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## INTERNATIONAL MARKET

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

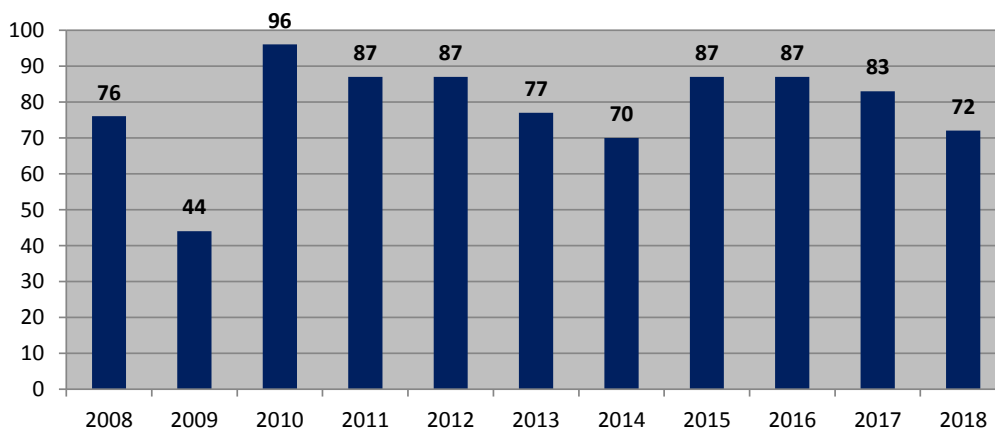
	Currently	24/10/2018	Weekly change (c/bu)	Monthly change (c/bu)
CME Nov-18	836	850	-14	-22
CME Mar-19	861 <sup>3</sup> / <sub>4</sub>	876 <sup>3</sup> / <sub>4</sub>	-15	-22 <sup>1</sup> / <sub>2</sub>

- US soybean prices traded lower in the past week with both November and March soybeans coming under pressure. On a monthly basis US soybean prices are also trading lower with December and March giving up 2.6% and 2.5% in the past month.
- On the technical chart for November CME soybeans we see that the market did come under some pressure in the past week with the market breaking below the 40-day average and the \$8.40 support area. The moving averages and indicators remain under pressure and support is seen at \$8.30 and the previous lows seen at \$8.12/bushel.
- The major bearish factors for US soybeans continue to be the harvesting of a record soybean crop with the harvesting gaining some good momentum in the past week while the ongoing trade war between the US and China resulted in soybean exports to China grinding to a halt also weighing on prices.

### US soybean market

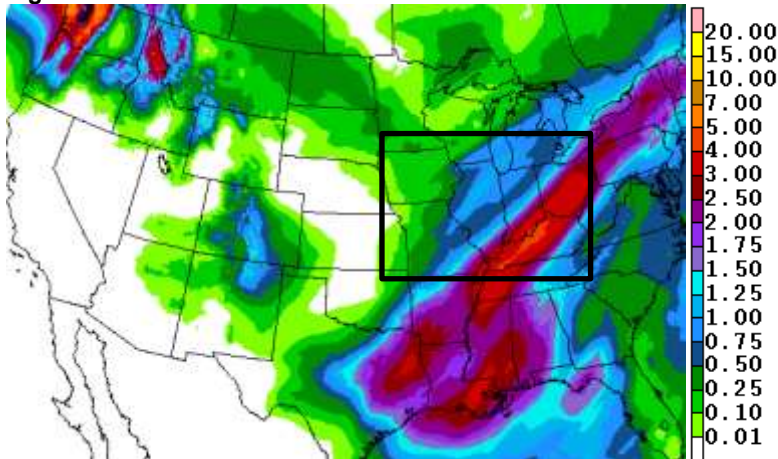
- The USDA in their weekly crop progress report indicated that 72% of the US soybean crop has been harvested which is up from the 53% reported last week. The current US soybean harvesting progress is still behind the 5-year average seen at 81% harvested this time of the year.

**Figure 1: US soybean harvesting progress (% complete)**



- The weather forecast for the week ahead expects some heavier rainfall amounts in the eastern parts of the US Midwest which could result in some minor harvesting delays. Less rainfall is forecasted for the central and western parts of the US Midwest and the harvesting could continue at a good pace. The 6-10 day rainfall forecast expects above normal rainfall for most of the Midwest.

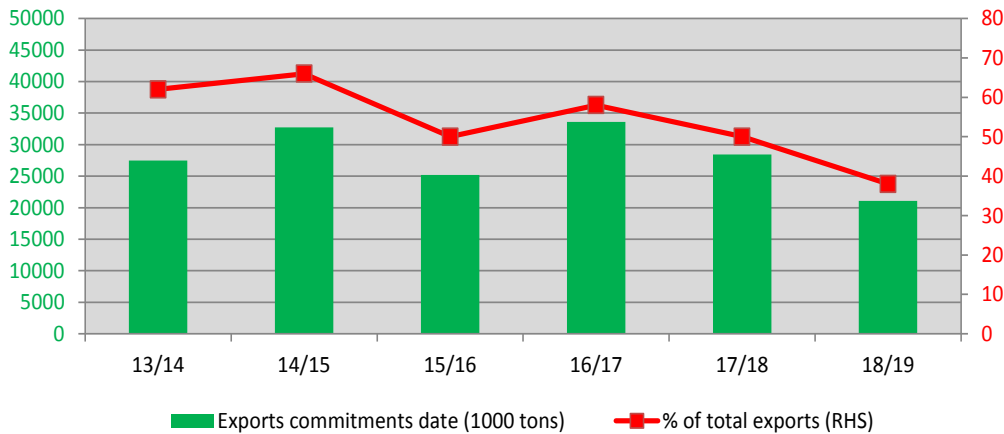
**Figure 2: Cumulative rainfall forecast for week ahead**



**US soybean export progress**

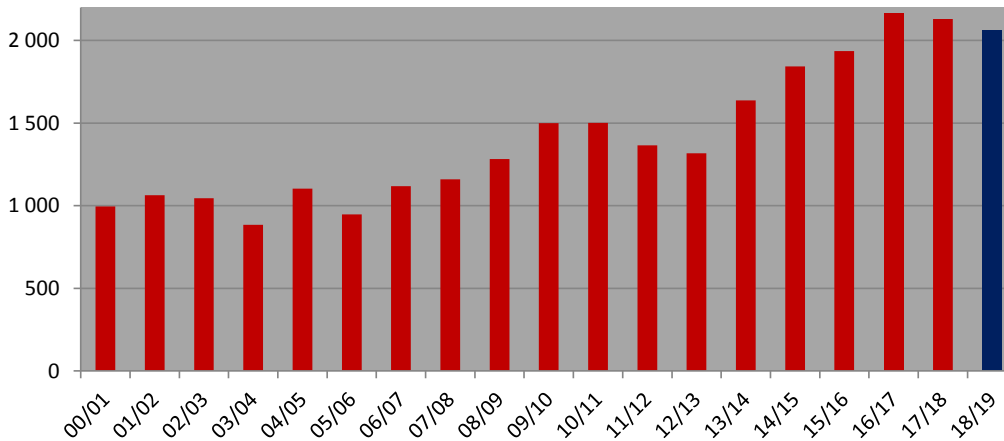
- The graph below presents the cumulative US soybeans committed for exports this time of the year in the past few seasons. From the graph below we see that the 2018/19 US soybeans committed for exports is well below the commitments seen the past few seasons.
- The soybeans committed for exports in the 2018/19 market season represents 38% of the USDA soybean export estimate which is well below the 5-year average seen at 57% for this time of the year. The slow export progress of soybeans is as a result of the ongoing trade issues between the US and China and could result in a lower export estimate in the months ahead.

**Figure 3: US soybean export progress (1000 tons)**



- The graph below presents the total US soybean exports seen in the past few seasons. From the data in the graph below we see that the 2018/19 US soybean exports estimated at 2.060 billion bushels is slightly lower than the soybean exports seen in the past 2 seasons. However the slow progress seen to date could very well result in a downward revision of the US soybean export estimate.

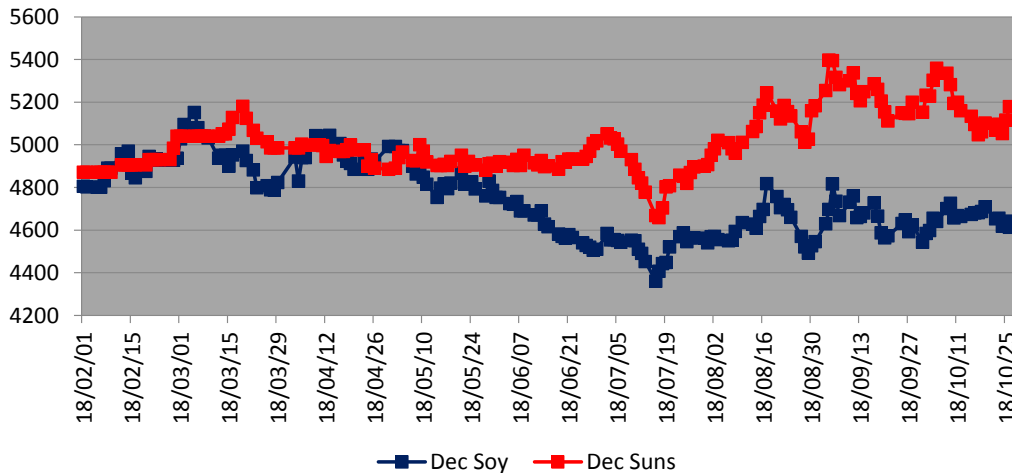
**Figure 4: US soybean exports (000 bushels)**



**LOCAL OILSEED MARKET**

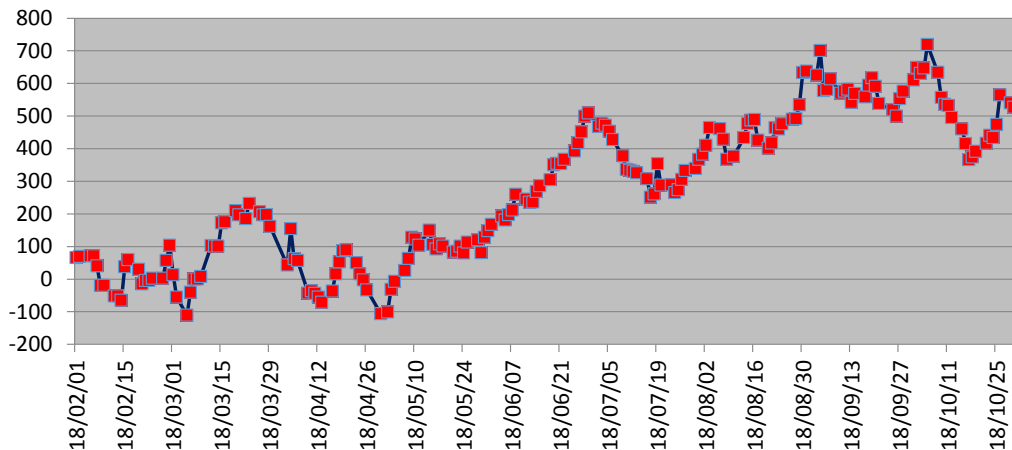
- South African oilseeds ended mixed in the past week with December soybeans under some pressure in line with the lower US soybeans with lower December soybeans ending 1.22% lower while sunflower seed contracts gained 0.56% in the past week. The rand has lost some ground in the past week and is currently trading at R14.64/\$ currently.

**Figure 5: 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 data we see that the spread traded as low as R366/ton by mid-October and the spread has since posted some strong gains and is seen at R530/ton currently.
- The South African soybean market is much heavier on the supply side compared to the sunflower seed market which together with a sharp increase in the intentions to plant soybeans in the season ahead supported the spread.

**Figure 6: Safex Dec soybean/sunflower seed spread**

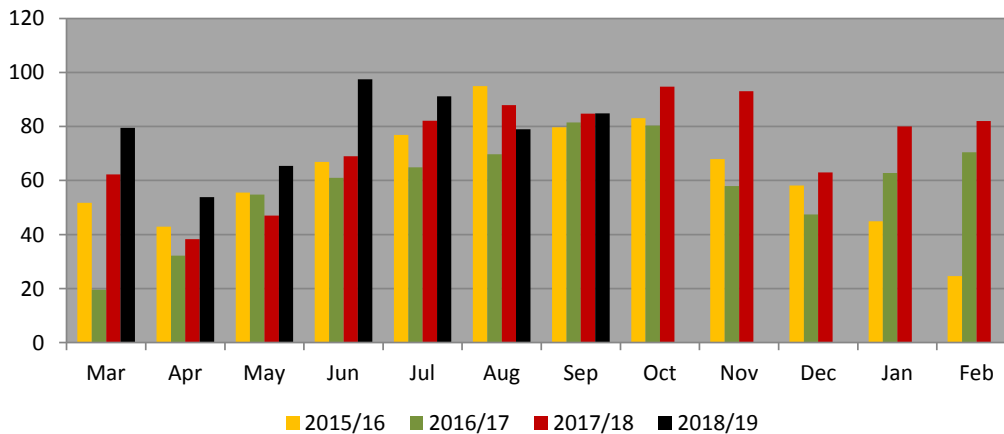


**Sagis monthly data**

**South African sunflower seed**

- On the supply side of the South African sunflower seed market we see that 5 235 tons of sunflower seed was delivered in the month of September. This brings the cumulative deliveries seen in the season to date at 853 921 tons, which is still just short of the final crop estimate of 858 605 tons. Sunflower seed imports are seen at 859 tons.
- The sunflower seed processed for the local market in September 2018 was reported at 84 829 tons which is up from the 79 025 tons seen in the previous month. The cumulative sunflower seed processed for the local market in the season to date is seen at 551 536 tons which is 16.8% higher year/year.

**Figure 7: Sunflower seed processed for local market (000 tons)**

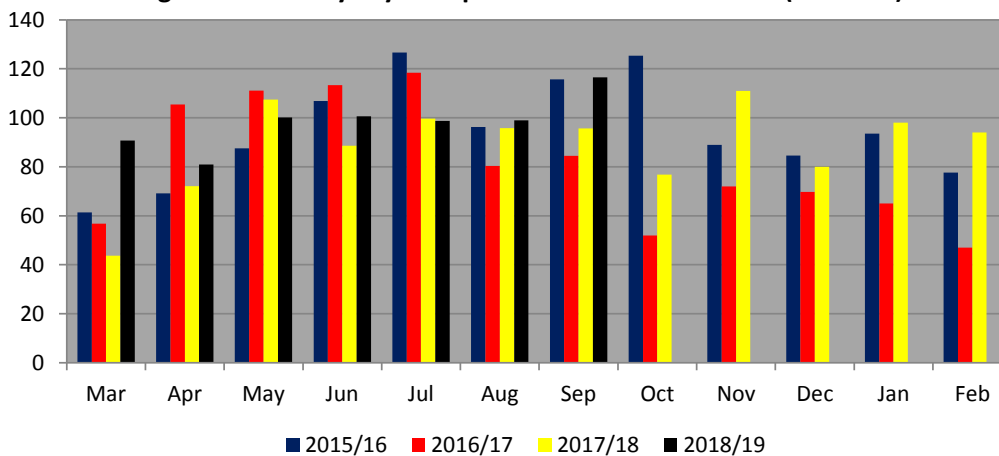


- The sunflower seed stocks at the end of September 2018 was reported at 459 755 tons which is down from the 556 437 tons seen the same time last year. The average monthly sunflower seed demand seen in the season to date is estimated at around 80 000 tons/month. Based on this the South African sunflower seed stocks at the end of September should be enough for 5.7 months of consumption.

### South African soybeans

- On the supply side of the soybean market we see that 10 730 tons of soybeans was delivered in the month of September 2018. This brings the cumulative deliveries in the season to date at 1.479 million tons. The final crop estimate was seen at 1.551 million tons.
- The soybeans processed for the local market in September 2018 was reported at 116 589 tons which was well above the 99 058 tons seen in the previous month. The cumulative soybeans processed for the local market in the season to date is seen at 687 045 tons which is 13.9% higher year/year.
- From the graph below we see that the September 2018 soybeans processed for the local market was the largest monthly total in the 2018/19 marketing season to date and 4<sup>th</sup> largest monthly total on record.

**Figure 8: Monthly soybean processed for local market (000 tons)**

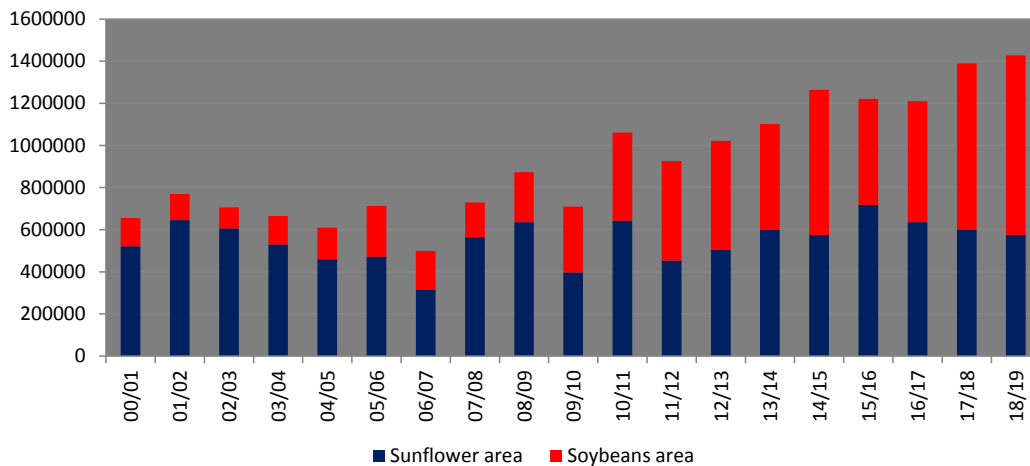


- The South African soybean stocks at the end of September 2018 was reported at 1.122 million tons which is sharply higher than the 766 363 tons of soybean stocks at the end of September 2017. The average monthly usage in the season to date is seen at just below 100 000 tons/month and based on this the stock at the end of September 2018 should be enough for 11 months of consumption. If demand should remain at the current levels of 116 000 tons/month the stocks should be enough for 9.6 months of consumption.

### CEC new crop area estimates

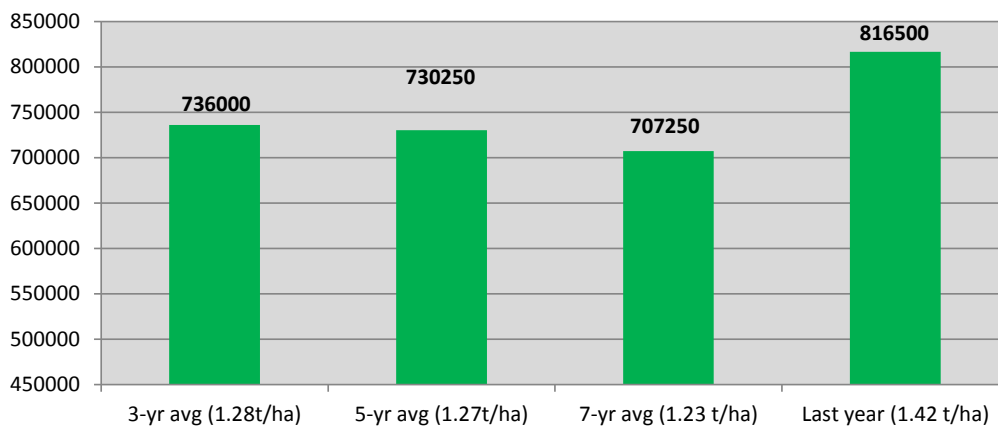
- The CEC in their report towards the end of last week estimated the intentions to plant sunflower seed at 575 000 ha which is 4.4% lower year/year. The intentions to plant soybeans in the season ahead was pegged at 851 800 ha which is 8.2% higher year/year and a new record soybean area.
- From the data in the graph below we see that the sunflower seed and soybean area combined is estimated at 1.427 million ha which represents 35% of the total summer grain area planted.

**Figure 9: South African sunflower seed and soybean areas planted**



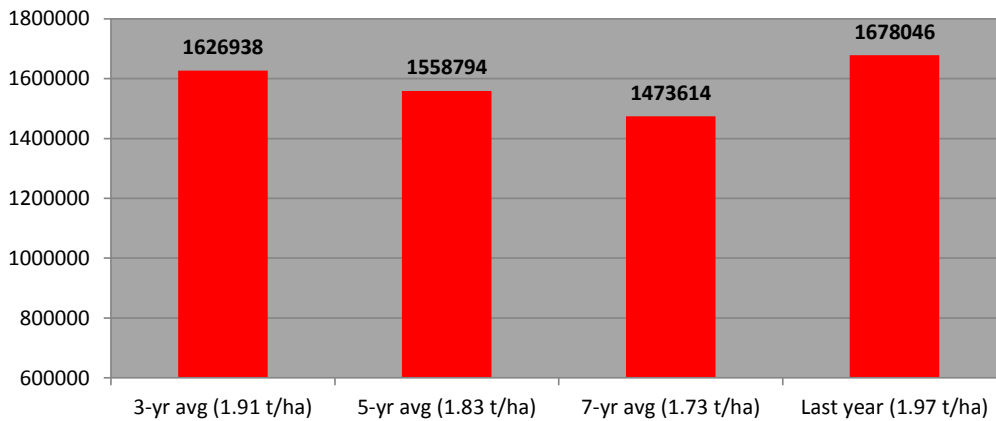
- The graph below presents possible sunflower seed crop estimates based on the new crop area estimate and several yield scenarios. Based on this the South African sunflower seed crop could range between 707 250 tons and 816 500 tons depending on the yield used.
- Keep in mind that the South African sunflower seed demand in the current season is estimated at around 940 000 tons and in the previous season total demand was seen at 881 000 tons.

**Figure 10: South African sunflower production estimates**



- The graph below presents several possible soybean crop estimates based on the new crop area intentions and different yields. The yields used in the 2018 yield as well as the 3-year, 5-year and 7-year averages.
- From this we see that the South African new crop soybean crop could range between 1.47 and 1.67 million tons. Keep in mind that the total local soybean demand in the current season was seen at a record of just short of 1.2 million tons.

**Figure 11: South African soybean production estimates**



**FOCUS FOR THE WEEK**

- US soybean contracts traded lower in the past week with the harvesting of soybeans (record soybean crop) and the ongoing trade war between the US and China negatively impacting exports weighing on prices.
- On the technical chart for November CME soybeans we see that the market traded lower in the past week breaking below the 40-day average and the \$8.30 support level. Next area of support is seen at \$8.30 and the previous lows seen at \$8.12/bushel.
- South African oilseeds ended mixed in the past week with December soybeans coming under some pressure while local sunflower seed contracts managed some gains.
- On the technical chart for December Safex soybeans we see that the market did come under some pressure in the past week breaking below key averages including the 100-day. The moving averages and indicators remain under pressure.

**Technical graphs**

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



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