

SOYBEANS



OCTOBER 2023

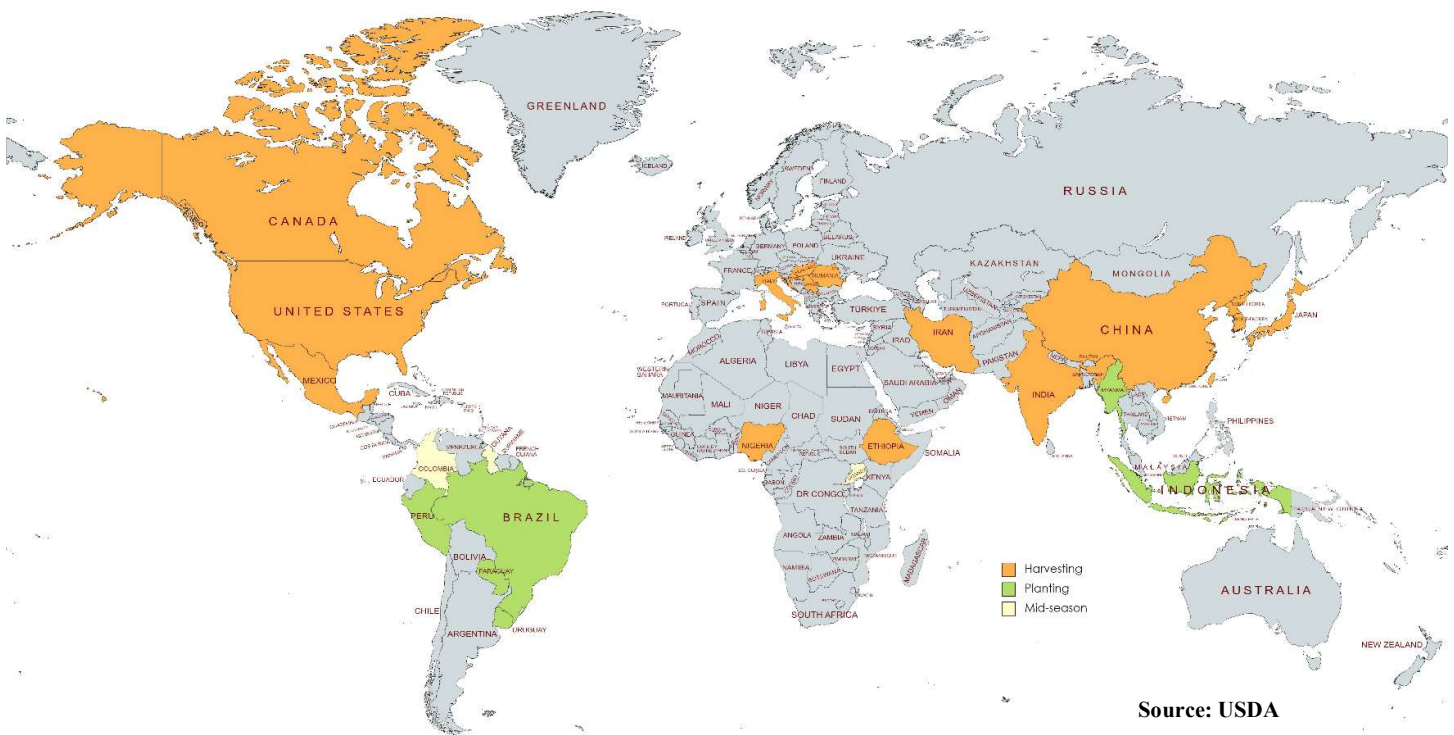
Grain Market Outlook

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This report was compiled by the applied economics team of Grain SA. If you would like any further information, or to be added to the monthly contact list, please feel free to contact Heleen at heleen@grainsa.co.za.

1. World soybean production

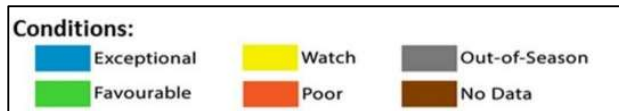
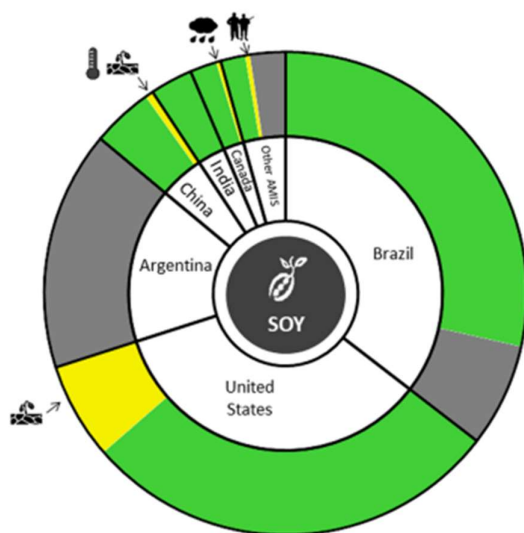


1.1. Global crop production conditions

In the **Northern hemisphere**, the harvesting process is beginning under mixed conditions with hot and dry conditions persisting in the US, Romania, Russia and China. In the **Southern hemisphere**, planting is slowly starting in some of the major production regions.

Comments on El Niño: The El Niño Oscillation (ENSO) is currently in the El Niño phase. Forecasts is for the phase to have reach peak intensity during October 2023 to January 2024 and remain active until March to May (78% chance), according to the IRI¹.

¹International Research Institute for Climate and Society



Source: Geoglam

Conditions as of September 28th, 2023

United States: The soyabean crop in the US has developed mostly under favorable conditions, except in the Central Plains and Delta region where dry weather and heat stress continues.

China: In the South and South Western regions, recent dry and hot weather is causing concern for crop development. In the rest of the country conditions remain favorable.

India: Crop conditions have recovered from the low levels of precipitation received in August.

Canada: Harvesting conditions are generally favorable.

Ukraine: In the unoccupied territories, harvesting conditions remain favorable, and yields are higher than the previous season.

Brazil: The planting phase of production has started under favorable conditions in the irrigation areas and in some regions with sufficient soil moisture.

2. Supply and demand Estimates

2.1. World Agricultural Supply and Demand (WASDE) OCTOBER 2023/2024 overview

Beginning stocks

World:

Ending stocks

101.89mil. tons

115.62mil. tons

Stock-to-use percentage: 30.17%; three-year-average: 28.47%

United States:

7.30mil. tons

5.98mil. tons

Stock-to-use percentage: 9.05%; three-year-average: 10.85%

Argentina:

17.50mil. tons

24.85mil. tons

Stock-to-use percentage: 59.52%; three-year-average: 53.13%

Brazil:

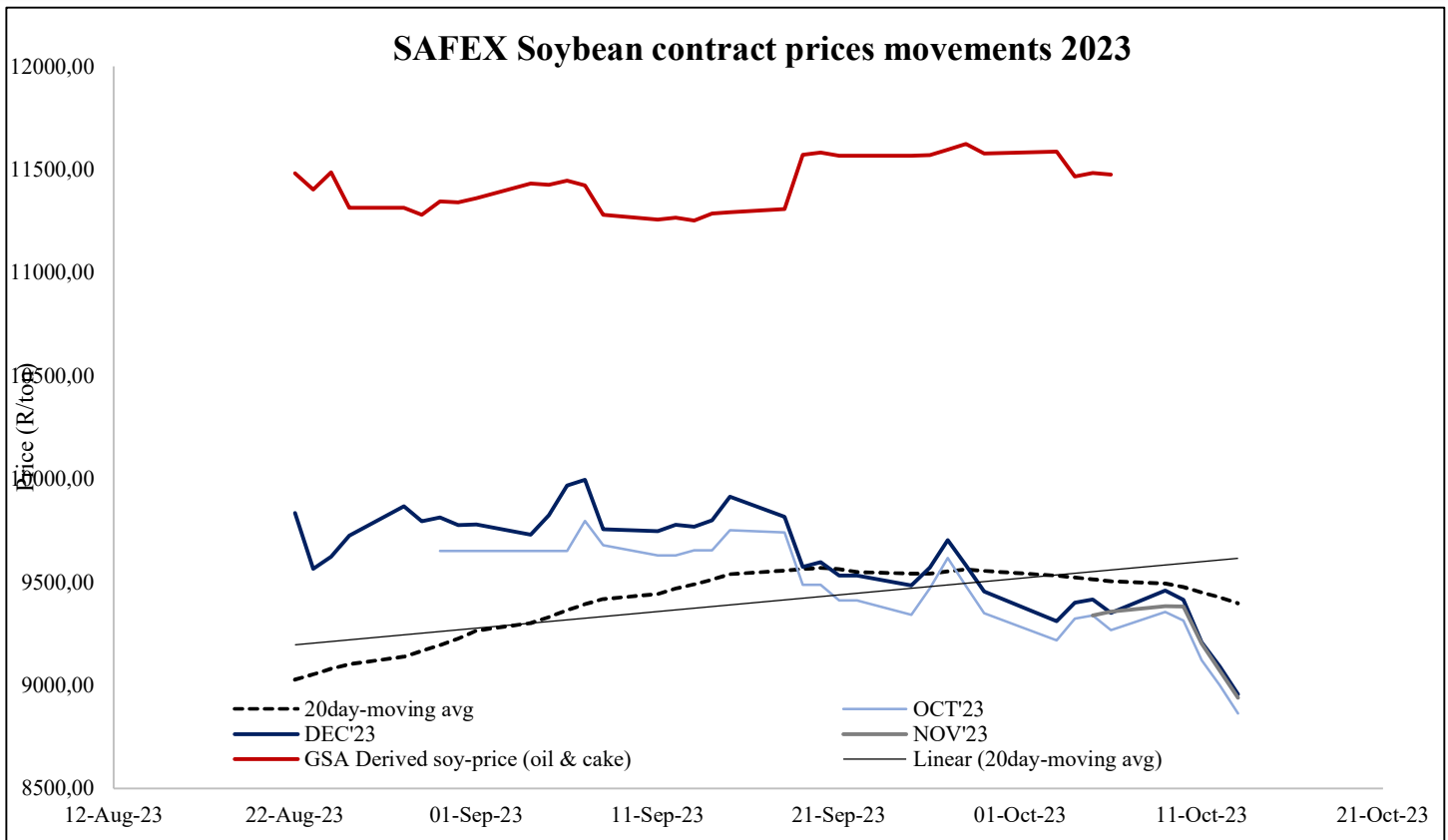
31.45mil. tons

37.70mil. tons

Stock-to-use percentage: 63.15%; three-year-average: 56.56%

Below the normal stock-to-use level prices tend to react sharply in the market environment. By comparing current year stock-to-use percentages to the norm, an indication can be concluded regarding the direction of price trends.

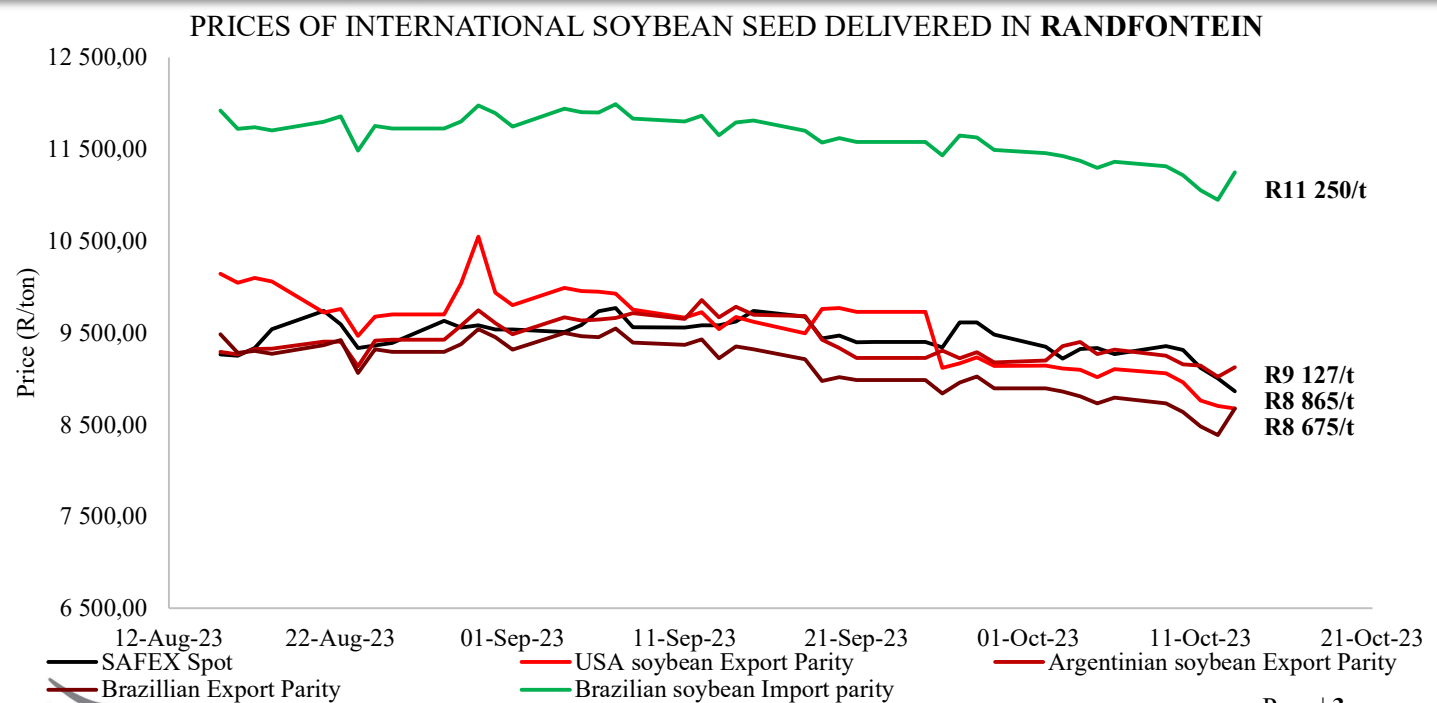
3. Monthly contract price movements



Comments on market movements for soybean contracts:

- Since the end of August, soybean contracts have been trading with a general upward trend (taking the 20-day moving average into consideration). Local soybean producers are starting with the planting season, which will be a watchpoint to determine prices for the season ahead.

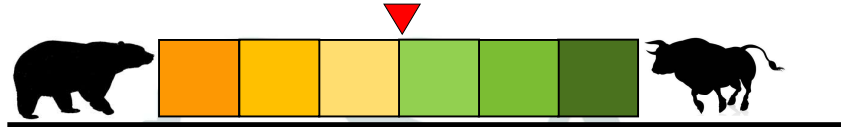
3.1 Import and export parity prices



4. Final thoughts

Global soybean markets are currently focused on the conditions of the US soybean crop whilst harvesting is underway. Markets are also watching the South American planting season, with most of the regions expecting larger yields this season.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



Bearish factors:

- The 2023/2024 global soybean production season will be the largest production season on record, adding additional stocks to markets.
- Brazil and Argentina are experiencing favorable weather conditions as their large soybean crops are being planted.

Bullish factors:

- In the short term, the USDA crop progress report will be key in assessing the quality of the US soybean crop for this season.
- Local: the soybean exporting program is well underway, relieving some inland stock built-up.

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Best regards,

Grain SA economy team

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