

SOYBEANS



OCTOBER 2024

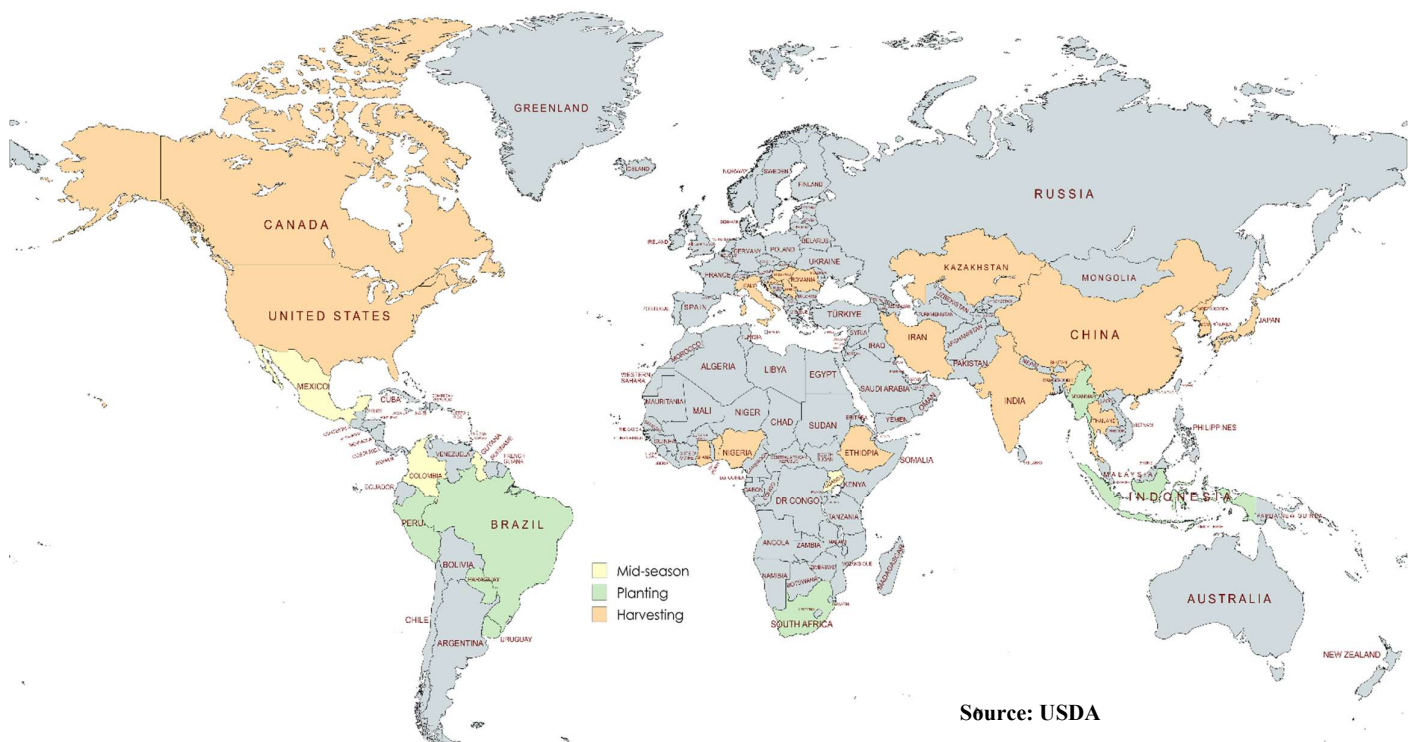
Grain Market Outlook

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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

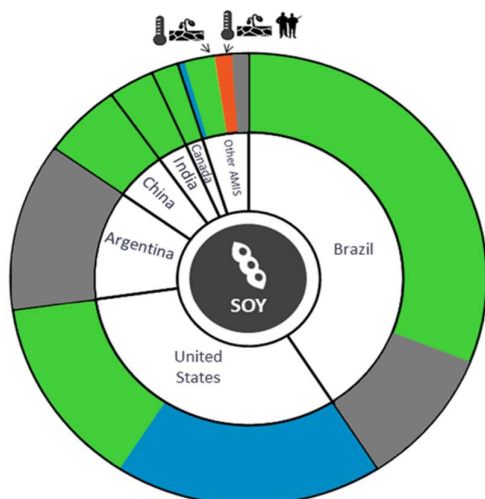


1.1. Global crop production conditions

In the **Northern Hemisphere** the harvesting process is beginning with exceptional conditions in the US, while conditions in the East are poor. In the **Southern Hemisphere** the planting process is starting up.

Comments on El Niño: The El Niño Oscillation (ENSO) conditions have been present since June 2024. La Niña conditions are likely to develop during the next several months. The CPC/IRI predicts there is a 71 to 83 percent chance of La Niña during October 2024 to February 2025.

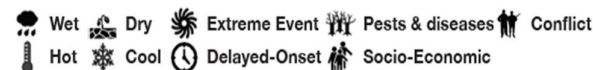
¹International Research Institute for Climate and Society



Conditions



Drivers



Conditions as of 28 September 2024

Source: Geoglam

United States: The harvest began under exceptional conditions in many states with forecasted record national yields.

China: The conditions are favourable as harvest begins in the northeast.

Ukraine: The harvest is progressing with lower yields due to hot and dry weather during the growing season, however, conditions are favourable in the western region

India: The conditions remain favourable.

Canada: The harvest started under favourable conditions with an increase in total sown area compared to last season.

Brazil: Sowing is just starting in the irrigated Central-West region and areas with good soil moisture in the South.

2. Supply and demand Estimates

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

Beginning stocks

World:

Ending stocks

112.37 mil. tons

134.65 mil. tons



Stock-to-use percentage: 33.44%; three-year-average: 30.09%

United States:

9.31 mil. tons

14.97 mil. tons



Stock-to-use percentage: 21.66%; three-year-average: 15.74%

Argentina:

24.45 mil. tons

29.35 mil. tons



Stock-to-use percentage: 61.66%; three-year-average: 56.88%

Brazil:

27.96 mil. tons

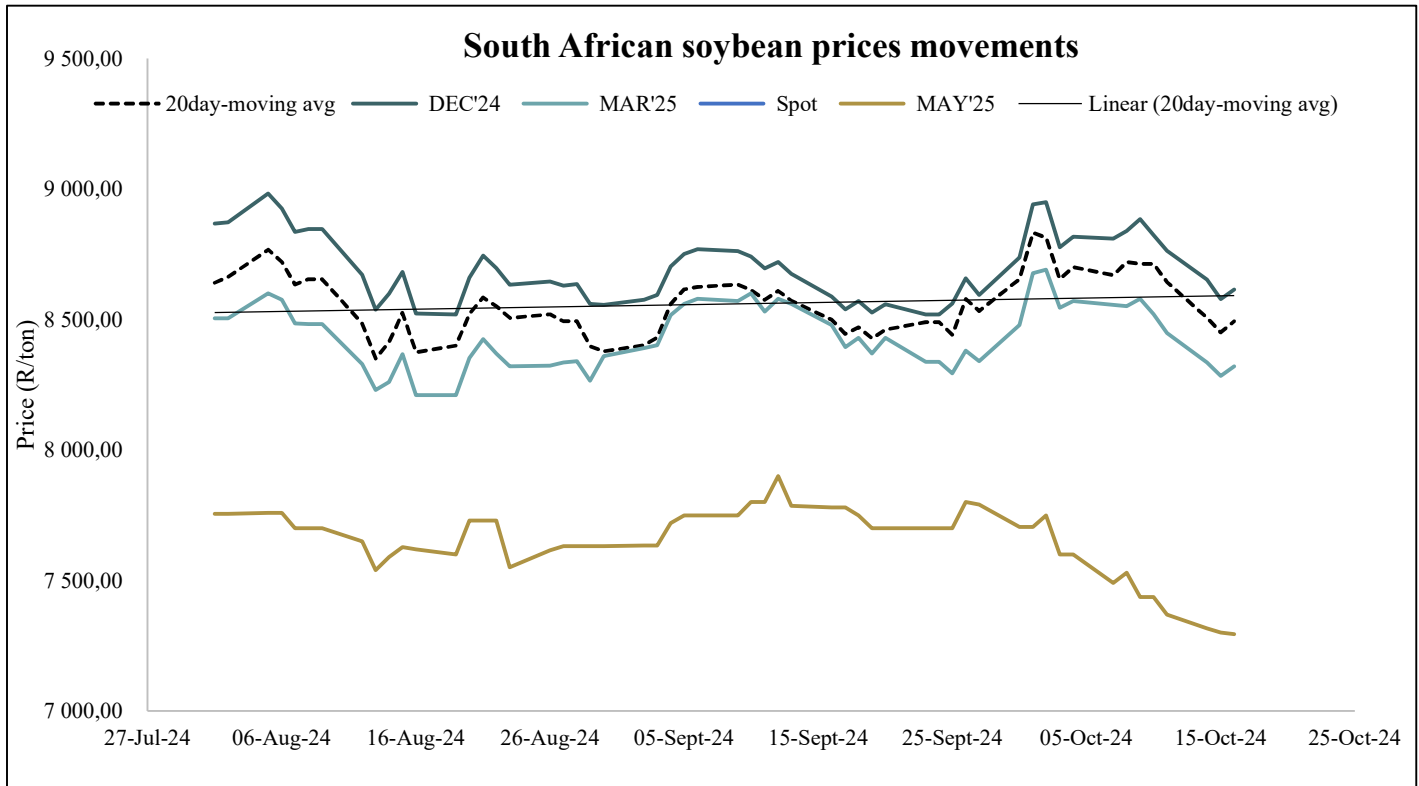
34.01 mil. tons



Stock-to-use percentage: 58.54%; three-year-average: 56.88%

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.

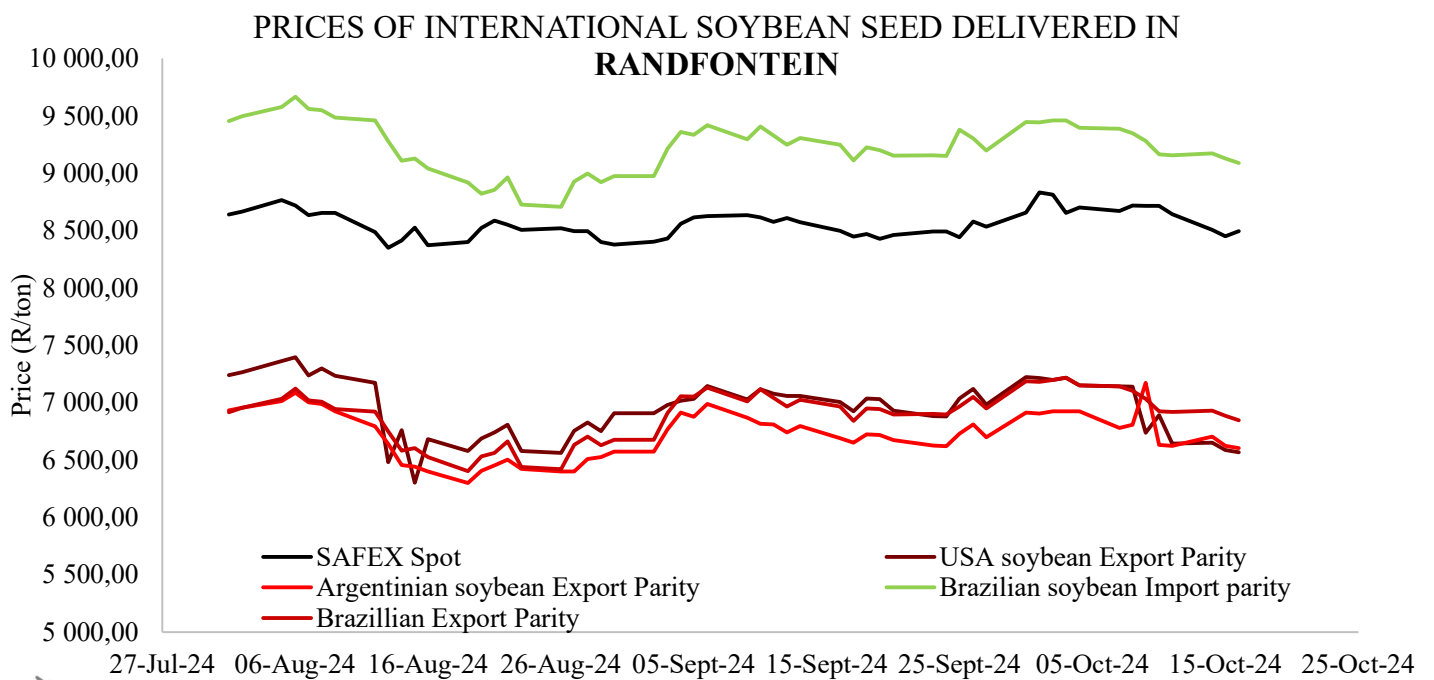
3. Monthly contract price movements



Comments on market movements for soybean contracts:

Generally, soybean prices traded with a sideways, slightly upward trend since the end of July. Contracts for the new season indicates a major price change. The March 2025 contract trades R1 025/ton above the new season May 2025 contracts.

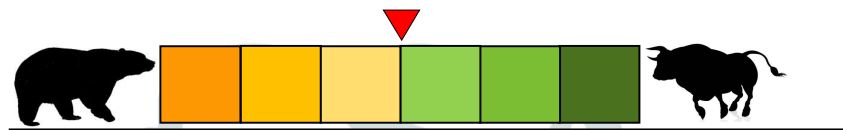
3.1 Import and export parity prices



4. Final thoughts

The markets are currently focused on the harvesting progress in the Northern Hemisphere. Whilst the focus is on the Northern Hemisphere, favourable planting conditions in South America could also weight on price direction. Looking at the future, increasing global ending stocks could weigh on global soybean prices.

SHORT-TERM PRICE TREND



LONG-TERM PRICE TREND



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.
- In the latest WASDE report, global and US production of soybeans was increased significantly. Bringing ending stocks to another significant increase year-on-year.
- *Conab* (Brazil) estimates that the countries soybean planted hectares can increase by 2.8% in the next season.

Bullish factors:

- 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.
- Recent support (+ 3%) for Malaysian palm oil futures could over support to the broader oilseed complex.

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Best regards,

Grain SA economy team

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