

# Agricultural Update

August 24, 2000

## Government News

### Updated Missouri Fact Sheet on the Status of Farm Economy

#### General

##### **Missouri Crop Basis on the Internet**

Just a reminder that historical tables and figures on soybean and corn basis for over 50 locations in Missouri can be found at <http://agebb.missouri.edu/mgt/cropbasis/index.htm>. Additionally, please feel free to contact me regarding hard copy data on any of the locations listed. A weekly update, of the week prior, is placed to AgEBB each Monday.

##### **Non-GMO Soybean Premiums in Japan** (this figure will be updated Monthly on AgEBB)

Beginning in May 2000 the Tokyo Grain Exchange (TGE) began trading a non-GMO soybean (of U.S. origin) futures contract in addition to the Exchange's existing conventional soybean (of U.S. origin) futures contract. The primary contract specification difference (other than non-GMO versus other soybeans) is that the conventional contract size is 30,000 kilograms and the non-GMO contract size is 10,000 kilograms.

The figure below is the computed non-GMO soybean premium for the December 2000, February 2001, April 2001, and June 2001 TGE soybean contracts. Note, these contract months differ from the soybean contracts traded at the CBOT. Data used to compute the premium differential were downloaded from the Tokyo Grain Exchange web site and daily exchange rates were downloaded from the St. Louis Federal Reserve web site.

##### **What does the Premium Represent?**

The graph below indicates the difference processors in Japan would be willing to pay for non-GMO soybeans shipped from the United States. In an efficient market the premium offered should exactly equal the costs of obtaining the premium. Thus, this premium reflects the value of planting and segregating non-GMO soybeans at the farm level, segregating at the elevator, and segregating during shipment to Japan. An individual producer would only receive a portion of the premium because the producer is only one component in the marketing chain, and there are costs of segregating at each level - each wants a piece of pie (premium).

**figure 1**

*Price Difference between U.S. Non-GMO and Conventional Soybean Quotes off Tokyo Grain Exchange, by contract month  
(5.18.00 to 8.24.00)*

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