

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

no.18, June 2013

Date of aggregation: 24<sup>th</sup> June

**1. World at a glance**

In June, the estimate for 2012/13 global soybean production has been raised marginally (0.3 percent). At about 267 million tons, the expected recovery from the previous season is maintained in the 11 percent range. Year-on-year expansion in total supplies should, however, not exceed 6 percent due to historically low 2012/13 opening stocks.

The estimate for world soybean utilization has been revised slightly upward to 265.5 million tons, which is 2.7 percent higher than last season.

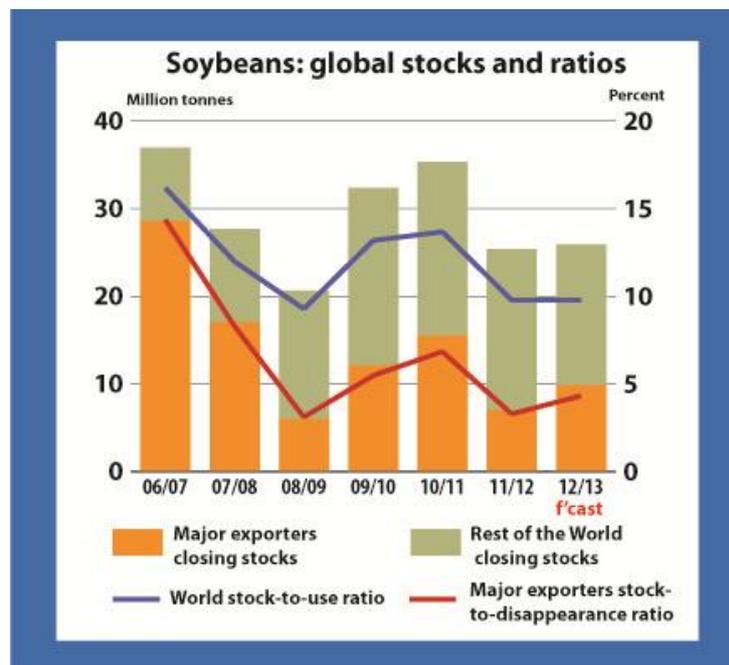
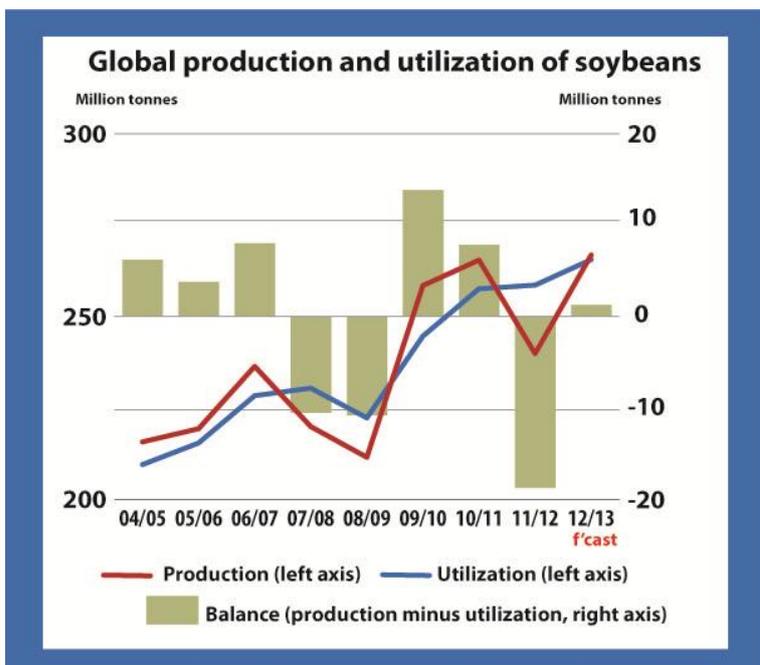
The surplus in world production relative to utilization is confirmed at about 1.2 million tons – considerably less than the estimates issued at the beginning of the season when production forecasts were much higher.

As to world soybean trade, the 2012/13 forecast is virtually unchanged, which implies a year-on-year increase of less than 4 percent.

Global 2012/13 end-of-season stock estimates have been revised upward to 25.9 million tons – still substantially lower than expected at the beginning of the season.

**2. Country details**

Supply: This month’s upward revision in global production is mainly on account of Paraguay and Uruguay, with production set at record levels in both countries. Higher production estimates are based on reports of better than anticipated yields. A slight downward correction in Brazil’s production forecast – reflecting the impact of dry weather in the country’s Northeast – only partially offsets the



neighboring countries' improved outlook.

Low carry-over stocks from 2011/12 are expected to limit the year-on-year expansion in total *supplies* to 6 percent, compared to more than 8 percent projected earlier in the season. This season's rise in global supplies will be determined by marked improvements in Brazil, Argentina and other South American producers, which are expected to offset exceptional supply contractions in the United States and China.

Global *closing stocks* have been revised upwards by about 0.7 percent, mostly reflecting the improved crop prospects for Paraguay and Uruguay, which are expected to result in higher national inventories. China's stock estimate has undergone a further slight downward revision. The global *stock-to-use ratio* is anticipated to remain close to the past season's low level, while the major exporters' *stock-to-disappearance ratio* is expected to recover, though less markedly than previously anticipated.

**Utilization:** This month's upward correction is the combined result of higher forecasts for the United States, Paraguay and Uruguay on one hand, and downward corrections for China and Brazil on the other. The US soybean crush estimate has been raised in response to sustained global demand for US soymeal. Due to continued congestion in several South American ports, the customary shift in import demand from North to South American origins has been slower than usual. Although US crush forecasts have been gradually raised during the current season, utilization is still expected to fall compared to 2011/12, reflecting two consecutive years of poor harvests.

**Trade:** While the global forecast for soybean shipments in 2012/13 remains about unchanged, a number of mutually compensating changes took place at individual country level. On the export side, upward estimates for the United States and Ukraine. With respect to imports, downward corrections

<b>World soybean supply and demand</b>						
	2009/10	2010/11	2011/12 estimate	2012/13 forecast		
				previous (22/05/'13)	current (24/06/'13)	change in percent
	..... in '000 mt .....					
<b>Production</b>	258449	265414	239831	266016	<b>266799</b>	0.29
<b>Supply <sup>1</sup></b>	279090	297795	275180	291382	<b>292165</b>	0.27
<b>Utilization <sup>2</sup></b>	244609	257569	258556	265101	<b>265532</b>	0.16
<b>Trade <sup>3</sup></b>	91743	90809	94147	97650	<b>97750</b>	0.10
<b>Ending stocks</b>	32381	35349	25366	25736	<b>25909</b>	0.67
	..... in percent .....					
<b>World stock-to-use ratio</b>	13.2	13.7	9.8	9.7	<b>9.8</b>	
<b>Major exporters' stock-to-disappearance ratio <sup>4</sup></b>	5.5	6.9	3.3	4.2	<b>4.3</b>	

<sup>1</sup> Supply is defined as production plus opening stocks .

<sup>2</sup> Utilization is defined as domestic disappearance and includes primarily crush, plus seed, waste and confectionary uses.

<sup>3</sup> Trade refers to exports.

<sup>4</sup> 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.

for China (reflecting a weaker demand outlook) have been offset by higher estimates for other importing countries in Asia.

### 3. Soyoil/soymeal supply and demand

Current soybean crop forecasts for 2012/13 are expected to translate into a year-on-year increase in soymeal and soyoil production in the 11-12 percent range.

As to utilization, compared to last season, global soy oil consumption is now anticipated to grow less than 2 percent, whereas soy meal utilization is expected to contract by almost 2 percent. The likely slowdown in meal consumption reflects lower than earlier anticipated availabilities combined with persistent price firmness. As to soy oil, the projected expansion remains below historic growth rates. The slowdown is attributed to subdued economic growth worldwide and weak demand from the biodiesel sector.

### 4. 2013/14 soybean production outlook

Based on tentative productions forecasts for 2013/14 a significant increase in world supplies of soybeans should be possible in the coming season.

Official planting projections of the United States are unchanged: although area expansion for soybeans is expected to be limited, yields are expected to return to trend levels, thus leading to a record crop output. Current planting delays in a number of growing regions are, however, creating some concerns as these could negatively affect yields.

In India, a favourable start in monsoon rains monsoon contributed to improved production prospects, whereas in China, a drop in soybean production continues to be likely due to prospective cuts in area planted. In South America, where plantings of the next crop will occur only towards the end of the year, a further expansion in output seems possible, although the production outlook for Argentina remains uncertain due to continued controversies between farmers and the government over the prevailing export taxes and exchange rates.

The anticipated gains in global production are expected to outstrip world consumption growth, possibly leading to a more balanced supply and demand situation. A replenishment of global inventories may be achieved during 2013/14, leading to further improvements in stock-to-use ratios and, potentially, a general relaxation of prices in the soybean complex.

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			estimate	previous	current
			(22/05/'13)	(24/06/'13)				(22/05/'13)	(24/06/'13)	
	..... in `000 mt .....					..... in `000 mt .....				
<b>Production</b>	180656	186929	168315	186117	<b>186681</b>	43473	44481	40171	45011	<b>45137</b>
<b>Consumption</b>	165027	177887	183683	180415	<b>180528</b>	39142	42034	43433	44537	<b>44282</b>

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.

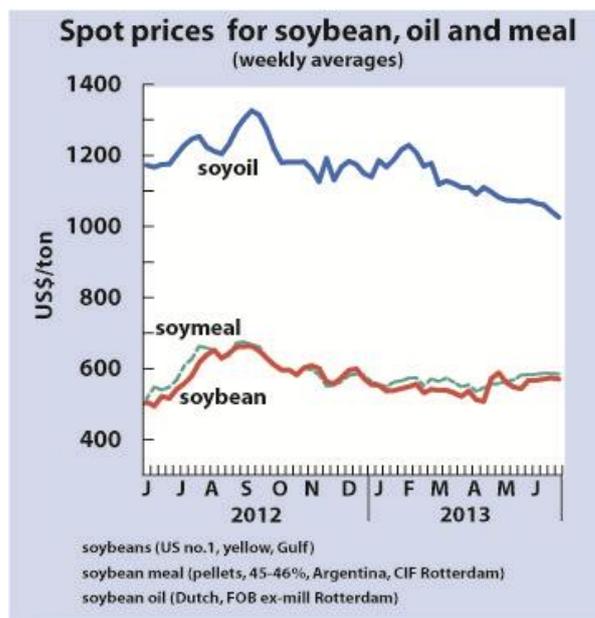
## 5. Price developments

As observed in May, quotations for soybeans and soymeal appreciated further during June, while soy oil prices continued weakening.

The strength in soybean and meal values is mainly on account of persistent supply tightness in several importing countries, mainly caused by thinning old crop availabilities in the United States and delayed shipments from South America – at a time when global export volumes usually increase. Delays in the ongoing plantings of the United States' 2013/14 soy crop also lent support to prices.

By contrast, international soybean oil prices continued to weaken, as a higher production pace boosted export availabilities in South America, while growth in global demand continued to be weak, partly because of subdued soy oil consumption in the biodiesel

sector. Recent, strong rises in exports from Argentina – also resulting from a marked drop in domestic biodiesel production – played a key role in this regard.



### Average soybean, soyoil and soymeal prices (US\$ per ton)

	..... week ending on .....				..... monthly avg. ....	
	21-Jun-'13	14-Jun-'13	07-Jun-'13	31-May-'13	May 2013	May 2012
<b>SPOT</b>						
soybeans (US no.1, yellow, Gulf)	585	587	587	584	577	540
soybean meal (pellets, 45-46%, Argentina, CIF Rotterdam)	571	574	571	567	558	499
soybean oil (Dutch, FOB ex-mill Rotterdam)	1026	1043	1061	1065	1071	1220
<b>FUTURES</b>						
soybeans (CBOT, September contract)	490	497	500	491	484	504
soybean meal (CBOT, September contract)	442	450	452	441	412	410
soybean oil (CBOT, September contract)	1064	1056	1064	1071	1076	1098

Source: USDA, CME, Bloomberg

For comments or queries  
please use the following Email contact:  
[Peter.Thoenes@fao.org](mailto:Peter.Thoenes@fao.org)