



SOYBEANS



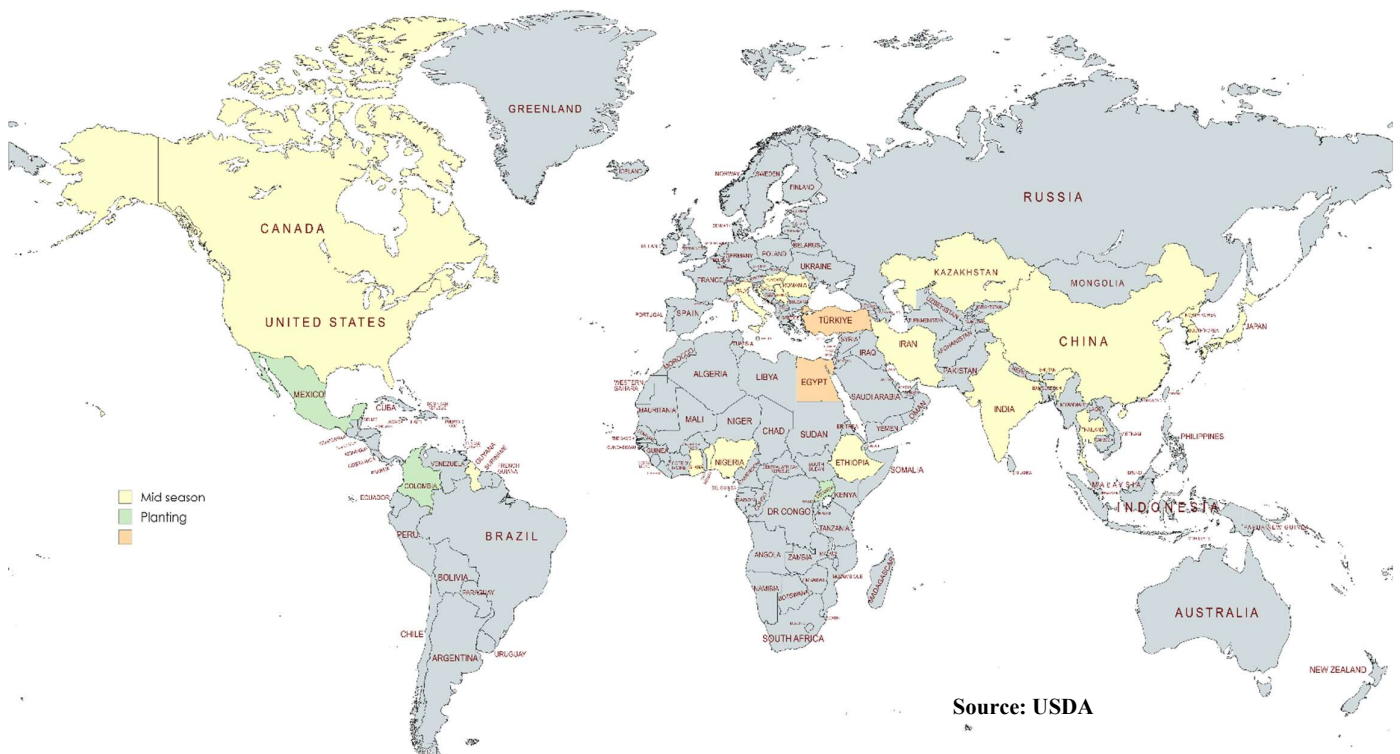
AUGUST 2024
Grain Market Outlook

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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



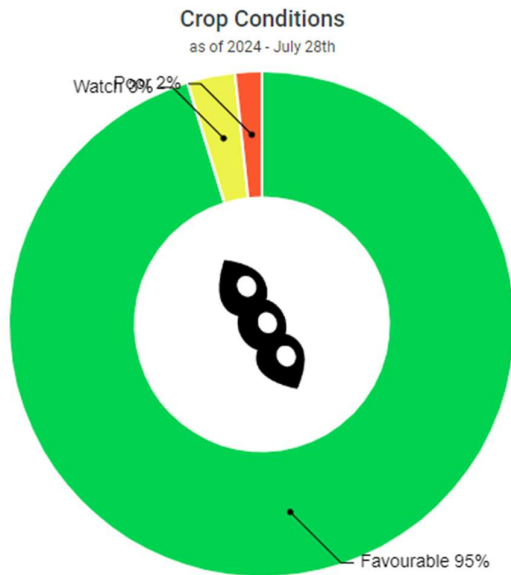
1.1. Global crop production conditions

In the **Northern hemisphere**, crop development is currently underway with mostly favourable conditions in the major production areas.. Conditions in Ukraine remain uncertain with persisting conflict. Thus far, conditions are estimated to be 95% favourable.

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 July 28th 2024

United States: The planted area compared to the previous season have increased slightly. The crop is currently in the reproductive stages with favourable conditions all around.

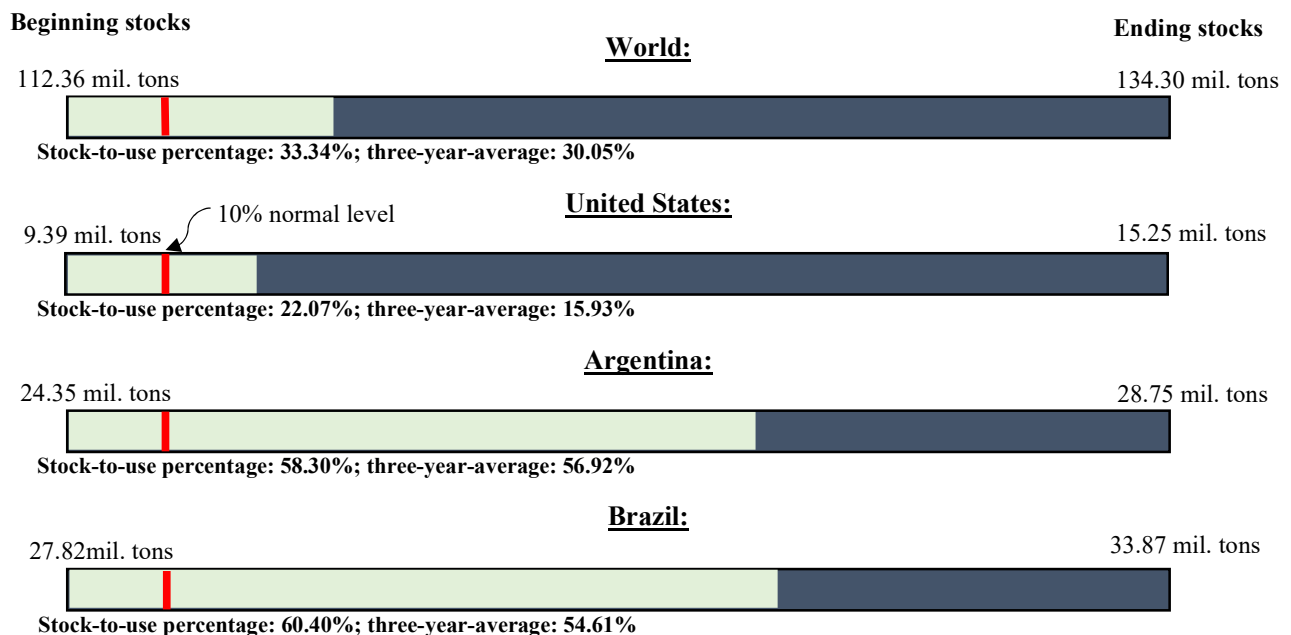
China: Conditions are favourable with good soil moisture supporting crop development in the main producing Northeast region. The soybean crop is currently in the reproductive stage of vegetation.

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

India: The crop is currently in the reproductive stages with favourable conditions all around.

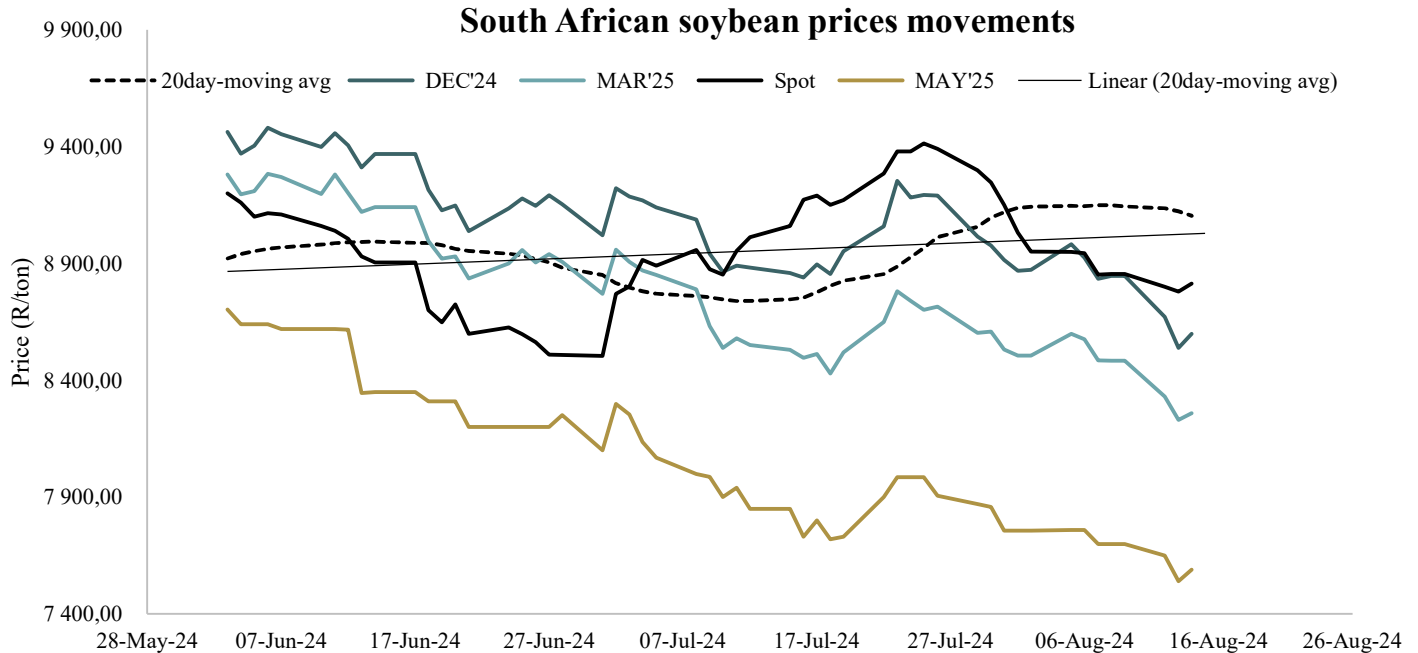
2. Supply and demand Estimates

2.1. World Agricultural Supply and Demand (WASDE) AUGUST 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

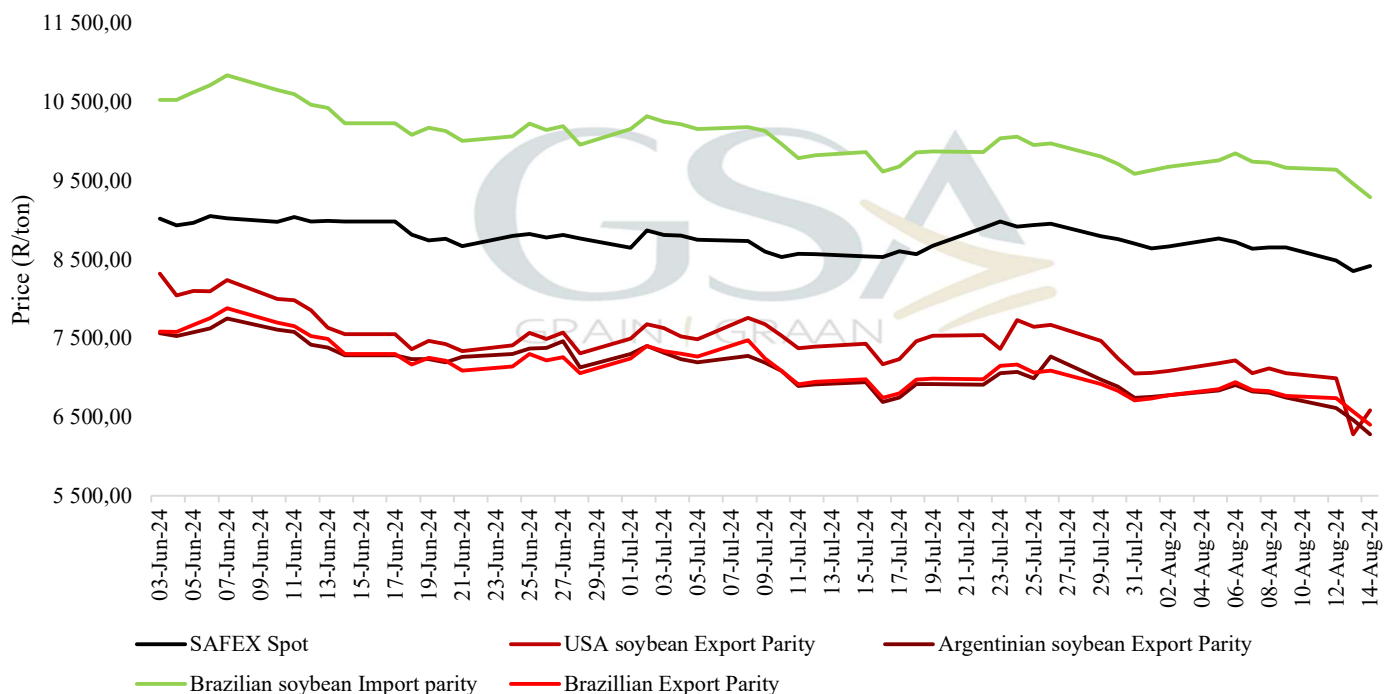


Comments on market movements for soybean contracts:

Generally, soybean prices traded with a sideways, slightly upward trend since the end of May. Contracts in the future suggest price increases. However, it is important that producers take note of the R670/ton lower price for the May 2025 contract, which hints at higher planted hectares and production.

3.1 Import and export parity prices

PRICES OF INTERNATIONAL SOYBEAN SEED DELIVERED IN RANDFONTEIN



4. Final thoughts

The markets are currently focused on the crop developing conditions of the US soybean crop. Current dry weather forecasts support especially the US soybean prices. Market participants are paying close attention to the monthly WASDE report, and weekly USDA crop progress report. The next few weeks will be important for crop development and market direction in the US.



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.

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.

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Best regards,

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