

# SOYBEANS

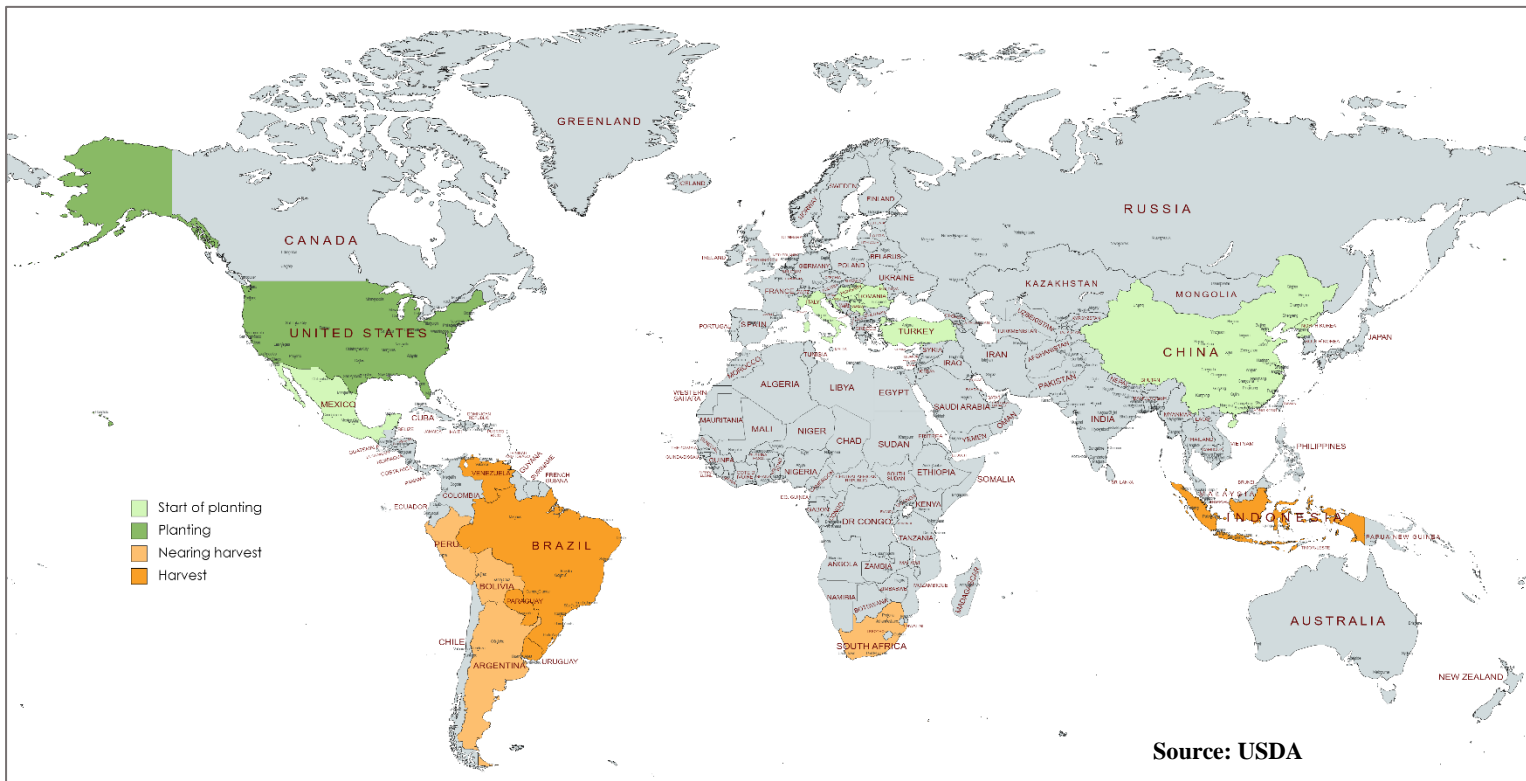


**Grain SA**  
**April 2022**  
**Grain Market Outlook**

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## 1. World soybean production



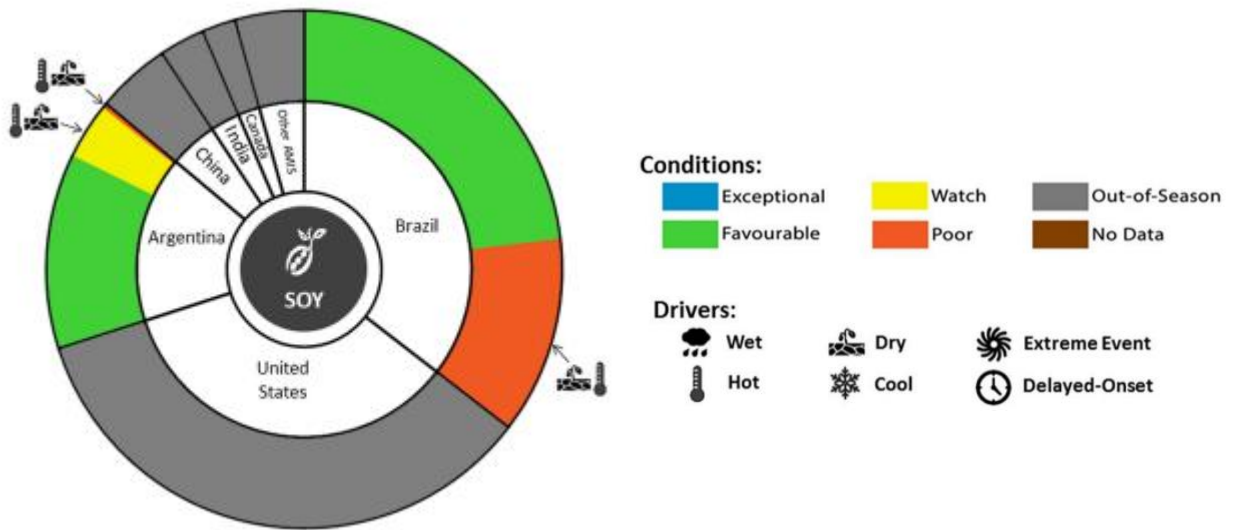
### 1.1. Global crop production conditions

In the Southern region harvesting is commencing in Argentina with favourable prospects, whereas harvesting is ongoing in Brazil where crop conditions in the earlier stages were poor. The hot and dry conditions resulted in lesser yield in Southern Brazil, as well as Northern Argentina.

**Comments on La Niña:** According to the IRI/CPC El Niño-Southern Oscillation (ENSO)<sup>1</sup> forecast, the expectation is that the La Niña phase will remain until at least June (80% chance) or July (65% chance). After that, conditions for La Niña and ENSO are equally likely.



<sup>1</sup>International Research Institute for Climate and Society



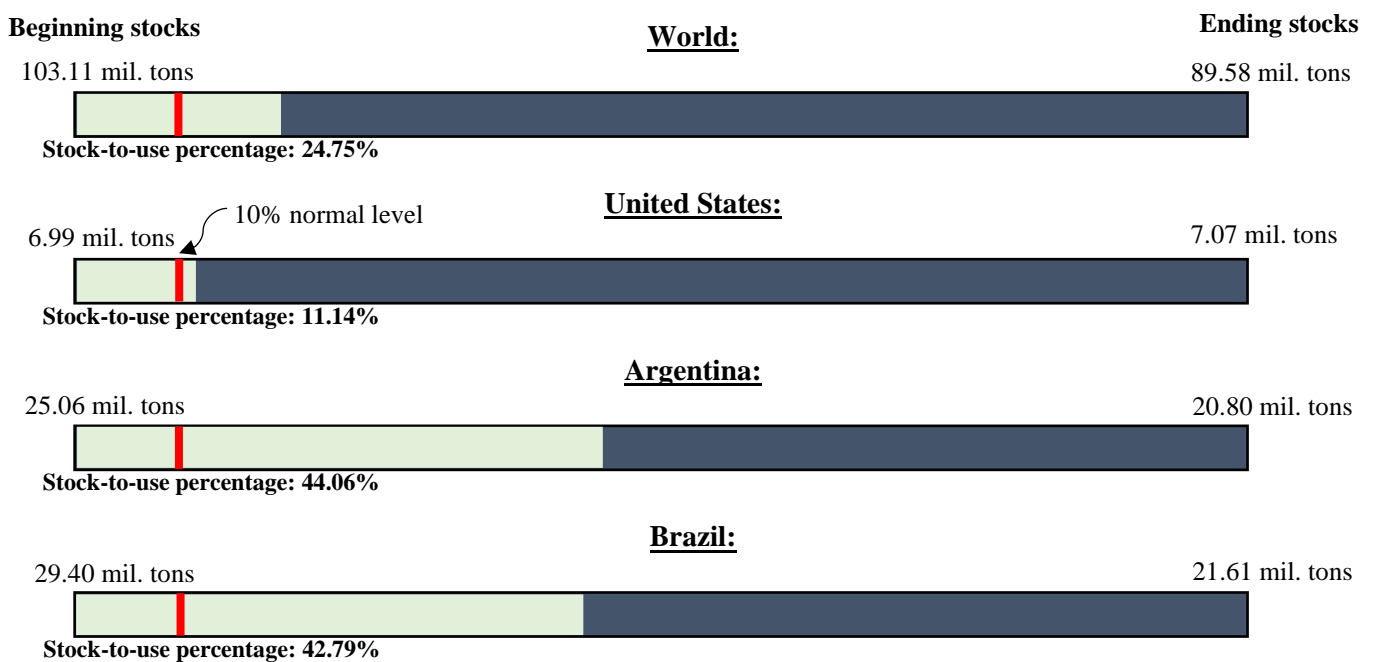
Source: AMIS

**Brazil:** During the early reproductive stages Brazilian soybeans experienced high temperatures and low rainfall, leading to poor crop production conditions. Although the planted hectares were higher than the previous season, lesser yields were experienced as a result of the production conditions. Currently, soybeans are being harvested in Brazil.

**Argentina:** The early planted crop (larger season) is entering the harvest stage under mixed conditions. The impact of the drought is evident in some main producing areas in Argentina, however, during March and February rain helped to improve some conditions. The impact of the drought

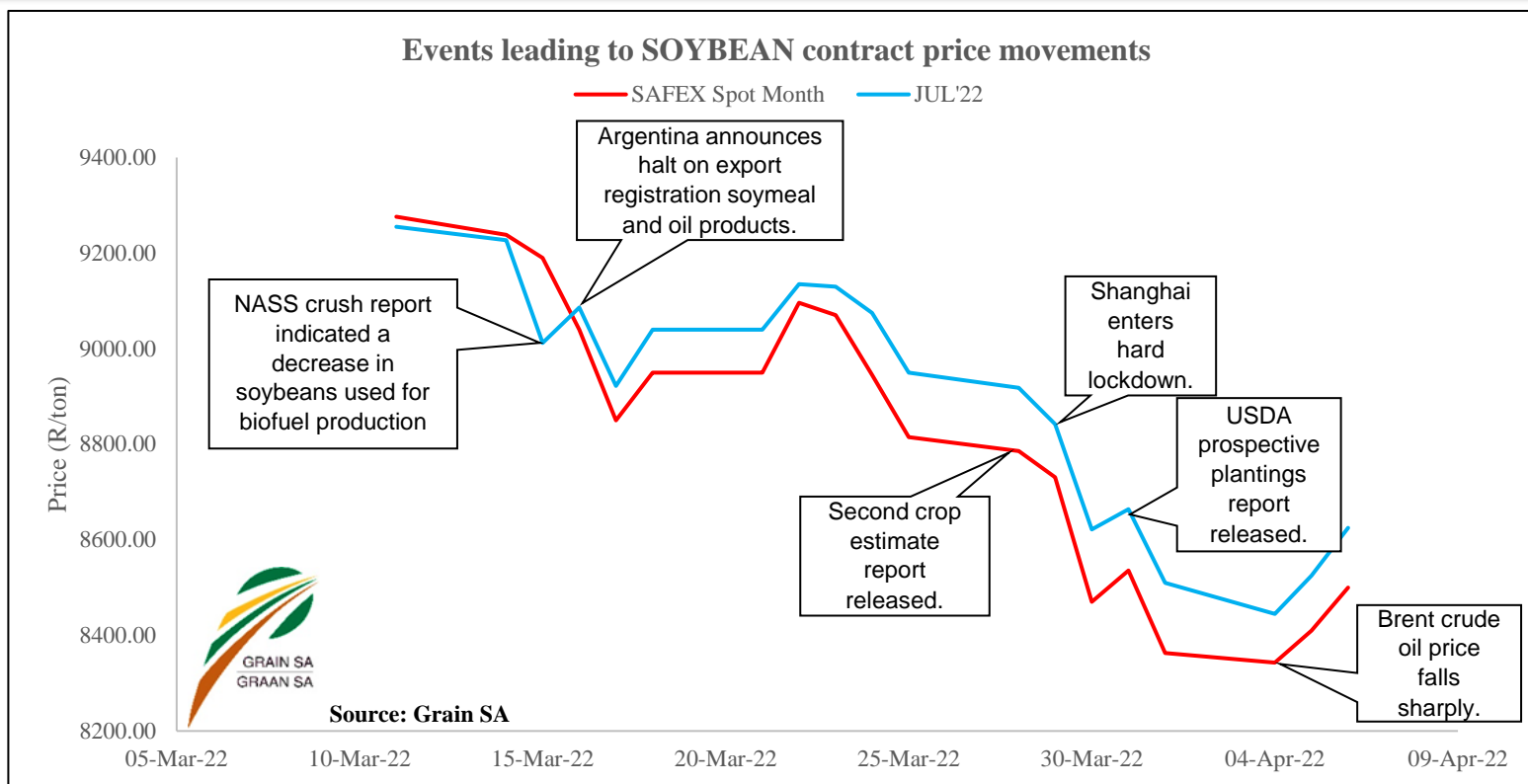
## 2. Supply and demand Estimates

### 2.1. World Agricultural Supply and Demand (WASDE) April 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.

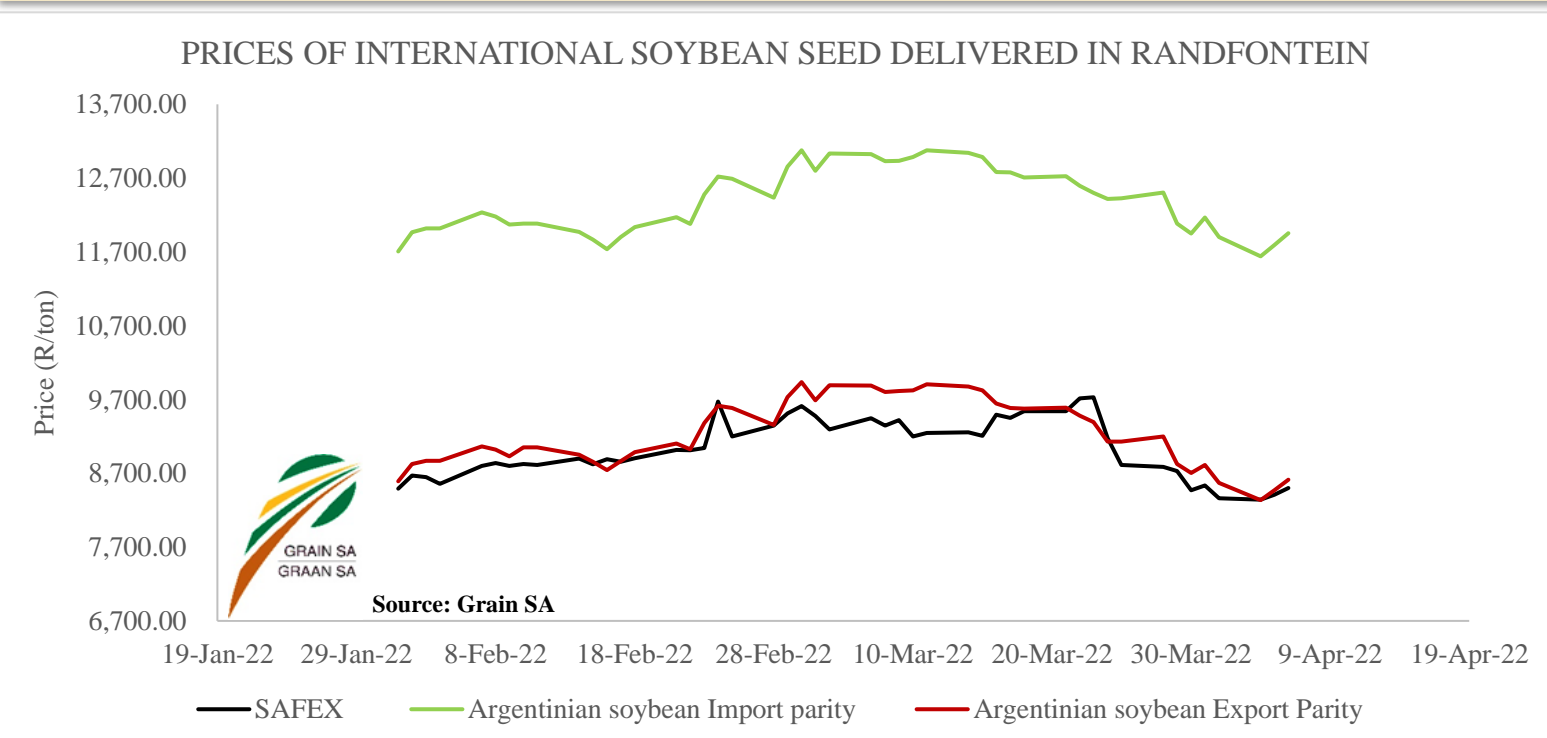
### 3. Monthly contract price movements



#### Comments on market movements for soybean contracts:

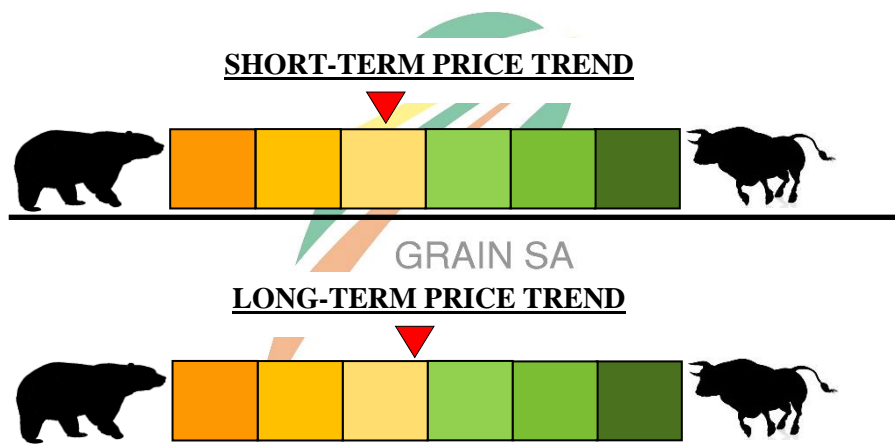
- Ukraine/Russia tension caused a lot of volatility in the market, leading to larger contract movements.
- The second crop estimate that was released on 28 March, indicated a 5% increase in planted hectares, as per the prediction for the 2022/23 season.
- The USDA prospective plantings report indicated that the US intends to plant 4% more soybean hectares. For the coming season the estimation is that soybean hectares tops maize hectares for the first time in more than 20 years.

### 3.1. Import- and export parity movements



## 4. Final thoughts

Since the start of the Russia/ Ukraine conflict at the end of February markets have been in an increased volatile state. Throughout the month of March, as well as the start of April, market movements have been reacting sharply to any news regarding these two countries. Although markets have been reacting sharply, the general trend have been on an upward incline. However, not all market influencing factors point to a bullish soybean market.



### **Bullish factors:**

- Global oilseed shortage fears supported prices following the Russia/ Ukraine conflict.
- US has increased soybean exports over the past month, which could possibly lead to lower ending stocks in the future.
- Production conditions in Brazil and Argentina hindered yields for the old crop.

### **Bearish factors:**

- USDA Prospective planted hectares increased by 4% from 2021.
- Market expectations for soybean planted hectares were below the released figures.
- Current crop conditions are looking favourable for major exporting countries.

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

Best regards,

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