

Soybean Meal – a Canadian market review

AN IMPORTANT CONSIDERATION

With interest in crushing soybeans in Canada increasing, consideration must be given to the most voluminous product of crushing – soybean meal. Approximately 80% of a soybean, by weight, will be sold as soybean meal.

WHERE OUR SOYBEAN MEAL COMES FROM

Over 90% of the soybean meal produced in Canada is processed at solvent extractions facilities in Hamilton and Windsor, Ontario. Combined, these facilities have the capacity to produce over 1.7 million tonne of soybean meal annually, but have tended to operate around 70% capacity in recent years. Imports have accounted for approximately 55% of total supply in recent years, virtually 100% being imported from the US, the world's largest producer. Ontario accounts for roughly half of Canada's soybean meal imports.

Canada: Soybean Meal Supply & Disposition

06/07	'000 tonnes
Opening Stocks	9
Production	1,199
Imports	<u>1,361</u>
Total Supply	2,569
Exports	112
Domestic Use	2,444
Closing Stocks	<u>13</u>
Total Disposition	2,569

WHERE OUR SOYBEAN MEAL GOES

In an interesting twist, typically 10% of domestic production is exported, nearly all of it to the US. Basis and border proximities clearly influence soybean meal trade in both directions. Soybean meal is one of the most consistent and high-quality protein sources available for livestock and poultry – which is why virtually all soybean meal consumed domestically is used as such. Generally sold as a 48% protein meal, it is typically in a flake or pellet format. Soybean meal is the most common protein meal in the world – Canada uses only 1.5% of global supply.

With the expansion of renewable fuels production in recent years, particularly ethanol, dried distiller's grains with solubles has become a competitive source of dietary protein. This has changed the domestic use of soybean meal considerably, reducing ruminant consumption.

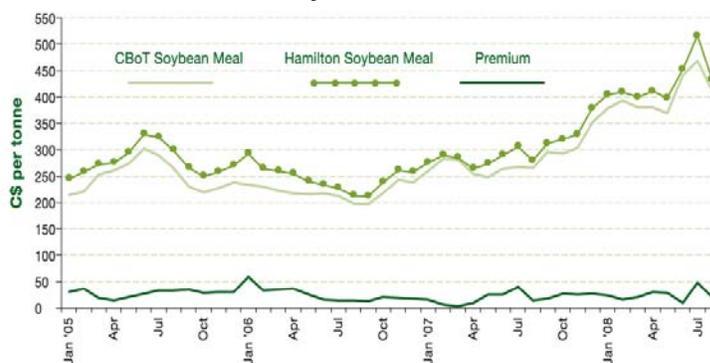
Canada: Soybean Meal Use by Livestock & Poultry



SOYBEAN MEAL PRICES

Canadian soybean meal prices are determined using the Chicago Board of Trade (CBOT) price for in-store Decatur 48% protein, adjusted for basis, and typically expressed as CAN\$/tonne in-store Hamilton.

Recent Historical Soybean Meal Prices



Factors that are expected to impact soybean meal prices in the intermediate future include increased renewable fuels production, soybean crushing capacity expansion, exchange rate volatility, soybean production and livestock industry dynamics.

Sources: AAFC, OMAFRA, COPA, Statistics Canada