

Sent: Monday, August 12, 2013 4:27 PM

Subject: Randy's take on the beans and his 15 year S/D

Kevin,

[U.S. Soybean Complex Updated Balance Sheets and Related Charts](#)

This post contains our latest U.S. soybean complex balance sheet updates following today's USDA reports, as well as several charts related to today numbers.

USDA continued the status quo with providing another lower-than-expected crop estimate in the August report. As we discussed in our pre-report comments, USDA has had a very strong bias for estimating the soybean yield much lower than reflected by the average trade estimate. However, their average yield estimate of 42.6 bushels/acre was still above the historical relationship between early August crop conditions and the August yield estimate as seen below. We would also point out that the final soybean crop size has a very strong bias to be larger than the USDA's August estimate. In fact, only one of the last nine years has seen the U.S. soybean crop prove materially lower than the August estimate, while five of the last nine years' final crops were 162-323 million bushels larger than the August estimate.

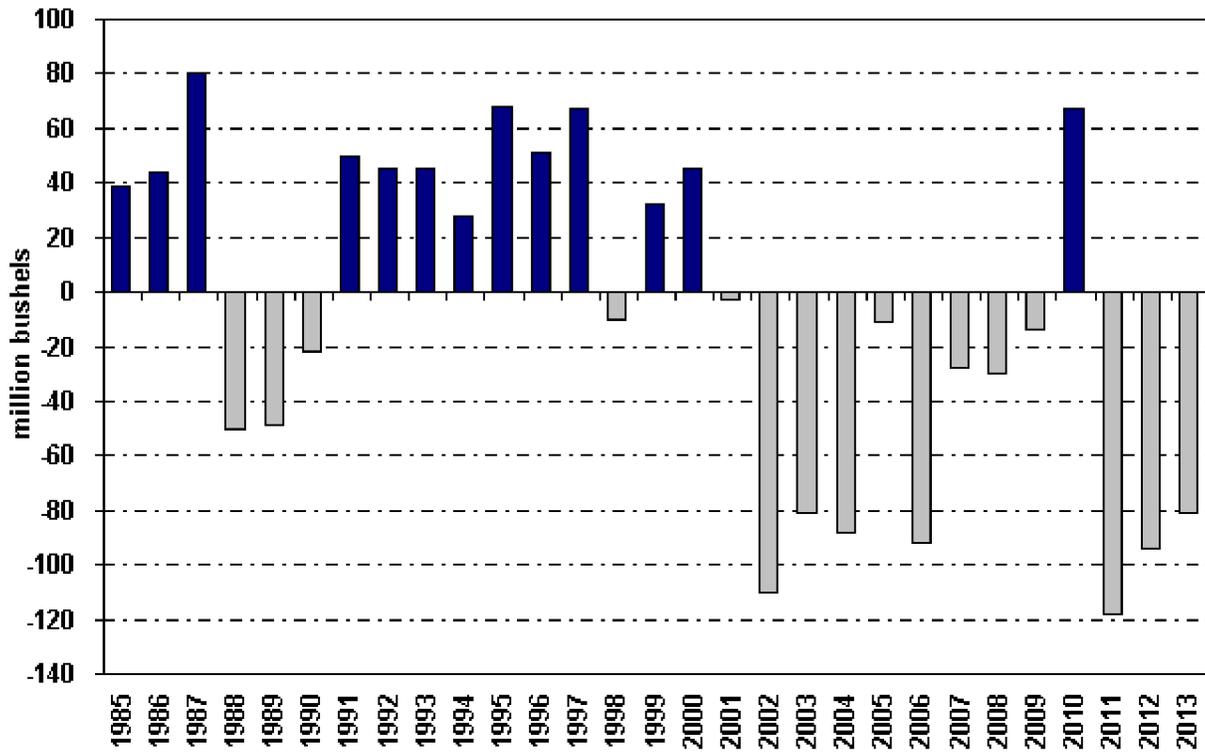
Of note on the crop estimate, USDA lowered soybean planted acreage by 550k acres, with KS down 200k, MN, NC and SD each down 100k and AR down 50. Acreage in the heart of the corn belt was unchanged from the June estimate. USDA is currently estimating the IL yield at 47 bu/acre vs 43 last year, IA at 46 vs 44.5 last year, MN at 41 vs 43 last year and NE at 47 vs 41.5 last year. It's hard not to feel some of those could be conservative.

With the 165 million bushel reduction in the USDA's soybean crop estimate today, 2013/14

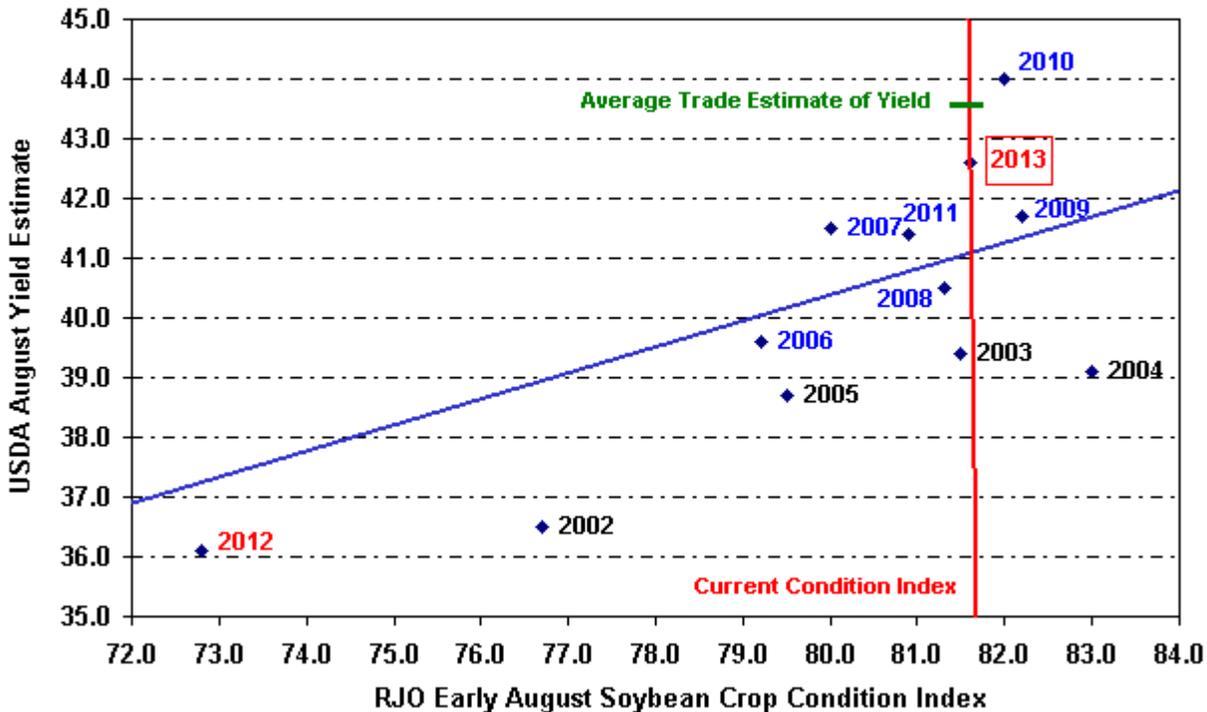
estimated ending stocks declined sharply by 75 million bushels to 220 million, while the market was anticipated stocks of 263 million. USDA cut 88 million bushels in total demand for next year with 65 million coming from exports and 20 million from crush. Also of note this month was the USDA's cutting of soybean oil for bio-diesel production by 200 million pounds to 4.6 billion. The combination of higher old crop crush and lower exports resulted in a sharp increase in 2012/13 estimated soybean oil ending stocks by 225 million pounds to 1.970 billion. USDA has raised 2012/13 soybean oil ending stock by a total of 305 million pounds (18%) over the last five months.

Following today's report, the market is likely to be leery of returning to the downside until good rains are seen in key growing locations. Even today's crop estimate reflects a vastly improved supply situation from 2012/13, but definitely opens up the "what if" line of discussion should heat return in late August amid drying conditions or an early freeze is seen given the late development of the crop. Should rains be seen, we would expect soybeans to begin moving lower again, but for the time being, today's report may prompt a temporary respite from the recent pressure.

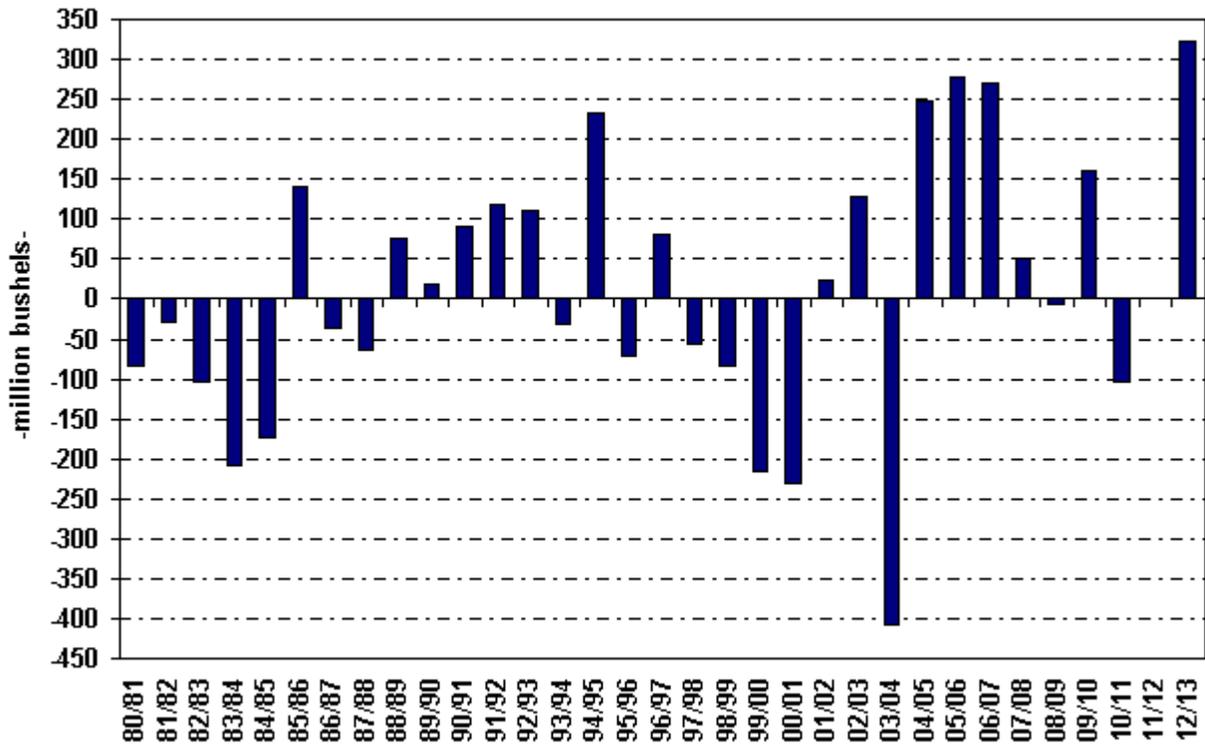
USDA August Soybean Production Estimate vs Average Trade Estimate



Early August RJO Soybean Crop Condition Index vs USDA August Yield Estimate



USDA Soybean Production Estimate Change from August to Final



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U.S. Soybean Supply/Demand Balance

September/August; thousand acres; million bushels

	03/04	06/07	07/08	08/09	09/10	10/11	11/12	USDA		USDA	
								RJO	8/12	RJO	8/12
								12/13	12/13	13/14	13/14
Acres Planted	73,404	75,522	64,741	75,718	77,451	77,404	75,046	77,198	77,198	77,178	77,178
% Harvested	0.987	0.988	0.991	0.986	0.986	0.990	0.983	0.986	0.986	0.990	0.990
Acres Harvested	72,476	74,602	64,146	74,681	76,372	76,610	73,776	76,104	76,104	76,378	76,378
Average Yield	33.9	42.9	41.7	39.7	44.0	43.5	41.9	39.6	39.6	43.9	42.6
Carryin	178	449	574	205	138	151	215	169	169	127	125
Production	2,454	3,197	2,677	2,967	3,359	3,329	3,094	3,015	3,015	3,357	3,255
Imports	6	9	10	13	15	14	16	35	35	15	15
Total Supply	2,638	3,655	3,261	3,185	3,512	3,495	3,325	3,219	3,219	3,498	3,396
Crush	1,530	1,808	1,803	1,662	1,752	1,648	1,703	1,688	1,685	1,690	1,675
Exports	887	1,118	1,160	1,279	1,501	1,501	1,361	1,315	1,315	1,425	1,385
Seed/Feed	91	78	93	90	92	87	90	90	90	88	87
Residual	18	77	-1	16	16	43	2	0	5	20	29
Total Usage	2,525	3,081	3,056	3,047	3,361	3,280	3,155	3,093	3,095	3,223	3,176
Carryout	112	574	205	138	151	215	169	127	125	275	220
Stocks/Usage	4.5%	18.6%	6.7%	4.5%	4.5%	6.6%	5.4%	4.1%	4.0%	8.5%	6.9%

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U.S. Soybean Oil Supply/Demand Balance

October/September; million pounds

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	USDA		USDA	
								RJO	8/12	RJO	8/12
								12/13	12/13	13/14	13/14
Beginning Stocks	1,699	3,010	3,085	2,485	2,861	3,406	2,425	2,540	2,540	2,190	1,970
Production	20,396	20,489	20,580	18,743	19,615	18,888	19,740	19,800	19,780	19,435	19,265
Imports	35	37	65	90	103	159	149	350	350	150	250
Total Supply	22,130	23,536	23,730	21,318	22,578	22,453	22,314	22,690	22,670	21,775	21,485
Domestic	17,966	18,562	18,337	16,264	15,816	16,795	18,310	18,400	18,550	18,250	18,550
Methyl Ester	1,555	2,762	3,245	2,069	1,680	2,737	4,870	4,500	4,600	5,300	5,700
Exports	1,153	1,889	2,908	2,193	3,357	3,233	1,464	2,100	2,150	1,400	1,300
Total Usage	19,119	20,451	21,245	18,457	19,173	20,028	19,774	20,500	20,700	19,650	19,850
Ending Stocks	3,010	3,085	2,485	2,861	3,406	2,425	2,540	2,190	1,970	2,125	1,635
Oct-Sept Crush (mbu)	1,748	1,812	1,783	1,650	1,769	1,633	1,713	1,678		1,690	
Yield (lbs/bushel)	11.67	11.30	11.54	11.36	11.09	11.56	11.52	11.80		11.50	
Stocks/Usage Ratio	15.7%	15.1%	11.7%	15.5%	17.8%	12.1%	12.8%	10.7%	9.5%	10.8%	8.2%

U.S. Soybean Meal Supply/Demand Balance

October/September; thousand tons

	05/06	06/07	07/08	08/09	09/10	10/11	11/12	USDA		USDA	
								RJO	8/12	RJO	8/12
	12/13	12/13	13/14	13/14							
Beginning Stocks	172	314	346	294	235	302	350	300	300	303	300
Production	41,241	43,054	42,389	39,102	41,700	39,251	41,025	39,953	39,900	40,087	39,735
Imports	141	156	141	89	160	179	216	350	350	150	165
Total Supply	41,554	43,524	42,876	39,485	42,095	39,731	41,591	40,603	40,550	40,540	40,200
Domestic	33,175	34,392	33,302	30,731	30,619	30,277	31,550	29,350	29,350	30,300	30,200
Exports	8,064	8,786	9,280	8,520	11,175	9,104	9,741	10,950	10,900	9,900	9,700
Total Usage	41,239	43,178	42,582	39,251	41,794	39,381	41,291	40,300	40,250	40,200	39,900
Ending Stocks	314	346	294	235	302	350	300	303	300	340	300
October-September											
Crush (mil bu)	1,748	1,812	1,783	1,650	1,769	1,633	1,713	1,678	1,675	1,690	
Yield (lbs/bushel)	47.19	47.51	47.55	47.40	47.15	48.08	47.90	47.62	47.64	47.44	

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