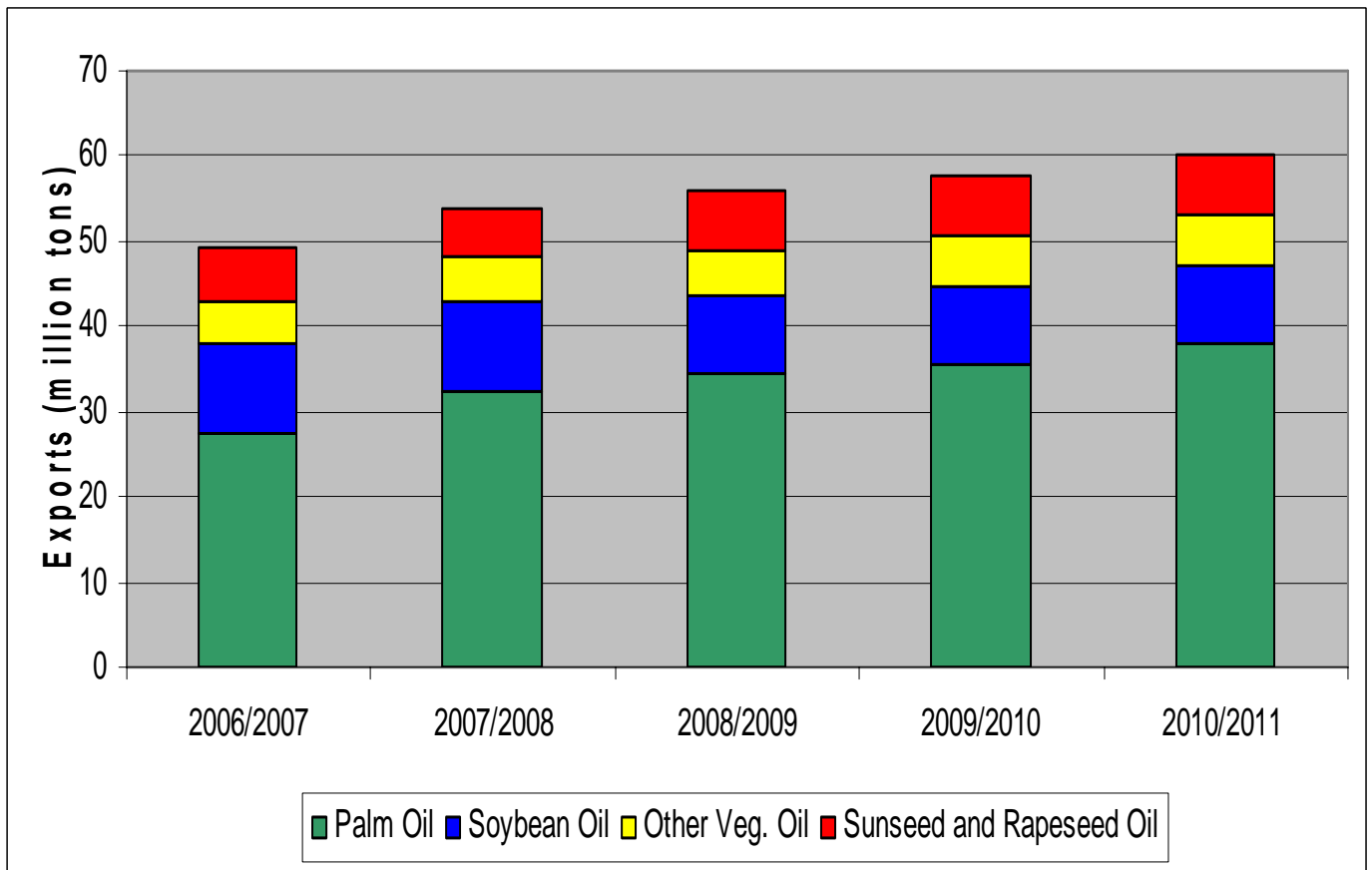




Oilseeds: World Markets and Trade

Lower Sunseed and Rapeseed Crops Have Little Impact on Global Vegetable Oil Market



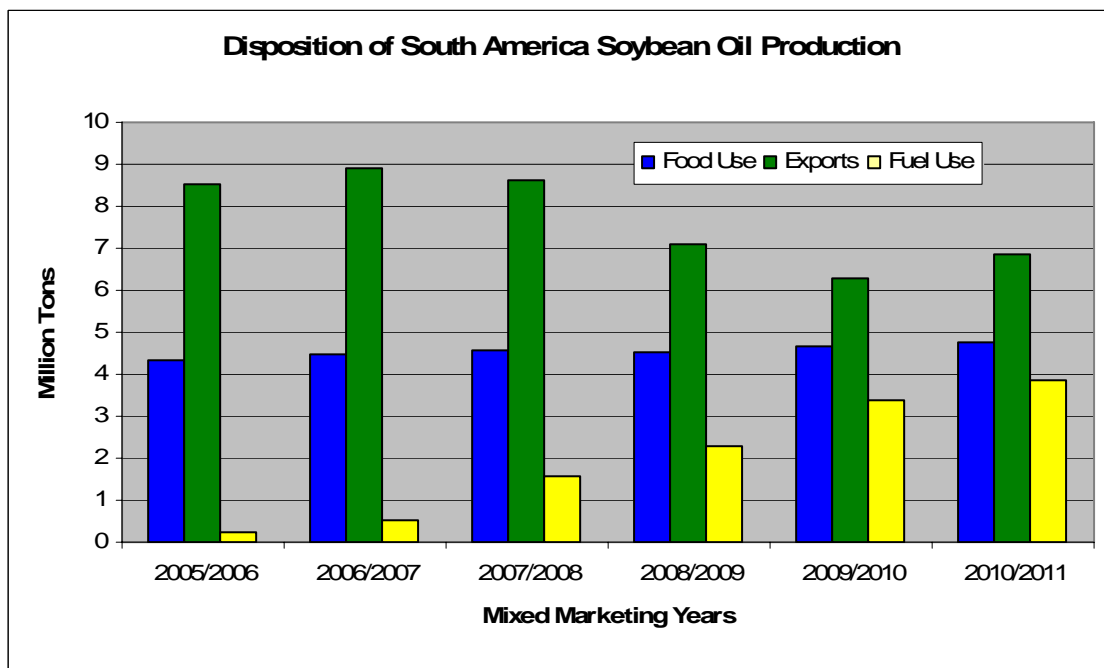
Despite reduced sunseed and rapeseed production in Russia, Ukraine and elsewhere, global vegetable oil supplies are expected to continue growing. Palm and soybean oil dominate global trade and consumption of vegetable oils, with rising palm oil production easily offsetting the smaller supplies of sunseed and rapeseed oil to meet the growing global demand.

Sunseed and rapeseed oil account for only 12 percent of world trade, but 25 percent of total global vegetable oil consumption. However, sufficient sunseed and rapeseed carry-in stocks are available to partially offset the lower production, further limiting the impact on world vegetable oil supplies.



Oilseeds: World Markets and Trade

Growing South America Biodiesel Production Reduces Soybean Oil Export Availability



Increasing biodiesel consumption mandates in Brazil and Argentina along with robust European demand continues to divert South American soybean oil into the fuel market. This has removed close to 4 million tons of potential soybean oil exports from the market; resulting in a 25 percent drop in export volume since the peak in 2006/07. While the United States has seen some gain in soybean oil export volume as a result of the South American decline, most of the offset from lower South American exports has been in larger exports of palm oil.

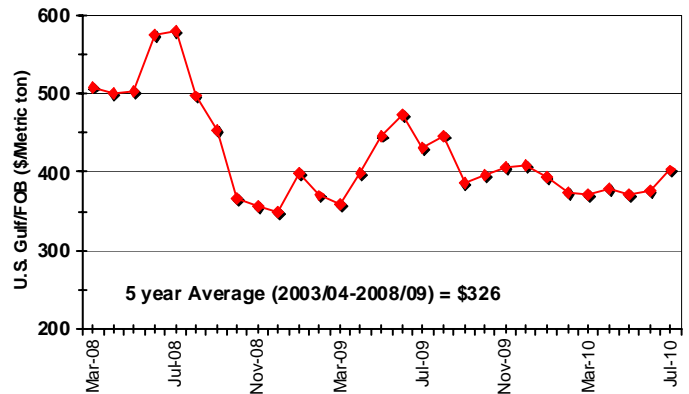
Further growth in biodiesel production is expected in the coming years as production capacity expands and further increases in consumption mandates are planned or contemplated. However, the pace of biodiesel growth is expected to slow and will likely adhere more closely to the overall increase in soybean oil production. This will likely bring an end to declining South American soybean oil exports.

PRICES

U.S. soybean export bids, FOB Gulf, in July averaged \$402 per ton, up \$27 per ton from last month. Tight old crop supplies and strong export demand mainly to China have lifted prices.

As of the week-ending July 29, U.S. soybean sales commitments (outstanding sales plus accumulated exports) to China totaled 22.8 million tons, compared to 19.5 million a year ago. Total commitments to the world amounted to a record 40.7 million tons compared to 35.5 million for the same period last year.

U.S. Gulf Soybean Export Bids



TRADE CHANGES IN 2009/10

- U.S. soybean exports are up 0.3 million tons to a record 40.0 million on strong overseas' demand.
- Argentina's soybean exports are boosted 1.5 million tons to 11.0 million on continued purchases by China.
- China's soybean imports are up 1.5 million tons to 49.5 million on purchases from Argentina.

TRADE CHANGES IN 2010/11

- U.S. soybean exports are up 1.8 million tons to 39.0 million to reflect strong export sales to China and stronger projected import demand for China.
- Argentina's soybean exports are cut 0.3 million tons to 12.3 million in response to strong domestic demand for crush.
- Brazil's soybean exports are up 0.5 million tons to 29.4 million offsetting the reduction in Argentina.
- China's soybean imports are boosted 2.0 million tons to a record 52.0 million due to strong demand for crush and soybean products.
- EU-27, Russia's, and Ukraine's trade of rapeseed and sunflower seed are revised lower due to reduced exportable supplies.

