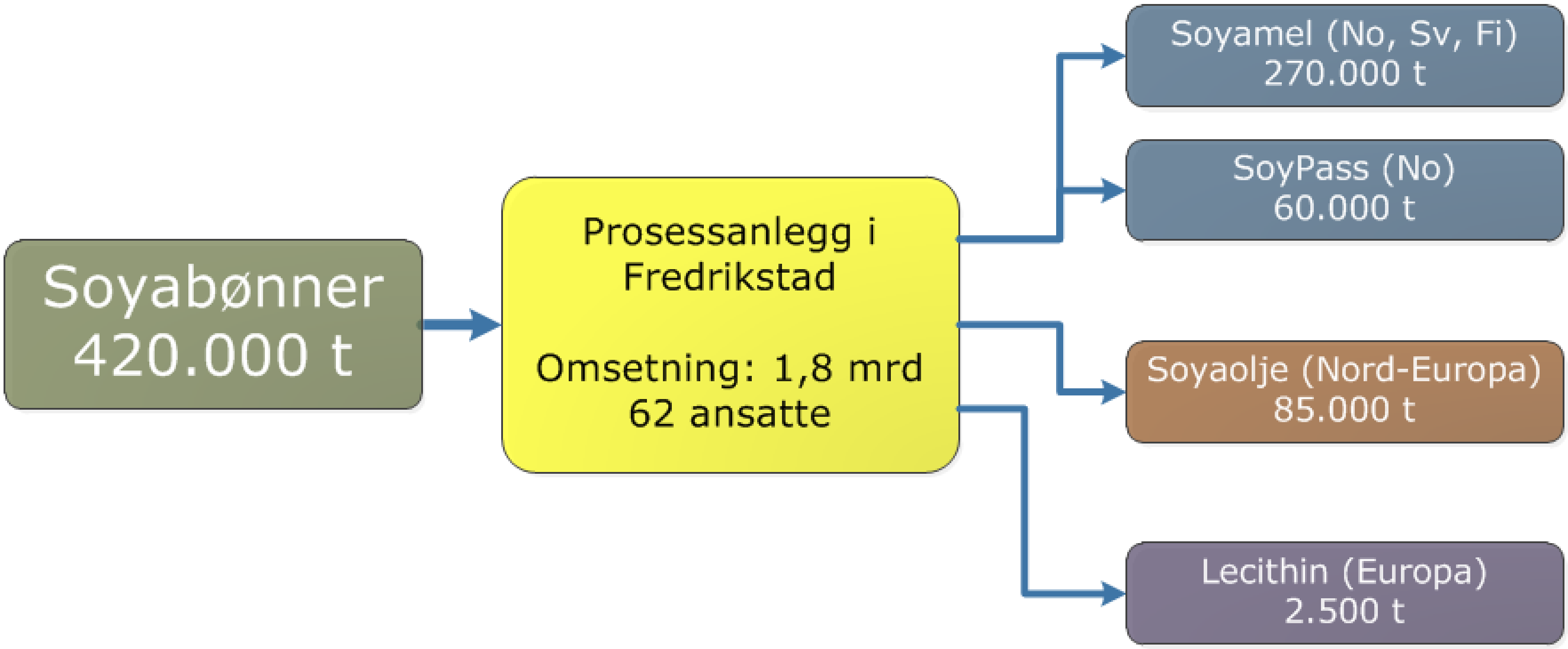
SLF
6/11/13

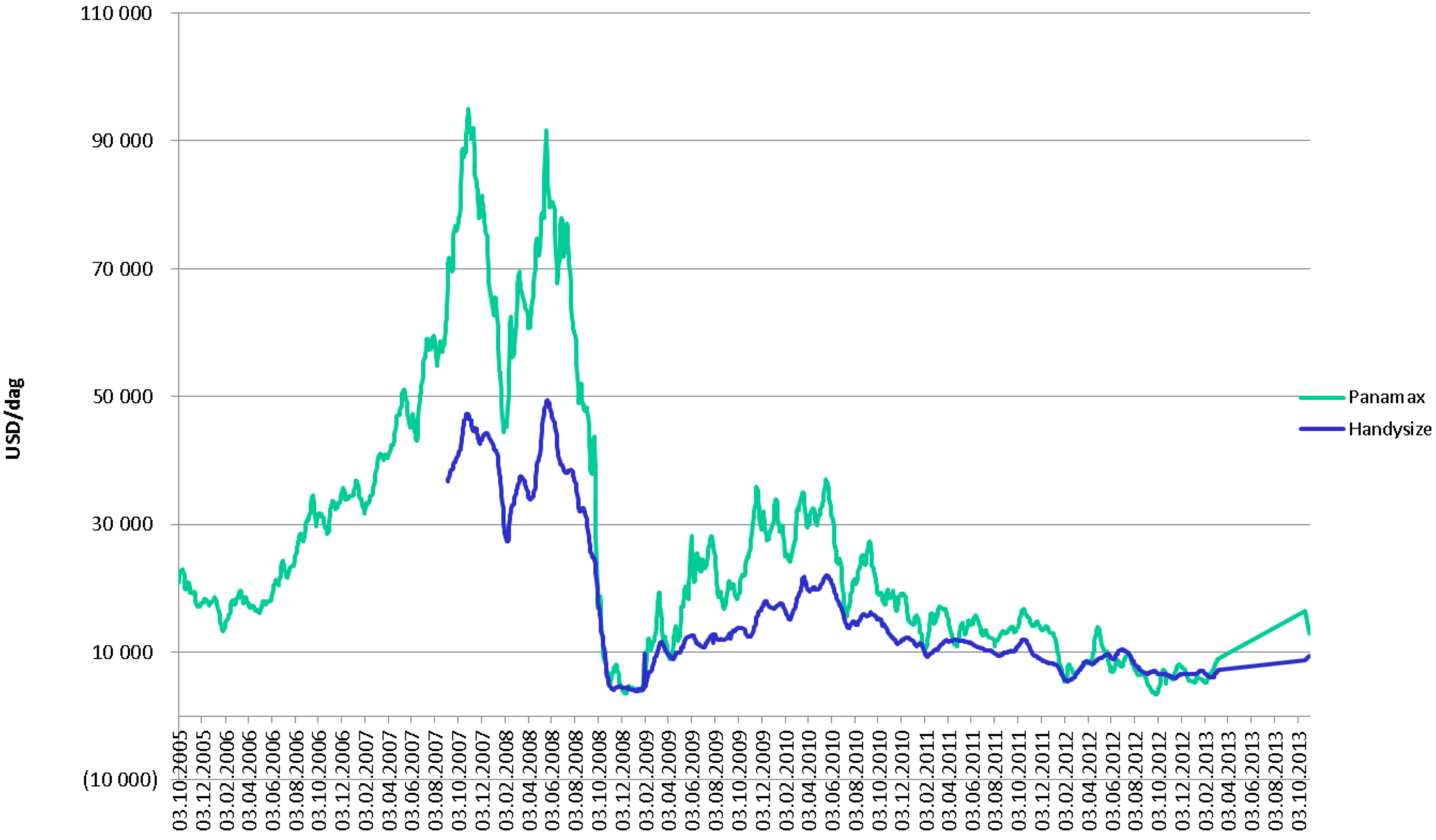
Soya bean market
Stig Drillestad

Denofas production 2013



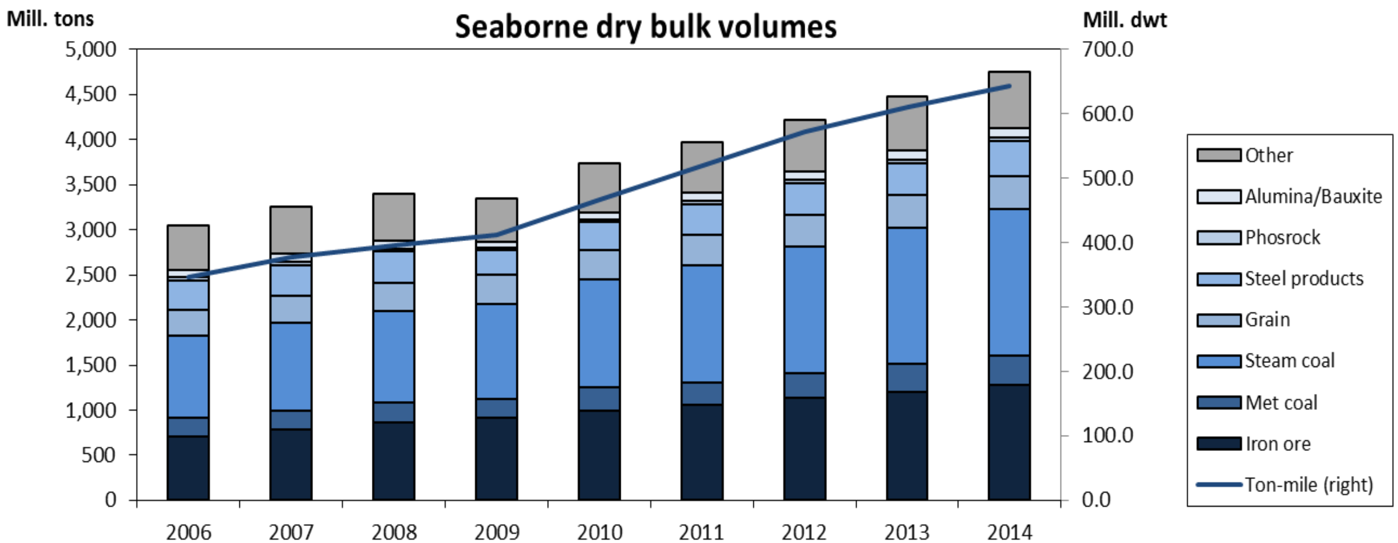
Shipping

Daily hire – Panamax/Handy size



Dry bulk market - expectations

Dry bulk market growing by 6.3 percent in volumes in 2012, mostly iron ore and coal

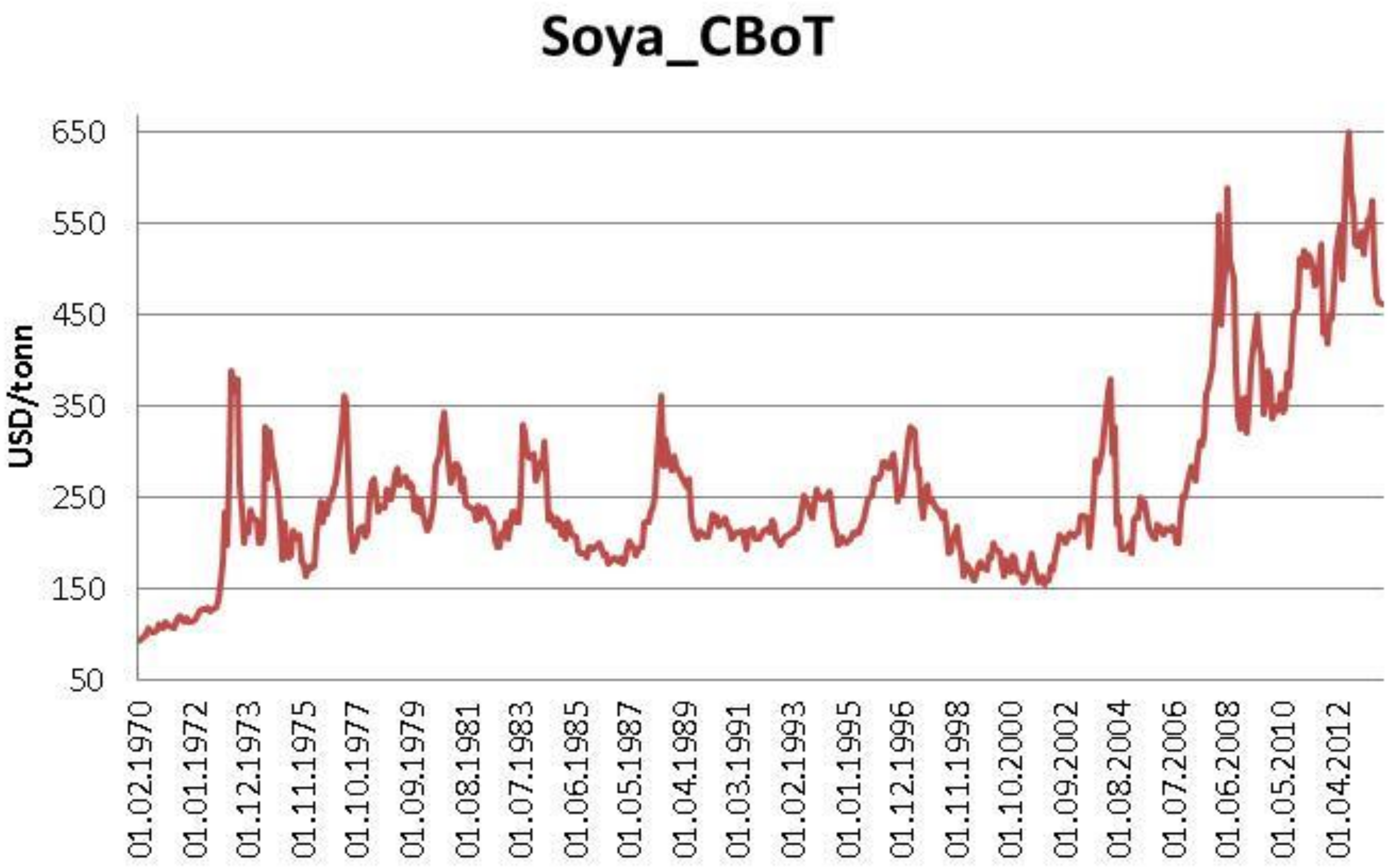


Mill. tons	2006	2007	2008	2009	2010	2011	2012	2013	2014	Contribution to total growth 2012-2014
Iron ore	710	779	858	916	997	1062	1137	1205	1275	26.3 %
Met coal	203	216	227	206	258	246	275	307	333	11.0 %
Steam coal	916	968	1016	1060	1188	1297	1407	1512	1621	40.7 %
Grain	282	300	309	322	330	339	352	356	370	3.5 %
Steel products	329	349	350	267	314	338	345	362	390	8.6 %
Phosrock	33	34	32	28	29	33	34	34	34	0.0 %
Alumina/Bauxite	80	84	86	67	80	92	97	100	103	1.1 %
Other	502	529	516	476	541	564	576	597	622	8.8 %
Growth	6.7 %	6.7 %	4.2 %	-1.5 %	11.8 %	6.3 %	6.3 %	5.9 %	6.1 %	100.0 %
Ton-mile (right)	345.9	376.7	396.5	411.7	466.8	519.5	571.7	610.6	642.5	

Source: Pareto/Marsoft

Chicago Board of Trade

Historical

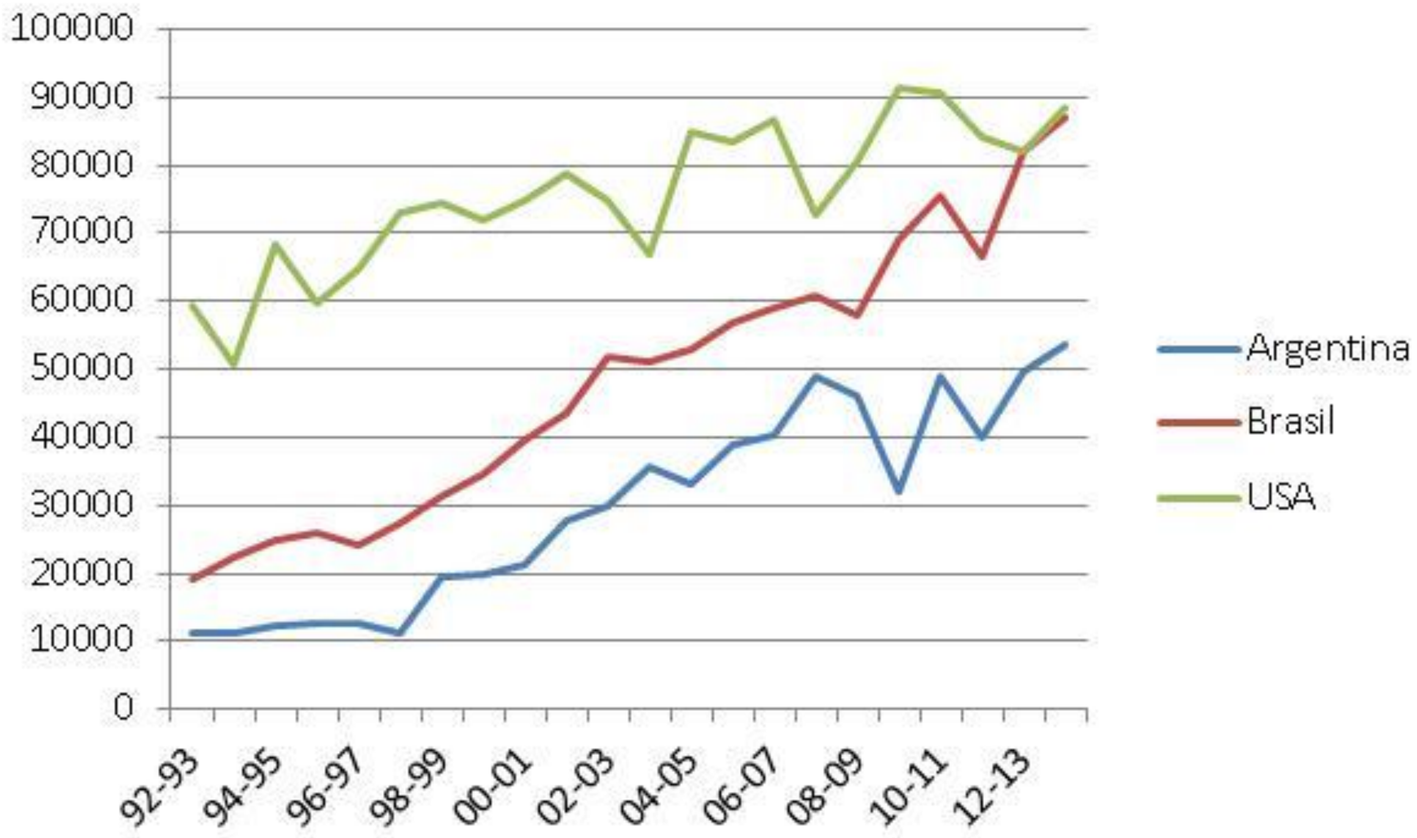


Soya_CBoT
USD/tonn
650
550
450
350
250
150
50
01.02.1970
01.01.1972
01.12.1973
01.11.1975
01.10.1977
01.09.1979
01.08.1981
01.07.1983
01.06.1985
01.05.1987
01.04.1989
01.03.1991
01.02.1993
01.01.1995
01.12.1996
01.11.1998
01.10.2000
01.09.2002
01.08.2004
01.07.2006
01.06.2008
01.05.2010
01.04.2012

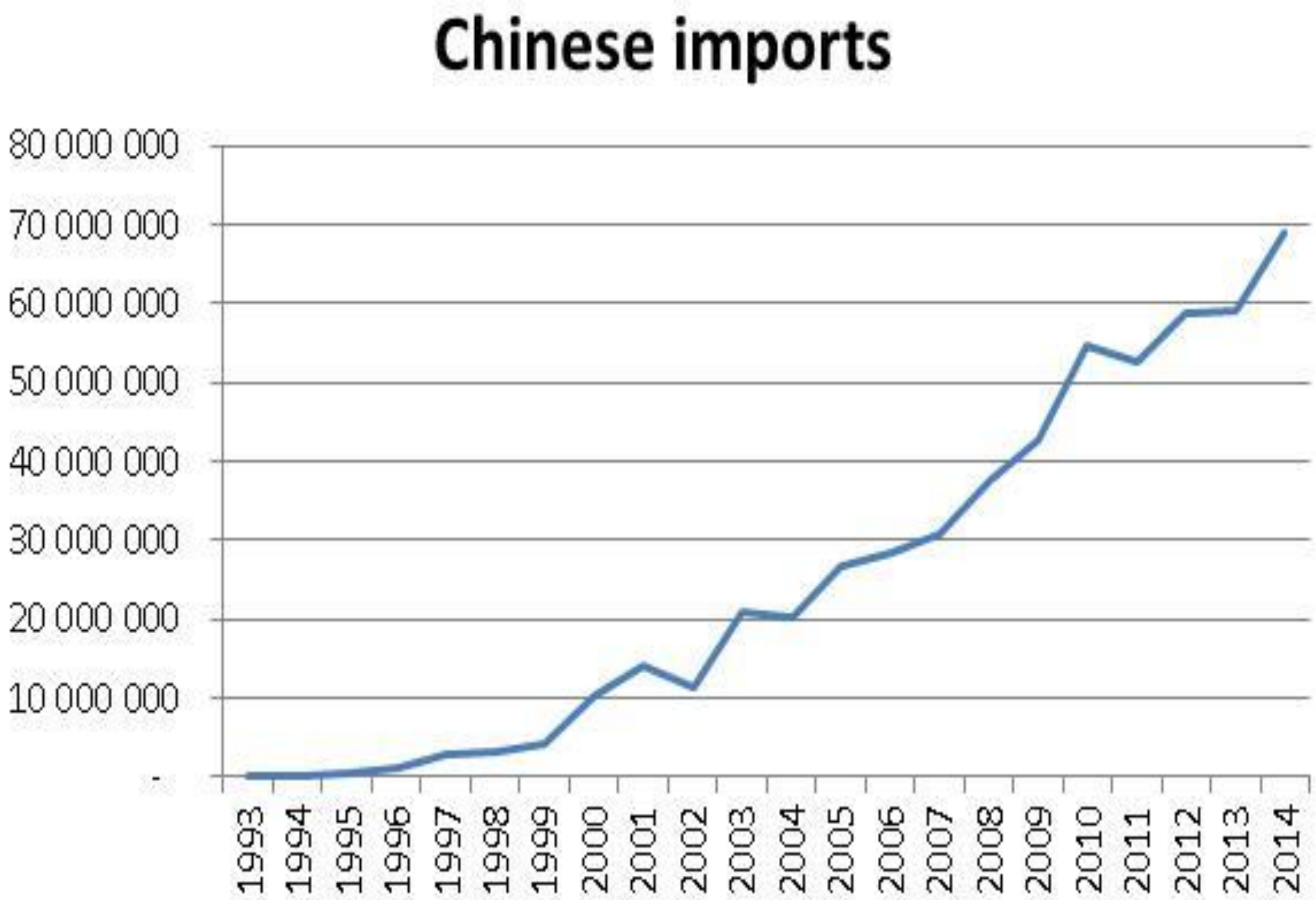
Supply/demand soyabeans USA

	TENCO 13-14	USDA 13-14	USDA 12-13	USDA 11-12	USDA 10-11	USDA 09-10	USDA 08-09	USDA 07 08	USDA 06 07	USDA 05 06	USDA 04-05	USDA 03 04	USDA 02 03
Begin Stocks	141	125	169	215	151	138	205	574	449	256	112	178	208
Production	3255	3149	3015	3094	3329	3359	2967	2677	3188	3063	3124	2454	2756
Imports	20	15	40	16	14	15	13	10	9	3	6	6	5
Supply	3416	3289	3224	3325	3494	3512	3185	3261	3647	3322	3242	2638	2969
Crush	1725	1655	1690	1703	1648	1752	1662	1801	1806	1739	1696	1530	1615
Exports	1430	1370	1315	1362	1501	1501	1283	1161	1118	947	1103	885	1045
SeedFeed	88	87	90	90	87	90	95	93	78	93	88	92	89
Residual	30	29	5	1	43	18	6	0	71	94	99	18	41
Use	3273	3141	3100	3156	3279	3361	3047	3056	3074	2873	2986	2525	2791
End Stocks	143	148	125	169	215	151	138	205	574	449	256	112	178
Stock/Use Ratio	8,2	4,8	4	5,3	6,6	7,5	4,5	6,7	18,6	15,6	8,6	4,4	6,4
Plant Acres	76,9	77,2	77,2	75	77,4	77,5	75,7	64,7	75,5	72	75,2	73,4	74
Harv Acres	75,7	76,4	76,1	73,8	76,6	76,4	74,7	64,1	74,6	71,3	74	72,5	72,5
Yield	43,0	41,2	39,6	41,9	43,5	44.0	39,7	41,7	42,7	43,0	42,2	33,9	38,0
Loan rate	5,00	5,00	5,00	5	5,00	4,92	4,92	4,92	5,00	5,00	5,00	5,00	5,00
Avg Price	12,00	12,50	14,40	12,50	11,30	9,65	9,97	10,10	6,43	5,66	5,74	11,00	5,53
Target Price	6,00	6,00	6,00	6,00	6,00	5,80	5,80	5,80	5,80	5,80	5,80	5,80	5,80

Production by country



Chinese imports of soyabeans



Chinese imports by origin

2009-2010	Okt	Nov	Des	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Tot
Argentina	303							430	1 893	2 217	1 730	1 684	8 258
Brasil	1 256	173	10	10		469	1 896	3 230	3 984	2 482	2 472	2 237	18 219
USA	793	2 714	4 705	4 025	2 948	3 539	2 298	706	277	48	236	279	22 568
Canada	1	1	65	40	1	1	1	1				1	112
Andre												434	434
	2 353	**2 888**	**4 780**	**4 075**	**2 949**	**4 009**	**4 195**	**4 367**	**6 154**	**4 747**	**4 438**	**4 636**	**49 591**

2010-2011	Okt	Nov	Des	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Tot
Argentina	1 863	915	455	87					640	1 412	963	1 088	7 421
Brasil	1 050	698	58	54		70	1 048	2 996	3 213	3 440	3 066	2 567	18 261
USA	562	3 784	4 887	4 731	2 319	3 441	2 818	1 567	331	59	197	286	24 983
Canada	1	1	25	264	1	1	11	1	21	1	1	1	329
Andre	258	77							97	442	285	185	1 344
	3 734	**5 475**	**5 425**	**5 136**	**2 319**	**3 511**	**3 878**	**4 564**	**4 302**	**5 355**	**4 512**	**4 127**	**52 338**

2011-2012	Okt	Nov	Des	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Tot
Argentina	1 073	1 715	862	461	27	125		62	585	1 108	759	1 086	7 862
Brasil	1 995	1 337	834	987	619	901	2 599	3 891	4 285	3 802	2 806	2 397	26 453
USA	539	2 467	3 597	3 096	3 180	3 768	2 279	1 323	698	650	395	1 064	23 056
Canada	1	1	84	64	1	21	1	0	1	1		1	176
Andre	204	174	43						51	292		412	1 176
	3 812	**5 694**	**5 421**	**4 608**	**3 826**	**4 815**	**4 878**	**5 276**	**5 620**	**5 853**	**3 960**	**4 960**	**58 722**

2012-2013	Okt	Nov	Des	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Tot
Argentina	788	458	437	-	-	-	-	1	916	1 258	832	580	5 270
Brasil	1 104	377	123	-	-	420	2 312	4 904	5 716	5 437	5 111	3 646	29 150
USA	1 578	3 147	4 792	4 476	2 862	3 308	1 649	189	70	1	1	1	22 073
Canada	1	51	487	298	22	98	1	1	1	1	1	1	963
Andre	546	116	-	10	15	16	15	-	222	500	422	471	2 332
	4 017	**4 150**	**5 839**	**4 783**	**2 899**	**3 841**	**3 977**	**5 095**	**6 925**	**7 196**	**6 367**	**4 700**	**59 788**

Bullish considerations

- U.S soybean export sales are already now 86% of USDA forecast
  - Soymeal also historically high at 53%
  - Pressure on ending stocks in the US
- U.S. cash crushing margins remain very fat – especially in Minnesota and Iowa
- The strenght has stemmed from larger soymeal export sales than anticipated.
- Crushers in the west in the US have very low ownership of soybeans
  - Premiums in the interior remain very firm
- Chinese crushmargins on arrival remain at USD 30,- and higher
  - Demand continues
  - US shipped 5,2 million tons in October and there is already 5,3 million tons in line-up for November.

Bullish considerations continued

- Brazilian logistical anxiety remains.
  - Government with incentives to load faster at the ports
  - Meaning corn and beans take precedence over meal

Bearish considerations

- Anecdotal yield report on U.S. beans but also on corn seems to amaze the market.
  - Most believe we can see bean yield at 42,5 to 43 bu/acre on Friday
- Argentina is due to receive heavy rains this week across most of the drier soybean producing states.
- Brazilian weather seen as ideal and the crop is thought to be 40% seeded
- Argentine farmers continue to sit on 4,0 million tonnes on soybeans as an inflationary hedge against the peso
- U.S. soyoil and protein yields on this years crop have been better than expected.
- Canada has produced an all time record canola crop
  - Nearly 18 million tons.
- U.S. farmers are said to be undersold versus recent years in both corn and soybeans
- Prospects are for 2014-15 soybean area to expand due to low corn prices.