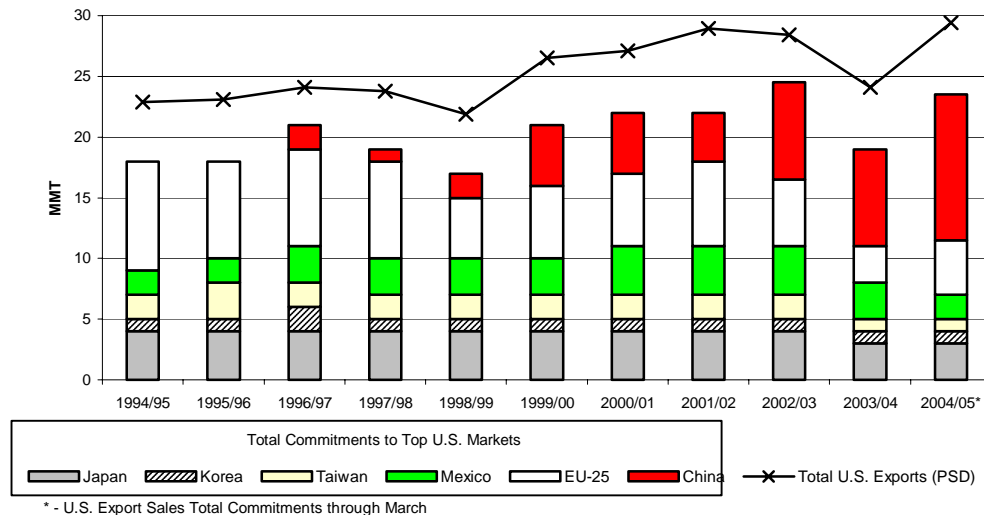




Oilseeds: World Markets and Trade

Record U.S. Soybean Exports in 2004/05 Follow 5 MMT Drop in Brazilian Production Forecast



The forecast for U.S. soybean exports in 2004/05 was increased 953,000 MT from the March estimate to a record 29.4 MMT, due to stronger than expected export sales throughout the month of March. During March U.S. export commitments rose 2.3 MMT, up 1.5 MMT from last year and 1.4 MMT from 2 years ago. A large part of this increase came from China where commitments increased 859,000 MT and the EU where commitments rose 472,000 MT during March.

U.S. exports to China as of March 31 are already at a record 11.1 MMT with 456,000 MT of sales still on the books. Export commitments to China are up 3.3 MMT from last year's record exports of 8.2 MMT. Along with strong exports to China, U.S. exports to the EU have rebounded significantly and are about 1 MMT higher than last year, but lag MY 2002 exports by almost 1 MMT. A drought-reduced crop in Brazil has caused the soybean prices there to remain strong thus minimizing the seasonal gap between U.S. and Brazilian prices. This along with freight advantages have allowed U.S. prices to remain more competitive than they normally would have been in both China and the EU, causing U.S. sales to these countries to remain strong.

The Brazilian soybean crop forecast fell to 54 MMT in April down 12 MMT or 18 percent from the initial forecast of 66 MMT last fall. According to Brazil's Institute of Geography and Statistics (IBGE) the most significant decline occurred in the Brazilian state of Rio Grande do Sul, where the crop is now estimated at only 3.1 MMT, down steeply from this season's initial government estimate of 9.2 MMT. This year the state of Rio Grande do Sul has reportedly suffered from the worst drought in 62 years.