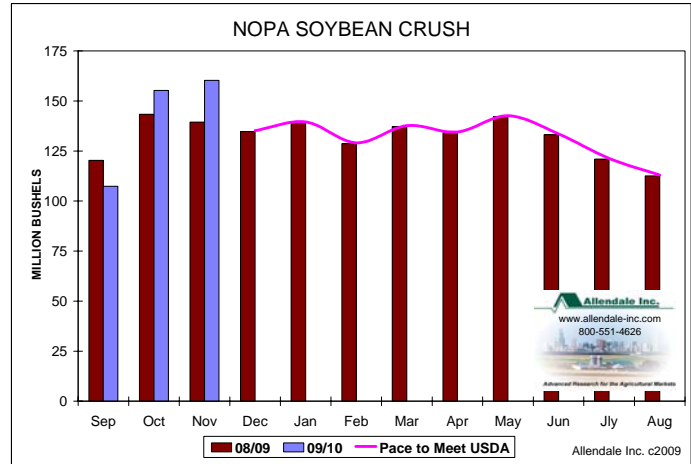


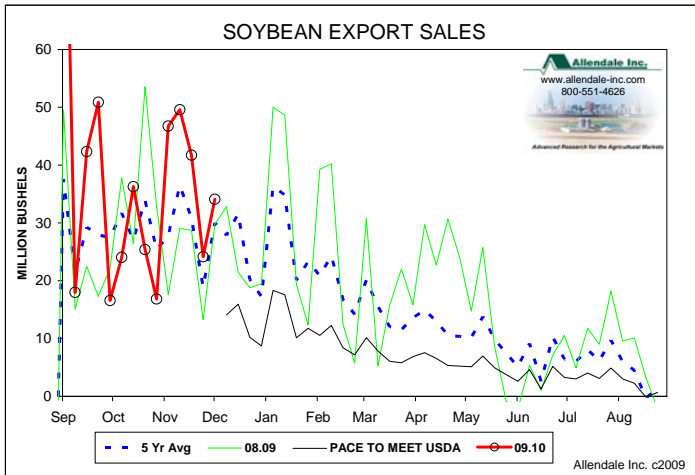
# Bean Use Is On the Rise

Allendale Inc notes that there has been an increase in planted/harvested acreage, yield, end stocks, domestic usage and exports from the first 2009/10 outlook in May to the December report. It is refreshing to learn as the 2009 crop production is a record, demand domestically and within the exports continues to support futures.

We can look to the most recent domestic use chart, the NOPA (National Oilseed Processors Association) soybean crush report, which suggests a number of issues USDA addresses. First and foremost, NOPA is running 7 million bushels less than U.S. Census Bureau reports but Allendale's research suggests USDA must increase soybean use by 34 million bushels to a new level of 1.729 billion bushels or 4% more than year earlier levels. USDA must recognize at 160 million bushels of soybeans crushed for the month of November, they are 12 million bushels more than the previous record for the Nov 2006/07 marketing year. Dating back to the 2000/01 marketing year, each month of Nov has been less than October by an ave of 4.67 million bushels. November of 2009/10 found 5 million bushels more soybeans than October's 155 million bushels. Thus USDA must come clean and increase domestic use within the January 2010 WASDE report.



As you are able to ascertain, the weekly exports sales graphic suggest a better than average start for the 2009/10 marketing year. Allendale's custom chart suggest a pace which is much better than the five year average and well above the USDA pace required to meet USDA's target of 1.34 billion bushels which is 6.3% better than USDA's initial target of 1.26 billion bushels. We respect that shortly after the February timeframe, demand shifts from the U.S. to South America. We monitor this timeframe on a daily basis and can designate a \$4 per tonne spread between premiums the U.S. vs South American supplies for May 2010 shipment. This is well in favor of U.S. demand with only one



real question, could cancellations be recognized for US soybean exports and how might it impact your local prices?

We welcome your questions and comments.....Joe Victor

Allendale Inc welcomes any questions you may have by calling 800-551-4626 or e-mail [research@allendale-inc.com](mailto:research@allendale-inc.com)

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