

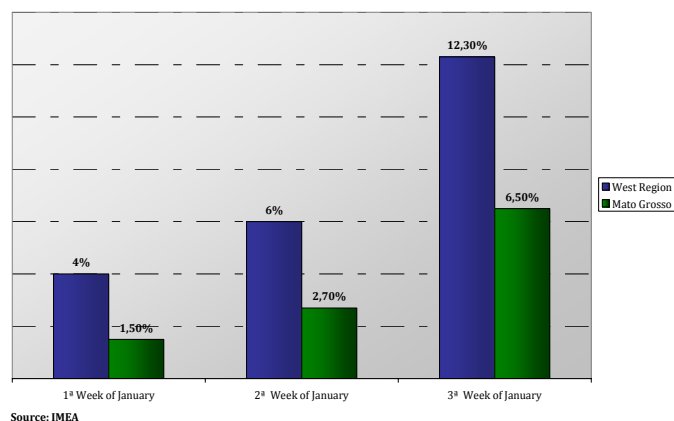
Despite the excessive rains, which affected much of main soybean producing areas in Brazil this month, there are positive expectations about the weather, with regular rainfall, combined with periods of sun in most producing states. This would allow farmers to harvest in wet areas.

The wet weather brought some concern to Brazilian farmers. For instance, in Rio Grande do Sul, we can observe a 20% reduction of the potential productivity due to excessive rainfall in some specific regions, affecting the pollination. The expectation is very optimistic for the rest of the state though.

This situation does not bring a concern to traders at CBOT though. Traders see Argentina, Brazilian and Paraguay soybean crop as good/excellent in general.

In the states of Paraná and Rio Grande do Sul, harvest has already started, but these numbers are not even representative. Goiás harvest already covers 3% of the sown area (last year there was no harvest activity there). Mato Grosso is the earlier state to harvest, with 6.5% by the third week of January. In the second week, 2.7% had been harvested, representing a significant development.

Progress of the Soybean Crop in MT



Regarding to commercialization, about 24% of soybeans have been sold in Brazil, against 29% last year and a 38% average over the last 5 years. In Mato Grosso, there are indications that 50% of the crop have already been compromised, with greater movement of the market this week. In the South region of the State, only a small quantity of soybeans has been sold. In Paraná, 14% have already been sold and the

Rio Grande do Sul only 9% had closed sales agreements.

In the domestic market, the traders are concerned about the Asian Rust that seems to be more widespread this year. However, experts say the disease is under control. The data from the Consortium Antitrust, prepared by the Ministry of Agriculture with a partnership with Embrapa, show an increased number of registered cases in the January 1st to 28th, achieving 472 cases in 2009, against 872 cases in 2010. The largest number of cases are noted in Rio Grande do Sul, with an increase of more than ten times, Mato Grosso do Sul, an increase of almost 100% and Paraná, with an increase of 60%.

Numbers of Registered cases of Asian Rust		
	2009	2010
	01/jan - 28/jan	01/jan / 28/jan
Bahia	43	8
Distrito Federal	-	1
Goiás	136	206
Maranhão	1	1
Mato Grosso	47	44
Mato Grosso do Sul	105	208
Minas Gerais	21	-
Paraná	95	151
Rio Grande do Sul	19	193
Rondônia	-	9
Santa Catarina	1	34
São Paulo	4	16
Tocantins	-	1
Total	472	872

Source: Ministério da Agricultura and EMBRAPA

Total soybean production in Brazil is still being debated by traders, with wide ideas seen. The most bullish forecast is performed by CONAB, with production of 65.16 million tonnes against 65 million (USDA) and 57,2 according to some private analysts.

Brazilian Soybean Crop - January			
(million tonnes)			
	Conab	USDA	Alternative
	2009/10	2009/10	2009/10
Crrying	1.97	11.67	1.99
Production	65.16	65.0	57.2
Supply	67.13	76.67	59.19
Domestic Use	37.38	35.05	30.3
Exports	25.9	24.0	28.0
Carryout	3.90	17.77	0.6*

Source: Conab, USDA and alternative source

* The value Refers only to stocks held by the Vegetable Oil Industries.