

**INTERNATIONAL MARKET**

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

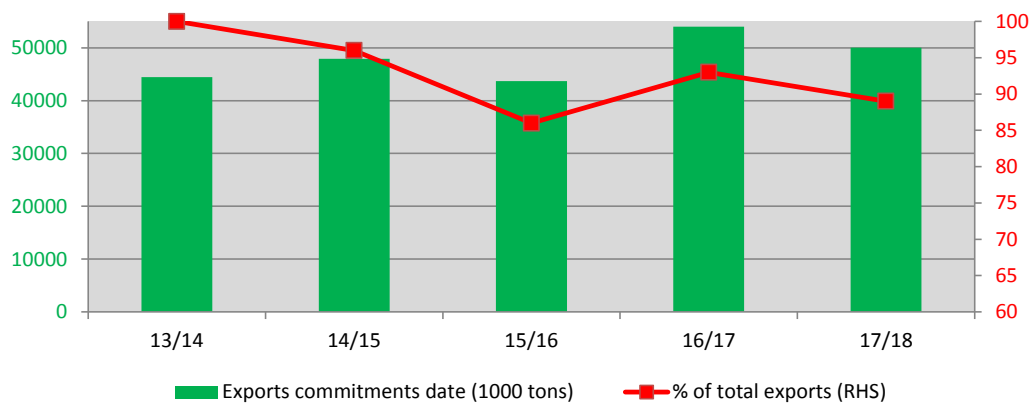
	Currently	21/03/2018	Weekly change (c/bu)	Monthly change (c/bu)
<b>CME Jul-18</b>	<b>1027 ¼</b>	<b>1040 ½</b>	<b>-13 ¼</b>	<b>-37</b>
<b>CME Nov-18</b>	<b>1017 ½</b>	<b>1026 ¼</b>	<b>-8 ¾</b>	<b>-14 ¾</b>

- US soybeans did come under some pressure in the past week with the nearby May soybeans leading the way lower. On a monthly basis US soybeans are also under pressure with May and July soybeans giving up 3.5% and 1.4% in the past month respectively.
- On the technical chart for July CME soybeans we see that the market has been under pressure with the market breaking below some of the key averages including the 9-day and 40-day average. Some of the short term averages are under pressure and key support for the market is seen at the 100-day average currently around \$10.20/bushel. The indicators remain under some pressure.
- US soybean contracts are under pressure on some technical selling that was seen while some positioning was also seen ahead of the USDA acreage and stocks estimates due on Thursday. The market expects a new record US soybean area for 2018.
- The US soybean market is closely following the trade talks between the US and China with China being a major importer of US soybeans. A trade war could be negative for soybean exports.

**US soybean market**

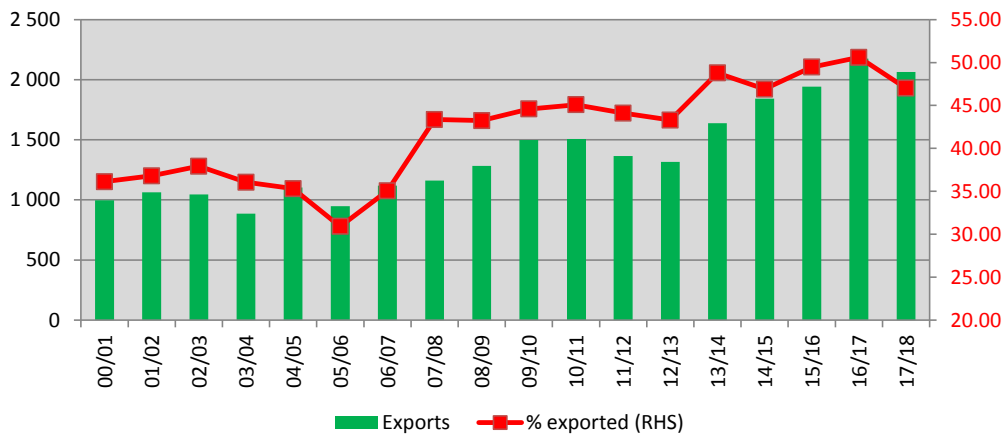
- In the US soybean export market the soybeans committed for exports in 2017/18 is slightly behind the cumulative commitments seen in the previous season and the soybeans committed represents 89% of the USDA export estimate which is behind the 5-year average seen at 94% for this time of the year.

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



- The 2017/18 USDA export estimate is the 2<sup>nd</sup> largest US soybean exports on record after the 2016/17 season. In 2017/18 the US soybean exports represents 47% of total soybean production which is down from the 50% seen last year.
- With roughly half the soybean crop being exported and the majority of this exported to China is very important for the US soybean market that the trade talks between the US and China progresses well.

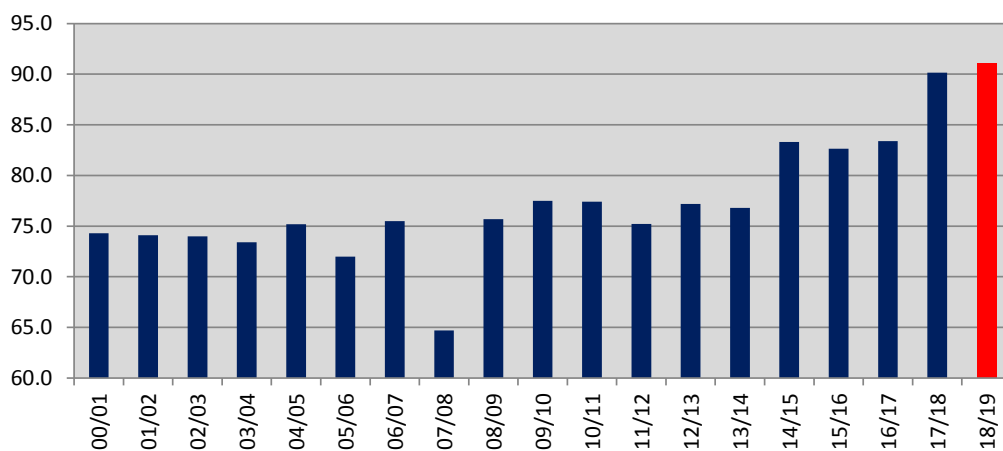
**Figure 2: US soybean exports and % of production exported**



**USDA acreage and stocks report**

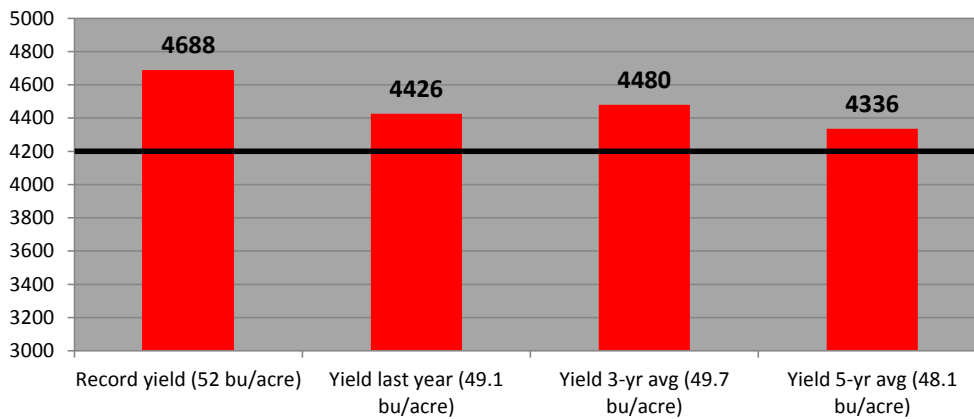
- The USDA will release their quarterly report later this week. The average market expectation of the US March 1<sup>st</sup> soybean stocks is seen at 2.030 billion bushels which is up from the 1.739 billion bushels seen the same time last year.
- The average market expectation of the US 2018 soybean area planted is seen at 91.056 million acres which should be a new record high and up from the 90.142 million acres planted in the previous season.

**Figure 3: US Soybean area planted (million acres)**



- The graph below presents possible production estimates based on the area estimate mentioned above. We also assume that 99% of the area planted will be harvested.
- Based on the differed yield estimates the US soybean crop could range between 4.336 and 4.688 billion bushels. Keep in mind that soybean demand in the past 2 seasons was seen around 4.200 billion bushels.

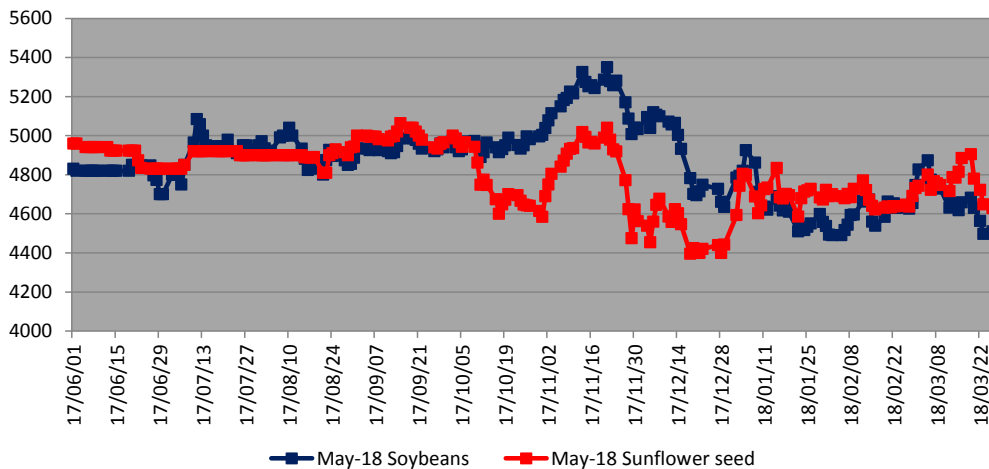
Figure 4: US 2018 soybean production scenarios



### LOCAL OILSEED MARKET

- South African oilseed prices did come under some pressure in the past week with the recent weakness in US soybeans and the stronger rand adding some pressure. May-18 soybean and sunflower seed ended 3.0% and 3.5% lower in the past week.
- The rand posted some gains in the past week after the ratings agency Moody's kept the South African credit rating unchanged. The rand traded as low as R11.60/\$ in the past week and is currently trading around R11.70/\$.

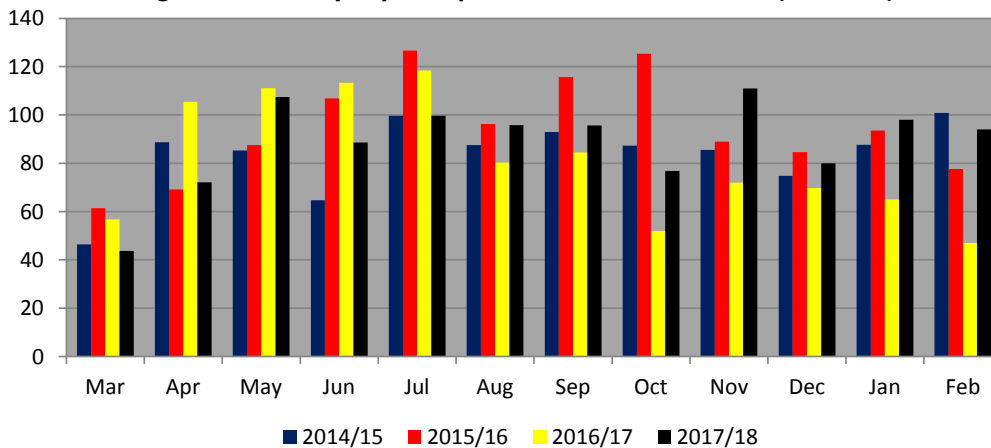
Figure 5: Safex May-18 soybean and sunflower seed prices



### Sagis monthly data: Soybean market

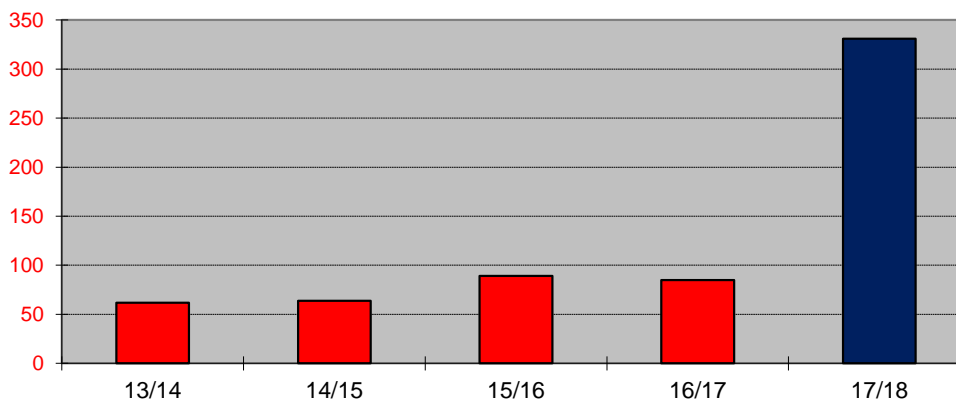
- The Sagis monthly data was released earlier this week. Starting with the South African soybean market we see that on the supply side 5 574 tons of soybeans was delivered in the month of February and we did see imports of 650 tons.
- On the demand side of the market we see that the soybeans processed for the local market in February 2018 was reported at 93 844 tons which is down from the 98 419 tons seen in the previous month. The cumulative soybeans processed for the local market in the season to date is seen at 1.063 million tons which is still 9% higher year/year. The exports of South African soybeans remain close to zero.

**Figure 6: Monthly soybean processed for local market (000 tons)**



- The South African soybean ending stocks at the end of February 2018 (also the end of the marketing season) at 330 566 tons which is significantly higher than the 84 792 tons of soybeans in stock the same time last year. The average soybean usage for the local market in the 2017/18 season was seen around 90 000 tons/month and based on this the stock at the end of February should be enough for 3.7 months of consumption.
- The graph below presents the South African soybean ending stocks seen at the end of February in the past few seasons.

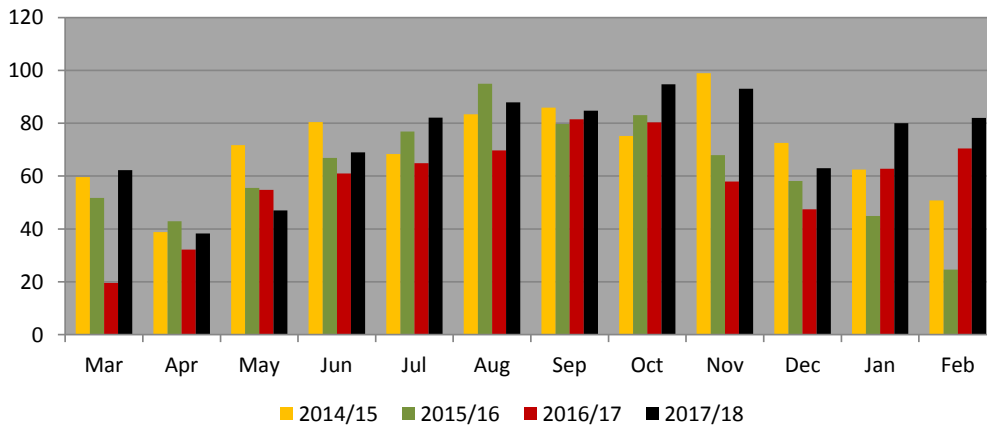
**Figure 7: Soybean stocks end February (000 tons)**



### **Sunflower seed market**

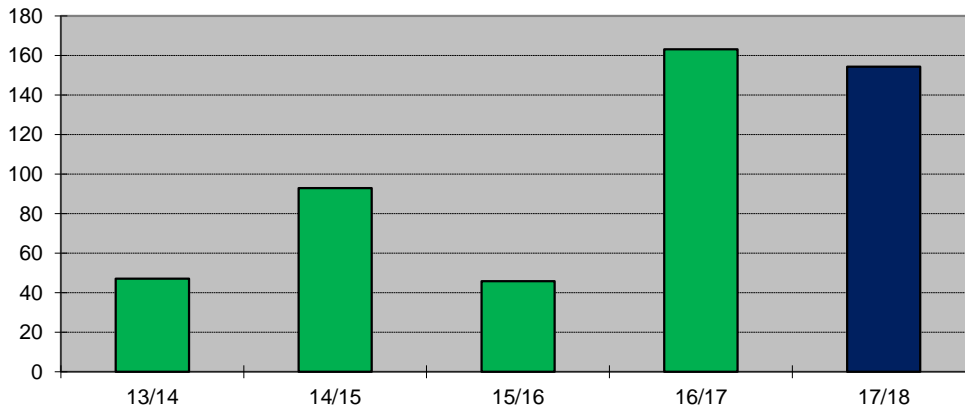
- On the supply side we see that 1 654 tons of sunflower seed was delivered in the month of February 2018. Imports remain minimal at 554 tons.
- On the demand side of the South African sunflower seed market we see that the sunflower seed processed for the local market in February 2018 was reported at 81 829 tons which is slightly higher than the 79 774 tons seen in the previous month. On a cumulative basis the sunflower seed processed for the local market is seen at 885 037 tons which is well above the 707 327 tons seen in the previous season.

**Figure 8: Sunflower seed processed for local market (000 tons)**



- The South African sunflower seed stocks at the end of February 2018 was reported at 154 468 tons which is slightly lower than the 163 086 tons seen the same time last year. The average monthly sunflower seed usage in the season to date is seen at 75 000 tons/month and based on this the stocks at the end of February 2018 should be enough for 2 months of consumption.

**Figure 9: Sunflower seed stocks end December (000 tons)**



### **FOCUS FOR THE WEEK**

- US soybeans did come under some pressure in the past week with technical selling and some positioning that was seen ahead of the USDA acreage and stocks report. The market is following the trade talks between the US and China closely.
- The crop losses in Argentina did support prices but the Brazilian soybean crop is being revised higher which is countering the crop losses in Argentina.
- On the technical chart the market remains under pressure with price breaking below some of the key average and next area of support is seen at \$10.20 (100-day).
- South African oilseeds did come under some pressure in the past week with the lower US soybeans and the stronger rand adding some pressure. The rand traded as low as R11.60/\$ in the past week after the decision by Moody's.
- The next data release for the local oilseed market will be the CEC crop estimates due later today.

### **Technical graphs**

- Safex May-18 soybean prices
- CME Jul-18 soybean prices





*"Together we make a difference"*