



INTERNATIONAL MARKET

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

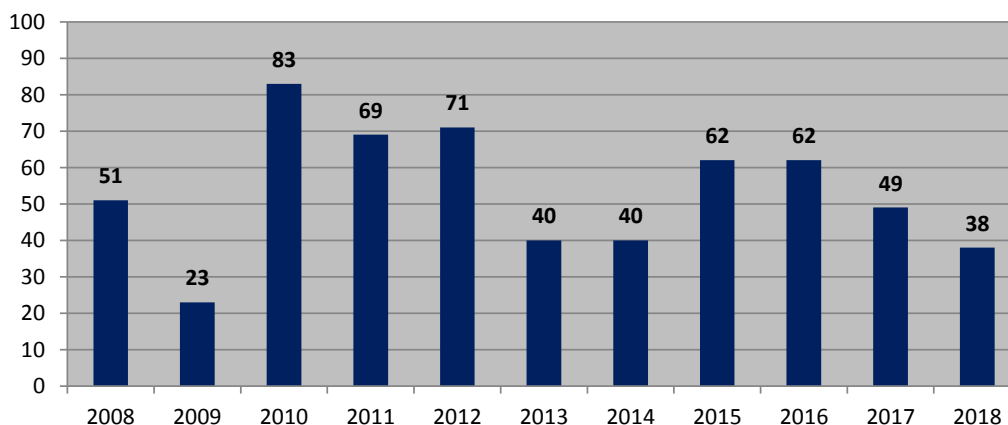
	Currently	10/10/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME Nov-18	885	852	33	61
CME Mar-19	911 ¾	878 ¾	33	61 ¼

- US soybean contracts traded higher in the past week with both November and March soybeans gaining some good ground. On a monthly basis US soybean contracts are also higher with November and March soybeans gaining 7.4% and 7.2% in the past month respectively.
- On the technical chart for November CME soybeans we see that the market did get some support around the 40-day average earlier and prices pushed higher after that. November soybeans managed to break above \$8.70 and some more follow through buying was seen with the market breaking above the 100-day average in the session on the 15th of October but the market is currently below that average once again.
- US soybean prices were supported buying some investment fund short covering and technical buying that was seen. The USDA soybean crop estimate came in below expectations which added some support.
- Recovery in the demand side of the US soybean market with the NOPA soybean crush remaining strong and in the export market we did see some cargoes of US soybeans destined for China once again.

US soybean market

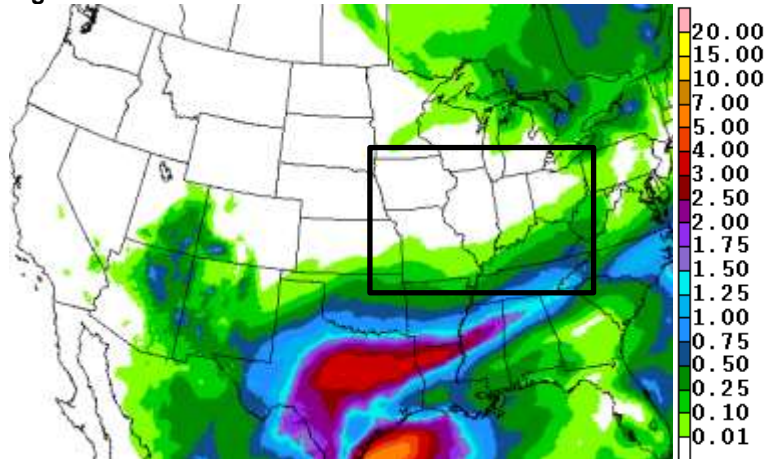
- The USDA in their weekly crop conditions report indicated that 66% of the US soybean crop could be rated as good/excellent which is 2% lower week/week. The current % rated as good/excellent is still higher than the 61% in this category the same time last year.
- The USDA in their crop progress report indicated that 38% of the US soybean crop has been harvested which is up from the 32% reported last week. The current soybean harvesting progress is well behind the 5-year average seen at 53% this time of the year.

Figure 1: US soybean harvesting progress (% complete)



- The weather forecast for the week ahead expects slightly drier conditions especially in the central and western parts of the Midwest which should be beneficial for the harvesting of maize and soybeans.

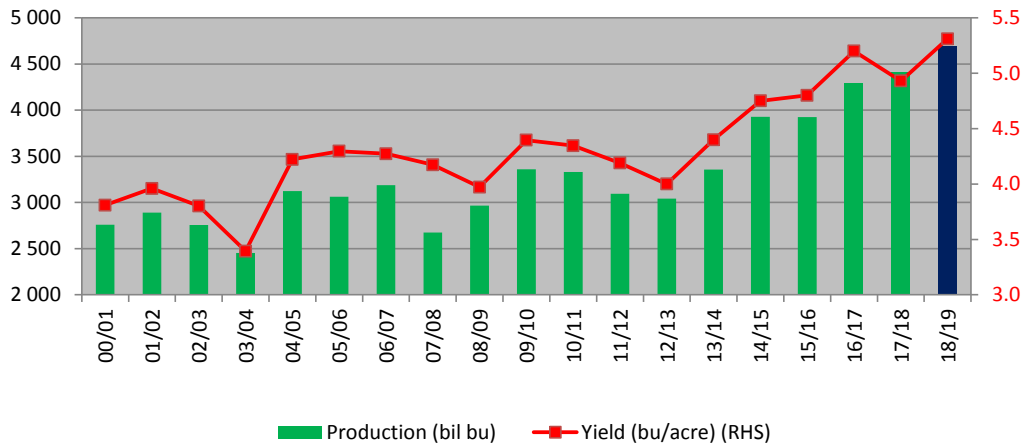
Figure 2: Cumulative rainfall forecast for week ahead



USDA report

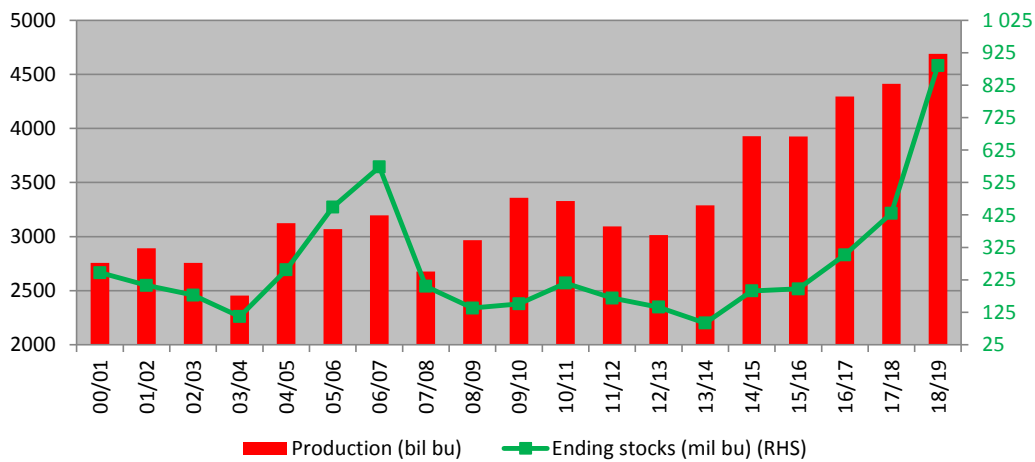
- The USDA released their October supply and demand estimates in their report last week. The USDA estimated the 2018 US soybean crop at 4.690 billion bushels which was based on a yield estimate of 53.1 bushels/acre. The estimate was slightly lower than the market expectation seen at 4.733 billion bushels. The USDA also lowered their area harvested to 88.348 million acres.

Figure 3: US soybean production and yield estimates



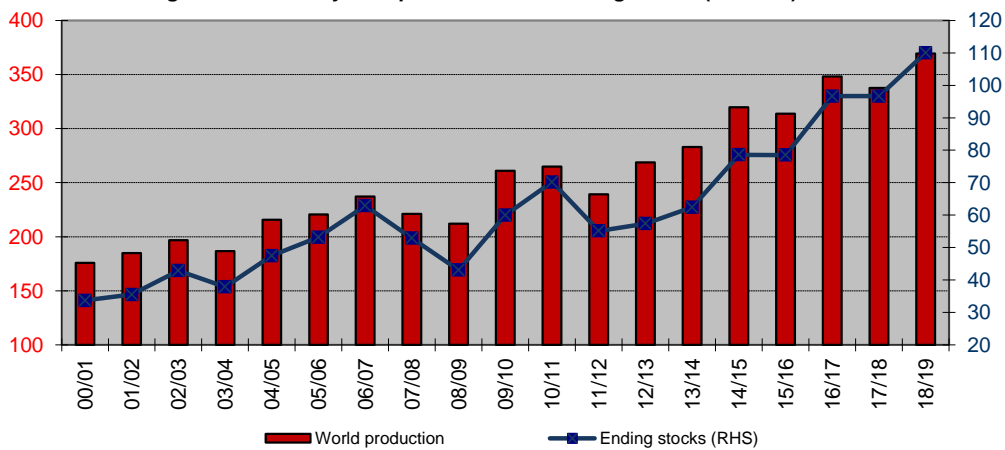
- The 2018/19 US soybean ending stocks was reported at 885 million bushels which was lower than the market expectation seen at 898 million bushels but still higher than the September estimate seen at 845 million bushels.
- Changes to the US soybean balance sheet included a larger opening stock and a slightly lower soybean crop estimate. The US soybean crush and export estimates were left unchanged from the September estimates.

Figure 4: US soybean production and ending stocks



- The USDA in their report estimated the 2018/19 world soybean crop at 369.48 million tons compared to the September estimate seen at 369.32 million tons. The Argentine and Brazilian soybean crop estimates were left unchanged at 57 and 120.5 million tons respectively. The 2018/19 world soybean ending stocks was estimated at 110.04 million tons which is up from the September estimate seen at 108.26 million tons.

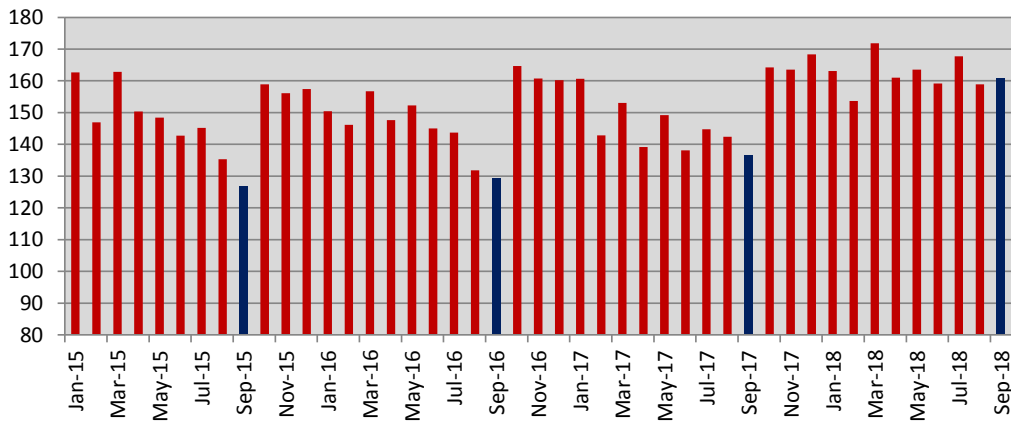
Figure 5: World soybean production and ending stocks (mil tons)



US NOPA soybean crush

- The US NOPA soybean crush for the month of September 2018 was reported at 160.8 million bushels which was larger than the market expectation seen at 157.4 million bushels. The US NOPA soybean crush for the month of September 2018 is significantly higher than the September crush estimates seen in the past few seasons.

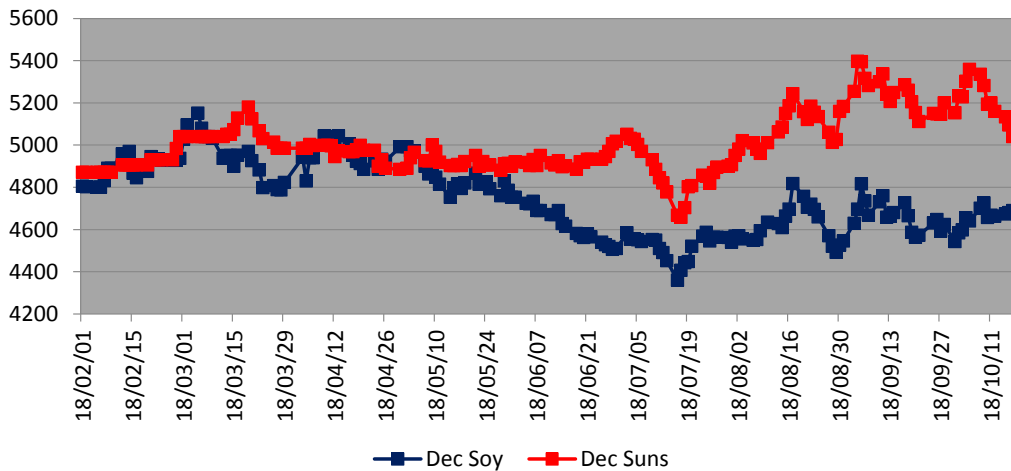
Figure 6: NOPA US soybean crush estimates (mil bu)



LOCAL OILSEED MARKET

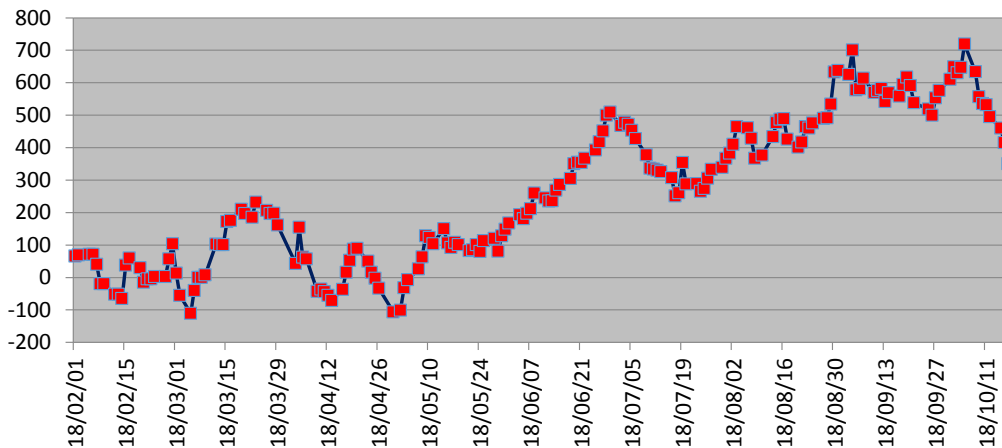
- South African oilseeds traded lower in the past week with our market failing to follow the US soybean market higher. December sunflower seed and soybean contracts gave up 4.5% and 0.7% in the past week respectively.
- South African oilseed prices traded lower as a result of the stronger rand with the rand trading at R14.20/\$ currently which is down from the R14.75/\$ seen a week ago.

Figure 7: Safex Dec sunflower seed and soybean prices



- The graph below presents the December soybean/sunflower seed spread seen in the past few months. From the graph below we see that the spread has slumped lower with sunflower seed contracts giving up significantly more ground than the soybean market.
- The spread is currently trading around R310/ton (sunflower seed above soybeans) which is its lowest level since July 2018. Based on the supply/demand and stock situation the soybean market has significantly more stock and this could be supportive for the spreads going forward.

Figure 8: Safex Dec soybean/sunflower seed spread



Supply and demand estimates

- The table below presents the supply and demand for soybeans in South Africa. The supply side is based on the final CEC soybean estimate of 1.551 million tons and we account for retentions of 35 000 tons. Still of the supply side we also included imports of 5 000 tons of which 3 353 tons has been imported to date.
- On the demand side our estimate is based on a projection made from the Sagis monthly data and the total soybean demand is seen at 1.160 million tons which is up from the 1.072 million tons seen in the previous season. Exports have been minimal to date.
- Based on this the South African soybean ending stocks at the end of Feb-2019 is estimated at 690 835 tons which is up from the 330 535 tons seen in the previous season.

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

	2015/16	2016/17	2017/18	CEC Sep 2018/19
Soybean opening stock	63705	89116	84792	330535
<i>Soybean producer deliveries*</i>	<i>1042130</i>	<i>713660</i>	<i>1290218</i>	<i>1515800</i>
<i>Imports</i>	<i>124981</i>	<i>271000</i>	<i>27508</i>	<i>5000</i>
Total supply	1230816	1073776	1402518	1851335
Soybeans processed for local market	1137000	982239	1071569	1160000
SA Soybean exports	4700	6745	414	500
Ending stocks surplus/(deficit)	89116	84792	330535	690835
Area	687300	502800	573950	787200
Yield	1.52	1.47	2.29	1.77

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

- The table below presents the supply and demand estimates for sunflower seed. Once again the supply side is based on the final CEC sunflower seed crop estimate of 858 605 tons. We also included the imports of 682 tons seen to date.
- On the demand side our estimate is based on the Sagis monthly data and total sunflower seed demand is estimated at 940 000 tons which is slightly higher than the 880 970 tons seen in the previous season.
- Based on this the South African sunflower seed stocks at the end of February 2019 is estimated at 74 128 tons which is significantly lower year/year.

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

	2015/16	2016/17	2017/18	2018/19
Sunflower opening stock	92933	45897	163086	154841
<i>Sunflower seed deliveries</i>	663700	759614	872171	858605
<i>Imports</i>	36064	70643	554	682
Total supply	792697	876154	1035811	1014128
Projected consumption season	746800	713068	880970	940000
Ending stocks surplus/(deficit)	45897	163086	154841	74128
Area	576000	718500	635750	601500
Yield	1.15	1.06	1.37	1.43

FOCUS FOR THE WEEK

- US soybean contracts posted some strong gains in the past week with investment fund short covering and some technical buying that was seen especially after the USDA supply and demand estimates.
- There has been a recovery in the demand side with the US soybean crush estimates remaining strong and there is also some US soybean shipments designated for China creating some optimism for future sales.
- South African oilseeds traded lower in the past week with our market failing to follow the US markets higher in the past week. The strength of the rand weighed on our market with the rand trading around R14.20/\$ currently.
- Key data for the local market will be the CEC new crop intentions to plant summer grains due on the 25th of October.

Technical graphs

- Safex Dec-18 soybean prices
- CME Nov-18 soybean prices





"Together we make a difference"