

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

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1. World at a glance

The downward revision of global soybean production in 2011/12 continued in March. The new estimate stands at 245 million tons, an almost 8 percent decline from the previous season. 2011/12 is the first season to see a decline in production in both the northern and southern hemisphere.

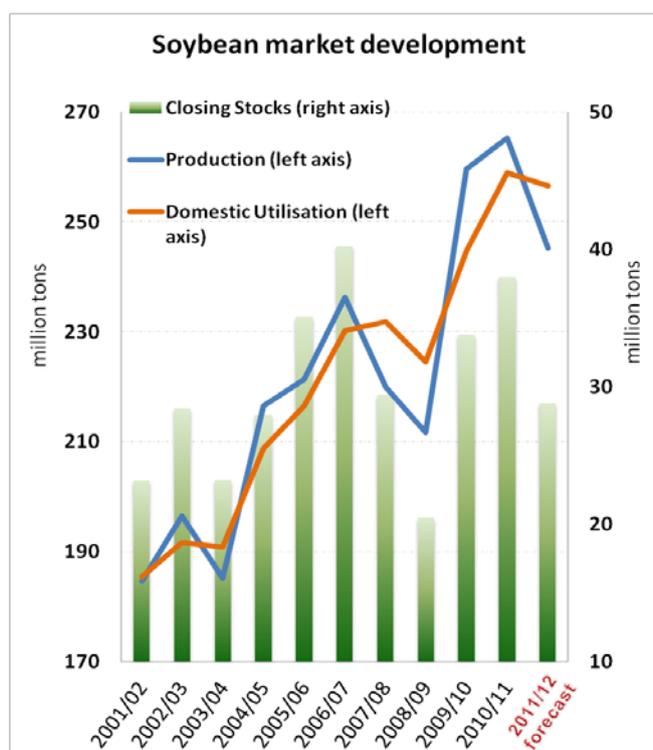
With global utilization anticipated at around 258 million tons, the prospective shortfall of production relative to utilization has now widened to nearly 13 million tons, which is more than double the estimate made at the

beginning of this season.

The marked production deficit is expected to result in a sharp contraction in global end-of-season stocks, leading to historically low stock-to-use and (for major exporters) stock-to-disappearance ratios.

Trade estimates have remained virtually unchanged. Following earlier downward corrections, in 2011/12, global trade in soybeans is anticipated to stagnate at last season's level.

Soybean supply and demand				
	2009/10	2010/11 estimate	2011/12 forecast	
			previous (15/02/12)	
			current (15/03/12)	
 in '000 mt			
Production	259699	265244	247050	245262
Imports	91273	91924	92448	92159
Utilization	244757	258902	258834	258228
Exports	91241	91978	92173	92073
End. stocks	33800	37990	29723	28818
 in %			
World stock-to-use ratio	13.8	14.7	11.5	11.2
Major exp. stock-to-disapp. ratio	6.9	10	7.8	7.9



2. Country details

Production: The key players behind the March downward revision remain Argentina and Brazil, whose production estimates have been reduced by, respectively, 1.0 and 0.5 million tons. Since the beginning of the season, the adverse weather conditions that affected the South American soy crop led to a downscaling of the region's output forecast by nearly 15 million tons, which corresponds to a year-on-year drop of almost 20 million tons.

Utilization: World soybean crush is estimated to fall short of the 2010/11 level. Low soybean availabilities along with the replacement of soybean meal by competitively priced feed grains are behind the crush decrease expected in several soybean consuming countries, such as the USA and (also taking into account import-based crush) the EU.

Trade: The estimate for global trade in soybeans has remained virtually unchanged from last month. Despite repeated reductions in South American crop forecasts, the export estimates for Brazil and Argentina have not been lowered, thanks to the availability of ample opening stocks at the beginning of this season. Year-on-year, the slowdown in trade growth is confirmed, primarily reflecting the

anticipated 3-year-low export volume from the USA and, on the import side, lower than earlier expected purchases by China as well as falling import volumes in the EU and other Asian countries.

3. Price developments

March has seen yet another strong increase in international prices for soybeans (as well as for soyoil and soymeal), confirming the trend reversal that took place last January. The recent price appreciation in the soybean complex has been triggered by the string of reductions in the global 2011/12 soy production forecast. The market is increasingly concerned about the ensuing supply and demand tightness and the anticipated decline in global stocks.

The prospect of renewed competition for arable land between soybeans and maize in the 2012/13 season, and indications that the global rapeseed balance may remain tight for yet another season have lent additional support to prices.

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Average soybean prices (US\$ per tonne)						
 week ending on				February	February
	23-Mar-'12	16-Mar-'12	9-Mar-'12	02-Mar-'12	2012	2011
SPOT: US no.1, yellow, Gulf	523	528	514	513	487	538
FUTURES: Chicago CBOT, May contract	480	499	490	487	465	516
Source: USDA, CME						