

SOYBEANS

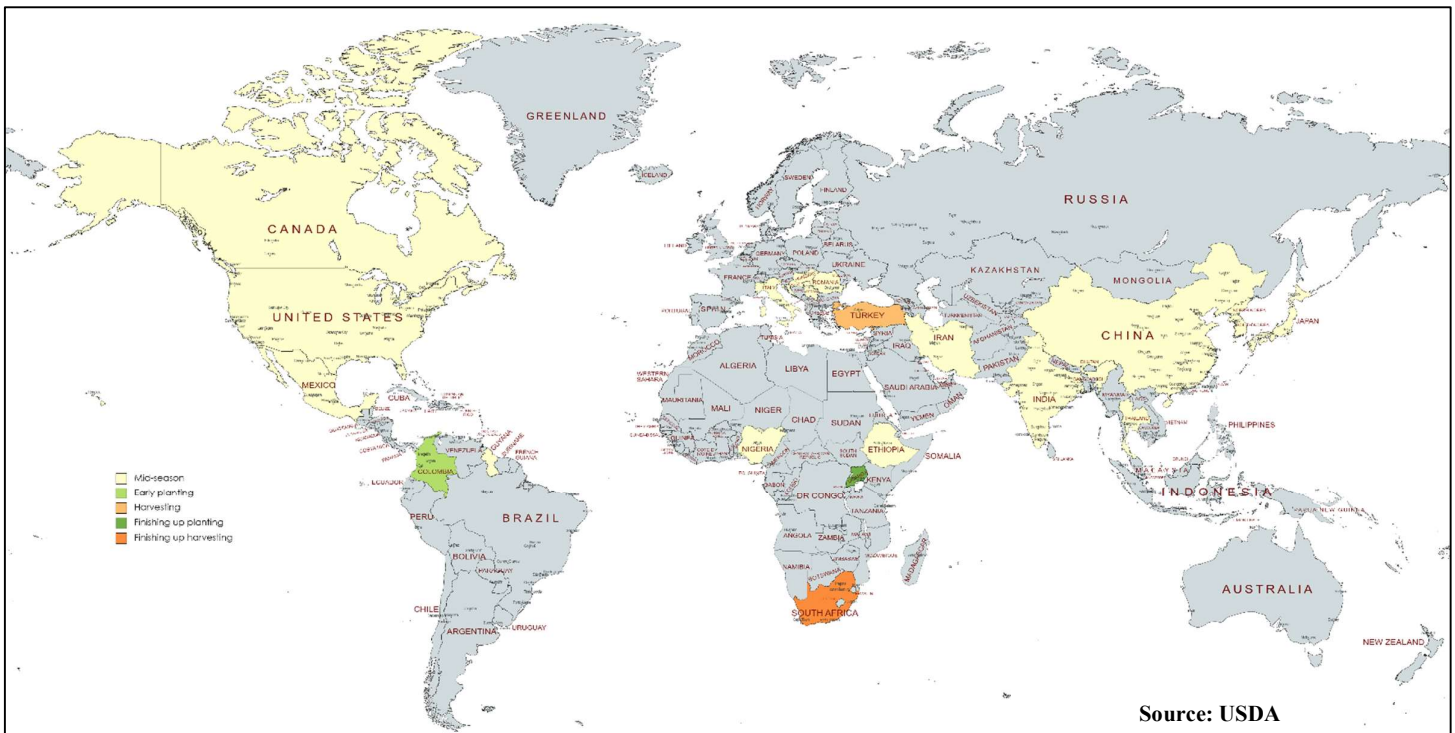


Grain SA
AUGUST 2022
Grain Market Outlook

Table of contents:	
1.	World soybean production.....1
2.	World supply and demand.....2
3.	Monthly contract movements.....3
3.1.	Import and export parity price.....3
4.	Final thoughts.....4

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

1. World soybean production



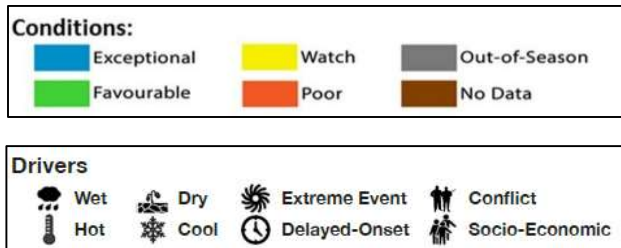
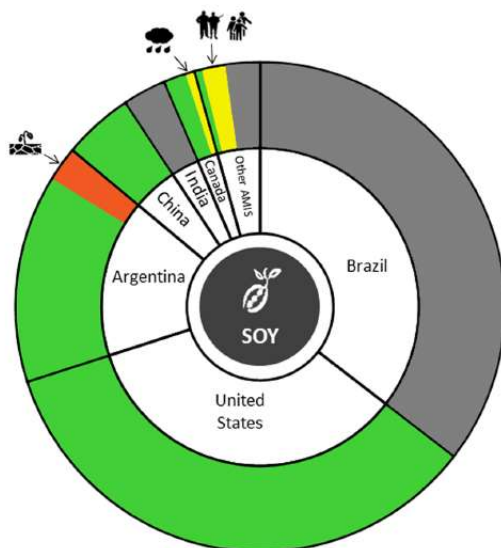
1.1. Global crop production conditions

In the **Southern hemisphere** harvesting is wrapping up mostly with favorable conditions. In the **Northern hemisphere** the planting season have wrapped up with mostly with favorable conditions. However, some dry and hot conditions are experienced in the US, Canada as well as parts of the EU.

Comments on La Niña: According to the IRI/CPC¹ El Niño-Southern Oscillation (ENSO) forecast, the expectation is that a weak La Niña phase will remain until though August until September (70% chance). After that, several models are predicting that La Niña will transition to neutral in January–March.

¹International Research Institute for Climate and Society





Source: AMIS

Argentina: Harvesting have wrapped up, mostly under favorable conditions except for some regions. Yields have been affected by an earlier in-season drought.

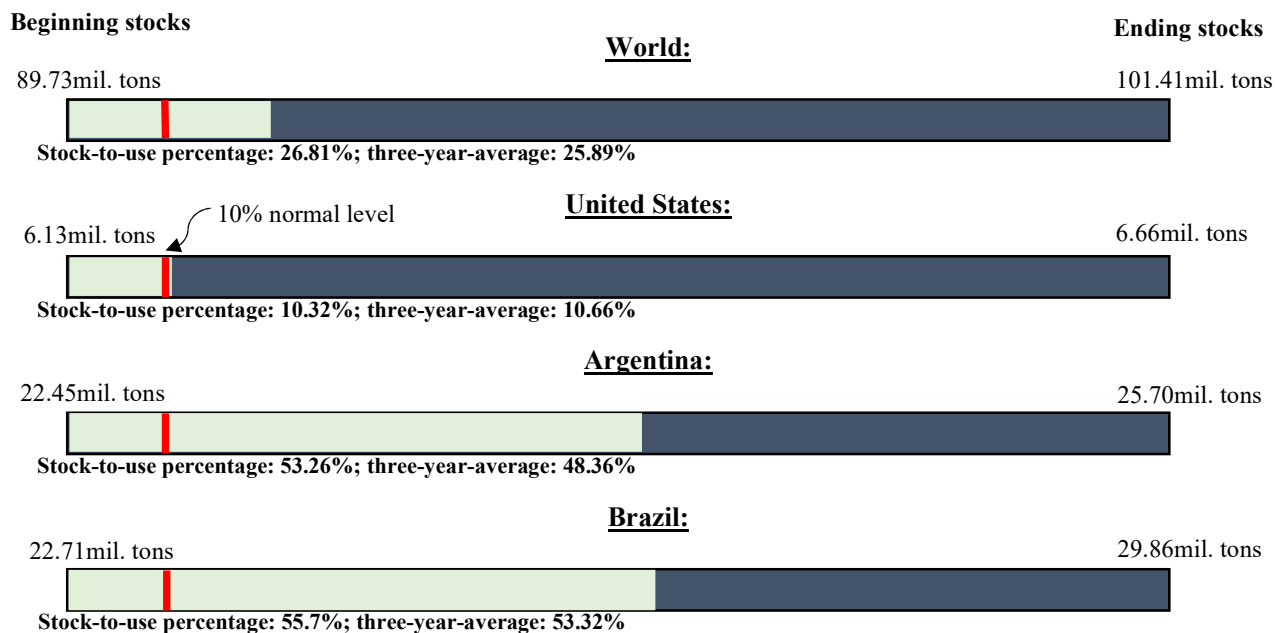
United states: Pods are setting in the US slightly behind the previous seasons pace, with some too-hot temperatures starting to take its toll on the crop quality as well as future yields.

Canada: Conditions are favorable in the main producing province of Ontario. Whilst mixed conditions are experienced in other regions, dryness in Saskatchewan, and excess moisture in some remaining regions.

China: The planting season have wrapped up with favorable conditions.

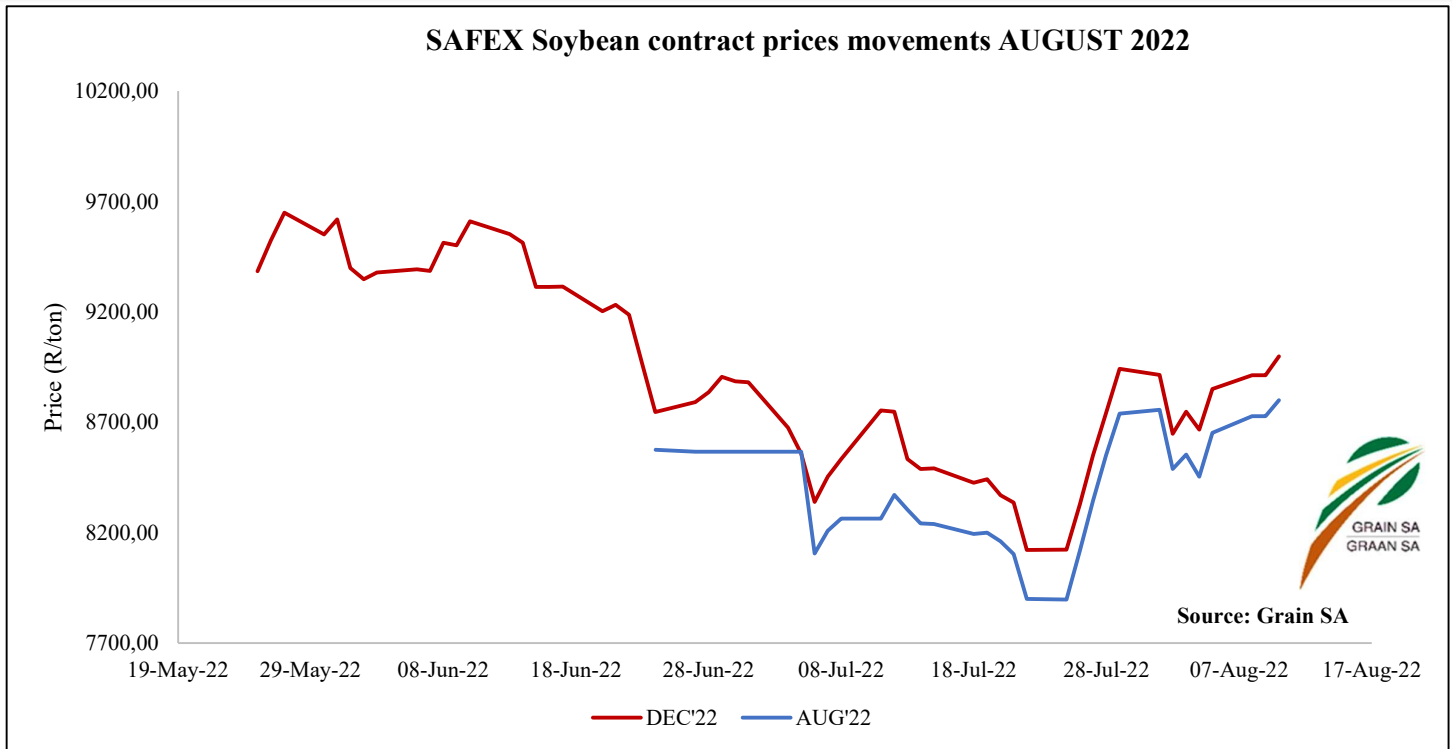
2. Supply and demand Estimates

2.1. World Agricultural Supply and Demand (WASDE) AUGUST overview



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.

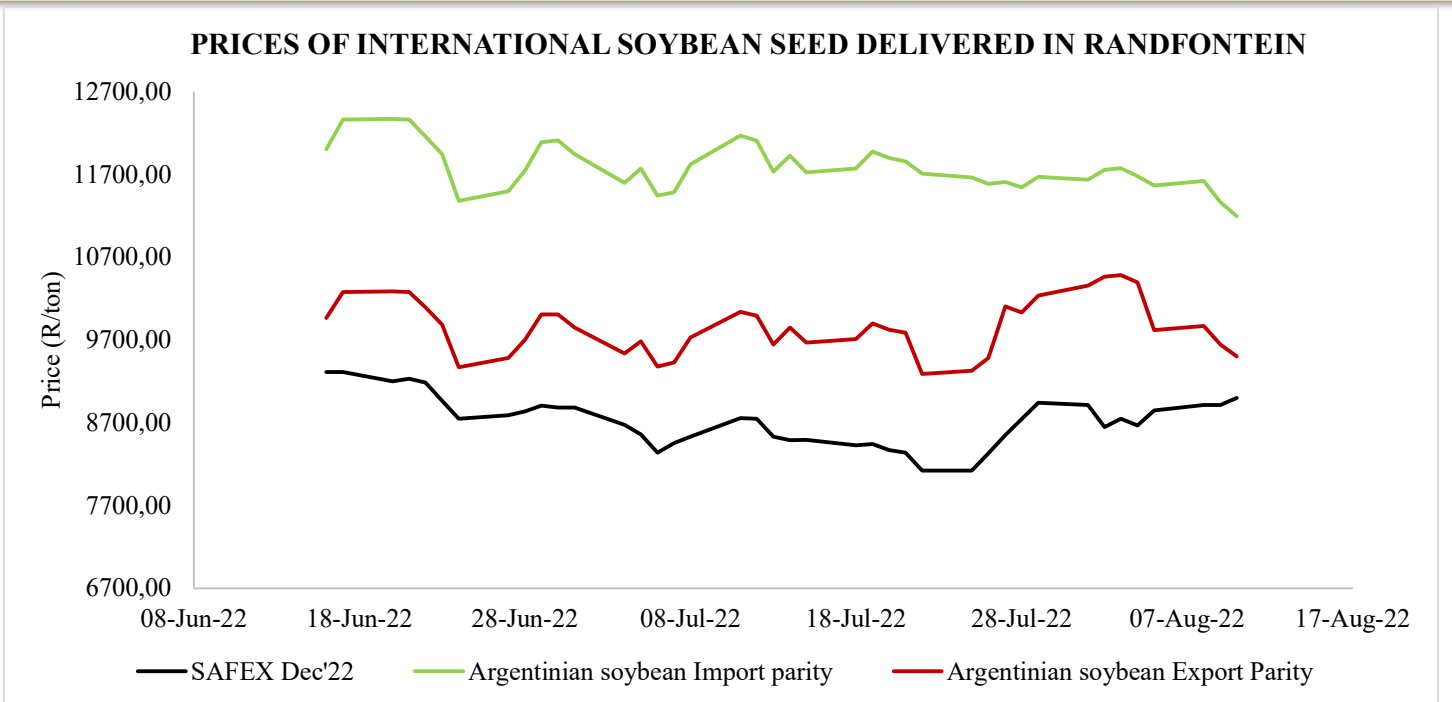
3. Monthly contract price movements



Comments on market movements for soybean contracts:

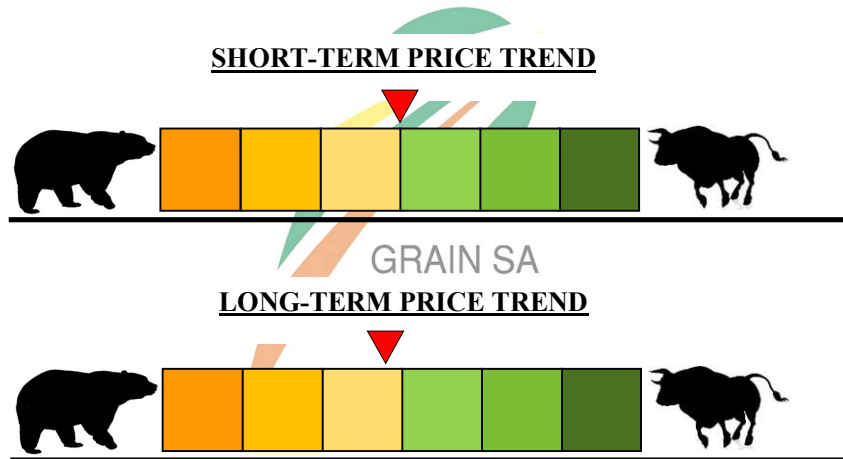
- For the months of July through August, local soybean contract prices traded with a slight downward trend. Decreases in the Brent crude oil prices are also added to downward price pressure.
- In the local market, approximately 33 000 tons of whole soybean have been exported for the 2022/2023 marketing year. Another 2 vessels have been booked to Bangladesh and Malaysia. Inland, the exports are relieving some supply build-up pressure.

3.1 Import and export parity prices



4. Final thoughts

Local soybean prices traded with a slight downward trend from July through to August. The most recent 2022/23 global soybean supply and demand forecasts included increased production, exports, crushing quantities, as well as increased ending stocks compared to the previous months estimate. The long term focus will be on the planting intentions at the end of the year for both Brazil and Argentina amid the higher input costs that may affect the planted hectares. Shortages of fertiliser may influence the planting ability.



Bullish factors:

- Persistent hot and dry weather conditions in the US may negatively affect US maize yields, which could also lower production.
- Shortages of fertiliser may influence the planting ability for both Brazil and Argentina.

Bearish factors:

- Estimated large South American crops will likely weigh on the market in the longer term.
- Global soybean production is estimated to increase for the 2022/2023 season (to a record high production. This is in part also due increased planted hectares that was affected by high input costs.
- Decreases in the Brent crude oil prices are also adding to downward price pressure.
- In the local market, approximately 33 000 tons of whole soybean have been exported for the 2022/2023 marketing year. Another 2 vessels have been booked to Bangladesh and Malaysia. Inland, the exports are relieving some supply build-up pressure.

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Best regards,

Grain SA economy team

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