



SOYBEANS



Grain SA

July 2022

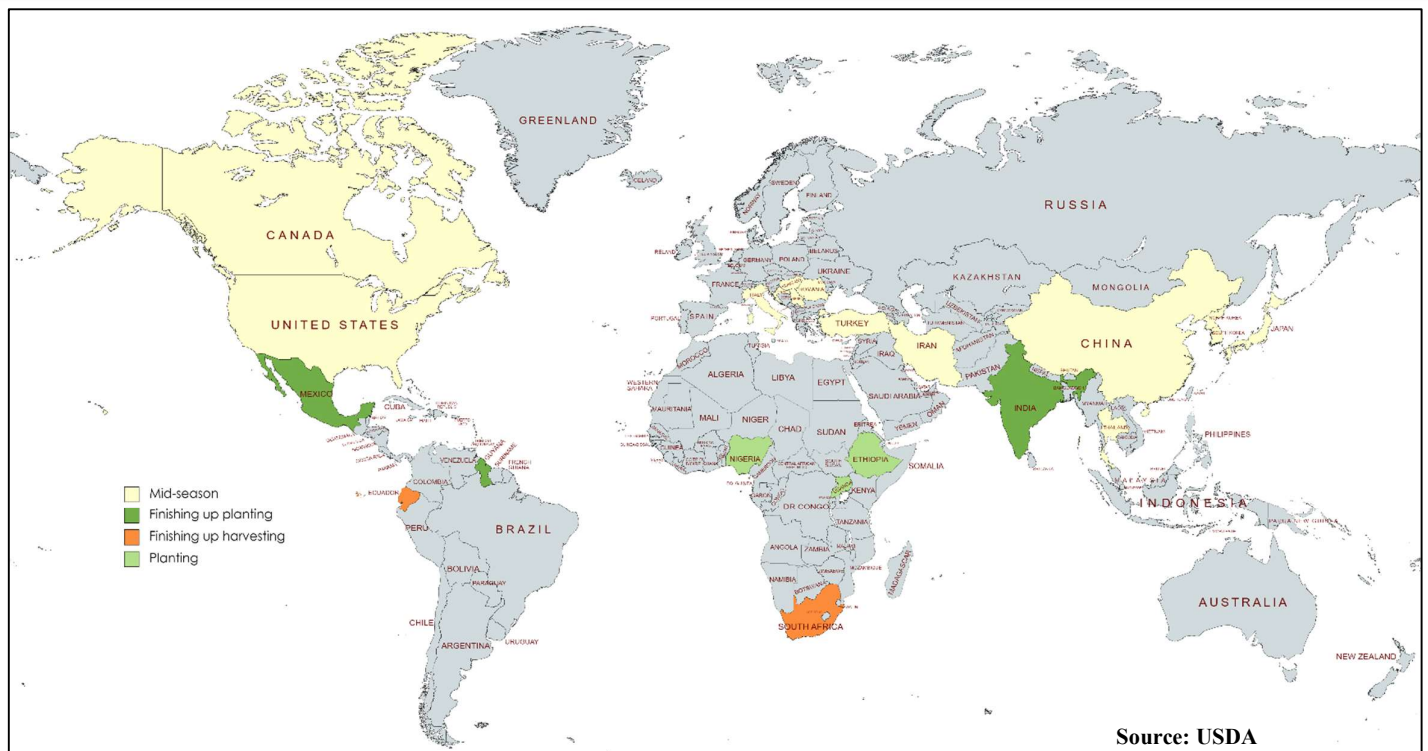
Grain Market Outlook

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

1. World soybean production

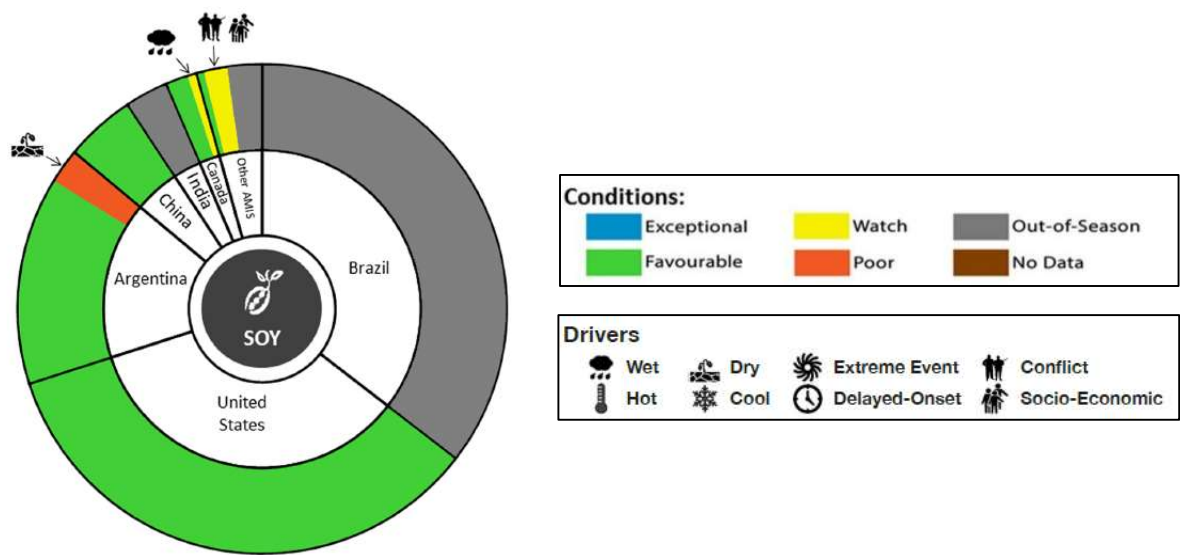


1.1. Global crop production conditions

In the **Southern hemisphere** harvesting is wrapping up mostly with favorable conditions. In the **Northern hemisphere** the planting season is commencing mostly with favorable conditions. However, some dry and hot conditions are experienced in the US and Canada.

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 July until September (52% chance). After that, forecasts strengthen for La Niña in October and December (59%), with very-low chances of El Niño.

¹International Research Institute for Climate and Society



Source: AMIS

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

United states: Planting is mostly wrapped up, with some too-hot temperatures being forecasted for coming weeks.

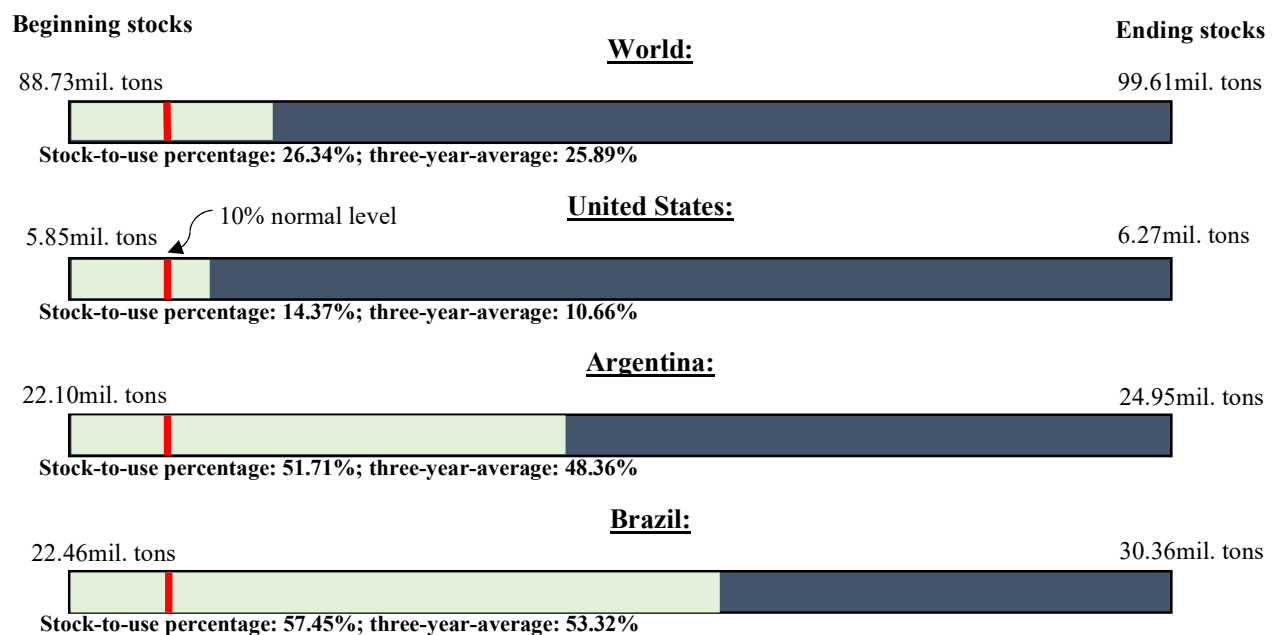
Canada: Conditions are favorable in the main producing province of Ontario. Whilst mixed conditions are experienced in other regions, dryness in Saskatchewan, and excess moisture in some remaining regions.

Ukraine: Planting is wrapping up amid the uncertainty created by the current conflict with Russia.

China: The planting season is underway with favorable conditions.

2. Supply and demand Estimates

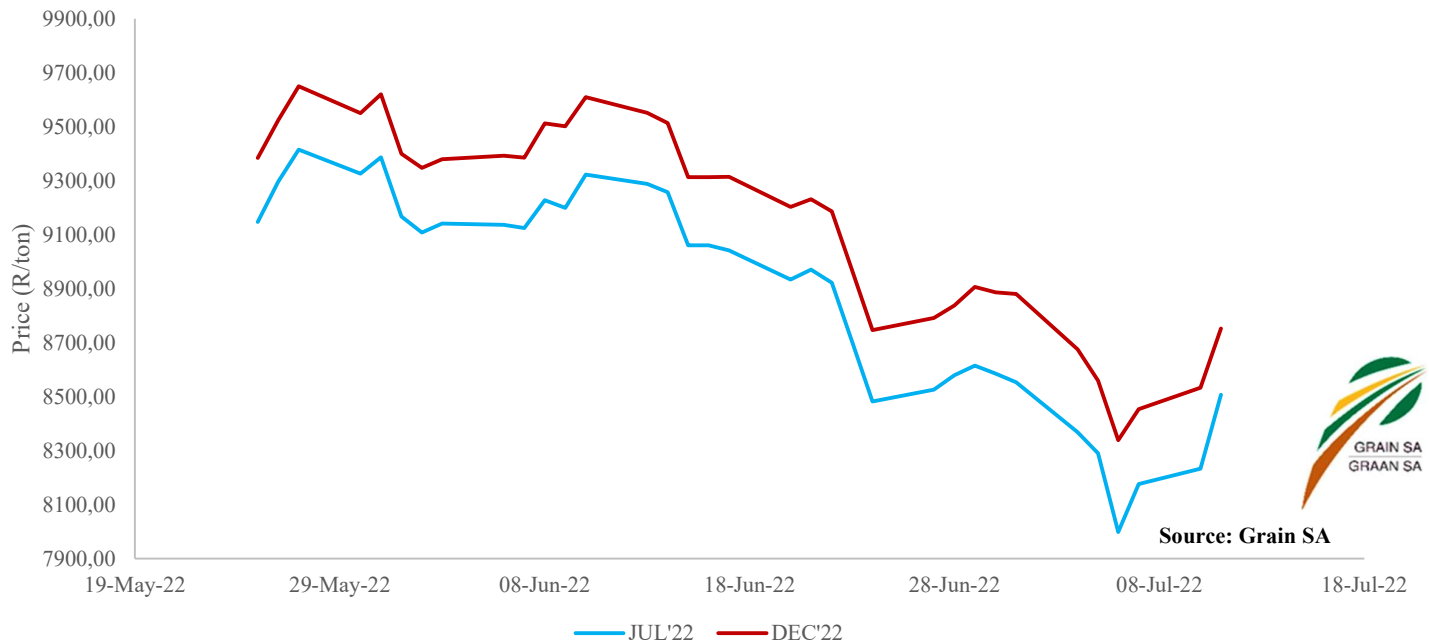
2.1. World Agricultural Supply and Demand (WASDE) JULY overview



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

SAFEX Soybean contract price movements JULY 2022

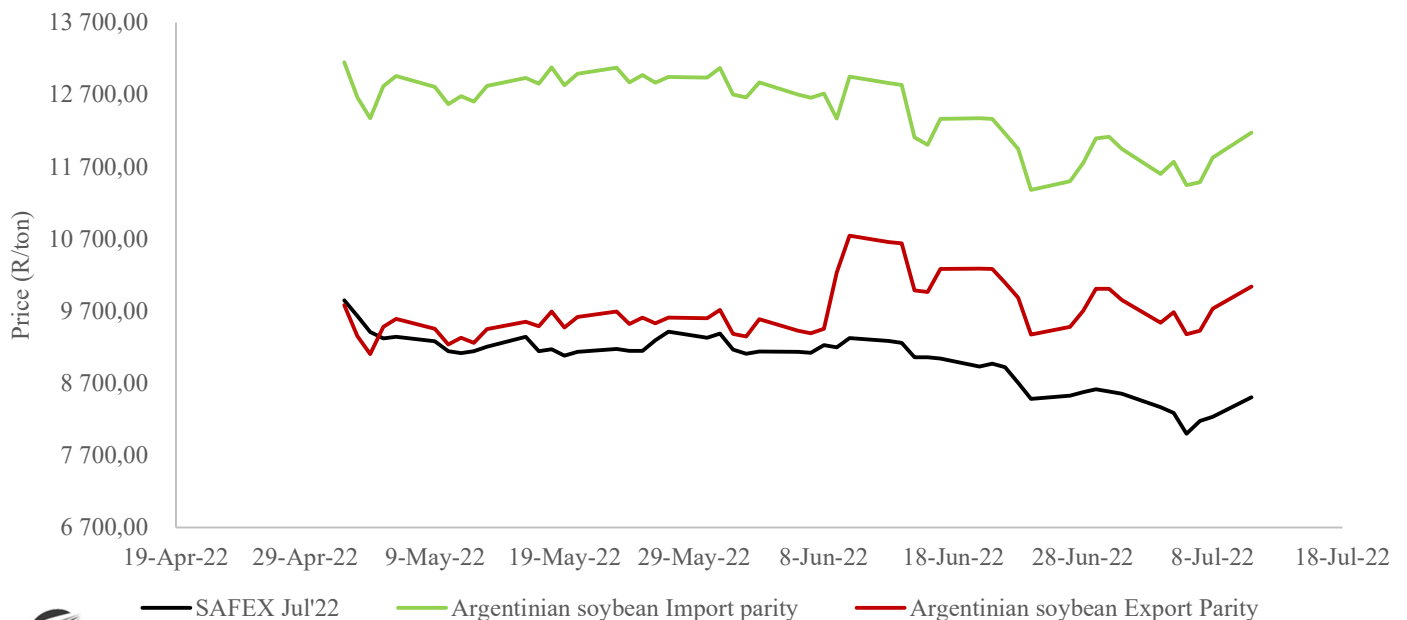


Comments on market movements for soybean contracts:

- For the months of June and July, local soybean contract prices traded with a slight downward trend. However, Import- and export parity prices are subjected to the Rand/Dollar exchanges' volatility, which is induced by global recession fears. This have led to noticeable movements for the import- and export parity prices.
- US soybean planted hectares were revised downwards at the end of June. The US soybean crop is entering a critical growth stage for production. Dry and hot weather forecasts may impact future yields. This will remain a watchpoint for the coming weeks.

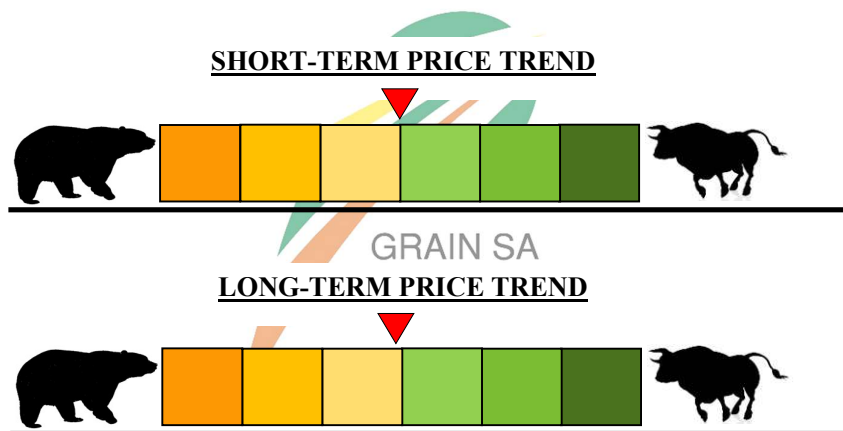
3.1 Import and export parity prices

PRICES OF INTERNATIONAL SOYBEAN SEED DELIVERED IN RANDFONTEIN



4. Final thoughts

Local soybean prices traded with a slight downward trend from June through to July. Contract prices are however still trading higher year-on-year. The most recent 2022/23 global oilseed supply and demand forecasts included lower production, lower exports, higher crushing quantities, and lower 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.



Bullish factors:

- Easing of recessional concerns have supported soybeans slightly in the short term.
- US Soybean production is projected at 122 610 000tons, down 3 674 069tons on lower harvested area. Harvested area is forecasted at 35 409 994hectares. With lower production partly offset by higher beginning stocks, 2022/23 soybean supplies are reduced.
- Argentinian ending stocks were revised upwards, partly due to higher beginning stocks. Exports remained unchanged. Brazil's exports were revised slightly upwards. However, endings stocks saw a decrease- mostly due to higher crushing.

Bearish factors:

- Export levies on palm oil from Indonesia have been lifted in order to stimulate local export sales. This adds additional vegetable oil supplies in the market.

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.

Best regards,

Grain SA economy team

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