

INTERNATIONAL MARKET

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

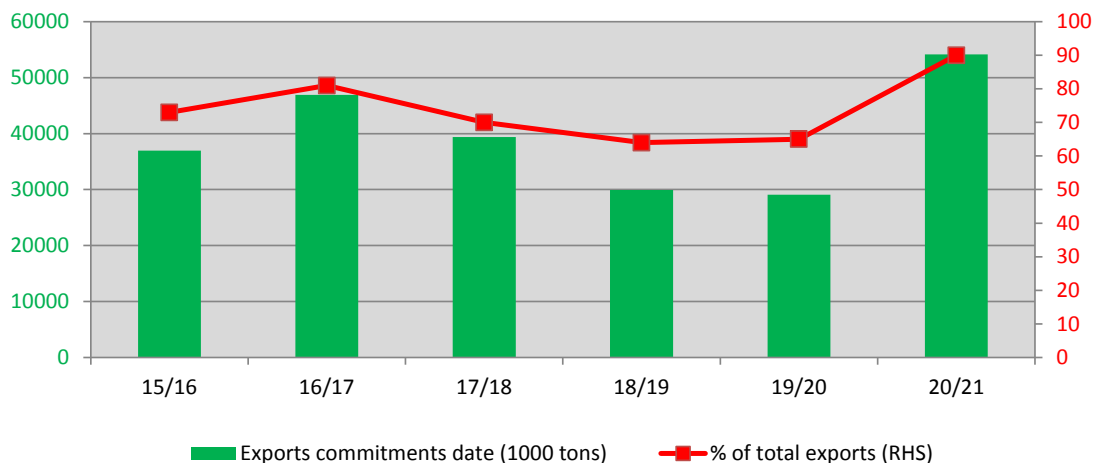
	Currently	22/12/2020	Weekly change (c/bu)	Monthly change (c/bu)
CME Jan-21	1250	1247 ¼	2 ¼	81 ½
CME Mar-21	1251 ¼	1250	1 ¼	81 ¾

- US soybean contracts ended slightly higher in the past week with both January and March soybeans posting some gains. On a monthly basis US soybean contracts are sharply higher with January and March soybeans gaining 6.9% in the past month.
- On the chart for March CME soybeans we see that the market surged higher and traded to a new high of \$12.80/bushel in the session yesterday but the market ended well off the session highs. The moving averages are still pulling higher but the RSI is looking to recover from the overbought territory. The selloff that was seen in the session yesterday could trigger some long liquidation.
- US soybean contracts were supported by the strong export demand for US soybeans with US soybean export sales running well ahead of the 5-year average largely due to the demand out of China.
- The situation in South America also added some support. The drier weather in Argentina and Brazil and the port worker strike in Argentina resulted in some questions about South American supplies and could see some of the demand shifting to the US.

US soybean export progress

- Graph below presents the US soybean export progress seen this time of the year in the past few seasons. The 2020/21 US soybeans committed for exports this time of the year is well above the commitments seen in the past few seasons.
- The cumulative soybeans committed for exports in the 2020/21 season represents 90% of the USDA export estimate which is well above the 5-year average seen at 71% for this time of the year.

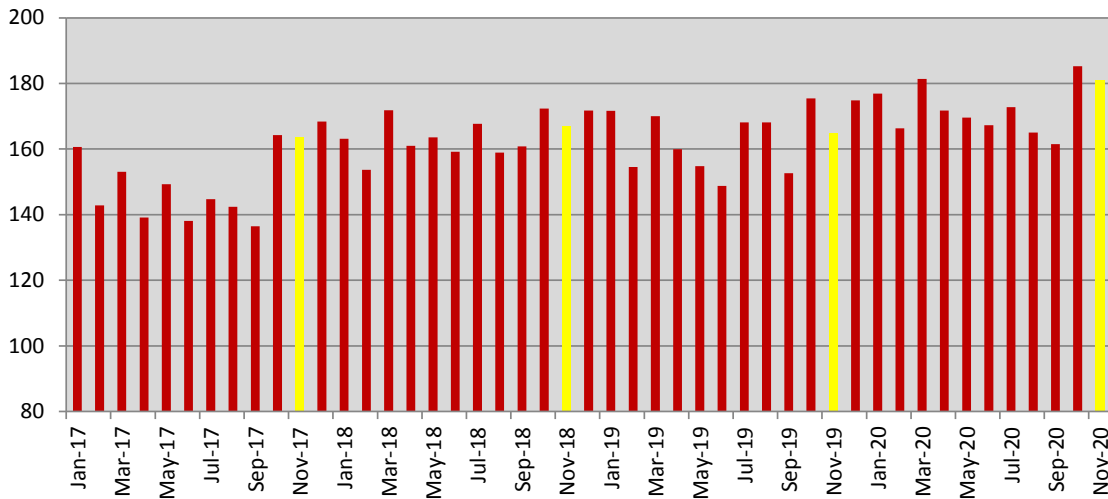
Figure 1: US soybean export progress (1000 tons)



US NOPA soybean crush

- The US NOPA soybean crush for the month of November was reported at 181.02 million bushels which was slightly higher than the market expectation seen at 180.02 million bushels and the 3rd largest monthly soybean crush on record.

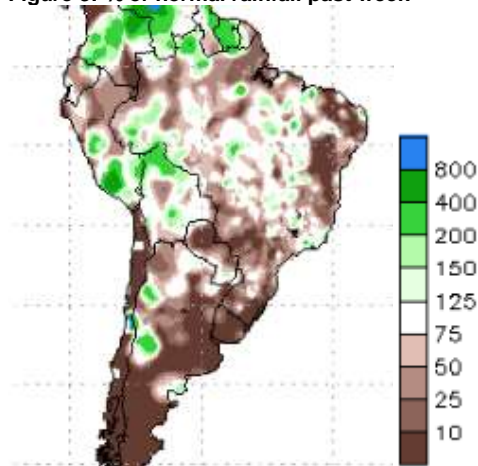
Figure 2: NOPA US soybean crush estimates (mil bu)



South American weather forecast

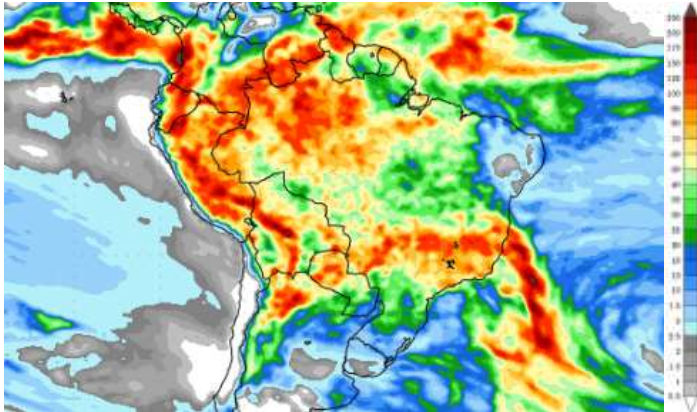
- Weather map below presents the % of normal rainfall seen in South America for the week ending the 27th of December. From the weather map below we see that most of the key growing areas of Argentina did see below normal rainfall in the past week. Drier conditions was also seen in large parts of Brazil especially the southern parts.

Figure 3: % of normal rainfall past week



- Weather map below presents the cumulative rainfall forecast for the week ahead. From the weather map we see that large parts of Argentina are expected to remain dry in the week ahead and below normal rainfall are also expected in the southern parts of Brazil.

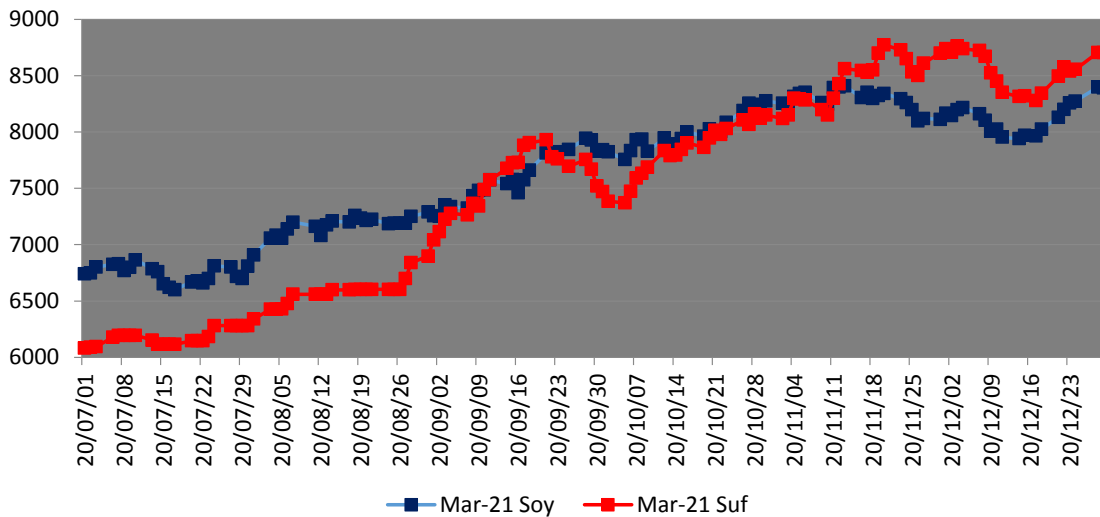
South American cumulative rainfall forecast for the week ahead



LOCAL OILSEED MARKET

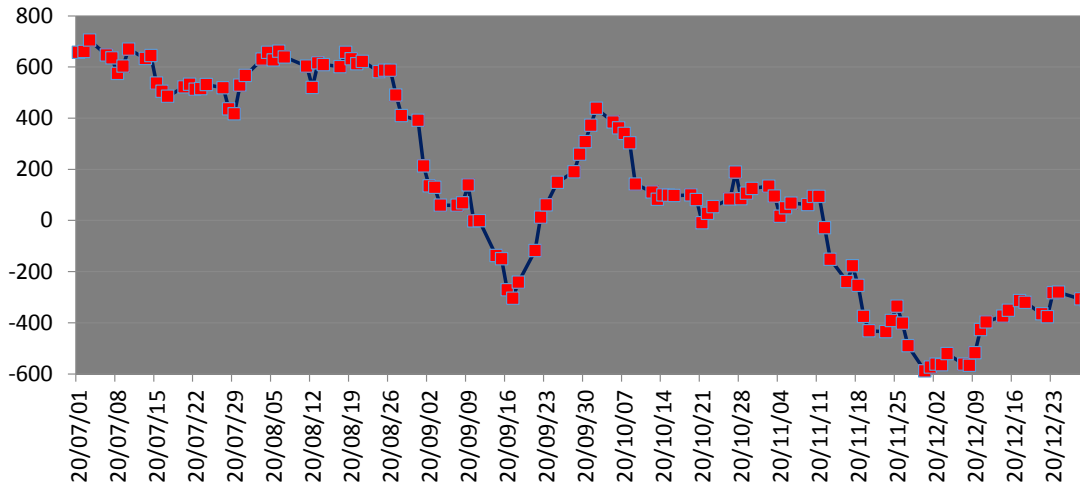
- South African oilseeds posted some gains in the past week with March soybean and sunflower seed contracts gaining 2.3% and 1.5% in the past week respectively. The recent gains seen in international soybean prices added some support.
- The rand has been relatively flat for most of the past week with some rand weakness that was seen in the session today. The rand is currently trading around R14.65/\$ which is flat week/week.
- On the chart for March Safex soybeans we see that the market posted some gains in the past few sessions with the market currently finding some resistance around R8400 which is just short of the previous highs of R8452 seen on the 5th of November.

Figure 5: Safex March soybean and sunflower seed prices



- Graph below presents the South African March sunflower seed/soybean split seen in the past few months. From the graph below we see that the split did get some support around –R600 earlier in December and posted some gains after that with soybeans outperforming the sunflower seed market.

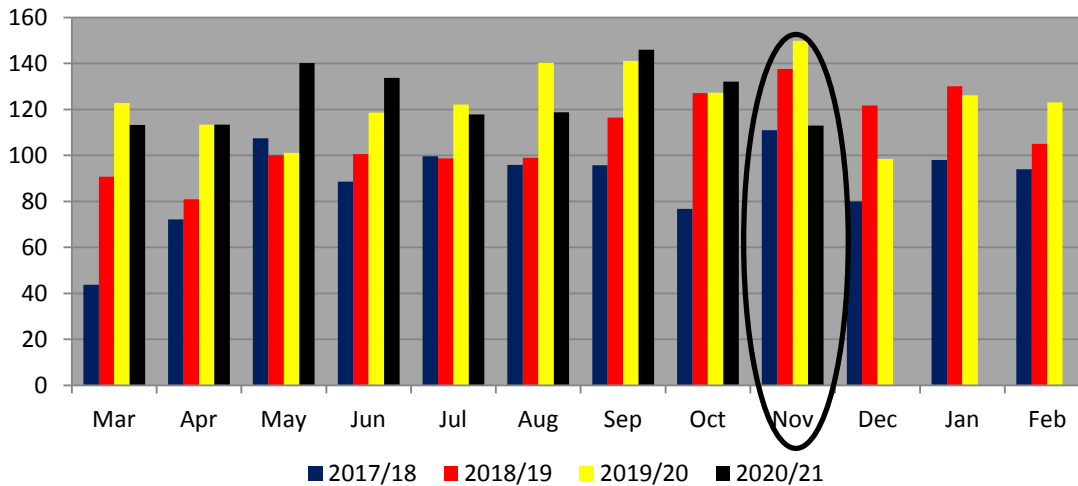
Figure 6: Safex March sunflower seed/soybean split (R/t)



Sagis monthly data

- From the Sagis monthly data for the South African soybean market we see on the demand side that the soybeans processed for the local market in November 2020 was reported at 113 020 tons which is down from the October estimate seen at 132 148 tons.
- Cumulative soybeans processed for the local market in the season to date is seen at 1.128 million tons which is 0.8% lower year/year. The soybeans processed for the local in November 2020 has been the lowest monthly total in the season to date.

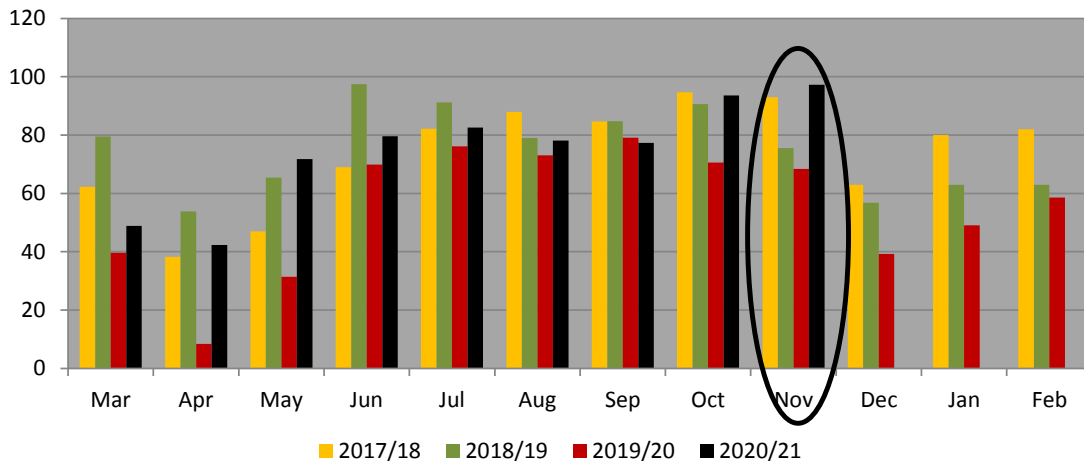
Figure 7: Monthly soybean processed for local market (000 tons)



- The South African soybean stocks at the end of November 2020 was reported at 272 894 tons which is well below the 485 453 tons seen the same time last year. The average monthly soybeans processed for the local market in the season to date is seen at 126 000 tons/month. Based on this the soybean stocks at the end of November should only be enough for 2.2 months of consumption. If demand falls to the current level of 113 000 tons/month the stock at the end of November 2020 should be enough for 2.4 months of consumption.

- From the Sagis monthly sunflower seed data we see that the sunflower seed processed for the local market in November 2020 was reported at 97 346 tons which was up from the 93 614 tons seen in the previous month. The cumulative sunflower seed processed for the local market in the season to date is seen at 671 949 tons which is 30% higher year/year.
- The sunflower seed processed for the local market in the month of November 2020 has been the largest monthly total in the season to date.

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



- South African sunflower seed stocks at the end of November 2020 was reported at 242 917 tons which is lower than the 273 765 tons seen the same time last year. The average monthly sunflower seed processed for the local market is seen at 75 200 tons/month. Based on this the South African sunflower seed stocks at the end of November 2020 should be enough for 3.2 months of consumption. If the demand remains at the current level of 97 000 tons/month the stocks at the end of November 2020 should be enough for 2.5 months of consumption.

Technical graphs

- Safex March-21 soybean prices
- CME March-21 soybean prices



