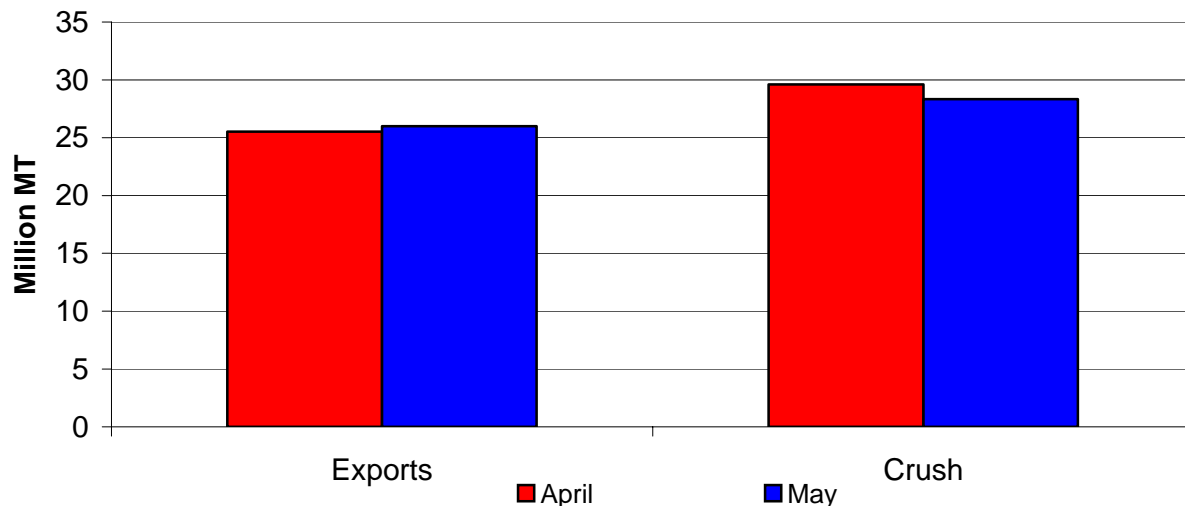




# Oilseeds: World Markets and Trade

## Brazil Soybean Crush Declines as Soybean Exports Continue to Strengthen



Brazil's 2005/06 soybean crush was reduced 1.3 MMT this month to 28.3 MMT. Soybean crush in Brazil is forecast to continue to decline as domestic prices in Reals remain weak, soybean production forecast decline, and monthly exports reach record levels.

Reports from Brazil indicate soybean and product prices in Reals have declined dramatically over the last few years due to exchange rate fluctuations. This large decline in prices has reduced crush margins significantly causing a number of crushing plants to close temporarily. In addition to the crushing industry's financial difficulties, Brazilian soybean farmers are also feeling pressured by the appreciating real and have recently barricaded roads to port and crush facilities with their equipment to highlight their financial problems. It is unclear what affect the low domestic prices and barricading will have on Brazil's available supplies of soybeans for export and crush, but so far exports continue at a record pace.

Brazil's soybean exports have been record high each month year-to-date (October-April) to reach 11.1 MMT, up 4 MMT from the same period last year. These strong monthly exports are forecast to continue, and allow Brazil to export a record 26 MMT as global soybean demand remains strong. Given the current production and export forecasts, Brazil's soybean stocks in October 2006 are forecast to decline 200,000 MT from 2004/05 levels to 16.7 MMT.