

2011/12 Situation & Outlook for Soybeans

Southern Outlook Conference

September 22, 2011

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Extension Economist

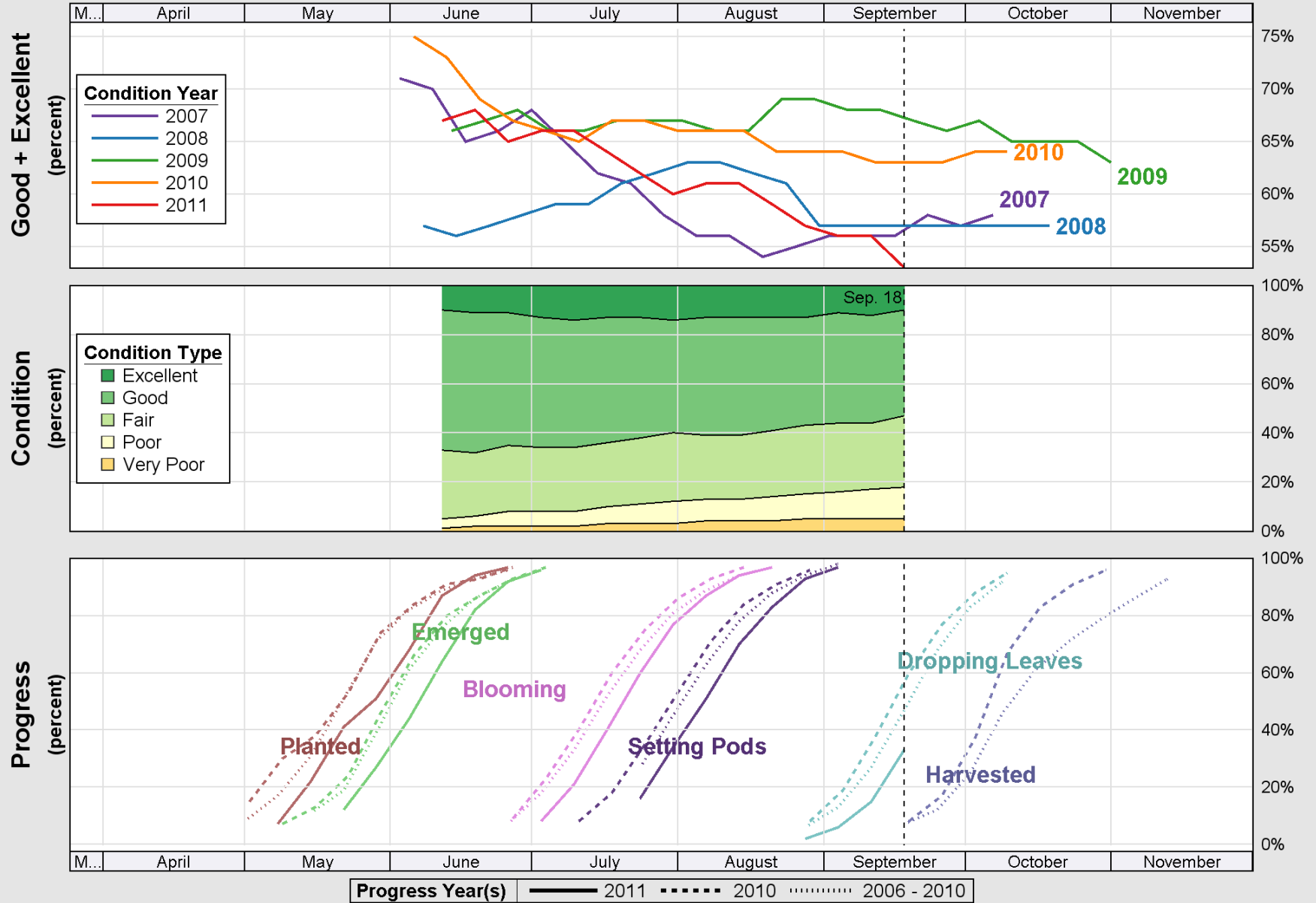


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Current Situation

- Prices are up from last year, 20% from this time last year.
- Global demand for soybeans and products growing.
- Increased production in South America, up 2%.
- U.S. corn production short, again, continuing tight situation.
- Final soybean production for 2011?
- Winter wheat plantings?

Crop Progress and Condition: Soybeans in United States , 2011



Source: National Agricultural Statistics Service (NASS), Crop Progress Report

US Soybean Crops, 2009 -2011

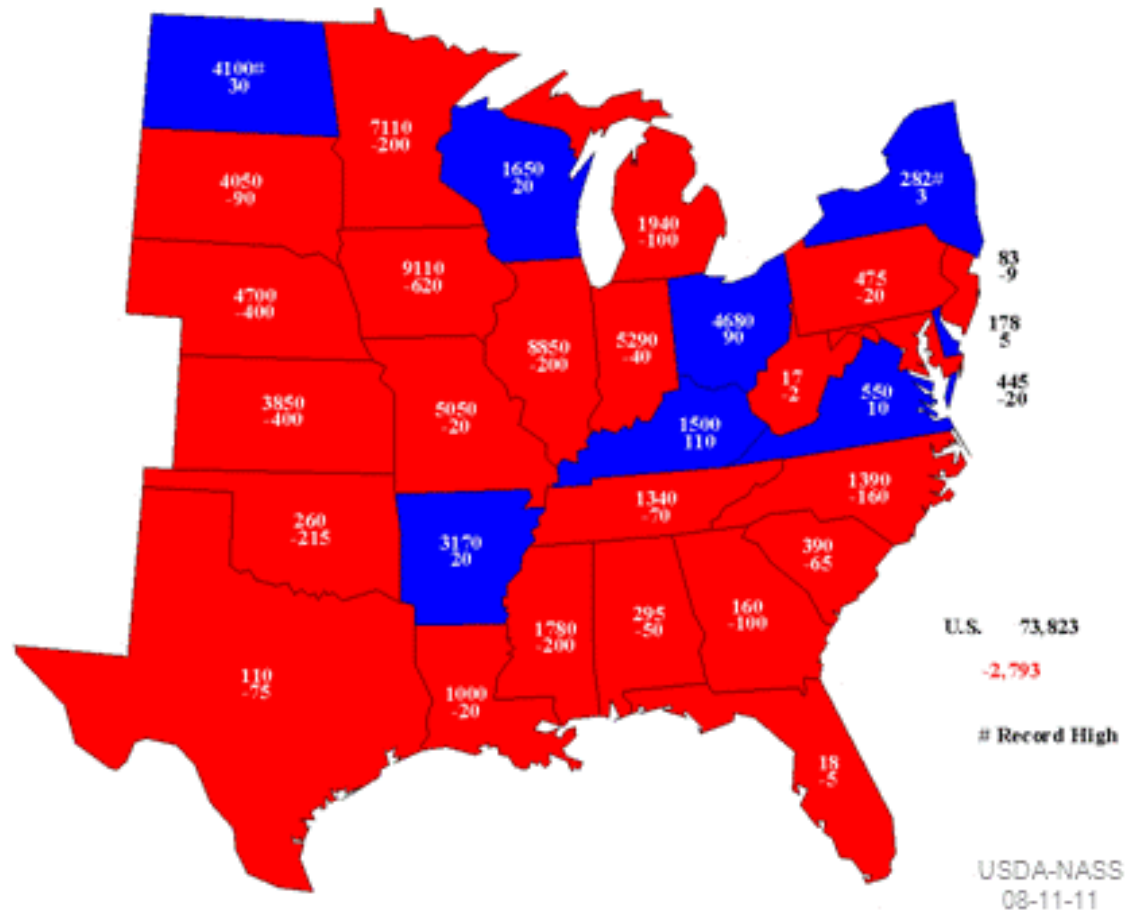
	Planted Acres			Harvested Acres			Yield (bu/acre)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
US (million)	77.5	77.4	75	76.4	76.6	73.4	44	43.5	41.8

- U.S. planted acreage down 3.1% in 2011
- Harvested down 4.2%
- U.S. production down 7.3%
- U.S. yield down 3.9%



2011 Soybeans Harvested

Acres (000) and Change From Previous Year



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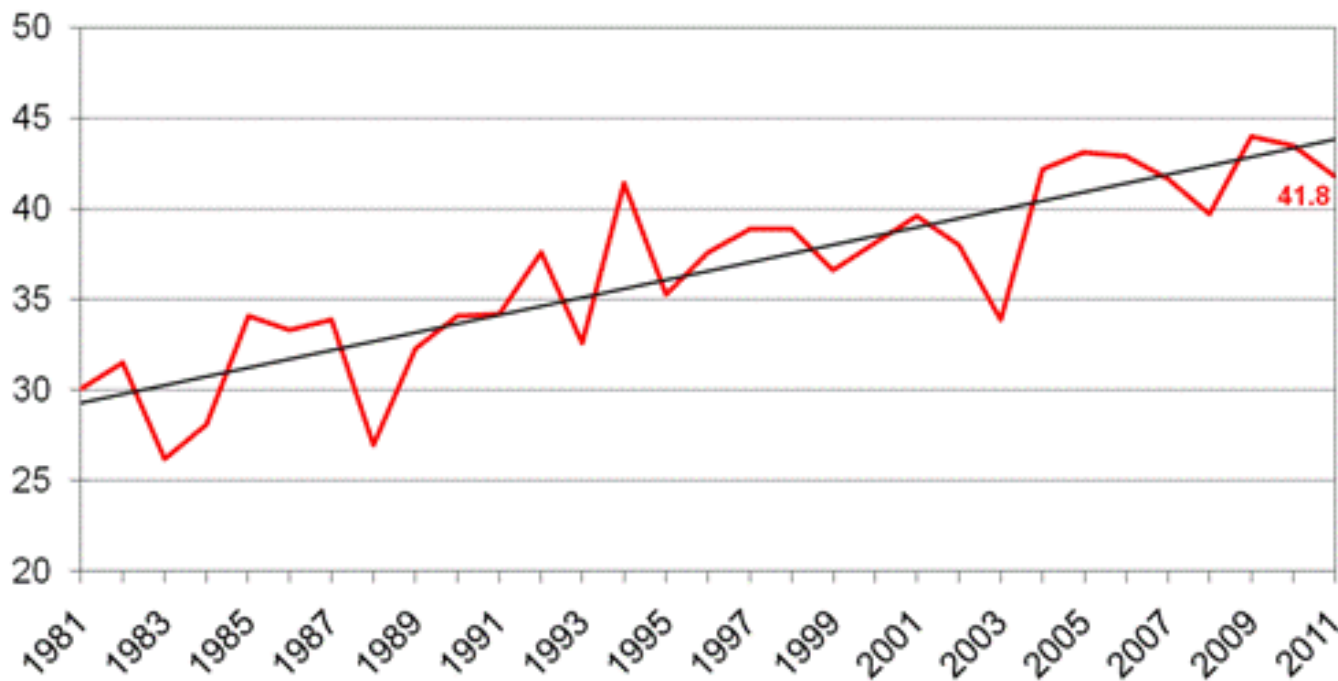
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U.S. Soybean Yield



Bushels/Acre



USDA-MASS
09-12-11

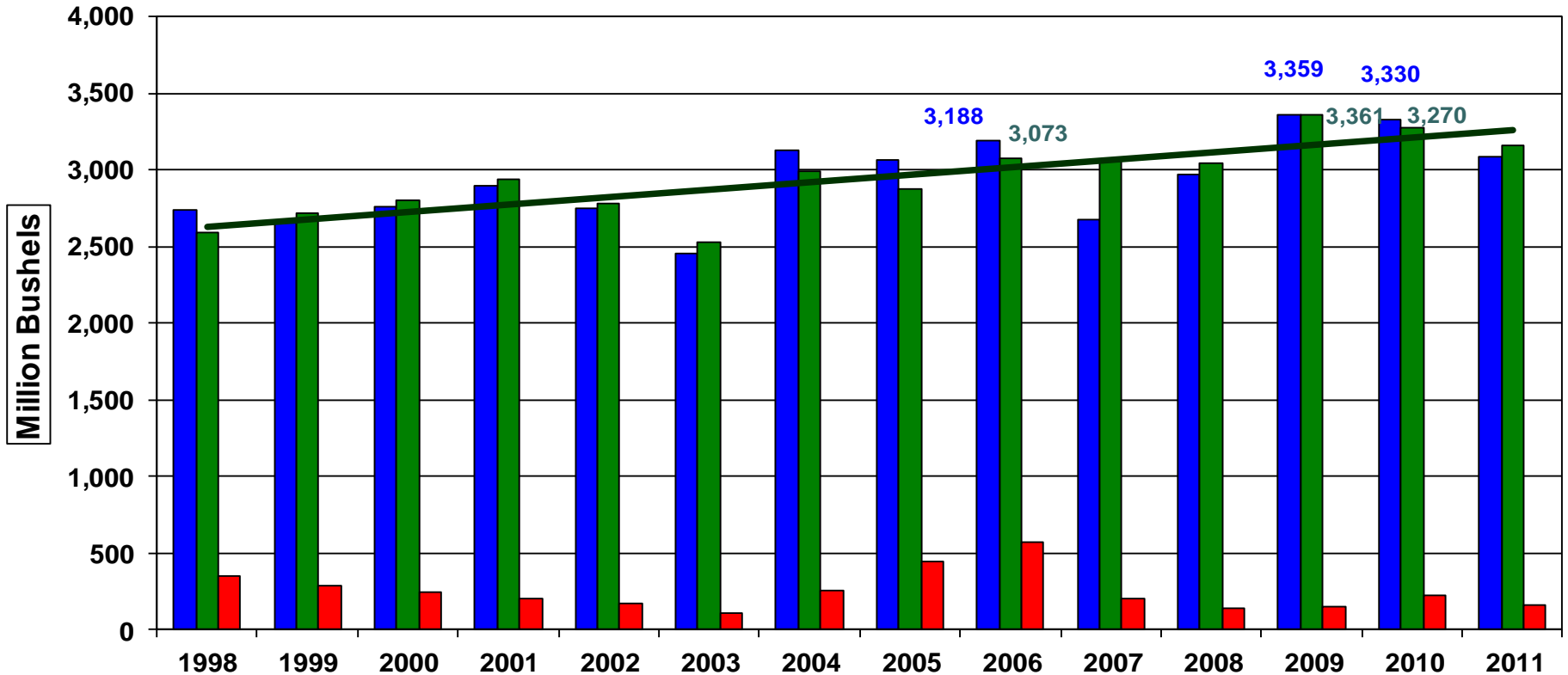


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U.S. Soybean Situation

■ Production ■ Use ■ End Stocks — Linear (Use)



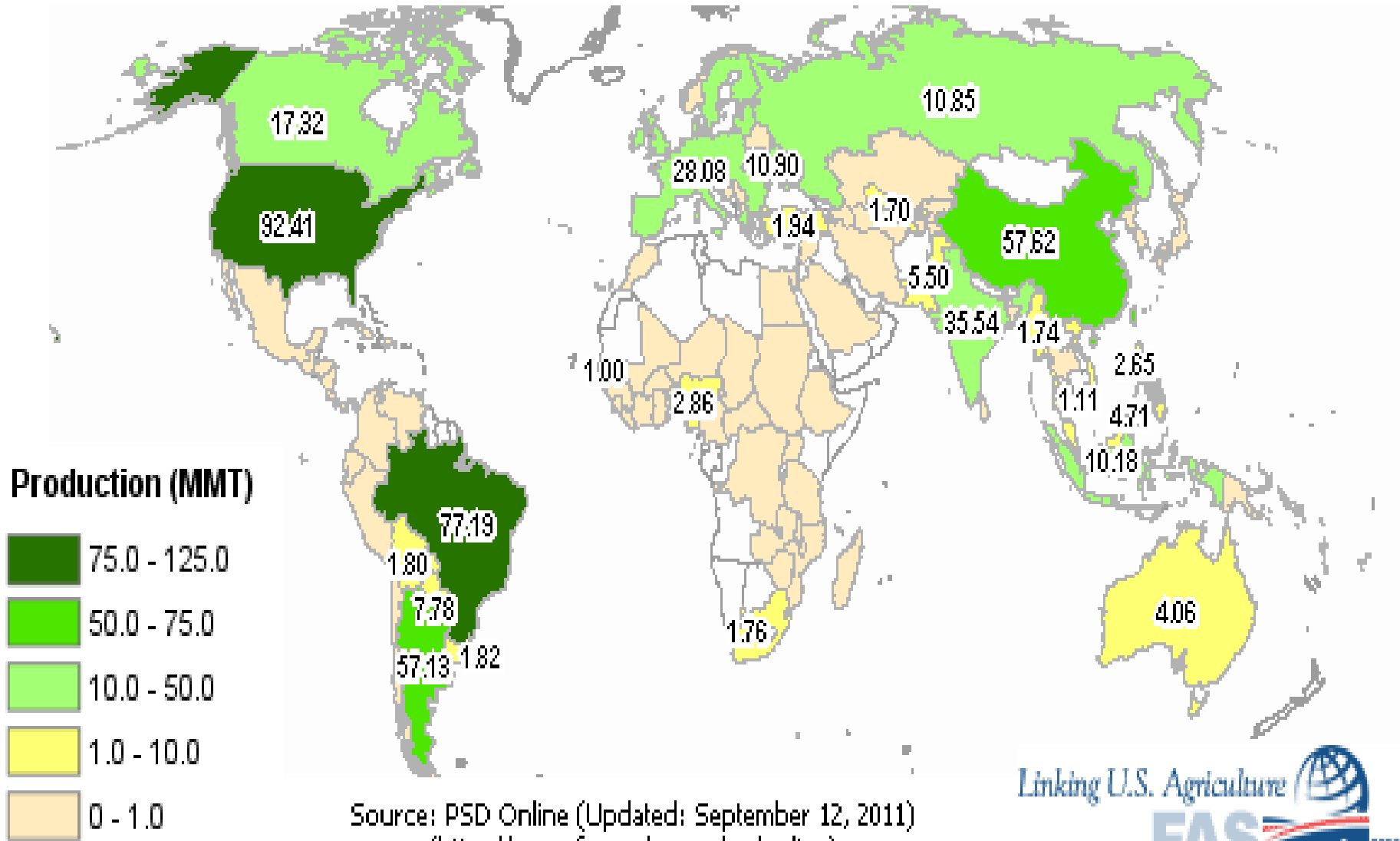
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U.S. Soybean Balance Sheet

million bushels (Sep 12, 2011)

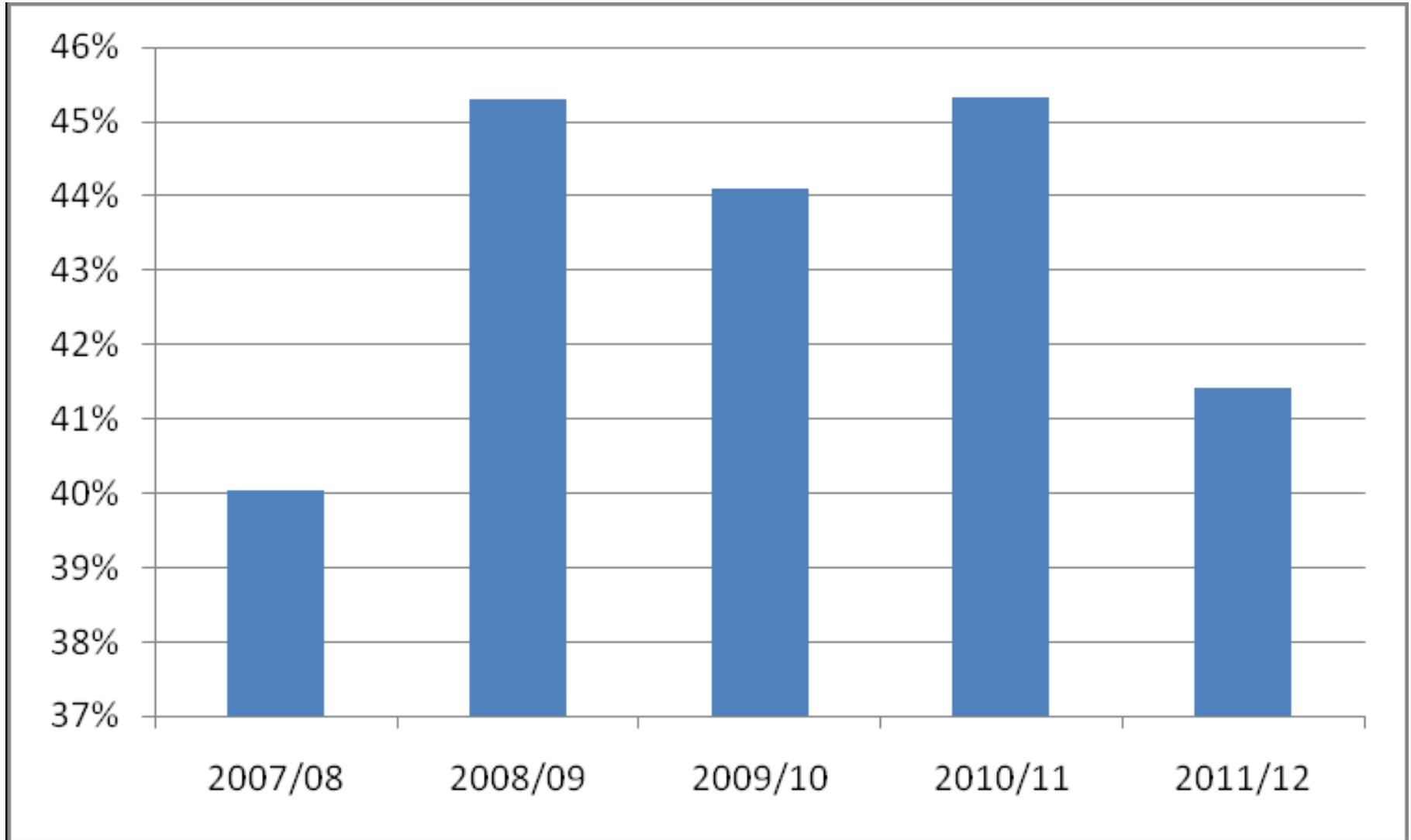
	2008/09	2009/10	2010/11	2011/12	
				Aug '11	Sep '11
Beg Stocks	205	138	151	230	225
Production	2,967	3,359	3,329	3,056	3,085
Imports	13	15	15	15	15
TOTAL SUPPLY	3,185	3,512	3,495	3,301	3,325
Crush	1,662	1,752	1,650	1,635	1,635
Exports	1,279	1,499	1,495	1,400	1,415
Seed/Residual	106	110	115	111	110
TOTAL DISAPPEARANCE	3,047	3,361	3,270	3,146	3,160
Ending Stocks	138	151	225	155	165
Season Average Farm Price	\$9.97	\$9.59	\$11.35	\$12.50- \$14.50	\$12.65- \$14.65
Stocks/Use Ratio	4.5%	4.5%	6.9%	4.9%	5.2%

2011/2012 Oilseed, Total Production



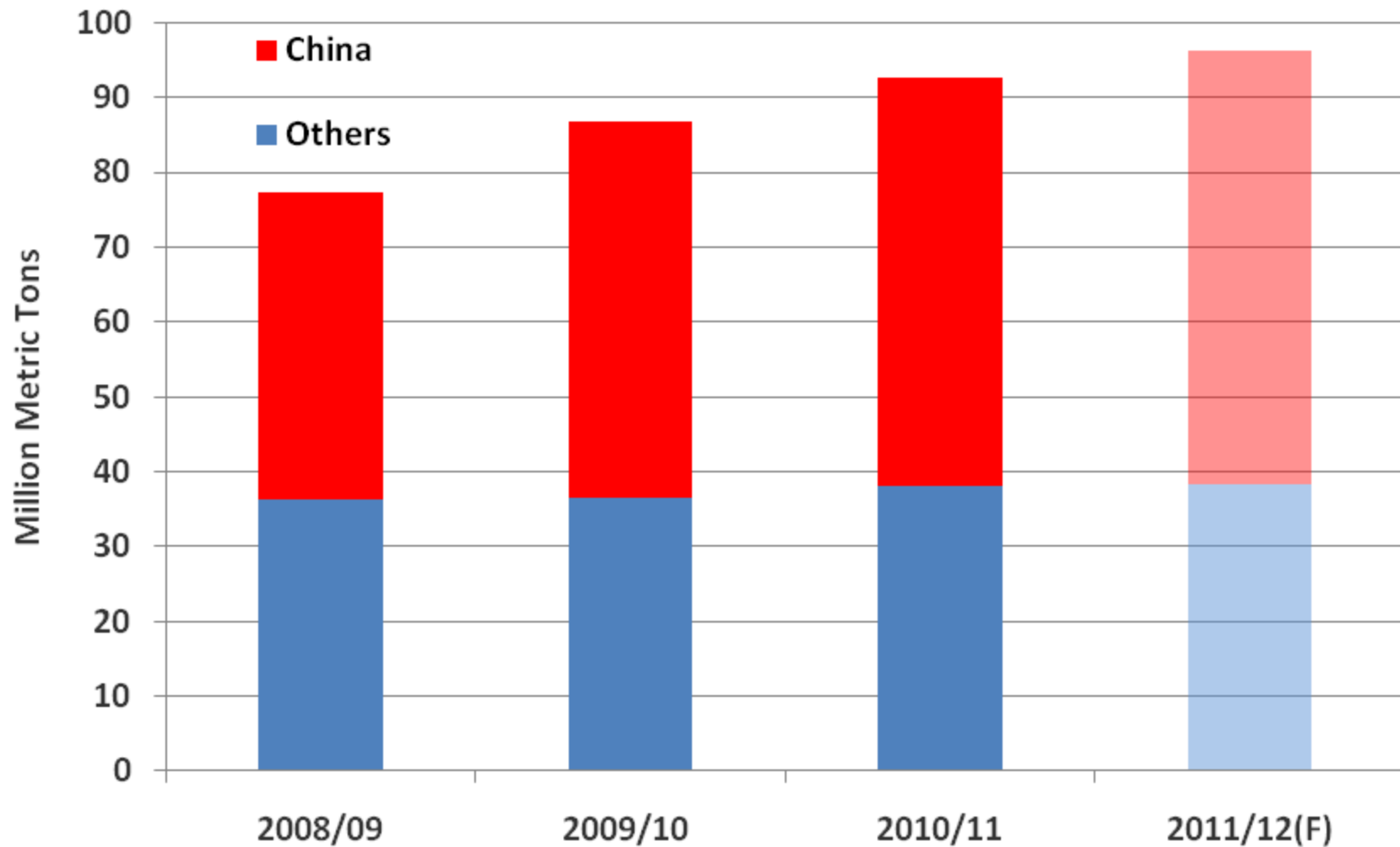
Source: PSD Online (Updated: September 12, 2011)
 (<http://www.fas.usda.gov/psdonline>)

US Soybean Export Market Share Poised to Fall



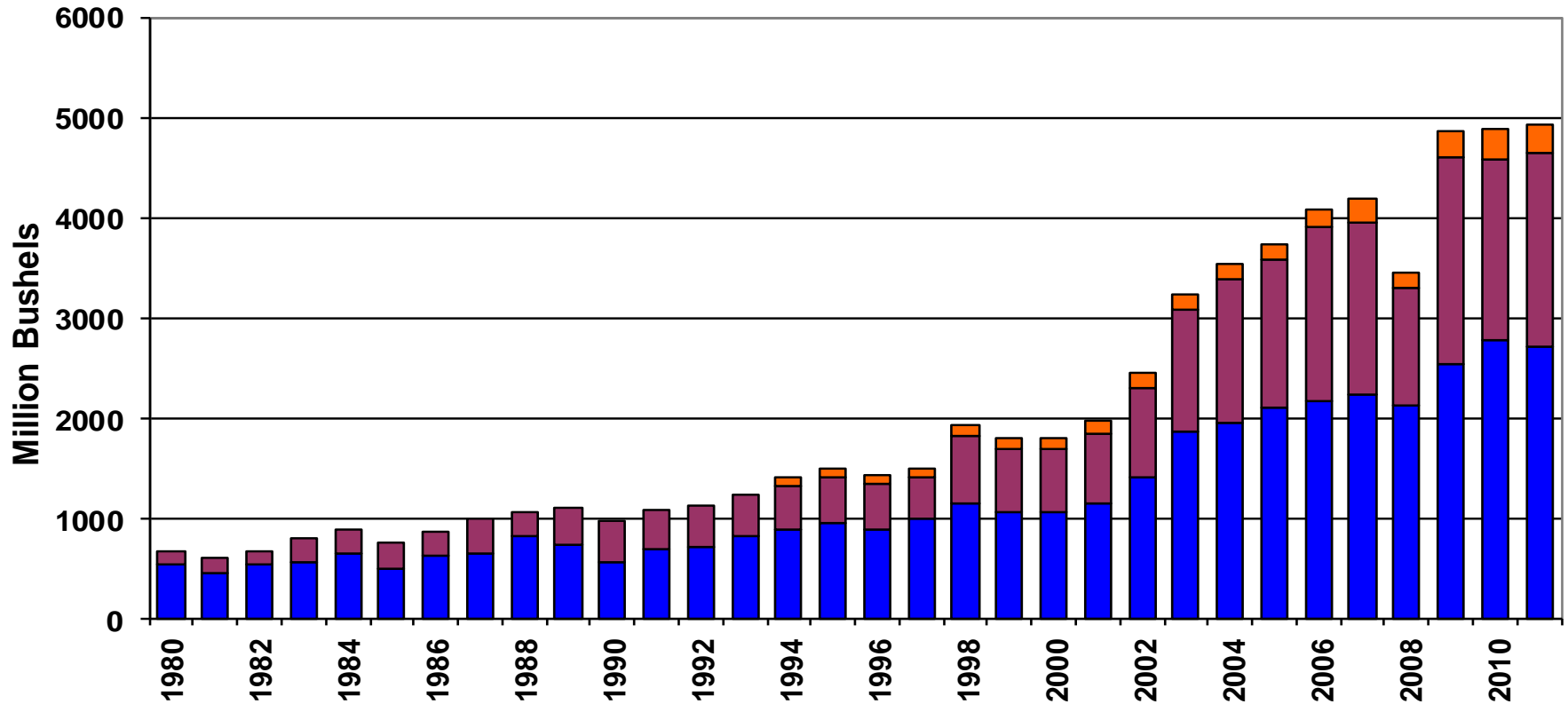
Source: USDA FAS Oilseeds: World Markets and Trade, Circular Series FOP 07 – 11, July 2011

China to Account for 60% Global Soybean Imports



Source: USDA FAS Oilseeds: World Markets and Trade, Circular Series FOP 05 – 11, May 2011

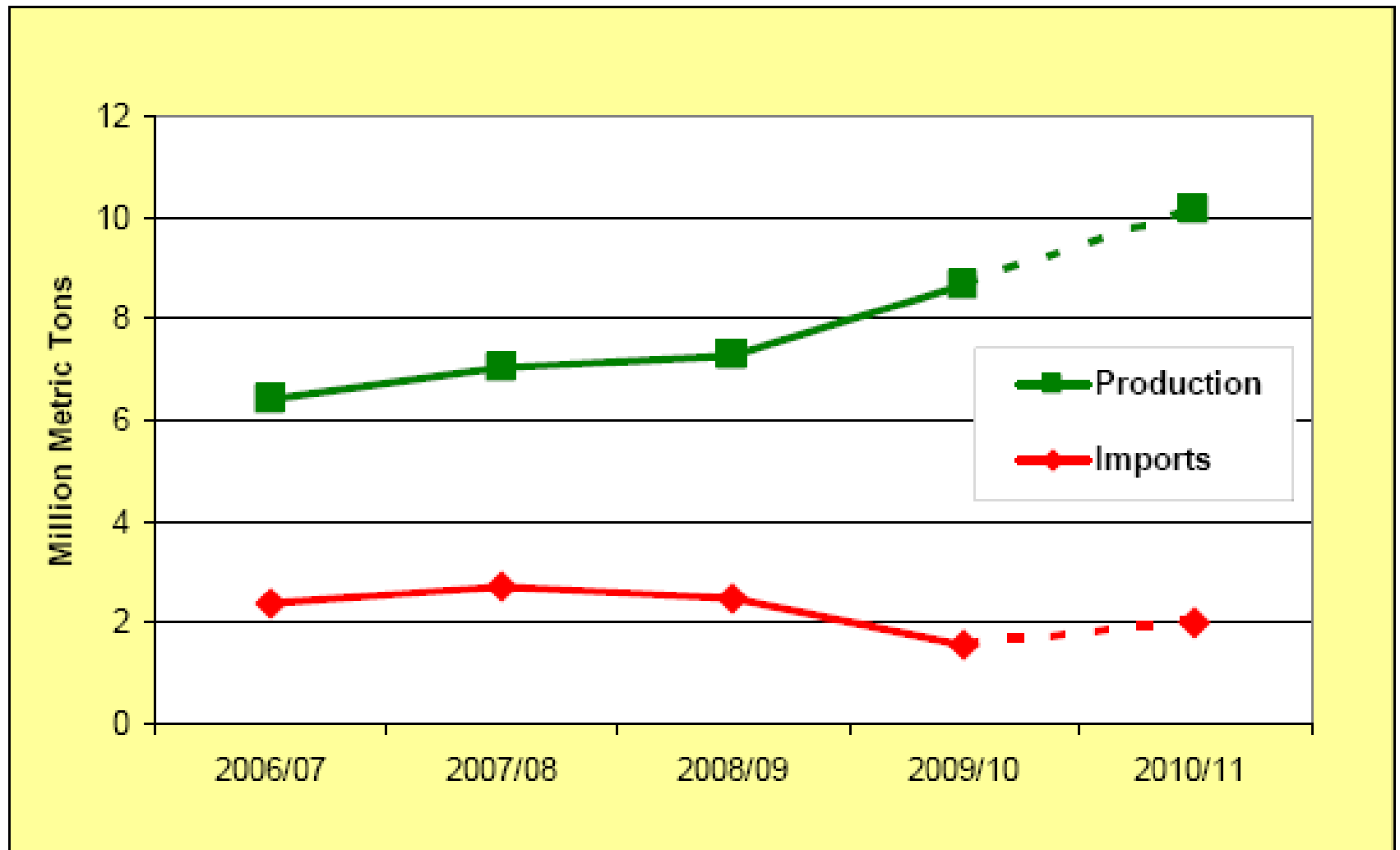
SOUTH AMERICAN SOYBEAN PRODUCTION



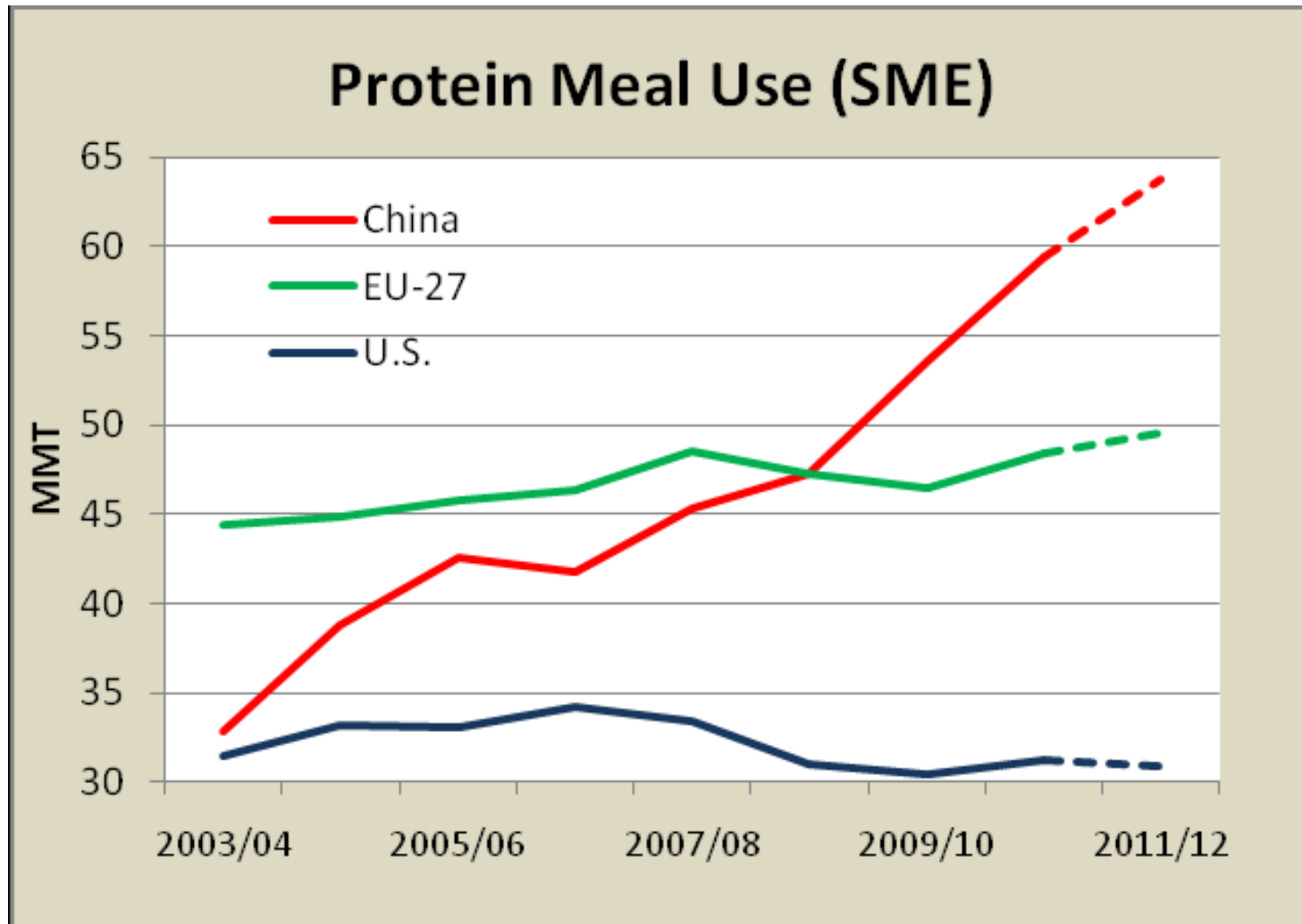
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As China's Soybean Oil Imports Fall, Production Expands

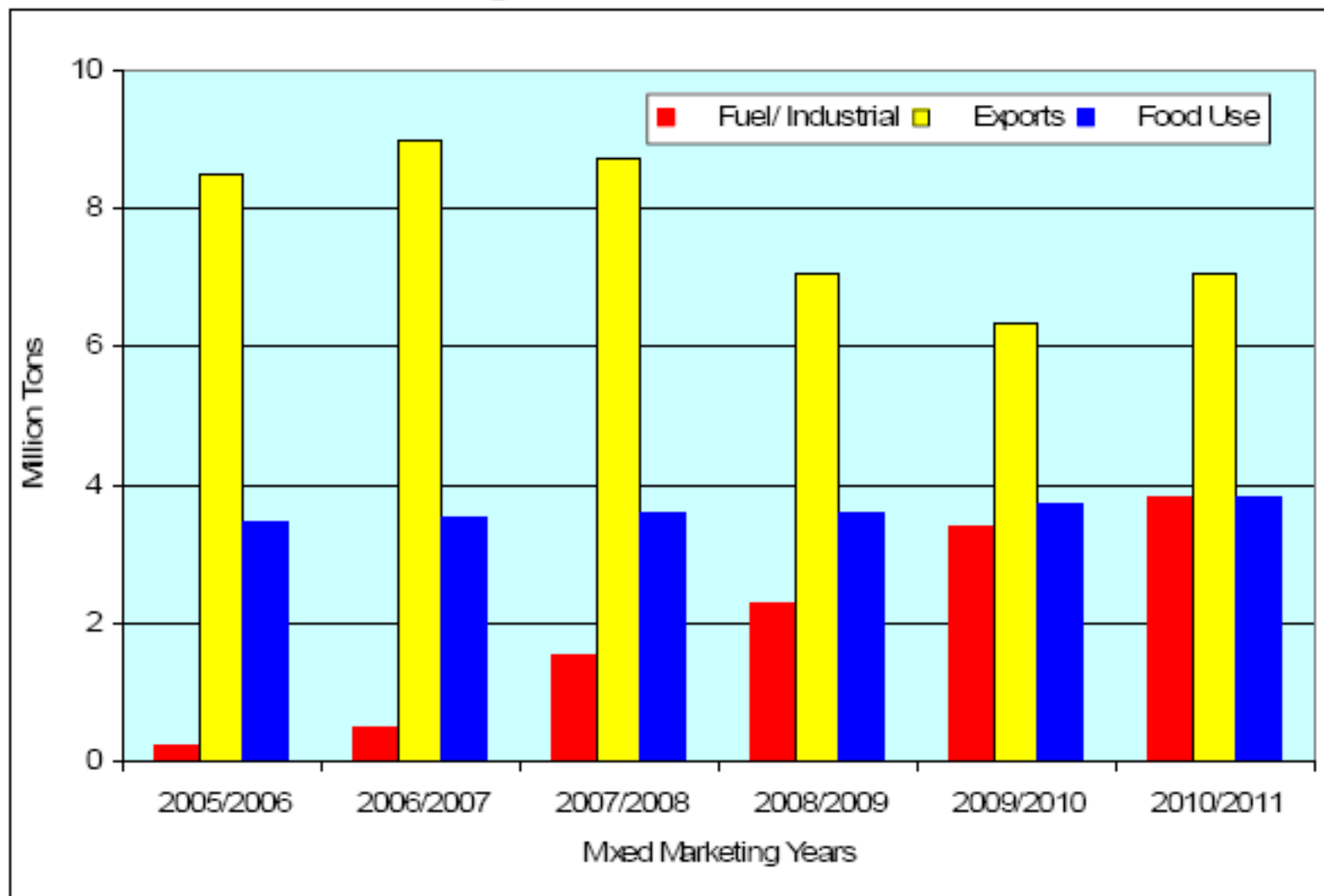


Protein meal use in China (on a soybean meal equivalent (SME) basis)



Source: USDA/FAS

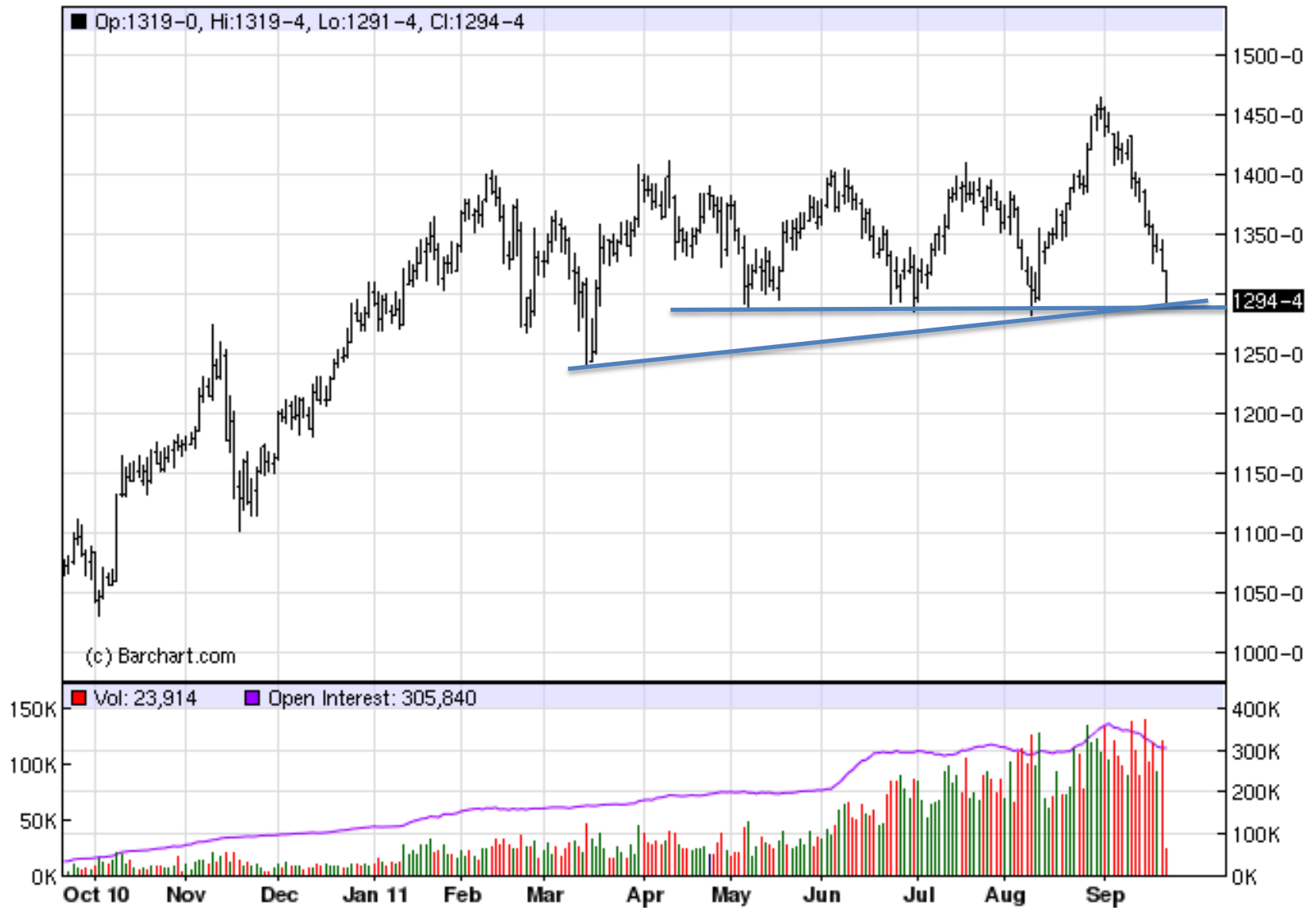
Reduced Availability of South American Soybean Oil tied to Growing Biodiesel Production



Source: USDA/FAS

November 2011 Soybeans

ZSX11 - Soybeans (CBOT) - Daily OHLC Chart



Weekly Soybean Futures

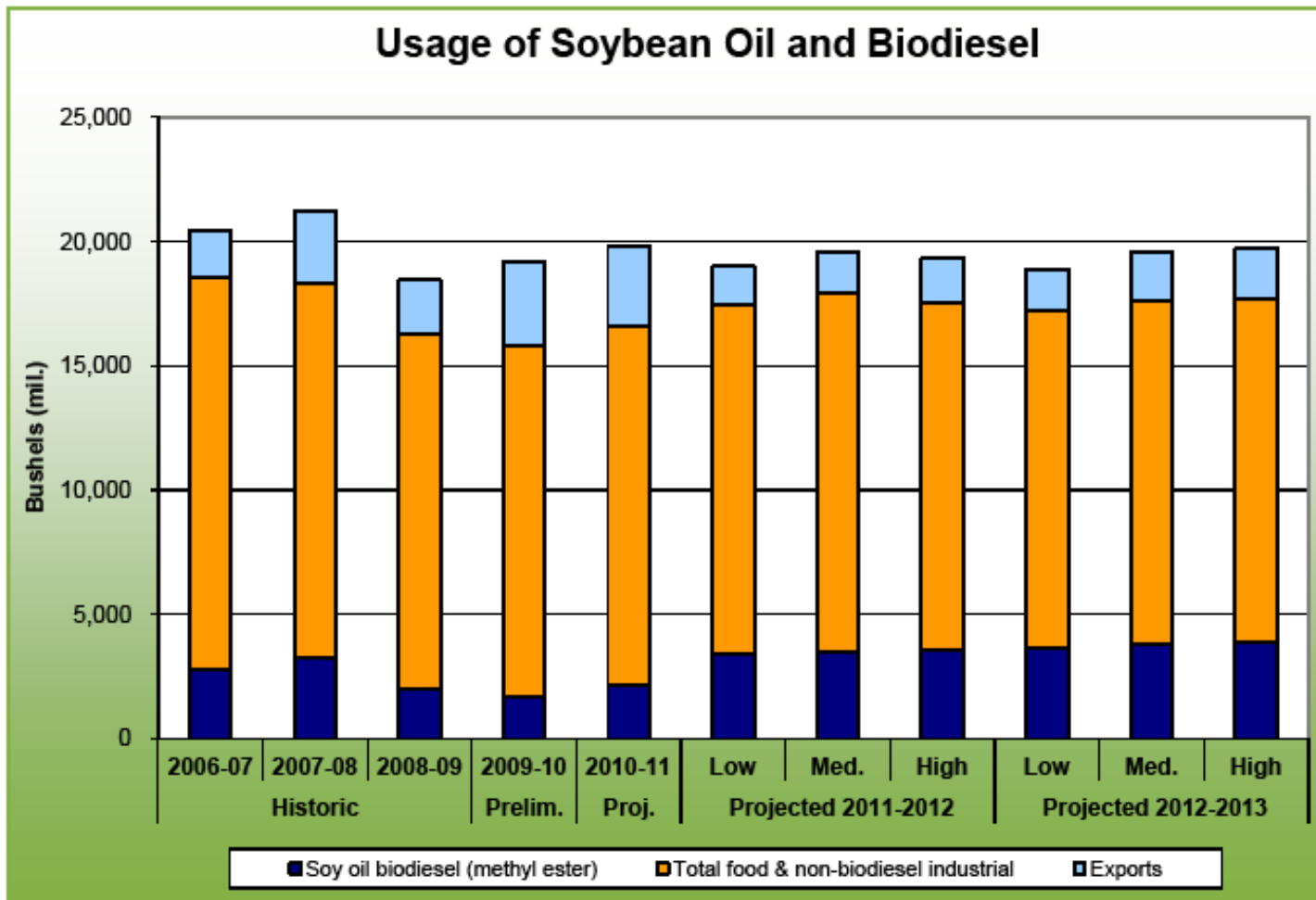
ZS - Soybeans (CBOT) - Weekly Continuation OHLC Chart



Weekly Soybean Oil Futures

ZL - Soybean Oil (CBOT) - Weekly Continuation OHLC Chart





8/16/2011

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Source: Dr. Robert Wisner, AgMRC, Iowa State University

Weekly Soybean Meal Futures

ZM - Soybean Meal (CBOT) - Weekly Continuation OHLC Chart





Biodiesel Usage Projections & Soybean Balance Sheet (mil. bu.)

Updated: 8/01/2011

	Historic			Prelim.	Proj.	Projected 2011-12			Projected 2012-13		
	2008-07	2007-08	2006-08	2009-10	2010-11	Low	Med.	High	Low	Med.	High
Year: (production/marketing) ¹											
Yield (bu. per acre)	42.7	41.7	38.7	44.0	43.5	39.0	41.5	43.4	41.0	43.9	46.5
Long-term historical yield probability						18%	65%	17%	18%	65%	17%
Soybean Supplies:											
Planted acres (million)	75.5	84.7	75.7	77.5	77.4	75.2	75.2	75.2	77.5	77.5	77.5
Harvested acres (million)	74.6	84.1	74.7	76.4	76.6	73.7	73.9	74.0	76.2	76.5	76.5
Production (mil. bu.)	3,188	2,678	2,957	3,359	3,329	2,874	3,087	3,212	3,124	3,358	3,481
Beginning carryover (mil. bu.)	468	574	305	151	190	190	190	190	120	120	120
Total Supply	3,647	3,251	3,188	3,512	3,495	3,061	3,270	3,413	3,258	3,488	3,611
Total Soybean Usage:											
Crush (mil. bu.)	1,508	1,803	1,882	1,752	1,645	1,480	1,550	1,650	1,575	1,645	1,680
Seed & residual (mil. bu.)	149	93	106	108	125	131	120	115	128	116	118
Exports (mil. bu.)	1,136	1,159	1,229	1,501	1,535	1,370	1,450	1,530	1,430	1,500	1,630
Total Usage	3,073	3,066	3,047	3,361	3,305	2,981	3,150	3,275	3,133	3,361	3,406
Oil Yield, lbs./ bu. of soybeans ²	11.3	11.5	11.3	11.2	11.5	11.2	11.4	11.5	11.2	11.4	11.5
Biodiesel Usage:											
Soybean oil use for biodiesel, mil. lbs	2,782	2,981	2,021	1,881	2,400	3,450	3,500	3,550	3,650	3,800	3,850
Use for biodiesel, bushel equivalent	244	258	179	150	210	308	307	309	326	333	335
Soybean oil for biodiesel, % of oil from crop	7.7%	9.7%	6.0%	4.5%	6.3%	10.7%	10.0%	9.8%	10.4%	9.9%	9.8%
Soybean oil for biodiesel, % of oil from crush	13.5%	14.3%	10.8%	8.6%	12.7%	21.1%	19.8%	18.7%	20.7%	20.3%	20.2%
Ending Soybean Carryover: (mil. bu.)	574	305	138	151	190	120	120	138	125	135	305
Carryover as percent of supply	15.7%	8.3%	4.3%	4.3%	5.4%	3.9%	3.7%	4.0%	3.8%	3.9%	5.7%
Carryover, weeks of total use	9.7	3.5	2.3	2.3	3.0	2.1	2.0	2.2	2.1	2.1	3.1
Prices:											
U.S. weighted avg. farm price	\$8.43	\$10.10	\$9.97	\$9.59	\$11.40	\$16.00	\$13.50	\$12.50	\$15.25	\$13.75	\$11.50
Iowa weighted avg. farm price	\$8.38	\$10.06	\$9.92	\$9.49	\$11.35	\$15.90	\$13.40	\$12.40	\$15.15	\$13.65	\$11.40
Counter-Cyclical Pmt.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Harvest price (central Iowa)	\$8.45	\$8.45	\$8.50	\$9.50	\$10.50	\$15.70	\$13.00	\$11.90	\$14.60	\$13.25	\$10.90
Nov. futures price (harvest avg.)	\$8.05	\$9.45	\$9.10	\$9.95	\$11.30	\$16.50	\$13.70	\$12.65	\$15.40	\$13.95	\$11.65
Soy meal, Decatur, 5/1 48% protein	\$205	\$336	\$331	\$311	\$345	\$440	\$368	\$345	\$420	\$380	\$310
Soy oil, \$ per cwt., marketing year avg.	\$31.00	\$52.63	\$32.18	\$35.95	\$53.50	\$66.00	\$59.00	\$56.00	\$64.00	\$58.00	\$55.00
Year-to-Year Change in Mil. Bu. soybean use:											
Crush	70	-5	-141	90	-107	-185	-95	5	25	95	110
Seed & residual	-39	-58	13	2	17	8	-5	-10	8	-4	-4
Exports	189	43	120	222	34	-185	-55	-25	-50	110	150
Total Usage	200	-17	-6	314	-68	-364	-155	-30	-17	201	256

By Dr. Robert Wisner, biofuels economist, 1-515-294-4275, rwwisner@iastate.edu

Notes:

¹ Marketing year - starts at Sept. 1 of the production year and ends August 31 of the following year. For example, the 2007 crop is marketed from Sept. 1, 2007 to August 31, 2008.

² Long-term probabilities reflect historical changes to final crop estimates.

Key Balance Sheet Assumptions:

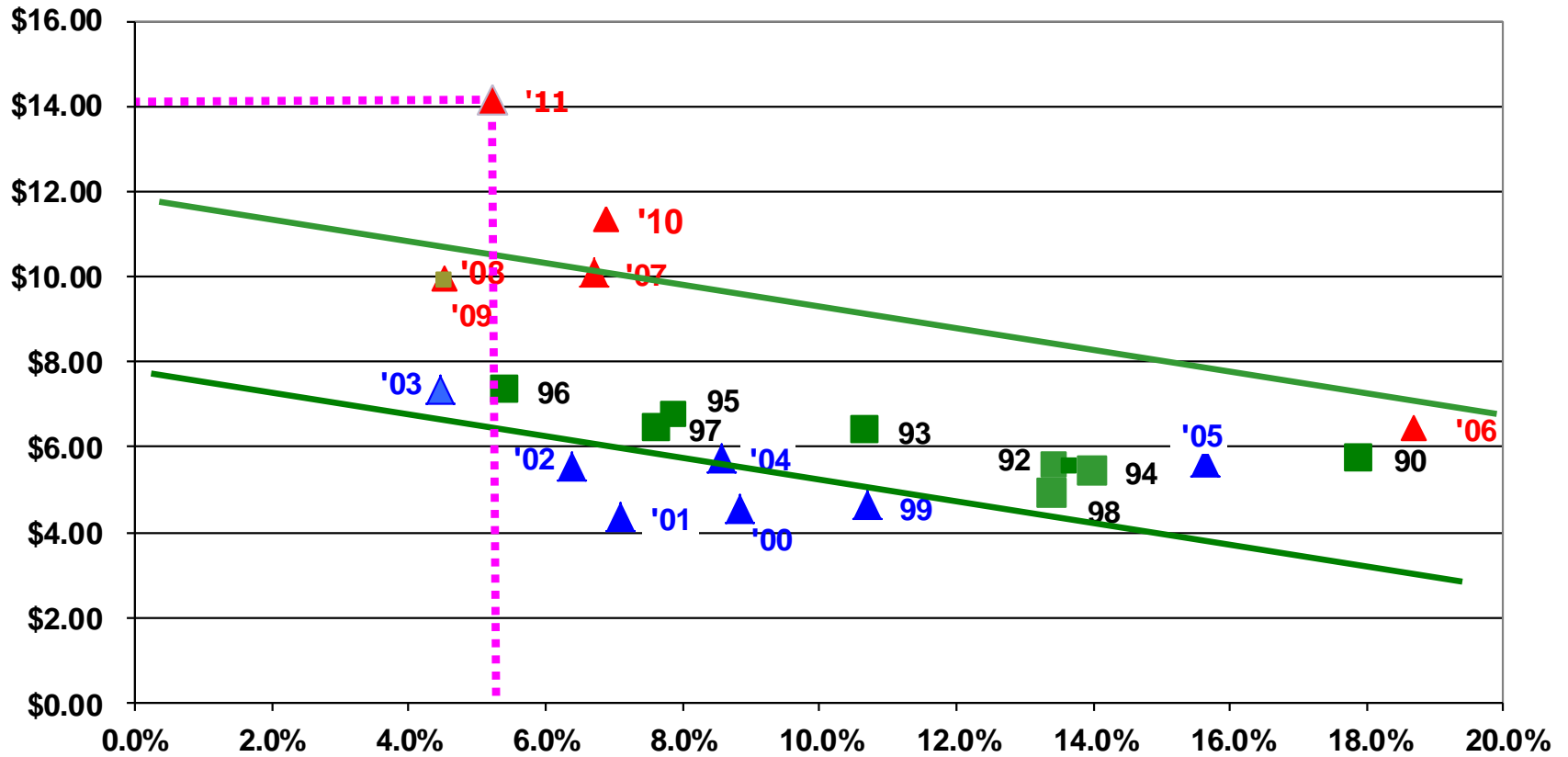
1. No changes in Conservation Reserve Program.
2. Crude oil (petroleum) price stays in \$90-\$100/barrel range for the rest of 2011, then gradually increases in the next two years.
3. U.S. Ethanol & biodiesel mandates, blending credit, and import tariffs are unchanged & enforced. Biodiesel blender's credit is continued through 2012. E-15 blend approval is continued for 2011 and newer vehicles only.
4. U.S. & World economies accelerate slightly in 2012.
5. U.S. dollar gradually decreases relative to foreign currencies through 2012.

... and please see all

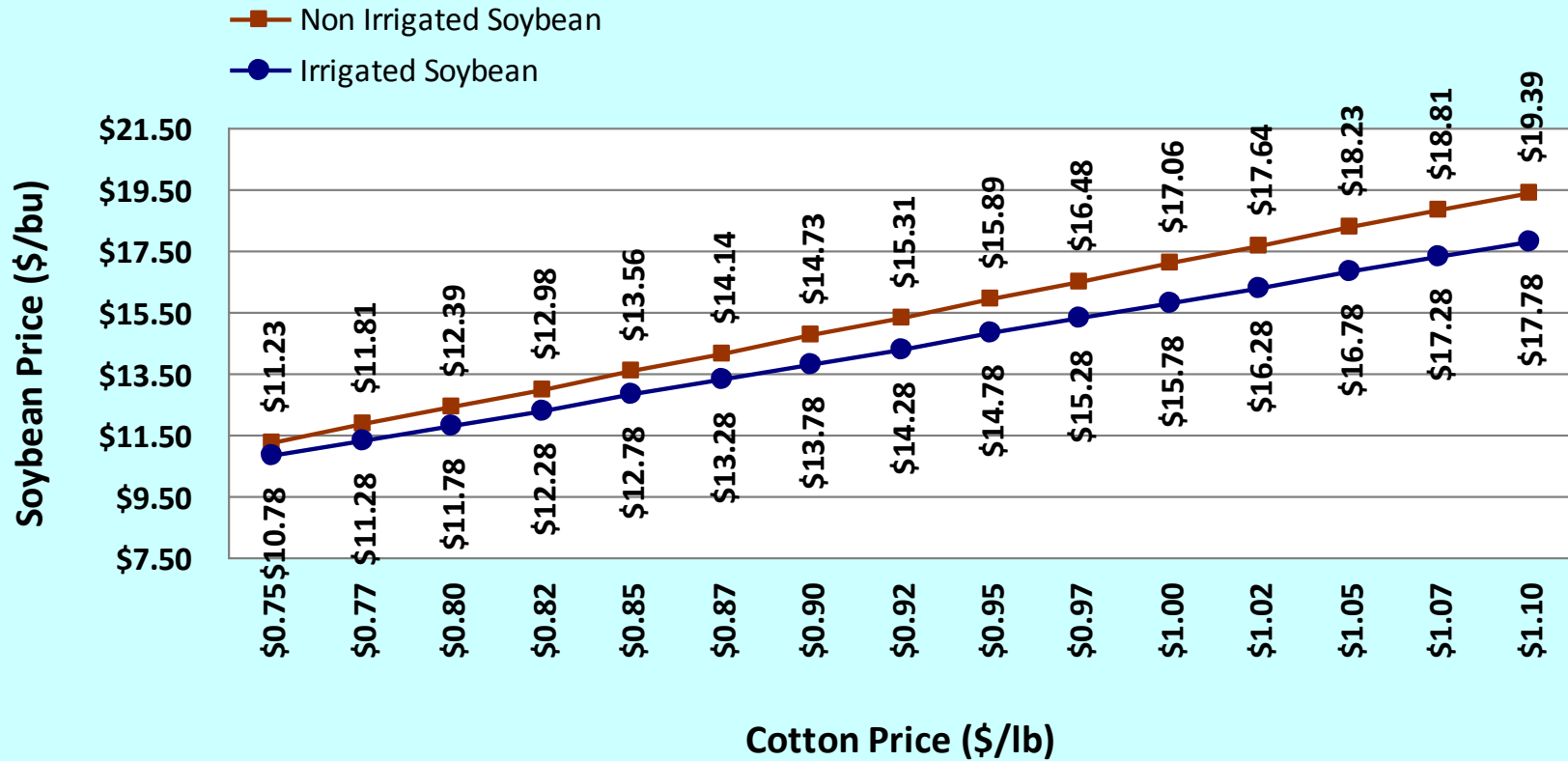
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Issued in fulfillment of Cooperative Extension work, July of May 8 and July 28, 1916, in cooperation with the U.S. Department of Agriculture, William A. Cross, Director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.

SOYBEAN PRICE vs STOCKS-USE RATIO



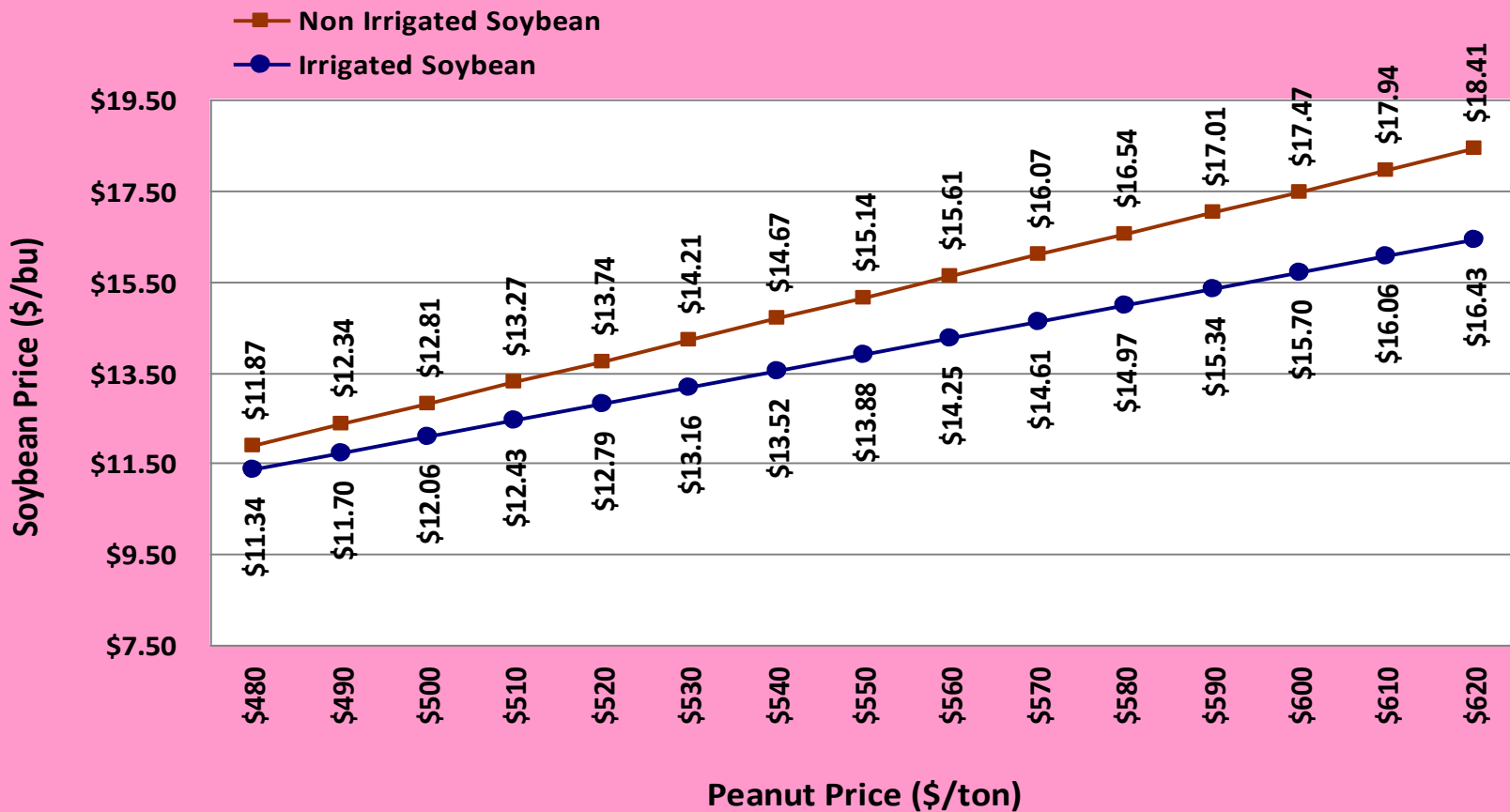
Soybean Price Needed to Give Equal RAVC to Cotton*



* The above chart is based on the following assumptions:

- 1) Irrigated soybean is compared to irrigated cotton and non-irrigated soybean is compared to non-irrigated cotton.
- 2) Irrigated soybean yield is 55 bu. and irrigated cotton yield is 1100 lbs.
- 3) Non-irrigated soybean yield is 30 bu. and non-irrigated cotton yield is 700 lbs.
- 4) Prices shown are those needed to cover budgeted operating costs for conventional till production listed in the crop comparison tool.

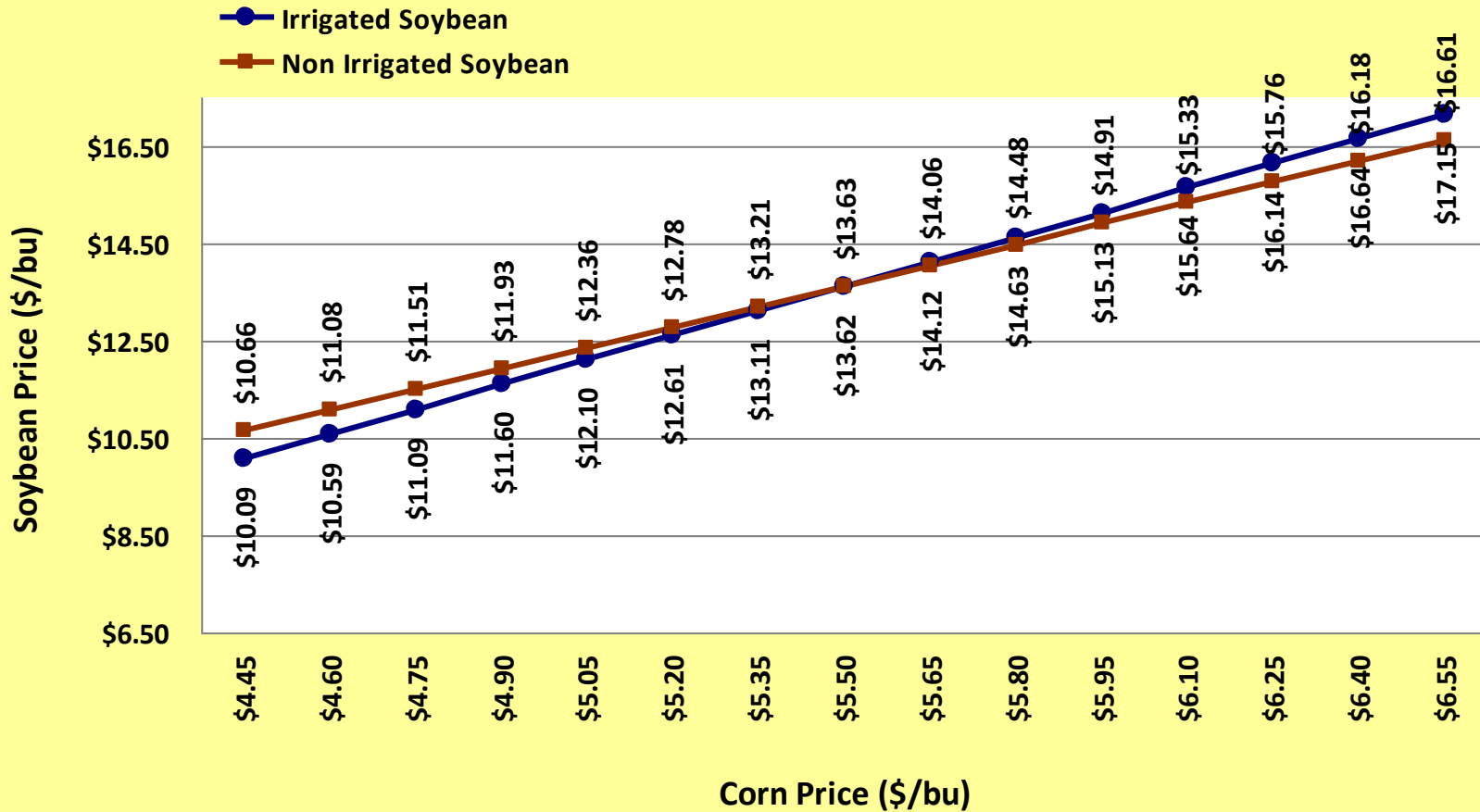
Soybean Price Needed to Give Equal RAVC to Peanuts *



* The above chart is based on the following assumptions:

- 1) Irrigated soybean is compared to irrigated peanut and non-irrigated soybean is compared to non-irrigated peanut.
- 2) Irrigated soybean yield is 55 bu. and irrigated peanut yield is 4000 lbs.
- 3) Non-irrigated soybean yield is 30 bu. and non-irrigated peanut yield is 2800 lbs.
- 4) Prices shown are those needed to cover budgeted operating costs for conventional till production listed in the crop comparison tool.

Soybean Price Needed to Give Equal RAVC to Corn*

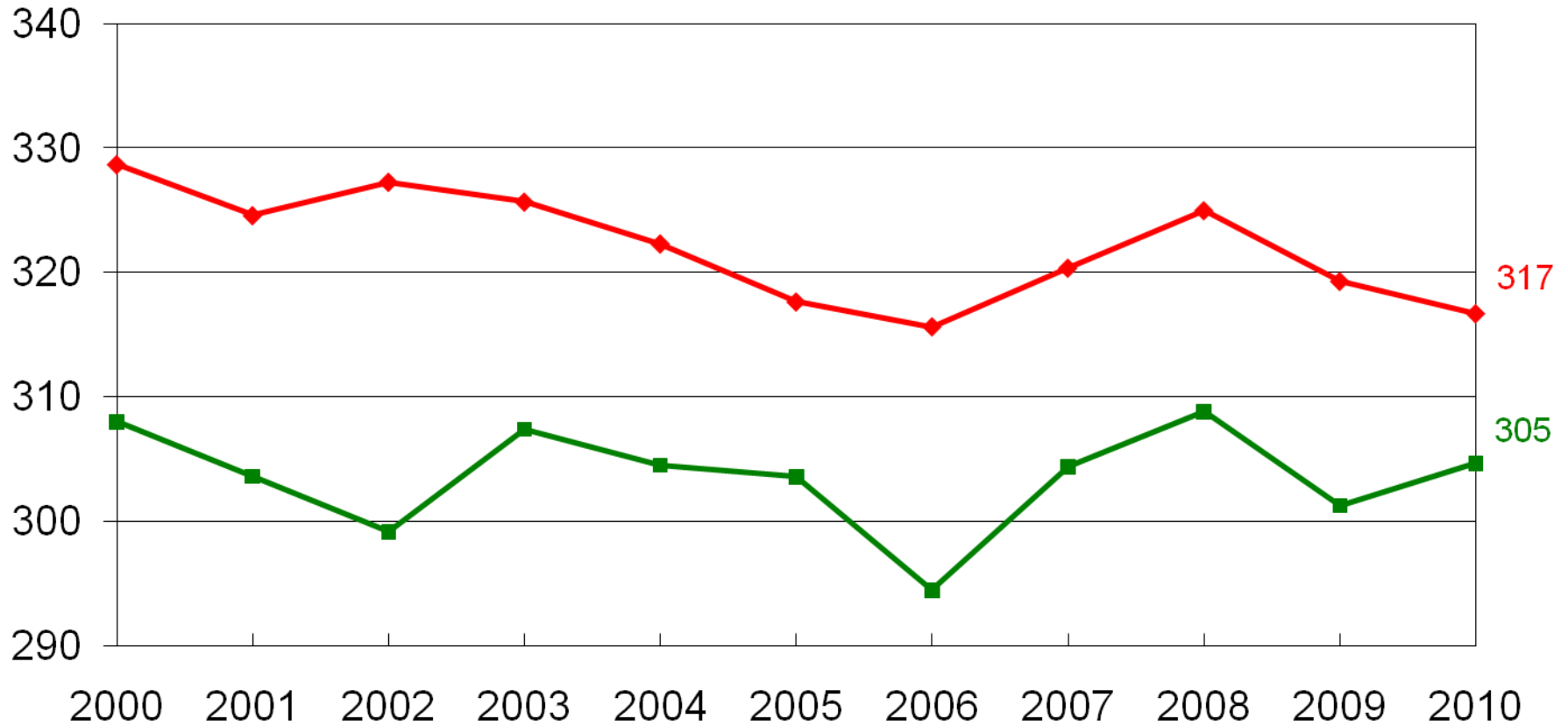


* The above chart is based on the following assumptions:

- 1) Irrigated soybean is compared to irrigated corn and non-irrigated soybean is compared to non-irrigated corn.
- 2) Irrigated soybean yield is 55 bu. and irrigated corn yield is 185 bu.
- 3) Non-irrigated soybean yield is 30 bu. and non-irrigated corn yield is 85 bu.
- 4) Prices shown are those needed to cover budgeted operating costs for conventional till production listed in the crop comparison tool.

U.S. Principal Crop Acres

Million Acres



Summary

- Tight supply again
- Crush slowly declining
- Exports key for prices heading into 2012
- China continues to grow
- Repeat of acreage battle coming but at what price as starting point.

What to Can Change Outlook

- Final Yield Estimate
- Exports Sales in Soybeans (China)
- “Abnormal” Weather
- South American Soybean Planting
- Fertilizer Prices
- Value of the Dollar