

SOYBEANS



JUNE 2024

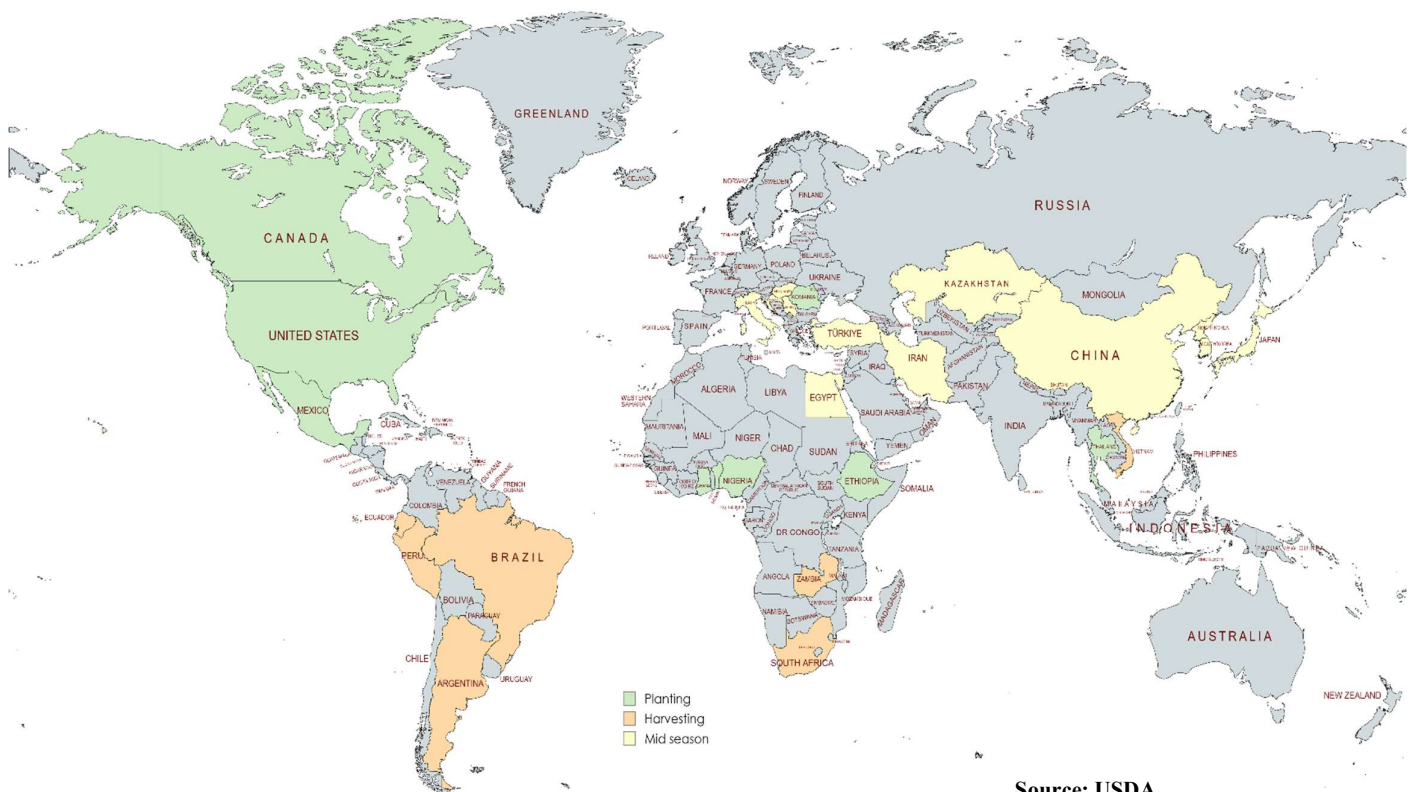
Grain Market Outlook

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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



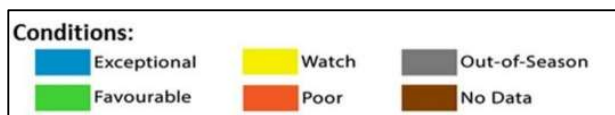
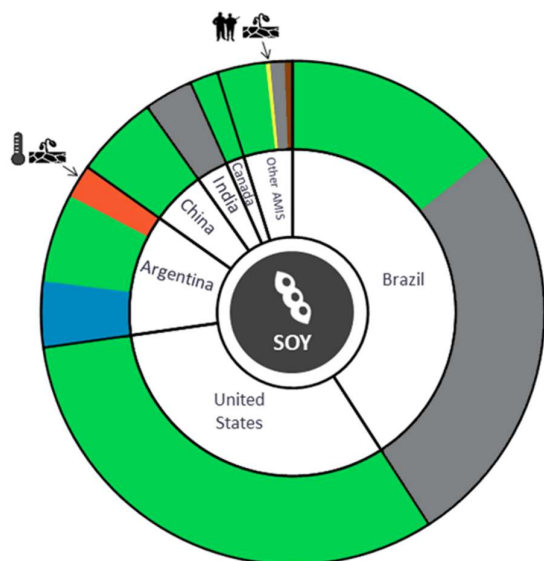
1.1. Global crop production conditions

In the **Southern hemisphere**, harvesting is well underway in most South American countries with conditions being mixed across most of the country. In the **Northern Hemisphere** the planting process is progressing with favourable conditions.

Comments on El Niño: The El Niño Oscillation (ENSO) is currently in the El Niño phase, with forecasts of a weakening event increasing. The possibility for ENSO-neutral conditions is likely during July to September (69% chance), and chances remain high into 2025 - according to the IRI¹.

¹International Research Institute for Climate and Society





Source: Geoglam
Conditions as of May 2024

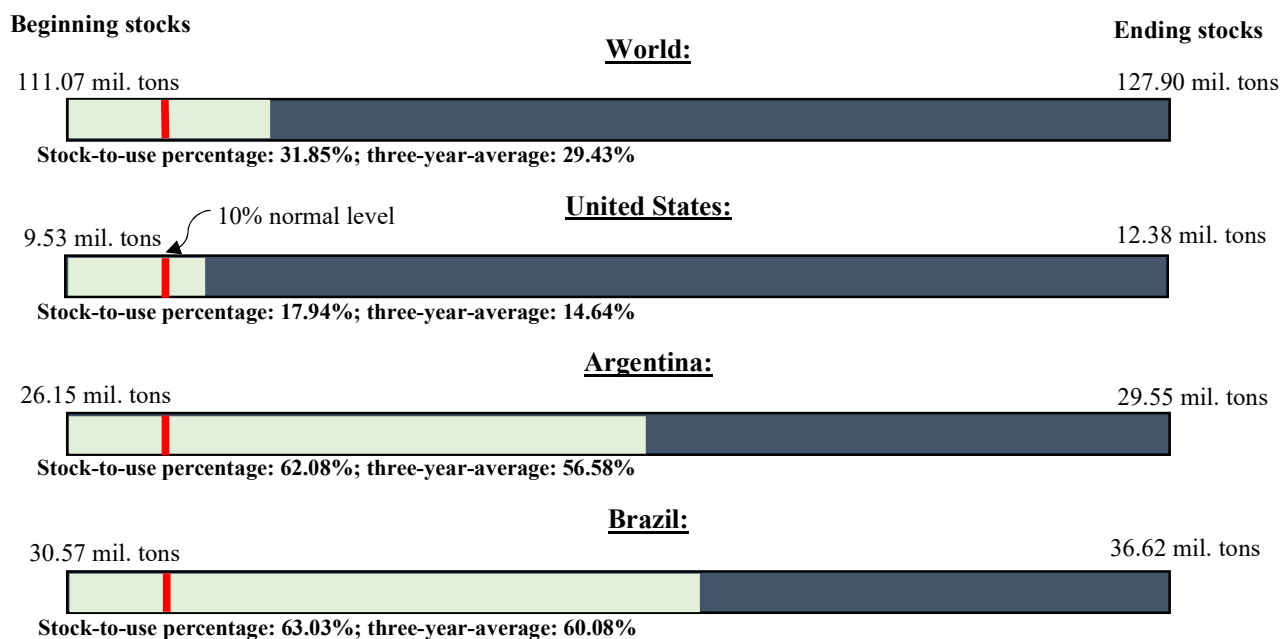
Brazil: Harvesting is coming to an end in the Southern region with yields close to the long-term average, despite periods of below (and above) average rainfall and some damage following flooding events.

Argentina: Harvesting of the early-planted crop (typically larger season) is commencing with above-average yields. However, the Northeast region is experiencing below average yields due to drought. Harvesting of the late-planted crop (typically smaller season) is beginning with good yields expected.

United States: Planting continues with favourable conditions. Conditions are generally favourable and above average conditions are expected.

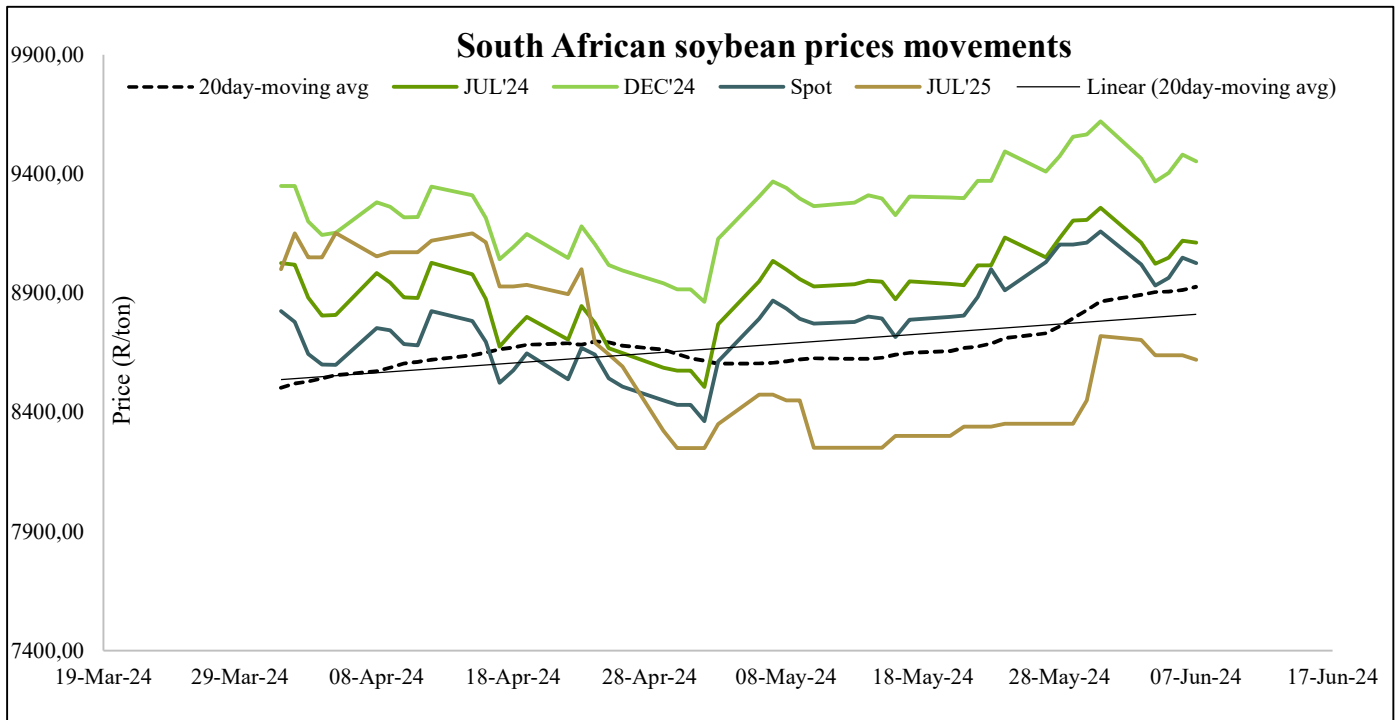
2. Supply and demand Estimates

2.1. World Agricultural Supply and Demand (WASDE) JUNE 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.

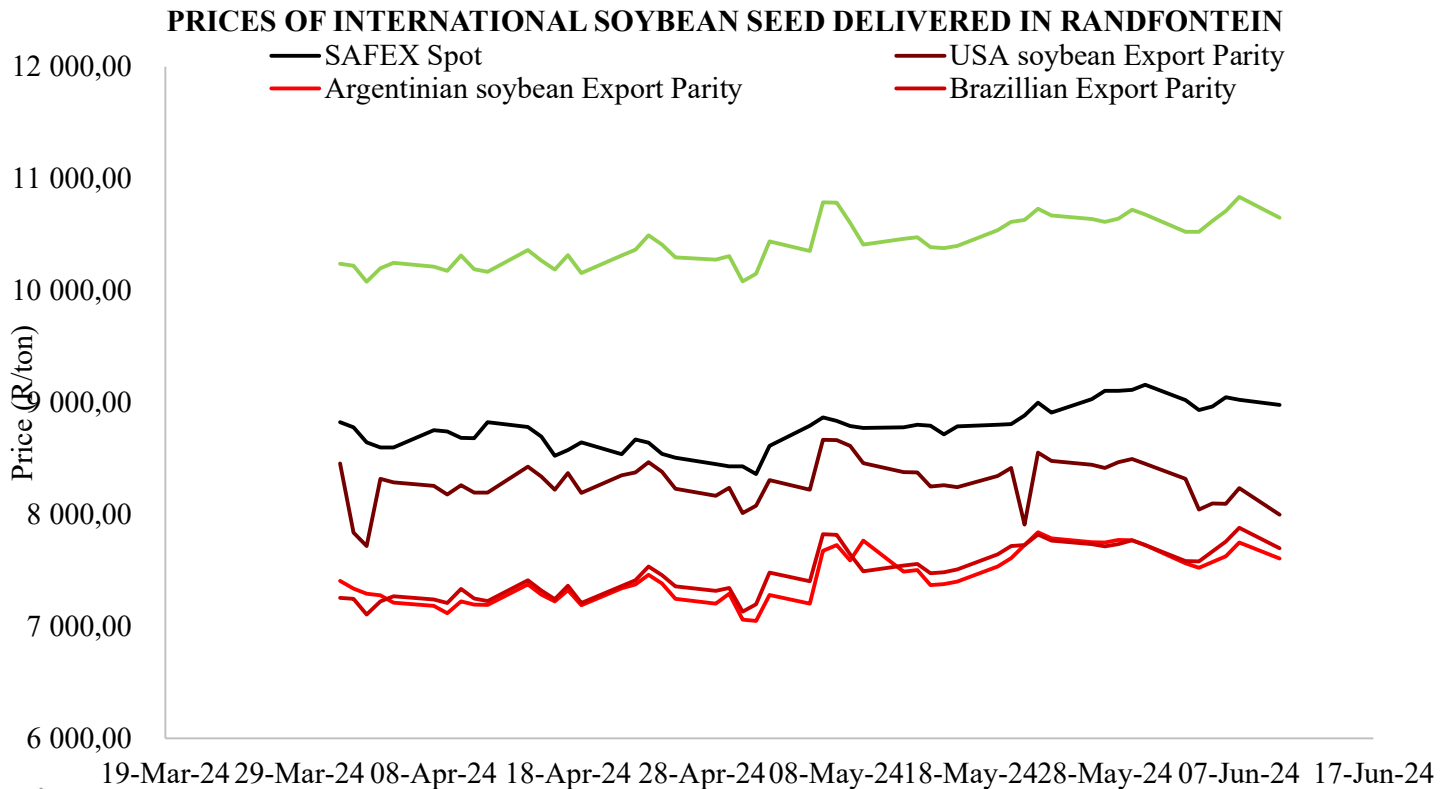
3. Monthly contract price movements



Comments on market movements for soybean contracts:

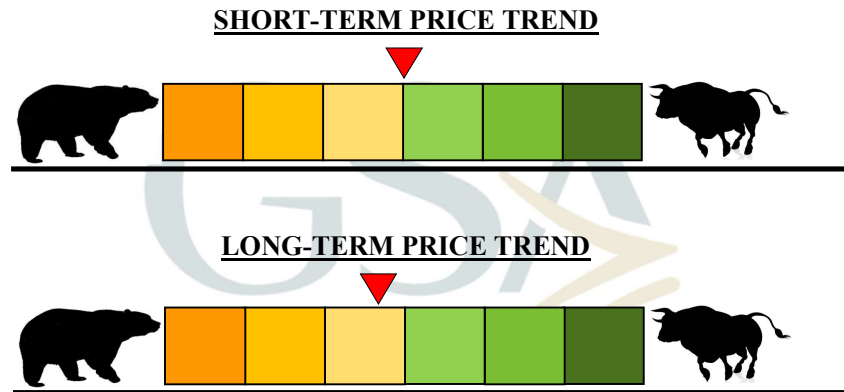
Generally, soybean prices traded with a sideways, slightly upward trend since the end of March. Contracts in the future suggest price increases. However, it is important that producers take note of the R500/ton lower price for the July 2025 contract, which hints at higher planted hectares and production.

3.1 Import and export parity prices



4. Final thoughts

Globally, all eyes are on the planting progress in the Northern hemisphere, especially in the United States. First views into the conditions of the US soybean crops suggests conditions to be the best in the past four seasons. Planting is nearing completion in Canada after earlier delays, though crop conditions in Australia and the EU remain watch points.



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

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