

SoyInsights Perspectives Survey

Executive Summary
October 2015

EXECUTIVE SUMMARY

The primary objective of SoyInsights is to provide insight on issues that might impact the entire U.S. soy value chain, enabling the industry to create long-term strategies for an increasingly global and changing environment. To inform this process, SoyInsights collects valuable, industrywide information through the Perspectives Survey, which gathers input from a variety of experts on what the industry should be discussing and where it should focus.

The fourth Perspectives Survey was redesigned to focus on three key areas – General Industry, Soybean Meal, and Soybean Oil. Interviews with 52 experts from across the soy value chain asked participants to provide a short-term (1-5 years) and long-term (5+ years) perspective on the soybean industry outlook to help determine whether the outlook for that factor is unfavorable, neutral or stays the same, or favorable. Participants also were asked to identify the biggest trends or issues affecting each area, and recommend an action the industry can adopt to address the issue.

Results of the Perspectives Survey indicated a favorable environment for U.S. soybeans in both the short and long term, with a key factor being an excellent outlook for both soybean meal and soybean oil. Overall, experts shared the opinion that soybeans will continue to share success with other crops for the next several years.

- Experts specifically called out soybean meal as the most favorable area for U.S. soy due to continued growth in emerging economies.
- The areas of soybean oil, overall demand and technology adoption also received a favorable outlook.
- Experts identified challenges to the industry from laws and regulations, GMO labeling, and transportation infrastructure.

Based on the survey results, the SoyInsights Steering Committee prioritized the top trends currently impacting the soy industry.

<i>Soybean Oil:</i>	How to Support Interesterified Oil Adoption
<i>Soybean Meal:</i>	Value Capture
<i>Customer Focus:</i>	Value Measurements
<i>Freedom to Operate:</i>	Water Regulation Challenges

GENERAL INDUSTRY

Overview

General Industry covers a variety of subjects related to the U.S. soybean value chain. Overall, it received a neutral to slightly negative outlook. Experts identified unfavorable outlooks for domestic and international laws and regulations, GMO labeling, and transportation infrastructure. More positive ratings were given to demand and technology adoption.

- The top domestic trends for the soybean industry identified by survey respondents were:
 1. Shifting Demand Trends: This included the potential of high oleic, reductions from recurring outbreaks of the avian flu, and potential impact of government regulations.
 2. Production Considerations: This included increasing yields, precision ag options and concerns about declining protein levels.
 3. GM Technology: This included the potential of stacked traits. Responses also noted the lack of international acceptance, as well as growing lack of U.S. domestic consumer acceptance.
 4. Laws and Regulations: This included water availability, quality and regulations.
- Leading international trends were identified as:
 1. Demand shifts included expansion of the middle class and slowing Chinese economic growth.
 2. Challenges to U.S. competitiveness from South American production and currency exchange rates.
 3. International GMO acceptance and approval.
- Technology Adoption (advanced traits, precision, etc.) received an increasingly favorable outlook from the short to long term. Factors contributing to this outlook were:
 - New traits that address herbicide resistance, drought and have an enhanced nutritional profile.
 - Digital farming, including drones and mapping developments, will help farmers be more efficient.
- Survey respondents also had a favorable outlook for increasing demand by U.S. consumers over the short and long term. Alternative protein was the biggest growth area, especially with a shifting consumer demographic.
- Laws and Regulations both domestically and internationally received unfavorable outlooks, especially in terms of water regulations and quality, and acceptance of GMOs.
- Recommended actions for the industry to support General Industry and increase demand are:
 - Seek productivity gains (yield and nutrition).
 - Boost exports.
 - Enhance communication with consumers.
 - Support downstream industries.

Sub-factors	1 – 5 Years	5+ Years
US Technology Adoption	2.68	2.89
Consumer Demand	2.48	2.66
Component Pricing	1.89	2.26
U.S. Laws and Regulations	1.56	1.48
International Laws and Regulations	1.76	1.88
GMO Labeling	1.46	1.94
Transportation Infrastructure	1.62	2.09



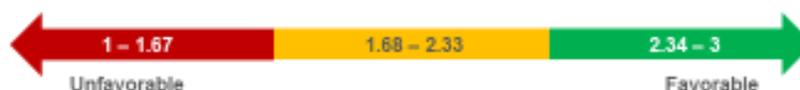
SOYBEAN MEAL

Overview

Participants see a positive outlook for soybean meal in both demand and meal technology, with demand from southeast Asia and potential troubles in South American production as the key drivers.

- The top trends facing the U.S. soybean meal industry were identified as:
 1. Increasing feed demand.
 2. Improving quality of meal, especially protein content.
 3. Competition from other soybean production areas.
 4. Recurring outbreaks of avian flu.
- The leading international trends facing the U.S. soybean meal industry were identified as:
 1. Increased feed demand.
 2. Declining/inconsistent quality.
 3. GMO acceptance within international markets.
 4. Uncertainty around China, especially the country's stance on GMO products.
- Recommended actions for the industry to increase soybean meal demand included:
 - Educate buyers on the inclusion of soy in livestock diets.
 - Research methods to improve feed composition.
 - Investigate new markets.
 - Support U.S. livestock industry as they face increased regulations.

Sub-factors	1 – 5 Years		5+ Years	
	Experts	Committee Members	Experts	Committee Members
Overall US Meal Demand	2.78	2.50	2.87	3.00
Meal Technology	2.58	2.43	2.89	2.86



SOYBEAN OIL

Overview

Overall, soybean oil received a positive outlook for the short term and long term (next five years and beyond), driven by strong long-term demand due to biodiesel and food applications. In addition, soybean oil technology received a favorable outlook driven by healthier oils, including high oleic, high steric, reduced cholesterol, and omega 3s. Another driver was improved processing.

- Survey respondents identified the following as the domestic trends facing the U.S. soybean oil industry:
 1. Lack of consistent Renewable Fuel Standards, and declining biodiesel demand.
 2. Trans fat ban by the U.S. Food and Drug Administration.
 3. Increased competition from palm and canola oil.
 4. High oleic provides an opportunity to regain market share.
- The international trends facing the U.S. soybean oil industry were identified as:
 1. Competition from canola and palm oil.
 2. GMO acceptance in international markets.
 3. Competition from other countries.
 4. Health/consumer preferences for soy protein was seen impacting the outlook positively, while GMO acceptance and fat issues could have a negative impact.
- Recommended actions the industry can take to increase U.S. soybean oil demand included:
 - Take high oleic to market and promote it.
 - Promote biodiesel and the Renewable Fuel Standard.
 - Target the food industry to increase demand for soy oil.
 - Explore bioheat – especially in the Northeast, which is currently using fuel oil.
 - Optimize soybean oil for biodiesel.

Sub-factors	1 – 5 Years	5+ Years
Overall US Oil Demand	2.41	2.61
Oil Technology	2.84	2.86



APPENDIX A: OBJECTIVES AND METHODOLOGY

Objectives

The main objective of the Perspectives Survey is to gain additional insight on what the soy value chain should be discussing and focusing on in three primary focus areas and 11 sub-factor areas.

General Industry: Overall trends/issues

- A. Technology adoption in U.S.
- B. Consumer demand for soy products in U.S.
- C. Component pricing
- D. U.S. laws and regulations
- E. International laws and regulations
- F. GMO labeling
- G. Transportation infrastructure

Meal: Overall trends/issues

- A. Overall demand
- B. Soybean meal technology

Oil: Overall trends/issues

- A. Overall demand
- B. Soybean oil technology

Methodology

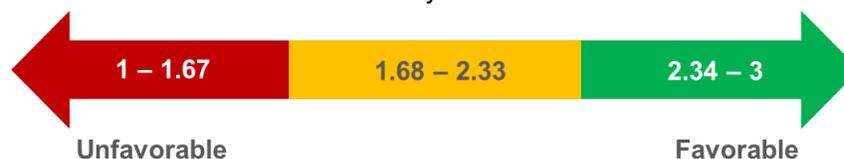
Participants included nine SoyInsights Steering Committee members, 38 industry experts, and five state organization leaders with a wide variety of expertise and backgrounds, including representatives of:

- Agricultural Economics
- Processor/Trade
- Animal Nutrition
- Seed R&D
- Crop Inputs
- Academia
- Consulting
- Associations
- Committee Members
- State Organizations

Each participant was asked all the questions. Respondents were asked to rate whether the outlook would “increase, decrease, stay the same,” which was then translated to a scale of 1-3, with 1 being equal to decrease / unfavorable, 2 is equal to neutral / stay the same, and 3 being increase / favorable outlook. Participants also provided key issues and statements for each sub factor.

All responses were averaged together to provide an aggregated result. Those results were then classified using the following scale:

- 2.34 and above is **green** and **favorable** to soy
- 1.68 – 2.33 is **yellow** and **neutral/stay the same**
- 1.67 and below is **red** and **unfavorable** to soy



Each sub-factor was then classified as having a favorable, neutral or unfavorable outlook for the U.S. soy industry in both the short and long term.