



The Soy Export Weekly Update

USDA Supply And Demand Report Recap

USDA on May 9 released its initial detailed view of 2008-09 U.S. crop supply and demand prospects. For the soy complex, rebounding U.S. production offsets noticeably low beginning stocks and contributes to some stocks replenishment. USDA sees a stocks rebound to 5.03 million tonnes from 3.95 million tonnes. Lower beginning stocks offset part of the sharp rise in production to 84.5 million tonnes from 82.3 million tonnes. Demand is expected to remain firm at 54.4 million tonnes with a normal residual loss expected. The residual of 54,400 tonnes for 2007-08 reflects an apparently larger 2007 soybean crop, and the estimates will likely be adjusted in September as usual. Oil stocks are expected to decline slightly to 1.22 million tonnes million pounds from 1.27 million tonnes. Bio-diesel demand is expected to rise to 1.45 million tonnes from 1.34 million tonnes.

While the market was looking for a smaller reduction in the carryout, analysts expect that USDA will have to boost its export forecast further in the coming months given the record large outstanding export sales. USDA did not make any substantial changes to world numbers for 2007-08 and will not release world figures for 2008-09 until next month.

Argentine Farmers Restart Strike; U.S. Continues To Benefit On Exports

The farmer strike in Argentina has yet to be resolved with farmers now withholding further sales. Argentina's farmers on May 7 announced an eight-day strike after a month of fruitless talks with the government over a controversial tax hike on soybean exports broke down. *Dow Jones Newswires* reports that farmers will refuse to buy or sell grain for export, but will not block domestic food transport as they did during a three-week strike in March that left supermarket shelves bare of many basic foods, farm leaders said.

However, regional farm groups announced that they would go ahead and block roads, despite the directive from the national farm group leaders. Farm groups will meet again on May 15 to decide the next steps to be taken, Rural Confederation president Mario Llambias said. The leader of Argentina's truckers' union said last week that if farmers resume roadblocks, truckers will respond by shutting down all transport.

In related news, Argentina could see its output of soybean reduced below expectations this year as bad weather is likely to lower the soybean crop but the precise outlook is unclear, according to Oil World. "Later planted soybeans have not developed well, particularly those planted after wheat. Yields of the later-maturing soybeans have been cut by too dry conditions as well as by frost." Oil World claim the soybean harvest in Argentina is now over half finished and yields in the past couple of weeks have fallen from earlier results.

Meanwhile, the situation in Argentina could benefit U.S. producers. U.S. crushers and exporters likely have accumulated stocks that will allow for normal operations for the time being. The July/November inverse widened back out some on May 2 after eroding the previous week to the narrowest level since early April. Although it appears that a shift of export business from Argentina to the United States has slowed over the last week, enough business has been shifted to push 2007-08 U.S. exports on a Census basis to 3.13 million tonnes that draws down the 2007-08 carryout to 3.18 million tonnes.



Conferees Complete Farm Bill; Presidential Veto Looms

Farm bill conferees on May 8 finally completed work on a new farm bill. While conference leaders said they were hopeful President Bush would sign the bill, or allow it to become law without his signature, they added that if a veto comes, they are prepared for an override.

Floor votes on the new farm bill conference report, which cannot be amended, are likely May 14. Details of the final bill await scores from the Congressional Budget Office. The current extension of the 2002 farm bill expires May 16, which allows enough time for both chambers of Congress to pass the conference report and send it to President Bush.

The last issue that was settled was a change to adjusted gross income levels for wealthy farmers to qualify for federal farm payments. Conferees reportedly considered lowering the cap on farm income to \$750,000. Sen. Chuck Grassley (R-Iowa) said the farm bill would bar people with more than \$500,000 in off-farm income or \$750,000 overall from receiving direct payments. There would be no income test for the other two elements of the farm safety net, price supports and countercyclical payments, which are available when market prices are low. Maximum payment would remain \$40,000 per person for direct payments,

There would be a ban on conservation payments to people with adjusted gross incomes of \$1 million per year unless two thirds of that money comes from agriculture or forestry.

Farmers would be able to retain ownership of grain after they receive loan deficiency payments, but those payments would be based on 30-day rolling average prices. Also still in the bill are increases in crop subsidy rates for soybeans and wheat.

Bush administration officials will be hesitant to officially comment on the measure until they see final language. But most sources say a presidential veto is likely and they dismiss as lawmaker spin remarks that the bill might become law without President Bush's signature: "wishful thinking," as one contact put it.

Keith Hennessey, director of the White House's National Economic Council, said the conference package includes "budget gimmicks and timing shifts" that mask the measure's true cost. Hennessey said lawmakers have shown little willingness to address White House concerns about some \$18.5 billion in spending built into the broader bill. "We're not seeing it," he said, when asked about the prospect for compromise on the spending dispute. And, he added, "We're not seeing any indication we're going to see it."

Soy Complex Up On Weaker Dollar As Well As Increases In Energy, Metal And Grain Markets

The soy complex closed higher on May 8 reflecting a weaker U.S. dollar, higher outside energy and metal markets as well as higher grain markets, but the gains in soybean futures were anemic compared to the double-digit gains in corn and wheat futures. Upside price potential could be tempered by the ongoing delays in corn plantings that are raising concerns that soybeans will pick up acreage from corn if the delays extend into the latter part of this month. Soybean oil futures have minimal downside risk at current energy price levels. May bean futures closed up \$0.37, finishing at \$477.02; July gained \$0.37, closing at \$481.34; and August was up \$1.01, ending at \$479.13. May meal increased \$1.43 closing at \$363.54; July was \$1.10 higher, finishing at \$369.49; and August meal closed up \$1.21, ending at \$368.06. May soyoil increased \$9.70 to finish at \$1302.48; July was up \$8.60, closing at \$1312.84; and August was \$8.82 higher, closing at \$1319.89.



U.S. & South America Soybean/Products Balance

	United States			Argentina			Brazil		
	Actual	Estimate	Proj.	Actual	Estimate	Proj.	Actual	Estimate	Proj.
	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08
Soybeans	<i>thousand tonnes</i>								
Carryin	6,960	12,229	15,617	174	334	185	1,638	2,252	3,851
Production	83,368	86,770	70,358	40,500	48,800	47,000	57,000	59,000	61,000
Imports	92	246	163	1,013	2,359	2,600	40	108	130
Crush	47,324	49,160	49,941	32,748	37,600	38,100	28,756	30,770	31,800
Exports	25,579	30,428	27,896	7,130	12,208	10,000	24,770	23,805	27,900
Other	5,288	4,040	4,495	1,475	1,500	1,525	2,900	2,934	2,950
Usage	78,191	83,628	82,332	41,353	51,308	49,625	56,426	57,509	62,650
Carryout	12,229	15,617	3,806	334	185	160	2,252	3,851	2,331
Soymeal	<i>thousand tonnes</i>								
Carryin	156	285	318	1,686	2,003	2,076	636	863	1,013
Production	37,416	39,033	39,720	25,582	29,153	29,550	22,300	23,850	24,615
Domestic use	30,114	31,171	32,024	574	620	645	10,000	11,500	12,000
Net Exports	7,173	7,829	7,743	24,691	28,460	29,164	12,073	12,200	12,713
Usage	37,287	39,000	39,767	25,265	29,080	29,809	22,073	23,700	24,713
Carryout	285	318	271	2,003	2,076	1,817	863	1,013	915
Soybean oil	<i>thousand tonnes</i>								
Carryin	771	1,366	1,317	385	487	350	248	300	301
Production	9,248	9,292	9,614	6,169	7,200	7,320	5,521	5,910	6,105
Domestic use	8,146	8,502	8,573	402	597	1,135	3,172	3,450	3,640
Net exports	507	839	1,071	5,665	6,740	6,160	2,297	2,459	2,450
Usage	8,653	9,341	9,644	6,067	7,337	7,295	5,469	5,909	6,090
Carryout	1,366	1,317	1,287	487	350	375	300	301	316

USDA Export Sales (tmt) - Week of 01 May 2008

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	0.7	117.3	Mexico	Soymeal	1.2	705.8
China	Soybeans	2.2	11335.6	Nicaragua	Soymeal	3	35.3
Colombia	Soybeans	8	177.4	Panama	Soymeal	9	96
Germany	Soybeans	60.2	1044	Philippines	Soymeal	2.9	376.7
Indonesia	Soybeans	4.7	842.1	UK	Soymeal	28.4	28.4
Israel	Soybeans	8.7	285.5	Venezuela	Soymeal	60	183.1
Malaysia	Soybeans	2	56.2	Canada	Soyoil	0.6	22.5
Mexico	Soybeans	12.6	2461.2	Colombia	Soyoil	3.5	42.9
Philippines	Soybeans	0.9	39.6	Mexico	Soyoil	1.6	83.4
Taiwan	Soybeans	18.1	1375	Salvador	Soyoil	1	8.4
Algeria	Soymeal	25	40.2	Venezuela	Soyoil	5	22.5
Canada	Soymeal	19.1	765.1	Export Sales Totals (tmt)			
Colombia	Soymeal	21.1	251.8	Commodity	Outstanding Sales	Accum. Exports	New Sales
Germany	Soymeal	5.1	51.9	Soybeans	3,889.3	24,996.6	41.0
Honduras	Soymeal	1.3	95.6	Soymeal	1,362.7	4,706.3	122.2
Ireland	Soymeal	0.6	46.6	Soyoil	138.5	810.1	12.0
Japan	Soymeal	1.2	195.6				



Thursday Spot and Futures Prices, 08 May 2008

<i>Item</i>	<i>Location</i>	<i>May</i>	<i>July</i>	<i>August</i>
Soybeans (\$/mt)	Central Ill./Chicago	477.02	481.34	479.13
	FOB Gulf (Basis)	486.21	498.24	497.50
	CIF Gulf Coast (Basis Chicago)	483.63	494.57	493.83
Board Crush Margin	\$/mt	28.36	30.31	32.76
		<i>May</i>	<i>July</i>	<i>August</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	363.54	369.49	368.06
	FOB Gulf (Basis)	383.38	386.03	389.00
	West Coast (Basis)	399.91	409.17	412.15
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	363.54	369.49	368.06
	FOB Gulf (Basis)	372.36	375.00	377.98
	West Coast (Basis)	388.89	398.15	401.13
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	1302.48	1312.84	1319.89
	FOB Gulf (Basis)	1368.62	1378.98	1375.01
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	269.33	213.74	734.13

Weekly Statistics, Past Five Weeks (\$/mt)

	<i>3-Apr</i>	<i>10-Apr</i>	<i>17-Apr</i>	<i>24-Apr</i>	<i>1-May</i>
Nearby Soybean Futures (CBT)	461.86	498.24	496.22	495.58	467.01
Basis Central Illinois	449.00	494.57	492.54	491.90	463.33
Basis Gulf	472.89	514.77	511.65	515.05	483.91
Nearby Soybean Meal Futures (CBT)	367.29	388.23	380.29	381.62	363.21
Basis Decatur	361.77	382.72	373.68	381.62	354.39
Basis Gulf	392.64	415.97	407.85	405.87	379.74
Basis West Coast	401.46	424.61	416.67	417.99	402.89
Nearby Soybean Oil Futures (CBT)	1220.69	1326.51	1341.06	1326.51	1242.29
Basis Decatur	1176.60	1285.72	1300.27	1285.72	1201.51
Basis Gulf	1264.78	1392.65	1407.20	1392.65	1308.43
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	60.75	64.01	68.83	75.84	78.25
US Gulf/Japan, grains basis	98.88	103.59	109.91	115.65	118.26
PNW/Japan, grains basis	51.37	52.64	56.44	59.53	54.62
PNW/Japan Spread	47.51	50.95	53.46	56.12	63.64
US Corn, CBOT Nearby Futures	236.21	233.94	237.59	226.86	238.37
US Sorghum, Gulf Cash Price	243.06	243.61	244.49	233.80	240.52
Canadian Canola, Nearby Winnipeg	605.26	642.32	630.01	602.19	573.92



