

ASA-International Marketing Weekly Update

[Archives](#)

December 19 , 2005

Congress To Propose New Biofuels Legislation In 2006

According to Senator Byron Dorgan (D-ND), anxiety over fuel prices may result in a bipartisan legislative push for even more biofuels incentives in 2006. In recent comments, Dorgan spoke of a growing bipartisan support for advanced vehicle incentives, and said he believes that effort may also lead to fuel economy policy changes. According to Dorgan, there is a much more receptive climate for biofuels in the Congress. He indicated that a push for renewable fuels may begin in the Senate early in 2006.

Congress may focus on several stand-alone bills instead of a comprehensive bill. The measures are likely to address renewable fuels, energy efficiency and possibly even Corporate Average Fuel Economy (CAFE) standards, according to Dorgan. Much has changed in the Congressional energy debate since the hurricane disaster. In recent weeks, both Senate and House members have introduced legislation supportive of advanced technology vehicles and alternative fuels.

China Limits Soyoil Importing Firms

The Chinese government will allow only large scale firms to import soyoil, palmoil and rapeseed oil in 2006 when it scraps import quotas on the three edible oils, industry officials said last week. The move aims to “avoid unchecked imports, which would hurt the domestic market” after the quotas are scrapped, the industry association said in a notice published on the International Business Daily.

A coordination team jointly set up by China Vegetable Oils Association and China Chamber of Commerce and Export of Foodstuffs, Native Produce and Animal By-Products will review importers' application and give approval the notice said.

China sets quotas for imports of edible oils, grains and cotton each year as part of its commitment to the World Trade Organization. As agreed, it will scrap import quotas for vegetable oils in 2006 while quotas remain for import of grains, sugar and cotton.

Trading firms with registered capital of more than 10 million yuan (\$1.24 million) and annual sales revenues of 200 million yuan (\$24.8 million) will be allowed to import vegetable oils, according to the notice.

GM Soy Seed Usage Slows In Brazil

A lower-than-expected 40% of Brazil's 2006 soybean harvest will be from genetically modified (GM) varieties as farmers were faced with tough economic times following lower returns in the previous drought-hit season. Of the 22 million hectares of soybeans sown in the country, about 9 million hectares are GM, with just 3 million hectares of these legally registered.

Analysts had forecast 50% of Brazil's soybean area would be planted with GM varieties after Brazil's congress approved such crops in March, up from 30% in the previous year. Farmers used larger amounts of lower quality farm-saved seed and illegal GM seed smuggled from Argentina and Paraguay.

Indian Prime Minister Says There Is An "Anomaly" In The Soyoil Duty

India's Prime Minister Manmohan Singh said last week that there is an anomaly in the country's soyoil duties, but stopped short of saying he would change the structure. Singh said that historically soyoil had been treated more favorably than palm oil, because in the past India did not produce any soyoil. "Therefore, we felt that by fixing our rates low we would not be hurting any domestic enterprises. So that's the reason why I think soybean got treated differently. There is an anomaly there," he told a meeting of businessmen on the sidelines of the ASEAN summit in the Malaysian capital, Kuala Lumpur.

Mississippi State University Developing New Soy-Based Foods

Mississippi State University announced last week that researchers in its Food Science, Nutrition and Health Promotion Department are focusing on new soy-based food products. "We are building concept foods, foods that are novel to the marketplace and which do not have a standard of identity," said Patti Coggins, director of MSU's Sensory Evaluation Laboratory. "We are creating brand new food products for where we think the food industry might be in the future."

Coggins said she and other researchers are working with beverages such as energy or weight-loss drinks, dairy foods and frozen foods. “We’re developing foods that contain soy, whether in the form of a protein concentrate or an isolate,” Coggins said. “The health food market is being merged into what we now call the market, and Americans are much more accepting of the foods that are out there.”

Currently, soy is used in foods primarily for its health benefits. However, many consumers are gravitating toward soy-based products because of taste or as foods in place of another item. “Many people cannot consume dairy products, and they look to soy or other alternatives,” Coggins said. “Americans read nutrition labels on food more than ever before, and they have a growing acceptance of soy in their diets.”

Wes Schilling is another food science researcher in MSU’s Food Science, Nutrition and Health Promotion Department. He and others are working to produce a shelf-stable deli ham. “We add soy protein to the formulation to help bind more water,” Schilling said. “The more water you bind, the juicier the product.”

Soy Complex Mostly Lower On Technical Selling

The soy complex closed mostly lower on December 15 reflecting technical selling in the meal market. Also, China reported another human bird flu case, which may have added to the selling pressure in meal. The Brazil Geographic and Statistics Institute said that the Brazil’s production for 2005-2006 could reach 58.4 million tonnes, up from 51.1 million tonnes last year. Planted area for Brazil is down 6.4% from last year. Argentina and Southern Brazil likely will receive only scattered rains through the middle of the week but chances for rain are expected to improve late next week. This is considered a bearish development as Argentina growing areas have been dry. Meanwhile, slow exports and the lower-than-expected monthly crush also are considered bearish demand indicators. January bean futures closed down \$1.93 finishing at \$215.78; March was \$2.02 lower, closing at \$219.73; and May lost \$1.89 ending at \$222.76. January meal was down \$5.62, closing at \$206.57; March was \$2.31 lower, finishing at \$208.22; and May decreased \$1.87 to finish at \$210.32. January oil closed \$010.80 higher to finish at \$471.78; March increased \$8.60, closing at \$478.18; and May gained \$9.04, ending at \$485.01.

U.S. & South America Soybean/Products Balance

	United States			Argentina			Brazil		
	Actual	Estimate	Proj.	Actual	Estimate	Proj.	Actual	Estimate	Proj.
	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
Soybeans	<i>thousand tonnes</i>								
Carryin	4,853	3,059	6,954	1,630	2,046	2,181	3,231	2,321	903
Production	66,778	85,013	82,820	33,000	39,000	40,500	50,500	51,000	58,500
Imports	151	126	108	540	530	485	364	470	494
Crush	41,631	46,160	46,810	25,072	27,800	29,100	29,172	28,200	31,026
Exports	23,946	30,011	29,257	6,500	9,800	10,000	19,571	21,830	24,750
Other	3,146	5,073	4,296	1,552	1,795	1,810	3,031	2,858	3,021
Usage	68,723	81,244	80,363	33,124	39,395	40,910	51,774	52,888	58,797
Carryout	3,059	6,954	9,519	2,046	2,181	2,256	2,321	903	1,100
Soymeal	<i>thousand tonnes</i>								
Carryin	200	191	155	347	354	560	763	532	200
Production	32,953	36,938	37,116	19,807	21,806	22,900	22,920	22,306	24,465
Domestic use	28,590	30,483	31,116	700	850	950	8,784	8,950	9,450
Net Exports	4,372	6,491	5,928	19,100	20,750	22,050	14,367	13,688	14,673
Usage	32,962	36,974	37,044	19,800	21,600	23,000	23,151	22,638	24,123
Carryout	191	155	227	354	560	460	532	200	542
Soybean oil	<i>thousand tonnes</i>								
Carryin	676	488	767	99	74	100	150	93	95
Production	7,748	8,781	8,816	4,513	5,115	5,354	5,258	5,220	5,625
Domestic use	7,651	7,900	8,142	140	145	155	2,710	2,948	3,020
Net exports	285	602	583	4,398	4,944	5,224	2,605	2,270	2,600
Usage	7,936	8,502	8,725	4,538	5,089	5,379	5,315	5,218	5,620
Carryout	488	767	858	74	100	75	93	95	100

USDA Export Sales (tmt) - Week of 08 December 2005

Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	20.2	89.7
China	Soybeans	66.6	4265.2
Colombia	Soybeans	22.1	43.1
Japan	Soybeans	113.3	761.5
Mexico	Soybeans	29.1	1009.4
Netherlands	Soybeans	68	390.6
Singapore	Soybeans	0.2	25.2
Taiwan	Soybeans	7.6	569.1
UAE	Soybeans	65	0
UK	Soybeans	39.3	45
Canada	Soymeal	11.1	225.3
Colombia	Soymeal	22.8	59.8
Dom. Rep.	Soymeal	2.4	52.6
Guatemala	Soymeal	0.7	35.7
Honduras	Soymeal	3.4	30
Hong Kong	Soymeal	0.1	5.1
Jamaica	Soymeal	1	16.5

Country	Commodity	New Sales	Accum. Exports
Japan	Soymeal	11.4	84.9
Korea, Rep.	Soymeal	0.1	0
Lebanon	Soymeal	7.5	7.5
Mexico	Soymeal	32.3	259.3
Philippines	Soymeal	0.3	102.9
Salvador	Soymeal	6.3	26.1
Surinam	Soymeal	1.3	6.3
Venezuela	Soymeal	16	4
Canada	Soyoil	0.1	6.7
Kuwait	Soyoil	0.1	0.4
Nicaragua	Soyoil	2	0

Export Sales Totals (tmt)			
Commodity	Outstanding Sales	Accum. Exports	New Sales
Soybeans	3,944.3	8,963.0	504.2
Soymeal	1,431.4	1,195.3	130.7
Soyoil	92.3	72.6	0.2

Thursday Spot and Futures Prices, 15 December 2005

<i>Item</i>	<i>Location</i>	<i>Jan</i>	<i>Mar</i>	<i>May</i>
Soybeans (\$/mt)	Central Ill./Chicago	215.78	219.73	222.76
	FOB Gulf (Basis)	241.50	243.61	246.64
	CIF Gulf Coast (Basis Chicago)	241.13	243.61	246.64
Board Crush Margin	\$/mt	22.20	20.64	20.40
		<i>Jan</i>	<i>Mar</i>	<i>May</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	206.57	208.22	210.32
	FOB Gulf (Basis)	229.72	230.27	232.36
	West Coast (Basis)	242.95	244.60	245.59
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	206.57	208.22	210.32
	FOB Gulf (Basis)	218.70	219.25	221.34
	West Coast (Basis)	231.92	233.58	234.57
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	471.78	478.18	485.01
	FOB Gulf (Basis)	482.81	489.20	496.04
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	200.07	176.60	451.28

Weekly Statistics, Past Five Weeks (\$/mt)

	<i>10-Nov</i>	<i>17-Nov</i>	<i>25-Nov</i>	<i>1-Dec</i>	<i>8-Dec</i>
Nearby Soybean Futures (CBT)	212.01	212.84	206.50	205.67	208.24
Basis Central Illinois	216.79	214.67	208.33	207.51	215.59
Basis Gulf	229.28	232.68	227.07	229.19	234.70
Nearby Soybean Meal Futures (CBT)	193.45	194.23	188.16	189.93	197.64
Basis Decatur	185.74	192.02	188.27	187.94	197.64
Basis Gulf	212.19	210.76	207.01	209.77	221.89
Basis West Coast	230.93	233.91	230.16	232.92	242.84
Nearby Soybean Oil Futures (CBT)	501.99	492.51	481.04	463.85	462.30
Basis Decatur	490.96	498.02	475.53	468.92	467.82
Basis Gulf	446.87	438.49	433.64	438.49	435.85
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	23.79	23.41	22.44	21.18	20.98
US Gulf/Japan, grains basis	45.49	44.87	43.26	41.56	40.30
PNW/Japan, grains basis	23.91	23.47	22.59	24.90	26.31
PNW/Japan Spread	21.58	21.40	20.67	16.67	13.99
US Corn, CBOT Nearby Futures	76.28	75.68	75.09	74.50	74.11
US Sorghum, Gulf Cash Price	93.25	91.60	n/a	93.36	92.70
Canadian Canola, Nearby Winnipeg	213.66	215.44	216.54	212.93	204.87
Brazil Soybeans, FOB Paranagua	234.06	234.88	232.22	231.39	233.96
Brazil Soymeal, FOB Paranagua	190.15	198.19	195.88	196.54	206.46
Brazil Soyoil, FOB Paranagua	519.00	502.00	489.00	477.00	462.00
Rail Rate-Kansas City MO/Eagle Pass TX 1/	Dec '01		\$2,387	Sep '02	\$2,287

1/ Quoted rail rates, dollars per car, for a 54-car unit train.