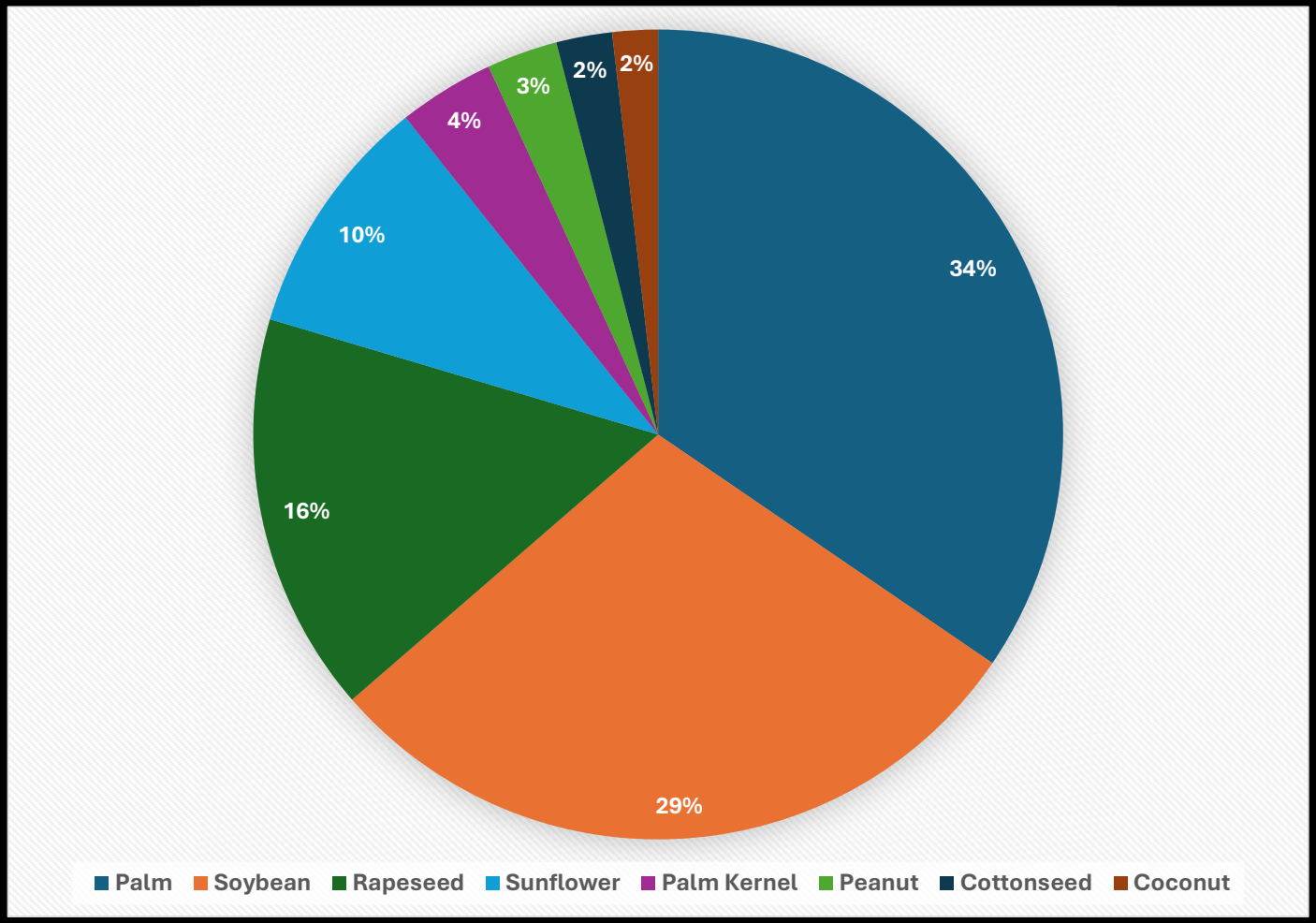
Oilseed Prices: Navigating the Next Wave of Volatility

By Vandana Bharti

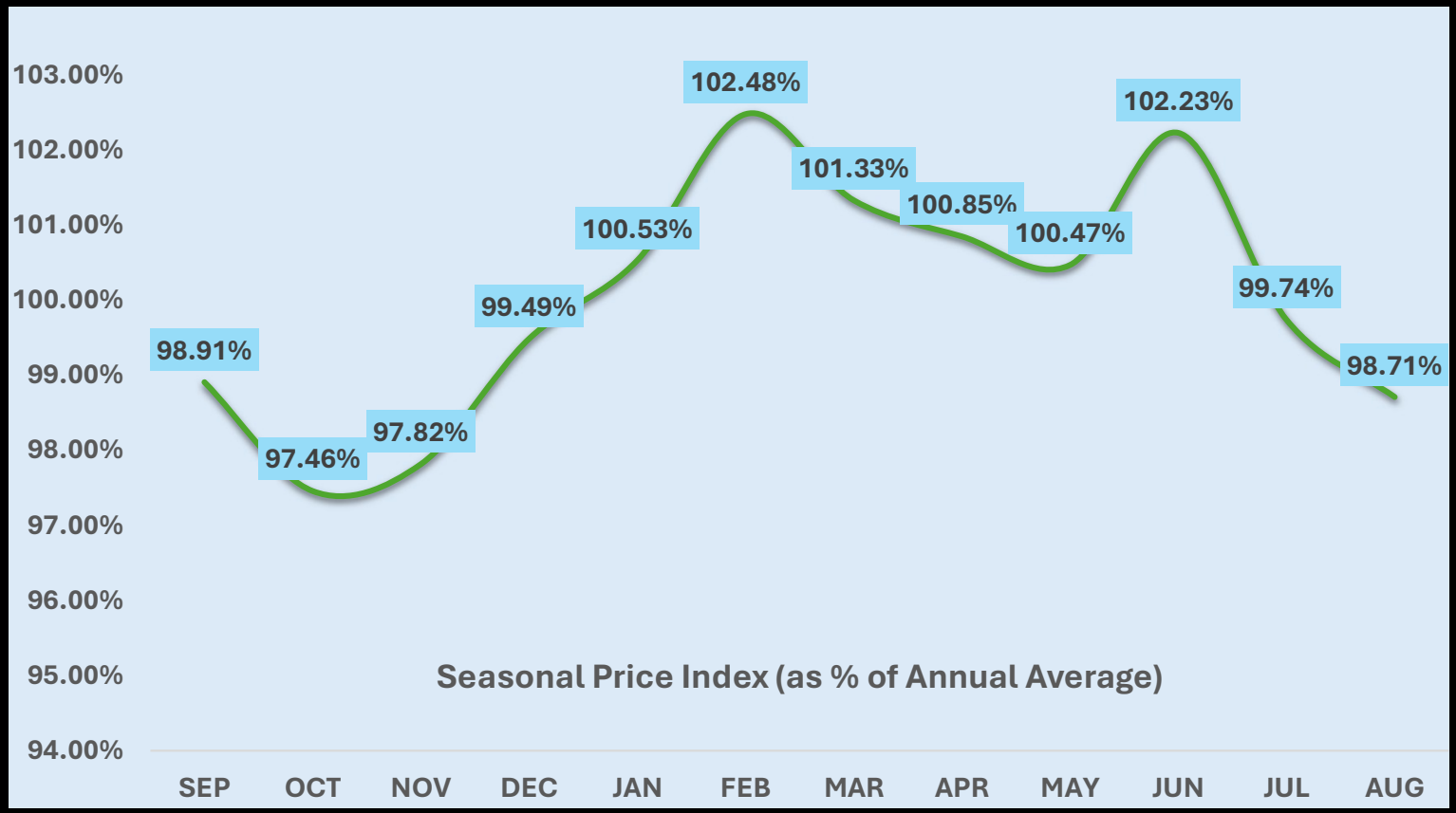
Global Market Value: The global soybean market size is projected to be around $166.7 billion in 2025, growing at a Compound Annual Growth Rate (CAGR) of about 4% from 2024. Other forecasts see the market reaching $215.746 billion by 2025.



Approximate Period	Price Tendency	Rationale (General Commodity Seasonality)
January - March	Generally Strong	Transition period post-harvest, demand for existing stocks.
April - June	Potential Peak / High Volatility	Spring planting and early growing season weather concerns in the Northern Hemisphere (US) can drive prices up (the "weather market").
July - August	Mixed to Declining	Peak of the weather market often occurs in July. Price decline can begin as the crop moves toward maturity, especially if weather is favorable.
September - November	Seasonal Lows	US harvest season brings the new, large crop supply to the market, typically pressuring prices.
December	Beginning of Strength	Demand picks up after harvest is complete, and attention turns to South American crops.

The actual price movement in any given year will be dominated by factors like global demand (especially China), South American production (Brazil, Argentina), currency exchange rates, macroeconomics, and current weather events.

Soybean Futures Seasonality



Interpretation:

- **Lowest Index (Seasonal Low): October** (97.46%) is typically the harvest month when prices are lowest.
- **Highest Index (Seasonal High): February** (102.48%) and **June** (102.23%) show the highest average price strength, likely due to post-harvest demand/export window and U.S. crop concerns, respectively.

Market/Entity	Price Impact	Reason
US Soybean Price	↓ Significantly Lower	China, the largest buyer, stopped purchasing due to the high tariff, causing a massive domestic oversupply and forcing US prices down.
Brazilian Soybean Price	↑ Higher	China urgently shifted its demand entirely to Brazil (the main competitor), driving up prices for Brazilian soybeans due to increased demand and bidding.
US Exports to China	↓ Plummets	The tariff made US soybeans prohibitively expensive (often over 30% duty), effectively closing the Chinese market to the US.
Farmer Income (US)	↓ Falls	Prices received by US farmers decreased, leading to billions in estimated losses and reduced planted acreage in subsequent years.
Chinese Importer	↑ Higher Cost	Importers paid a higher total price: either the inflated Brazilian price or the US price plus the tariff.

Oilseed/Region	Metric	Quantifiable Impact (2025 Data)
US Soybeans	Total Duty Rate (China)	≈34% total duty rate (20% retaliatory tariff + VAT/MFN).
	Export Volume Loss (China)	US exports to China in Jan-Aug 2025 plummeted to 218 million bushels, down significantly from 985 million bushels in all of 2024.
	Price Drop (CBOT Futures)	November 2025 futures contracts fell by over $0.50 per bushel (e.g., from $10.36 to $9.84) in a three-week period due to lack of Chinese buying.
	Farmer Loss vs. Cost	Soybean prices remain $1.50–$2.00 per bushel below the average cost of production for many US farmers.
Brazilian/South American Soybeans	Price Divergence	Command a significant premium over US prices as Chinese buyers shift to Brazil to secure the 112 million tons of imports needed.
	Market Share Gain	Brazil is forecast to produce 42% more soybeans than the US in the 2025/26 cycle, supplying the majority of China's demand.
Farmer Input Costs (US)	Fertilizer Price Increase	Tariffs on key inputs have driven up the price of some fertilizers by ≈21% or $100 per ton.
Global Price Environment	Price Level	Tariffs, in general, are expected to push overall US consumer prices up by about 1.8% in the short term.

Key Influencing Factors for 2026:

Global Supply (Weather & Acreage):

1. South America (Brazil & Argentina): These two countries are the swing producers. Their planting conditions (late 2025 for 2026 harvest) and growing season weather (early 2026) will be paramount. Favorable weather would lead to large crops and likely pressure prices; droughts or excessive rain would support prices. Acreage decisions will depend on relative profitability against corn and other crops.
2. United States: US planting decisions in spring 2026 and summer growing conditions will dictate the size of the North American crop.
3. Other Producers (e.g., Canada, China, India): While smaller, their collective output contributes to global supply.

Global Demand:

1. China: Remains the single largest factor. Their domestic hog herd health (African Swine Fever outbreaks), economic growth, and government policies regarding food security and reserves will heavily influence import demand. A robust Chinese economy and high pork production would boost soybean imports.
2. Biodiesel Production: The growth of renewable diesel and biodiesel mandates in the US, Europe, and other regions will be a significant demand driver for soybean oil. Government policies and incentives for biofuel production will directly impact soybean crush demand.
3. Livestock Feed: Global meat and dairy consumption trends will drive demand for soybean meal. Economic prosperity generally correlates with higher protein consumption.
4. Global Economy: A strong global economy generally supports higher commodity demand, while a recessionary environment would dampen it.

Stock-to-Use Ratios:

1. A low stock-to-use ratio suggests tight supplies and is typically bullish for prices, while a high ratio indicates ample supply and is bearish. T

Competing Oilseeds:

1. Palm Oil: Production levels in Southeast Asia will significantly impact global vegetable oil prices, directly competing with soybean oil.
2. Rapeseed/Canola, Sunflower: The supply of these other oilseeds will affect the broader meal and oil markets.

Geopolitical and Macroeconomic Factors:

1. Trade Relations: The relationship between the US and China, or any new trade disputes, could disrupt trade flows.
2. Energy Prices: Higher crude oil prices make biofuels more competitive, thus supporting soybean oil demand.
3. Currency Fluctuations: A strong US dollar tends to make US-exported commodities more expensive for international buyers, potentially reducing demand. Brazilian Real and Argentine Peso values also impact their export competitiveness.
4. Inflation/Interest Rates: Broader monetary policies can influence commodity investment and overall economic activity.

Latest Soybean Stock-to-Use Ratios (Projected)

- U.S. Soybean Stock-to-Use Ratio (2025/26 Marketing Year): The most recent projection for the U.S. ratio is approximately 6.9% (based on 300 million bushels in ending stocks divided by total use).
    - *Note:* This figure can change monthly as the USDA updates its supply and demand estimates. A lower ratio generally suggests tighter supplies and is often supportive of higher prices.

- Global Soybean Stock-to-Use Ratio (2025/26 Marketing Year): The world ending stocks were recently projected at approximately 124.0 million metric tons for the 2025/26 marketing year. While the precise global stock-to-use ratio is not always a single headline number, this figure for ending stocks is used to calculate it and indicates the overall world supply situation.

Rank	Country (Production)	Production (Metric Tons)	Country (Exports)	Note on Exports
1	Brazil	169 Million	Brazil	Continues to dominate, with a majority of exports going to China.
2	United States	118.84 Million	United States	Exports forecast to be lower (around 1.69 - 1.815 Billion Bushels) due to trade competition, especially from South America, and a 23% tariff into China.
3	Argentina	50.9 Million	Paraguay / Argentina	Argentina's exports are expected to be raised.

Rank	Country	Imports (Metric Tons)	Notes
1	China	106 - 112 Million	Remains the dominant global importer, accounting for about 60% of all soybean imports globally. The majority of its imports are coming from Brazil due to U.S. tariffs.
2	European Union (EU)	Increased Imports	Imports are forecast to be raised.
3	Egypt / Turkey / Serbia	Increased Imports	Imports are forecast to be raised.

Potential Scenarios for 2026:

Bullish Scenario (Higher Prices):

- Major production shortfalls in either the US or South America due to adverse weather.
- Strong and sustained economic growth in China leading to robust soybean import demand.
- Aggressive expansion of biodiesel mandates globally, particularly in the US.
- Low global stock-to-use ratios for consecutive years.
- Elevated energy prices making soybean oil more attractive.

Bearish Scenario (Lower Prices):

- Record or near-record soybean harvests in both the US and South America for multiple seasons.
- A significant slowdown in China's economy or a major ASF resurgence impacting hog herds.
- Slowdown or reversal in biofuel demand growth.
- Abundant supplies and competitive prices from other major oilseeds (e.g., palm oil, canola).
- High global stock-to-use ratios.

Ranking	Exchange (Parent Group)	Primary Soybean/Oilseed Contract	Volume/Impact Note
1	CME Group (CBOT)	Soybean Futures (ZS)	Global Benchmark, Highest Volume, Most Liquid
2	Dalian Commodity Exchange (DCE)	Soybean No. 1/2, Soybean Meal, Soybean Oil Futures	Very High Volume (especially meal/oil), Critical for China's Domestic Market
3	B3 (Brasil Bolsa Balcão)	Soybean Futures (SFI)	Significant Volume, Key for World's Largest Producer/Exporter
4	Euronext	Rapeseed Futures	Dominant Oilseed Contract in Europe, Indirectly Impacts Soybeans
5	MATBA Rofex	Soybean Futures	Important for Argentine Market, Major Processor/Exporter

Tariff Impact: Global Soybean Trade

Disruption

•**The Action:** **China** imposes a **25% tariff** on soybeans imported from the **USA**.

US Impact (Negative):

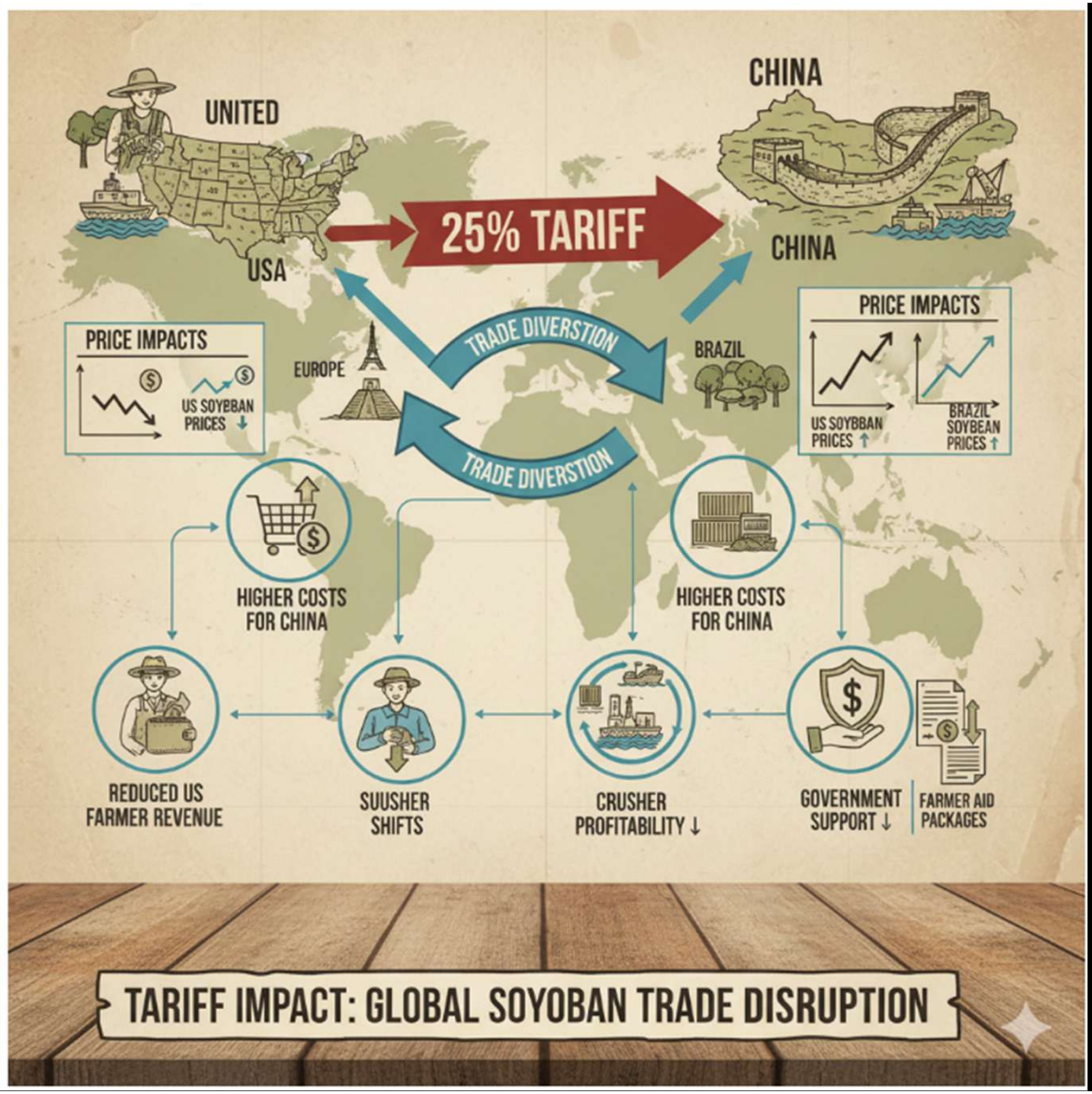
- US Soybean Prices ↓ (decrease) due to loss of a major buyer.
- **Reduced US Farmer Revenue** and lower crusher profitability.
- The US is forced to seek **new export markets** (e.g., Europe).

China Impact (Negative):

- **Higher Costs for China** when importing soybeans (US and others).
- The Chinese government may provide **aid packages** to mitigate the increased cost burden on its industries/farmers.

Global Trade Diversion:

- China **shifts sourcing** away from the USA, primarily to **Brazil**.
- Increased Chinese demand causes **Brazilian Soybean Prices ↑ (increase)**.

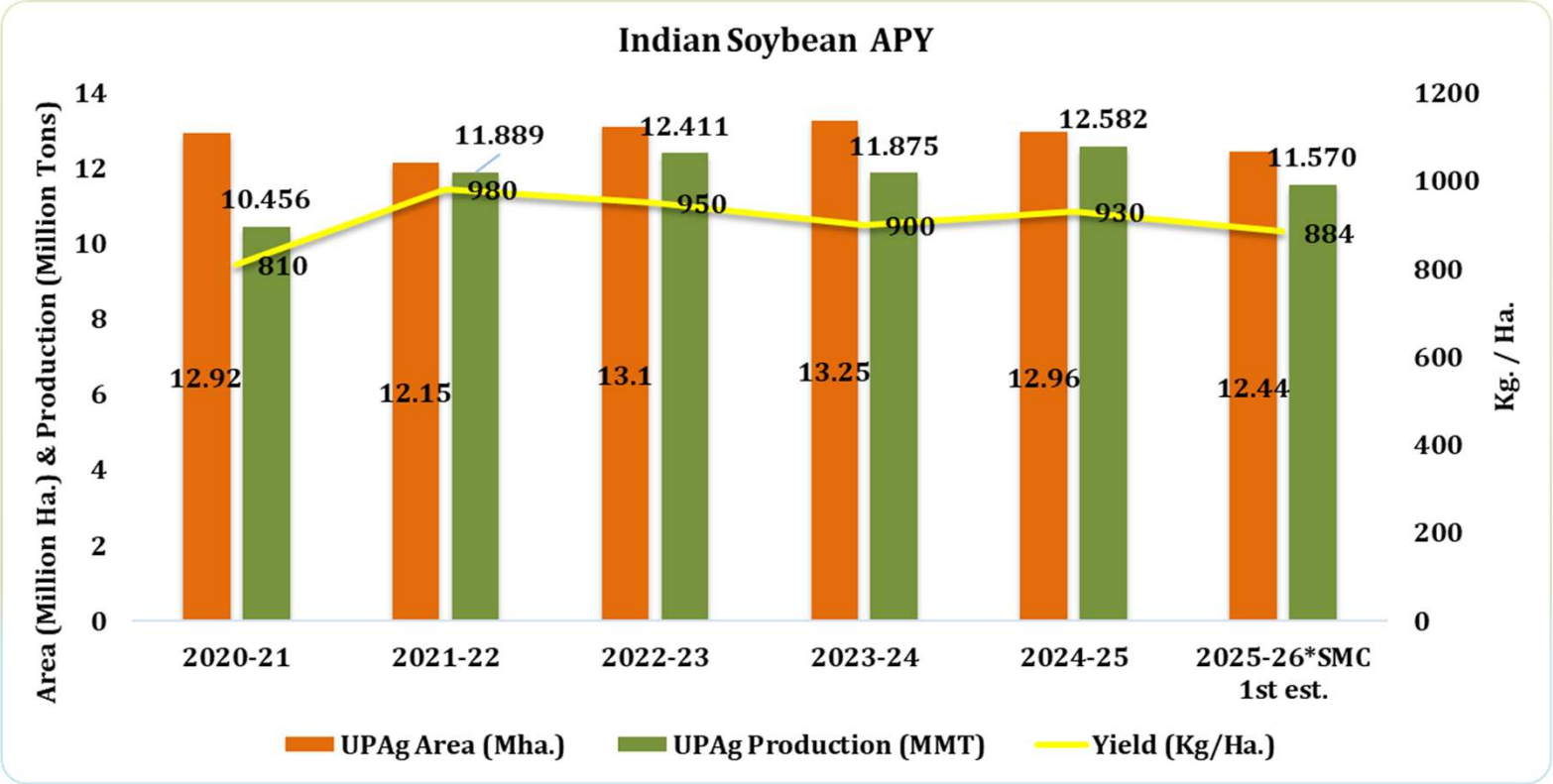


	Reason for Price Fall	Detail / Impact
Global Supply Recovery	Record South American Production (Brazil)	After initial weather-related challenges (like drought in 2022), Brazil, the world's largest soybean exporter, achieved record-high harvests in subsequent seasons (e.g., 2022/2023 and 2023/2024), leading to a massive surge in global supply and exportable surplus.
	Improved U.S. Crop Prospects	Generally favorable growing conditions in the U.S. in recent years, following a record planting intentions in 2022, led to expectations and realizations of large U.S. harvests, contributing to ample global stocks.
Shifting Demand	Reduced Chinese Demand for U.S. Soybeans	China, the top global importer, increasingly shifted its purchasing to South American (primarily Brazilian) soybeans due to their lower prices and ongoing U.S.-China trade tensions (tariffs and trade policies). This reduced a crucial export market for U.S. soybeans, putting downward pressure on U.S. futures.
	Normalization Post-Conflict/Pandemic	The high prices seen in 2021-2022 were partially due to factors like the initial supply disruptions from the Russia-Ukraine conflict and post-COVID-19 market recovery. As these effects have normalized, the market has settled back toward longer-run price averages.
Macroeconomic Factors	Stronger U.S. Dollar	An appreciating U.S. Dollar makes dollar-denominated commodities, like U.S. soybeans, more expensive for international buyers using other currencies, dampening export demand.
	Global Economic Slowdown	Broader global economic slowdowns and financial pressures in importing countries can temper overall demand for agricultural commodities.

Soybean Fundamental Outlook

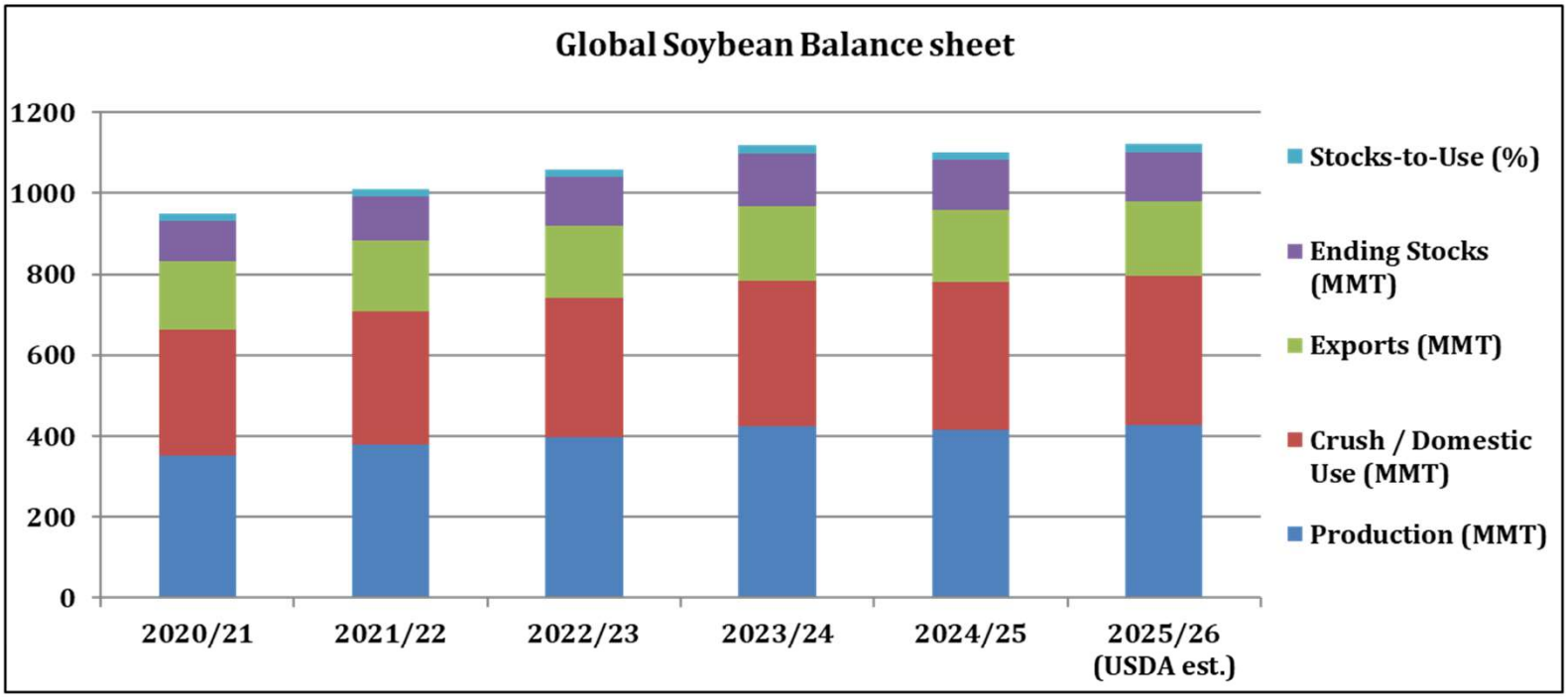
- Indian Soybean production for MY 2025-26 estimated to decline approx. by 8-9% at 11.57 MMT vs 12.58 MMT last season.
- Planted area reduced by approx. 5% at 12.44 Mha. Vs 12.96 Mha.
- Crop diversification towards profitable cash crop like Maize etc. and weather abnormality during August & September remains the major cause.
- Flooding and heavy downpour in major producing states Maharashtra and also infestation of Yellow Mosaic Virus in Madhya Pradesh impacted the crop as well as yield negatively.

Soybean APY estimate for MY 2025-26



- Season 2025-26 yield projected to decline by 5%.
- Crop area impacted by 4-5% as farmers prefer to diversify.
- Overall, Soybean production projected at 11.57 MMT in India this year.

Global Soybean Outlook 2025/26

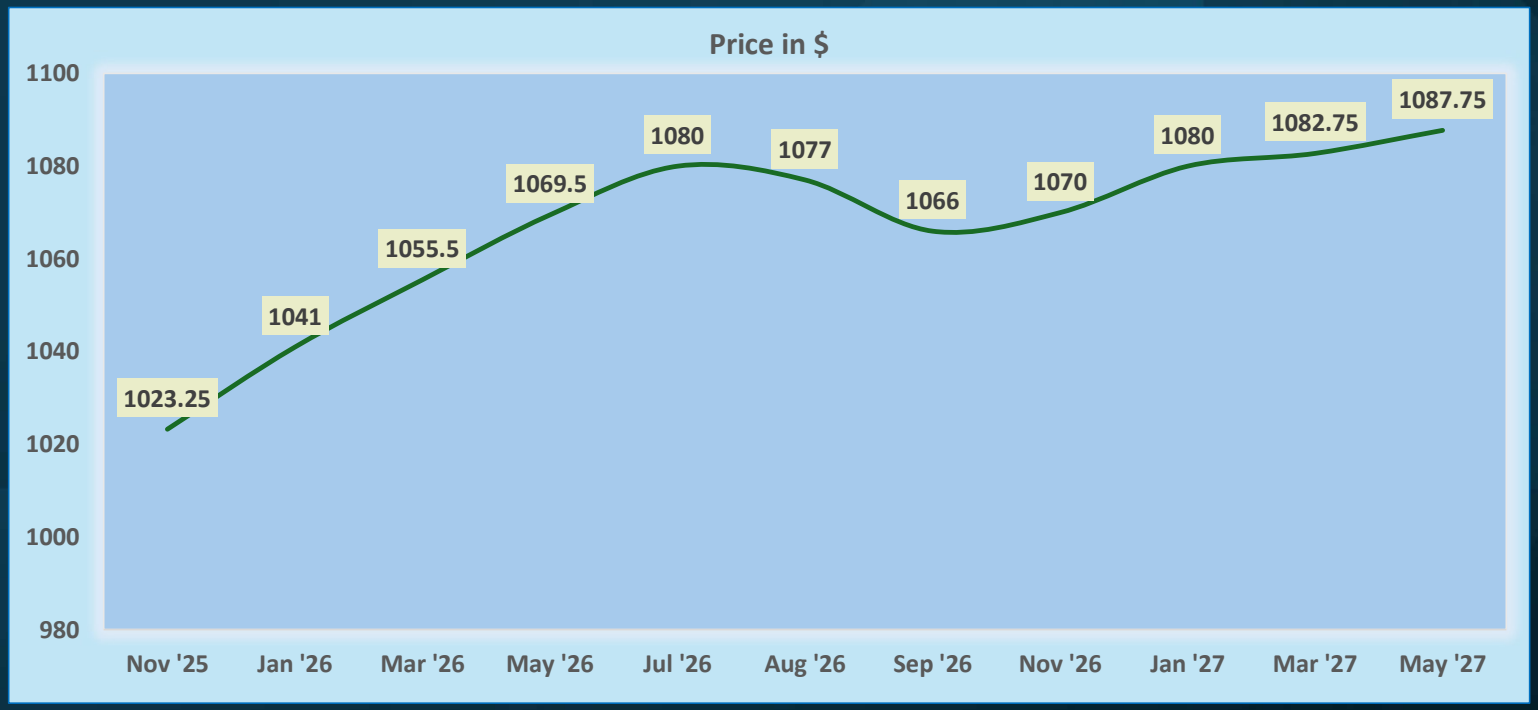


- World Soybean production projected to reach an all-time high of 425.8 million tonnes.
- Brazil is expected to contribute the largest share, producing around 175 million tonnes
- China imports are forecast at 112 million tonnes, reinforcing its position as the world's largest buyer.

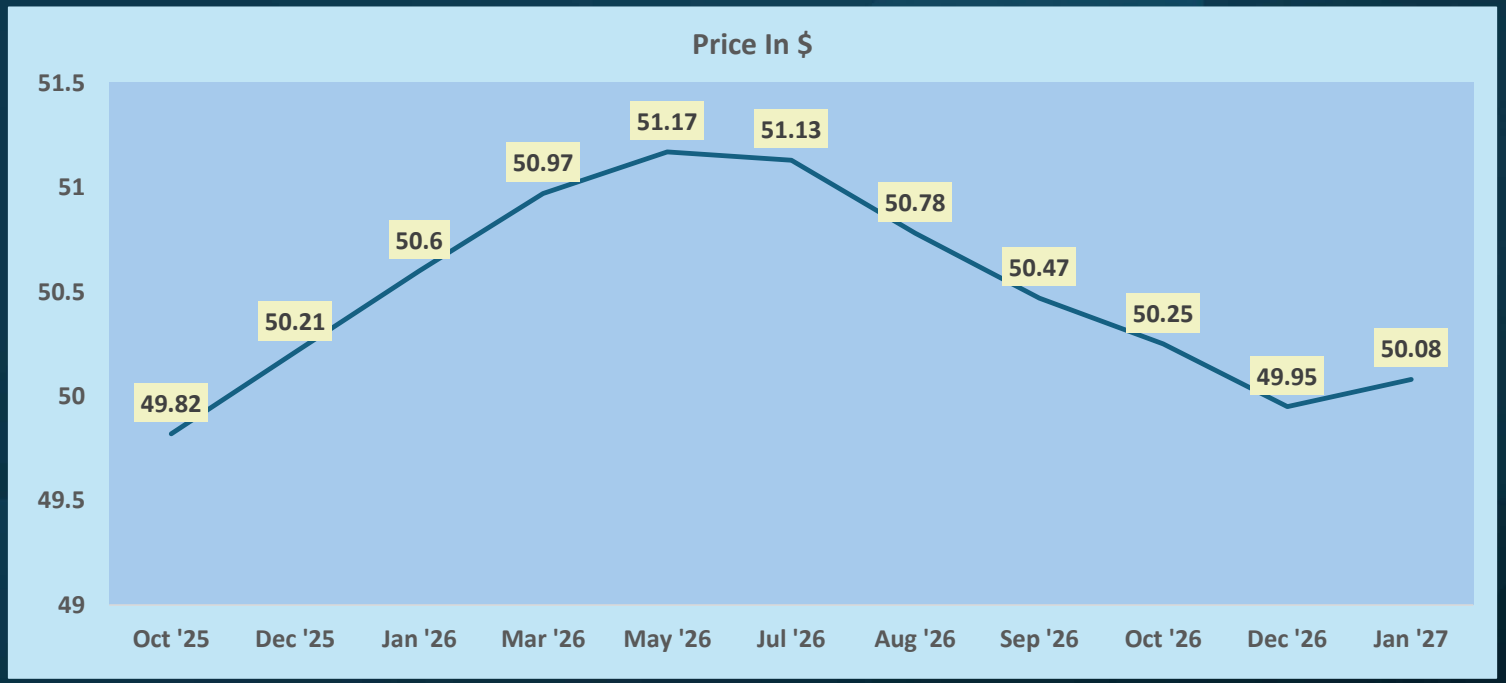
COT Report of US

Commodity	Managed Money Net Position	Change from Previous Week
Soybeans	Net Short (approx. 24,742 to 29,302 contracts)	Significant selling/increase in net short
Soybean Meal	Net Short (approx. 92,862 to 103,269 contracts)	Selling/increase in net short
Soybean Oil	Net Short (approx. 898 contracts) or Net Long (approx. 1,810 contracts)	Significant selling/move towards net short or small net long

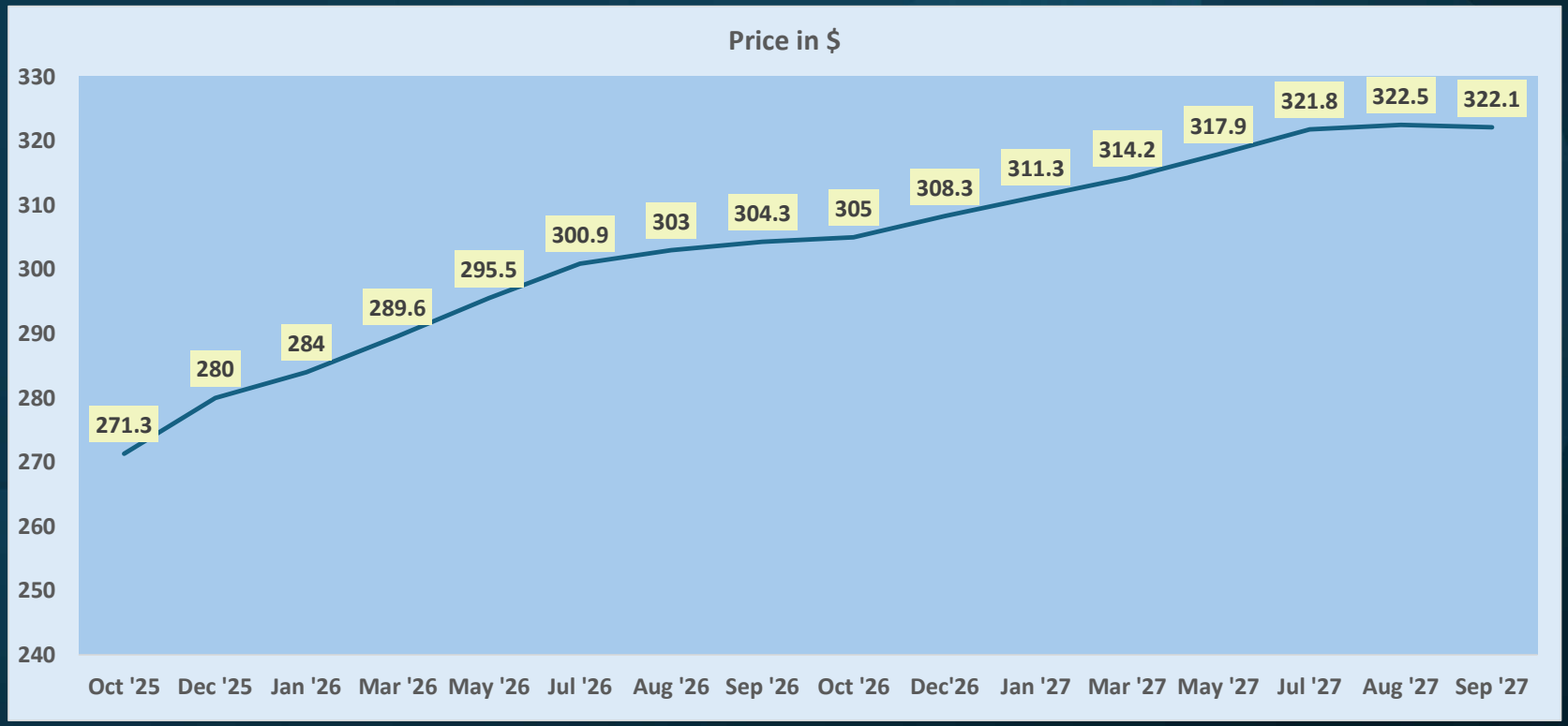
Soybean Forward Curve US



Soy Oil Forward Curve US



Soy Meal Forward Curve US



Soybean Futures US

The long-term technical outlook for soybean futures shows two significant consolidation phases. From 1973 to 2007, prices moved sideways between approximately $450 and $800, followed by a higher consolidation zone from 2008 to the present, ranging roughly between $900 and $1,800, indicating a structural upward shift in the market. Currently, prices are trading around $1,017, near the lower boundary of the 2008–2025 consolidation zone. Repeated tests of the $900–$1,000 support highlight this as a critical demand area, and sustained holding above this level keeps the broader long-term structure intact. Key levels to watch include the support zone at $900–$1,000, where a breakdown could trigger a decline toward $800, and the resistance zone at $1,350–$1,450, where a breakout would open the path toward retesting highs in the $1,600–$1,800 range. Despite recent weakness, the long-term pattern suggests that soybean remains in a higher consolidation range compared to the pre-2007 era. Current positioning near major support offers a favorable risk-reward setup for medium-to-long-term buyers, provided the $900 level holds. On the bullish side, holding above $900 could lead to a rebound toward $1,350–$1,450, with an extended target of $1,600 or higher. Conversely, a close below $900 could increase the risk of extended downside toward $800, breaking the 15-year consolidation base.

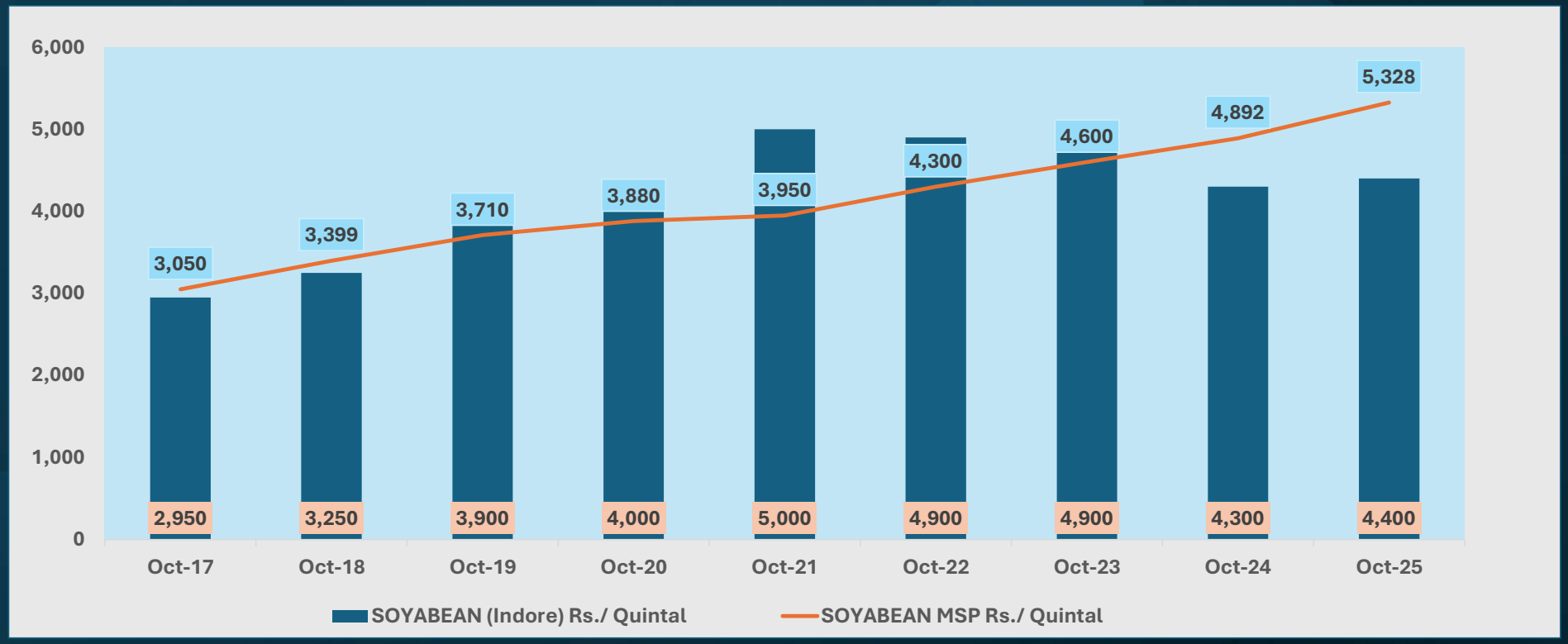
Soy Oil Futures US

Soybean oil futures remain in a long-term higher consolidation, currently trading around $50, which is mid-range of the $30–$80 zone established since 2008. The $40–$42 support zone has proven strong, reflecting active demand at lower levels, while resistance around $65–$70 could cap near-term rallies, with a potential extension to $80–$85 if a breakout occurs. The overall trend is structurally bullish, supported by accumulation during dips, suggesting market participants are positioning for higher prices over time. Forward years are likely to see gradual upward pressure, with prices oscillating within the $40–$70 range and short-term volatility driven by supply-demand factors, weather events, and global consumption trends.

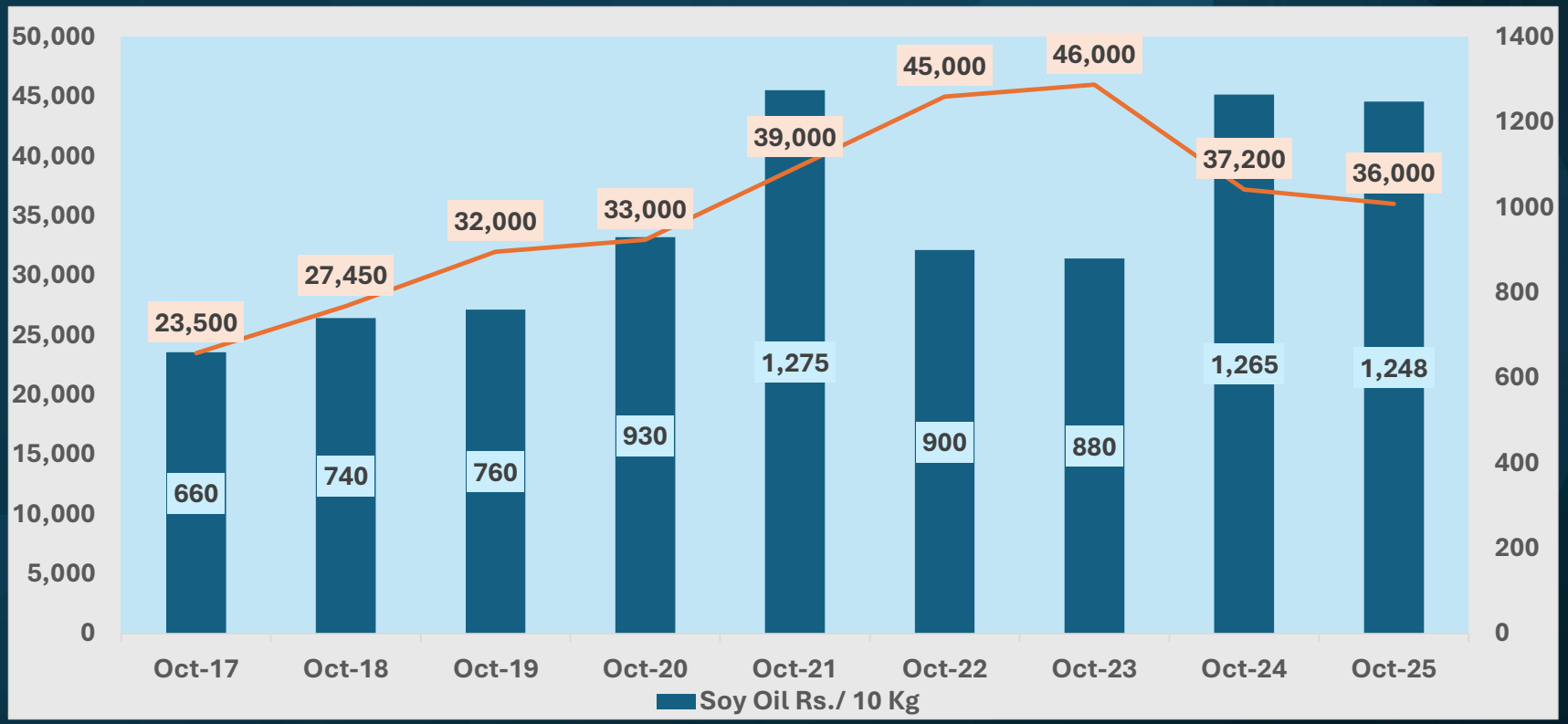
Crude Palm Oil Futures US

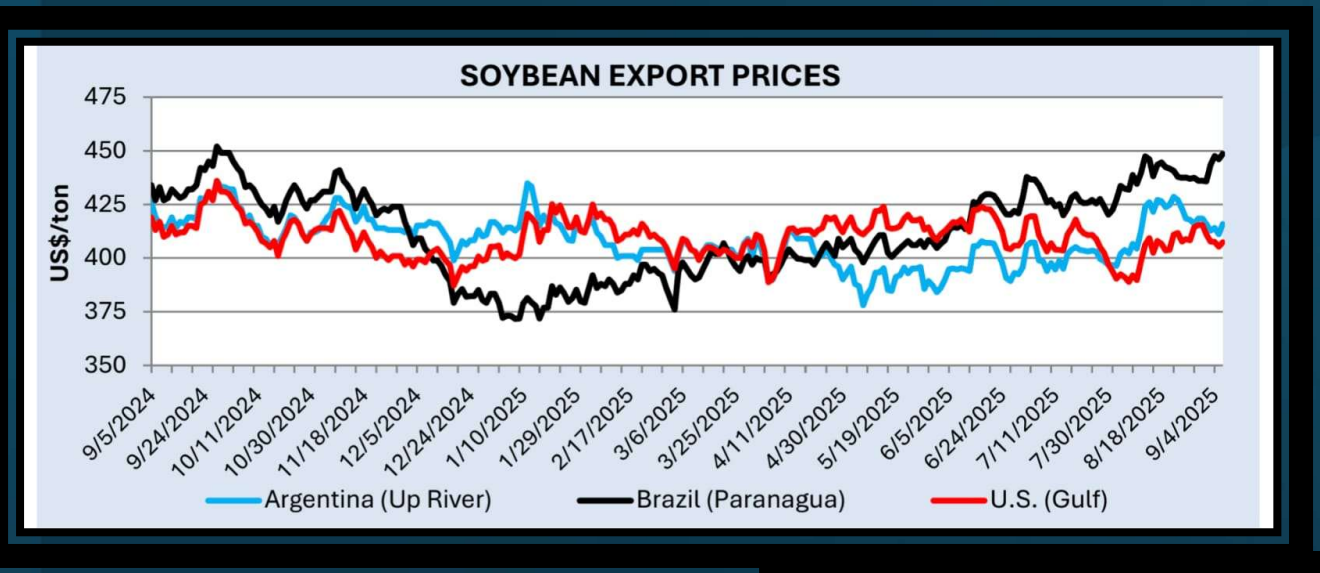
The Crude Palm Oil futures chart shows a long-term upward trend with significant price volatility over the past three decades. Since the early 1990s, prices have gradually risen, with strong acceleration after 2020. The Fibonacci retracement levels indicate key zones of support and resistance: 0.786 (~3,061 MYR), 0.618 (~3,959 MYR), 0.5 (~4,590 MYR), 0.382 (~5,221 MYR), and 0.236 (~6,002 MYR). Currently, prices are trading around 4,410 MYR, slightly above the 0.618 retracement level, suggesting a consolidation phase following the sharp upward move from the 1,917 MYR low. The chart highlights that the 3,900–4,000 MYR zone acts as a critical support level , while resistance may emerge near 4,590–5,220 MYR, a lining with the 0.5 and 0.382 Fibonacci levels. Volume patterns indicate accumulation during dips, suggesting that buyers are active at lower levels. The overall trend remains bullish, with the long-term upward trajectory supported by rising lows since the early 2000s. Forward outlook points to potential testing of higher resistance zones near 5,200–6,000 MYR, while a drop below 3,900 MYR could signal a retracement toward the 3,061 MYR support level. Overall, Crude Palm Oil futures appear structurally strong, with medium-to-long-term bullish bias, tempered by periodic consolidations within key Fibonacci zones.

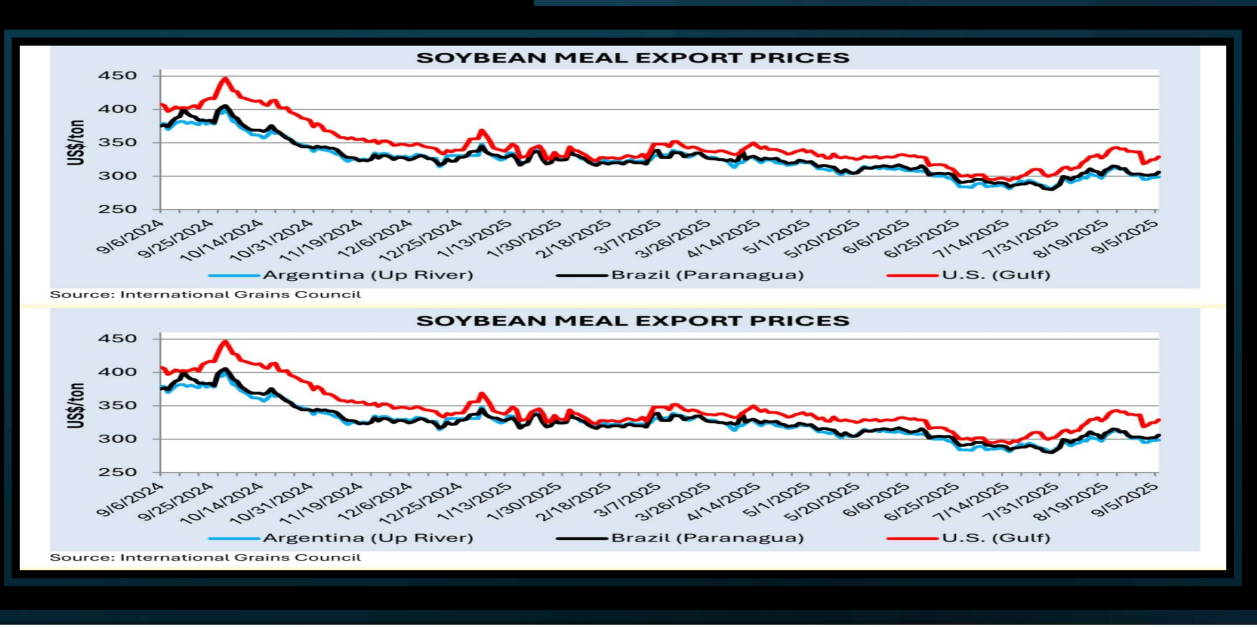
Soybean Prices, Indore & MSP



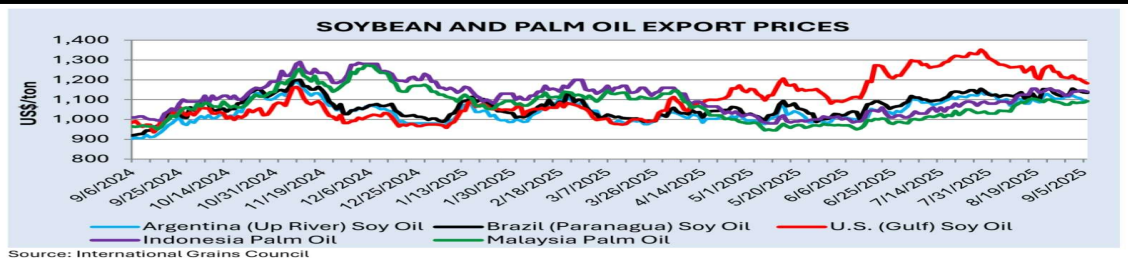
Soy & Meal Prices, Indore & MSP







SOYBEAN MEAL EXPORT PRICES
US$/ton
450
400
350
300
250
9/6/2024
9/25/2024
10/14/2024
10/31/2024
11/19/2024
12/6/2024
12/25/2024
1/13/2025
1/30/2025
2/18/2025
3/7/2025
3/26/2025
4/14/2025
5/1/2025
5/20/2025
6/9/2025
6/25/2025
7/14/2025
7/31/2025
8/19/2025
9/5/2025
Argentina (Up River)
Brazil (Paranagua)
U.S. (Gulf)
Source: International Grains Council



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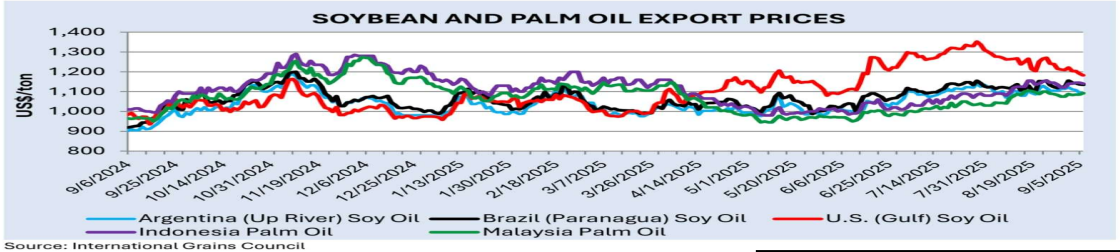

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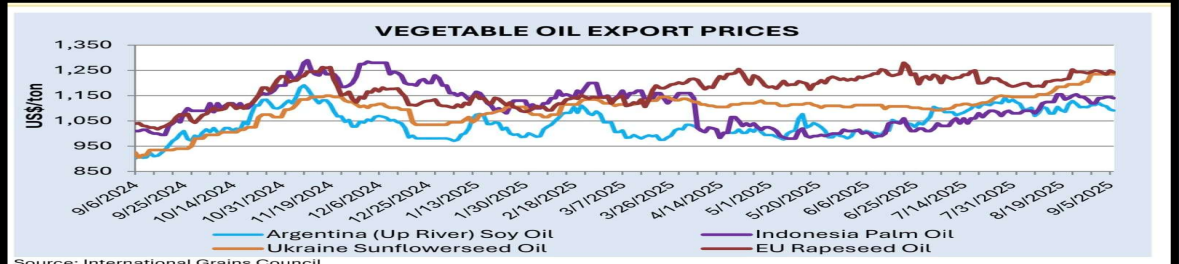

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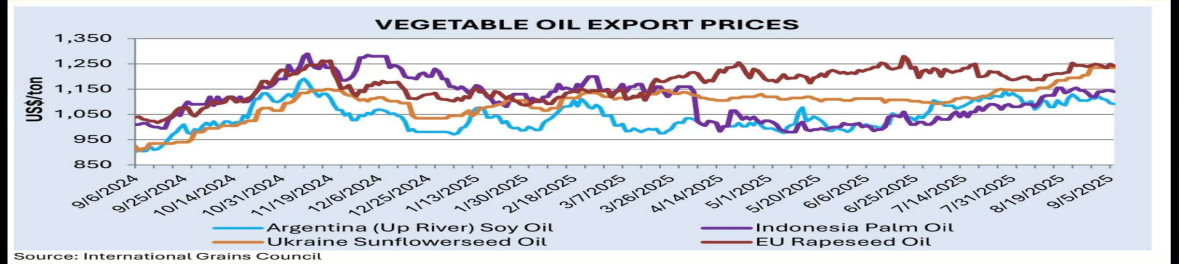

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Thank You