

INTERNATIONAL MARKET

Table 1: CME Soybean prices and weekly change (cents/bushel)

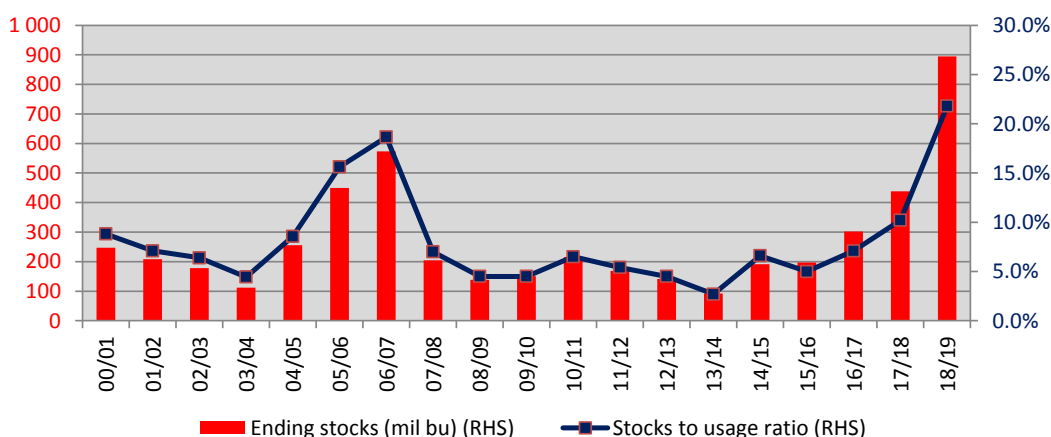
	Currently	04/04/2019	Weekly change (c/bu)	Monthly change (c/bu)
CME Jul-19	916	920	-4	12
CME Nov-19	935	939 ½	-4 ½	9 ½

- US soybean contracts did come under some pressure in the past week with both July and November soybeans ending lower. On a monthly basis US soybeans are higher with CME July and November gaining 1.3% and 1.1% in the past month respectively.
- On the technical chart for July CME soybeans we see that the market posted some gains after finding support around \$9.00/bushel early in April. The market posted some gains and resistance is seen at the moving averages with the 40-day and 200-day averages seen around \$9.19/bushel. The indicators have flattened out.
- The US/China trade deal or the lack thereof continues to be a limiting factor for the US soybean market. The US Treasury Secretary yesterday once again said that some good progress was made in trade talks.
- The US supply and demand estimate released this week provided very little new info for the US soybean market although soybean stocks are seen at multiyear highs. The South American soybean crop getting bigger.

USDA supply and demand estimates

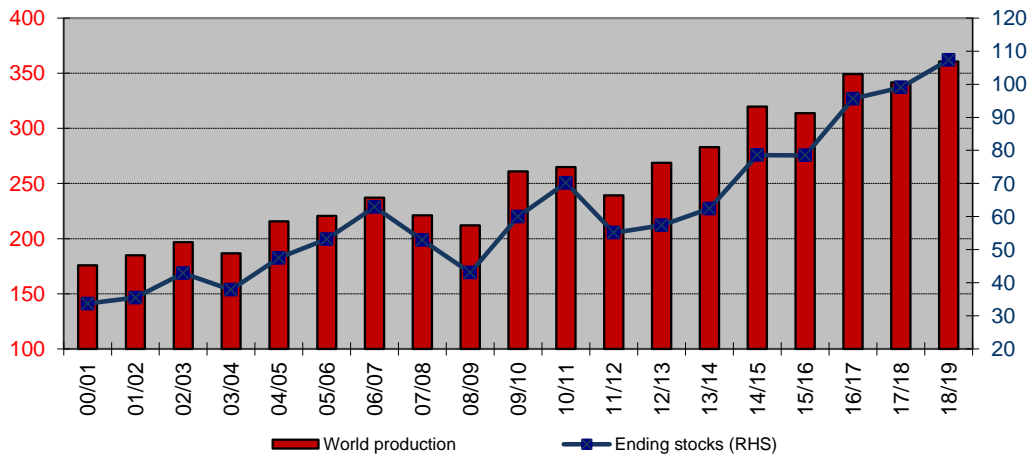
- USDA released their March supply and demand estimates earlier this week. The 2018/19 US soybean ending stocks was estimated at 895 million bushels which was slightly lower than the market expectation seen at 898 million bushels and down from the March estimate seen at 900 million bushels.
- Changes to the US soybean supply and demand estimates included a slightly lower import estimate and seed usage. The US soybean crush and export estimates were left unchanged in their report yesterday.

Figure 1: US soybean ending stocks and stock to usage ratio



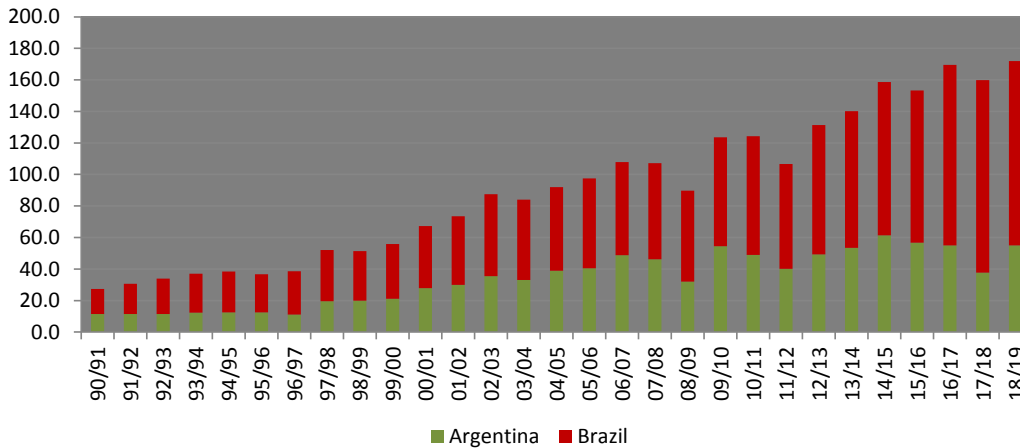
- In terms of the rest of the world the USDA estimated the 2018/19 world soybean crop at 360.58 million tons which is slightly higher than the March estimate seen at 360.08 million tons. The larger world soybean crop was due to an upward revision seen for Brazil (+500 000 tons).
- The 2018/19 world soybean ending stocks was estimated at 107.36 million tons which is slightly higher than the March estimate seen at 107.17 million tons.

Figure 2: World soybean production and ending stocks (mil tons)



- Looking at the South American soybean crop estimate we see that the Argentine crop estimate was left unchanged at 55 million tons while the Brazilian soybean crop estimate was raised by 500 000 tons to 117 million tons. From the graph below we see that the combined soybean crop of 172 million tons is new record highs.

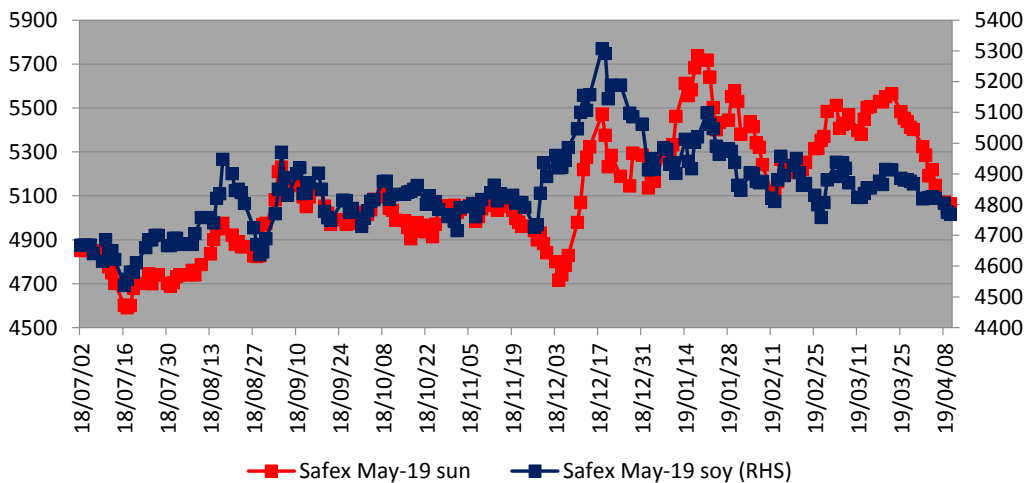
Figure 3: Argentina and Brazil soybean production



LOCAL OILSEED MARKET

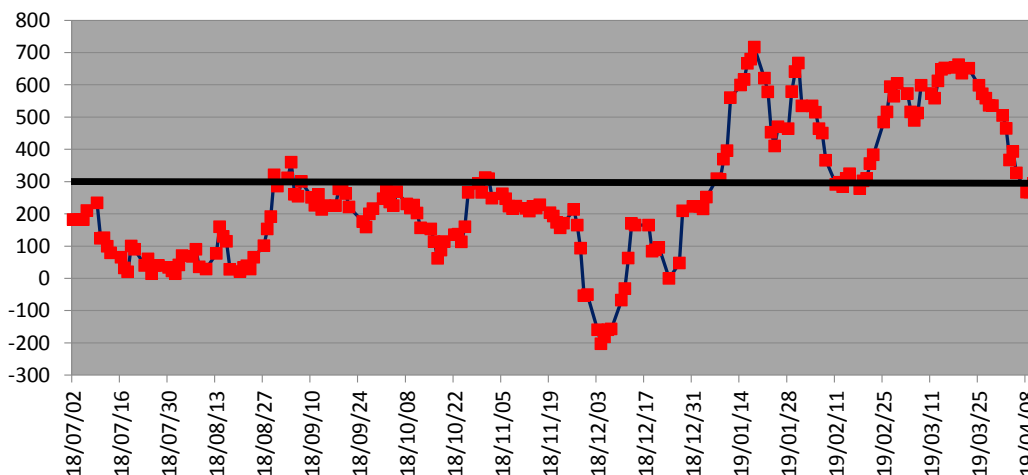
- South African oilseeds did come under some pressure in the past week with May-19 soybean contracts giving up 1.12% in the past week while South African sunflower seed contacts gave up 2.45% in the past week. The US soybean contracts ended mostly flat in the past week but the rand posted some gains weighing on our market.
- The rand posted some good gains in the past week breaking below all the key averages and below the R14.00/\$ level in the session yesterday. The rand traded as low as R13.88/\$ in the session yesterday which is its lowest level since the 28th of February.

Figure 4: Safex May-19 sunflower seed and soybean prices



- The graph below presents the May-19 soybean/sunflower seed spread seen in the past few months. As mentioned before the spread has been under massive pressure recently due to the weakness seen in the local sunflower seed market. The spread is currently trading around R294 with the R300 level a key level in the past.

Figure 5: Safex May-19 soybean/sunflower seed spread



Supply and demand estimates

- The table below presents the supply and demand estimates for soybeans in South Africa. In the 2019/20 marketing season our estimates are based on the CEC crop estimates of 1.276 million tons. The deliveries are slightly lower to account for soybean retentions 30 000 tons. Still on the supply side we did not account for any soybean imports in our estimates at this stage.
- On the demand side we estimated the total soybean demand at 1.45 million tons which is up from the 1.305 million tons seen in the previous season. We also decided not to account for any soybean exports yet although we did see exports of 32 810 tons in the previous season.
- Based on this the South African soybean ending stocks at the end of February 2020 could be in the region of 297 702 tons despite the larger demand side estimate.

Table 2: South African soybean situation (Marketing season Mar-Feb)

	CEC March				
	2015/16	2016/17	2017/18	2018/19	2019/20
Soybean opening stock	63705	89116	84792	330535	501667
<i>Soybean producer deliveries*</i>	1042130	713660	1290218	1502976	1246035
<i>Imports</i>	124981	271000	27508	6945	0
Total supply	1230816	1073776	1402518	1840456	1747702
Soybeans processed for local market	1137000	982239	1071569	1305979	1450000
<i>SA Soybean exports</i>	4700	6745	414	32810	0
Ending stocks surplus/(deficit)	89116	84792	330535	501667	297702
Area	687300	502800	573950	787200	730500
Yield	1.56	1.48	2.29	1.97	1.75

* Actual producer deliveries lower due to soybeans retained for seed purposes

- The table below presents our supply and demand estimate for sunflower seed in South Africa. In the 2019/20 marketing season our estimates are based on the CEC crop estimate of 563 590 tons which is significantly lower than the sunflower seed crops seen in the past 3 seasons. Still on the supply side we included imports of 80 000 tons.
- On the demand side we lowered our estimate for total sunflower seed demand in the 2019/20 marketing season to 730 000 tons.
- Despite the imports included in our supply and demand estimates and the lower demand side estimate the South African sunflower seed ending stocks at the end of February 2020 is seen at 32 948 tons which historically very low. Therefore we have to import more or cut production even further assuming that the sunflower seed crop stays at the current levels.

Table 3: South African sunflower seed supply and demand (Marketing season Mar-Feb)

	CEC March				
	2015/16	2016/17	2017/18	2018/19	2019/20
Sunflower opening stock	92933	45897	163086	154841	119358
<i>Sunflower seed deliveries</i>	663700	759614	872171	863184	563590
<i>Imports</i>	36064	70643	554	1324	80000
Total supply	792697	876154	1035811	1019349	762948
Projected consumption season	746800	713068	880970	899991	730000
Ending stocks surplus/(deficit)	45897	163086	154841	119358	32948
Area	576000	718500	635750	601500	515350
Yield	1.15	1.06	1.37	1.44	1.09

FOCUS FOR THE WEEK

- US soybean contracts did come under some pressure in the past week. US soybean ending stocks were left mostly unchanged and we did see a larger crop for Brazil. Still no US/China trade deal.
- On the chart for July CME soybeans we see that the market is still in the \$9.10-\$9.20 trading range. Key resistance seen around \$9.19 which is also the 40-day and 200-day moving average.
- South African oilseeds did come under some pressure in the past week with the improved growing conditions and the stronger rand adding some pressure. The rand broke below R14.00/\$ in the session yesterday and is currently trading around R13.92/\$

Technical graphs

- Safex May-19 soybean prices
- CME Jul-19 soybean prices





"Together we make a difference"