

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

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1. World at a glance

In February, the forecast for global 2012/13 soybean production has been lowered by nearly 1 percent compared to last month. The new estimate still marks a record output and represents a rebound of 12 percent from the poor 2011/12 crop.

Year-on-year expansion in total supplies is expected to remain limited (7.5 percent) due to historically low 2011/12 carryover stocks.

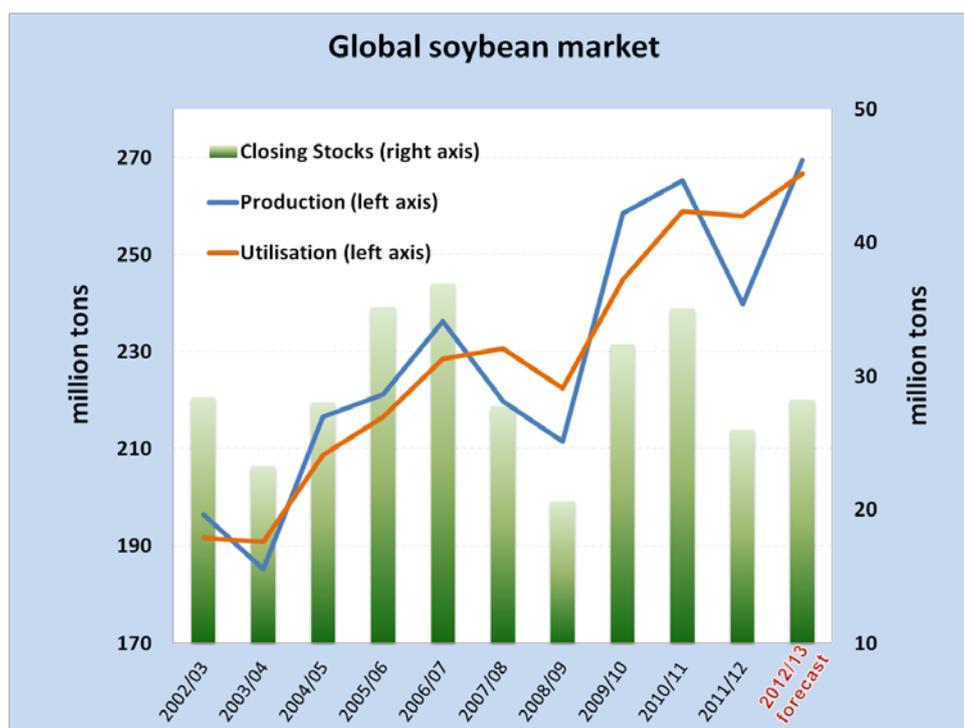
The estimate for world soybean utilization has been revised slightly upward to 267 million tons, a 3.4 percent growth from the previous season, when a stagnation occurred.

The soybean supply and demand balance in 2012/13, though improving compared to last season, is expected to be tighter than earlier

anticipated. The surplus in world production relative to utilization is now anticipated at merely 2.7 million tons – as opposed to 8 million tons estimated last October (i.e. at the beginning of the current season).

As to world soybean trade, this month’s estimates for the current season have been adjusted downward slightly. Nevertheless, compared to last season, total shipments are still expected to increase substantially.

The forecast for 2012/13 global closing stocks has undergone a small upward revision. The current estimate still represents an only partial replenishment of global inventories relative to the sharp drop recorded in 2011/12. Based on the new figures the stock-to-use ratio remains about unchanged while the major exporters’ stock-to-disappearance ratio now ranges around 5 percent, compared to 3.6 percent in 2011/12.



2. Country details

Supply: The lower global soybean *production* forecast reflects the following revisions in South America: the estimate for Argentina has been cut from 53 to 50 million tons as persistently dry weather is reported to have reduced the crop's yield potential. In Brazil on the other hand, the official crop forecast has been raised based on improved soil moisture levels during the month of January. However, taking into consideration recent reports of increasingly dry weather in some of the country's leading soybean regions the current production estimate may well require further revision in the coming weeks. Despite these uncertainties, South America's combined output is still expected to climb to a new historic record.

Due to historically low carry-over stocks from 2011/12 and lower 2012/13 production estimates the anticipated expansion in total *supplies* should not exceed 7.5 percent. World *closing stocks* for 2012/13 are now forecast at 28.2 million tons, 1.6 percent above last month's estimate. While the global *stock-to-use* ratio remains about unchanged

compared to last month, the *stock-to-disappearance* ratio (for major exporters) has dropped to 5.1 percent, which, however, fares above last season's value of 3.6 percent. The latest fall in the ratio mainly reflects lower stock estimates for Argentina and the United States. The US ratio is expected to fall to a seven-year low.

Utilization: The new utilization forecast mainly reflects a higher crush estimate for Brazil based on the country's improved production prospect. Also the United States' crush volume has been lifted further, reflecting both higher domestic demand and exports of soybean meal.

Trade: Globally, the 2012/13 trade forecast for soybeans has been lowered by about 1 percent. On the export side, lower consignments from Argentina are expected to be only partially offset by higher shipments from the United States. Given reduced global export availabilities, major importing countries are expected to adjust their import volumes, in particular China and other buyers in Asia.

World soybean supply and demand						
	2009/10	2010/11	2011/12 estimate	2012/13 forecast		
				previous (15/01/'13)	current (18/02/'13)	change in percent
 in `000 mt					
Production	258473	265325	239867	271762	269445	-0.85
Supply ¹	279114	297746	274780	297696	295459	-0.75
Utilization ²	244823	258906	257944	266315	266664	+0.13
Trade ³	91743	91908	94038	100080	99830	-0.25
Ending stocks	32421	35036	26014	27892	28256	+1.31
 in percent					
World stock-to-use ratio	13.2	13.5	10.1	10.5	10.6	
Major exporters' stock-to-disappearance ratio	5.5	6.9	3.6	5.6	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.

3. Soyoil/soymeal supply and demand

Year-on-year, global soymeal and soyoil *output* are forecast to expand at about the same rate as soybean production. Although lower than last month's forecasts, the anticipated output levels still represent new historic records.

As to *utilization*, global meal and oil consumption are now expected to grow by 2.5 percent and 3.5 percent respectively relative to last season. Prospects for global meal consumption continue to improve compared to earlier forecasts, while the oils/fats consumption estimates have not changed significantly.

both in spot and futures markets. Main factors contributing to the renewed upward pressure on prices include: persistent dry weather harming Argentina's crop; concerns about possible weather related harvest delays and logistical difficulties in Brazil; the market's anticipation of rising soybean import demand in China; and continued strong reliance on exports from the United States.

With regard to soyoil quotations, the firmness observed in January continued during the first three weeks of February, reflecting expectations that soyoil import demand could accelerate as export availabilities of other seed oils tighten. Renewed strength in palm oil prices as well as the gradual firming in mineral oil values also influenced the market.

4. Price developments

After falling in January, during the first three weeks of February, international quotations for soybeans and soymeal strengthened again,

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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			estimate	previous	current	
			(15/01/'13)	(18/02/'13)			(15/01/'13)	(18/02/'13)	(18/02/'13)	
 in '000 mt in '000 mt					
Production	181951	188568	168970	191538	189794	43436	44923	40197	46000	45576
Consumption	166613	180122	183002	187337	187393	39122	42155	44025	45527	45500

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.	
	15-Feb-'13	8-Feb-'13	01-Feb-'13	25-Jan-'13	Jan 2013	Jan 2012
SPOT						
soybeans (US no.1, yellow, Gulf)	552	574	573	566	561	467
soybean meal (pellets, 48%, Brazilian origin, CIF Rotterdam)	516	542	531	526	524	386
soybean oil (Dutch, FOB ex-mill Rotterdam)	1175	1201	1207	1208	1190	1216
FUTURES						
soybeans (CBOT, May contract)	519	540	534	525	518	446
soybean meal (CBOT, May contract)	451	475	466	455	452	354
soybean oil (CBOT, May contract)	1144	1164	1164	1158	1135	1144

Source: USDA, CME, BCR, Bloomberg