the import side. In the United States, the improved production estimate implies higher exports - up 2.7 million tons (or 11.5 percent) from 2012/13. Notwithstanding this upward revision, the United States would only rank as the world's second largest exporter, after Brazil. With regard to global imports, China retains its leading role. The country's import requirement

is now forecast at 69 million tons, a year-on-year increase of over 15 percent (after last season's stagnation in import demand).

4. Price developments

- In November, average international spot prices moved only marginally for soybean (+0.2 percent), while soymeal prices eased by almost 3 percent and soy oil prices remained virtually unchanged.
- Soybean prices have remained mostly unchanged on a month-on-month average basis: price lowering effects of seasonal US harvest pressure and good overall 2013/14 production prospects have been compensated by price upward pressure stemming from strong import demand, especially from China.
- Soymeal prices dropped markedly in the first week of the month, but recovered partially during the following weeks. The month-on-month easing of international soymeal prices mainly reflects the prospect of improved global production - and hence export availabilities - in 2013/14.

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World soybean supply and demand						
	2010/11	2011/12	2012/13	2013/14		
			estimate	previous	current	change in
				(07/11/'13)	(05/12/'13)	percent
 in '000 mt					
Production	265433	239983	267713	281561	286194	1.65
Supply ¹	297814	274637	294862	308268	313371	1.66
Utilization ²	258283	255875	267713	277228	280911	1.33
Trade ³	90809	94350	99701	108063	110489	2.24
Ending stocks	34654	27149	27177	30871	32648	5.76
 in percent					
World stock-to-use ratio	13.4	10.6	10.2	10.5	11.6	
Major exporters' stock-to-disappearance ratio ⁴	6.5	3.6	4.5	5.1	6.2	

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				
	2010/11	2011/12	2012/13	2013/14		2010/11	2011/12	2012/13	2013/14	
			estimate	previous	current			estimate	previous	current
			(07/11/'13)	(07/11/'13)	(05/12/'13)			(07/11/'13)	(07/11/'13)	(05/12/'13)
 in '000 mt in '000 mt				
Production	186937	169811	189316	199864	203615	44483	40450	45343	47805	48711
Consumption	178336	183137	186501	193003	195774	42167	43170	45229	47047	47476

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.		
	29-Nov-'13	22-Nov-'13	15-Nov-'13	08-Nov-'13	Nov 2013	Oct 2013	Nov 2012
SPOT							
soybeans (US no.1, yellow, Gulf)	522	509	516	504	512	511	567
soybean meal (pellets, 45-46%, Argentina, CIF Rotterdam)	585	554	574	557	567	584	577
soybean oil (degummed, FOB North West Europe)	989	985	984	990	990	991	1138
FUTURES							
soybeans (CBOT, January contract)	488	474	478	465	477	472	533
soybean meal (CBOT, December contract)	494	456	465	444	463	454	490
soybean oil (CBOT, December contract)	887	896	898	902	897	900	1072

Source: USDA, CME, Bloomberg, Reuters, own calculations