



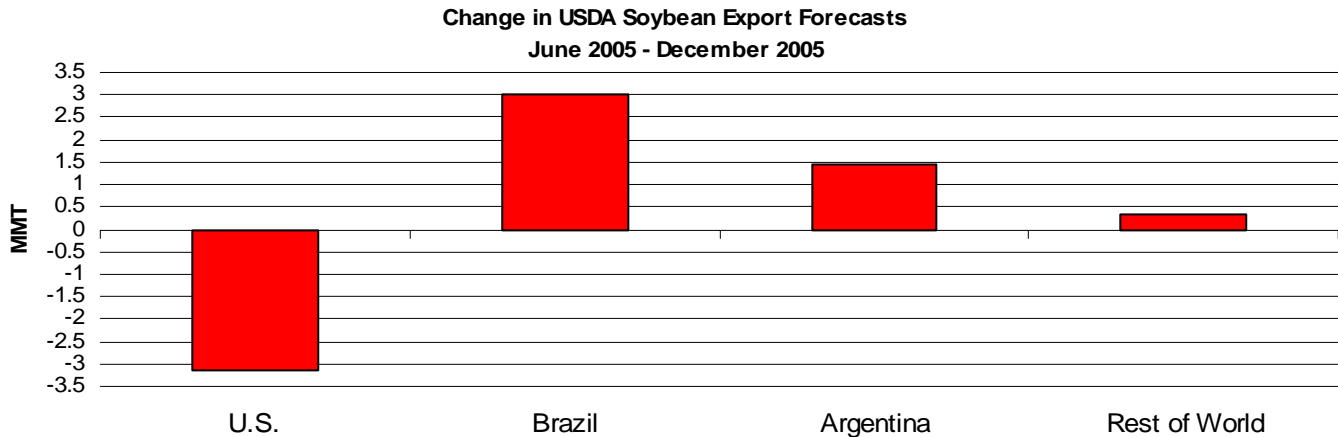
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U.S. Soybean Export Forecast Declines This Month by 1.4 MMT South American Export Forecast Increases



In late 2004/05, South American soybean exports increased substantially. For the June – November period Brazilian and Argentine exports are up 2.1 MMT (18 percent) and 1.8 MMT (55 percent), respectively. This large increase in exports has caused Brazil's local year (Feb 2005-Jan 2006) export forecast to increase 12 percent (2.4 MMT) to a record 22.2 MMT and Argentina's local year (April 2005 - March 2006) export forecast to increase 13 percent (1.1 MMT) to a record 9.8 MMT.

Strong exports from South America combined with weaker than expected import demand during September to November have reduced U.S. exports this fall. Further, U.S. export commitments as of December 8th are down 4.2 MMT from 2004/05 and 4.3 MMT from the 5 yr average to 12.2 MMT. This is the lowest commitment level since 1998/99 when U.S. exports were 21.8 MMT. In December, the 2005/06 U.S. soybean export forecast was lowered another 1.4 MMT to 27.8 MMT, down 3.1 MMT from the original June forecast of 30.9 MMT.

Slow U.S. exports during the first quarter of 2005/06 are the result of weaker than expected global demand for soybean imports. Many importers have been slow to import as the possibility of a 100 MMT South American soybean crop looms on the horizon. Importers appear to be buying just enough soybeans to satisfy demand with the expectation that a large South American crop will weaken soybean prices. As trade expands in early 2006, U.S. exports during the remainder of 2005/06 (December – August) are forecast to strengthen to near 2004/05 levels.

While the U.S. is forecast to make up some lost ground in exports, U.S. exports to the EU are likely to remain 2.5 – 3.5 MMT below normal levels, resulting in a 3.1 MMT decline in U.S. exports from 2004/05 levels. Brazil and Argentina's 2005/06 export forecast is estimated at 25 and 9.7 MMT up 4.5 and 0.3 MMT, respectively, from last year's record level. However, if lower prices cause farmers in South America to hold soybeans away from commercial facilities, as they were reported to have done in 2004/05, U.S. exports could strengthen during the spring and summer.