



SOYBEANS



JULY 2024

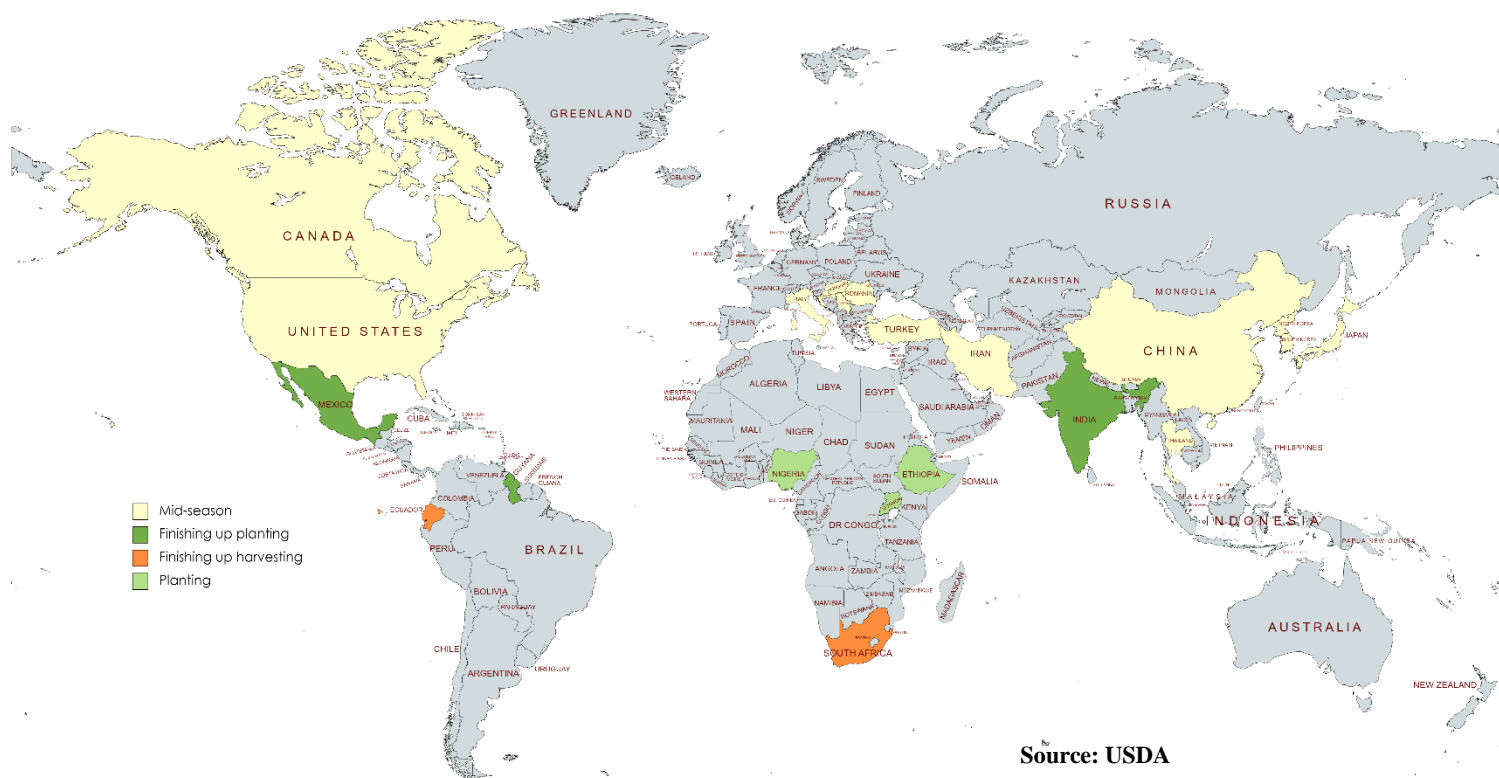
Grain Market Outlook

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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 Viljoen at heleen@grainsa.co.za.

1. World soybean production



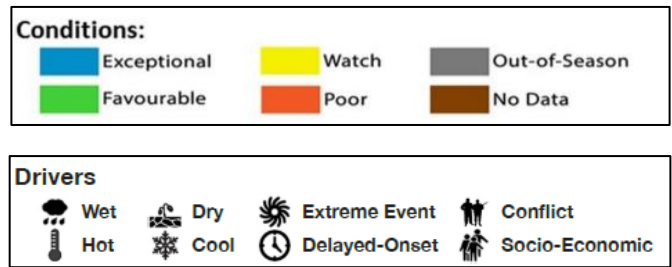
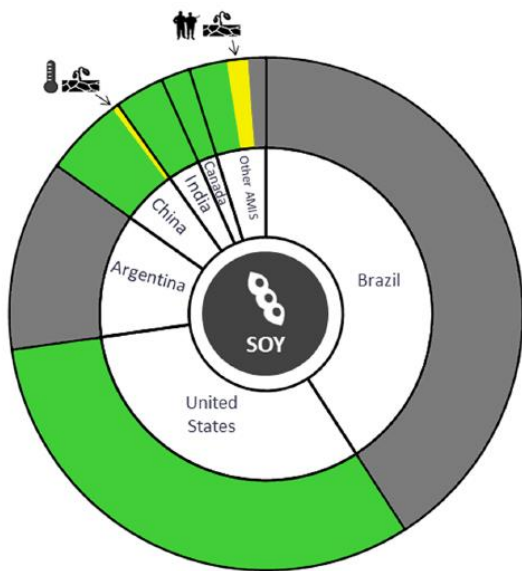
1.1. Global crop production conditions

In the **Northern hemisphere**, planting is progressing and have come to a finish in some areas with mostly favourable conditions. Conditions in Ukraine remain uncertain with persisting conflict.

Comments on El Niño: The El Niño Oscillation (ENSO) have been in a neutral phase since May 2024. Forecasts currently estimate a 65% chance of La Niña during the end of 2024, and chances remain high going into 2025 according to the IRI¹.

¹International Research Institute for Climate and Society





Source: Geoglam
Conditions as of June 28th 2024

United States: The planted area compared to the previous season have increased slightly. The planting progress wrapped up with favourable conditions.

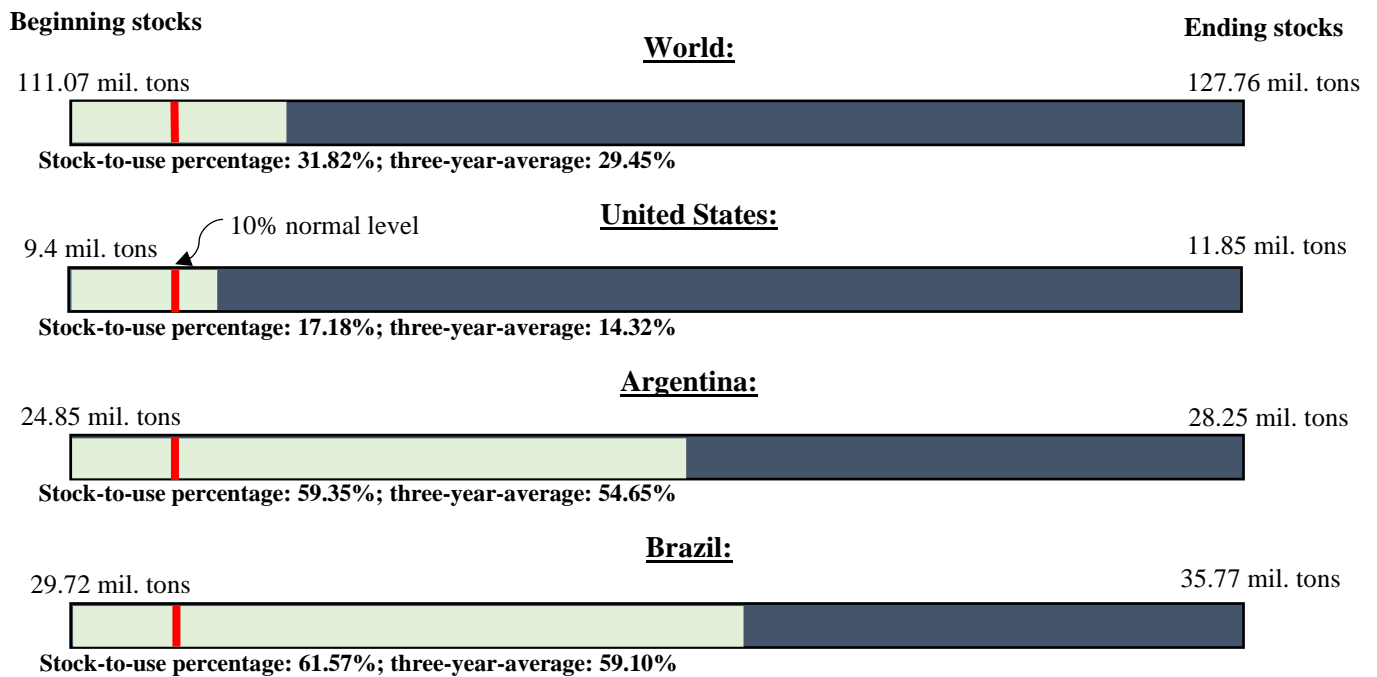
China: Conditions are favourable with good soil moisture supporting crop development in the main producing Northeast region.

Ukraine: Conditions are favourable away from the war zone, however, additional rainfall will be necessary to support development, particularly in the eastern regions.

India: Planting is starting under favourable conditions.

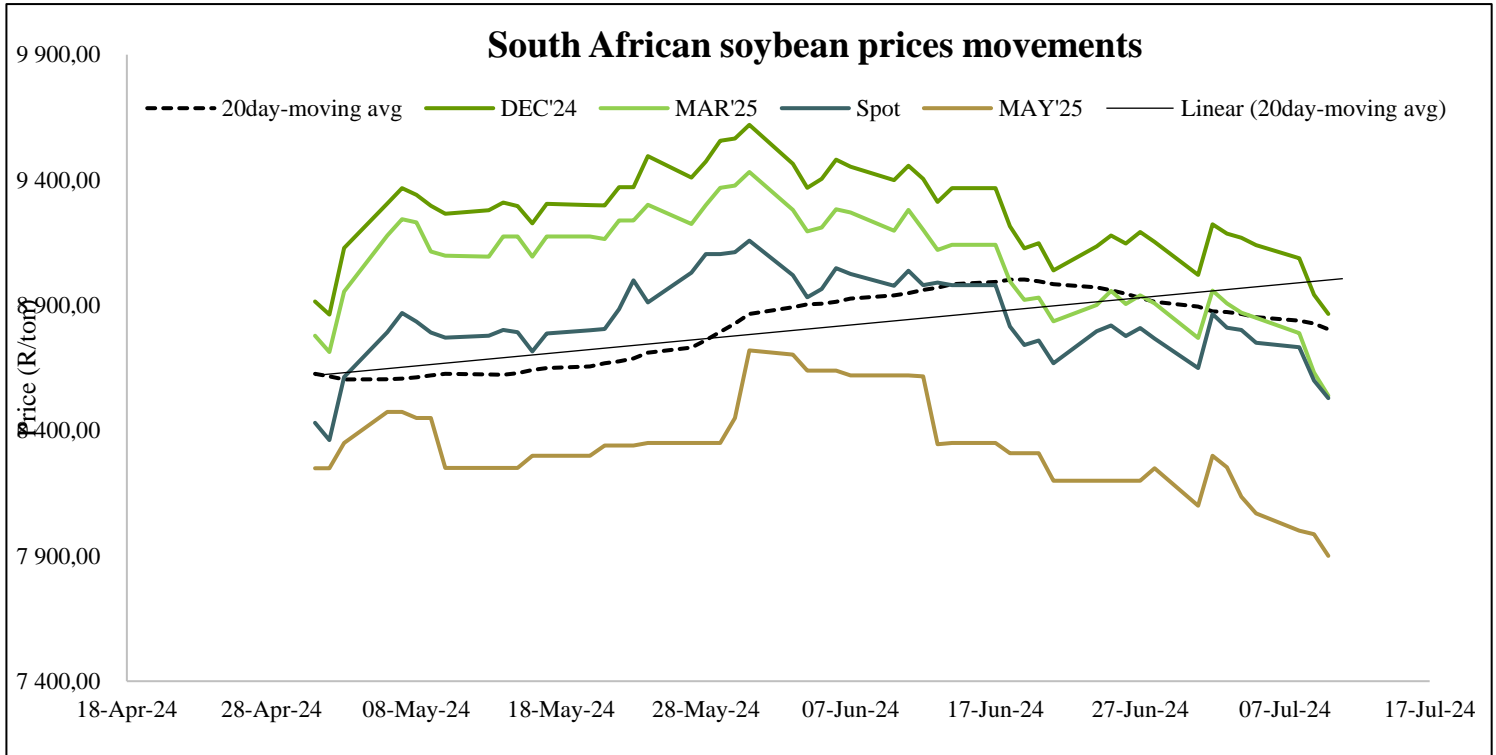
2. Supply and demand Estimates

2.1. World Agricultural Supply and Demand (WASDE) JULY 2024/2025 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.

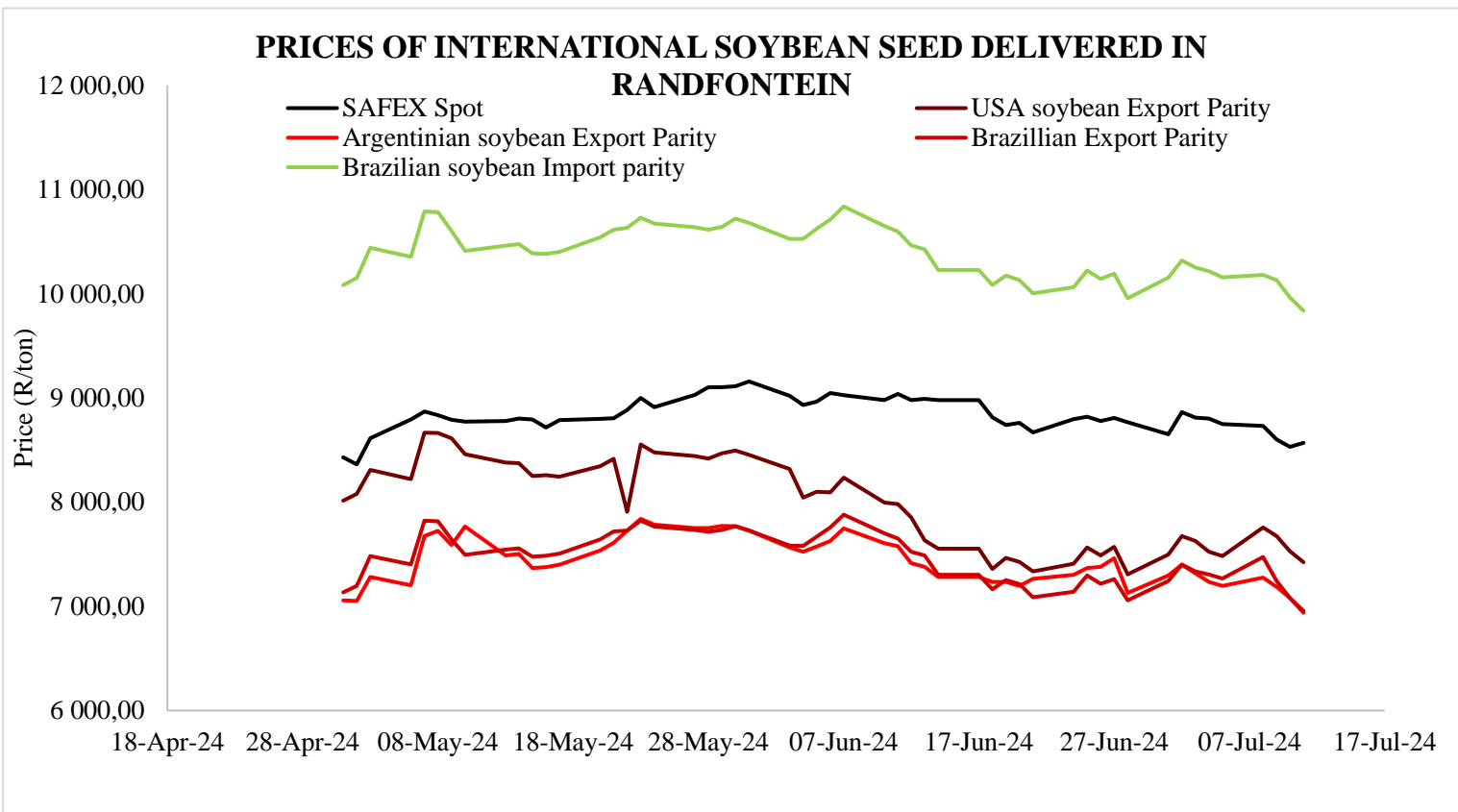
3. Monthly contract price movements



Comments on market movements for soybean contracts:

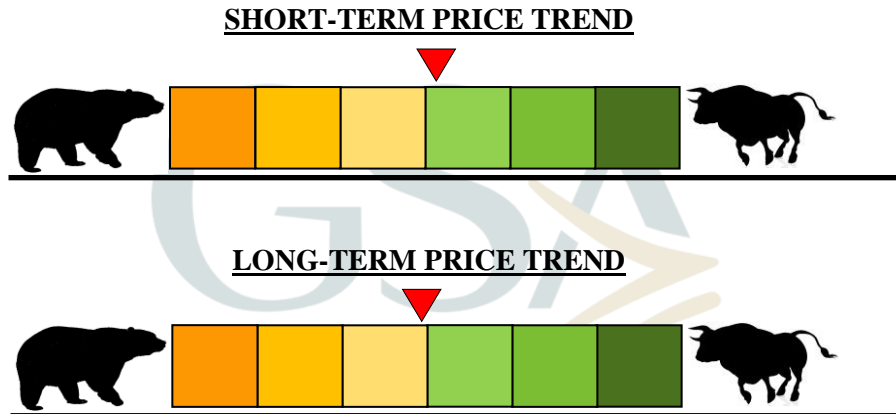
Generally, soybean prices traded with a sideways, slightly downward trend since the end of April. Contracts in the future suggest price increases. However, it is important that producers take note of the R600/ton lower price for the May 2025 contract, which hints at higher planted hectares and production.

3.1 Import and export parity prices



4. Final thoughts

Currently, unfavourable weather in key producing countries are keeping prices supported in the short term. A tight global supply of oilseeds will likely also help to support prices in the longer term.



Bearish factors:

- Crop conditions in the US suggest to be the best in the past four seasons.
- Egypt and Saudi Arabia saw a significant decline in soyabean imports in the first eight months of the 2023/24 season.

Bullish factors:

- Crop conditions in Australia and parts of the EU remain watchpoints
- Local prices remain supported by severe drought earlier in the season.
- The Brazilian government's introduction of a new tax rule offered some support to the market. The measure is aimed at tightening the use of tax credits and could result in a 4% reduction in prices paid to soyabean farmers.

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Best regards,

Grain SA economy team

Second floor | Alenti Office Park | Lynnwood road | Pretoria East

