

# Demand Supply Soybean & Soybean Oil

By Vandana Bharti

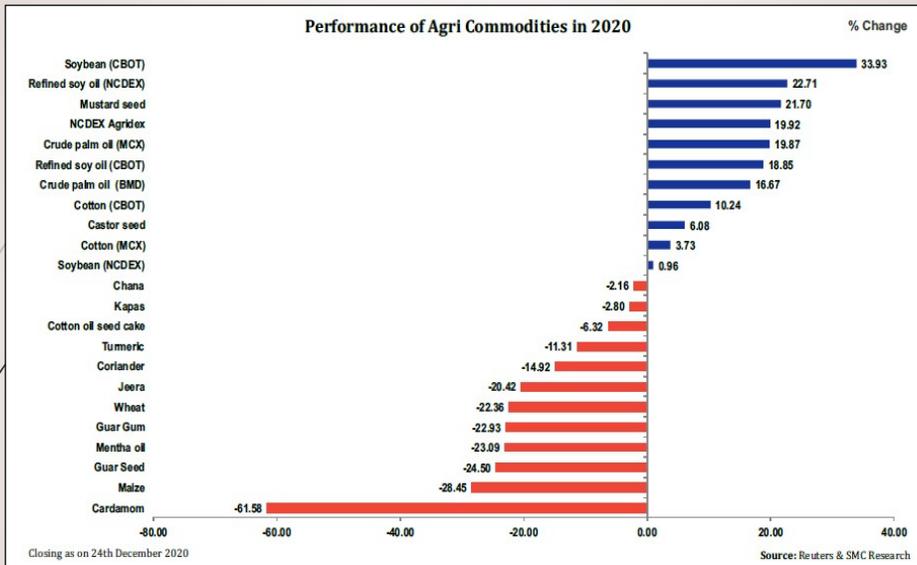
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SMC Global Securities Ltd.



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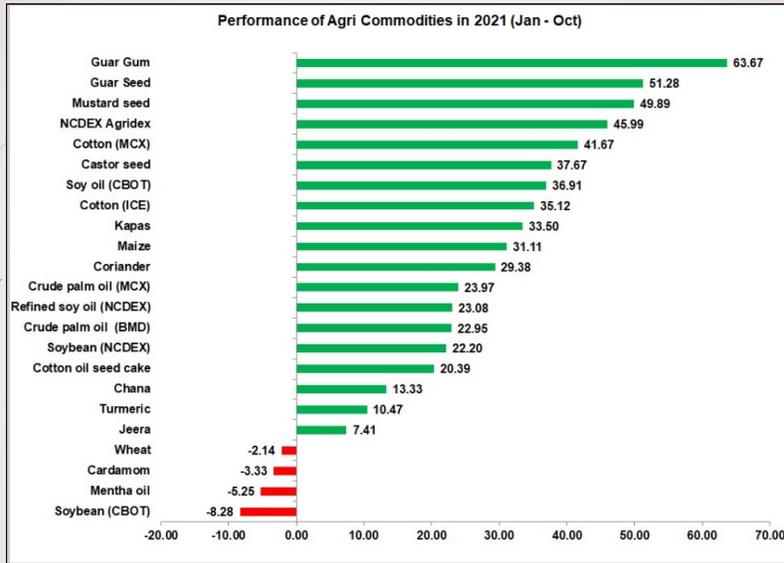
Performance of Agri Commodities in 2020



Source: SMC Reuters



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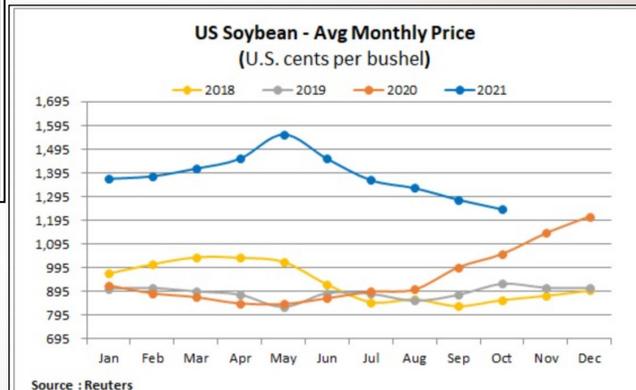
Source: SMC Reuters



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Month	2020	2021	Y/Y Chg%
Jan	921.60	1,370.24	48.68
Feb	888.26	1,381.15	55.49
Mar	871.73	1,413.44	62.14
Apr	845.51	1,454.90	72.07
May	842.86	1,557.28	84.76
Jun	867.41	1,454.59	67.69
Jul	894.41	1,364.61	52.57
Aug	904.20	1,331.02	47.20
Sep	997.68	1,282.12	28.51
Oct	1,053.59	1,241.92	17.87
Nov	1,141.24		
Dec	1,212.16		

Source: SMC Reuters



Source: Reuters



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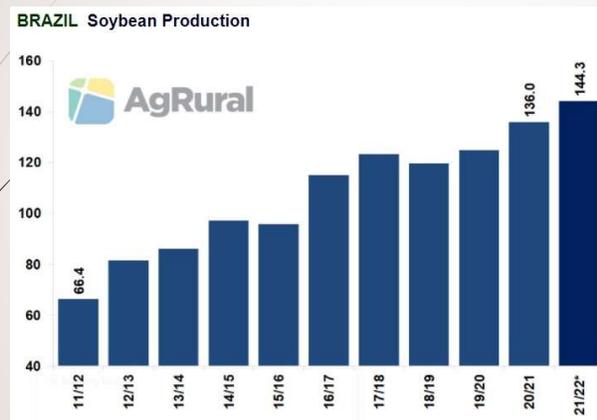
## Major Highlights...

- US, Brazil, Argentina, Canada, Paraguay, and Uruguay are the largest producers and exporters of soybean in the world, accounting for more than 85.0% of the global production.
- United States was the world's major producer and exporter of soybean.
- In 2019, Brazil was the largest exporter of soybeans which accounted for 47.3% of total exports, followed by the United States, Argentina, Paraguay, and Canada.
- The low value of Brazilian currency in 2020 has made the soybeans price competitive in the international market.
- The increased production of Soybean can be attributed to the favorable growing conditions augmented by the soil quality, weather conditions, and water availability.
- Majorly fuelling demand in the global soybean market is the rising awareness among people about its health benefits. Their increasing applications in various end-use segments such as animal feed is also serving to boost demand.

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## Brazil...Making a Difference



- Brazil, the largest producer now is making a difference in the market.
- Brazil exported 4.8 million MT of soybeans in September, up 13% on the year backed by higher European and Chinese demand, Brazil Ministry of Development, Industry and Foreign Trade (MDIC) showed.
- Chinese importers bought four to six bulk cargoes of Brazilian soybeans early this week for shipment in October and November.

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### Top U.S. Agricultural & Related Products Exported to China By Year

(By dollar value; percentage of total exports to China indicated)

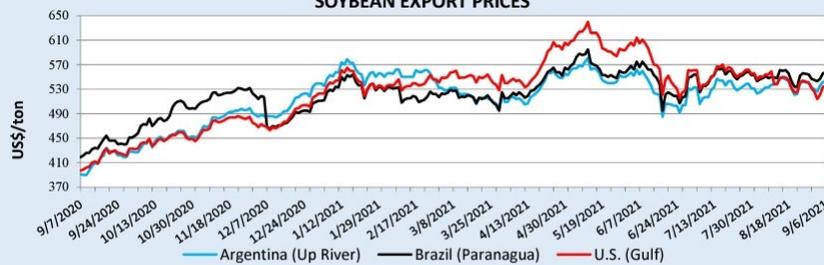
1972 Wheat	58%	1984 Wheat	64%	1996 Cotton	33%	2008 Soybeans	55%
1973 Wheat	48%	1985 Forest Products	68%	1997 Cotton	32%	2009 Soybeans	64%
1974 Wheat	36%	1986 Forest Products	74%	1998 Soybean Oil	22%	2010 Soybeans	56%
1975 Cotton	100%	1987 Forest Products	32%	1999 Soybeans	35%	2011 Soybeans	48%
1976 Planting Seeds	98%	1988 Wheat	58%	2000 Soybeans	51%	2012 Soybeans	52%
1977 Soybean Oil	44%	1989 Wheat	68%	2001 Soybeans	46%	2013 Soybeans	46%
1978 Wheat	44%	1990 Wheat	50%	2002 Soybeans	41%	2014 Soybeans	51%
1979 Cotton	36%	1991 Wheat	40%	2003 Soybeans	53%	2015 Soybeans	45%
1980 Wheat	46%	1992 Wheat	38%	2004 Soybeans	37%	2016 Soybeans	56%
1981 Wheat	62%	1993 Wheat	53%	2005 Soybeans	37%	2017 Soybeans	51%
1982 Wheat	61%	1994 Cotton	54%	2006 Soybeans	33%	2018 Soybeans	24%
1983 Wheat	48%	1995 Cotton	30%	2007 Soybeans	43%	2019 Soybeans	49%
						2020 Soybeans	49%

Data source: U.S. Census Bureau  
@kannbwx

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### SOYBEAN EXPORT PRICES



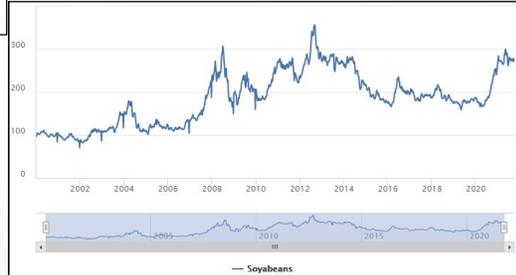
#### August 2021 Soybean Meal Export Prices

	U.S.	Argentina	Brazil
August Avg Price	\$422/ton	\$393/ton	\$418/ton
Change vs July	-\$3/ton	-\$3/ton	-\$8/ton

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

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## Indian Scenario...

- India's soybean production estimate for marketing year (MY) 2021/22 (October-September) is lowered to 10.8 million metric tons (MMT) on account of delayed and erratic rainfall.
- On August 25, 2021, the Indian government approved a 1.2 MMT quota for soybean meal derived from genetically modified soybeans to address high animal feed prices impacting the industry.
- Cumulative oil meal exports in the October 2020 to July 2021 period grew 80 percent over the same period last year, with soybean meal exports alone climbing 168 percent.
- soyabean prices had touched a historic high with average traded prices in Latur's mandi crossing Rs 10,000 per quintal. Ex-mill prices in districts like Nanded had even touched Rs 11,000 per quintal.
- This was mainly due to the shortage of the oilseed, both in domestic and international markets.
- Import of genetically modified soyameal and reduction in import duty of crude and refined soya oil are being touted as the main reasons for this price dip.
- *Slow demand from the HoReCa segment.*

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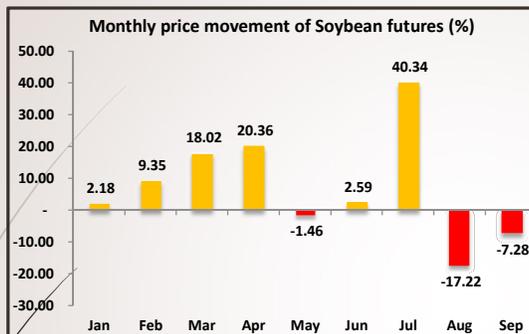
## Meal Update...

*Around 70 percent of the world's soy is fed directly to livestock and only six percent of soy is turned into human food, which is mostly consumed in Asia.*

- ↑ India is currently out priced for export of soybean meal and unlikely to revive till we have the new crop in October-November.
- ↑ Even export of castorseed meal declined to 18,160 tonne from 32,825 tonne in the period.
- ↓ Export of rapeseed meal rose to 63,058 tonne in August this year from 50,580 tonne in the year-ago period and that of ricebran extraction rose to 72,638 tonne from 29,375 tonne.

South Korea, Vietnam and Thailand are the three major export destinations for oilmeal for India.

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- Prices have cooled down more than 7% in September as harvesting period nearing.
- In the GLOBOIL conference the industry experts have forecasted India's 2021 soybean output at 10 mt compared to 8.9 mt year ago. Soybean meal exports were down more than 37.5% for Apr-Aug period in FY 2021-22 at 1.56 lakh tonnes Vs 2.50 lt last year.
- For the first time, the Indian government has also allowed 1.2 mt of genetically modified soymeal due to shortage and high prices.

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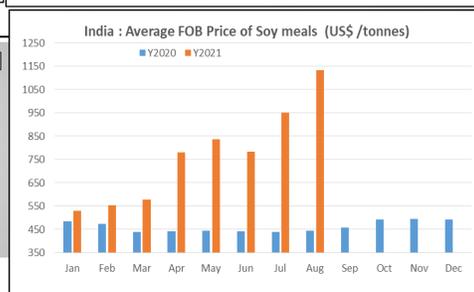
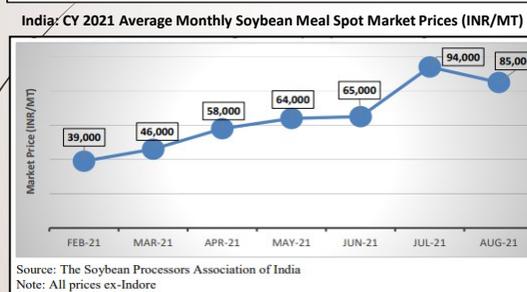
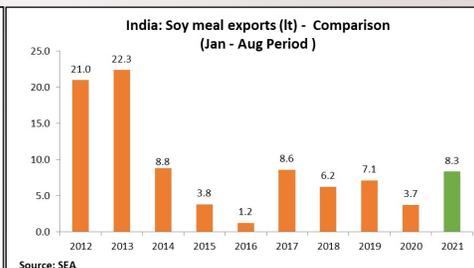
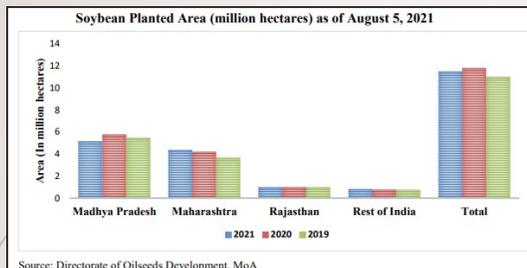
## National Edible Oil Mission-Oil Palm

- On May 20, 2021, the MoA presented a multi-pronged strategy to make India self-sufficient in oilseed production.
- The long-term policy aims to increase oilseed production area by an additional 0.63 million hectares and achieve a total production of 120.2 million metric tons (MMT).
- The policy provides increased access to quality seed and technology, with an investment totaling \$1.48 billion in the edible oil value chain.

### Four Sub-Missions

- Increasing oil production from primary sources including soybean, rapeseed-mustard, peanut, sunflower, and safflower,
- Increasing oil production as a by-product from secondary sources,
- Establishing processing units, and
- Creating consumer awareness on the benefits of economical consumption of oil.

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## Futures narrating a different story...

Contract Name	Last	Change	Open	High	Low	Volume
Soybean (Nov '21)	1237-2	-9-2	1242-6	1244-2	1235-0	12,218
Soybean (Jan '22)	1247-2	-9-2	1253-0	1254-0	1245-2	3,760
Soybean (Mar '22)	1255-2	-9-2	1261-0	1261-4	1253-0	2,166
Soybean Meal (Dec '21)	326.1	-0.8	326.3	326.9	326.0	2,965
Soybean Meal (Jan '22)	328.2	-0.9	328.8	329.0	328.1	220
Soybean Meal (Mar '22)	331.2	-0.8	331.5	331.8	331.0	688
Soybean Oil (Dec '21)	58.22	-0.60	58.65	58.78	57.84	3,790
Soybean Oil (Jan '22)	58.08	-0.61	58.51	58.60	57.77	1,293
Soybean Oil (Mar '22)	57.72	-0.63	58.21	58.24	57.37	987

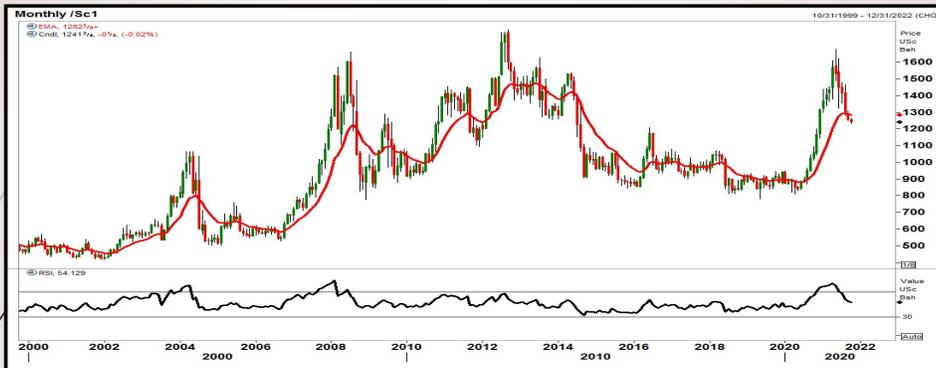
Source: [www.barchart.com](http://www.barchart.com)

SYBEAN OCT1	5670.00
SYBEAN1R NOV1	5592.00
SYOREF OCT1	1340.00
SYOREF NOV1	1335.30

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## Soybean (CBOT) Monthly Chart



U.S. Soybean on the monthly frame looks in a correction phase. Based on current patterns it is expected that we may sell more selling if it continues to sustain below the level of 1300 cents. The short-term trend for the commodity is sideways to bearish, it may move towards its support of 1152. The alternative scenario is if the price breaks the level of 1300 cents then we may witness buying in the counter and which may approach 1380/1440 cents. Overall, buying on dips advised for the counter.

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## A historical look at soybean price increases

### First spike, 2003–04

Soybean prices historically increase in response to tightening supplies from unforeseen factors such as extreme weather or rising demand from domestic or foreign buyers. A historical look at soybean price increases. China expanded its domestic poultry, hog, and aquaculture industries in 2003.

### Second spike, 2006–08

Higher prices for both corn and wheat led to increased buying activity in the soybean market. As a result, soybean prices increased as demand for soybean grew. Poor harvest results for various other oilseeds (sunflower, cottonseed, peanut, and flaxseed).

### Third spike, 2012–14

The Great Recession eventually eased, and in September 2012, soybean prices reached a new high—increasing 27 percent from the previous year. The 2012 crop experienced both a reduction in planted acreage, as well as poor weather conditions that ultimately had an impact on output. Export demand also increased, mostly from China, as dry conditions and port congestion in Brazil delayed plantings and postponed sales, further benefiting U.S. soybean farmers.

### Fourth spike, 2020–21

Dry supply amidst improved demand. Higher crushing. Wild fires erratic rains and floods raised fear of yield. Shipment delays...reopening of world economy after vaccination. Supply disruptions from Indonesia etc. Procurement by China.

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## SoyMeal (CBOT) Monthly Chart



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## SoyOil (CBOT) Monthly Chart



CBOT Oil on Monthly frame has been in long term uptrend since May 2020 and witnessed a very impulsive rally. On monthly charts it has taken formation of dragonfly after taking correction. Based on this formation if prices break the 60 cent then we might witness again buying. On technical side the momentum is still positive but the it is trading in overbought zone. So correction from higher levels may be witnessed. Overall buying on dips near support 50-54 cent; is advised.

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## Soyabean NCDEX Monthly Chart



Soyabean on NCDEX has been in corrective mode after hitting an all-time high of 10680 in the month of August 2021. The counter has already witnessed high volatility in the first half of the year 2021, based on technical indicators it is still expected that we may witness huge volatility till the end of this year. The Long term support for the counter is holding near 5060 and the resistance is held near 6800. Overall, the trend is still sideways to bullish in the next few months we may witness some consolidation in the range of 5700-6200.

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## Refined Soya Oil NCDEX Monthly Chart



NCDEX Refined Soya on the monthly chart has been stuck in the wide range of 1440-1290 for the past 3 months. Based on the chart pattern we may see some correction in the coming few months. The short-term trend for the counter seems sideways to bearish. The present structure looks weak any dip near 1200 is considered as buying opportunity. Break and sustain below 1200 may change the trend to bearish.

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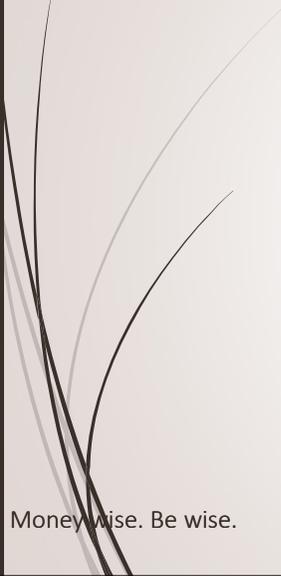


The Teucrium Soybean Fund provides investors unleveraged direct exposure to soybeans without the need for a futures account. SOYB was designed to reduce the effects of rolling contracts (and contango and backwardation) by not investing in front-month (spot) futures contracts and thus limiting the number of contract rolls each year.



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Thank You!!!

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