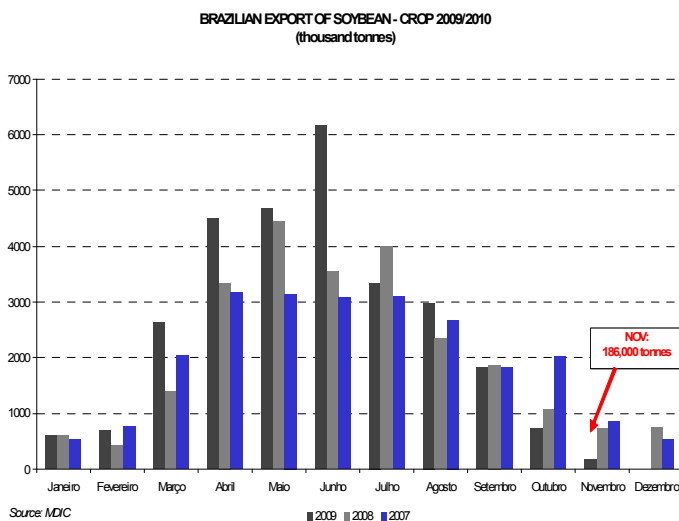


2009/10 BRAZILIAN SOYBEAN CROP CHARACTERIZED BY HIGHER PLANTED AREA AND PRODUCTIVITY

Three important Brazilian sources point to higher soybean production for 2009/10 Brazilian crop compared to last crop, resulted, basically, from larger planted area and superior productivity. Soybean production increase estimate between 10% and 13%. According to private source SAFRAS&Mercado and public source Conab, both planted area and productivity expanded about 6% in 2009/10 season vs 2008/09 crop.



Brazilian Soybean Crop - December						
(Harvested Area in million ha, Productivity in kg/ha and Production in million tonnes)						
	SAFRAS&Mercado		Céleres		Conab	
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10
Planted Area	21,726	23,044	-	-	21,742	23,048
Harvested Area	21,705	23,044	21,493	22,880	-	-
Productivity	2,648	2,822	2,706	2,798	2,629	2,801
Production	57,472	65,034	58,161	64,019	57,162	64,561

Source: SAFRAS&Mercado, Céleres and Conab

Factors such as 2009 domestic prices level slightly better than 2008, firm demand by Brazilian soybean even with global economic crisis, backing of cotton, bean and specially corn planted area and 15%-20% lower production costs favored increasing soybean planted area in Brazil.

Higher fertilizer use due to its lower prices and a regular climate conditions in general way contributed to the improvement of soybean plantation productivity in country. Recent strong rains hurt soybean crop, mainly, in South region. However, better climate condition henceforth may limit these losses in South producer region.

Internal market with few negotiations, influenced by CBOT futures falls and by nearness of end year holidays. Although some farmers in Mato Grosso already started harvest activities of short cycled beans, there is not any official indication about its harvest progress. Many farmers plant short cycled beans in September/October in Mato Grosso to harvest that in December/January and so be able to enjoy dense cotton plantation in January.

Conab may release a study next week, with more details about short cycled beans harvest.

Cash market also slow in South region. Until October, current crop commercialization advanced intensively, higher than average. Now it is less accelerated. This is a regular seasonal movement since commercialization of wheat harvested in October/November is prioritized.

2009/10 crop plantation already finished in Brazilian South region.

Similar to September and October, Brazilian soybean export shows 74% lower in November 2009 compared to November 2008. Limited supply from South America strengthened local basis resulting in less competitive prices in relation to U.S. soybean prices. Despite this poor performance, the accumulated is higher this year than last year due to large soybean export volume in first semester.