



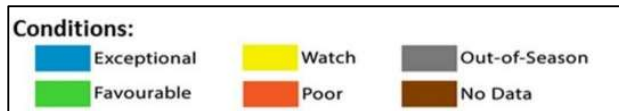
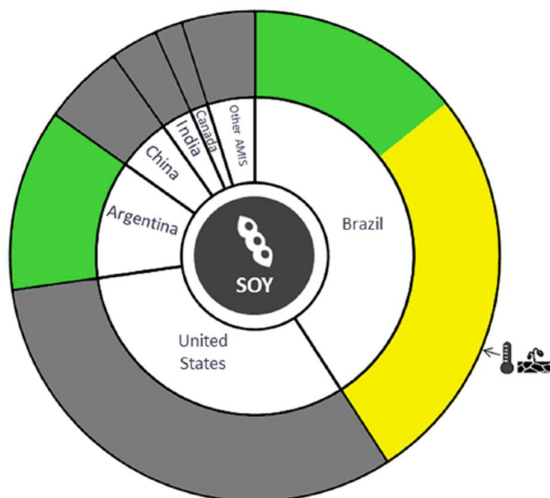
Grain Market Outlook

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1. World soybean production



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Source: Geoglam
Conditions as of January 28th, 2024

Brazil: As the harvesting process is starting, the conditions are generally mixed across most of the country. Conditions are mixed due to low rainfall and high temperatures from September until mid-December. However, rainfall has since increased, and conditions are likely to improve during the harvesting phase. In the Southern parts of the country, conditions are generally favorable despite excessive rainfall.

Argentina: The planting phase of production is wrapping up with favorable conditions across most of the country. The crop that was planted in the earlier season, which is typically the larger season, is growing well. The later planted crop is emerging.

2. Supply and demand Estimates

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

Beginning stocks

World:

Ending stocks

103.57 mil. tons

116.03 mil. tons



Stock-to-use percentage: 30.29%; three-year-average: 28.54%

United States:

7.19 mil. tons

8.57 mil. tons



Stock-to-use percentage: 12.99%; three-year-average: 12.10%

Argentina:

17.21 mil. tons

25.96 mil. tons



Stock-to-use percentage: 60.73%; three-year-average: 53.23%

Brazil:

37.35 mil. tons

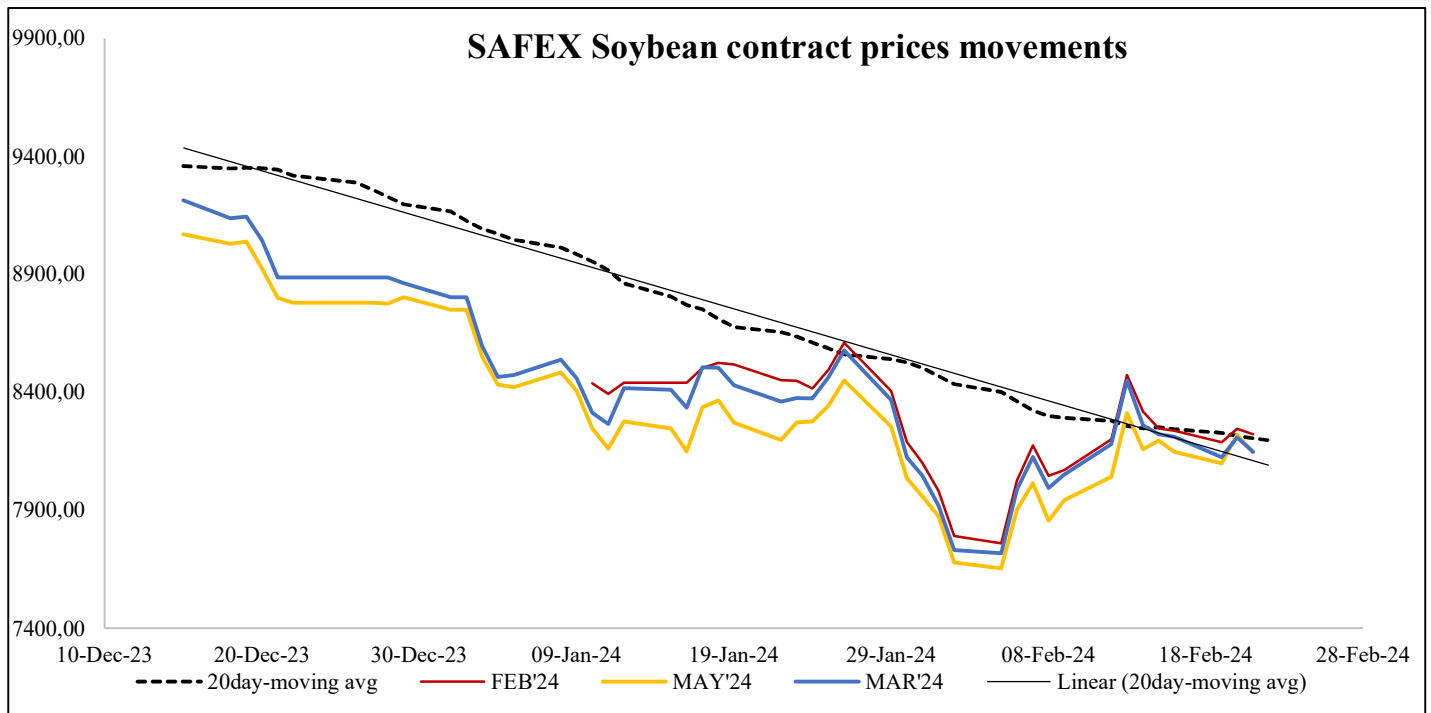
36.3 mil. tons



Stock-to-use percentage: 63.13%; three-year-average: 59.97%

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.

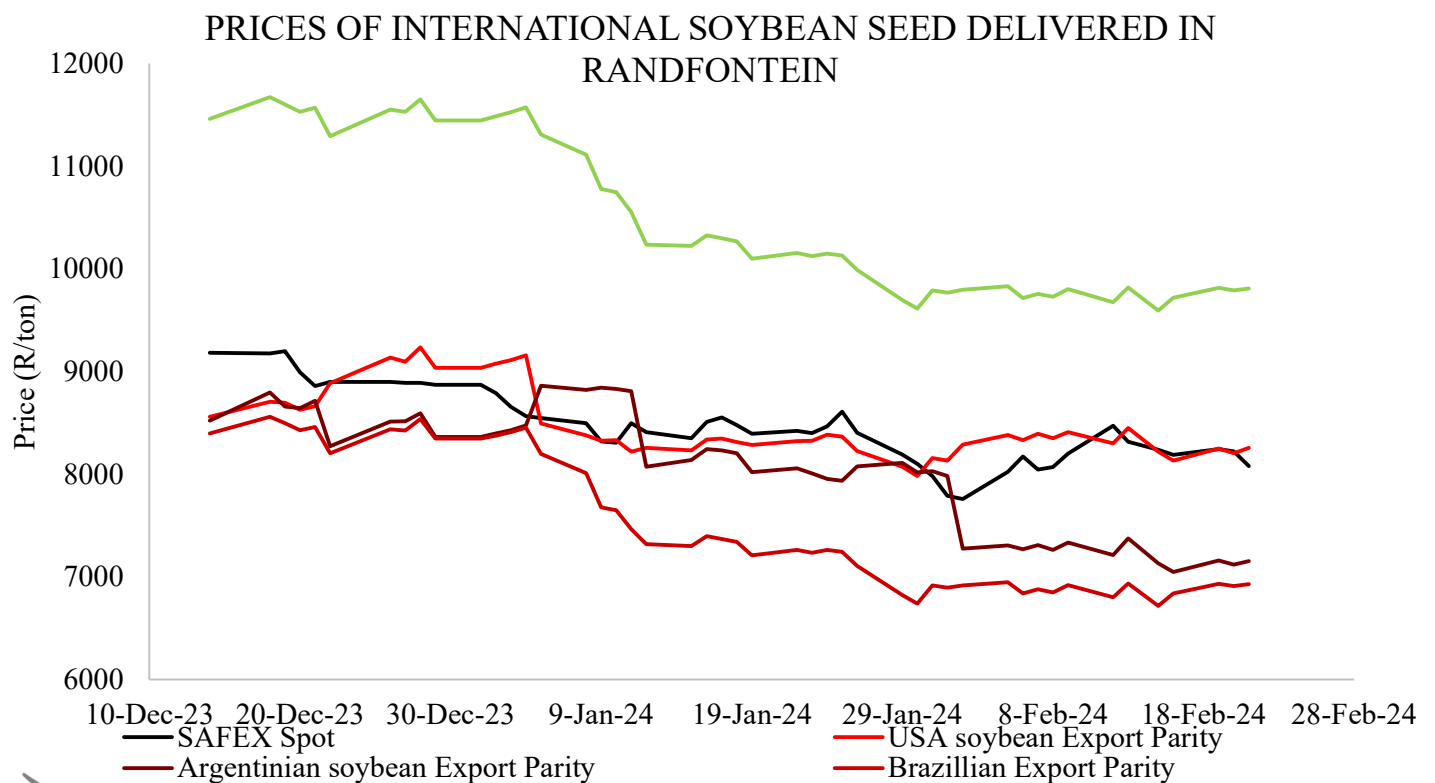
3. Monthly contract price movements



Comments on market movements for soybean contracts:

- Since the middle of December, local soybean contract prices have trended downward with almost R1 000/ton difference. For this season the soybean export program has run smoothly with almost 600 000tons of soybeans exported to mostly China (147 497tons) and Malaysia (269 972 tons).

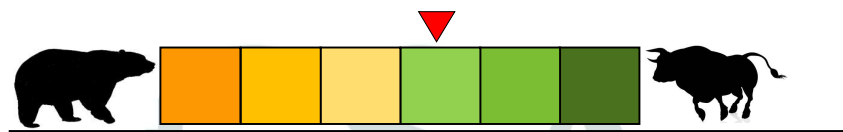
3.1 Import and export parity prices



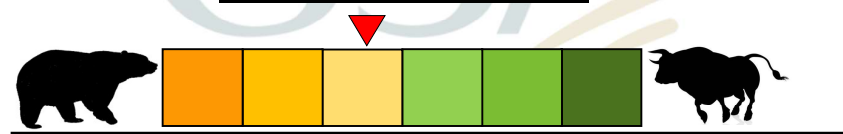
4. Final thoughts

Currently, most of the South Hemisphere countries is in the middle of the planting season with generally favorable conditions. However, large areas of Brazil is experiencing hot and dry conditions that could affect yields. Recent favorable rains in South America has bolstered prospects and continue to influence short term market movements. Harvesting has started in some parts of Brazil and could apply pressure to prices.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



Bearish factors:

- South African exporting infrasture is placing pressure on exporting ability.
- Favourable crop conditions in Argentina could apply downward pressure in the short- and longterm.
- Harvesting has started in some parts of Brazil and could apply pressure to prices.

Bullish factors:

- Insufficient rain in the main production areas of South Africa could apply short-term lend support to prices.

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 Viljoen at heleen@grainsa.co.za.

Best regards,

Grain SA economy team

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