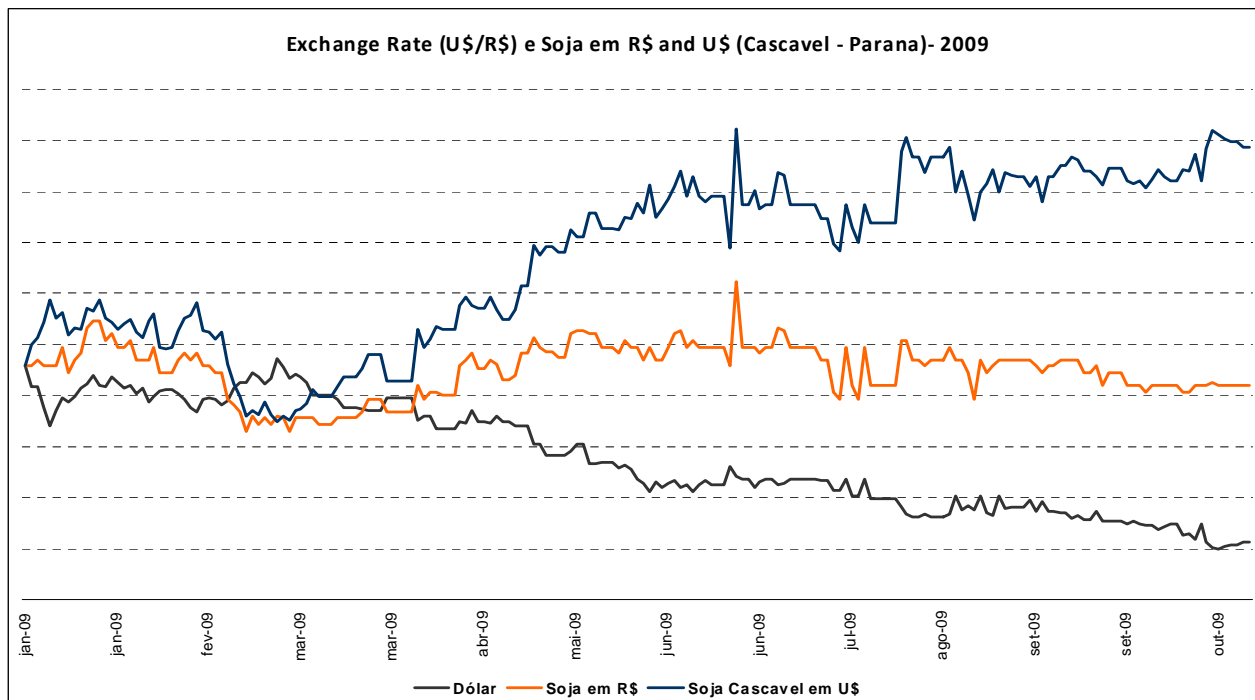


In this week, incentive factors to plant soybeans became clearer. Domestic prices are getting higher compare to 2008's ground in U\$ terms, due to a significant valorization in Brazilian Exchange Rate combine with firm soybeans spot basis. Meanwhile in R\$/sc soybeans prices average may get less attractive in 2010 for Brazilian producers than this crop.



In addition, Brazilian demand is firm, especially with B5 published this week for the federal government from B4 that regulated 2008. B5 means 5% of biodiesel, which in Brazil is mainly produced from soyoil, into diesel fuel for all national fleet. An increase of 1% in the mandatory use of biodiesel may mean an increase from 1.86 billion of liters of biodiesel to 2.33 billion of biodiesel. This new scenario will demand 0.476 billion of liters of bean oil, or 414 thousand tons, which represents 30% in the bean oil total exports.

This huge consumption of bean oil will affect the Brazilian bean oil exports. In the soybean, this will demand more 2.3 thousand tons of soybeans. In result it will bring to S&D Soybean Table 2009/10 for Brazil new perspectives:

Brazil Soybean 09-10 Crop

	<u>USDA with B4</u>	<u>With B5</u>
Carrying	11.60	11.60
Production	62.00	62.00
Supply	73.75	73.75
Crush	<u>31.60</u>	<u>33.82</u>
Exports	23.65	23.65
Carryout	<u>15.47</u>	<u>13.25</u>

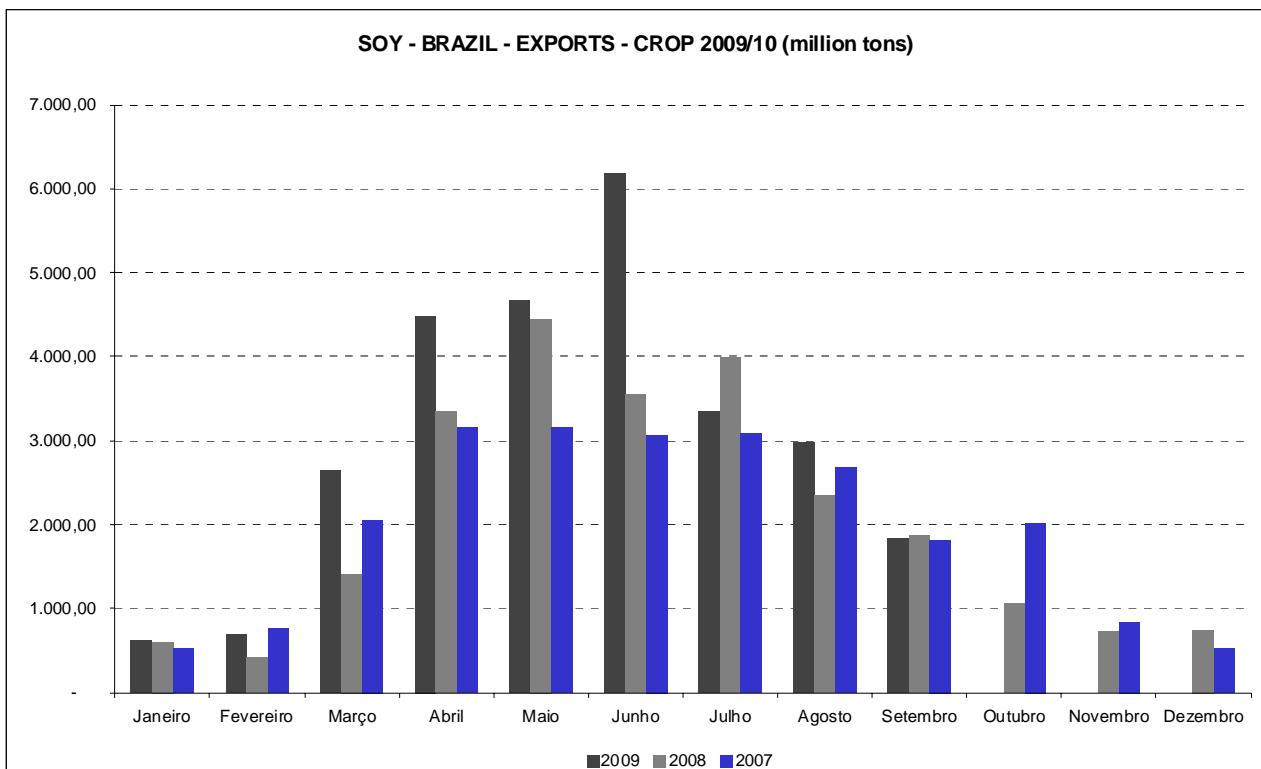
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In mid of higher soybeans planting expectations, let's develop different scenarios for Brazilian production in 2009/10 Crop.

Brazil Soybean 09-10 Crop

	USDA <u>With B5</u>	Lower	Higher
Carrying	11.60	11.60	11.60
Production	62.00	60.00	64.00
Supply	73.75	71.75	75.75
Crush	33.82	33.82	33.82
Exports	23.65	23.65	23.65
Carryout	13.25	11.25	15.25

About export market, Brazilian soybeans exports pace are retracing to 2008 levels, that started in September. Brazil may become an important soy meal exporter competing with Argentina, which eventually may even reduce soy exports next year. Many inactive crushers are resuming their activities. Given the small carryout and strong internal demand, domestic market may be prioritized.



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