

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

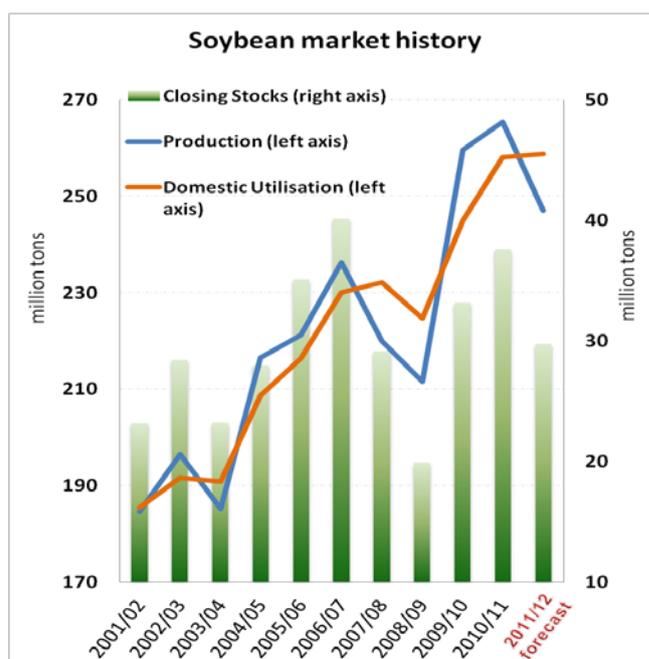
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1. World at a glance

Based on the latest forecast of 247 mill tons, global soybean production in 2011/12 is now set to decline by 7% from 2010/11. Global soybean utilization, estimated to expand by about 3% at the onset of this season, is now anticipated to remain close to the 2010/11 level. The expected stagnation reflects negative production growth on one hand and replacement of soybean meal by attractively priced feed grains on the other. The prospect of poor global economic growth in 2011/12 (which should curtail overall feed demand) also contributes to the lower soybean

crush estimate. The shortfall of global production relative to demand is now forecast at close to 12 mill tons, more than double the amount forecasted at the beginning of the season. Consequently, global end-of-season stocks are anticipated to contract sharply from last season's level (by more than 20%), leading to historically low stock-to-use and stock-to-disappearance ratios. Also the estimate for world trade in soybeans has been corrected downward. As a result, global transactions are now anticipated to exceed last season's level by barely 1% (compared to earlier estimates of 4%).

Soybean supply and demand				
	2009/10	2010/11 estimate	2011/12 forecast	
			previous (16/01/12)	current (16/02/12)
 in '000 mt			
Production	259629	265686	252283	247050
Imports	91269	91508	93913	92448
Utilization	244971	259318	259213	258834
Exports	91241	91497	93513	92173
End. stocks	33581	37563	32570	29723
 in %			
World stock-to-use ratio	13.7	14.5	12.5	11.5
Major exp. stock-to-disapp. ratio	6.9	10	9.4	7.8



2. Country details

Production: South American crop damage, due to adverse weather conditions, has played the main role also in this month's downward revision in the global production estimates for 2011/12.

Compared to last month's forecast, the continent's aggregate output has been downscaled by another 5.5 mill tons (with production estimates in Argentina, Brazil and Paraguay cut by, respectively, 2.0, 2.1 and 1.4 mill tons). The exceptional event of soybean production declining in both, the United States and South America should lead to a year-on-year drop in global production of close to 19 mill tons.

Utilization: With previously anticipated utilization growth rates being cut in several major soybean-consuming countries, world soybean crush is currently estimated at the same level as in 2010/11. Global carry-out stocks are now anticipated to be 7.8 million tons or 20% lower than at the end of last season. The sharp reductions expected in Argentina and Brazil would, together, account for ¾ of the global decline.

Trade: As to trade, there has been a further downward adjustment in the global growth estimate, mainly reflecting lower export projections for Brazil, Argentina and Paraguay, following the reduction in production forecasts.

Notwithstanding, Brazil and Argentina are still expected to export more than anticipated earlier in the season as both countries avail of ample stocks that are likely to be freed for export. On the import side, the latest downward revision mostly concerns China: year-on-year, the country's purchases are now forecast to grow by only 5%, compared to the earlier anticipated 8% and to an average rate of 14% observed during the last five seasons.

3. Price developments

After losing strength for four consecutive months, international soybean prices appreciated again in January. This reversal in trend was confirmed in February, reflecting growing concerns about the prospective stagnation in global soybean supplies and the resulting poor growth in export availabilities. The downward revisions for South America are attracting increased attention because, in the second half of the season, world markets increasingly depend on that region for supplies. Other factors exerting upward pressure on prices include spill-over from strengthening maize prices and, related to it, the prospect of renewed competition for land between soybeans and maize in the 2012/13 season.

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Average soybean prices (US\$ per tonne)						
 week ending on				January	January
	24-Feb-'12	17-Feb-'12	10-Feb-'12	03-Feb-'12	2012	2011
SPOT: US no.1, yellow, Gulf	498	493	477	480	462	535
FUTURES: Chicago CBOT, May contract	470	465	455	452	445	515
Source: USDA, CME						