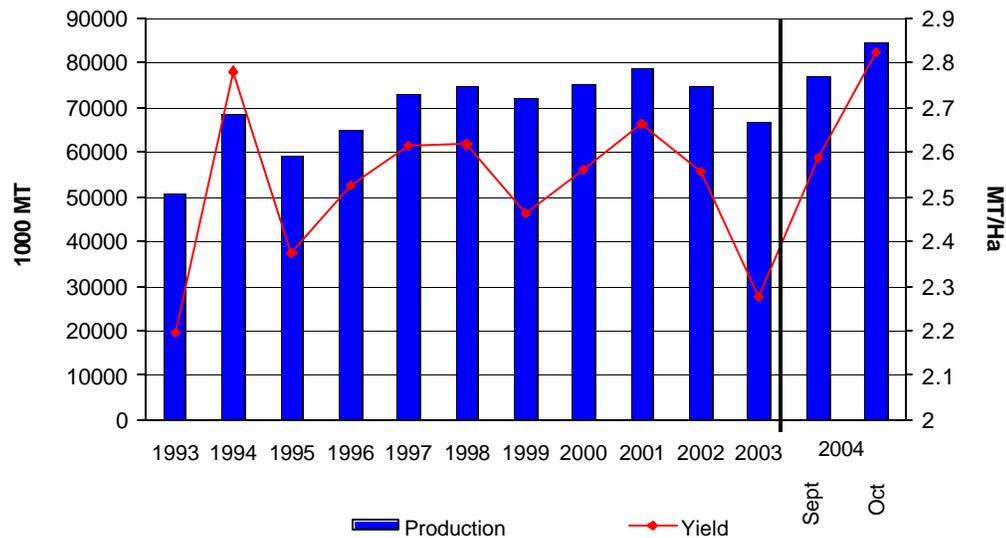




Oilseeds: World Markets and Trade

Record U.S. Soybean Production and Yield Forecast for 2004/05



After a poor harvest last fall, U.S. soybean production is expected to rebound to a forecast record 84.6 MMT, up 7.4 MMT from September, due to record yields and a 136,000-hectare increase in area. Favorable weather during seed development has led to a record yield of 2.82 MT/Ha, up 1.5 percent from the previous record set in 1994/95 (2.78 MT/Ha). With the large increase in supplies the forecast for U.S. domestic use was raised 1 MMT and forecast exports increased 680,000 MT. However, most of the increase in production is forecast to be carried over as stocks and push U.S. stocks to a seventeen-year high 11 MMT. The U.S. season average price is forecast to fall to \$4.70 - \$5.50/bu, compared with \$5.35 to \$6.25/bu last month.

Declining margins for producers in Brazil resulting from higher input costs and lower international prices are expected to reduce the incentive to expand soybean area in Brazil. This is reflected in the 1.5 MMT reduction made to Brazil's 2004/05 crop forecast (64.5 MMT). Reports indicate that higher input costs in Brazil will increase the cost of production by 15 percent in Southern Brazil. For further information see <http://www.fas.usda.gov/gainfiles/200409/146107630.doc>

Despite expanding supplies, forecast soybean import demand was lowered this month based on continuing difficulties with Avian Influenza in Asia and a record rapeseed crop in the EU.