

U.S. Grain Exports & World Supply-Demand by Country

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Summary

Recent price rallies in wheat markets have been driven largely by concerns about foreign wheat production problems, and improving prospects for U.S. wheat exports. Wheat market strength and remaining concerns and uncertainty about U.S. corn and soybean production have provided support for corn and soybean futures prices as well.

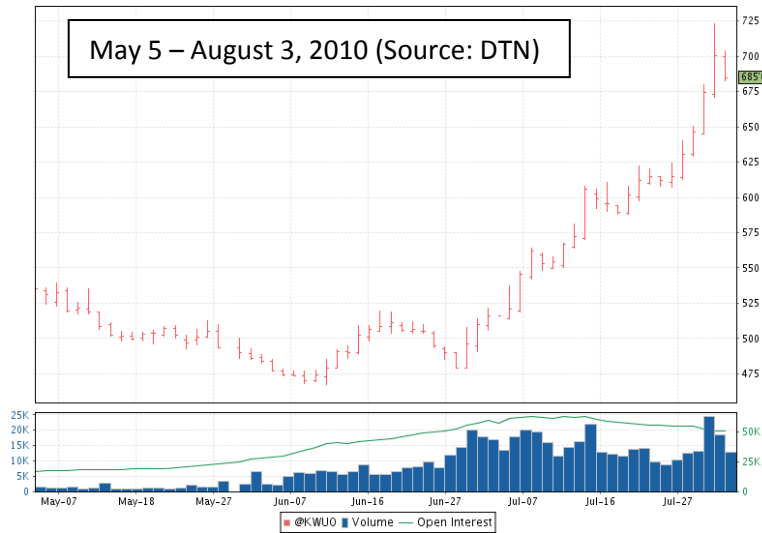
Exports of U.S. wheat, corn, soybeans and soybean products have all been running ahead of pace of the previous marketing year. This has especially been true for wheat, with total export sales and commitments in MY 2010-11 running 56% ahead of the pace set in MY 2009-10. Total export sales and commitments for U.S. corn and soybeans for MY 2009-10 are 9% and 16% ahead of the previous year, respectively.

An examination of supply-demand trends for World wheat, corn and soybeans on a country and regional basis reveals both the major role played by the U.S. in each of these export markets and the vulnerability of World grain and oilseed markets to production shortfalls in 2010. Some combination of dry weather conditions in the Black Sea region, Europe and Canada could have a marked affect on World wheat supply-demand balances and prices. Similarly, a shortfall in either U.S. corn or soybean production in 2010 would likely have major impacts on World markets for those commodities.

Exports of U.S. grains have been stronger than expected in recent months, and have helped fuel rallies in wheat, corn and soybean futures. Weather-related production problems in important World wheat production areas have played a large part in tightening expected world wheat supplies and improving U.S. wheat export and price prospects. Specific areas affected have been in a) Russia and other parts of the Black Sea region, b) France, Germany and other regions of the European Union, and c) Canada. Hot, dry production conditions have affected parts of the Black Sea region and Europe, while excessive moisture in early spring limited wheat seedings in Canada.

In response to these factors, wheat futures markets have been particularly strong since the end of June. Kansas City Board of Trade (KCBT) September 2010 wheat futures have increased from a close of \$4.96 per bushel on June 30th to \$7.00 ½ on August 2nd (Figure 1).

Figure 1. Price Chart for KCBT September 2010 Wheat eFutures



A combination of U.S. production uncertainty during the 2010 growing season, stronger than anticipated exports, and cross market impacts from wheat markets have provided support for both corn and soybean futures prices in recent weeks. Chicago Board of Trade (CBOT) September 2010 corn futures have increased from a close of \$3.33 ¼ per bushel on June 29th to a high of \$4.04 ¼ on August 2nd (Figure 2). Similarly, CBOT September 2010 soybean futures have increased from a close of \$9.03 ¼ per bushel on June 9th to a high of \$10.37 on August 2nd (Figure 3).

This article examines U.S. exports of hard red winter (HRW) wheat, all wheat, corn, grain sorghum, soybeans, soybean oil and soybean meal for the current and most recent marketing years. It also examines U.S. and foreign wheat, corn and soybean supply-demand projections for the three most recent marketing years, and how potential changes in key grain production areas may affect World grain supply-demand balances.

Figure 2. Price Chart for CBOT September 2010 Corn eFutures

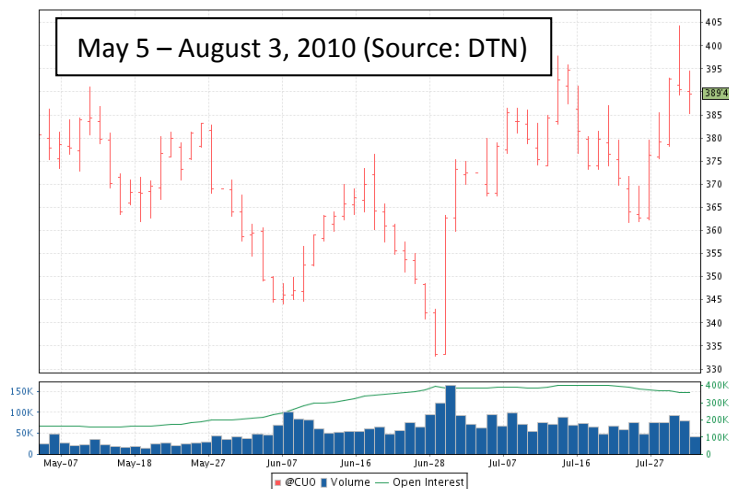
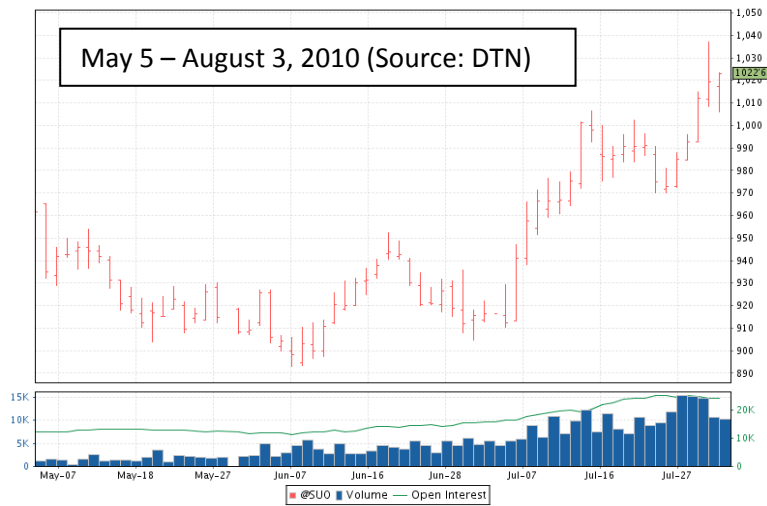


Figure 3. Price Chart for CBOT September 2010 Soybean eFutures



U.S. Grain Export Trends

As of July 22, 2010, cumulative U.S. grain exports in the current marketing year are ahead of the previous year for wheat, corn, grain sorghum, soybeans, soybean meal and soybean oil according to USDA Foreign Agricultural Service (FAS) export data (Table 1).

U.S. Hard Red Winter Wheat Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of U.S. HRW wheat in MY 2010-11 were up 52%, 75% and 63%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2010-11 were 130.48 million bushels (mb), up 56% over the previous year. The USDA has projected HRW wheat exports to be 425 mb for MY 2010-11, up 16% from 365 mb in MY 2009-10. With 15% of the U.S. HRW wheat marketing year completed (i.e., 8 of 52 weeks), total HRW wheat export sales and commitments of 130.48 mb equal 30.7% of USDA export projections for MY 2010-11. This compares to 22.9% at this time in MY 2009-10.

All U.S. Wheat Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of all U.S. wheat classes in MY 2010-11 were up 33%, 47% and 34%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2010-11 were 308.442 mb, up 34% over the previous year. The USDA has projected total U.S. wheat exports to be 1.00 billion bushels (bb) for MY 2010-11, up 16% from 865 mb in MY 2009-10. With 15% of the U.S. wheat marketing year completed, total wheat export sales and commitments of 308.442 mb equal 30.8% of USDA export projections for MY 2010-11. This compares to 26.7% at this time in MY 2009-10.

U.S. Corn Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of U.S. corn in MY 2009-10 were up 7%, down 18% and up 9%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2009-10 were 2.005 bb, up 9% over the previous year. The USDA has projected U.S. corn exports to be 1.950 bb for MY 2009-10, up 5% from 1.858 bb in MY 2008-09. With 90% of the U.S. corn marketing year completed (i.e., 47 of 52 weeks), total U.S. corn export sales and commitments of 2.005 bb equal 102.8% of USDA export projections for MY 2009-10. This compares to 99.3% at this time in MY 2008-09.

Table 1. U.S. Grain Export Sales for Week Ending July 22, 2010

Source: USDA Foreign Agricultural Service (<http://www.fas.usda.gov/export-sales/esrd1.html>)

Commodity	Marketing Year	Exports for Week Ending	Outstanding Export Sales	Weekly Export Shipments	Cumulative Export Shipments	Total Export Sales and Commitments	USDA Total Export Projections	% Sales + Commitments vs USDA	% of Mktg Year (Weeks)
1,000 Bushels									
HRW Wheat	MY 2010-11	7/22/10	73,948	8,166	56,533	130,480	425,000	30.7%	8/52 (15%)
	MY 2009-10	1 year ago	48,697	4,669	34,739	83,436	365,000	22.9%	8/52 (15%)
		<i>June 1 – May 31</i>		<i>Up 52%</i>	<i>Up 75%</i>	<i>Up 63%</i>	<i>Up 56%</i>	<i>Up 16%</i>	
1,000 Bushels									
All Wheat	MY 2010-11	7/22/10	187,998	16,578	120,445	308,442	1,000,000	30.8%	8/52 (15%)
	MY 2009-10	1 year ago	141,530	11,310	89,486	231,016	865,000	26.7%	8/52 (15%)
		<i>June 1 – May 31</i>		<i>Up 33%</i>	<i>Up 47%</i>	<i>Up 35%</i>	<i>Up 34%</i>	<i>Up 16%</i>	
1,000 Bushels									
Corn	MY 2009-10	7/22/10	330,352	47,197	1,674,194	2,004,550	1,950,000	102.8%	47/52 (90%)
	MY 2008-09	1 year ago	308,446	57,225	1,537,254	1,845,700	1,858,000	99.3%	47/52 (90%)
		<i>Sept 1 – Aug 31</i>		<i>Up 7%</i>	<i>Down 18%</i>	<i>Up 9%</i>	<i>Up 9%</i>	<i>Up 5%</i>	
1,000 Bushels									
Grain Sorghum	MY 2009-10	7/22/10	17,908	819	116,044	133,952	170,000	78.8%	47/52 (90%)
	MY 2008-09	1 year ago	21,524	3,156	87,672	109,196	143,000	76.4%	47/52 (90%)
		<i>Sept 1 – Aug 31</i>		<i>Down 17%</i>	<i>Down 74%</i>	<i>Up 32%</i>	<i>Up 4%</i>	<i>Up 19%</i>	
1,000 Bushels									
Soybeans	MY 2009-10	7/22/10	106,883	6,561	1,386,918	1,493,801	1,460,000	102.3%	47/52 (90%)
	MY 2008-09	1 year ago	106,045	12,585	1,180,693	1,286,739	1,283,000	100.3%	47/52 (90%)
		<i>Sept 1 – Aug 31</i>		<i>Up 1%</i>	<i>Down 48%</i>	<i>Up 17%</i>	<i>Up 16%</i>	<i>Up 14%</i>	
1,000 Metric Tons									
Soybean Meal	MY 2009-10	7/22/10	893	110	8,349	9,242	11,500	80.4%	43/52 (83%)
	MY 2008-09	1 year ago	868	109	6,176	7,043	8,508	82.8%	43/52 (83%)
		<i>Oct 1 – Sept 30</i>		<i>Up 3%</i>	<i>Up 1%</i>	<i>Up 35%</i>	<i>Up 31%</i>	<i>Up 35%</i>	
Million Pounds									
Soybean Oil	MY 2009-10	7/22/10	456	20	2,553	3,009	3,250	92.6%	43/52 (83%)
	MY 2008-09	1 year ago	369	45	1,437	1,806	2,193	82.4%	43/52 (83%)
		<i>Oct 1 – Sept 30</i>		<i>Up 24%</i>	<i>Down 55%</i>	<i>Up 78%</i>	<i>Up 67%</i>	<i>Up 48%</i>	

U.S. Grain Sorghum Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of U.S. grain sorghum in MY 2009-10 were down 17%, down 74% and up 32%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2009-10 were 133.952 mb, up 4% over the previous year. The USDA has projected U.S. grain sorghum exports to be 170 mb for MY 2009-10, up 19% from 143 mb in MY 2008-09. With 90% of the U.S. grain sorghum marketing year completed, total U.S. grain sorghum export sales and commitments of 133.952 mb equal 78.8% of USDA export projections for MY 2009-10. This compares to 76.4% at this time in MY 2008-09.

U.S. Soybean Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of U.S. soybeans in MY 2009-10 were up 1%, down 48% and up 17%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2009-10 were 1.494 bb, up 14% over the previous year. The USDA has projected U.S. soybean exports to be 1.460 bb for MY 2009-10, up 16% from 1.287 bb in MY 2008-09. With 90% of the U.S. soybean marketing year completed (i.e., 47 of 52 weeks), total U.S. soybean export sales and commitments of 1.494 bb equal 102.3% of USDA export projections for MY 2009-10. This compares to 100.3% at this time in MY 2008-09.

U.S. Soybean Meal Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of U.S. soybean meal in MY 2009-10 were up 3%, up 1% and up 35%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2009-10 were 9.242 million metric tons (mmt), up 31% over the previous year. The USDA has projected U.S. soybean meal exports to be 11.5 mmt for MY 2009-10, up 35% from 8.508 mmt in MY 2008-09. With 83% of the U.S. soybean meal marketing year completed (i.e., 43 of 52 weeks), total U.S. soybean meal export sales and commitments of 9.242 mmt equal 80.4% of USDA export projections for MY 2009-10. This compares to 82.8% at this time in MY 2008-09.

U.S. Soybean Oil Exports: Outstanding export sales, weekly export shipments, and cumulative export shipments of U.S. soybean oil in MY 2009-10 were up 24%, down 55% and up 78%, respectively, over the previous marketing year as of July 22, 2010. Total export sales and commitments for MY 2009-10 were 3.009 million pounds (mlbs), up 67% over the previous year. The USDA has projected U.S. soybean oil exports to be 3.250 mlbs for MY 2009-10, up 48% from 2.193 mlbs in MY 2008-09. With 83% of the U.S. soybean meal marketing year completed (i.e., 43 of 52 weeks), total U.S. soybean meal export sales and commitments of 3.009 mlbs equal 92.6% of USDA export projections for MY 2009-10. This compares to 82.4% at this time in MY 2008-09.

Wheat Supply-Demand Trends – World & Selected Countries

The expectation and fear of wheat production shortfalls in Russia, the European Union and Canada, and their potential impact on World wheat supply-demand balances have directly affected wheat futures prices and are likely to have at least indirectly affected other grain and oilseed futures prices as well. Table 2 provides wheat supply-demand balance projections for the last three marketing years for the World overall, the United States, other major wheat exporters, and China. These projections are taken from the July 9, 2010 USDA World Agricultural Supply-Demand Estimates (WASDE).

Two measures of % ending stocks-to-use are presented in Table 2. “Ending Stocks-to-Domestic Use” shows the proportion of wheat stocks relative to total domestic use for each country or region

of the World. Alternatively, “Ending Stocks-to-Total Use” shows the proportion of wheat stocks relative to total domestic plus export use. By comparing the two measures of ending stocks-to-use it is possible to determine the relative importance of wheat exports on a country-by-country or region-by-region basis. Ending stocks-to-total use is not reported for the World totals to avoid double counting of grain, but is reported on a country-by-country basis.

Given information available in the July WASDE report, significant declines in wheat production were projected in MY 2010-11 compared to MY 2009-10 for the World overall, and for major wheat exporters Canada, Russia and Kazakhstan. Following suit, exports were projected to decline for Canada, Russia and the Ukraine. Wheat ending stocks-to-total use is projected to increase on a year-to-year basis in MY 2010-11 in the United States, the Ukraine and China.

Together the United States and China are projected to account for 50.6% of World wheat ending stocks in MY 2010-11– but with the United States positioned as a major wheat exporter and China as a self sufficient wheat producing country.

Ending Stocks-to-Use Sensitivity to Production Shortfalls: World wheat markets have been focusing recently on the potential impact of a shortfall in World wheat production and exports in MY 2009-10. If, for example, all 15.0 bb of Russian wheat exports were completely eliminated in MY 2010-11, or if some combination of Russian, Canadian or European Union wheat production shortfalls lead to a similar decrease in World wheat ending stocks, higher world wheat prices would be expected to ration or redistribute wheat usage among alternative categories (such as in reduced wheat feeding). However, assuming that approximately the same amount of total wheat would be used in the World in MY 2010-11, it is possible that world wheat ending stocks could decline by 7.0 to 15 mmt – down to approximately 172 to 180 mmt. In this scenario, World wheat ending stocks-to-total use could decline to 21.5% to 22.5%, nearing the 21.0% ending stocks-to-total use level of MY 2008/09 (i.e., when U.S. wheat cash prices averaged \$6.78 per bushel).

The heavy reliance on wheat exports by the United States, Argentina, Australia, Canada, Russia, Kazakhstan and the Ukraine can be seen by the differences between “End Stocks-to-Domestic Use” and “End Stocks to Total Use”. The U.S., Australia and Canada in particular are reliant upon wheat exports to “make use of” or “to move” wheat ending stocks inventories. Conversely, China’s relative self sufficiency in wheat supply-demand is illustrated by the near equality of these two ending stocks to use measures.

Table 2. Wheat Supply-Demand – World & Selected Regions/Countries

Source: USDA World Agricultural Supply-Demand Estimates for July 9, 2010 (million metric tons)

Region - Country	Marketing Year	Beginning Stocks	Production	Imports	Feed Use	Other Domestic Use	Exports	Ending Stocks	End Stocks-to-Domestic Use ¹	End Stocks-to-Total Use ²
World	2008/09	124.42	683.26	136.36	118.43	524.09	143.42	165.16	25.7%	
	2009/10	165.16	679.85	127.91	118.08	533.91	128.83	193.02	29.6%	
	2010/11	193.02	661.07	127.58	121.80	545.24	131.28	187.05	28.0%	
United States	2008/09	8.32	68.02	3.46	6.95	27.34	27.64	17.87	52.1%	28.9%
	2009/10	17.87	60.31	3.13	4.32	26.96	23.54	26.49	84.7%	48.3%
	2010/11	26.49	60.30	2.72	4.90	27.65	27.22	29.75	91.4%	49.8%
Argentina	2008/09	2.35	10.10	0.03	0.03	5.30	6.77	0.39	7.3%	3.2%
	2009/10	0.39	9.60	0.01	0.03	4.90	4.00	1.07	21.7%	12.0%
	2010/11	1.07	12.00	0.01	0.10	5.00	7.00	0.97	19.0%	8.0%
Australia	2008/09	3.65	21.42	0.11	3.75	3.10	14.75	6.59	52.4%	24.3%
	2009/10	3.59	22.50	0.10	4.00	3.10	14.50	4.59	64.6%	21.3%
	2010/11	4.59	22.00	0.10	4.10	7.25	15.50	3.94	54.3%	17.3%
Canada	2008/09	4.41	28.61	0.38	3.30	8.03	18.81	6.56	81.7%	24.4%
	2009/10	6.56	26.50	0.40	3.70	4.90	18.50	6.36	74.0%	23.5%
	2010/11	6.36	20.50	0.40	2.00	5.10	15.50	4.66	65.6%	20.6%
EU-27	2008/09	12.34	151.11	7.74	61.00	66.50	25.32	18.38	14.4%	9.8%
	2009/10	18.38	138.60	5.5	58.00	67.50	21.00	15.57	12.4%	10.6%
	2010/11	15.57	141.82	6.00	57.00	69.50	23.00	13.90	11.0%	9.3%
Russia	2008/09	3.87	63.70	0.20	16.20	22.70	18.39	10.48	26.9%	18.3%
	2009/10	10.48	61.70	0.15	19.00	23.00	17.50	12.83	30.5%	21.6%
	2010/11	12.83	53.00	0.15	24.00	47.20	15.00	3.78	8.0%	6.1%
Kazakhstan	2008/09	2.45	12.55	0.11	2.70	4.83	5.70	1.88	25.0%	14.2%
	2009/10	1.88	17.00	0.08	2.70	4.85	7.50	3.91	51.8%	26.0%
	2010/11	3.91	14.00	0.08	2.70	4.95	8.00	2.33	30.5%	14.9%
Ukraine	2008/09	2.07	25.90	0.07	2.90	9.00	13.04	3.11	26.1%	12.5%
	2009/10	3.11	20.90	0.05	3.30	9.30	9.20	2.26	17.9%	10.4%
	2010/11	2.26	20.00	0.05	3.10	9.00	8.00	2.21	18.3%	11.0%
China	2008/09	38.96	112.46	0.48	8.00	97.50	0.72	45.69	43.3%	40.3%
	2009/10	45.69	115.00	1.30	8.00	97.00	0.85	56.14	53.5%	53.0%
	2010/11	56.14	114.50	0.90	9.00	96.80	0.85	64.89	61.3%	60.8%

Corn Supply-Demand Trends – World & Selected Countries

The market leadership position of the United States in World corn exports is illustrated in Table 3. Corn supply-demand balance projections are provided for the last three marketing years for the World overall, the United States, other major corn exporters, and selected major corn importers. Over the most recent three marketing years, U.S. corn production has averaged 40% of the World's total, while U.S. exports and ending stocks have accounted for 56% and 27% of World totals, respectively.

Because of the major influence of U.S. corn production on World corn and coarse grain supply-demand balances, uncertainty in recent months about U.S. 2010 corn and feedgrain production prospects has helped to support corn futures prices (along with spillover strength in World wheat markets).

While some year-to-year changes in corn production are projected for MY 2010-11 in the July 2010 WASDE report, no large changes in World corn supply-demand balances are expected. Increases in production of 3.43 mmt (up 1%) and 11 mmt (up 7%) are projected for the United States and China, respectively, the two major corn producing countries in the World. Decreased production in Argentina (down 1.5 mmt), Brazil (down 2 mmt) and South Africa (down 1.5 mmt) are weighed against production increases in the Ukraine (up 2.5 mmt) and Mexico (up 2.7 mmt). A projected increase in MY 2010-11 exports from Argentina of 1.0 mmt are offset by a projected decrease in Brazilian exports of the same amount. Declines in ending stocks in MY 2010-11 are projected for major corn exporters such as the United States (down 2.66 mmt), Argentina (down 0.48 mmt), Brazil (down 3.3 mmt) and South Africa (down 0.98 mmt).

Corn ending stocks-to-total use are projected to decrease markedly on a year-to-year basis in MY 2010-11 for major exporters such as the United States, Argentina, Brazil, and South Africa. Conversely, ending stocks-to-total use is projected to increase in the Ukraine (a major exporter), Mexico and China.

Together, the United States and China are projected to account for 67.2% of World corn ending stocks in MY 2010-11. However, the U.S. is positioned as a major corn exporter while China is a somewhat self sufficient corn producing country. That said, China's involvement as a corn importer in recent months has provided support for World corn prices.

Ending Stocks-to-Use Sensitivity to Production Shortfalls: If a sizable and unexpected shortfall occurred in U.S. corn production or available supplies for export, it would have a marked impact on World coarse grain and corn markets. If, for example, a 500 mb or 12.7 mmt decline occurred in U.S. corn production in MY 2010-11 leading to a reduction of U.S. and World ending stocks by the same amount, U.S. and World corn markets could be markedly affected, with higher World corn prices leading to rationing or redistribution of corn usage among alternative usage categories. If approximately the same amount of total corn would be used in the U.S. in MY 2010-11, then it is possible that U.S. corn ending stocks could decline by 6.35 to 12.7 mmt (250 to 500 mb), down to approximately 26.24 to 28.54 mmt (i.e., from 1.373 bb down to the range of 873 mb to 1.123 bb). In this scenario, U.S. corn ending stocks-to-total use could decline to historic lows of 6.5% to 8.4%. These rudimentary calculations illustrate how sensitive U.S. and World corn markets would likely be to significant U.S. corn production shortfalls given the strategic leadership position of U.S. corn exports.

The heavy reliance on corn exports by the United States, Argentina, and the Ukraine can be seen by the differences between "End Stocks-to-Domestic Use" and "End Stocks to Total Use".

Table 3. Corn Supply-Demand – World & Selected Regions/Countries

Source: USDA World Agricultural Supply-Demand Estimates for July 9, 2010 (million metric tons)

Region - Country	Marketing Year	Beginning Stocks	Production	Imports	Feed Use	Other Domestic Use	Exports	Ending Stocks	End Stocks-to-Domestic Use ¹	End Stocks-to-Total Use ²
World	2008/09	131.32	797.83	82.45	479.54	302.20	84.64	147.41	18.9%	
	2009/10	147.41	809.02	83.05	486.53	330.30	87.81	139.59	17.1%	
	2010/11	139.59	832.38	86.72	492.90	337.99	89.16	141.08	17.0%	
United States	2008/09	41.26	307.14	0.34	132.33	126.83	47.18	42.50	16.4%	13.9%
	2009/10	42.50	333.01	0.25	140.34	148.35	49.53	37.55	13.0%	11.1%
	2010/11	37.55	336.44	0.25	135.90	153.93	49.53	34.89	12.0%	10.3%
Argentina	2008/09	2.18	15.00	0.03	4.50	1.90	10.32	0.49	7.6%	2.9%
	2009/10	0.49	22.50	0.03	5.20	1.90	13.00	2.92	41.1%	13.8%
	2010/11	2.92	21.00	0.03	5.50	2.00	14.00	2.44	32.5%	11.3%
Brazil	2008/09	12.58	51.00	1.14	38.50	7.00	7.14	12.08	26.5%	22.9%
	2009/10	12.08	53.00	0.50	39.50	7.00	8.00	11.08	23.8%	20.3%
	2010/11	11.08	51.00	1.00	41.30	7.00	7.00	7.78	16.1%	14.1%
Ukraine	2008/09	0.67	11.40	0.01	5.10	0.75	5.50	0.73	12.5%	6.4%
	2009/10	0.73	10.50	0.01	4.80	0.70	5.20	0.54	9.8%	5.0%
	2010/11	0.54	13.00	0.01	5.90	0.70	6.00	0.95	22.7%	7.5%
South Africa	2008/09	3.09	12.57	0.03	4.40	5.60	1.67	4.01	7.7%	2.9%
	2009/10	4.01	14.00	0.3	5.00	6.00	2.50	4.54	41.3%	33.6%
	2010/11	4.54	12.50	0.03	5.00	6.00	2.50	3.56	32.4%	26.4%
Japan	2008/09	1.16	0.00	16.53	12.10	4.60	0.00	1.00	6.0%	6.0%
	2009/10	1.00	0.00	16.30	11.70	4.60	0.00	1.00	6.1%	6.1%
	2010/11	1.00	0.00	16.30	11.70	4.60	0.00	1.00	6.1%	6.1%
Mexico	2008/09	4.13	24.23	7.76	16.40	16.00	0.16	3.56	11.0%	10.9%
	2009/10	3.56	21.30	8.00	14.80	16.00	0.25	1.81	5.9%	5.8%
	2010/11	1.81	24.00	9.10	15.60	16.20	0.15	2.96	9.3%	9.3%
South Korea	2008/09	2.08	0.09	7.19	6.37	1.52	0.00	1.47	18.6%	18.6%
	2009/10	1.47	0.08	8.20	6.50	1.80	0.00	1.45	17.5%	17.5%
	2010/11	1.45	0.08	8.60	6.80	1.90	0.00	1.43	16.4%	16.4%
China	2008/09	39.39	165.90	0.05	107.00	45.00	0.17	53.17	35.0%	34.9%
	2009/10	53.17	155.00	1.00	109.00	47.00	0.15	53.02	34.0%	34.0%
	2010/11	53.02	166.00	0.10	110.00	49.00	0.20	59.92	37.7%	37.6%

Soybean Supply-Demand Trends – World & Selected Countries

The shared market leadership position of the United States, Brazil and Argentina in World soybean exports is illustrated in Table 4. Soybean supply-demand balance projections are shown for the last three marketing years for the World overall, the United States, other major soybean exporters (Brazil and Argentina), and selected major soybean importers.

Over the most recent three marketing years, U.S., Brazilian and Argentine soybean production has averaged 36.5%, 26.6% and 18.7% of the World's total, respectively. Exports of U.S., Brazilian and Argentine soybeans have averaged 44.2%, 34.6% and 10.7%, respectively. In terms of ending stocks, the U.S., Brazil and Argentina have accounted for 10.1%, 27.4% and 36.8% of World totals, respectively. These figures indicate that U.S. soybean ending stocks have been markedly lower as a proportion of World totals in recent years than have soybean ending stocks in Brazil and Argentina. These figures also under-represent the lead role that Argentina plays in World soybean meal export markets.

In the July 2010 WASDE report, World soybean production is projected to decrease in MY 2010-11 by 8.41 mmt or 3.2% to 251.29 mmt over the previous year. Decreases in production of 0.38 mmt (down 0.4%), 4 mmt (down 5.8%) and 4.5 mmt (down 8.3%) are projected for the U.S., Brazil and Argentina, respectively. Exports in MY 2010-11 are projected to decrease by 7.55 mmt (down 6.2%) for the U.S., but to increase by 0.55 mmt (up 1.9%) and 3 mmt (up 31.6%) for Brazil and Argentina, respectively.

World soybean ending stocks were projected to increase by 2.41 mmt or 3.7% to 67.76 mmt in MY 2010-11 over the previous year in the July 2010 WASDE report. Much of this increase is projected for the U.S. where ending stocks are projected to increase by 5.05 mmt (up 185 mb or 106.3%) to 9.80 mmt (360 mb). Brazilian soybean ending stocks are projected to increase by 0.48 mmt (up 2.8%), while Argentine soybean ending stocks are projected to decline by 2.82 mmt (down 11.1%). Soybean ending stocks projections closely follow trends in ending stocks for the 3 major exporting countries.

Imports of soybeans to China are projected to be 50 mmt in MY 2010-11, an increase from 48 mmt in MY 2009-10 and 41.1 mmt in MY 2008-09. Chinese soybean imports are projected to account for 57.1% of world soybean imports in MY 2010-11, up from 56.3% in MY 2009-10 and up from 53.3% in MY 2008-09. Heavy reliance on Chinese soybean purchases over recent marketing years has resulted in a strong but "narrow" demand basis for World soybean exports. Should Chinese purchases of soybean imports slow or falter in the short-to-intermediate term future, it would likely bring about substantial changes and/or declines in soybean price prospects.

Ending Stocks-to-Use Sensitivity to Production Shortfalls: If weather-related production problems occurred in the U.S. soybean crop in 2010, it would likely have a marked impact on World soybean and soybean product markets. If a hypothetical 250 mb or 6.806 mmt decline occurred in U.S. soybean production in MY 2010-11, it could cause a reduction of U.S. and World ending stocks by the nearly same amount, and would likely have a marked effect on U.S. and World soybean markets. In response, higher World soybean prices would likely lead to rationing and/or redistribution of soybean usage among alternative usage categories.

If approximately the same amount of total soybeans would be used in the U.S. in MY 2010-11 as projected in the July WASDE report, then it is possible that U.S. soybean ending stocks could decline by 3.4 to 6.8 mmt (125 mb to 250 mb), down to approximately 3.0 to 6.4 mmt (i.e., from 360 mb down to the range of 110 mb to 235 mb). In this scenario, U.S. soybean ending stocks-to-

total use could decline to 3.5% (a historic low) to 7.4%. Similarly, World soybean ending stocks in MY 2010-11 could decline from 67.76 mmt to the 60.96 mmt to 64.36 mmt range. World soybean ending stocks-to-domestic use could decline in MY 2010-11 from 27.4% to the range of 24.6% to 26.0%.

Just as for the corn market, these calculations illustrate how sensitive U.S. and World soybean markets would likely be to significant 2010 U.S. soybean production shortfalls given the strategic leadership position of U.S. soybean exports.

The heavy reliance on corn exports by the United States, Brazil and Argentina can be seen by the differences between “End Stocks-to-Domestic Use” and “End Stocks to Total Use”.

Table 4. Soybean Supply-Demand – World & Selected Regions/Countries

Source: USDA World Agricultural Supply-Demand Estimates for July 9, 2010 (million metric tons)

Region - Country	Marketing Year	Beginning Stocks	Production	Imports	Crush	Other Domestic Use	Exports	Ending Stocks	End Stocks-to-Domestic Use ¹	End Stocks -to- Total Use ²
World	2008/09	52.91	211.96	77.17	193.01	28.02	77.34	43.66	19.8%	
	2009/10	43.66	259.70	85.15	205.61	29.97	87.58	65.35	27.7%	
	2010/11	65.35	251.29	87.54	216.30	31.27	88.84	67.76	27.4%	
United States	2008/09	5.58	80.75	0.36	45.23	2.77	34.93	3.76	7.8%	4.5%
	2009/10	3.76	91.42	0.41	47.49	3.61	39.74	4.75	9.3%	5.2%
	2010/11	4.75	91.04	0.27	44.77	4.22	37.29	9.80	20.0%	11.4%
Argentina	2008/09	21.76	32.00	1.24	31.24	1.58	5.59	16.59	50.5%	43.2%
	2009/10	16.59	54.50	0.00	34.53	1.59	9.50	25.47	70.5%	55.8%
	2010/11	25.47	50.00	0.00	38.65	1.68	12.50	22.65	56.2%	42.9%
Brazil	2008/09	18.90	57.80	0.04	31.87	2.85	29.99	12.04	34.7%	18.6%
	2009/10	12.04	69.00	0.19	32.05	2.90	28.35	17.92	51.3%	28.3%
	2010/11	17.32	65.00	0.18	32.80	3.00	28.90	18.40	51.4%	28.4%
China	2008/09	4.25	15.54	41.10	41.04	10.40	0.40	9.05	17.6%	17.5%
	2009/10	9.05	14.70	48.00	47.28	10.60	0.25	13.62	23.5%	23.4%
	2010/11	13.62	14.60	50.00	53.40	10.82	0.45	13.55	21.1%	21.0%
EU-27	2008/09	0.81	0.64	13.21	12.86	1.25	0.02	0.56	4.0%	4.0%
	2009/10	0.56	0.86	13.00	12.50	1.27	0.04	0.61	4.4%	4.4%
	2010/11	0.61	1.00	12.60	12.40	1.22	0.03	0.56	4.1%	4.1%
Japan	2008/09	0.27	0.26	3.40	2.50	1.25	0.00	0.18	4.8%	4.8%
	2009/10	0.18	0.23	3.60	2.53	1.50	0.00	0.18	4.7%	4.7%
	2010/11	0.18	0.23	3.66	2.59	1.30	0.00	0.17	4.3%	4.3%
Mexico	2008/09	0.06	0.15	3.33	3.47	0.03	0.00	0.04	1.1%	1.1%
	2009/10	0.04	0.11	3.45	3.51	0.04	0.00	0.05	1.4%	1.4%
	2010/11	0.05	0.11	3.60	3.67	0.04	0.00	0.05	1.3%	1.3%

