

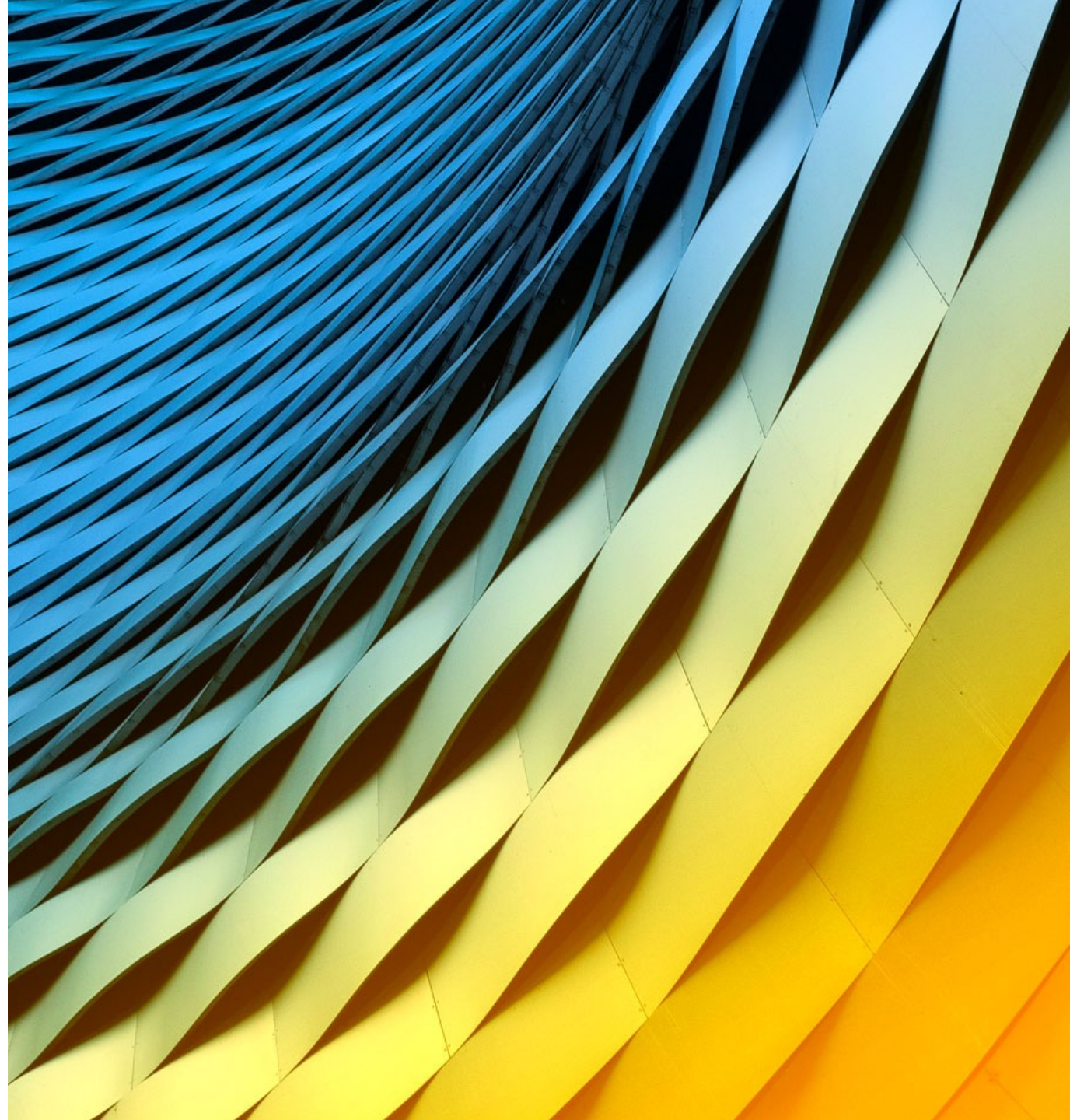
CME Group – Soybeans and Corn in South America – Market Review and the Importance of Risk Management

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Soybeans and Corn in South America

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South America: Soybeans and Corn



Area/production: low international prices, weather uncertainties, domestic policies limited potential growth in most producing countries in SA. Brazil an exception.

Perspectives: USDA supply and demand estimates show stronger demand and higher prices. This could stimulate farmers all over South America to increase area. Brazil included.



Bolivia



Soybeans

Production 2.9 mi.t. in 2020/21 - 3 mi.t. in 2018/19

Soymeal exports 1.7 mi.t. in 2020/21 - 1.6 mi.t. in 2018/19

Soyoil exports 385.000t in 2020/21 - 393.000t in 2018/19

Corn

Production – 1.2 mi.t. in 2020/21 - 1 mi.t. in 2018/19

Source: USDA, IndexMundi.

Land available and favourable logistics.

**Political instability, limited investment opportunities in agribusiness,
other profitable farming options for farmers.**

Bolivia still a minor player in the global corn and soybeans market.



Uruguay



Soybeans

Production 2.13 mi.t. in 2020/21 - 2.83 mi.t. in 2018/19

Soybean exports 2.05 mi.t. in 2020/21 – 2.75 mi.t. in 2018/19

Corn

Production 700.000t in 2020/21 - 816.000t in 2018/19

Source: USDA, IndexMundi.

Favourable logistics – not a traditional grain producer.

Market instability and other options (livestock).

Recent expansion and interest in grains,

but still a minor player in the global corn and soybeans market.



Paraguay



Soybeans

Production 9.9 mi.t. in 2020/21 - 8.5 mi.t. in 2018/19

Soybean exports 6.6 mi.t. in 2020/21 - 4.9 mi.t. in 2018/19

Soymeal exports 2.4 mi.t. in 2020/21 - 2.3 mi.t. in 2018/19

Soyoil exports 640.000t in 2020/21 - 653.000t in 2018/19

Corn

Production 4.2 mi.t. in 2020/21 - 5 mi.t. in 2018/19

Exports 2.4 mi.t. in 2020/21 - 2.8 mi.t. in 2018/19

Source: USDA.

Landlocked, depends on other countries for bulk shipments.

Economic instability, weather issues, low prices and profits.

Could change this year, farmers seem more willing to take risks again.



Argentina



Soybeans

Production 47 mi.t. in 2020/21 – 55.3 mi.t. in 2018/19

Soybean exports 6.35 mi.t. in 2020/21 – 9.10 mi.t. in 2018/19

Soymeal exports 28.25 mi.t. in 2020/21 – 28.8 mi.t. in 2018/19

Soyoil exports 6,25 mi.t. in 2020/21 – 5.3 mi.t. in 2018/19

Corn

Production 47 mi.t. in 2020/21 – 41 mi.t. in 2018/19

Exports 34 mi.t. in 2020/21 – 37.2 mi.t. in 2018/19

Source: USDA.

Economic instability, change in tariffs, strikes – limitations.

Strong international prices and opportunity to capitalize will stimulate planting.



Brasil



Soybeans

Production 136 mi.t. in 2020/21 – 119.7 mi.t. in 2010
Soybean exports 86 mi.t. in 2020/21 – 74.9 mi.t. in 2018/19
Soymeal exports 16.8 mi.t. in 2020/21 – 16.1 mi.t. in 2018/19
Soyoil exports 1.2 mi.t. in 2020/21 – 1.1 mi.t. in 2018/19

Corn

Production 102 mi.t. in 2020/21 – 101 mi.t. in 2018/19
Exports 35 mi.t. in 2020/21 – 39.7 in 2018/19

Source: USDA.

Performance Below Expectations in SA



Nearly a decade of low international grain prices and regional geopolitics are considered as some of the reasons leading farmers to slow down on growth and investments in most grain producing countries in South America.

Brazil, the exception.

Currency devaluation.

Trade war.

Investments in infrastructure.

Little or no government intervention.

Ample land to go into grain production.

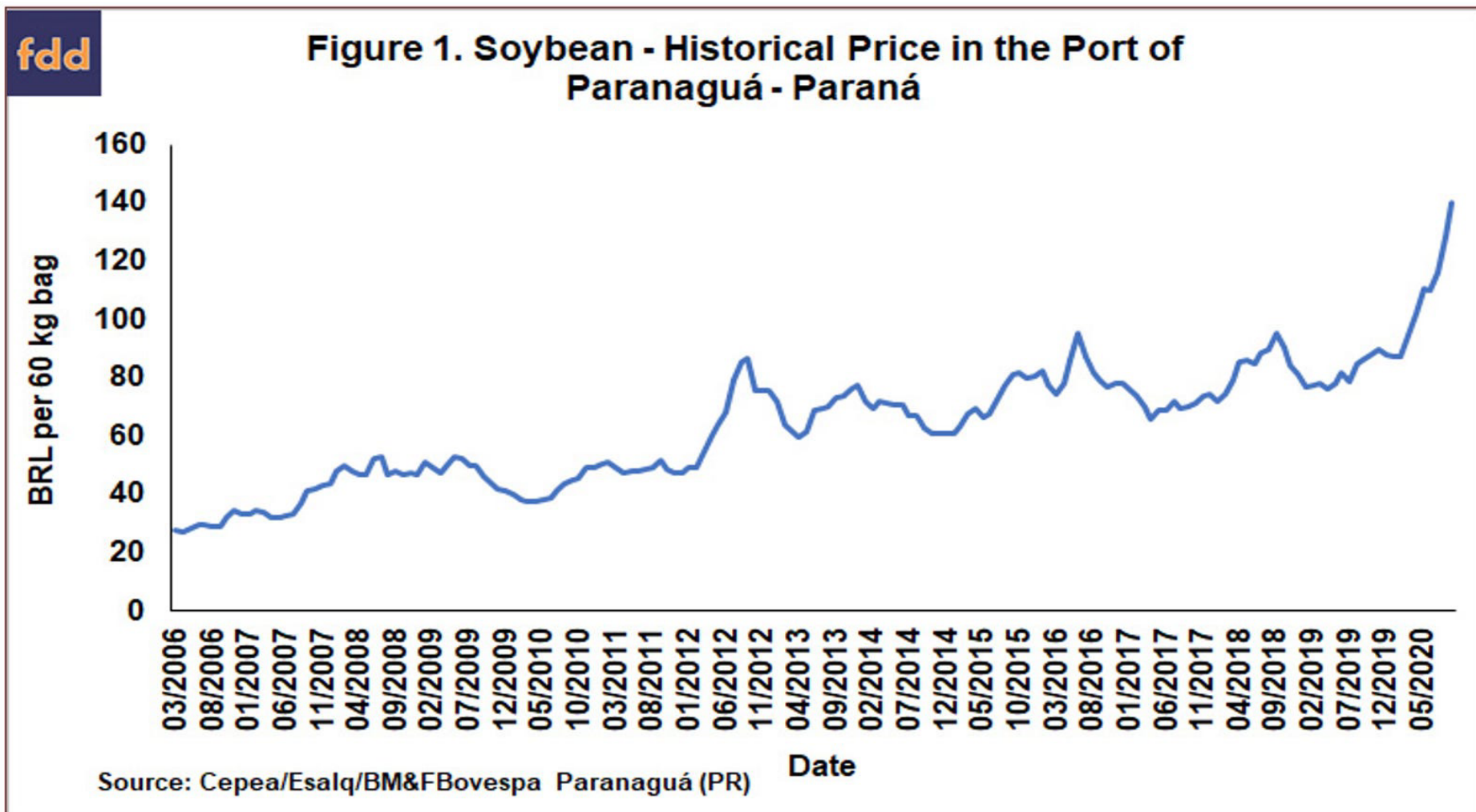
It is not a matter of “if”, but by how much will area grow in Brazil.

Farmers seem determined to respond to higher prices by increasing area.

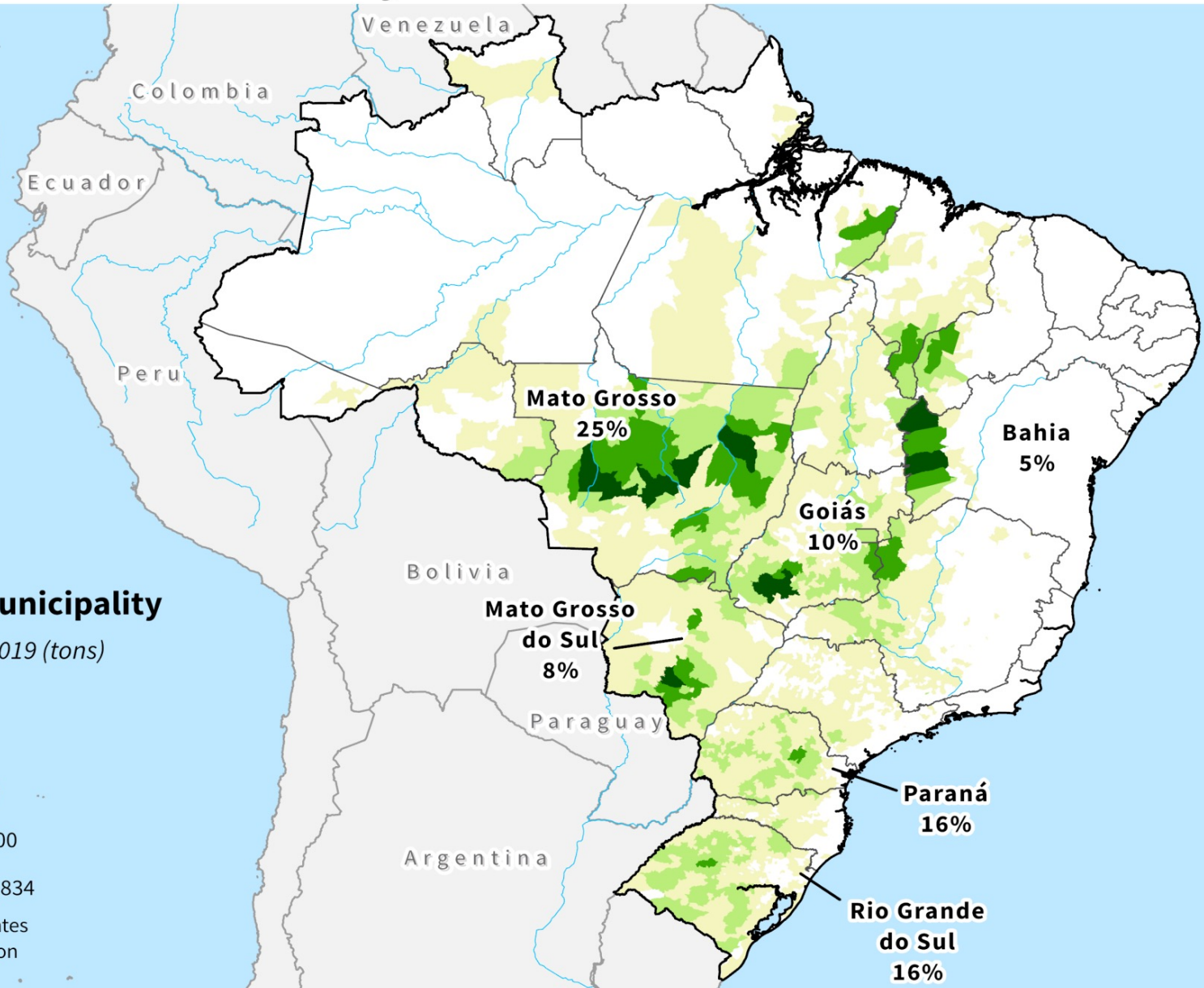
Brazil – an exception - record prices.



Farmer optimism has the potential to continue for the next couple of years.

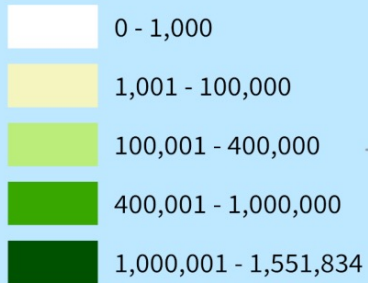


Brazil: Soybean Production



Production by Municipality

3-year Average, 2017-2019 (tons)



Percentage shown (%) indicates percent of national production

Internal logistics issues a priority !





SOYBEAN TRANSPORTATION GUIDE BRAZIL 2019



Adverse Weather Conditions ?

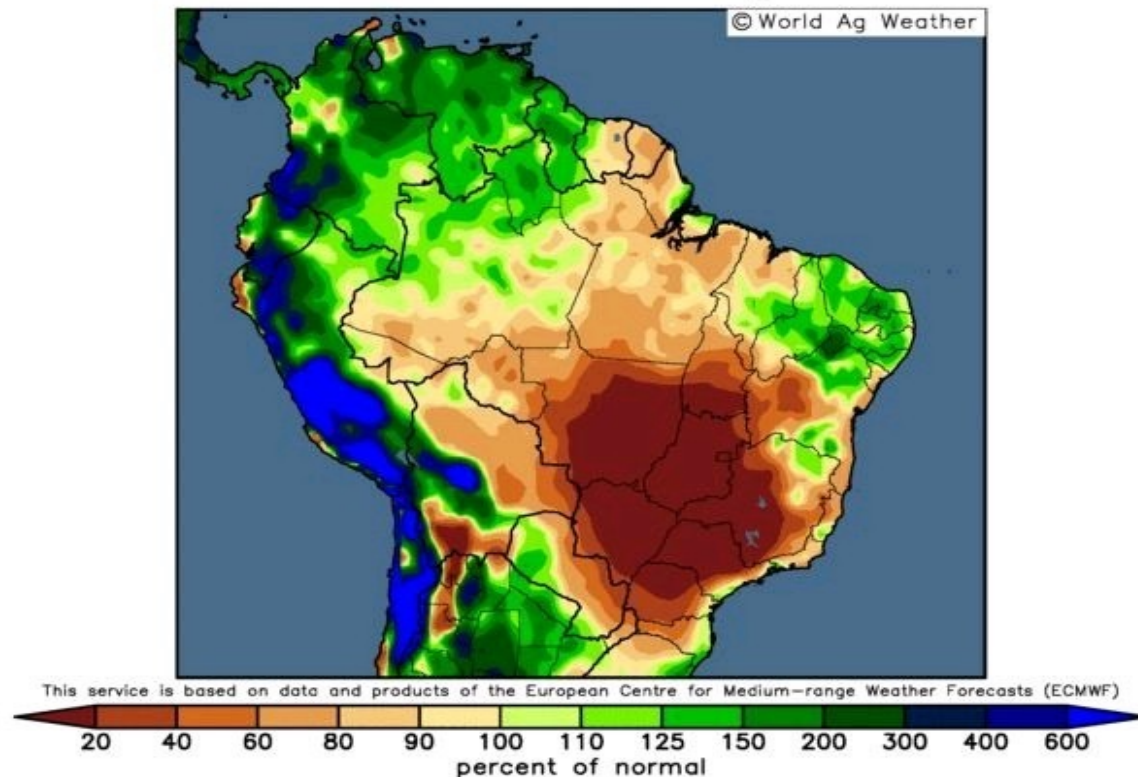
La Nina 2020/21 – minor losses. Soybeans scraped through.

Corn 2021 in Brazil - worst drought in decades !

What is in store for the 2021/22 soybean and corn crops in SA ?

ECMWF Ensemble Median: Percent of Normal Precip
Days 1–14: 00UTC 5 May 2021 – 00UTC 19 May 2021

Model Initialized 00UTC 4 May 2021



Conclusion

USDA - global supply and demand tightness – possible volatile times ahead.

A post-pandemic economic recovery expected and aggressive buying from China could continue – will this bring about a food security crisis ?

CME quotes near all time highs – will farmers increase area ?

Brazil - excellent market conditions and prices – ample area.

Higher profits in recent years, stronger domestic and international demand - farmers in South America, led by Brazil, have the potential to react strongly to present high prices. Weather permitting, bumper crop is possible in 2021/22.

It is not a matter of one producing country trying to take over the export share of another country anymore. The world will be needing more food.

Demand/consumption side – need good production in other regions like North America and the Black Sea in order to increase chances of less pressure on international prices.



Thank you for your attention !

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