

12th Australian Soybean Conference

Cargill Australia Presentation

Toowoomba-5-6th March 2003

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Abstract

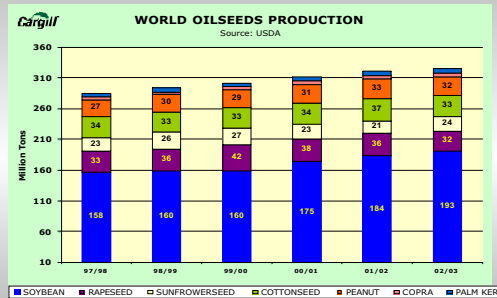
- 2 World supply/demand outlook
- 2 The implications of drought for the domestic soybean industry
 - Consumer
 - Crush
 - Grower



International Outlook

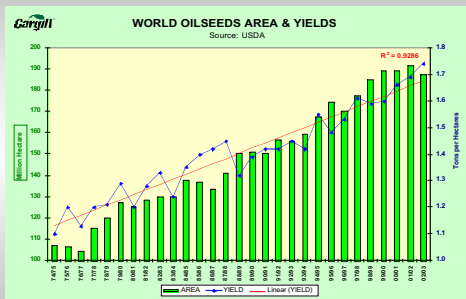


World Oilseed Production (MMT)



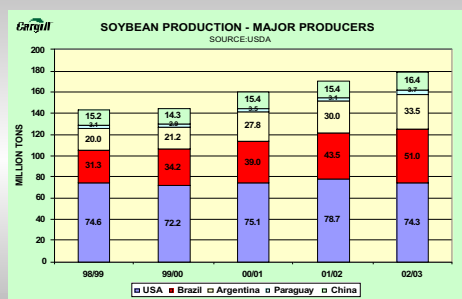


World Oilseed Area and Yields



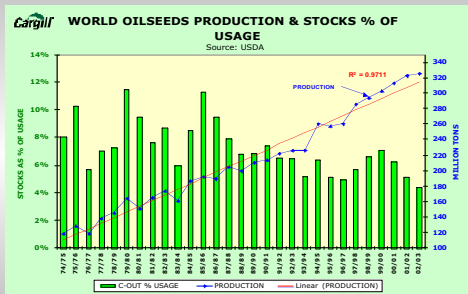


Soybean Production 1998-2003

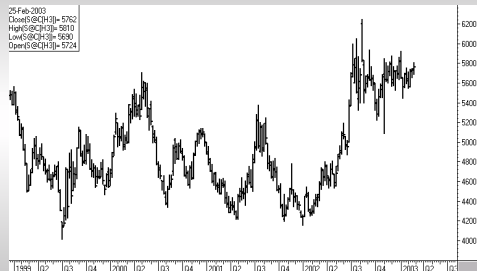




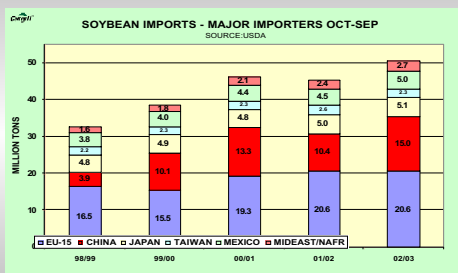
World Oilseed Stocks-to-use



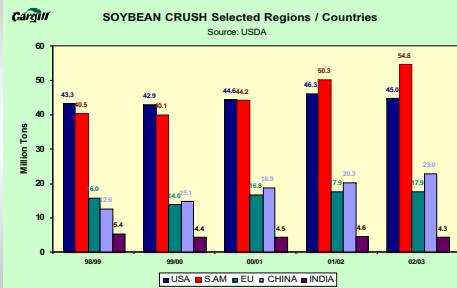
CBOT Soybean



Major Soybean Importers



Soybean Crush - Selected Regions



Soybean Crush Board Margins



International Summary

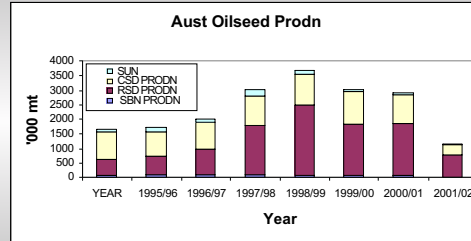
- Key swing factors.
 - 1/ South America – Argentine political uncertainty (again) – presidential elections about to take place – talks of reducing export tariff – this will potentially affect grower selling pattern.
 - 2/ US new crop weather – planting in Apr/ May/ Jun. Has been historically dry (Illinois has had the driest Feb on record) and given the size of this years US carryout, any production concern in the US will be price explosive.
 - 3/ Crush margins – US crush utilisation is being wound back as margins get squeezed.
 - 4/ China – continued delays in certification of Brazilian import application. Domestic crop size.



The Domestic Landscape

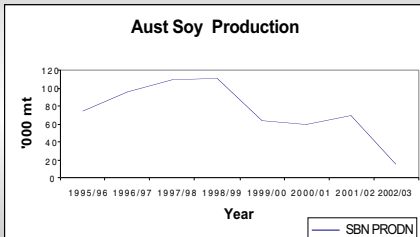


Aust Oilseed Production



Production

Severe drought has cut this year's production to the smallest level in 10yrs



Soybean Import Parity

Soy Seed Import Parity Price	Shipment month - March
	Delivery month - April
	Futures month - March
Chicago futures price US c/bushel	579.00
CIF Premiums US c /bushel -	40.00
Fobbing & Barge cleaning US c /bushel	3.00
FOB gulf US c /bushel	622.00
FOB gulf US\$/MT (multiply by 36.743/100)	228.54
Freight US\$/MT	30.00
Insurance US\$/MT	1.25
CIF Aust Port US\$/MT	259.79
Spot Exchange Rate	0.61
Forward Exchange Margin	0.00
Exchange Rate	0.60
AUD/MT	430.40
Interest : 55 days at 6.5%	3.89
Discharge - AUD/MT	14.25
Shrink @ 0.50%	2.15
Freight to plant - NEWC AUD/MT	2.00
STORAGE	18.00
Delivered in store NEWC	452.69



Domestic Soybean Crush

- Cargill have consistently crushed between 20-50,000mt of the domestic bean crop.
- 100% of the products (oil and meal) derived from this crush are consumed domestically.
- Human consumption and full fat demand is filled before crush requirements. The crush is a backstop for beans surplus to this demand.



Domestic Soybean Crush

- This year Cargill's crush of domestic beans is likely to be zero.
- In order to meet intrinsic demand for products (oil and meal) Cargill will increase the imported bean program to fill the demand left by drought affected domestic oilseed crops (soybean, cotton and canola).



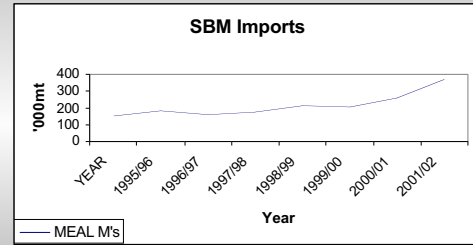
Soy Products

z Meal.

- Australia is protein meal deficient – what we are unable to produce through domestic production has had to be supplemented through imported meal.
- This has largely been in the form of US soybean meal. Last year Australia imported the equivalent of 360mmt of soybeans in meal.



Australian Soymeal Imports



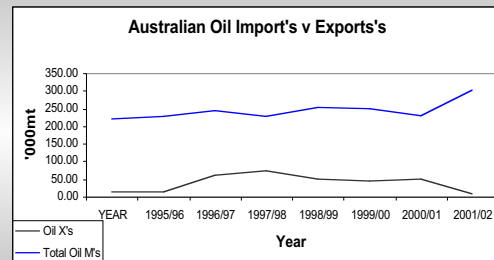
Soy Products

z Oil:

- Australia has approximately 40,000mt seed equivalent soyoil demand.
- Soyoil surplus to intrinsic demand is relatively elastic.
- Due to the failure of domestic oilseed crops imported soyoil is likely to increase – purely as it is the least cost alternative.



Australian Oil Exports & Imports



Oil Imports By Type

