

CONAB RELEASES A RECORD NUMBER FOR BRAZILIAN SOYBEAN PRODUCTION IN 2009/10 CROP

On Tuesday (08), Conab, the National Supply Company of Brazil, informed that Brazilian grains production for 2009/10 crop may reach 140.6 millions tonnes, versus 135.13 millions in 2008/09 crop. Note that the main responsible for this increase is soybean, which is expected to total around 64.56 millions tonnes for 2009/10 crop, a record number and 12,9% higher than last crop. Another information source, SAFRAS&Mercado, indicates a soybean production of 64.81 millions tonnes for current crop.

SOYBEAN PRODUCTION - BRAZILIAN 2009/2010 CROP

(in thousand tonnes)

	2009/10	2008/09	Change
RR	23.1	22.4	3.1%
RO	343.9	326.5	5.3%
PA	211.5	208.7	1.3%
TO	921.8	856.4	7.6%
MA	1,167.9	975.1	19.8%
PI	900.6	768.8	17.1%
BA	2,796.6	2,418.0	15.7%
MT	18,651.5	17,962.5	3.8%
MS	4,757.5	4,179.7	13.8%
GO	7,332.0	6,836.2	7.3%
DF	159.0	156.5	1.6%
MG	2,959.4	2,747.2	7.7%
SP	1,530.6	1,306.5	17.2%
PR	13,147.5	9,509.7	38.3%
SC	1,235.7	974.8	26.8%
RS	8,422.3	7,912.6	6.4%
BRAZIL	64,560.9	57,161.6	12.9%

Source: Conab

Corn production, however, shows a 1.7% fall compared to last crop, reaching 50.15 millions tonnes for 2009/10 crop. Due to higher liquidity in the market, higher resistance to drought and lower planting cost producers prefer soybean in detriment of corn.

In addition, based on estimated profitability for Brazilian soybean and corn planting, it is possible to note other stimulus for the first one. While soybean crop returns about 23%, corn return rate is around -26.33% in Sorriso, State of Mato Grosso.

2009/2010 Crop (c/bu)	Soybean	Corn
Market Price	835,8	234,9
Futures (H0)	1035,8	393,0
Basis	-200,0	-158,1
Production Cost	680,4	318,8
Return	155,4	-83,9
Profitability	23%	-26%

Source: ProphteX, SAFRAS&Mercado, IMEA

*It was used a yield of 3.000 kg/ha for soybean and 6.000 kg/ha for corn

Although 2009 has been a good year to soybean producers in the international market, the appreciation Brazilian coin, unwound soybean prices performance in internal market.

Evolution of Brazilian Exchange Rate



Source: CMA

Even so, Mato Grosso producers seem optimistic as they raised planting area about 3% for next crop. An encouraging factor refers to production cost fall, in special related to fertilizers.

Finally, over this week, crop planting advance was lower than the pace observed in the beginning of the process. Overall, regular climate conditions allowed Brazilian producing regions conclude or present a good performance of their planting activities. In South, however, persistent rains, mainly in Rio Grande do Sul and Santa Catarina, retarded significantly their planting progress. Until December 4th, 45% of expected area was planted, versus a 5-year average of 82%. Consequently, Brazil as a whole is also delayed, that is, 87% of expected area has already been planted, compared to 86% last year and 89% 5 year average.

SOYBEAN PLANTING FOLLOW-UP - BRAZILIAN 2009/2010 CROP

(% OF ESTIMATED PLANTING AREA)

States	2009	2009	2008	5 Y AVE
RS	12/4	11/27	12/4	82%
PR	45%	40%	65%	97%
MT	99%	96%	95%	98%
MS	100%	99%	99%	97%
GO	100%	98%	96%	97%
SP	99%	96%	78%	88%
MG	95%	82%	88%	86%
BA	90%	75%	64%	76%
SC	75%	65%	70%	71%
OCT	60%	55%	65%	73%
RS	80%	70%	70%	75%
BRAZIL	87%	82%	86%	89%

Source: SAFRAS & Mercado