



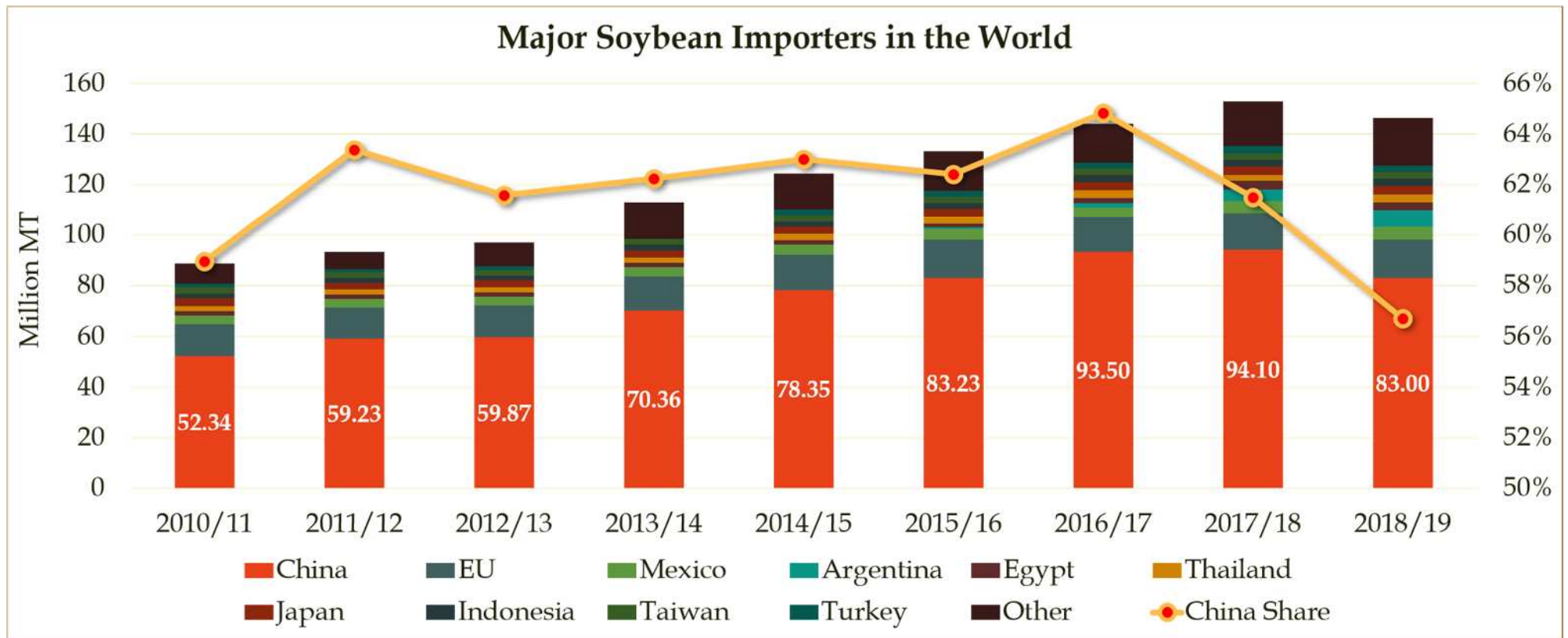
CHINA-U.S. SOY TRADE UPDATE & IMPACT OF AFRICAN SWINE FEVER

Xiaoping Zhang

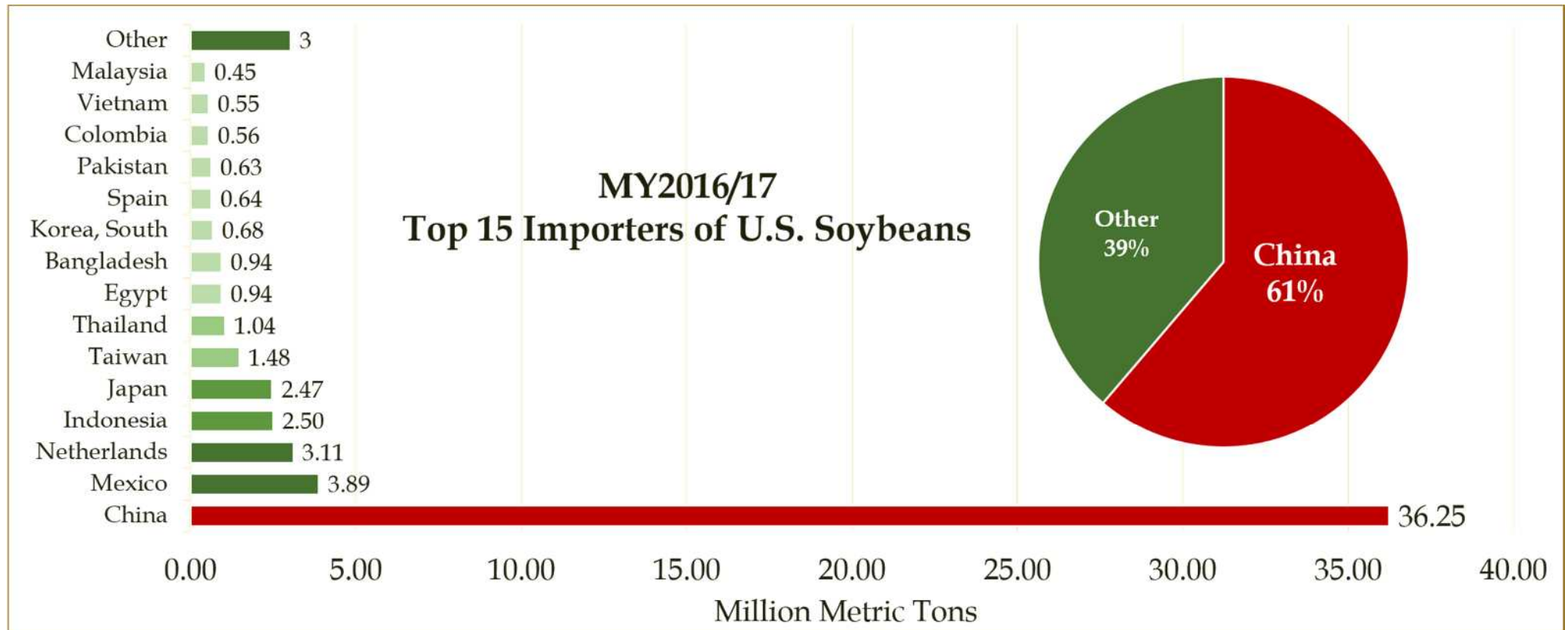
Greater China Regional Director

U.S. SOY FOR A GROWING WORLD

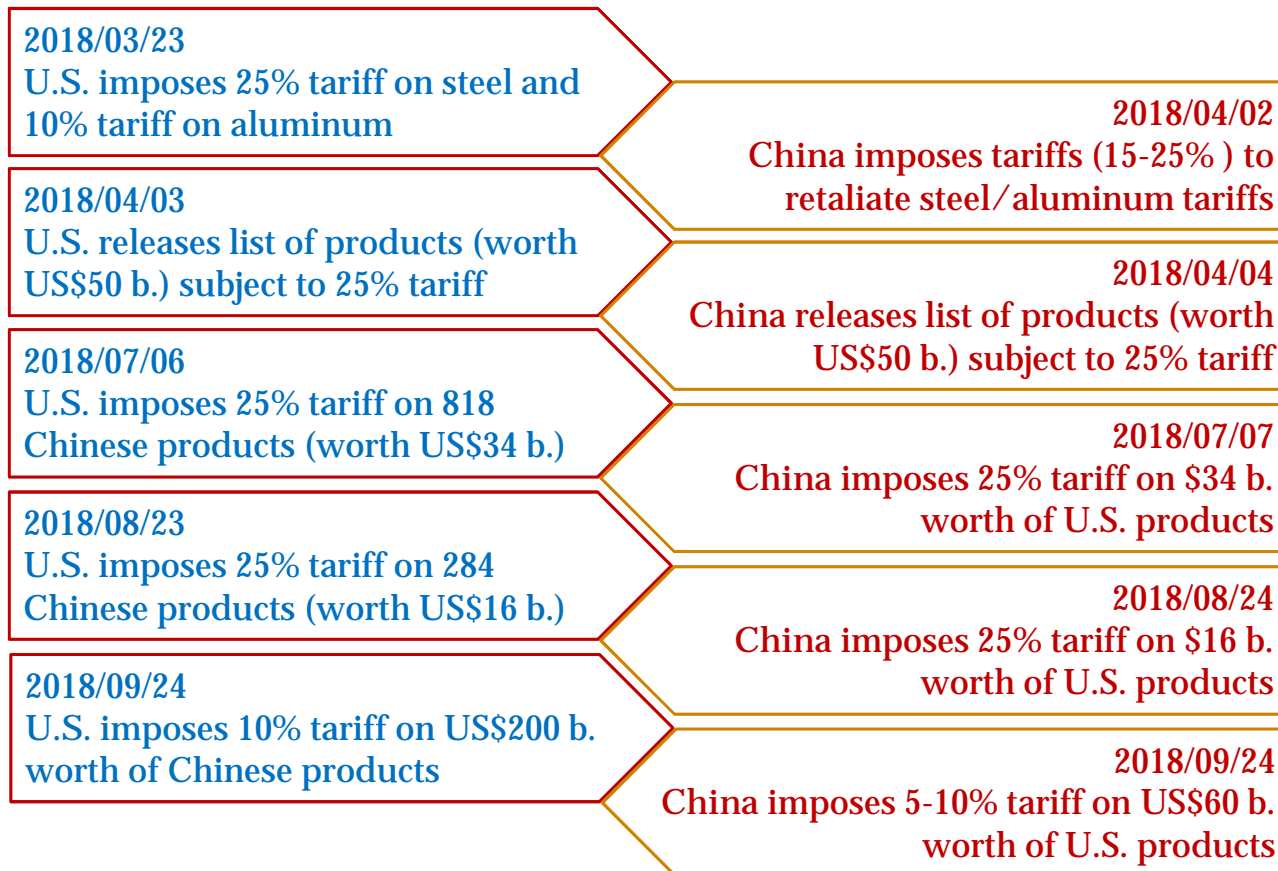
China: World's Largest Soybean Importer



China: #1 Destination of U.S. Soybeans



Escalating Trade Frictions with Hiking Tariffs



2018



10-25% Tariffs on US\$250 b. Worth of Chinese Products

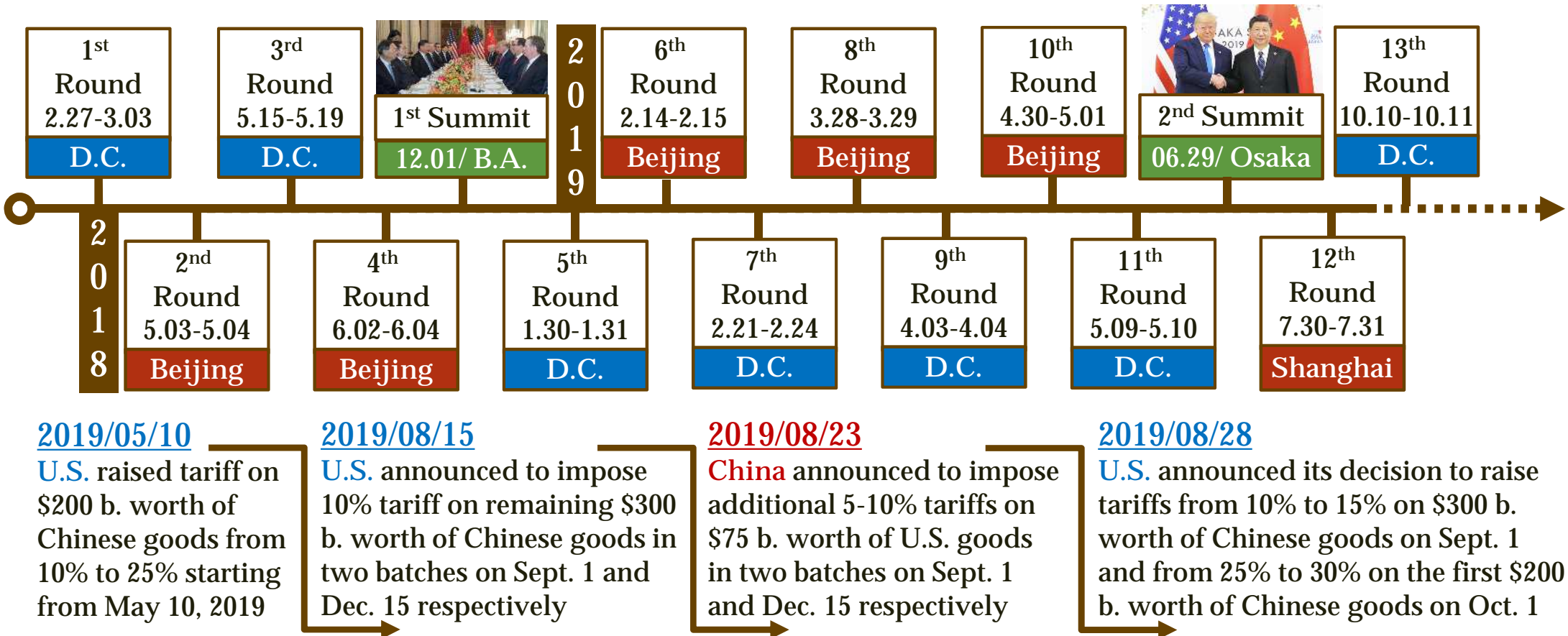


5-25% Tariffs on US\$110 b. Worth of U.S. Products

2018/09/18

U.S. announced its intention to raise tariffs on US\$200 b. worth of Chinese products from 10% to 25% starting from Jan. 1st, 2019 ...

Efforts to End Trade Frictions

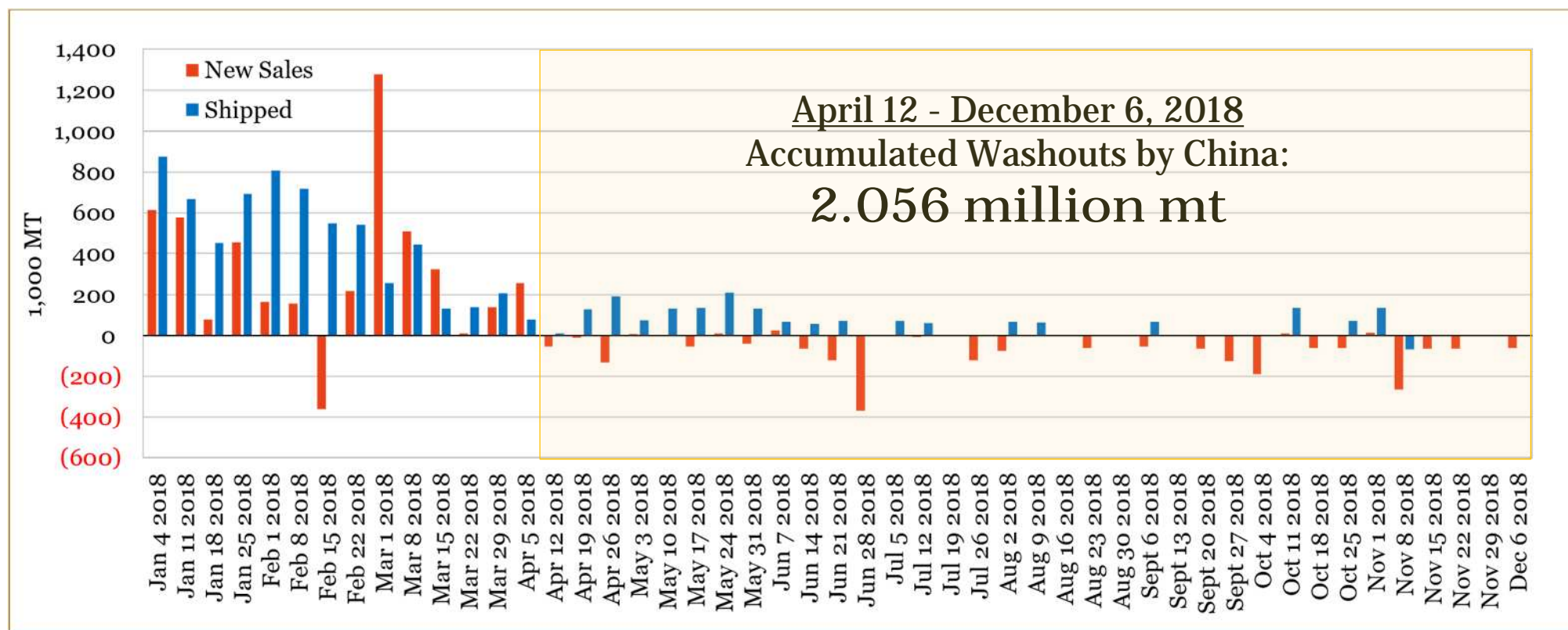


What Might Be in Disputes ...



 Agriculture
  IPRs Protection
  Exchange Rate
  Financial Services
  Trade Expansion
  Technology Transfer
  Dispute Settlement

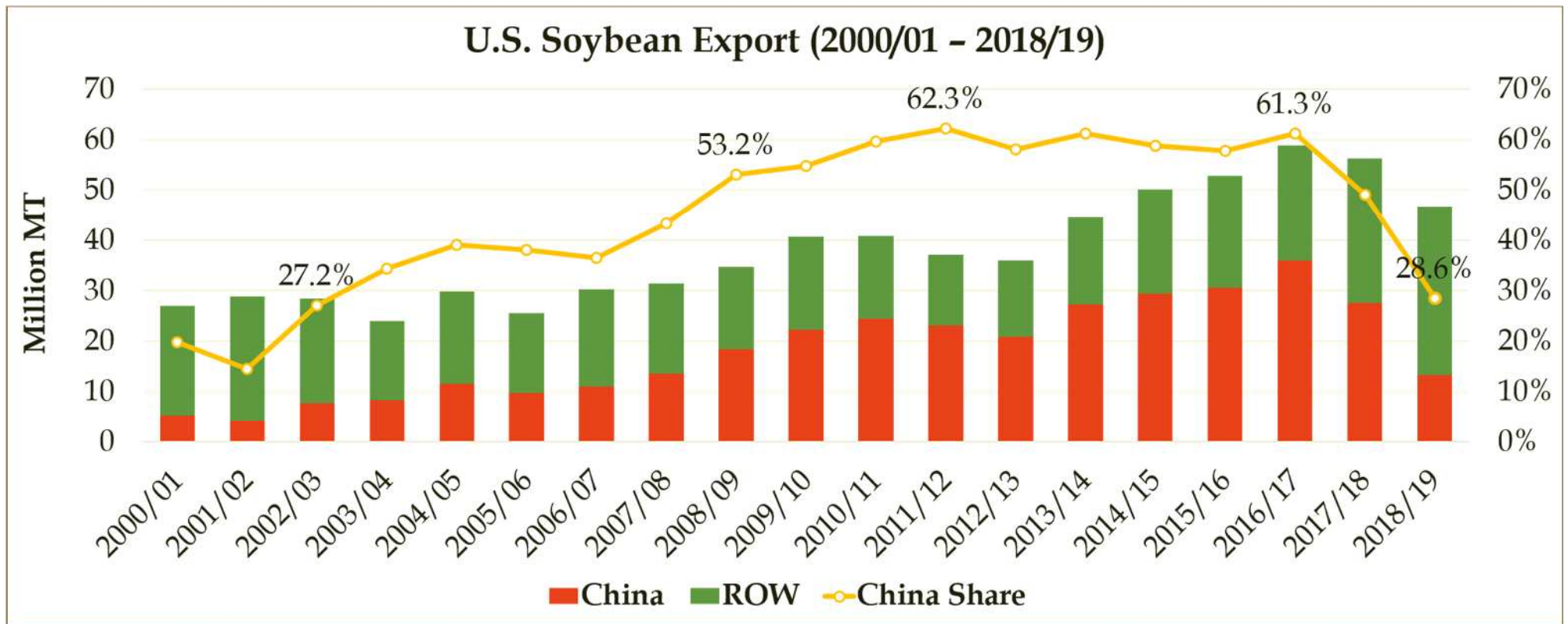
Weekly Export Sales to China



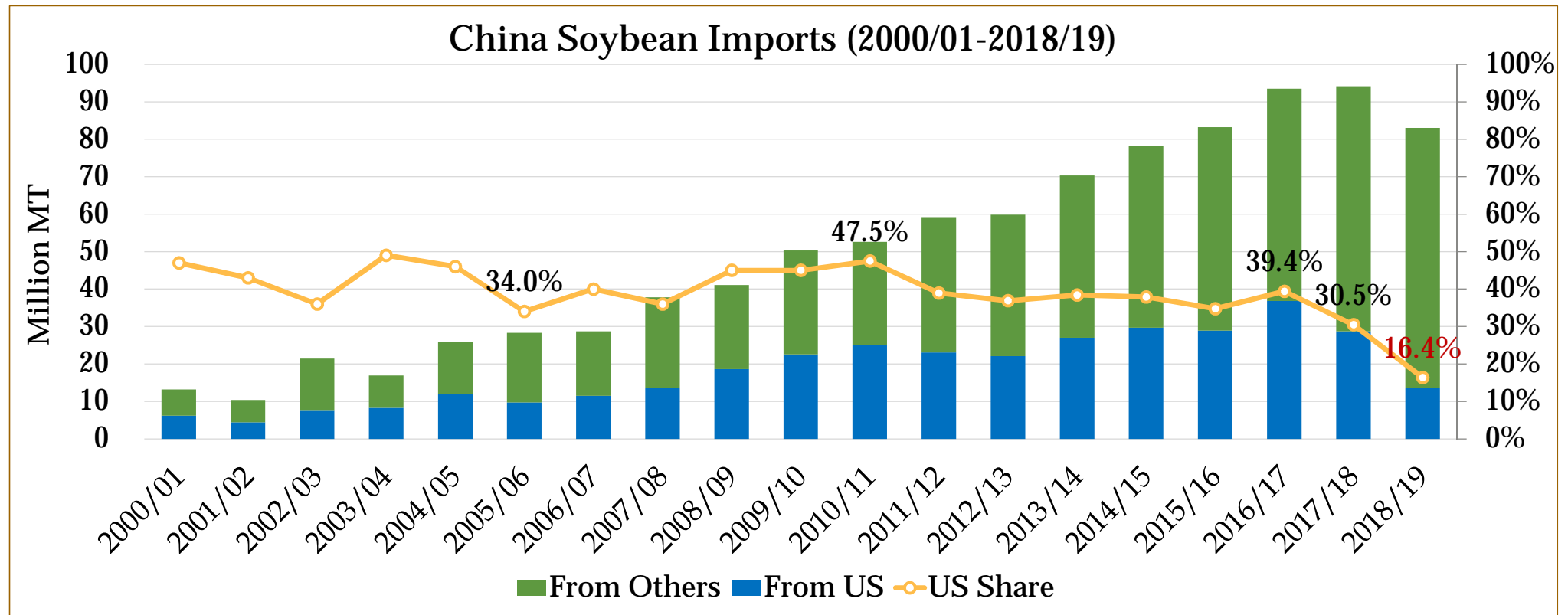
Weekly Export Sales to China



Declining China's Share in U.S. Soy Export

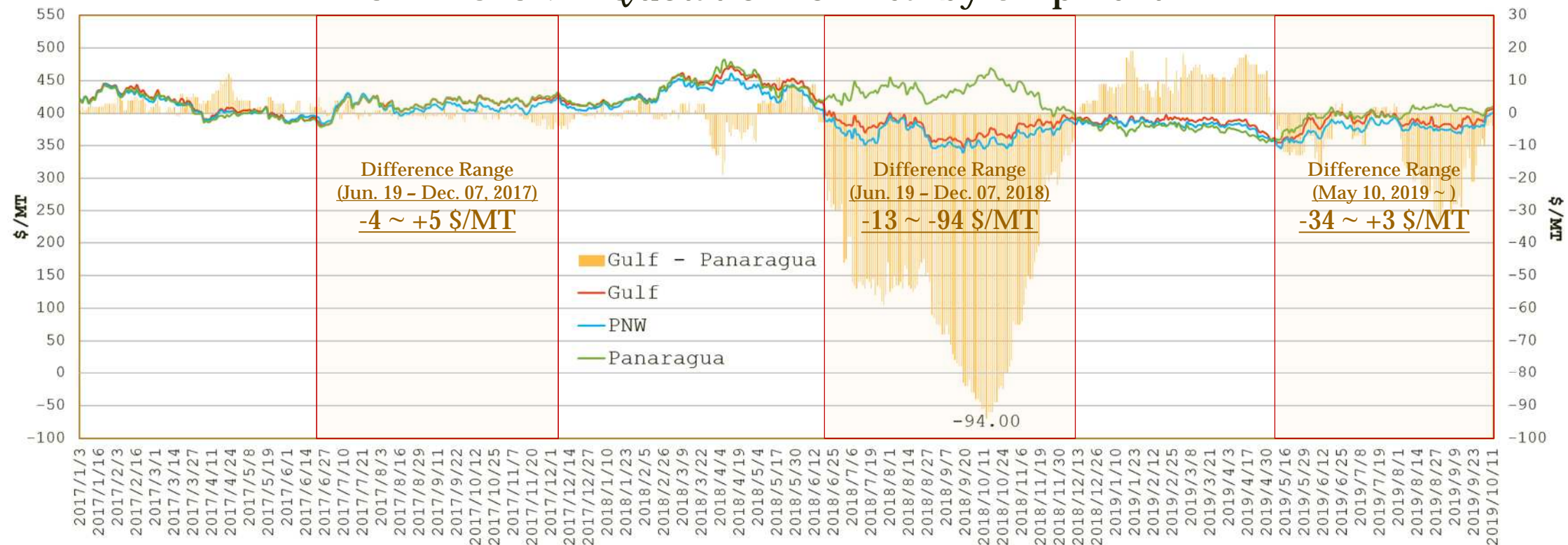


U.S. Market Share Dropped to Record Low



Landed Soybean Prices Distorted

CNFFO CMP Quotation for Nearby Shipment

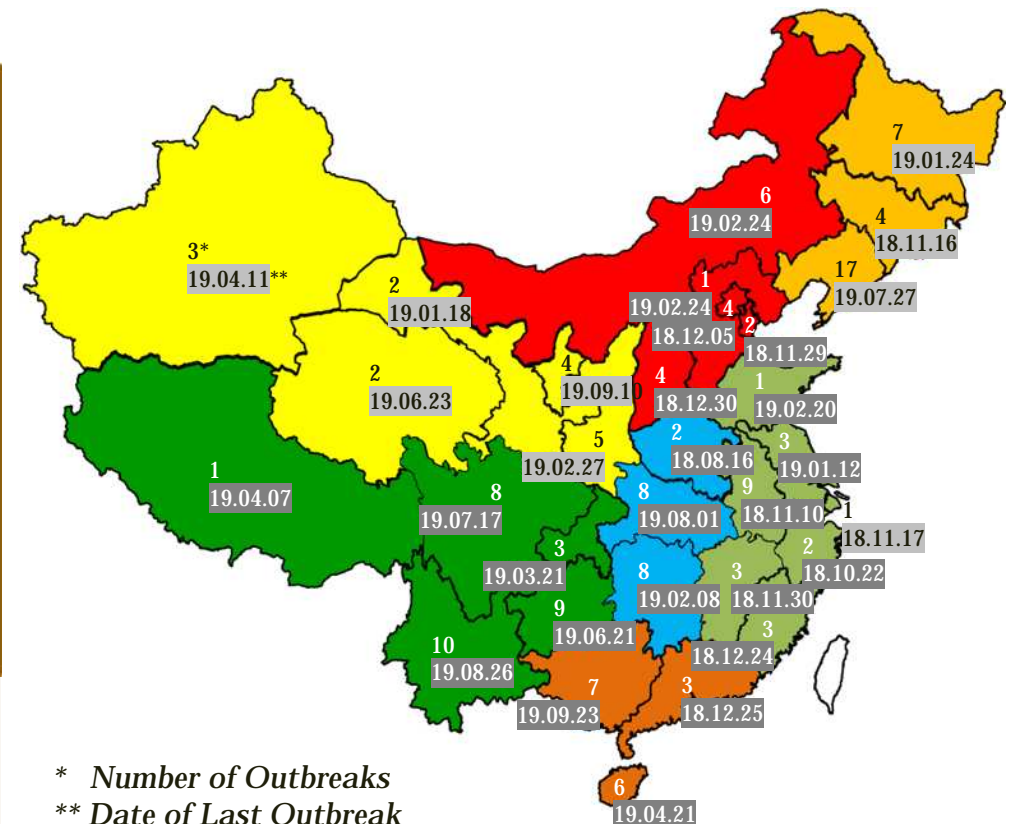
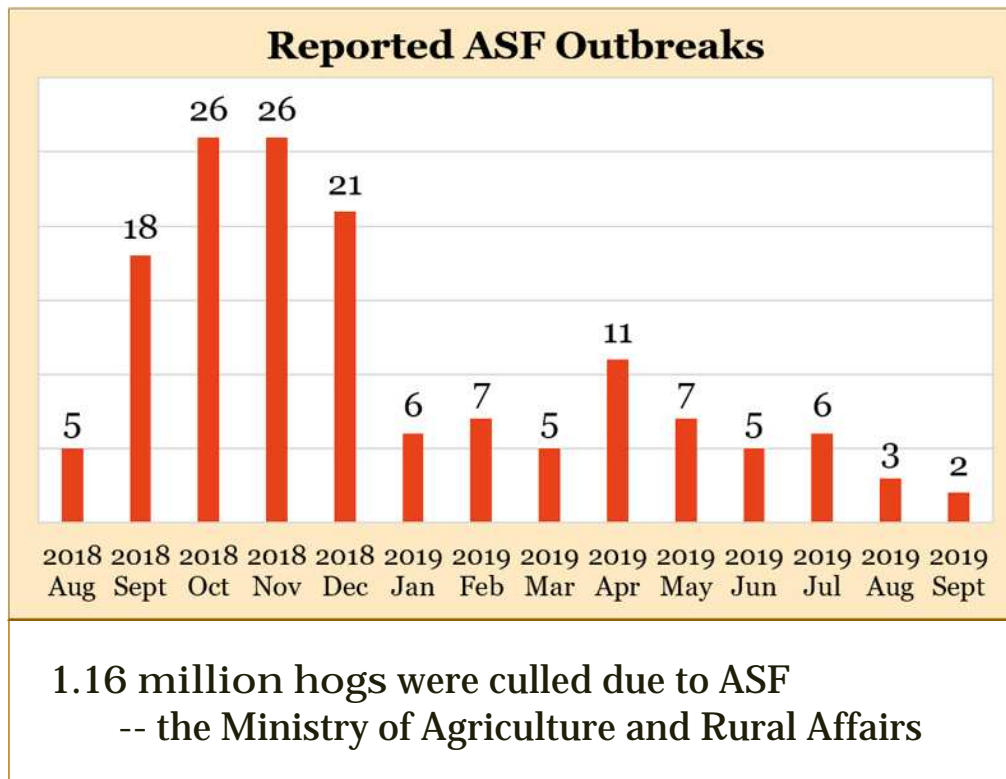


Rebalancing Soy Supply & Demand

Million MT	SUPPLY			DEMAND				ANNUAL BALANCE
	Prod.	Imports		Food	Crush		Other	
		USA	Other		Dom.	Imports		
2016/17	13.60	36.84	56.66	14.15	1.20	90.50	0.85	0.39
2017/18	15.28	28.68	65.45	14.60	2.20	90.70	0.92	0.99
2018/19	16.00	13.60	69.40	15.00	2.80	83.70	0.92	-3.42
2019/20	17.10	20.00	68.50	15.15	2.00	86.50	0.95	-0.50
Replace U.S. Soy ?	<ul style="list-style-type: none">• Diversify Soybean Origination (+8.00)• Increase Dom. Production (+3.00)• Increase Imports of Other Oilseeds and Protein Meals (+2.00)• Auction from State Reserve (+3.00)			<ul style="list-style-type: none">• Lower Protein Level in Animal Diets and Reduce Soybean Meal Inclusion Rate (-14.00)				

NGOIC predicts Crush Demand in 2018/19 will be reduced by 6.40 million metric tons

Outbreaks and Spread of African Swine Fever



Source: Ministry of Agriculture and Rural Affairs, PRC

Measures to Bring ASF under Control

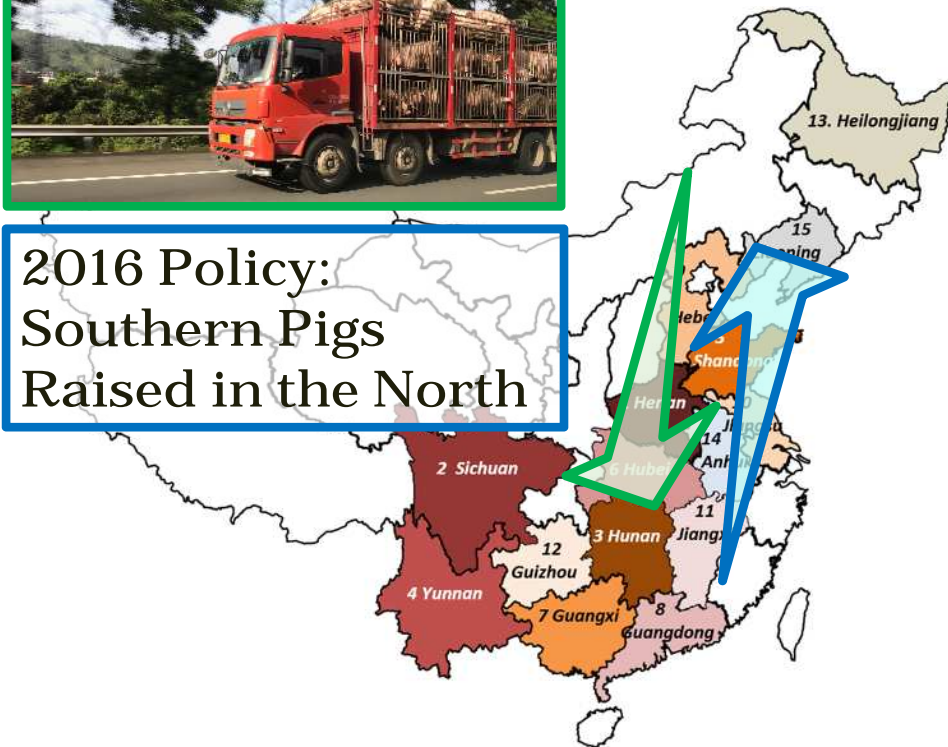


- Culling hogs on the affected farm and blocking the area in a radius of 3 KM from the farm;
- Raising the blockade 6 weeks after the completion of ASF treatment;
- Putting a 6-month ban on hog farming after blockade is raised;
- Banning plate waste from feeding hogs;
- Providing subsidies to confirmed ASF affected farm.

Top 15 Hog Producing Provinces (2017)

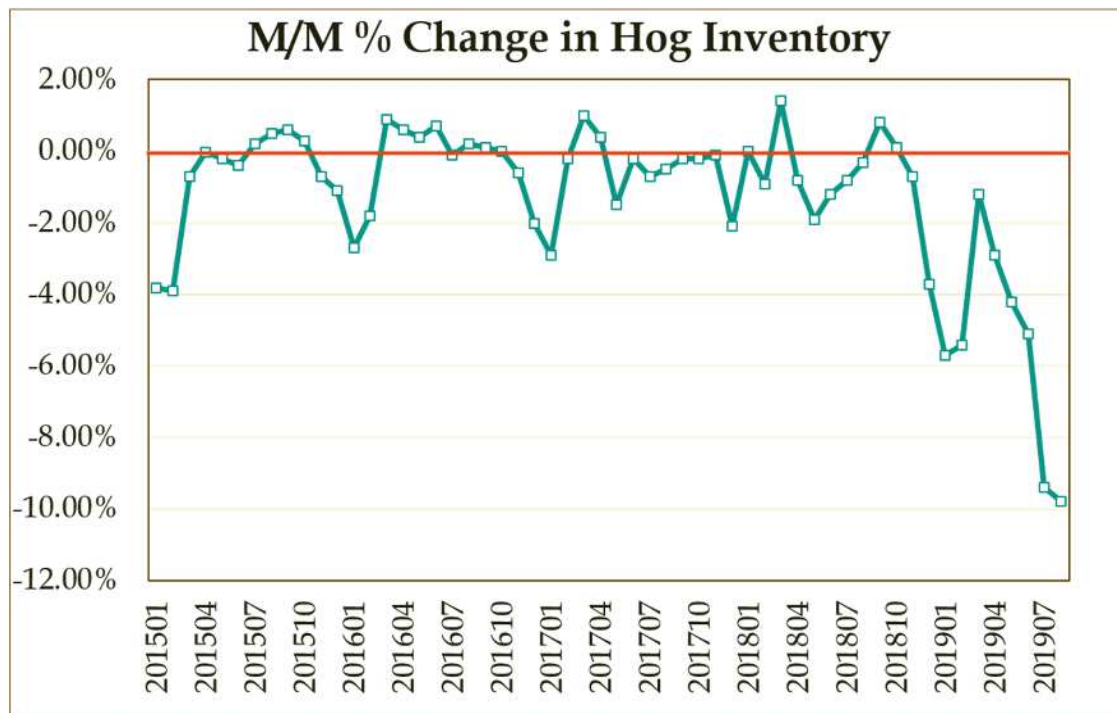


2016 Policy:
Southern Pigs
Raised in the North



	Province	Hog Inventory (million)	% of National Total
1	Henan	43.900	9.94%
2	Sichuan	43.766	9.91%
3	Hunan	39.681	8.99%
4	Yunnan	30.792	6.97%
5	Shandong	30.403	6.88%
6	Hubei	25.785	5.84%
7	Guangxi	22.937	5.19%
8	Guangdong	21.328	4.83%
9	Hebei	19.578	4.43%
10	Jiangsu	16.403	3.71%
11	Jiangxi	16.213	3.67%
12	Guizhou	15.969	3.62%
13	Heilongjiang	14.339	3.25%
14	Anhui	14.172	3.21%
15	Liaoning	13.080	2.96%
	National Total	441.589	82.74%

Hog Inventory Changes (2015-2019)



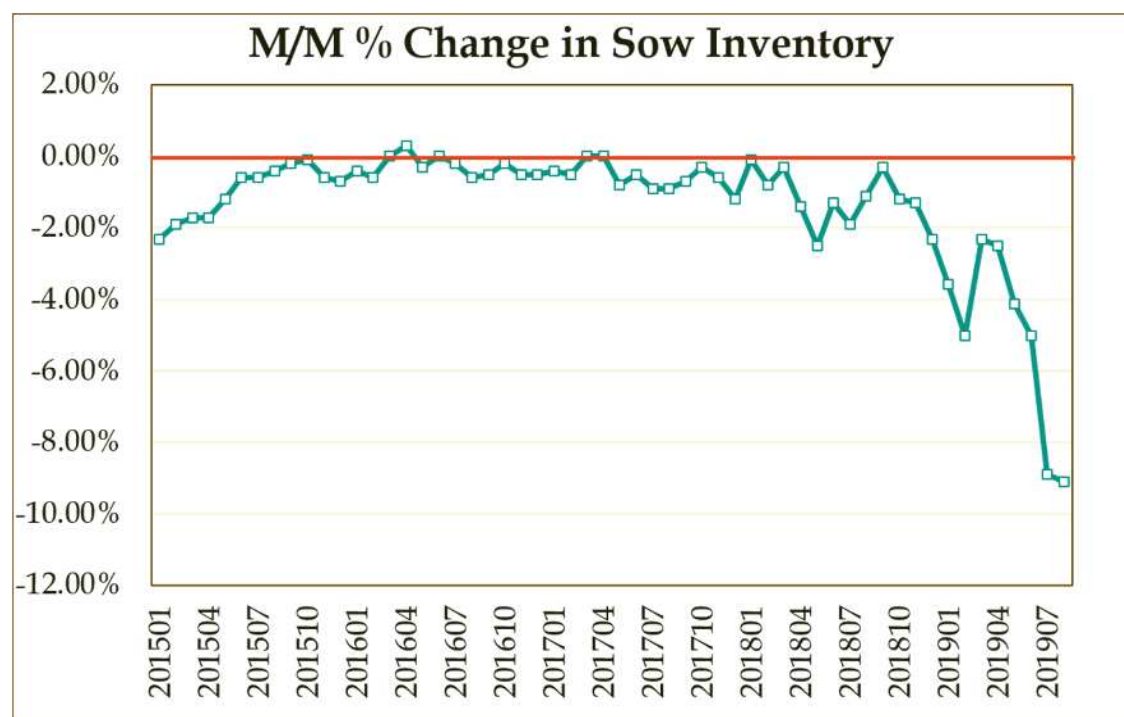
Note: Data collected by MARA at 4,000 locations in the Monthly Survey

Year End	Inventory (m. head)	Y/Y Change	Y/Y Change*
2014	471.602	-1.5%	N.A.
2015	458.029	-2.9%	-9.0%
2016	442.092	-3.6%	-4.3%
2017	441.589	-0.1%	-7.0%
2018	428.170	-3.0%	-7.8%
2019	214.085	-50.0%	-36.4%**

*Based on Month-on-Month Change released by MARA

** Based on Month-on-Month Change as of Aug. 2019

Sow Inventory Changes (2015-2019)

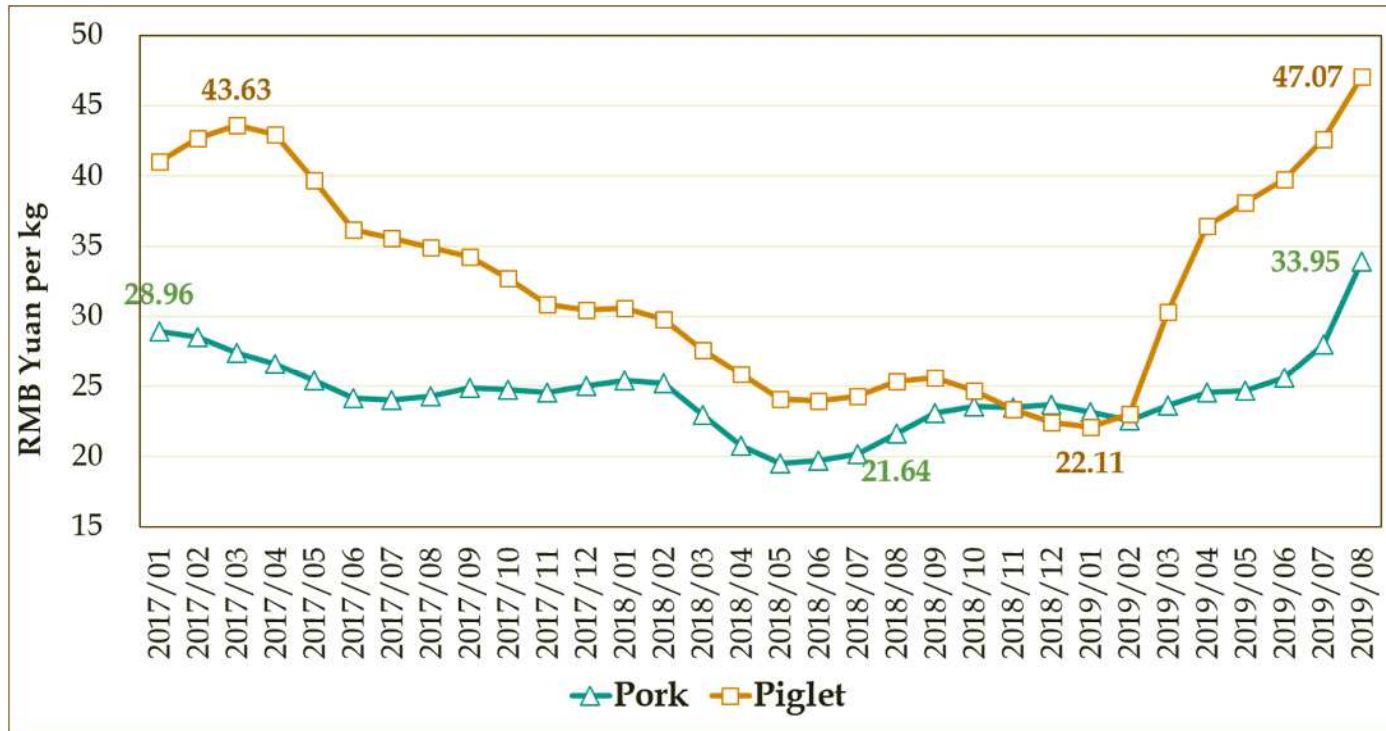


Note: Data collected by MARA at 4,000 locations in the Monthly Survey

Year End	Inventory (m. head)	Y/Y Change
2014	49.625	-3.3%
2015	43.974	-11.4%
2016	42.457	-3.4%
2017	39.655	-6.6%
2018	34.261	-13.6%
2019*	24.817	-34.2%

*Calculation based on Month-on-Month Change released by MARA as of August 2019

Pork and Piglet Prices (2017-2019)



Data collected by MARA at 5,000 locations in the Weekly Survey

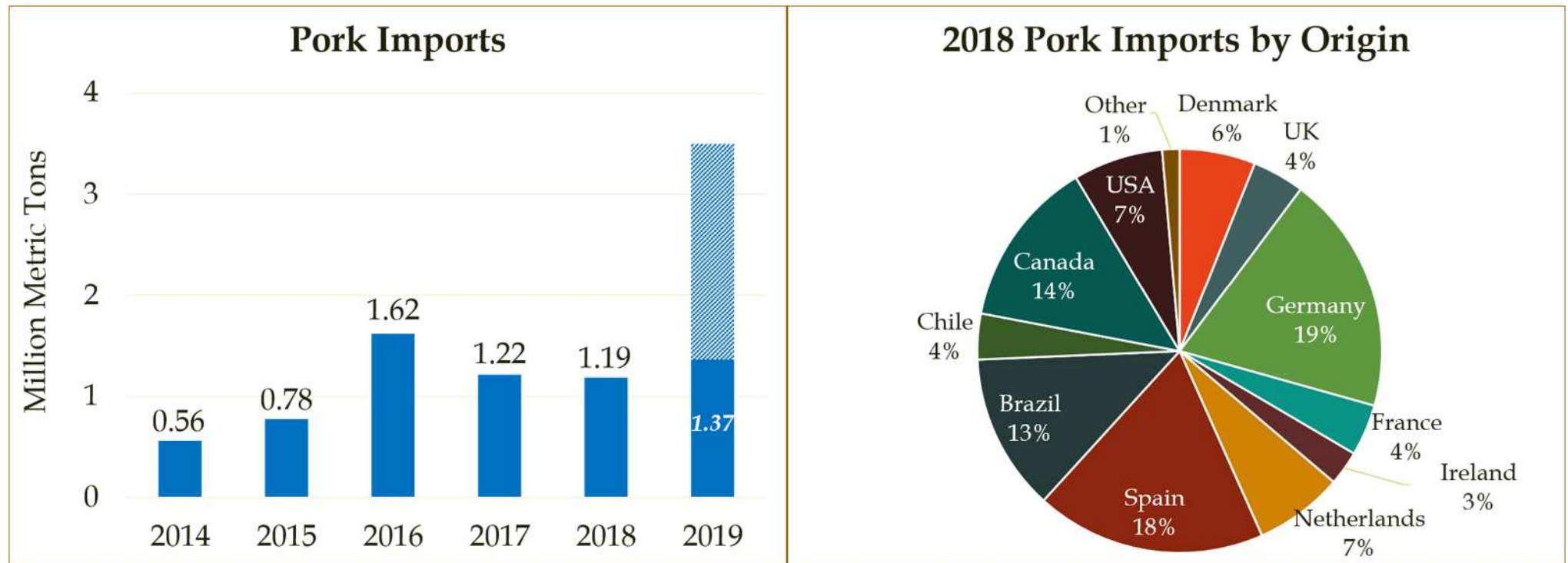
Sept. 2019	Pork Price Yuan/kg	M/M Change	Y/Y Change
1 st Week	34.46	+7.6%	+75.5%
2 nd Week	35.47	+3.0%	+78.4%
3 rd Week	36.35	+2.6%	+80.9%
4 th Week	36.44	+0.3%	+80.1%
Avg.	35.68	+5.1%	+54.5%

Projected ASF Impact on Soybean Demand

	2014	2015	2016	2017	2018	2019 (a)	2019(b)
Hogs Slaughtered (m. head)*	749.52	724.16	700.74	702.02	693.82	485.67	416.29
Pork Production (m. mt)**	58.21	56.45	54.26	54.52	54.04	38.13	32.68
Yield/Hog (kg)	77.66	77.95	77.43	77.66	77.89	78.50	78.50
Feed Production (m. mt)**	86.16	83.44	87.26	98.10	97.20	79.70	68.04
Complete Feed (m. mt)	143.60	134.58	138.51	144.26	138.86	113.25	97.20
Feed Conversion Rate	2.47	2.38	2.55	2.65	2.57	2.97	2.97
SBM Inclusion Rate	15%	16%	18%	20%	20%	20%	20%
SBM in Swine Feed (m. mt)	21.54	21.53	24.93	28.85	27.77	22.65	19.44
Soybeans Equivalent (m. mt)	27.62	27.60	31.96	36.99	35.61	29.04	24.92

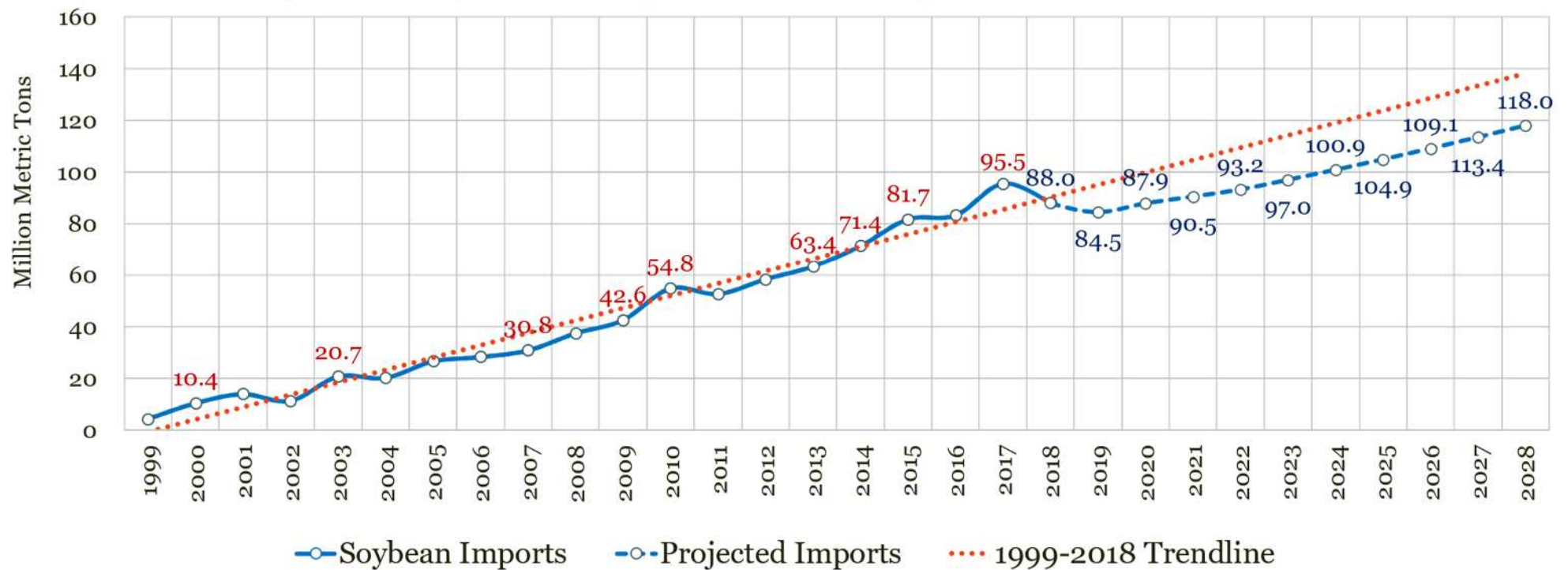
(a) Fattened Hogs -30%, Swine Feed Production -18%; (b) Fattened Hogs -40%, Swine Feed Production -30%

China Pork Imports (2014-2019)



China: Soybean Imports & Projection

Soybean Imports, 1999-2018 and Projection for 2019-2028





U.S. SOY FOR A GROWING WORLD

THANK YOU!
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