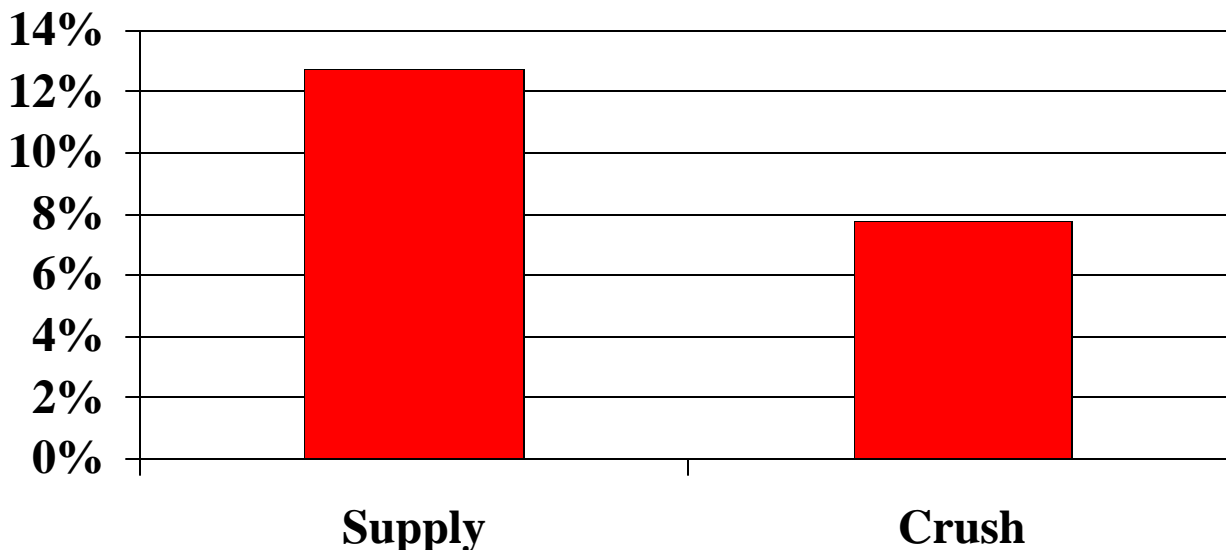




# Oilseeds: World Markets and Trade

## Stocks Build as Soybean Supply Rises in 2004/05

Percent Change from 2003/04



Lower prices are expected to lead to a 6.6 percent increase in soybean meal consumption in 2004/05. Chinese and European demand for soybeans and meal is expected to rebound, with China importing 24 MMT of soybeans in 2004/05, while the EU switches progressively to soybean meal imports. Soybean meal consumption is expected to rise by almost ten percent in Brazil, the Middle East and North Africa. Even this growth will not be enough to absorb record soybean crops in both the U.S. and South America, resulting in ending stocks of 46.7 MMT. Global soybean production is expected to rise 19 percent from 2003/04's drought reduced level, and 14 percent from 2002/03. Record South American soybean production in the spring of 2005 should allow South American exporters to be more competitive with U.S. soybean exports in the fall of 2005. This is a reversal from what is expected in the fall of 2004, when a record U.S. soybean crop, coupled with the short South American crop this spring, will leave the U.S. with comparatively little competition. Prices for soybean meal in 2004/05 are likely to decline more than prices for soybean oil during 2004/05 partly because high meal content soybeans account for 84 percent of the increase in global oilseed production.