

INTERNATIONAL MARKET

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

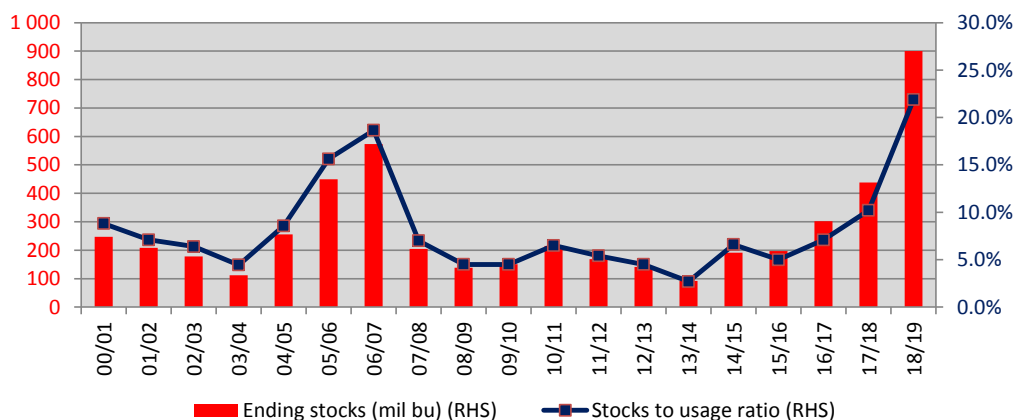
	Currently	05/03/2019	Weekly change (c/bu)	Monthly change (c/bu)
CME Jul-19	904 ½	927 ¾	-23 ¼	-40 ½
CME Nov-19	926	948 ¼	-22 ¼	-34

- US soybean contracts traded lower in the past week with both July and November soybeans under some pressure. On a monthly basis US soybean contracts are also trading lower with CME July and November giving up 4.3% and 3.5% in the past month respectively.
- On the technical chart for July CME soybeans we see that March soybeans broke below the key averages in the beginning of March and some more selling/long liquidation was seen after that. The market traded to new lows for 2019 and July CME soybeans are currently finding some support just above \$9.00/bushel. A break below \$9.00 could see the market targeting \$8.85 and the previous lows seen around \$8.65/bushel.
- The major bearish factor for the US soybean market is the lack of progress in the US/China trade negotiations. The USDA did announce 2 separate sales of US soybeans to China in the past week but the fact that there is no trade deal is weighing on the market. China in earlier negotiations committed to buy up to 10 million tons of US soybeans but very little of this has been filled.

USDA Report

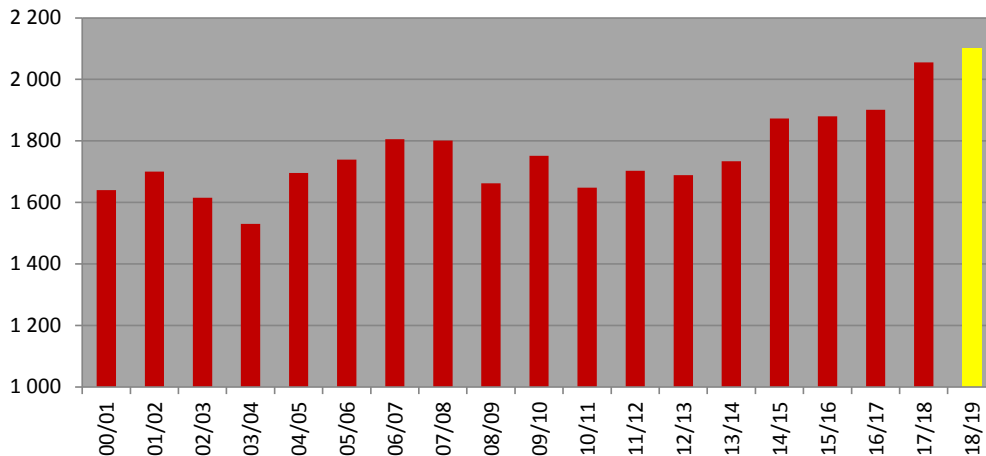
- The USDA in their report estimated the 2018/19 US soybean ending stocks at 900 million bushels which was very much in line with the market expectation seen at 902 million bushels and down from the February estimate seen at 910 million bushels. The graph below presents the US soybean ending stocks and stock to usage ratio seen in the past few seasons.

Figure 1: US soybean ending stocks and stock to usage ratio



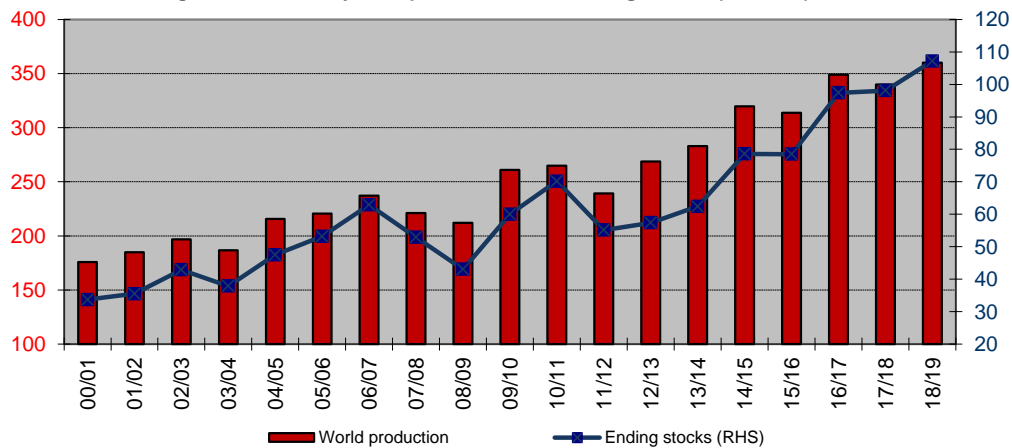
- Changes to the US soybean balance sheet included a slightly higher US soybean crush estimate seen at 2.1 billion bushels (+10 million bushels) while the USDA left their soybean export estimate unchanged at 1.875 billion bushels.

Figure 2: US soybean crush (000 bushels)



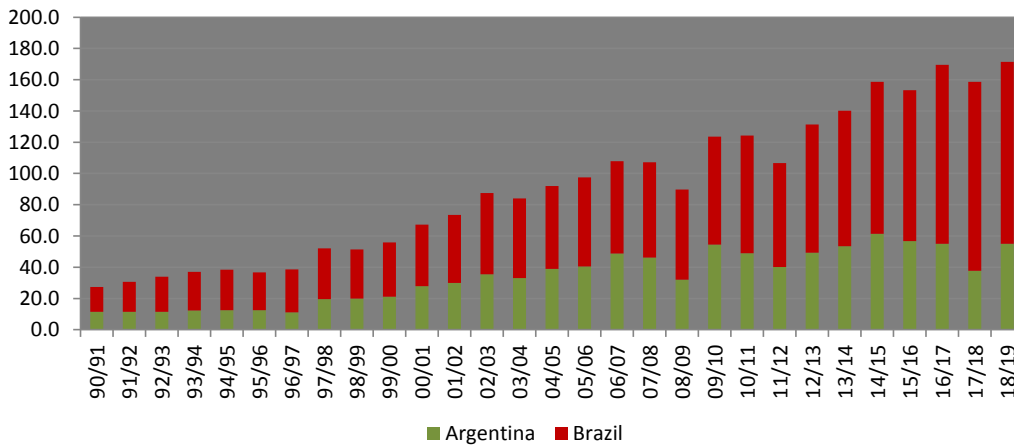
- In the rest of the world the USDA estimated the 2018/19 world soybean crop at 360.08 million tons which is down from the 360.99 million tons seen in the report last month. The smaller world soybean crop is due to smaller crop estimate for Brazil (-500 000 tons). The 2018/19 world soybean ending stocks were estimated at 107.17 million tons which is up from the 106.72 million tons seen in the report last month.

Figure 3: World soybean production and ending stocks (mil tons)



- The South American soybean crop (Argentina and Brazil) was estimated at 171.5 million tons including 55 million tons for Argentina and 116.5 million tons for Brazil. The graph below presents the South American soybean crop estimates seen in the past few seasons. From the graph below we see that despite the month/month cut in the South American soybean crop estimate the 2018/19 soybean crop is still seen at record highs.

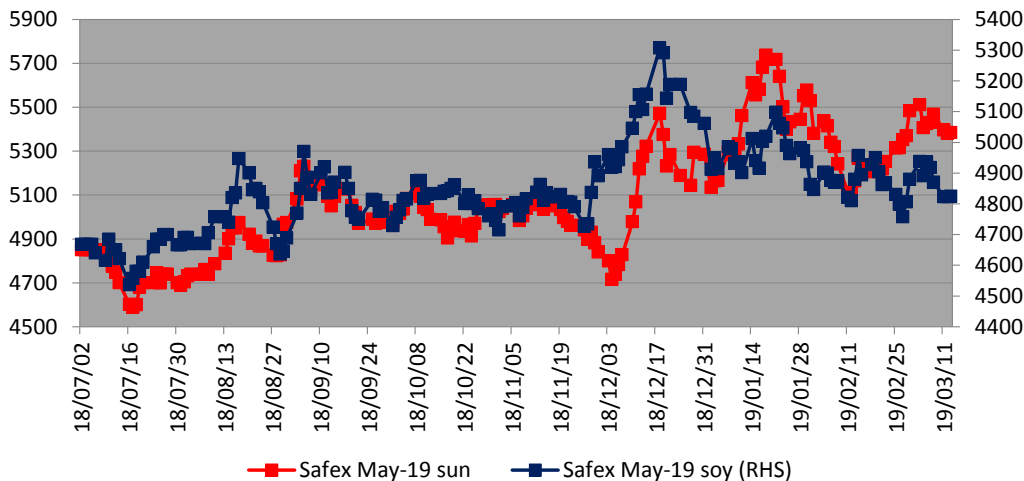
Figure 4: Argentina and Brazil soybean production



LOCAL OILSEED MARKET

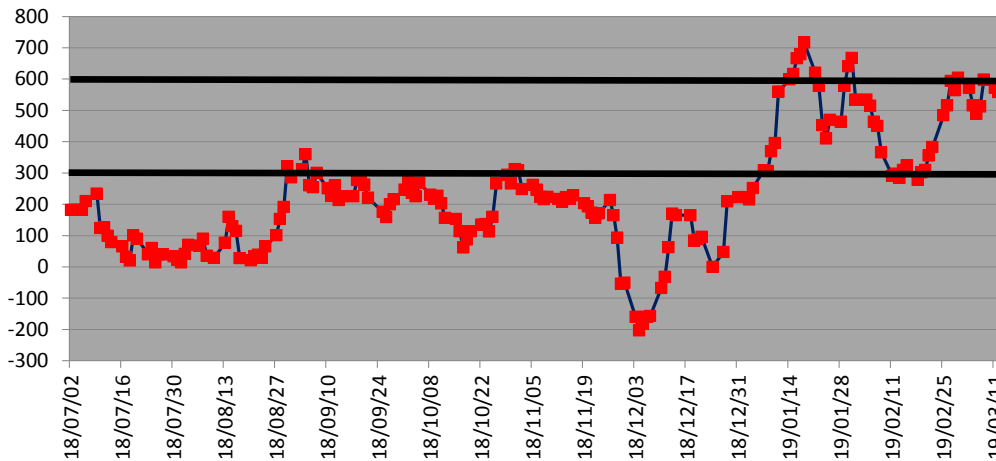
- South African oilseeds ended lower in the past week with May-19 sunflower seed and soybean contracts giving up 0.78% and 2.25% in the past week respectively. South African oilseeds were pressured by the lower US soybean futures and the improved weather conditions seen in the past week.
- The rand is slightly weaker week/week and is currently trading at R14.26/\$ but the rand has pulled well off the highs of around R14.58/\$ seen towards the end of last week.
- The weather conditions did improve in the past few days especially in the central and western growing areas of the country with some much needed rainfall that was seen in most of the Free State and parts of the North West. The weather forecast for the week ahead expects drier conditions.

Figure 5: Safex May-19 sunflower seed and soybean prices



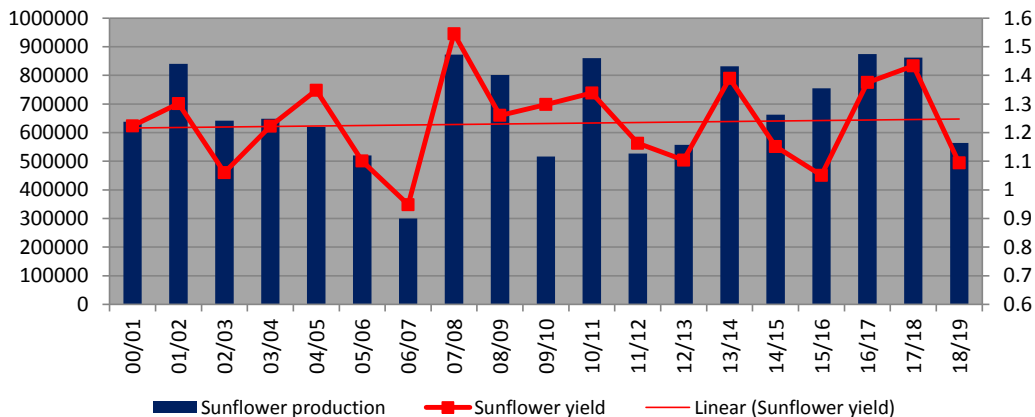
- The graph below presents the South African May-19 soybean/sunflower seed spread seen in the past few months. From the graph below we see that the spread initially narrowed finding some support around R300/ton and have since posted some gains once again. Resistance for the May-19 soybean/sunflower seed spread is seen in the R600/ton area.

Figure 6: Safex May-19 soybean/sunflower seed spread



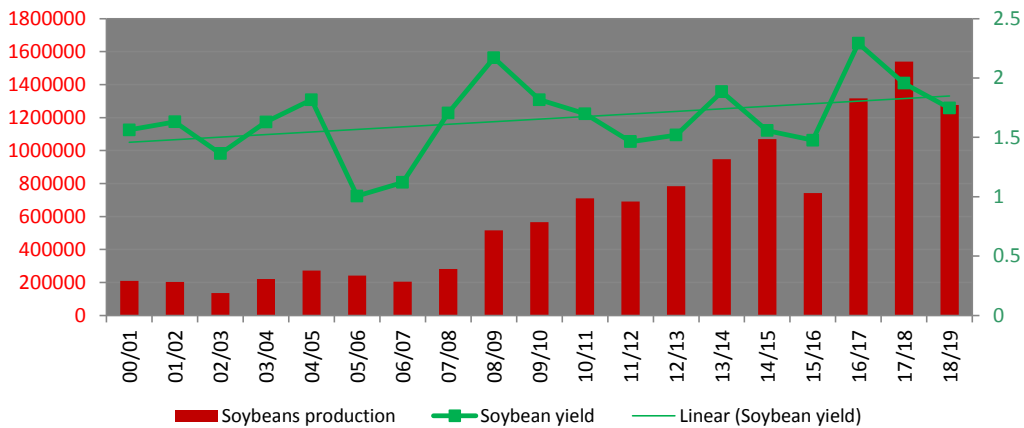
- The graph below presents the South African sunflower seed production and yield estimates seen in the past few seasons. From the graph below we see that the initial 2018/19 production year crop estimate of 563 590 tons should be the smallest South African sunflower seed crop since the 2012/13 production season. The 2018/19 sunflower seed yield is estimated at 1.09 tons/ha which is the 2nd lowest in the past 12-years.

Figure 7: South African sunflower seed production and yield



- The graph below presents the South African soybean production and yield estimates seen in the past few seasons. The initial 2018/19 production season soybean crop estimate is seen at 1.276 million tons which is slightly smaller than the soybean crop seen in the past 2 seasons. The South African soybean yield is estimated at 1.75 tons/ha.

Figure 8: South African soybean production and yield



FOCUS FOR THE WEEK

- US soybeans traded lower in the past week with July CME soybeans setting a new low of 2019. Technical selling, the slow export progress of US soybeans and the lack of a trade deal between the US and China all added to the weakness in the market.
- South African oilseeds traded lower in the past week with Safex soybeans leading the way lower. The lower US soybeans, the fact that the rand pulled off the highs seen late last week and the improved weather conditions all added to the negative sentiment in our market.

Technical graphs

- Safex May-19 soybean prices
- CME Jul-19 soybean prices





"Together we make a difference"