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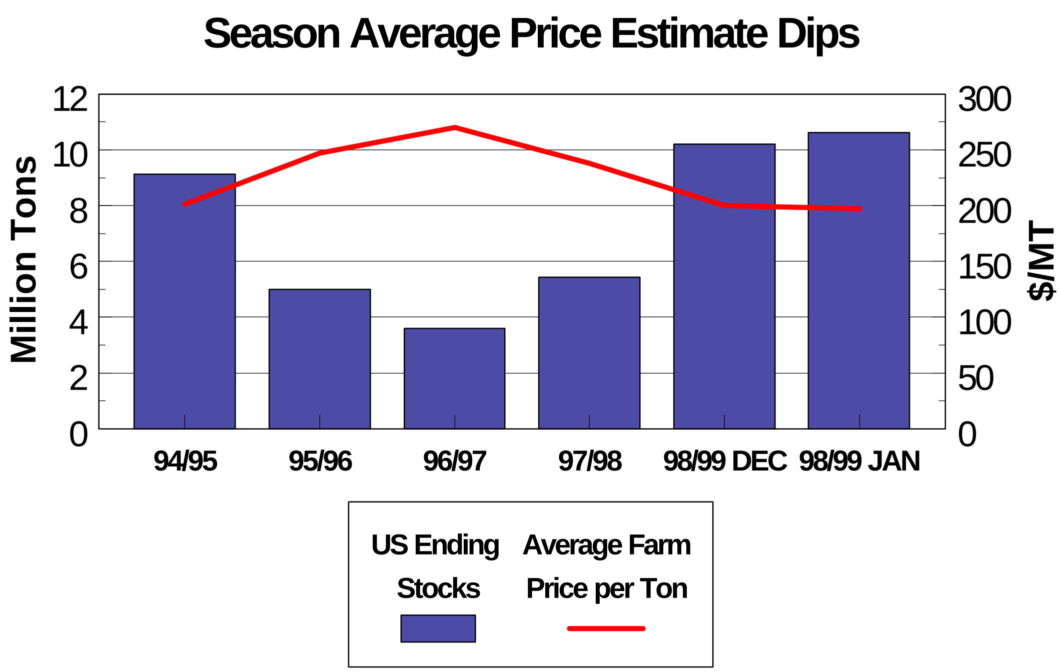
U.S. Soybean Ending Stocks Revised Upwards



1998/99 Farm price shown is mid-point of forecast range.

A one million ton increase in the forecast for 1998/99 South American soybean production - 500,000 tons each in Brazil and Argentina - resulted in a notable increase in U.S. ending stocks. While the United States continues to face strong competition for world soybean and product trade amid flat demand in key markets, the impact of burdensome world supplies continues to grow. This month the U.S. soybean export forecast was reduced 272,000 tons and the crush was lowered by the same amount reflecting a reduction in U.S. soybean meal exports. This characterizes a unique situation of falling demand for U.S. soybeans amid falling prices. Historically, a year-to-year reduction in the U.S. average soybean price has resulted in an increase in demand for U.S. soybeans. The result is that end of season U.S. soybean stocks are forecast at 10.6 million tons - a 400,000 ton increase month-to-month and the highest level since stocks reached 11.9 million tons in the 1986/87 year. The increase in U.S. ending stocks lowered the season average farm price 10 cents to a range of $5.10 to 5.60 per bushel.