# Soybean update scenario What will come from South America?

# 09/09/2021

Fabio Meneghin

# Veeries

Team with more than 15 years working with market intelligence in Agribusiness

**Market expertise (commodities and sectors)**

**Data Science applied**

**Insights and decision-making**

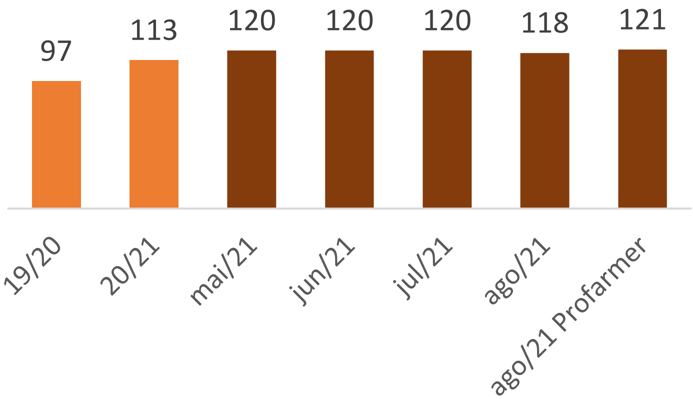
# Soybeans

## Scenario for season 21/22

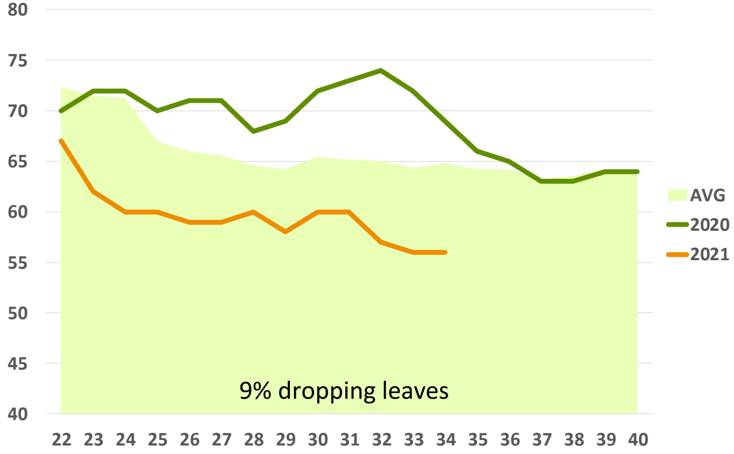
SOY
USA 21/22

# USA – An expected harvest

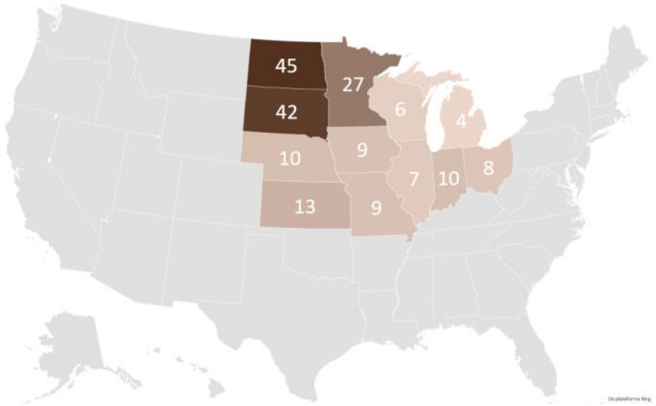
## Evolution of production estimates (mmt)




## Evolution of crop conditions (Good + Excellent %)



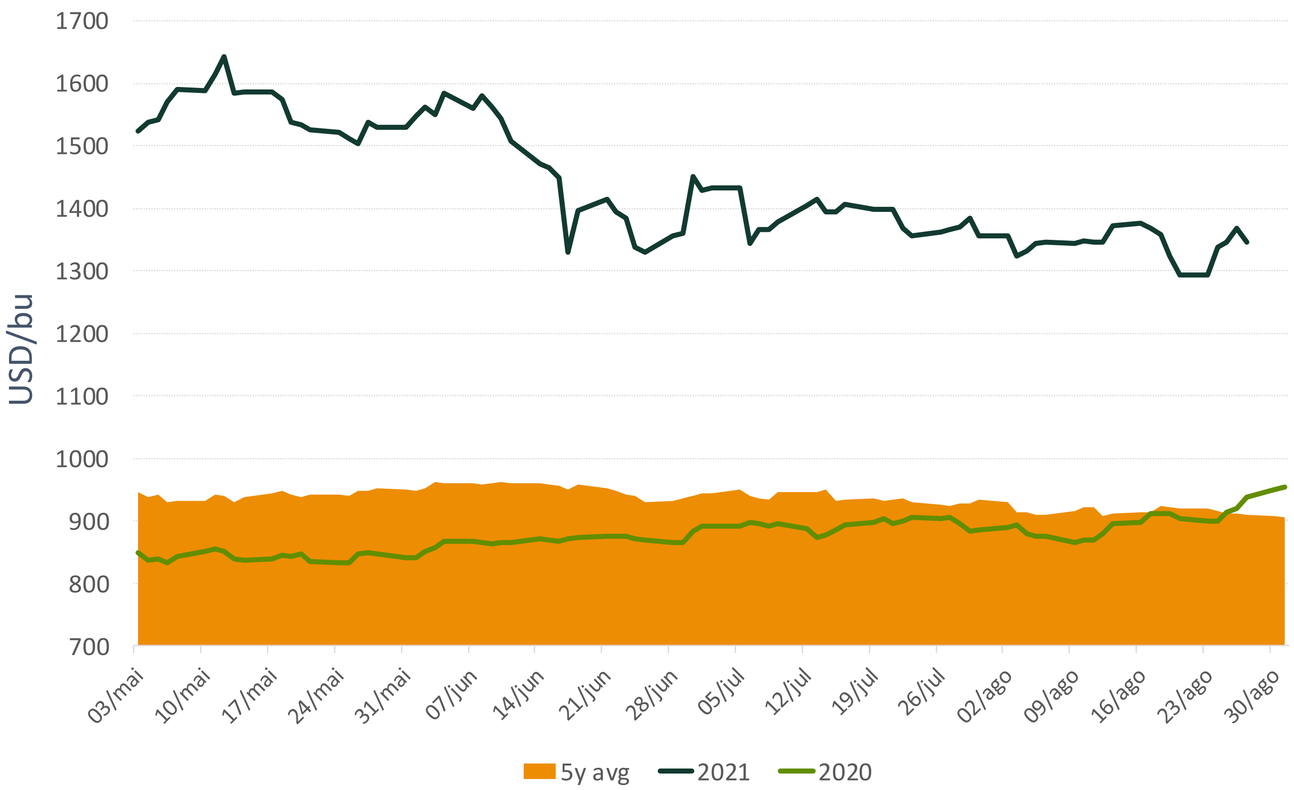

## Map of Bad + Poor Conditions (%)




Source: USDA

# With the reduction of uncertainties about the harvest, prices began to give way

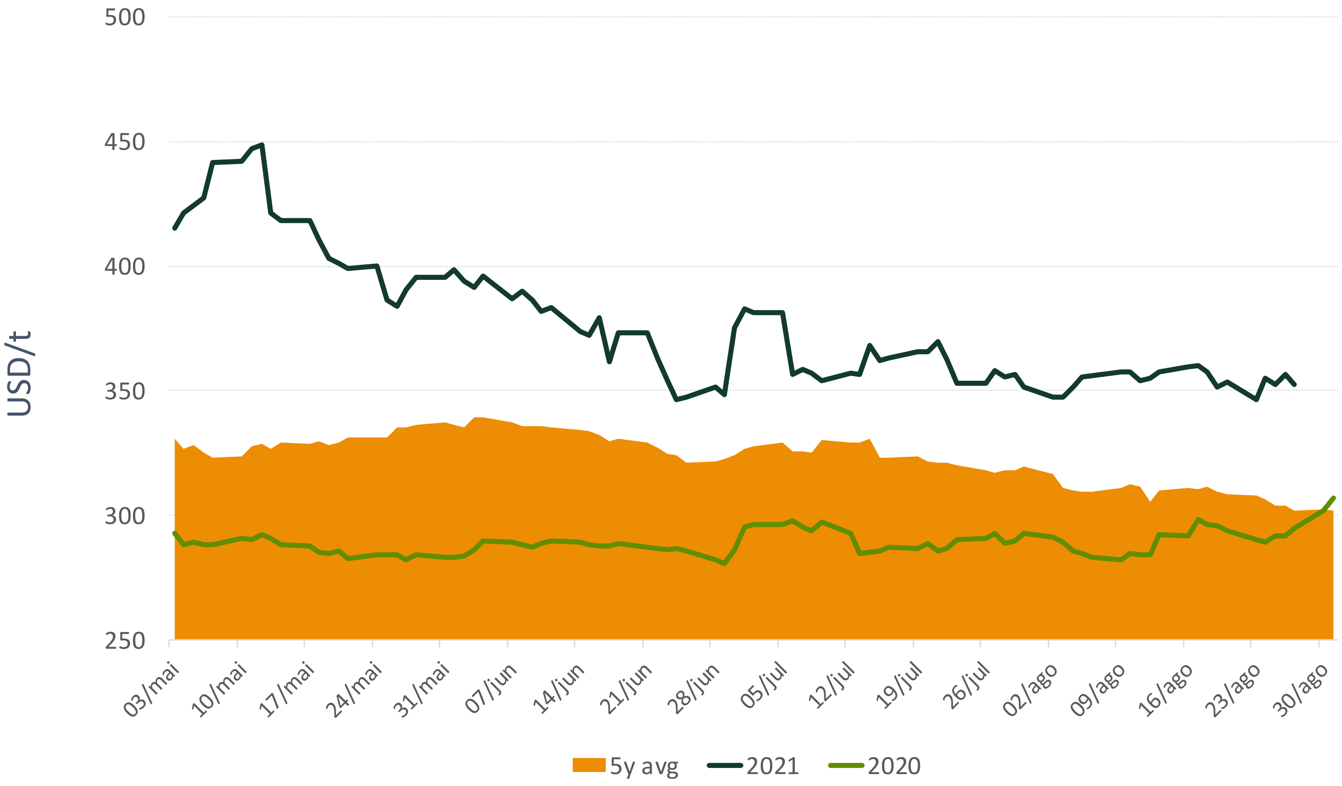
**SOY**
**USA**
**Chicago**
**Prices**




Source: CME

# With higher supply of soybeans, meal prices have already begun to give way

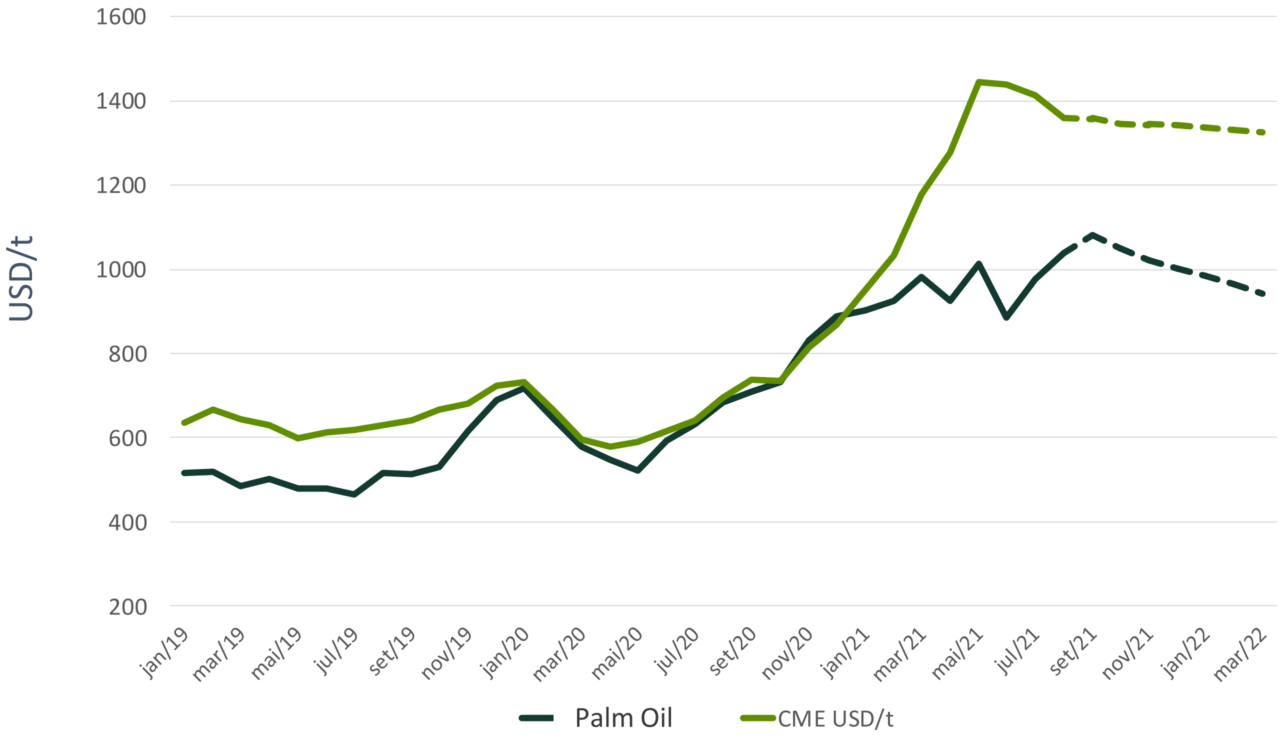
SOY
MEAL




Source: CME; Veeries.

# Oil still remains firm, but good palm harvest in Asia could lead to falling prices

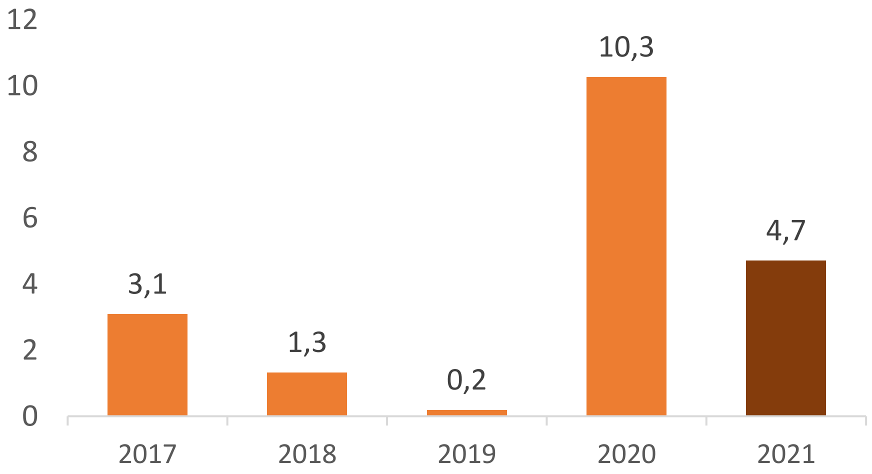
SOY
Veg OIL



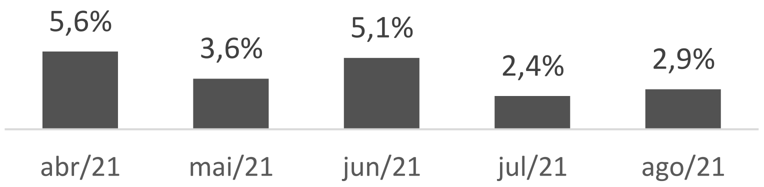

Source: CME; Bursa Malaysia; Veeries.

# High 1st half year prices limited the advance of Chinese demand in the U.S.

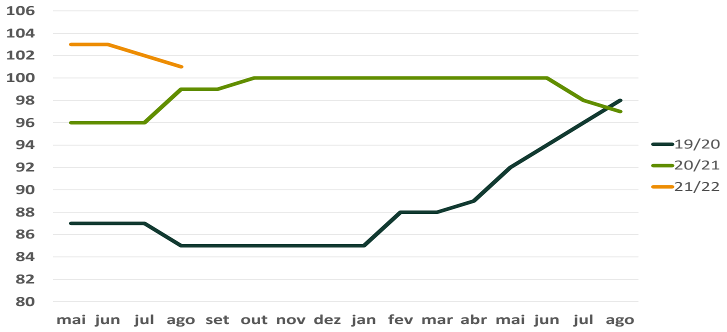
U.S. Soybean Sales to China (Feb to Aug) (mmt)




China – Crushing Margin (DCE)




China - Evolution of USDA estimates of imports (mmt)

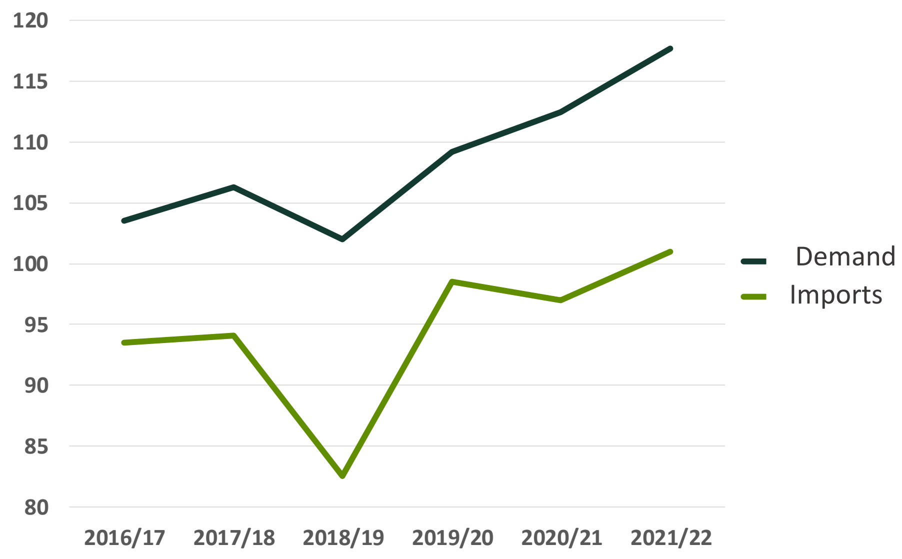



Source: USDA

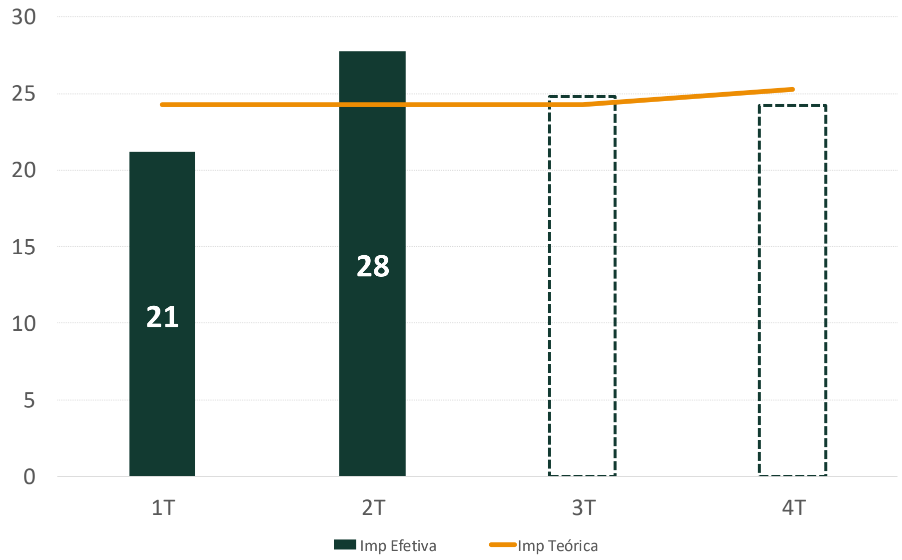
veeries

# But Chinese demand for the crop year is increasing.

China - Consumption and Imports of Soybeans (mmt)




China - Imports per quarter (mmt)

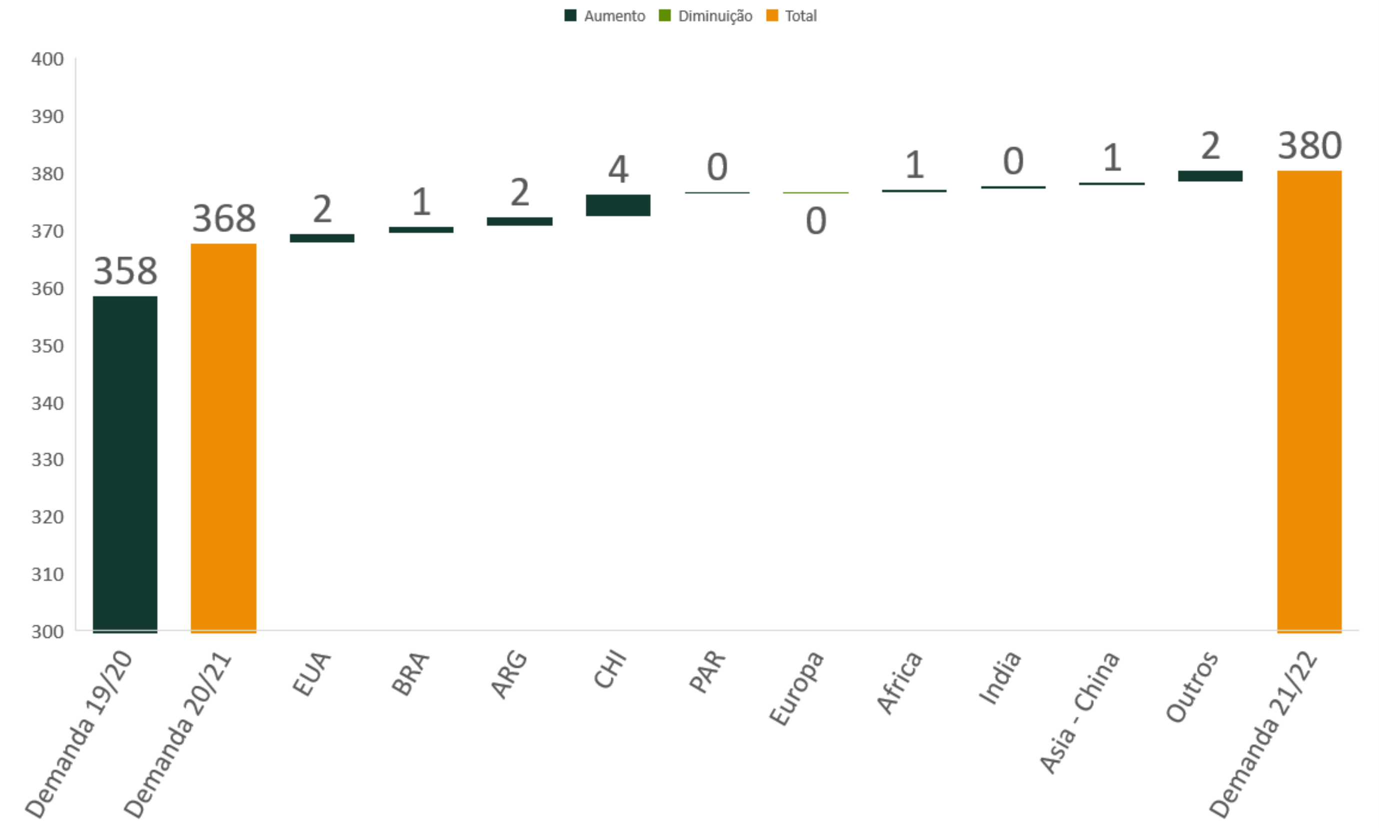



Source: DCE; USDA; Veeries

veeries

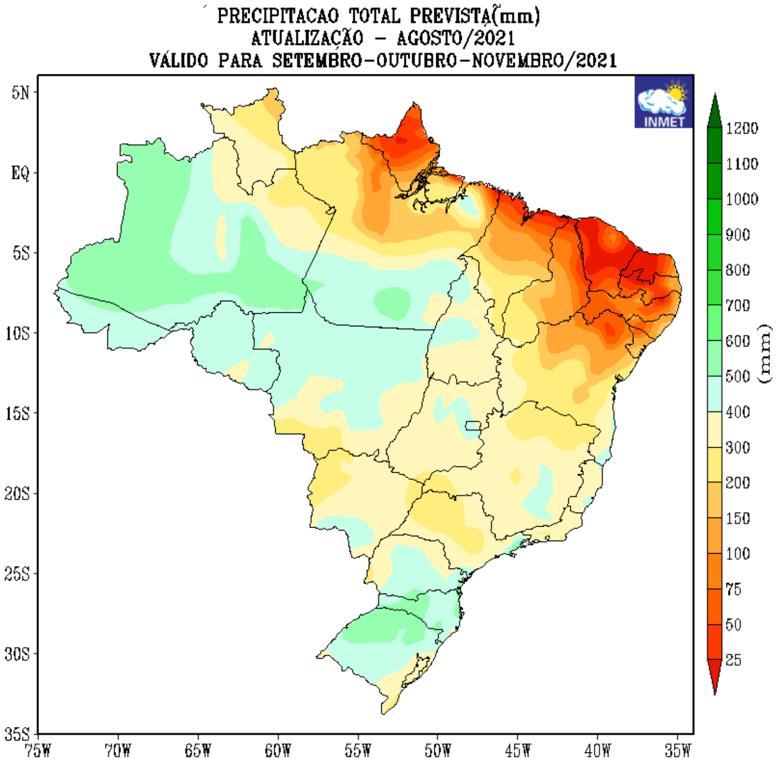
# Global demand continues to grow pulled by China (mmt)

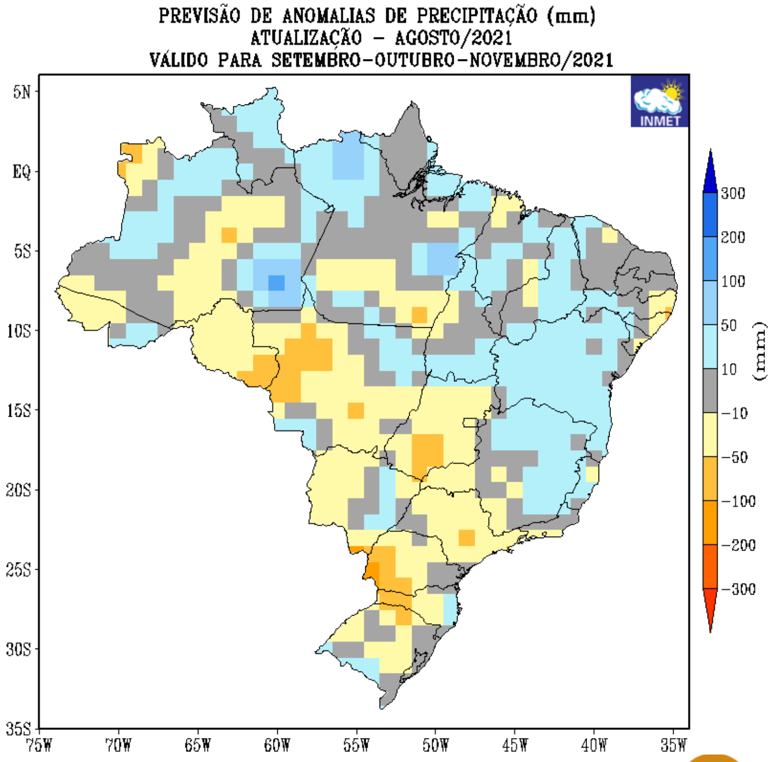
SOY
Demand




Source: USDA; Veeries.

# In Brazil, weak/moderate La Niña forecast with in-normal spring rains

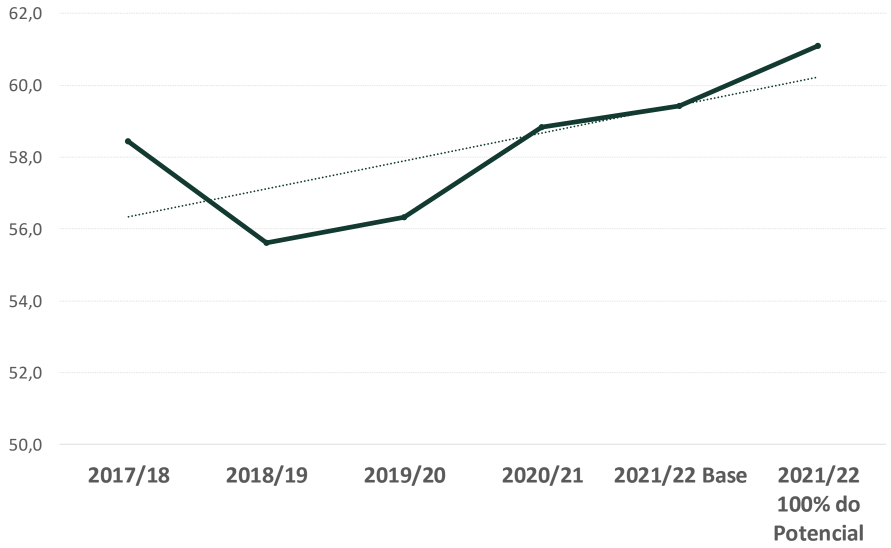


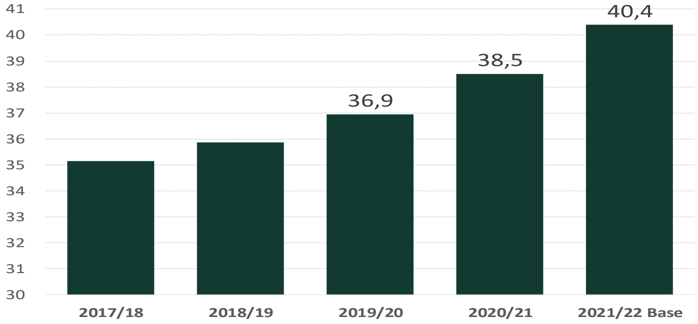

Source: INMET.

# A new record harvest is expected

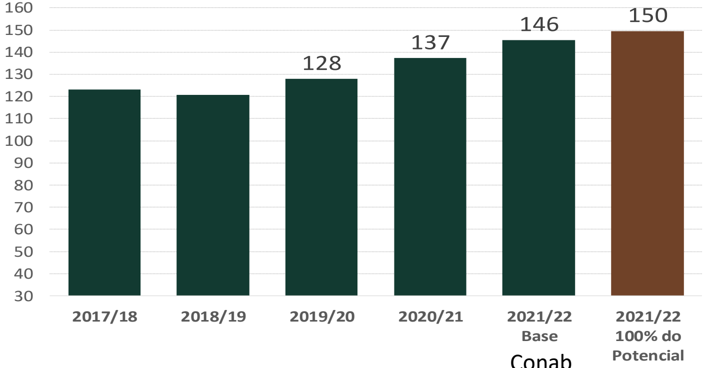
Average Yield (Bags of 60kg/ha)




Planted Area (mm ha)



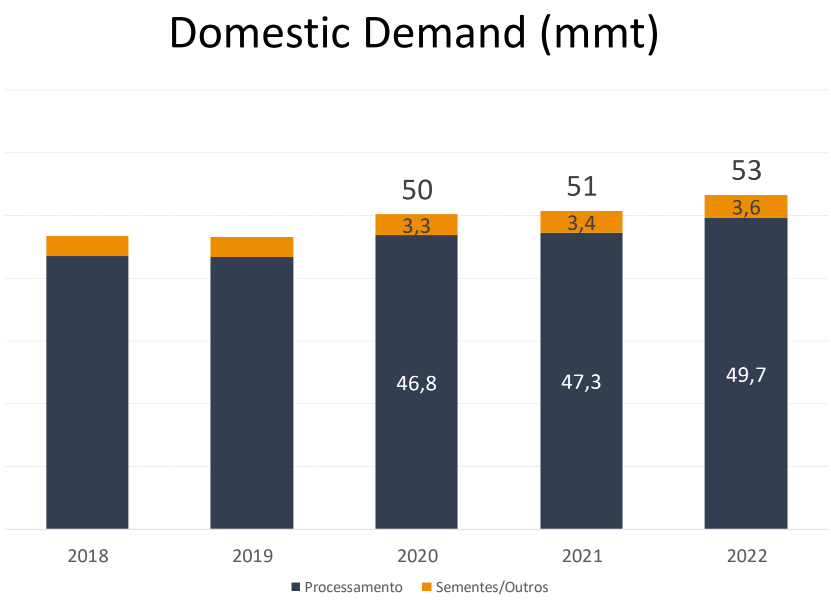

Production (mmt)

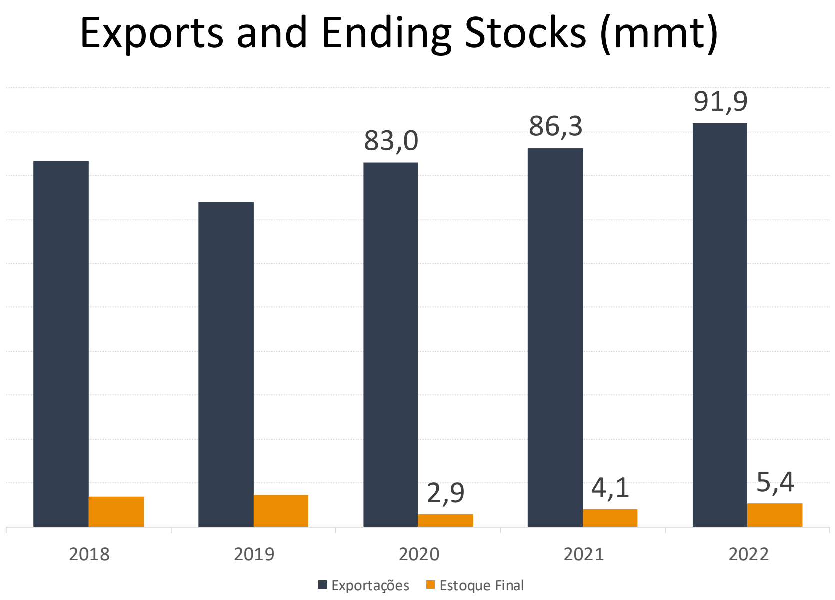



Conab
141,2

Source: Conab; Abiove; Veeries.

# Demand on the rise in Brazil, pulled by feed and biodiesel. Exports are expected to hit a new record.

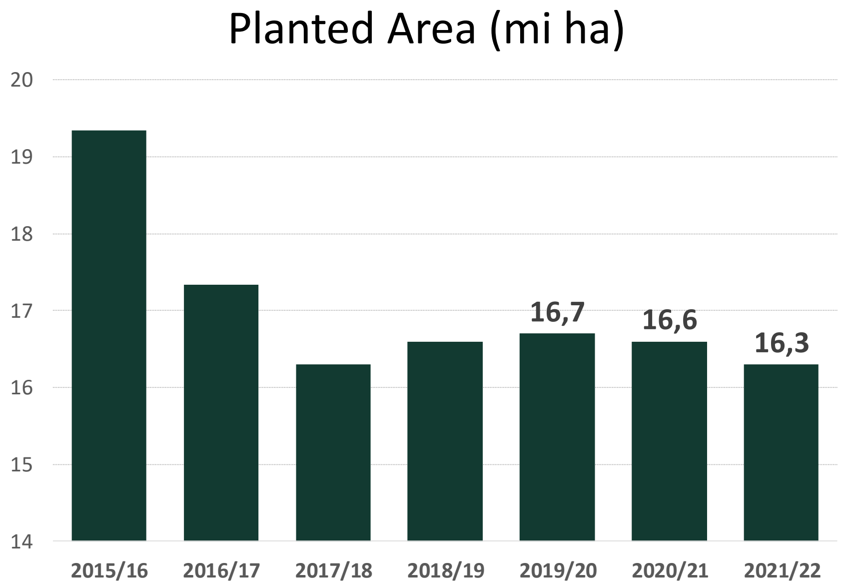


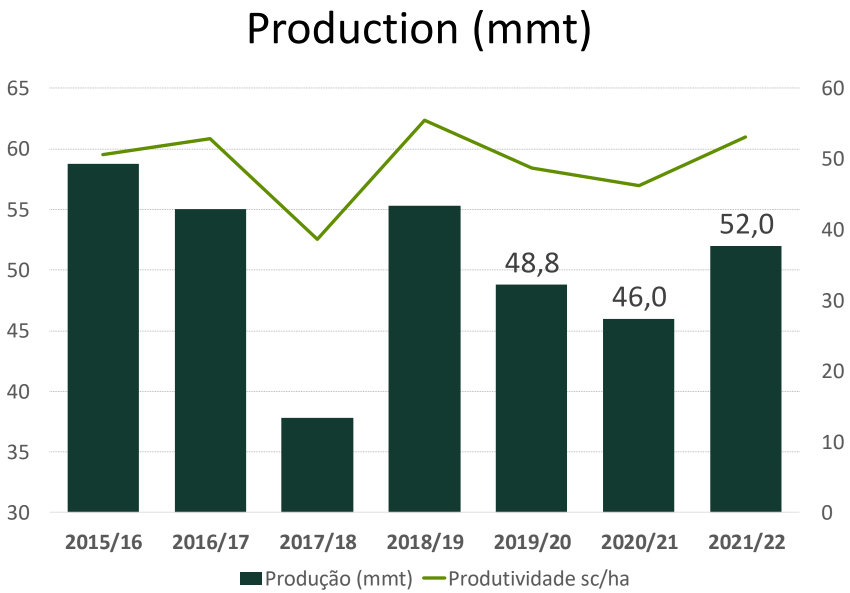




Biodiesel blend returns to 12% in October/21 and goes to 13% in March/22

Source: Abiove; Secex; Veeries.

# In Argentina the planted area is expected to fall, but production recovery is expected



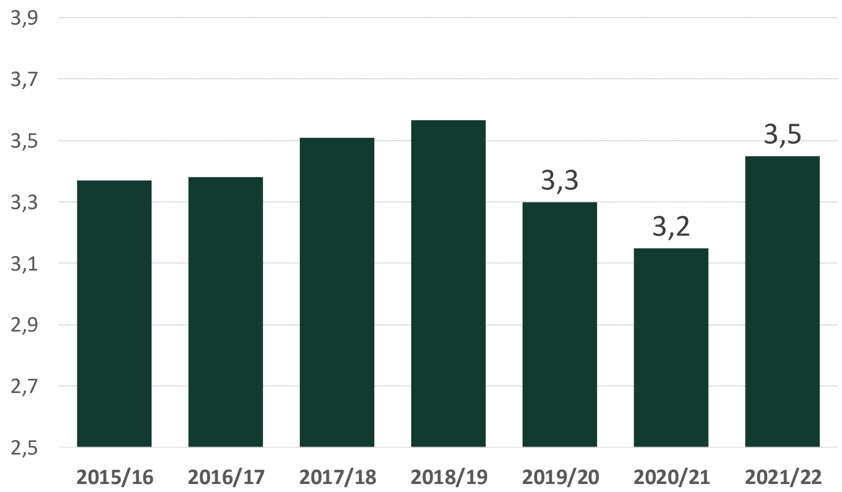

*Retenciones* on exports: 33% in soybean and 12% in corn favor the expansion of corn-over-soybean areas.

veeries

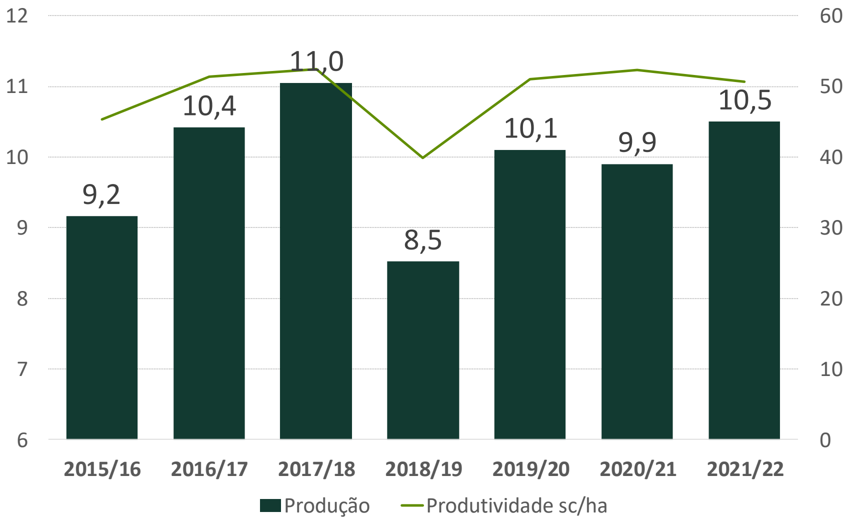
Source: USDA; BCR.

# Paraguay is expected to increase the planted area and the best harvest in the last 3 years

Planted Area (mi ha)



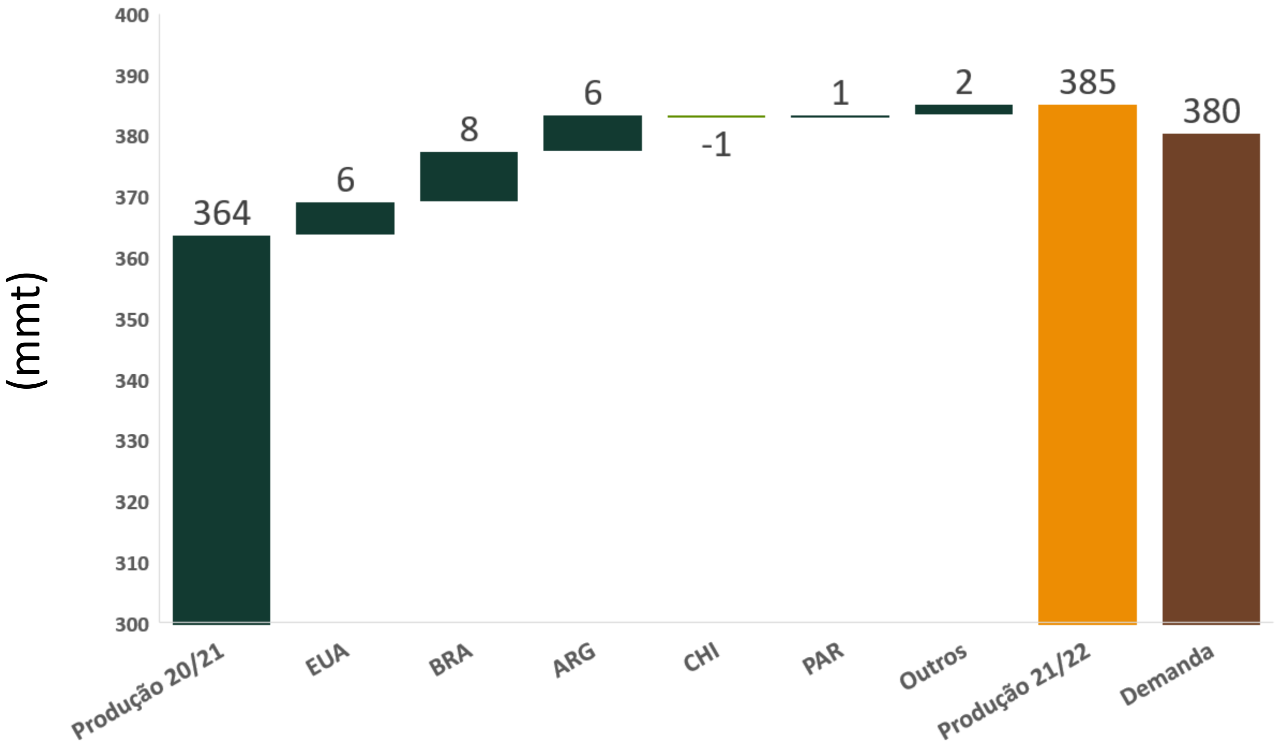

Production (mmt)




Fonte: USDA

# Production growth in the major producers of the world

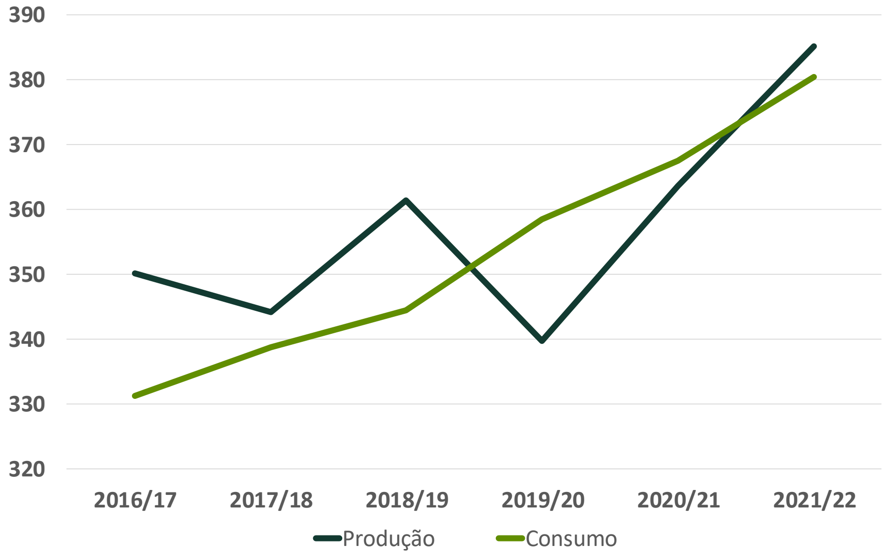
SOY SUPPLY



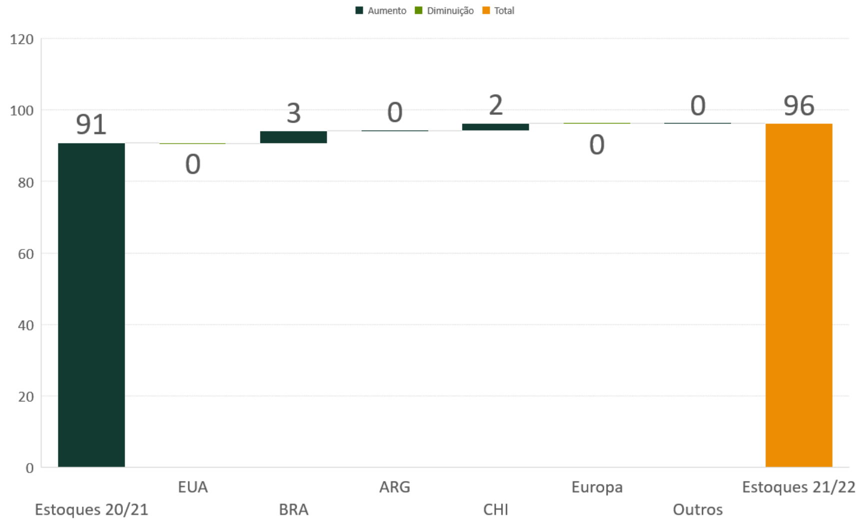

Source: USDA; Veeries.

# The supply advance in case of good harvests will produce a global surplus, but the evolution of inventories is small.

## World – Supply and Demand (mmt)



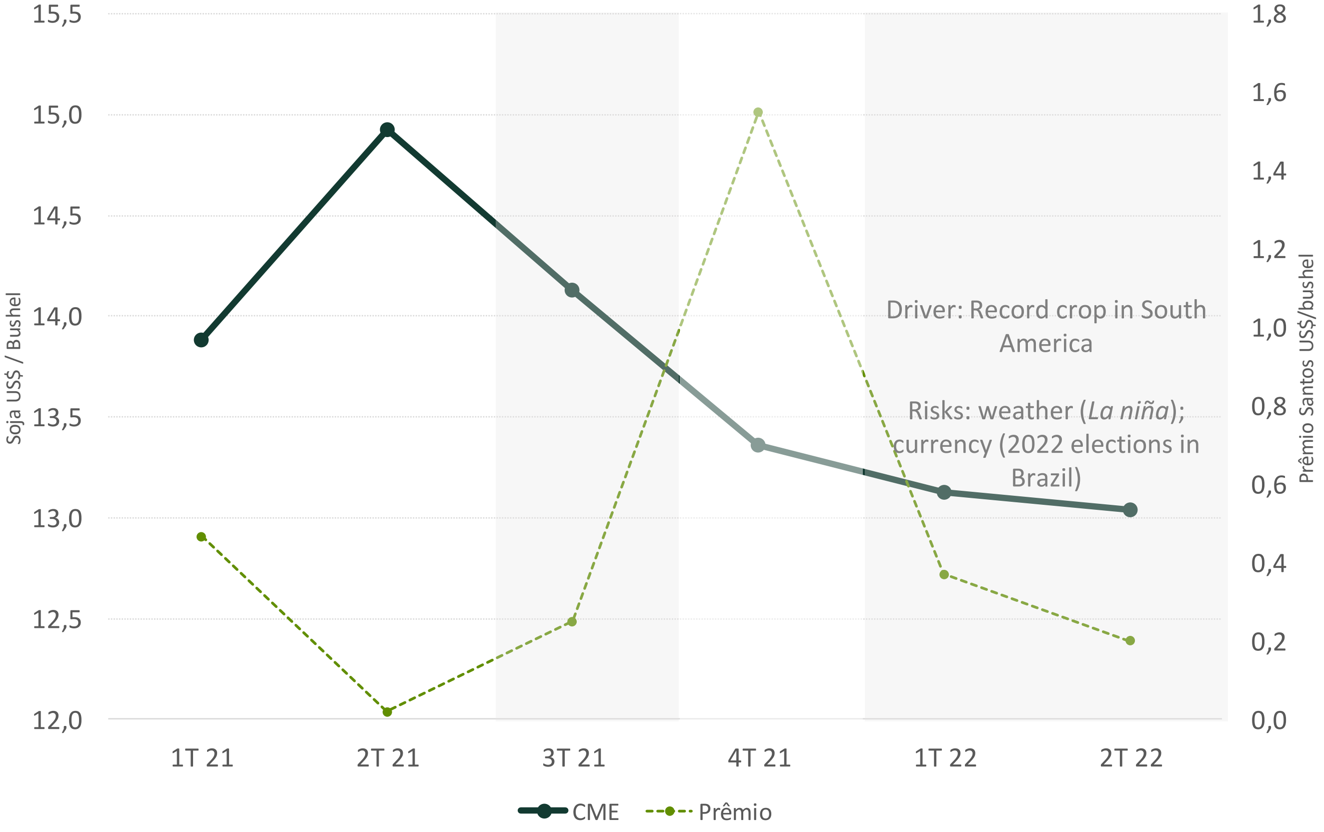

## Ending Stocks Evolution (mmt)




Source: USDA; CME.

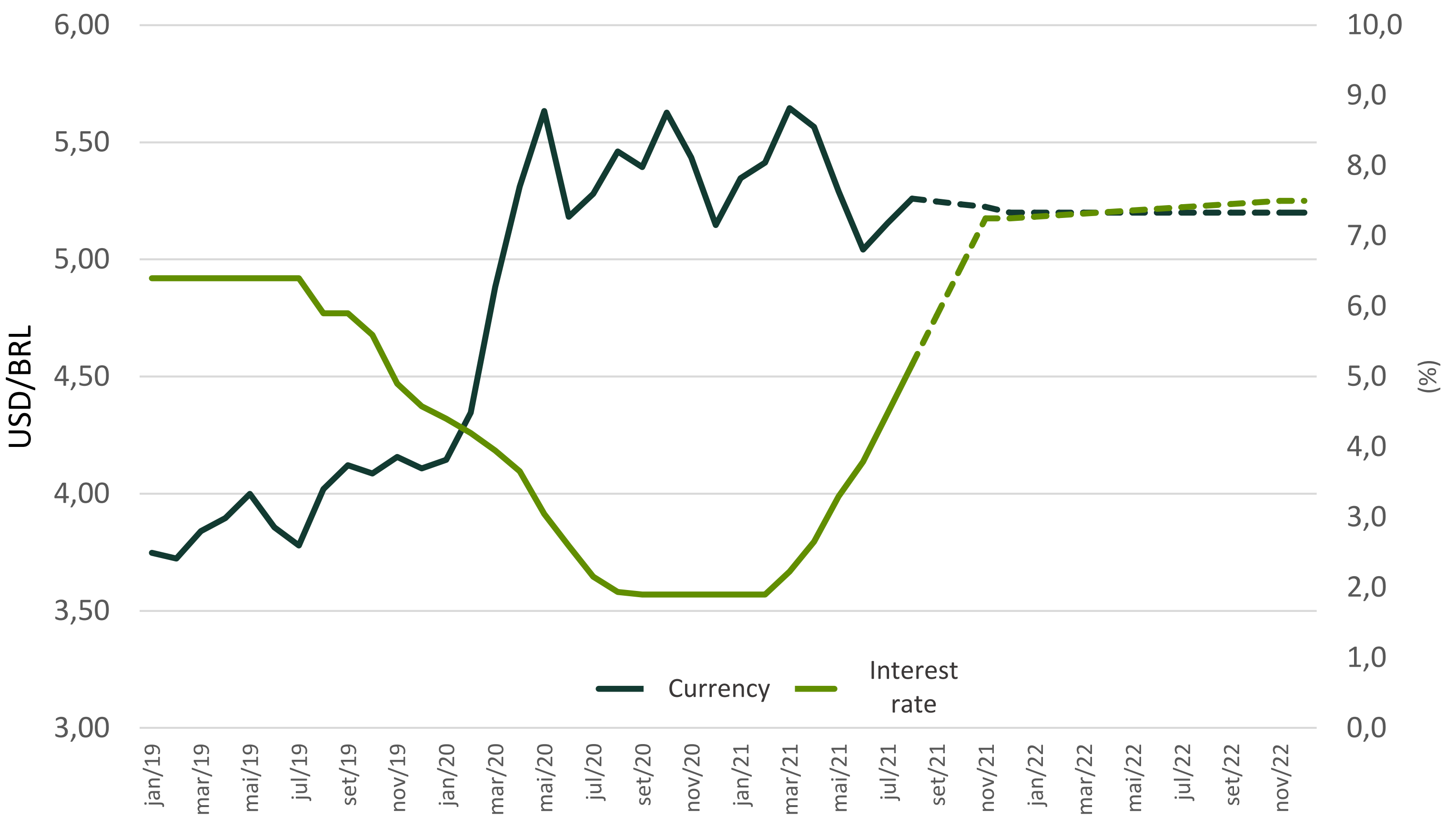
# Perspective of evolution of international prices and premiums in Brazil

**SOY Prices**




Sourcee: CME; AEDATA; Veeries.

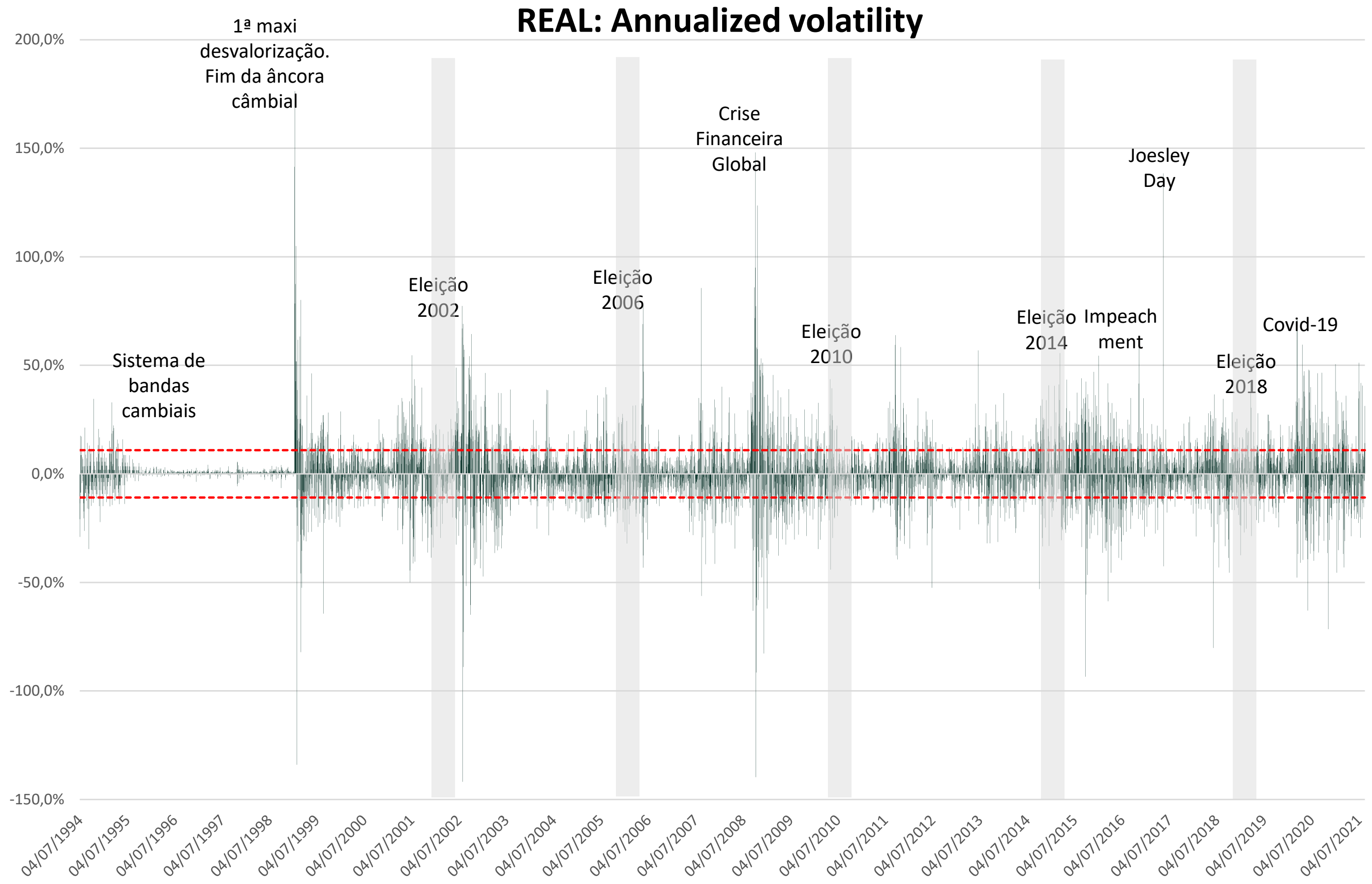
# BRAZIL: Exchange rate x Interest rate




Source: Bacen, Boletim Focus.

veeries

# BRAZIL: Real, one of the most volatile emerging currencies




Source: Bacen

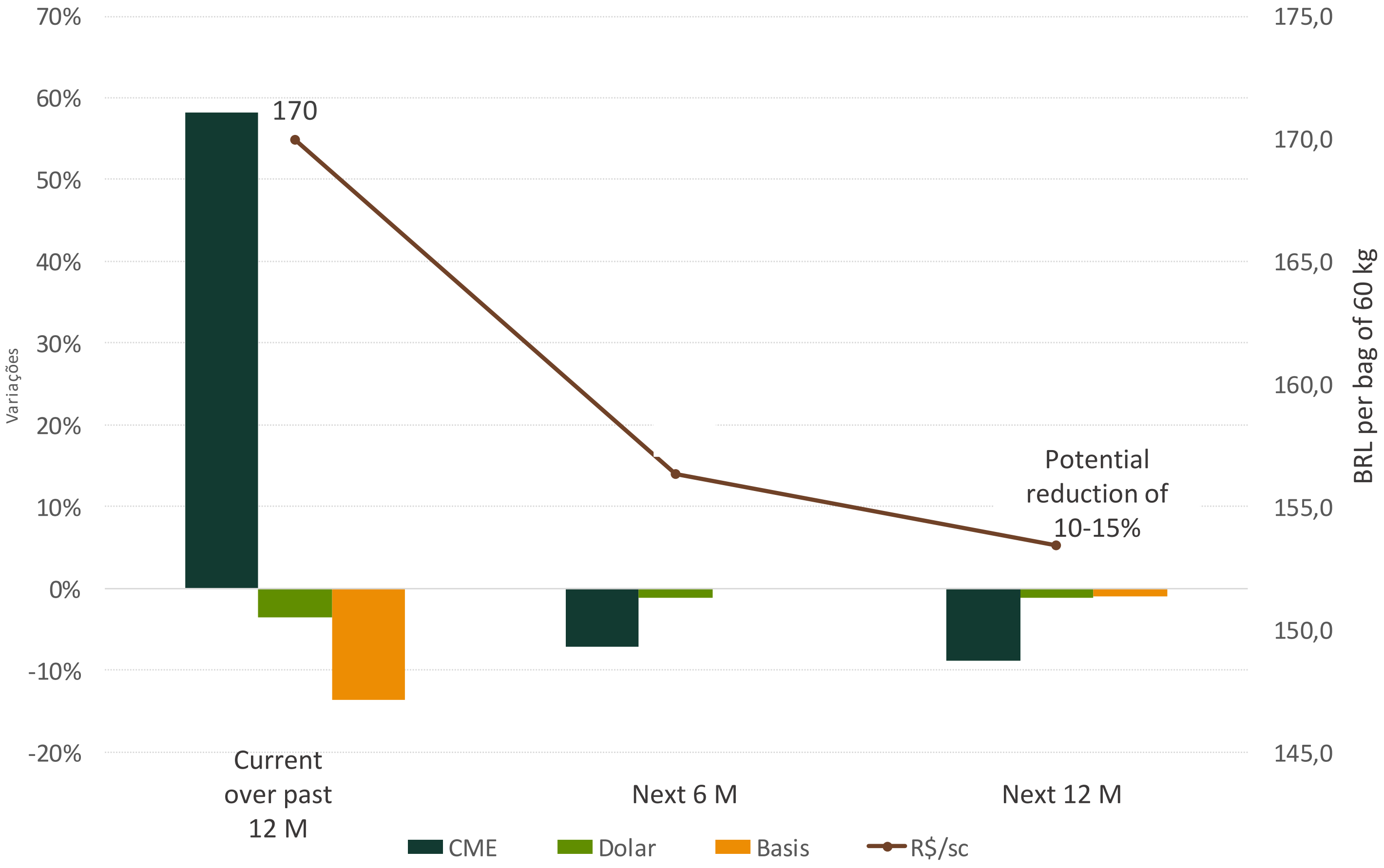
**Average Annualized Volatility since 2012**

**REAL: 10.9%**
**PESO MEX: 9.5%**
**PESO ARG: 6.5%**
**YUAN: 2.3%**

veeries

SOY Prices Rondonópolis-MT

# Domestic price development outlook

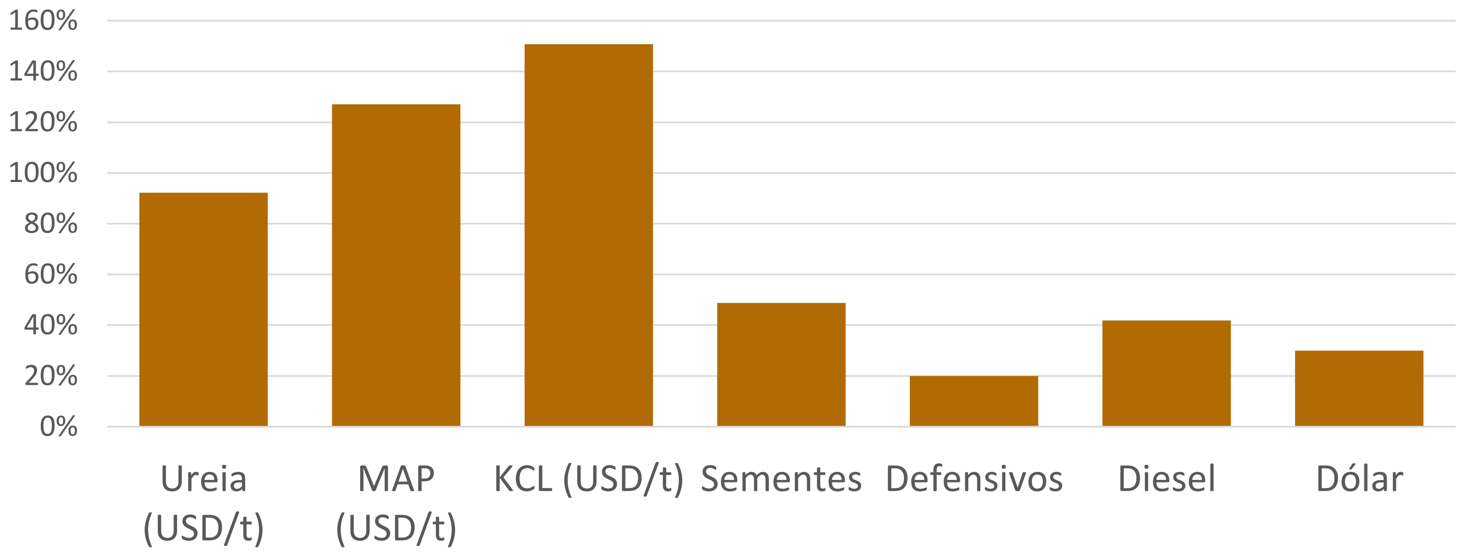



Source: CME; Bacen; AEDATA; Veeries.

# Costs of Production - Inputs

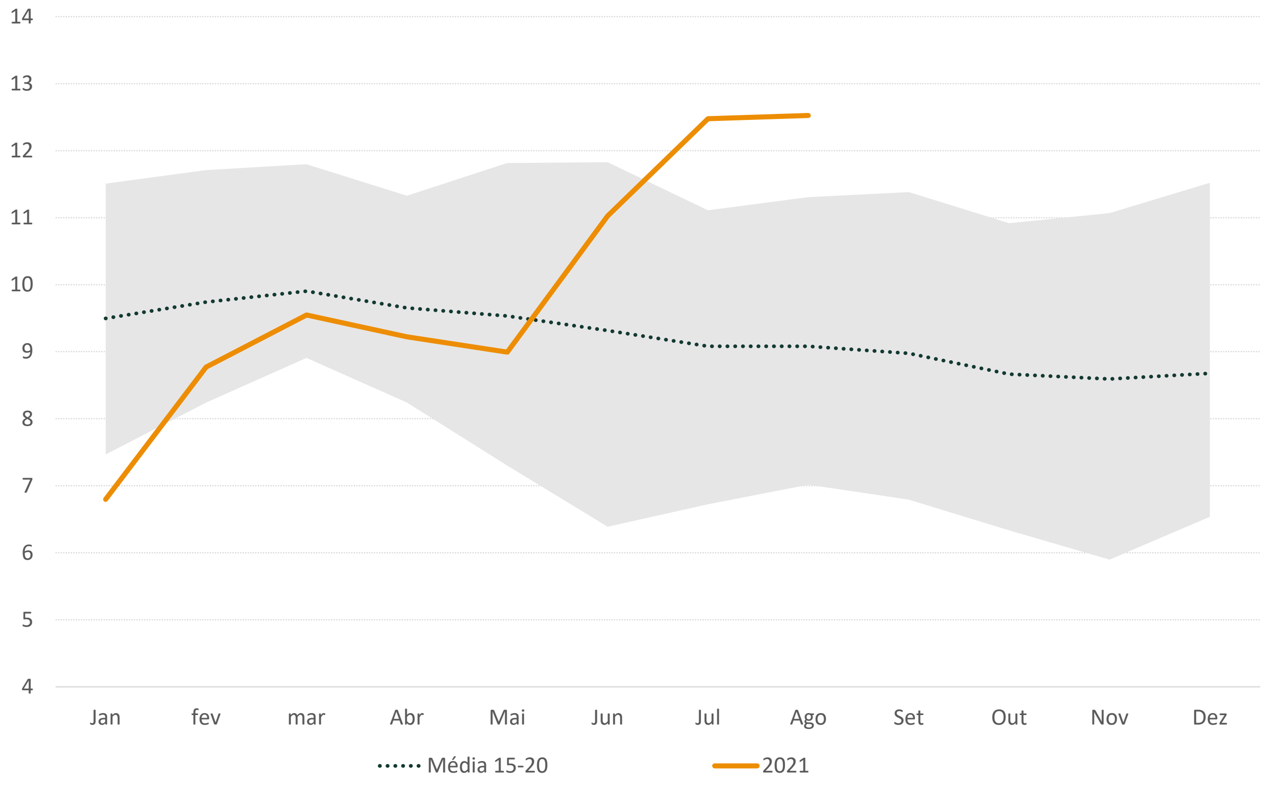
Inputs costs

Average change 2021 over 2020 (average of months Jun, Jul, Aug)



# Barter ratio with fertilizers (bags of 60kg/ha)

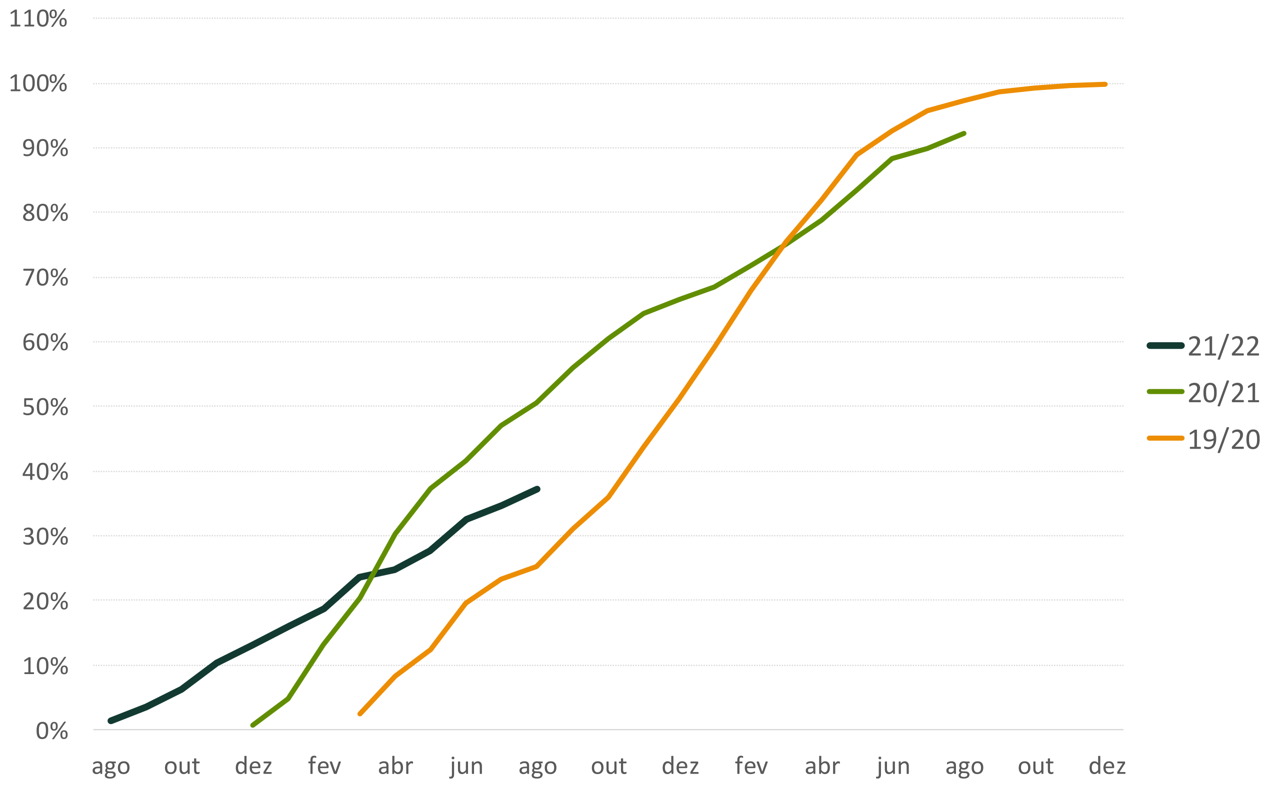
**SOY**
**FERT Barter Ratio**




Source: FERT Green Markets; Cepea; Veeries.

# Farmers Advanced Sales of Soy

**SOY**
**Mato Grosso**

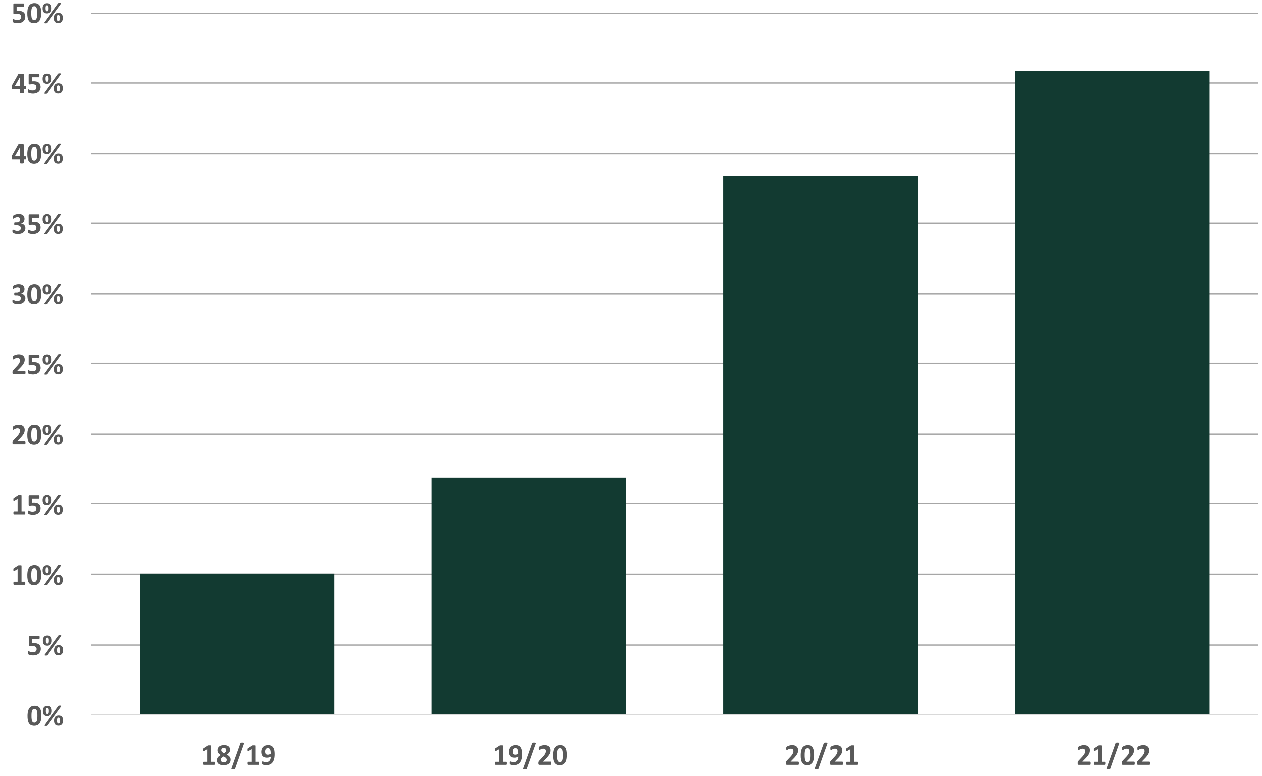



Source: IMEA-MT; Veeries.

SOJA
Mato Grosso

# Record margins are expected

Soy – Sorriso/MT – Profitability (%)




Source: Veeries

veeries

contato@veeries.com.br

+55 48 988340525