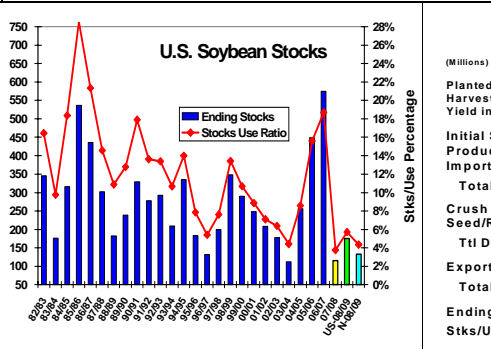
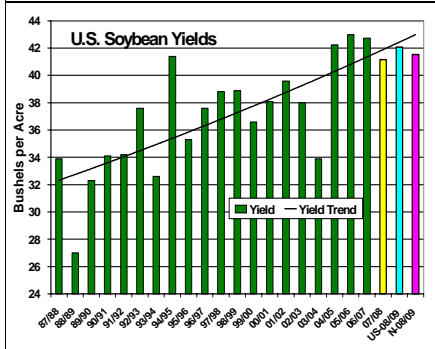
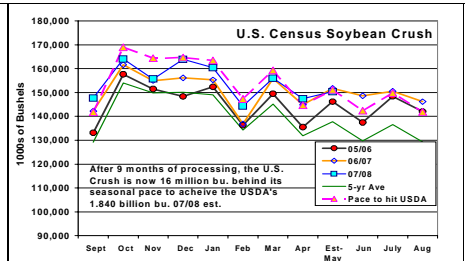
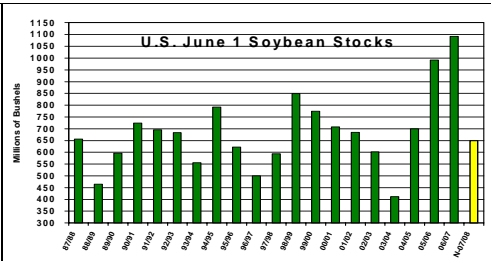
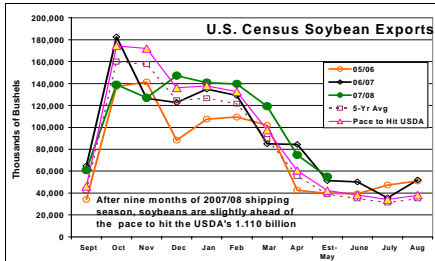


# U.S. Soybean Plantings and Stocks Updated on June 30



**U.S. Soybean Supply/Demand**

	2007/08	2007/08	2008/09	2008/09	2008/09
	June	July	USDA	USDA	NARMS
(Millions)					
Planted Acres	63.63	63.63	74.79	74.79	75.39
Harvested Acres	62.82	62.82	73.80	73.80	73.90
Yield in Bu.	41.2	41.2	42.1	42.1	41.5
Initial Stocks	574	574	145	125	115
Production	2,585	2,585	3,105	3,105	3,067
Imports	10	10	8	8	8
Total Supply	3,169	3,169	3,258	3,238	3,190
Crush	1,840	1,835	1,850	1,840	1,840
Seed/Residual	94	94	173	173	170
Ttl Domestic	1,934	1,929	2,023	2,013	2,010
Exports	1,110	1,125	1,050	1,050	1,050
Total Usage	3,044	3,054	3,073	3,063	3,060
Ending Stocks	125	115	185	175	130
Stks/Use Ratio	4.1%	3.8%	6.0%	5.7%	4.2%

Heavy rains returning to Iowa and Missouri this week reignited fears of reduced acreages and lower yields for soybeans, sending this oilseed to record high prices ahead of next Monday's annual USDA acreage report. In addition to an update on soybean acreages (+11.16 million vs. last year on March intentions), the USDA will release a June 1 stocks report for the third quarter of this crop year.

Normally, soybeans' third-quarter stock report is an exercise in tabulating the year's general trends in domestic & overseas demand with ongoing crush & export data being a good guide as to available supplies on June 1. However, this year's low residual disappearance on our 2 previous stocks reports (suggesting a possible underestimate of last fall's harvest) is providing some extra uncertainty during a period of tight supplies after last fall's smaller harvest. Argentina's strife between its producers & government over a sliding-scale export tariff based on the price of soybeans & its products has switched some purchases to the U.S. from the world's third-largest producer when overseas buyers normally are sourcing supplies from South America's harvest. This factor, along with high freight rates prompting Asian buyers to make purchases from West Coast ports to lower their costs, pushed soybean exports 13% higher than 2007 to a new record of 249 million bu. this spring. Record energy prices also provided support to crushing margins in spring through bean oil values. However, this year's March-May crush was only 1 million higher than last year's grind, at 454 million, when the U.S. Census released May's preliminary rate at 150.4 million bu. & revised April's pace downward in a report this week. Because of these trends, the USDA could revise U.S. exports up by 15 million bu. & drop domestic crush by 5-10 million bu. on July's balance sheet, resulting in ending stocks of 115 million bu. Based on these numbers, June 1 stocks should be 635 million bu. vs. December's 1.428 billion bu. inventory. However, seasonally, some residual is usually found, so the trade average is 663 million bu. while we expect a 650 million level. A number below 600 million bu. would be a bit of a concern if we had enough supplies to meet the 563 million summer demand currently projected.

With the high level of replanting this year and the unknown level of flooded acres from this week's heavy rains that possibly won't be planted, Monday's USDA planting acreage report won't tell this year's final data on soybean area. The USDA's additional survey, to be released with the August report, has a better chance. But, this year's slow planting season and pressure from wet weather diseases on the crop has reduced our current U.S. yield to 41.5 bu. Weather remains the main market factor for the balance of the growing season, but the need to encourage a strong South American soybean expansion next fall should limit some pressure on new-crop prices.

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