

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

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1. World at a glance

The global soybean production estimate for 2011/12 continued sliding in June as South American crop estimates have been further adjusted downwards. The unprecedented year-on-year drop is now estimated at 27.8 million tons, or 10.5%.

Also the world soybean utilization forecast has been revised further downwards to 257.4 million tons, basically keeping this season's total crush unchanged from the 2010/11 level. The prospective shortfall in production relative to utilization is expected to amount to 20 million tons.

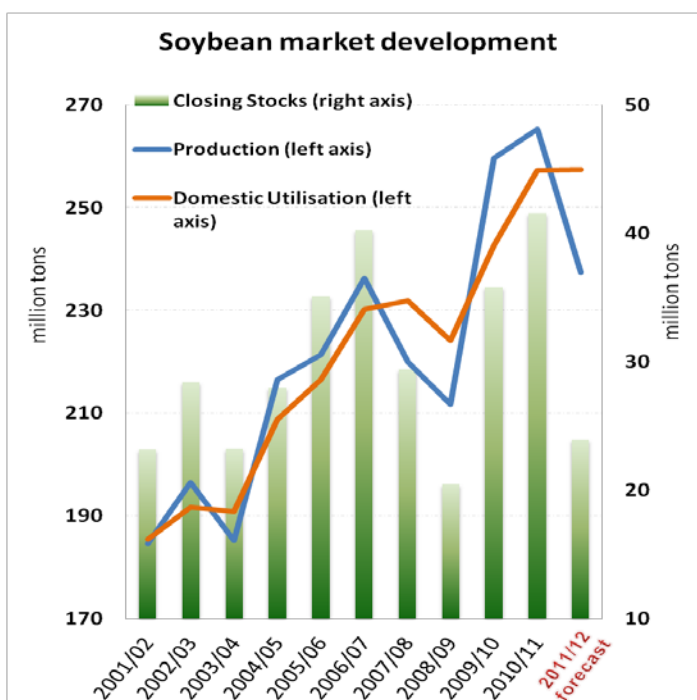
As to global soybean trade, figures this month remained virtually unchanged. In 2011/12, the

level of total shipments should exceed that recorded in 2010/11 level by barely 1%.

Global end-of-season stocks have undergone a downward revision, in turn leading to further downward corrections in the stock-to-use ratio and, even more so, in the major exporters' stock-to-disappearance ratio – with both indicators now faring well below historical levels.

The current season's exceptionally low ending stocks mean that tightness will spill over into 2012/13 – a situation that is only going to ease upon realization of the tentatively forecast record-breaking soy crops that are up for harvest early next year in South America.

Soybean supply and demand				
	2009/10	2010/11 estimate	2011/12 forecast	
			previous (16/05/12)	current (14/06/12)
 in '000 mt			
Production	259653	265251	238278	237427
Imports	91270	91921	92849	92989
Utilization	242709	257280	258469	257413
Exports	91241	92011	92733	92748
End. stocks	35800	41597	24455	23935
 in %			
World stock-to-use ratio	14.8	16.2	9.5	9.3
Major exp. stock-to-disapp. ratio	7.2	10.2	4.5	3.9



2. Country details

Production: Again, cuts in South America's soy crops play the main role in this month's downward revision of global production, with Brazil and Argentina lowering their output estimates by another 0.3 and 0.5 million tons, respectively. Since the beginning of the season, the region's crop forecast has been cut by almost 20 million tons in total, making it the major contributor to the unprecedented year-on-year drop in global production (close to 28 million tons).

Utilization: World 2011/12 soybean crush is now estimated to stagnate at the level recorded last season – when consumption rose by 6%. The prospected crushing increase in the United States will not be sufficient to fully compensate the drop in utilization expected in Brazil and Argentina. As also the United States' own supplies are not ample, the anticipated US crush level can only be realized via a substantial drawdown in domestic stocks. This will be felt at the global level: in 2011/12, global carry-out stocks are estimated to be more than 40 percent lower than last season.

Trade: Globally, the 2011/12 trade forecast for soybeans has remained virtually unchanged from last month, hence maintaining a 1% increase compared to 2010/11 values. With considerably reduced South American supplies - and constant world import requirements - the

United States' role as global supplier of soybean is expected to gain in importance. Despite further upward revisions in the US export estimate, our current forecast for global export supplies turns out to be 240 thousand tons below global import demand.

3. Price developments

Despite bullish fundamentals, international soybean prices have weakened somewhat during May. Prices relaxed as a result of several external factors, notably falling prices for wheat and maize, growing economic uncertainties caused by the Euro-zone debt crisis, a strengthening US dollar and weakness in the energy sector. Also weather developments have played a role in that - based on recent weather developments in the United States - US soy plantings could turn out higher than originally anticipated. Furthermore, the market seems to have responded to first promising forecasts for Latin America's 2012/13 soy crops as well as to a temporary slowdown in China's soy import demand.

*For comments or queries
please use the following Email contact:
Peter.Thoenes@fao.org*

Average soybean prices (US\$ per tonne)						
 week ending on monthly avg.	
	15-Jun-'12	8-Jun-'12	1-Jun-'12	25-May-'12	May 2012	May 2011
SPOT: US no.1, yellow, Gulf	540	548	517	528	540	524
FUTURES: Chicago CBOT, September contract	495	489	480	484	504	494
Source: USDA, CME						