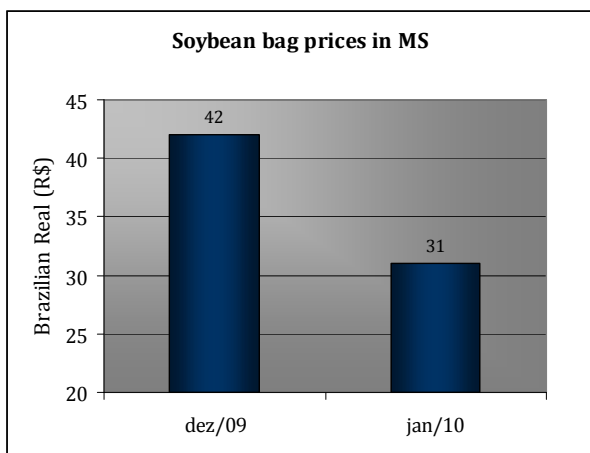
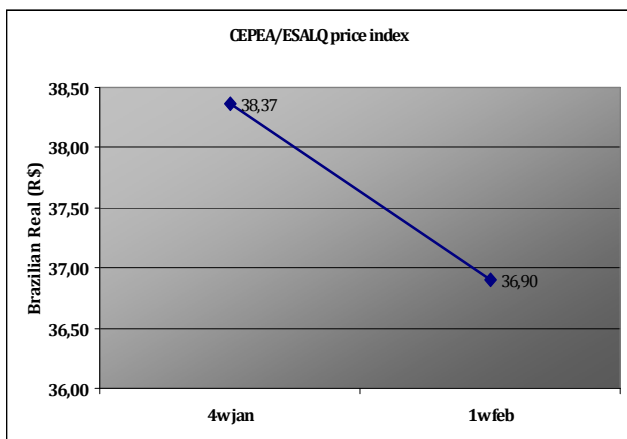


Producers from Mato Grosso do Sul (MS) are having some issues about prices at harvest period. Soybeans are ready to be harvested, but prices have been falling sharply since the end of last year. In December, soybean bag (60kg) price was R\$ 42 (around US\$ 22), and now it is R\$ 31 (US\$ 16), a decrease of 26%. So, unlike previous year, prices will be producers' main concern instead of yield, as weather and rainfall have been very good for soybean development and harvest. Producers are concerned, as production was good, but prices are deceptive.

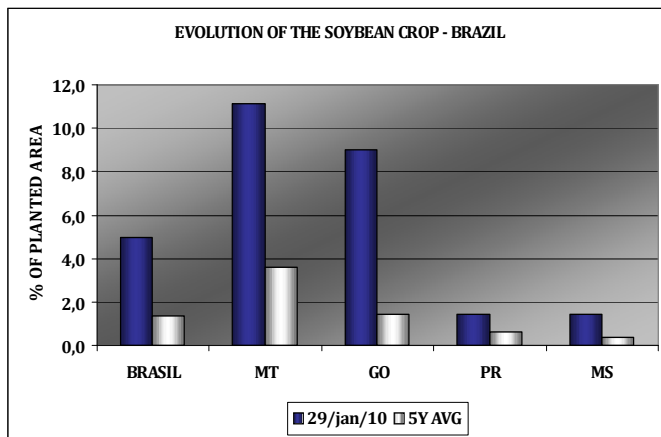


Price decrease has led to a decline in farmer's sales, driving negotiations in the beginning of harvest season. Prices were pressured this week due by favorable weather in South America, harvest activity in Centre-South, upcoming crop in Paraná (PR) and funds' withdrawal from commodities market. CEPEA/ESALQ price index for soybean fell 3.83%.



Last Friday (29), Minister of Agriculture, Reynhold Stephanes estimated a record soybean crop this season. Soybean has had a very favorable develop-

ment. Informa's forecast for Brazilian crop is 66.3 MMT. This is even bigger than current USDA estimates at 65 MMT. For both, if confirmed, this will be Brazil's largest crop ever.



Informa also reported that 5% of Brazil total planted area has already been harvested, which is above the 5-year average for the period. Mato grosso is the state that is showing more activity, at 11%.

A Brazilian private source estimates that harvest will attain 22.7 MMT in January and February, 35% of Brazil's total production. It would be up 23% from 13.3 MMT harvested in the first two months of 2009.

Brazilian basis are firm, however they underwent depreciation. Cheaper CBOT prices are helping basis to stay firm. Basis are expected to depreciate significantly over the next couple of months.

It is interesting to notice that this week Brazil exported soybeans to Russia for the first time ever. Total exports reached 24,425 MT. This is a consequence of large production this season, and may represent a new market for Brazilian soybean.