

'Rocket Eggs' Revive China's Soy Demand as New-Crop Orders Rise

By Bloomberg News

May 21 (Bloomberg) -- China's soybean demand is rebounding as surging prices of eggs and pork help the world's biggest meat producer recover from first-quarter losses for oilseed producers, feed makers and farmers.

Chinese crushers last week ordered about 600,000 metric tons to be shipped after Sept. 1 when the new-crop year begins for U.S. marketing, according to a Bloomberg News survey of seven China-based traders and researchers. Since April 1, egg prices in China have surged about 26 percent while hogs jumped

20 percent, according to data from Shanghai JC Intelligence Co.

"The surge in egg prices, dubbed 'rocket eggs' to describe the sharp gains, followed by gains in pork are quickening a turnaround in the feed industry," said Tommy Xiao, an analyst at Shanghai JC, the country's biggest independent animal feed researcher.

A resumption of Chinese purchases, which account for more than 60 percent of the world's traded volume, will lift futures traded on the Chicago Board of Trade. Last month, China was seen at risk of defaulting on some orders for shipment after bird flu and slumping pork prices curbed soybean-meal demand.

Soybeans for July delivery in Chicago rose 0.4 percent to

\$14.7575 a bushel at 2:53 p.m. Beijing time. Chinese crushers are buying November contracts, which should surge on new-crop buying, Xiao said.

Bird Flu

Egg prices rebounded after farmers in China culled birds in response to an outbreak of H7N9 avian influenza, animal-husbandry researcher Beijing Boyar Communication Co. said on its website.

Outbreaks of the virus caused 20 billion yuan (\$3.2

billion) in losses to the industry in January alone as consumption fell, according to the China Animal Agriculture Association.

Wilmar International Ltd., China's biggest soybean crusher, said its oilseeds and grains unit had a pretax loss of \$57.4 million in the first quarter because of excessive imports by China and lower demand for soybean meal following bird flu and a slowing economy.

A total of 1.4 million tons of soybeans were crushed in China in the week through May 16, 13 percent more than a week earlier, and the volume may rise to 1.6 million tons this week, according to an e-mailed report by researcher UniRich Investment Management Ltd.

China is forecast to import 69 million tons of soybeans in the year through Sept. 30, before rising to 72 million tons the year after, U.S. Department of Agriculture said May 9.

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