

BRAZILIAN SOUTH FINISH SOYBEAN PLANTATION, WHILE MIDWEST BEGINS HARVEST ACTIVITIES

The recent climate condition improvement in Brazilian Center-South was enough to recover the Soybean planting progress in Rio Grande do Sul. That was delayed due to strong rains in November. By now, we can say that 100% of its crop are already sown. This relative concentration of planting activities may harm Rio Grande do Sul's soybean crop development, limiting its productivity and quality. But that is not a worry for now, and only the next months climate conditions will confirm or not this possibility. Rio Grande do Sul current crop may be 6% higher than 2008/09 crop.

100% soybean planted crop also in the State of Paraná, with 96% of crop in good conditions and 4% in average conditions. Note that the determinant period for soybean in Brazilian South has been between late February and early March. Harvest begins in April, and Conab forecast for Paraná 2009/10 crop is 13.148 millions of tonnes, vs 9.510 millions last season.

It is expected a rainy climate in January begin. This is good to soybean development period, but also is propitious to dissemination of soybean rust.

In Mato Grosso, as usual, soybean harvest has already started, and over last week this performed well in North State due to favorable climate conditions. IMEA, Mato Grosso Institute of Agricultural Economics, estimates 17.847 millions of tonnes for 2009/10 crop production, 2,6% higher than 2008/09 crop. Conab forecast is still greater, that is, 18.652 millions tonnes.

As internal and external markets are strengthened, prices may continue firm. Below we can see that current spot price level is superior than its 5 year average in the six considered Brazilian locations. In the port of Rio Grande soybean price is US\$11.8/bu today, vs 5 year average US\$8.0/bu. In Paranaguá/PR, current price for soybean is US\$10.9/bu, compared to a 5 year average of US\$8.1/bu. In Primavera do Leste (Mato Grosso), soybean current price is US\$9.1/bu compared to 5 year average US\$6.5/bu.

	Spot Price Level for Soybean by Brazilian Square			
	Current Level*		5 Year Average Level**	
	US\$/bu	R\$/60kg	US\$/bu	R\$/60kg
Rio Grande/RS	11.8	45.7	8.0	39.9
Passo Fundo/RS	11.5	44.6	7.7	38.1
Paranagua CIF/PR	10.9	42.0	8.1	40.4
Ponta Grossa/PR	10.9	42.0	7.8	38.9
Primavera/MT	9.1	35.2	6.5	32.4
Sorriso/MT	8.7	33.8	6.1	30.2

Source: CMA

* For December 24th

** Conversion based on 5 Year Average Exchange rate

Some Mato Grosso's farmers planted short-cycled soybean in order to use the same field to sow winter corn or dense cotton, which occupies smaller area than the conventional one and, consequently represents a lower production cost. Investment in this kind of cotton may contribute to change the current Center-South outlook. In Mato Grosso, IMEA estimates a 2008/09 cotton crop of 1.452 billions tonnes, 27,41% lower than last year. This could be worse if dense cotton was not being stimulated.

Argentine soybean producer regions has also started its harvest. Crop seems with good conditions. But internal market is slow, influenced by year end holidays.

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