

MONTHLY SOYBEAN SUPPLY & DEMAND ROUND-UP

no.15, March 2013  
 Date of aggregation: 25<sup>th</sup> March

1. World at a glance

FAO’s global soybean production for 2012/13 has undergone another downward revision (by 1.2 percent) in March. The new estimate stands at 266 million tons, which represents an almost 11 percent recovery from the poor 2011/12 crop.

Despite the current season’s marked expansion in area planted, global output is expected to barely exceed the record set in 2010/11, as unfavourable weather conditions affected productivity levels in a number of growing regions.

Total supplies (which comprise 2012/13 production plus global 2011/12 ending stocks) are now expected to increase by 6.3 percent year-on-year.

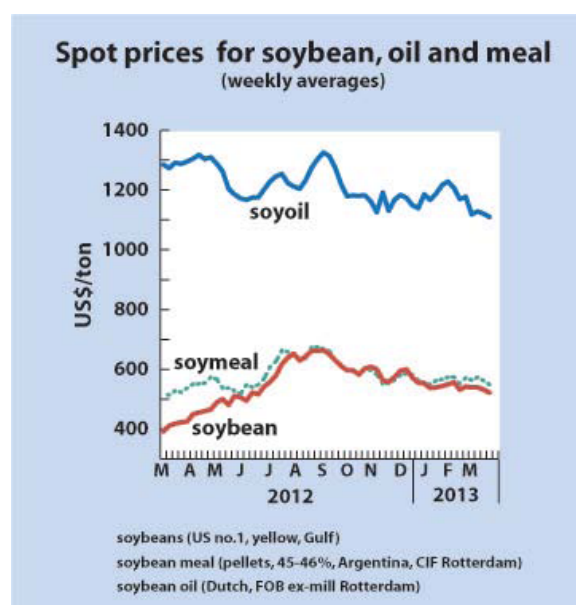
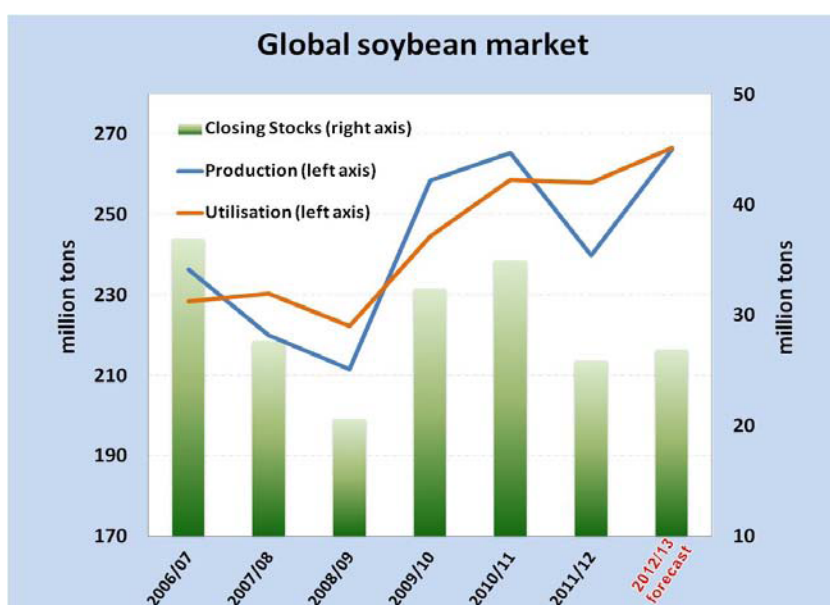
World soybean utilization is currently forecast at 266 million tons, which implies an about average

3 percent growth compared to last season.

The latest revisions point to a tighter than earlier expected supply and demand balance for soybeans in 2012/13. The anticipated surplus in world production relative to utilization is now limited to 0.6 million tons (which compares to 8 million tons estimated towards the beginning of the season).

The estimate for global soybean trade has again been corrected downwards, limiting the year-on-year increase in shipments to about 5 percent.

Estimates for 2012/13 carry-out stocks have undergone a marked downward revision, now barely reaching 27 million tons globally. This leads to downward corrections of both the world stock-to-use ratio and the major exporters’ stock-to-disappearance ratio.



## 2. Country details

Supply: This month's downward revision in global *production* is almost entirely on account of major producing countries in South America. The estimate for Argentina has been cut down further to 49 million tons. Although the country received some beneficial rains towards the beginning of March, extreme weather conditions experienced during planting and crop establishment are reported to have compromised yield levels. In Brazil, the downward revision (to 82 million tons) reflects the impact of dry weather in key growing states, including Mato Grosso. Production estimates have been lowered as well in Paraguay and Uruguay, also as a result of adverse weather. Notwithstanding the latest revisions, South America is still expected to harvest a record crop (over 144 million tons or 6 percent above 2010/11).

Smaller production estimates for the current season, combined with the low carry-over stocks from 2011/12, are anticipated to limit the year-on-year expansion in total *supplies* to about 6 percent, compared to more than 8 percent projected earlier in the season.

Reduced crop prospects in South America, especially in Brazil and Argentina, have led to lower estimates for national inventories, resulting in an almost 5 percent month-on-month downward correction in world *closing stocks*. As a result, the global *stock-to-use ratio* is now expected to range at the same level as in 2011/12, while the major exporters' *stock-to-disappearance ratio* is still envisaged to recover from the last season. In historic terms, both values remain below the levels recorded in the recent past.

Utilization: Global soybean utilization in 2012/13, though lowered marginally month-on-month, is still expected to grow by about 3 percent compared to 2011/12. Crush estimates have been lowered slightly in Argentina, Brazil, Paraguay, Uruguay and China, mainly reflecting a tighter supply base.

Trade: As to global trade, the 2012/13 forecast has been revised downward to 99 million tons. Lower availabilities may constrain the expected year-on-year expansion

in shipments from Argentina and Brazil. The United States' export estimate remained unchanged, thus confirming strong sales despite this season's poor crop outcome (a development made possible by an extraordinary drawdown in national inventories).

## 3. Soyoil/soymeal supply and demand

Despite this month's downward revision in the global soybean production forecast for 2012/13, the year-on-year increase in soymeal and soyoil *production* is expected to remain in the 10-12 percent range.

As to *utilization*, global meal and oil consumption are now expected to grow by, respectively, 1.3 percent and 3 percent relative to last season. The projected growth is close to that recorded in 2011/12 and thus below historic rates. It appears that the recent shift of prices to a higher plateau has contributed to such slowdown in demand growth.

## 4. Price developments

During March, international quotations have fallen, both in spot and futures markets, across the soybean complex – though soyoil prices eased the most.

The market has mainly been influenced by the latest weather developments in South America: in Argentina the soy crop finally benefitted from rains, while dry weather favoured harvest progress in Brazil. The recent slowdown in soybean crush reported from the United States also contributed to the relaxation in prices. Additional factors influencing prices include initial projections of an all-time high output for the 2013/14 US soybean crop as well as recent reports of cancellations of soybean orders by China.

With regard to soyoil, additional factors weighing on prices comprise continued poor demand from the biodiesel industry worldwide as well as renewed price weakness in palm oil spilling over to other edible oil markets.

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## World soybean supply and demand

	2009/10	2010/11	2011/12	2012/13		
			estimate	forecast		change in percent
				previous (18/02/'13)	current (25/03/'13)	
	..... in `000 mt .....					
<b>Production</b>	258455	265306	239867	269445	<b>266198</b>	-1.21
<b>Supply <sup>1</sup></b>	279096	297677	274780	295459	<b>292106</b>	-1.13
<b>Utilization <sup>2</sup></b>	244625	258572	258010	266664	<b>265526</b>	-0.43
<b>Trade <sup>3</sup></b>	91743	91608	94023	99830	<b>98720</b>	-1.11
<b>Ending stocks</b>	32371	34913	25888	28256	<b>26911</b>	-4.76
	..... in percent .....					
<b>World stock-to-use ratio</b>	13.2	13.5	10.1	10.6	<b>10.1</b>	
<b>Major exporters' stock-to-disappearance ratio</b>	5.5	6.9	3.6	5.1	<b>4.7</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.

## 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 (18/02/'13)	current (25/03/'13)			estimate	previous (18/02/'13)	current (25/03/'13)
	..... in `000 mt .....				..... in `000 mt .....					
<b>Production</b>	181951	188568	168970	189794	<b>186653</b>	43436	44923	40197	45576	<b>45015</b>
<b>Consumption</b>	166613	180122	183002	187393	<b>185454</b>	39122	42155	44025	45500	<b>45363</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.

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

	..... week ending on .....				..... monthly avg. ....	
	22-Mar-'13	15-Mar-'13	08-Mar-'13	01-Mar-'13	Feb 2013	Feb 2012
<b>SPOT</b>						
soybeans (US no.1, yellow, Gulf)	549	562	573	564	565	489
soybean meal (pellets, 45-46%, Argentina, CIF Rotterdam)*	522	532	539	539	543	383
soybean oil (Dutch, FOB ex-mill Rotterdam)*	1110	1121	1128	1119	1175	1250
<b>FUTURES</b>						
soybeans (CBOT, May contract)	524	532	539	529	531	464
soybean meal (CBOT, May contract)	459	473	480	473	468	367
soybean oil (CBOT, May contract)	1102	1099	1109	1095	1141	1179

Source: USDA, CME, Bloomberg

\* New series based on change in reference price