

**INTERNATIONAL MARKET**

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

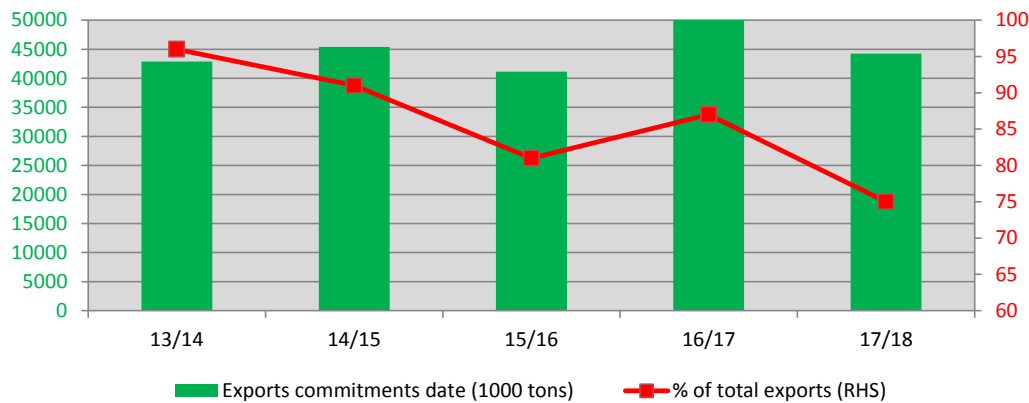
	Currently	02/02/2018	Weekly change (c/bu)	Monthly change (c/bu)
<b>CME Mar-18</b>	<b>985</b>	<b>978 ¾</b>	<b>6 ¼</b>	<b>21 ¼</b>
<b>CME Jul-18</b>	<b>1005 ¾</b>	<b>999 ¾</b>	<b>6</b>	<b>22</b>

- US soybean contracts posted some gains in the past week with both March and July ending higher. On a monthly basis US soybean prices are also trading higher with March and July ending 2.2% higher in the past month.
- On the technical chart for March CME soybeans we see that the market initially gained some ground but the market has since come under some pressure. March soybeans is caught between the averages with the 200-day as support seen at \$9.80 and the 100-day average seen at \$9.88/bushel. Some of the short term averages and indicators are under some pressure.
- The weather condition in Argentina has been a source of support with the warm and dry weather conditions lowering their crop potential.

**US soybean market**

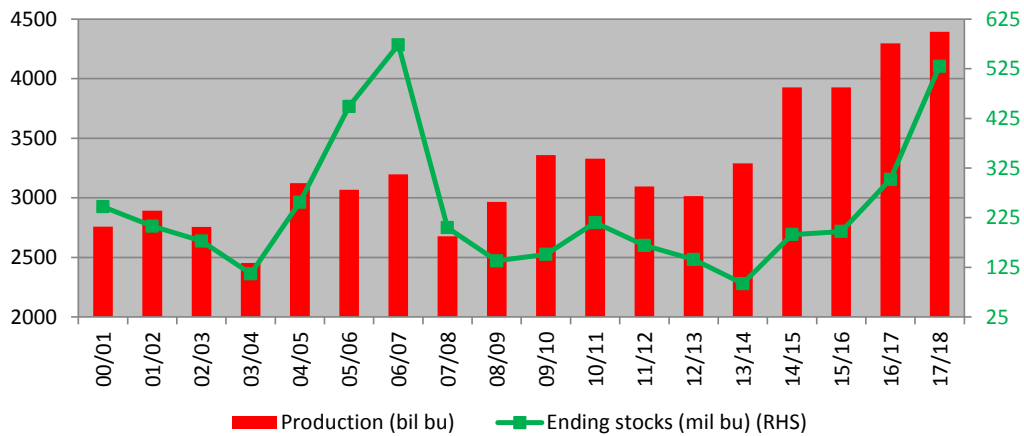
- USDA released their report yesterday. The US 2017/18 soybean ending stocks was reported at 530 million bushels which was higher than the market expectation seen at 486 million bushels and lower than the January estimate seen at 470 million bushels.
- On the demand side the USDA lowered the US soybean export estimate by 60 million bushels compared to the January estimate.
- We have mentioned before that the US soybean export progress and running behind the average as seen below.

**Figure 1: US soybean export progress (1000 tons)**



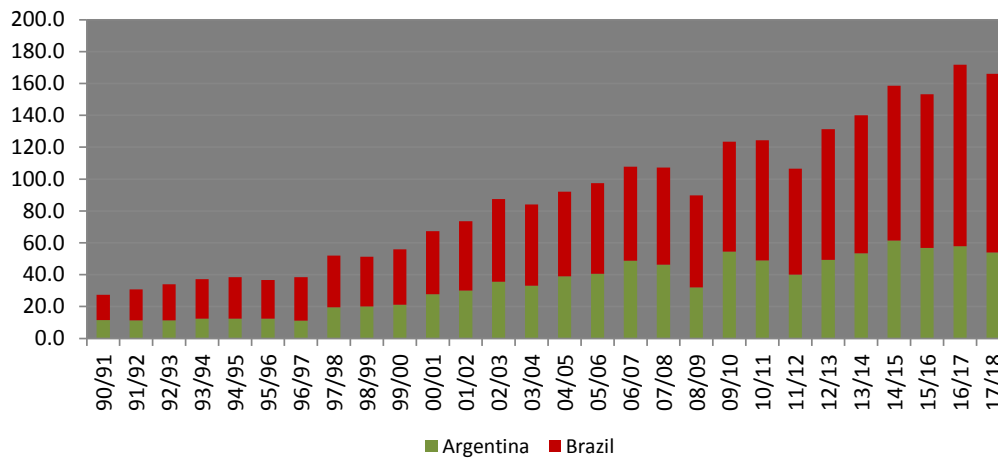
- The 2017/18 US soybean crop of 4.392 billion bushels is a new record high for the US market and ending stocks is seen at 530 million bushels which is the highest ending stocks since the 2005/06 season.
- The 2017/18 US soybean stock to usage ratio is seen around 12.6%.

**Figure 2: US soybean production and ending stocks**



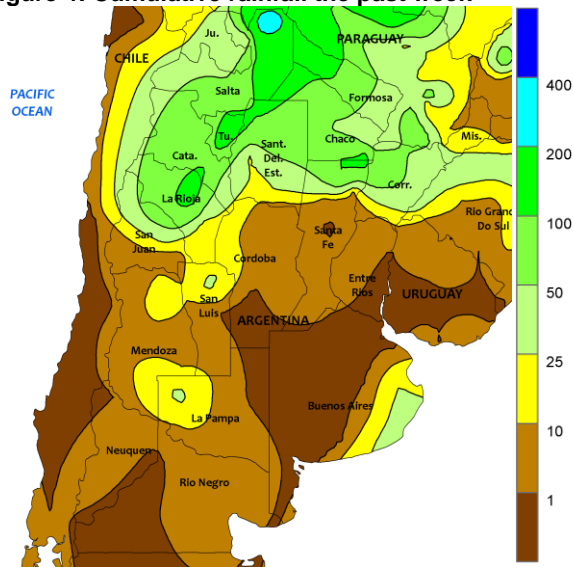
- In terms of the rest of the world the 2017/18 world soybean crop was pegged at 346.92 million tons which is down from the 348.57 million tons reported last month.
- The USDA raised their Brazilian soybean crop estimate by 2 million tons to 112 million tons while the Argentine soybean crop estimate was lowered by 2 million tons to 54 million tons.
- The South America soybean crop in 2017/18 is seen at 166 million tons which is down from the record 171.8 million tons seen in the previous season.

**Figure 3: Argentina and Brazil soybean production**



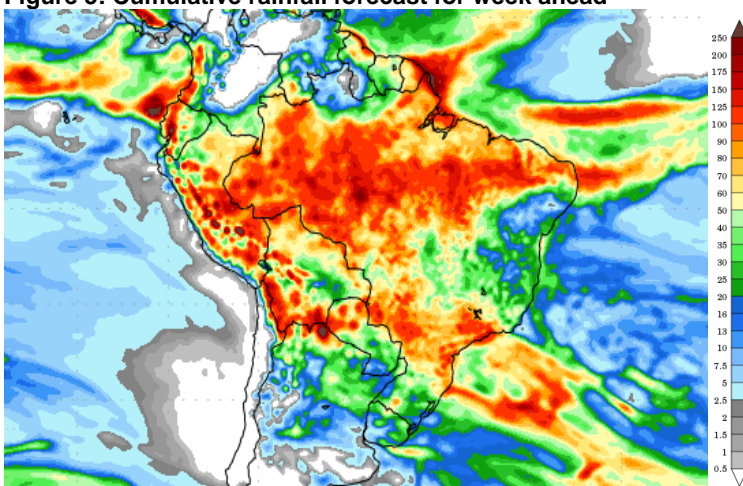
- The weather conditions in Argentina have been a source of support for US and world maize and soybean prices.
- Dry weather conditions once again dominated some of the key maize and soybean areas in the past week ending the 3<sup>rd</sup> of February. The central and southern growing areas are the hardest hit.

**Figure 4: Cumulative rainfall the past week**



- The weather forecast for Argentina in the week ahead expects some rainfall in the northern parts of Argentina but the central and southern parts could see some more warm and dry conditions in the week ahead.

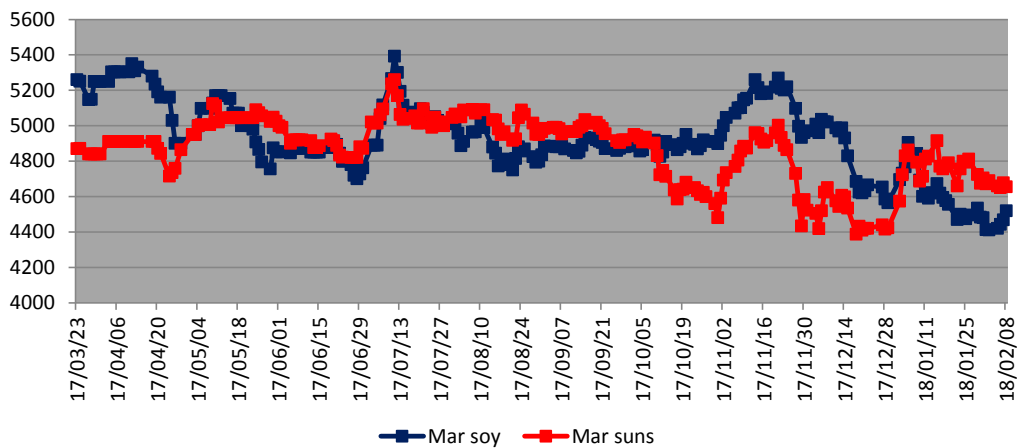
**Figure 5: Cumulative rainfall forecast for week ahead**



### LOCAL OILSEED MARKET

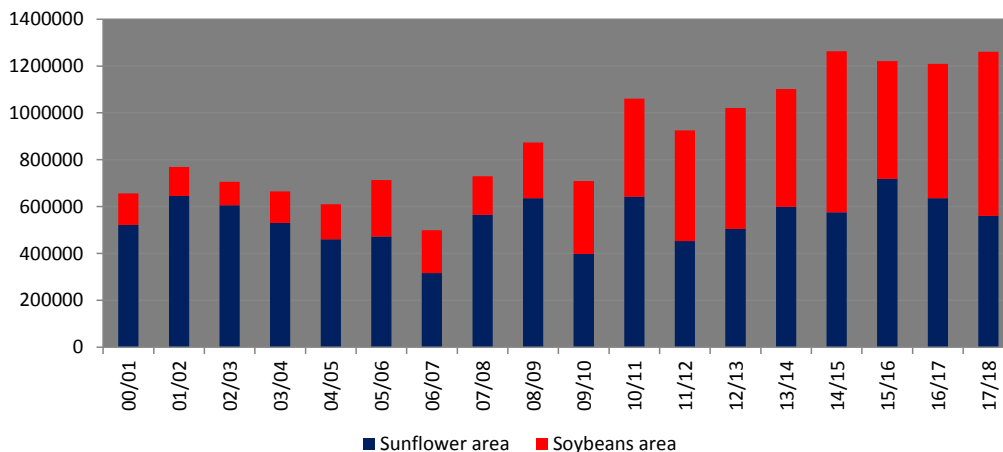
- South African oilseed prices ended mixed in the past week with soybean prices leading the way higher gaining 2.4% while sunflower seed contracts ended 0.4% lower in the past week.
- We did see some more rand volatility in the past week with the rand currently trading around R12.11/\$ with the rand remaining in the R11.80-R12.20/\$ trading range in the past week.
- The weather conditions have been most favorable with some more rainfall that was seen in the past week. The weather forecast expects some rainfall in the central and southern parts of the Free State and parts of the Northern Cape.

**Figure 6: Safex March soybean and sunflower seed prices**



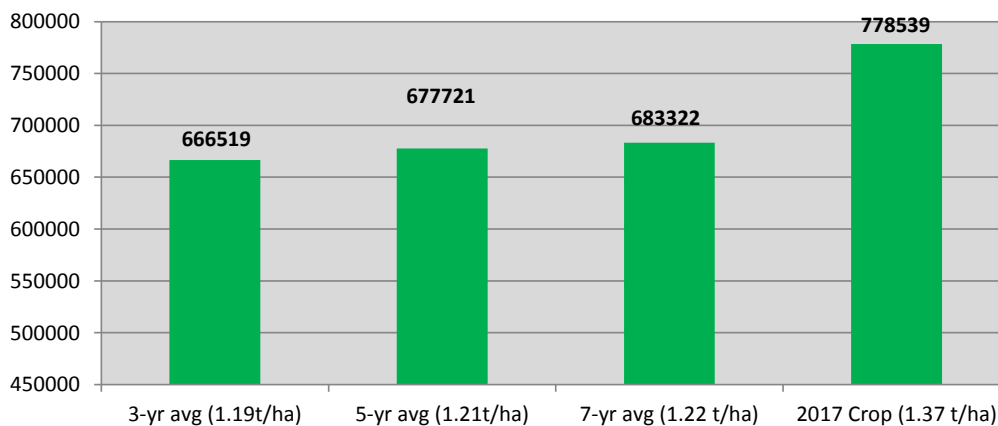
- CEC released their preliminary area estimates in their report last week. South African sunflower seed area estimate seen at 560 100 hectares (-11.9% year/year) and the soybean area at 701 000 hectares (+22% year/year).
- The total oilseed area is seen at 1.26 million hectares which is in line with the record area seen in the 2014/15 season.

**Figure 7: South African sunflower seed and soybean areas planted**



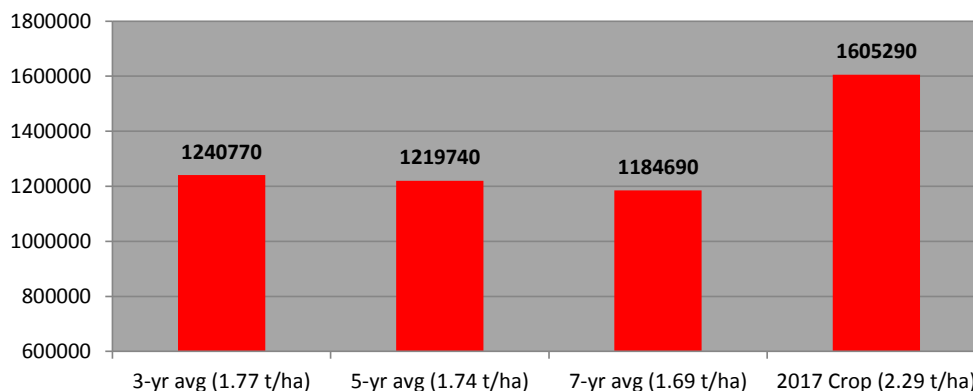
- Based on the 560 100 hectare area estimate we look at several possible sunflower seed crop estimates below.
- The 3-year average yield is seen at 1.19 t/ha pointing to a crop of 666 519 tons and the 5-year average yield is seen at 1.21 t/ha pointing to a crop of 677 721 tons. The 2017 yield is seen at 1.37 t/ha pointing to crop of 778 539 tons.

**Figure 8: South African sunflower production estimates**



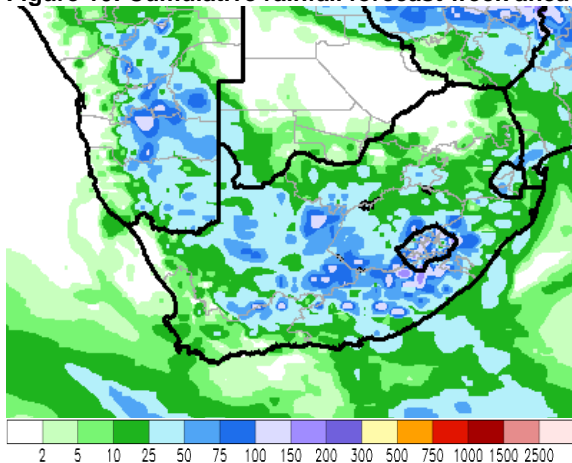
- Based on the South African new crop soybean area estimate of 701 000 hectares we look at possible production estimates.
- The 3-year average yield is seen at 1.77 t/ha pointing to a crop of 1.241 million tons and the 5-year average yield is seen at 1.74 t/ha pointing to a soybean crop of 1.220 million tons. A record yield of 2.29 t/ha seen in the 2017 season and the new crop area estimates could result in a crop of 1.605 million tons.

**Figure 9: South African soybean production estimates**



- The weather forecast for the week ahead expects some moisture to move in from the north with rainfall forecasted for the Northern Cape and the central and southern parts of the Free State. The eastern growing areas could be slightly drier in the week ahead.

Figure 10: Cumulative rainfall forecast week ahead



### **FOCUS FOR THE WEEK**

- US soybean contracts managed some gains in the past week with the weather conditions in Argentina providing some support. The market did pull off the highs following the USDA report released earlier.
- The USDA confirmed the larger US soybean ending stocks as expected while the Argentine crop was lowered and the Brazilian crop was raised.
- South African oilseeds ended mixed in the past week with soybeans managing some gains while sunflower seed contracts came under some pressure. The higher US soybean prices and crush margins supported soybeans.
- The rand remained in the R11.80-R12.20 trading range in the past week with the rand currently trading around R12.10/\$.
- The weather forecast expects slightly drier conditions in the eastern parts of the country in the week ahead.

### **Technical graphs**

- Safex Mar-17 soybean prices
- CME Mar-18 soybean prices



