



Market for proteins and oilseed crops

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International Grains Council





Soyabeans: A tighter global balance sheet in view in 2019/20 – largely on a heavily reduced US crop

Diminished US crop outlook tightens the world S&D balance sheet

Supply & demand summary

m t	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Opening stocks	34	48	44	50	+ 13.7%
Production	352	341	359	341	- 5.1%
Total supply	386	389	404	391	- 3.0%
Total use	338	345	353	360	+ 1.8%
<i>of which: Crush</i>	295	302	311	316	+ 1.5%
<i>Food</i>	18	19	19	20	+ 5.4%
<i>Feed</i>	16	14	13	14	+ 0.9%
Closing stocks	48	44	50	32	- 36.4%
<i>Major exporters^{a)}</i>	22	16	31	16	- 48.3%
Trade (Oct/Sep)	148	153	150	151	+ 0.3%

^{a)} Argentina, Brazil, USA

With US acreage set to contract by 14% y/y, and with yields below trend, global production to decline by 18m t y/y.

Consumption gains of 2% y/y well below par on impact of ASF in China.

Steep fall in carryovers likely, largely on a heavy drawdown in US.

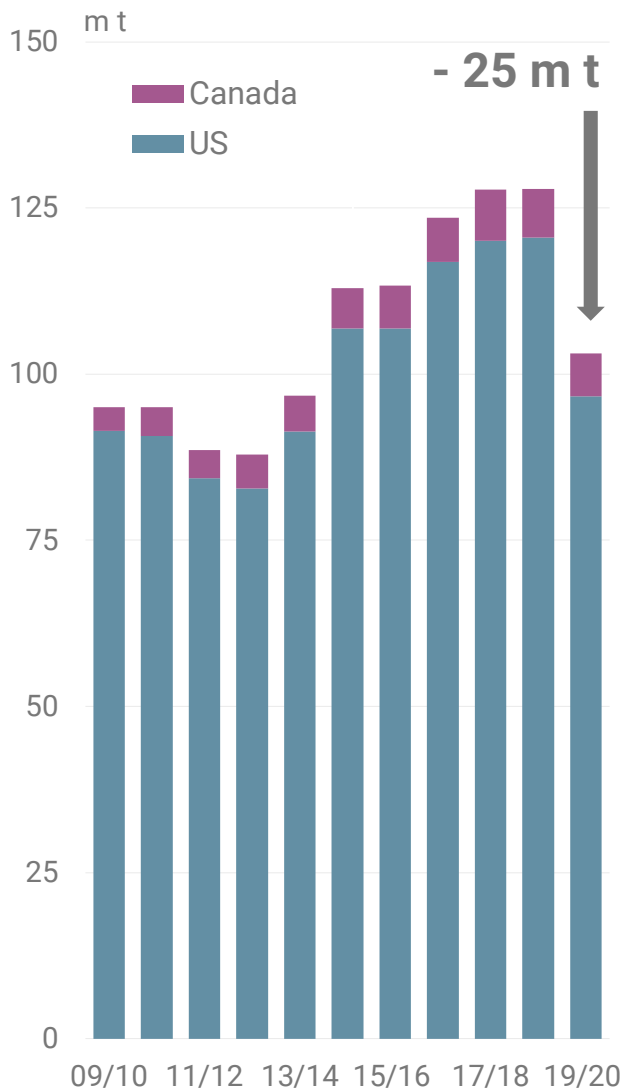
Trade prospects highly uncertain until there is clarity on China's needs. Other buyers too small to fully compensate.

Brazil's exports could recover in 2020/21 (Feb/Jan), but hinges on firmer Chinese demand and how US-China trade dispute evolves

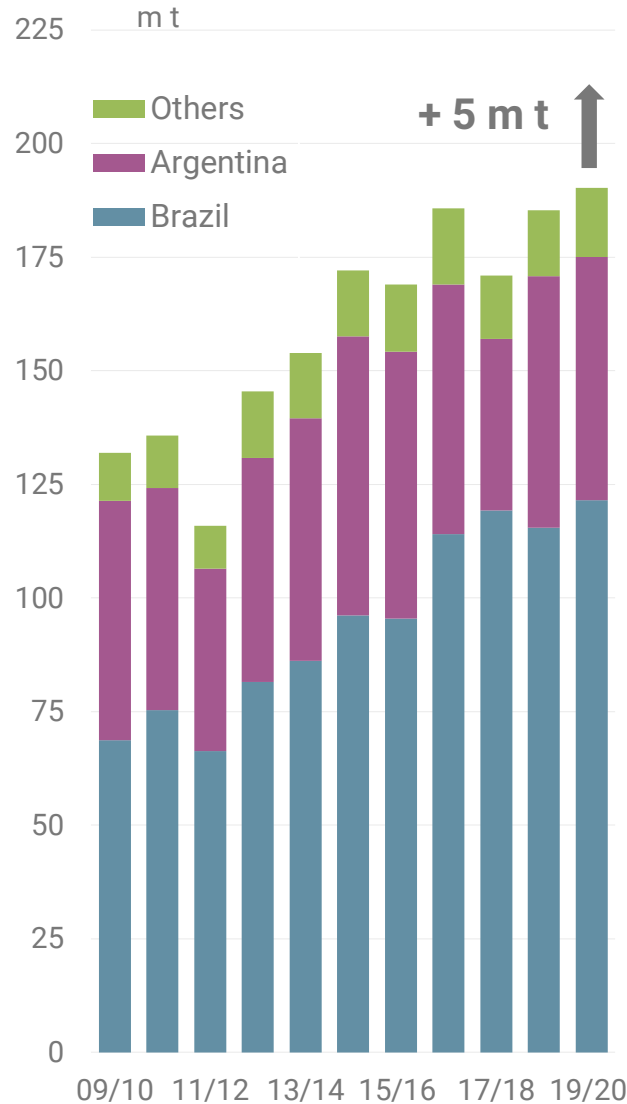


Soyabeans: Highlighting why global production – and stocks – are expected to contract in 2019/20

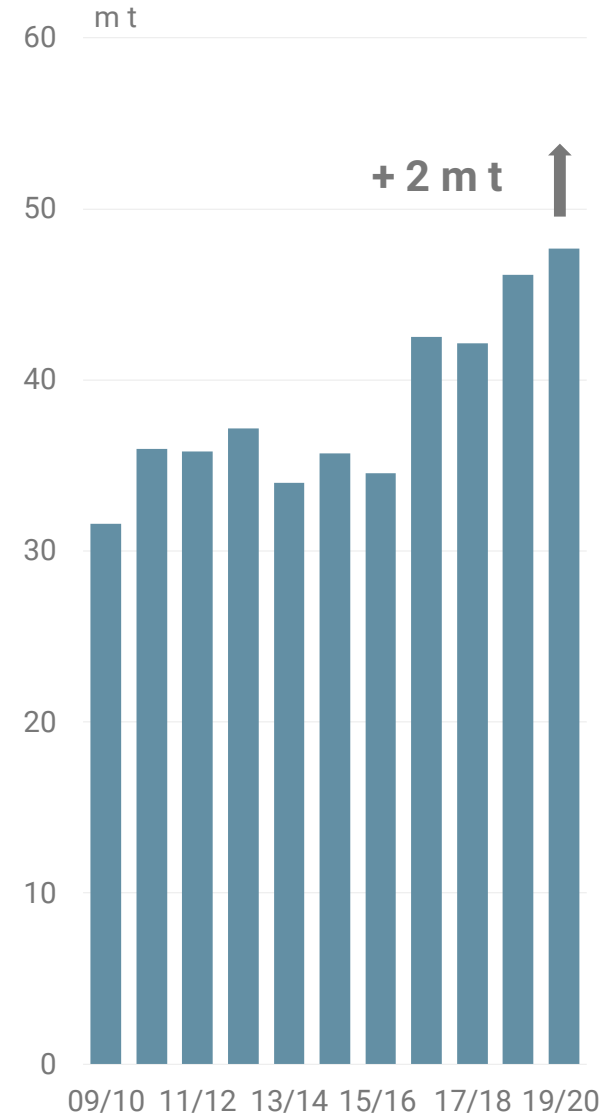
North America



South America

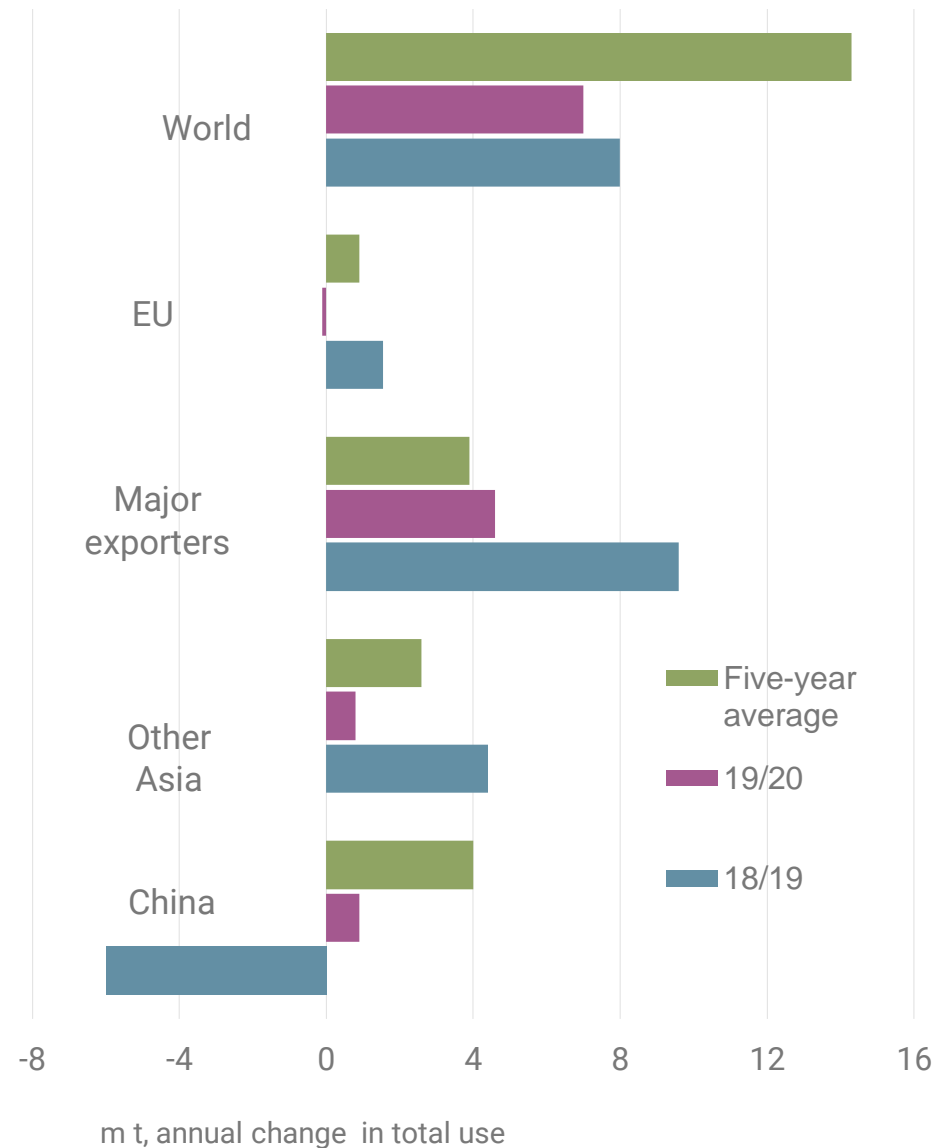
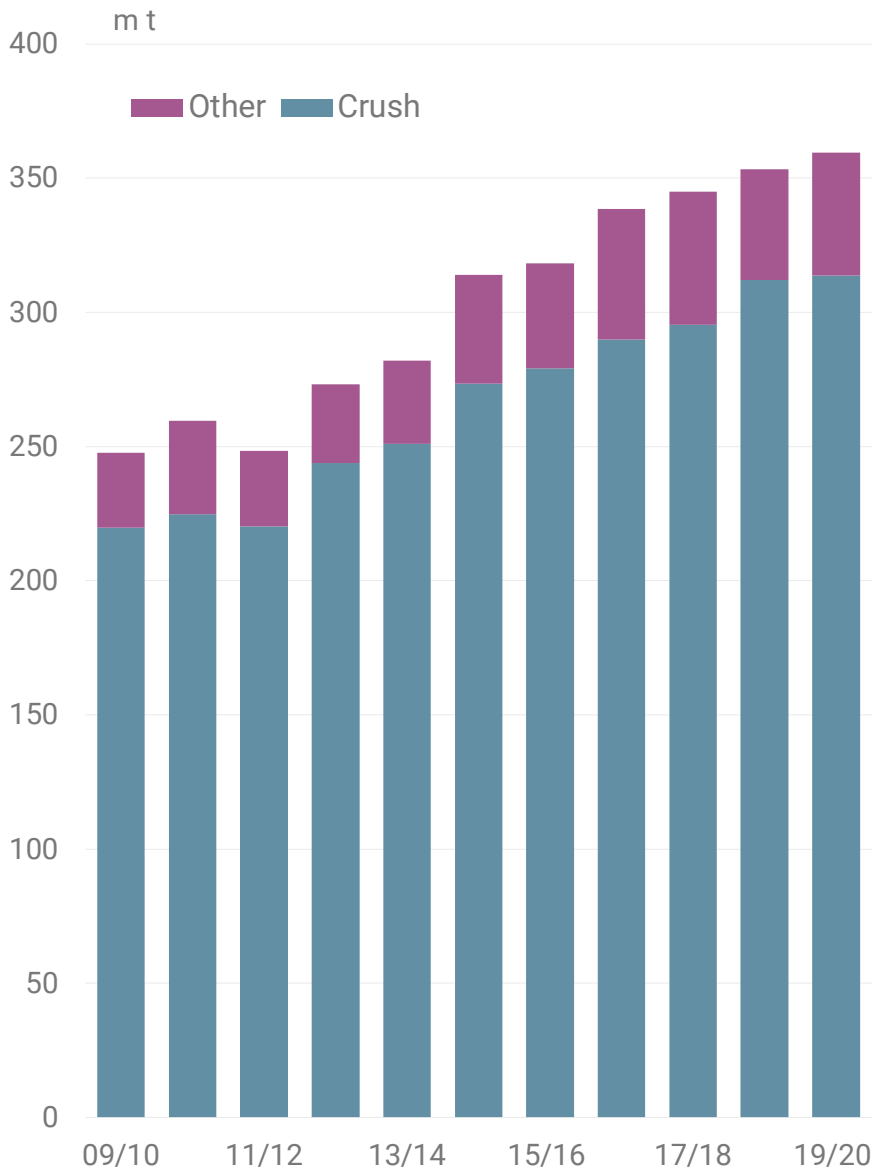


Other countries



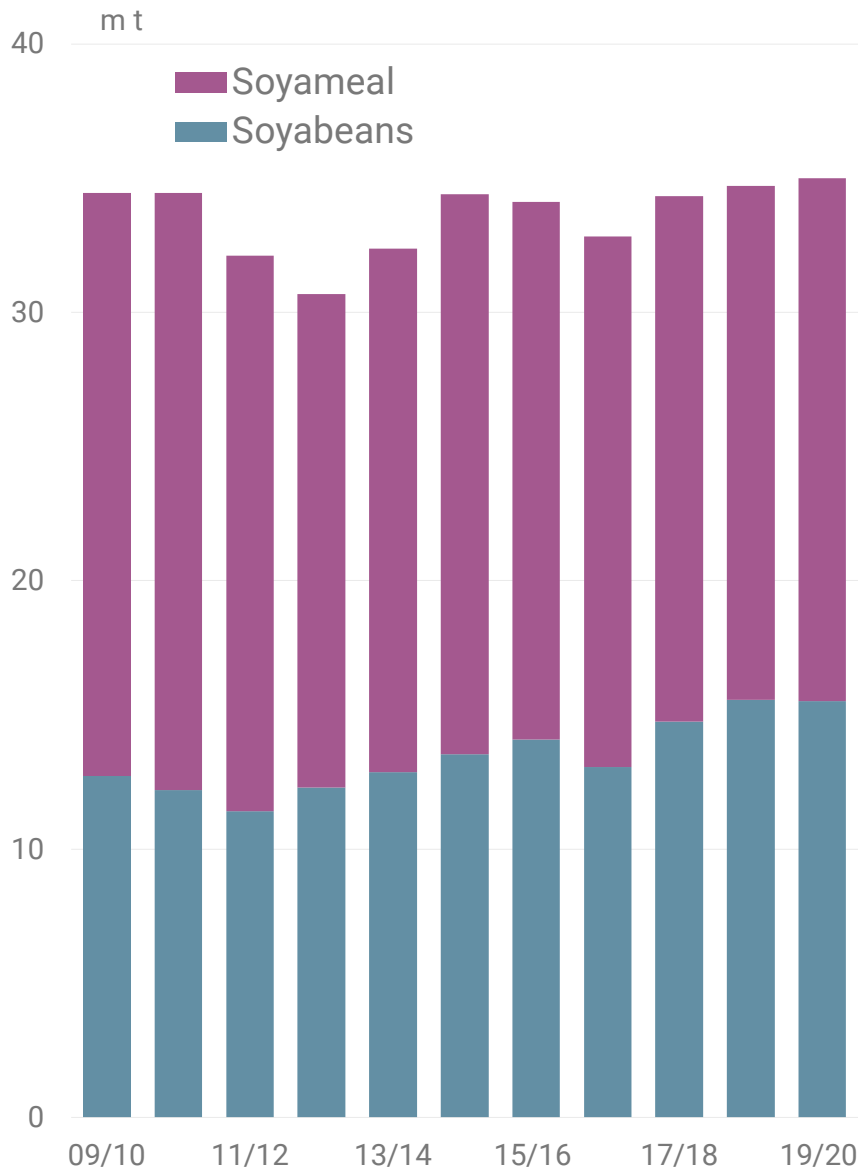


Soyabeans: Global use growth in 2019/20 again below par on slower demand in China...who can compensate?

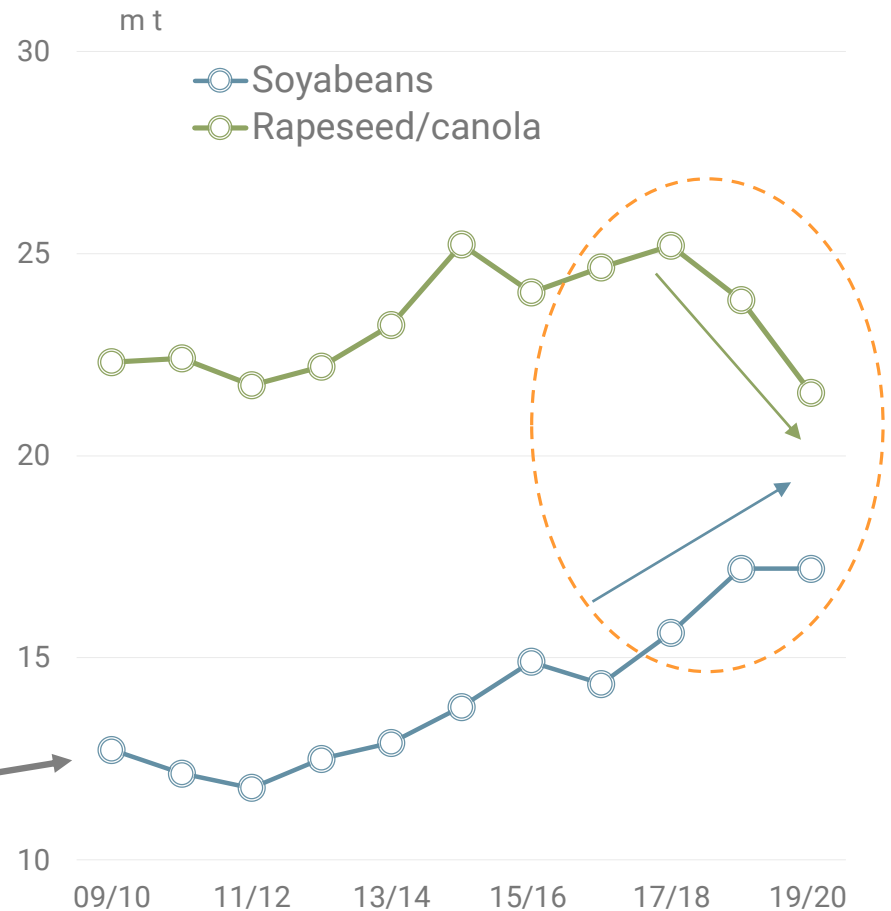




Given negligible production, EU imports of soyabeans and meal are big.....albeit with minimal growth in recent years



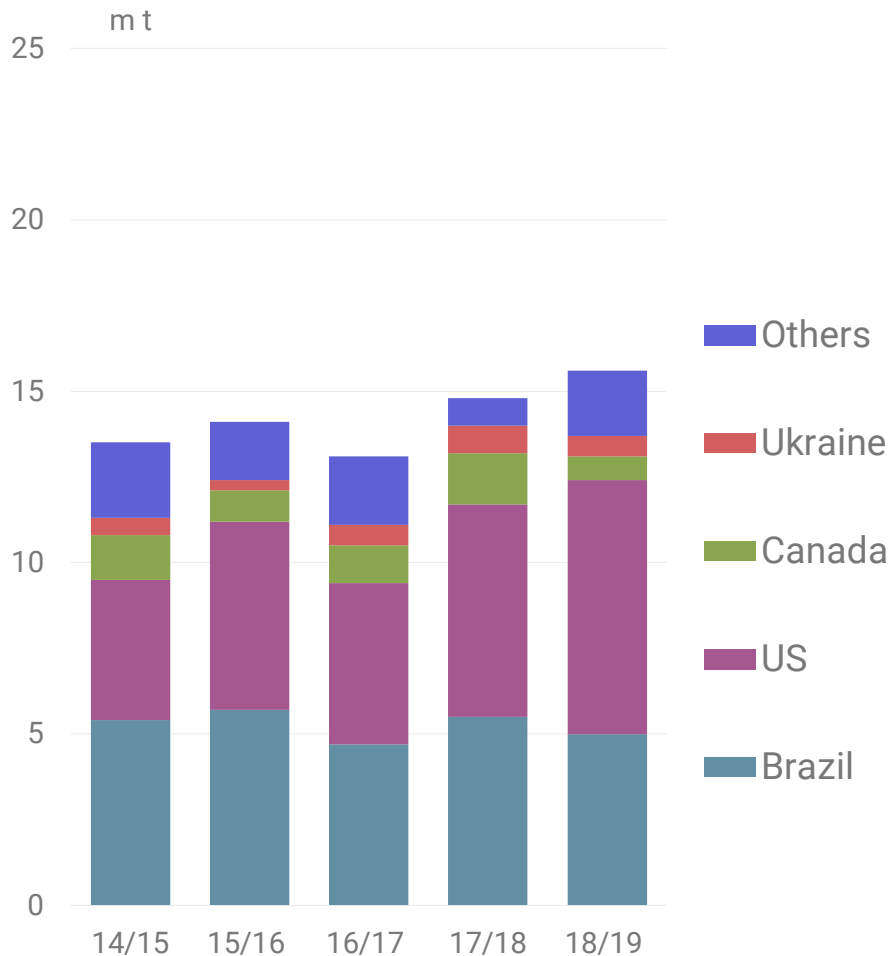
However, EU processing of soyabeans has expanded in recent years as rapeseed/canola crush has dwindled against the backdrop of much tighter supplies



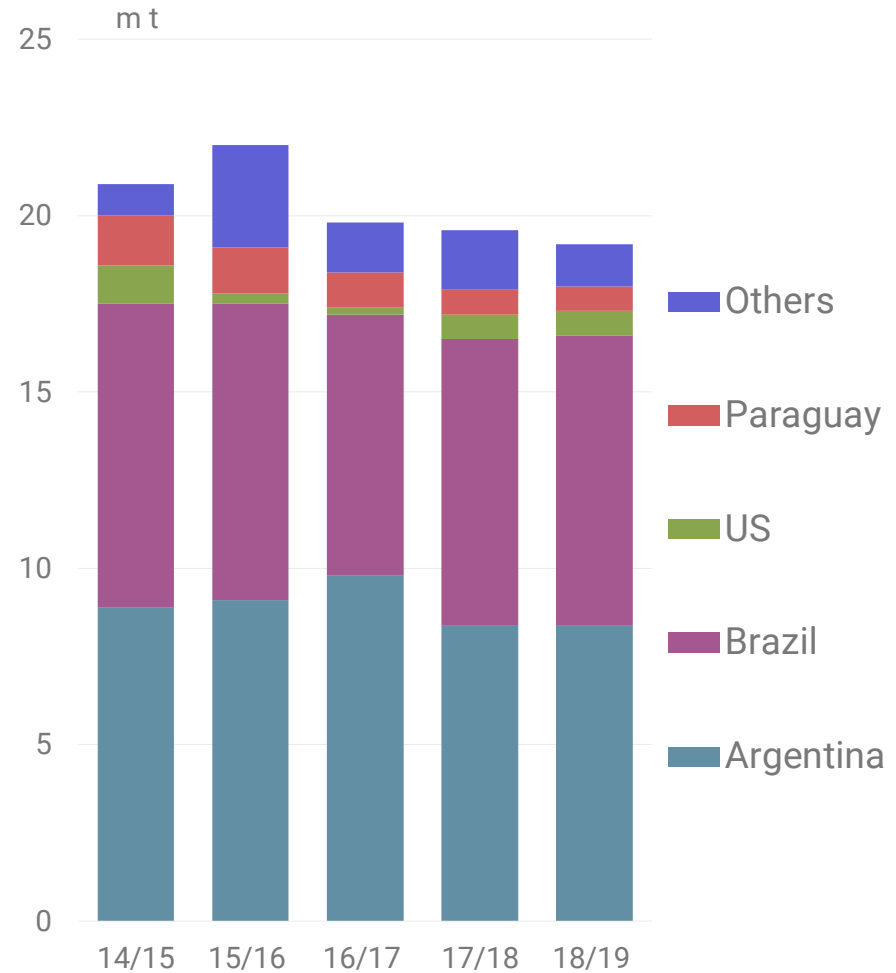


Trade data highlight the importance of the EU market to South American suppliers in particular

Brazil and the US dominate the market for **soyabean** imports, while Canada & Ukraine enjoy moderate market shares



Argentina and Brazil account for bulk of **soyameal** arrivals, with only marginal volumes sourced from Paraguay and the US





World soyabean and products markets – some points to consider

- A much tighter global balance sheet by way of a heavily reduced US crop.
- This is despite the impact of African Swine Fever and, to a lesser extent, the ongoing trade dispute on Chinese and world demand.
- However, prospects for supply and demand are tentative since South American planting only just underway.
- A resolution to the US-China trade dispute could have big ramifications for world trade – leading to a big shake up of shipment flows.
- Could the US regain lost market share in China to pre-dispute levels and how would this affect Brazilian export prospects?
- In Brazil, the government is planning to boost biodiesel production and this would require expanded processing to produce soyabean oil supplies. Consequently, there could be less oil for export but more soyameal for shipment to global markets
- In Argentina, how will recent economic and political events shape agriculture?



Rapeseed/canola: World output and consumption forecast to contract by 5% y/y

Canada is one of global key producers, but outputs vary significantly across provinces; since 2018/19, it is also the world's largest producer.

Due to dryness and adverse weather conditions, output in Australia is expected to drop below average.

Amid a record production, Ukraine increased its exportable supplies;

In Russia, domestic demand is the driving factor of rising output.

2020/21 prospects in the EU remain uncertain. Area could recover to around 6.0m ha but seasons of disappointing outputs could contain upside.

Ukraine completed winter sowings on about 1.1m ha, with final outcome dependent on winterkill. Dryness caused some concerns.

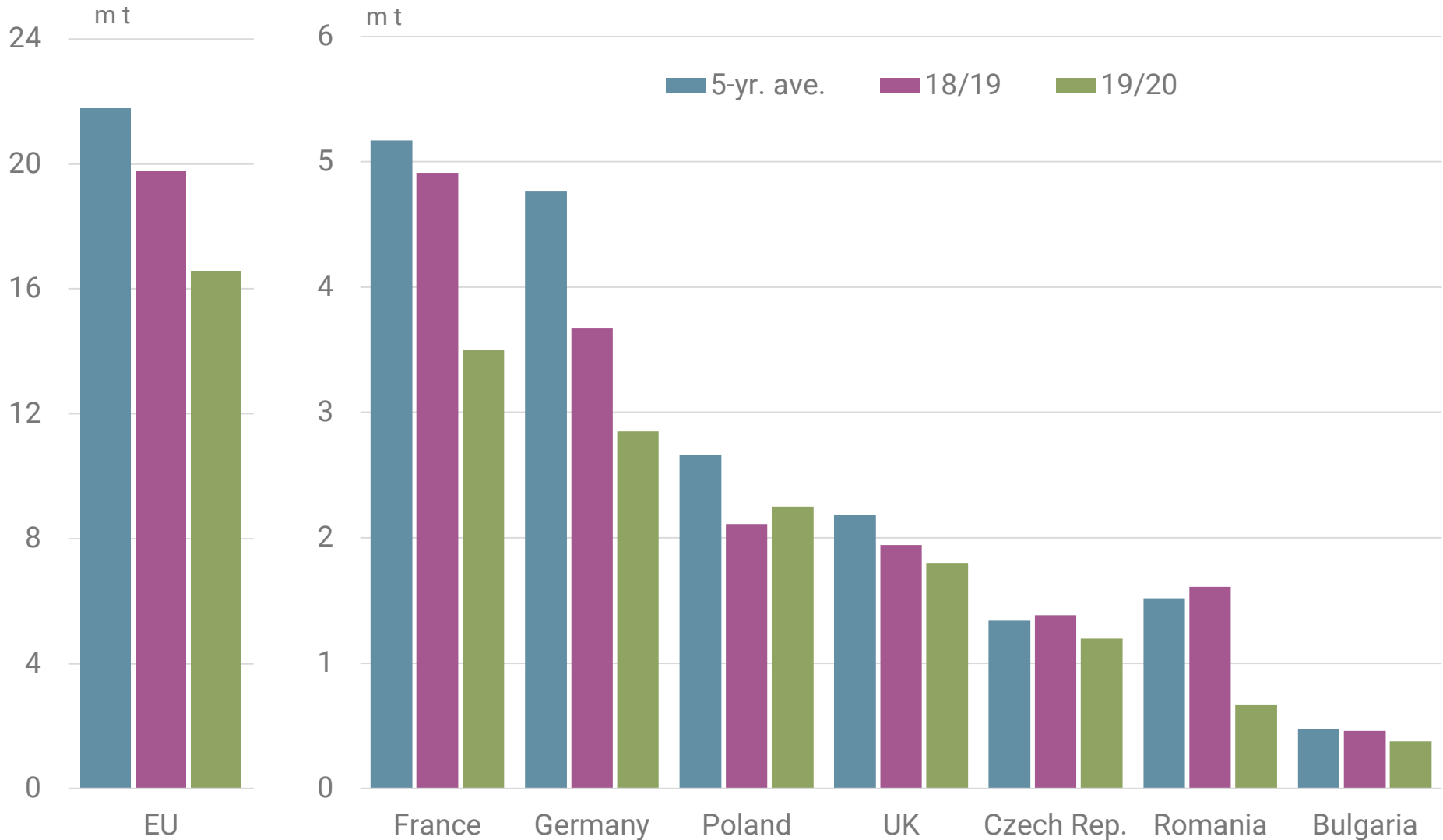
Supply & demand summary

m t	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Opening stocks	5.9	5.0	6.9	7.1	+ 3.2%
Production	69.8	74.7	72.2	68.8	- 4.6%
Total supply	75.7	79.7	79.1	75.9	- 3.6%
Total use	70.7	72.9	72.0	68.7	- 4.5%
<i>of which: Crush</i>	<i>67.8</i>	<i>69.9</i>	<i>68.7</i>	<i>65.5</i>	<i>- 4.7%</i>
<i>Feed</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>	<i>2.3</i>	<i>-</i>
<i>Food</i>	<i>0.6</i>	<i>0.7</i>	<i>0.9</i>	<i>0.9</i>	<i>-</i>
Closing stocks	5.0	6.9	7.1	7.2	+ 1.6%
<i>Major exporters ^{a)}</i>	<i>1.6</i>	<i>3.4</i>	<i>5.0</i>	<i>5.5</i>	<i>+ 10.0%</i>
Trade (Jul/Jun)	17.1	16.1	14.9	15.2	+ 1.8%

^{a)} Australia, Canada, Ukraine

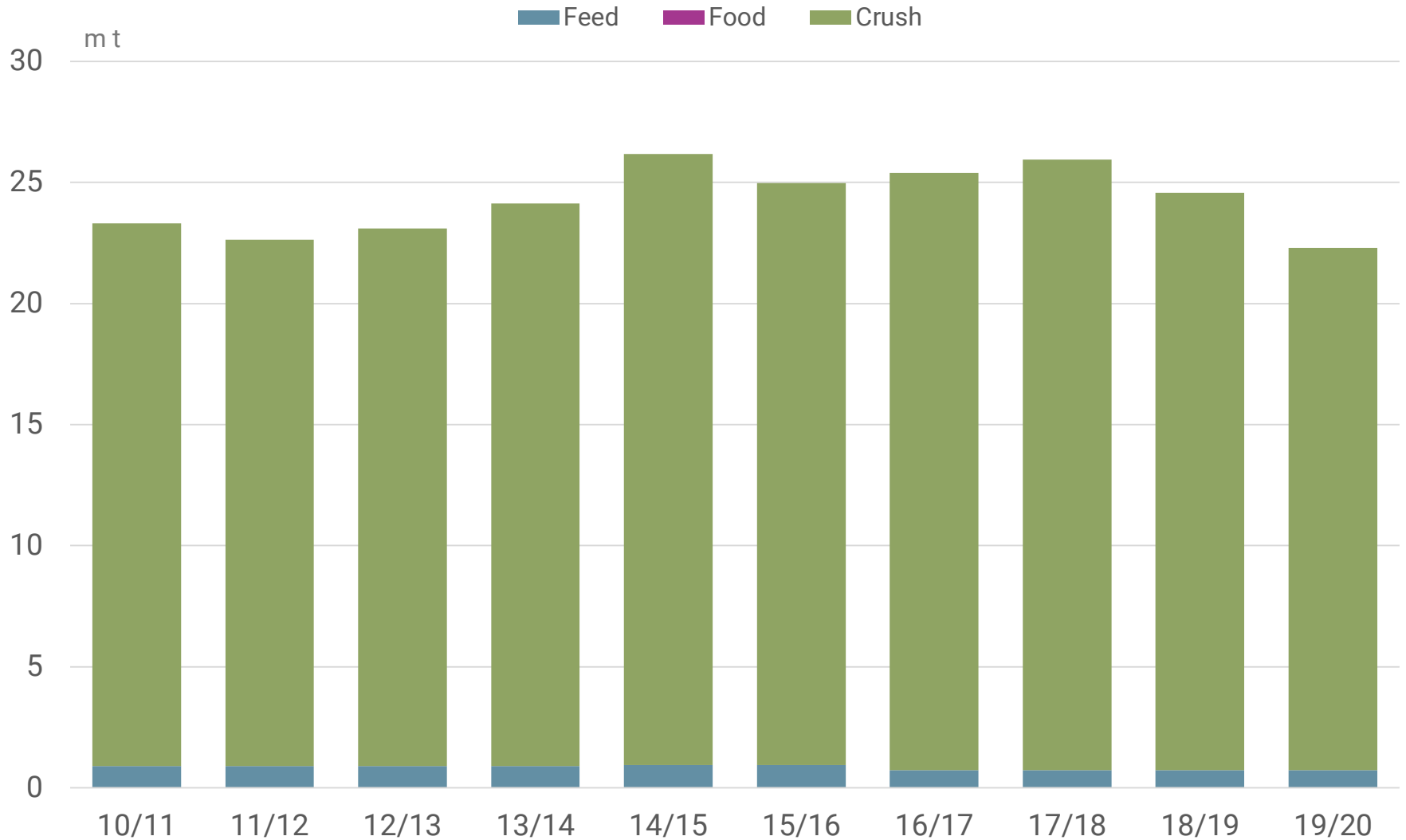


Rapeseed: With declines seen in most key EU producers, 2019/20 crop forecast at lowest since 2006/07





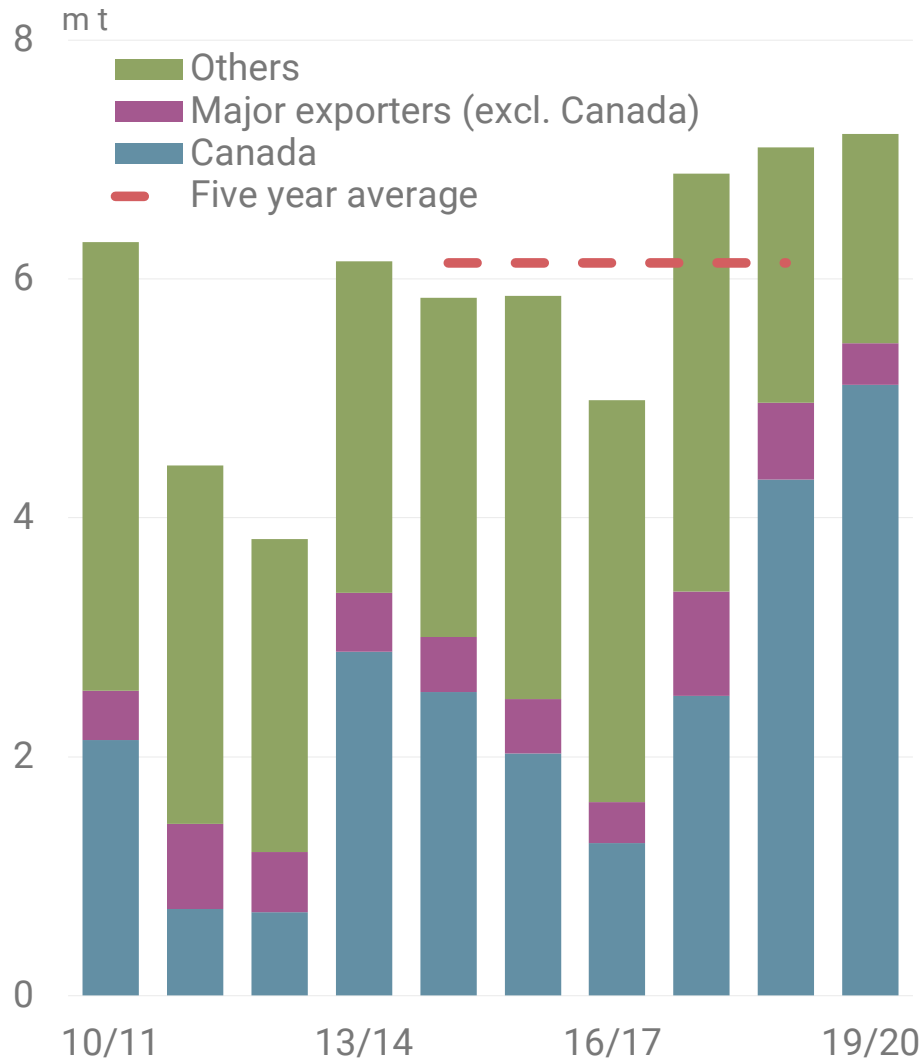
Rapeseed/canola: EU consumption to drop amid reduced output and ample soyabean supplies



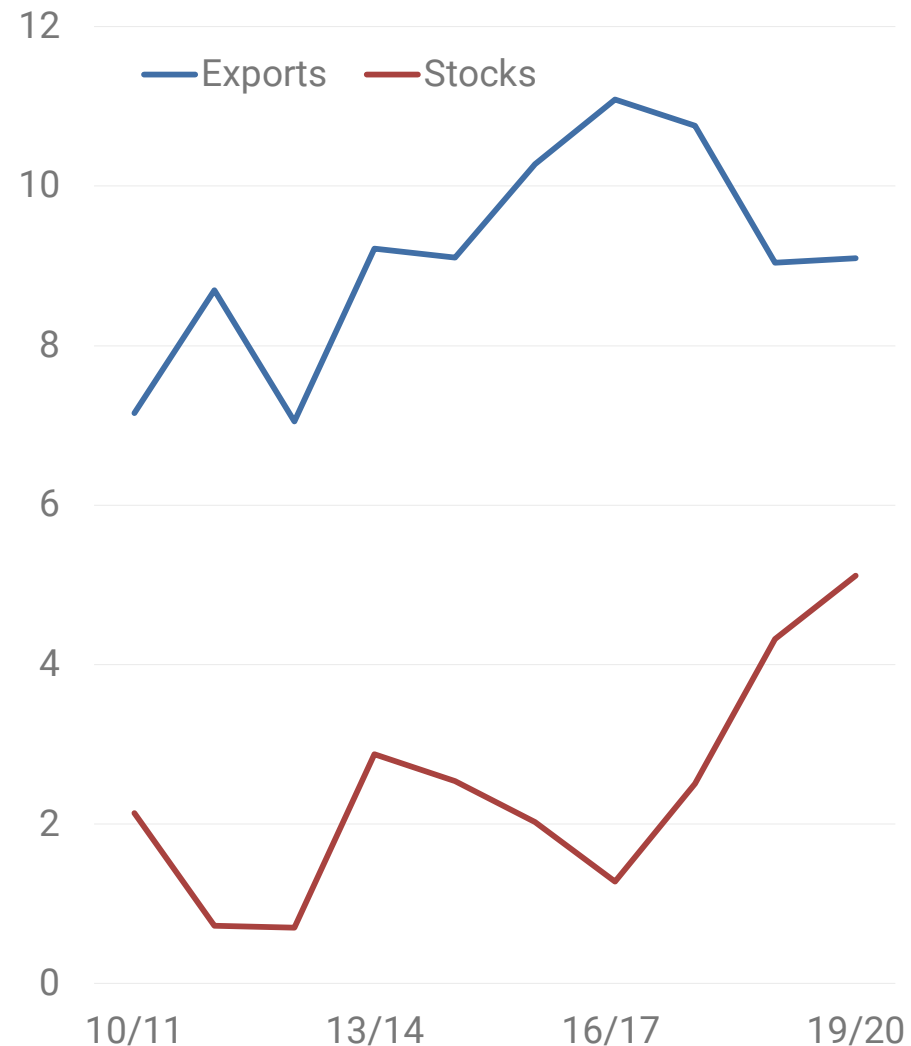


Rapeseed/canola: Gains in major exporters' stocks driven by a decline in exports from Canada

World inventories



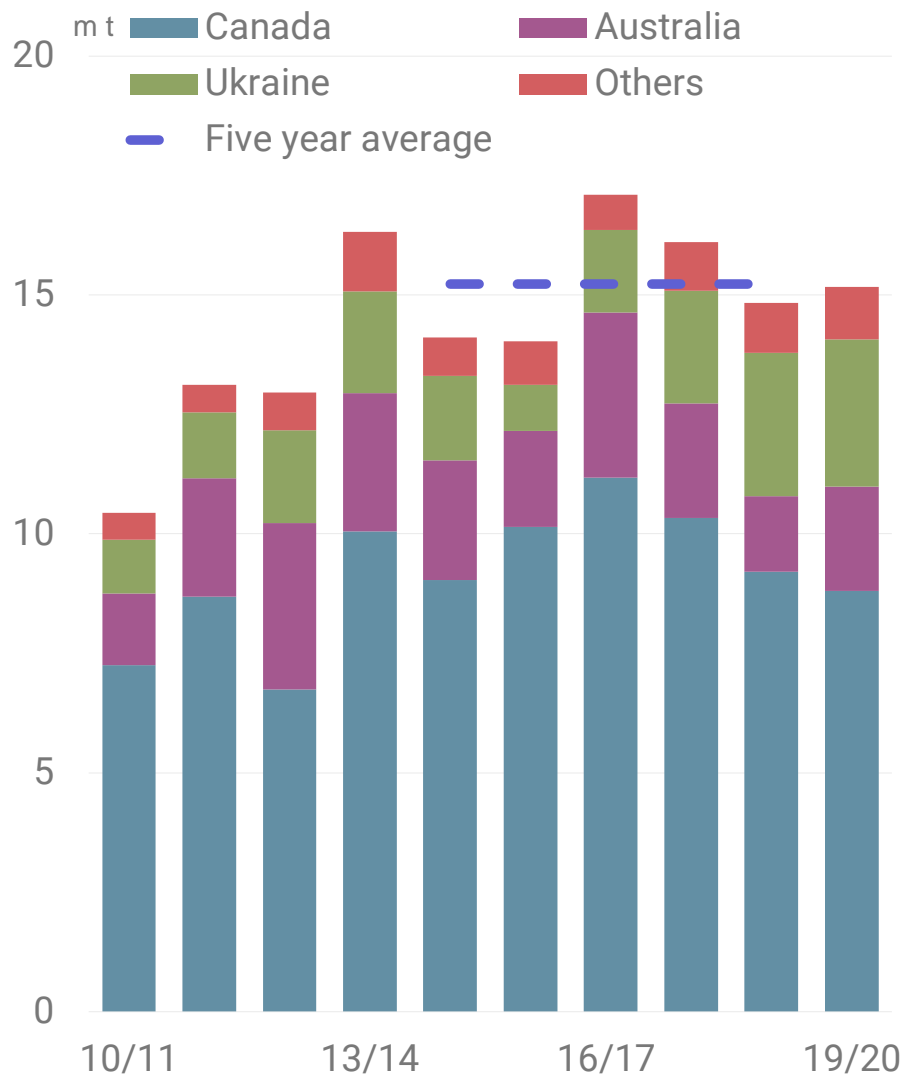
Canada – Exports vs stocks



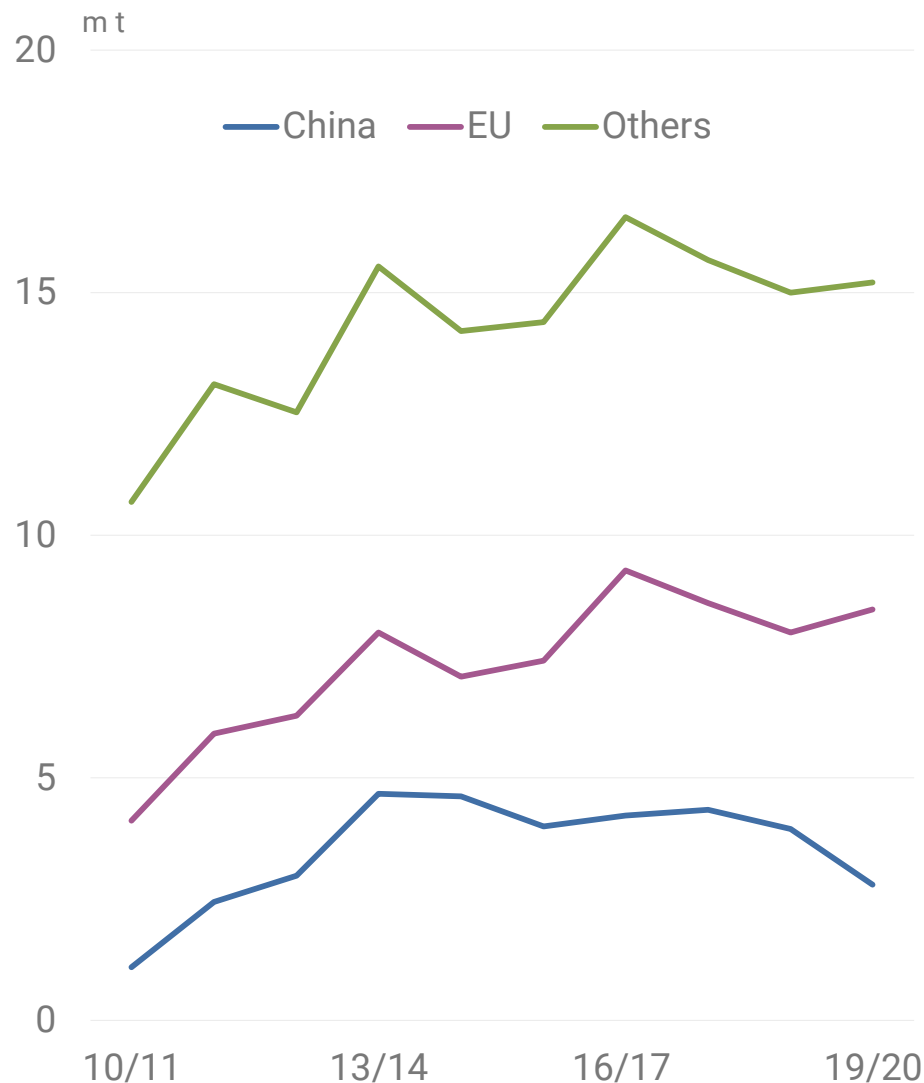


Rapeseed/canola: Trade is mostly shaped by demand from China and the EU

Global trade (Oct/Sep)



Major importers





Potential factors influencing the rapeseed/canola market

Food market

- Biodiesel production in South America may potentially cause a shortfall of soyabean oil in the world market;

Feed market

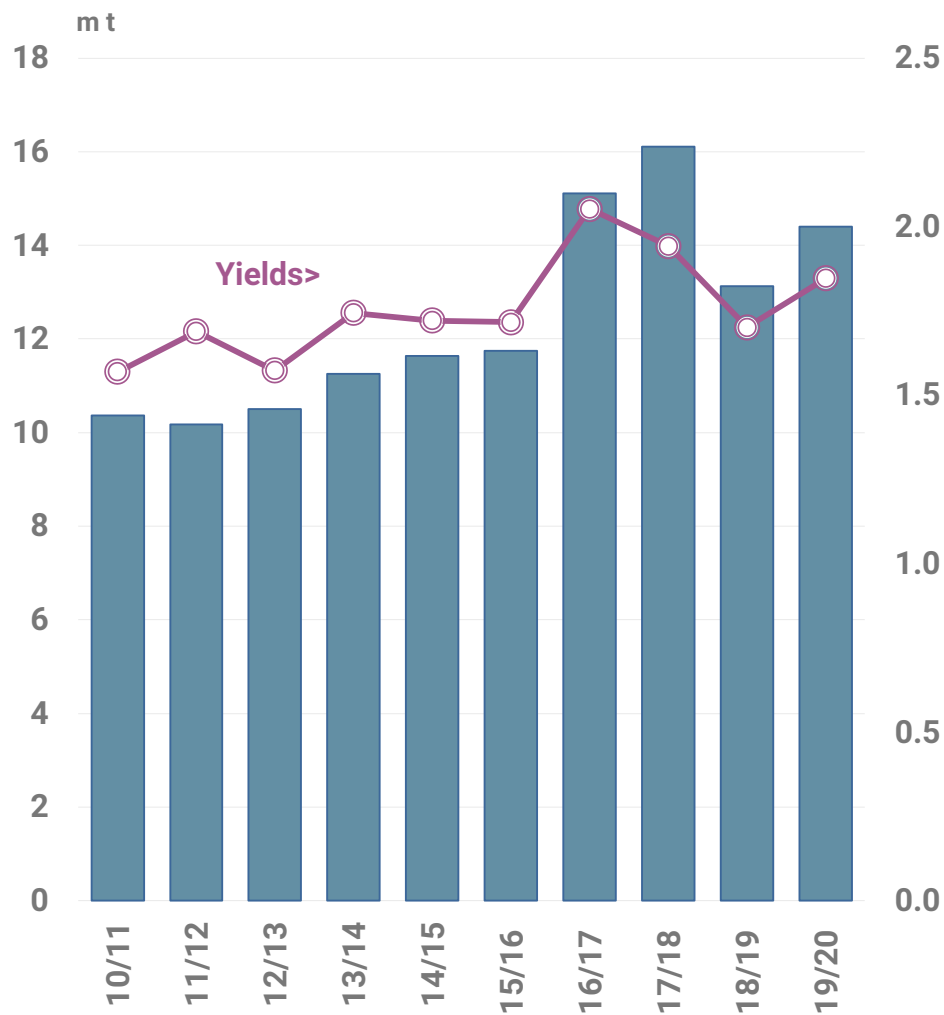
- How may the aquaculture sector alleviate the slowing in demand for protein meal from the red meat (beef and pork) sector in the EU ?
- Future policy developments in Argentina can impact EU sourcing of soyabean meal. How could Brazil take advantage of it ?

Biofuels

- Current developments in the global biodiesel market could be detrimental for rapeseed oil demand as palm oil is currently deemed to be more competitive.



Dry peas: Production to rebound in 2019/20, up 10% y/y.

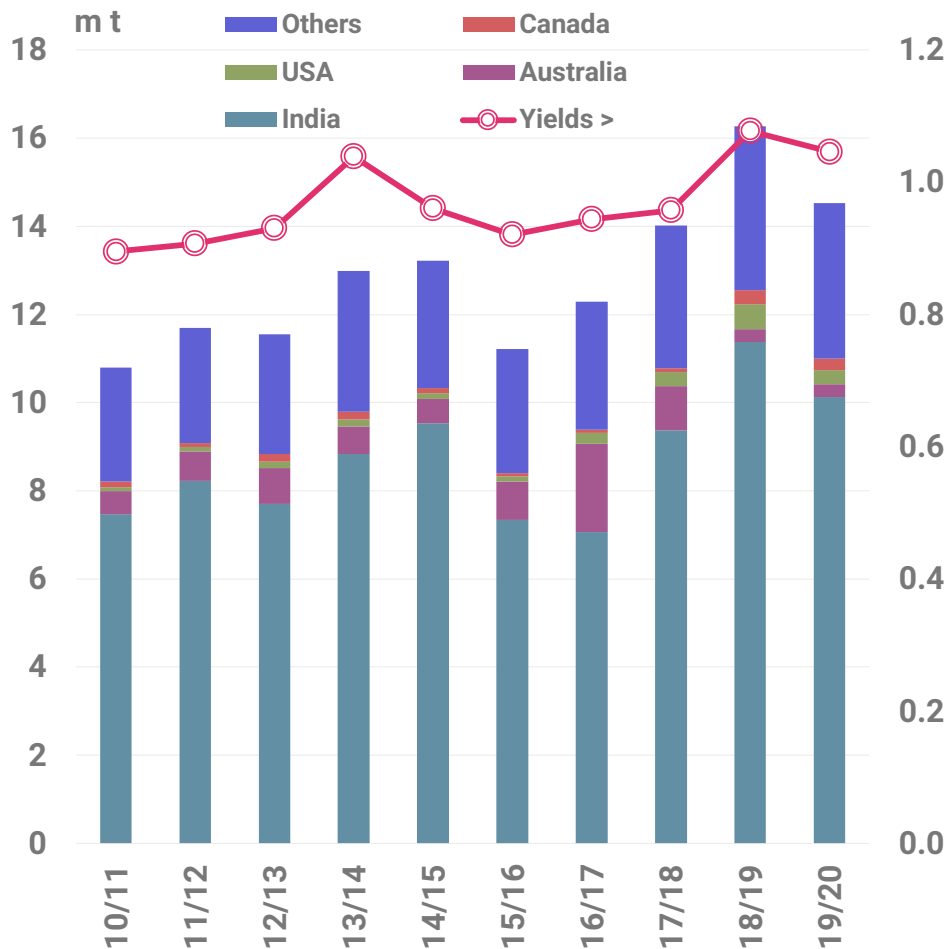


mt	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Major exporters					
Canada	4.8	4.1	3.6	4.7	+ 30.5%
EU	2.3	2.8	2.0	2.2	+ 11.4%
Russia	2.2	3.3	2.3	2.1	- 10.1%
Ukraine	0.7	1.1	0.8	0.6	- 23.9%
USA	1.3	0.6	0.7	1.0	+ 39.9%
Selected others					
Australia	0.4	0.3	0.2	0.3	+ 67.2%
India	0.7	1.0	1.0	1.0	+ 0.7%
World total	15.1	16.1	13.1	14.4	+ 9.7%

- ❖ In Canada, production to climb to a three-year high, amid increase in area and improved yields.
- ❖ In the EU, growth in production is mainly underpinned by higher y/y yield forecast.
- ❖ Russian output weighed by slightly smaller area estimate.



Chickpeas: After a sharp increase, output to fall by 11% y/y in 2019/20.



Key points

India

10.1m t

-11%

Lower yields as well as decline in sown area.

Australia

0.3m t

+1%

Tighter availabilities to underpin gains, but to remain well below the five-year average.

USA

0.3m t

-44%

Fall in seeded area as well as unfavourable conditions during sowing period.

Canada

0.3m t

-16%

Dropped in acreage because of lower farmgate prices in the previous season and large carryovers.

World

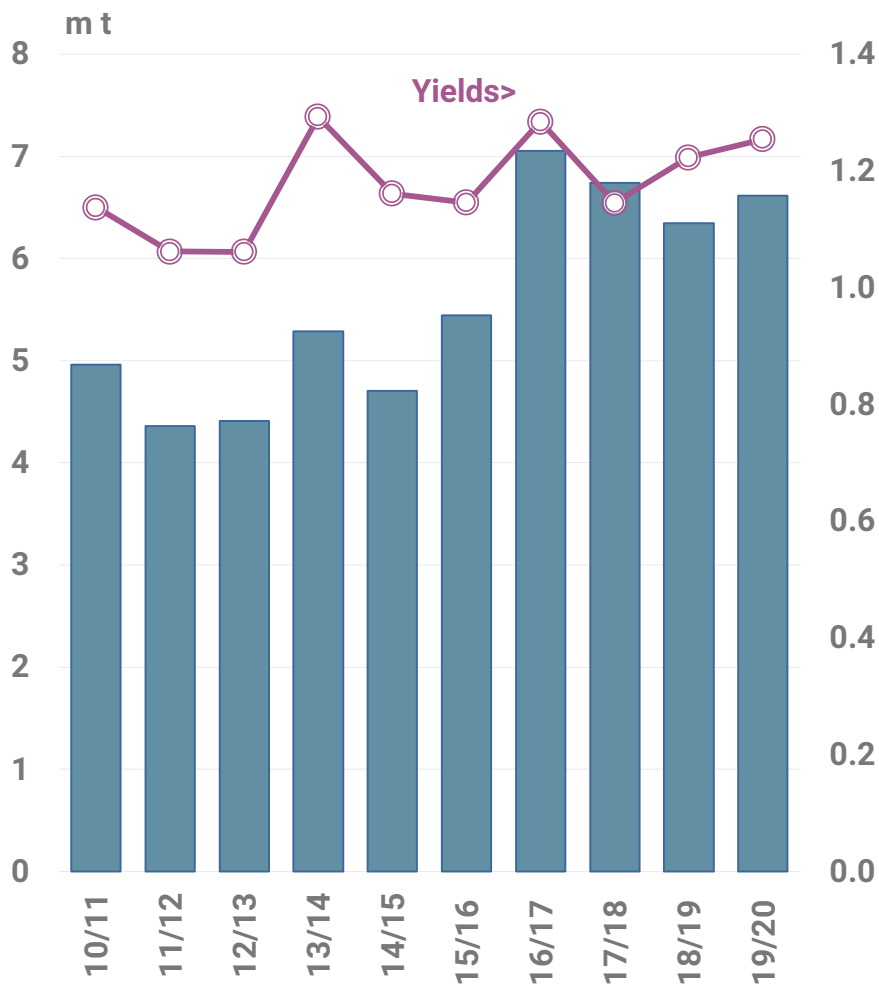
14.5m t

-11%

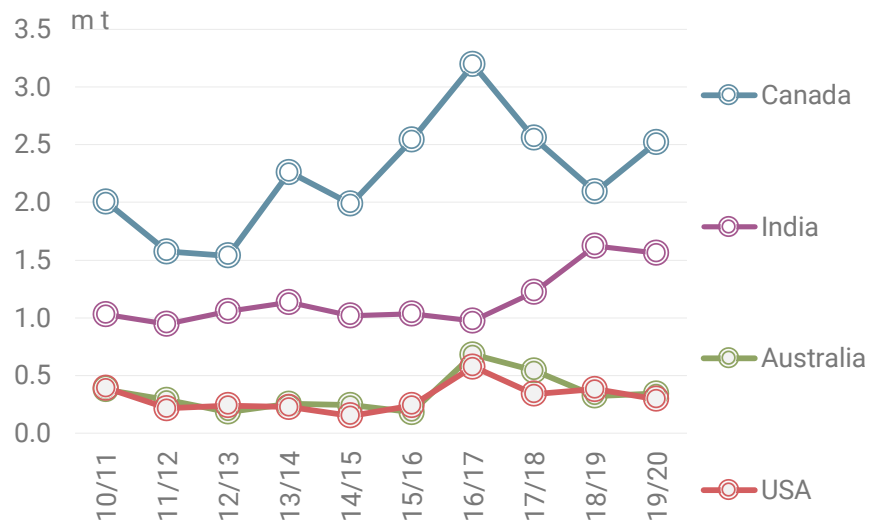
Expected to remain above the near-term average.



Lentils: Production to climb for the second consecutive year, to 6.6m t

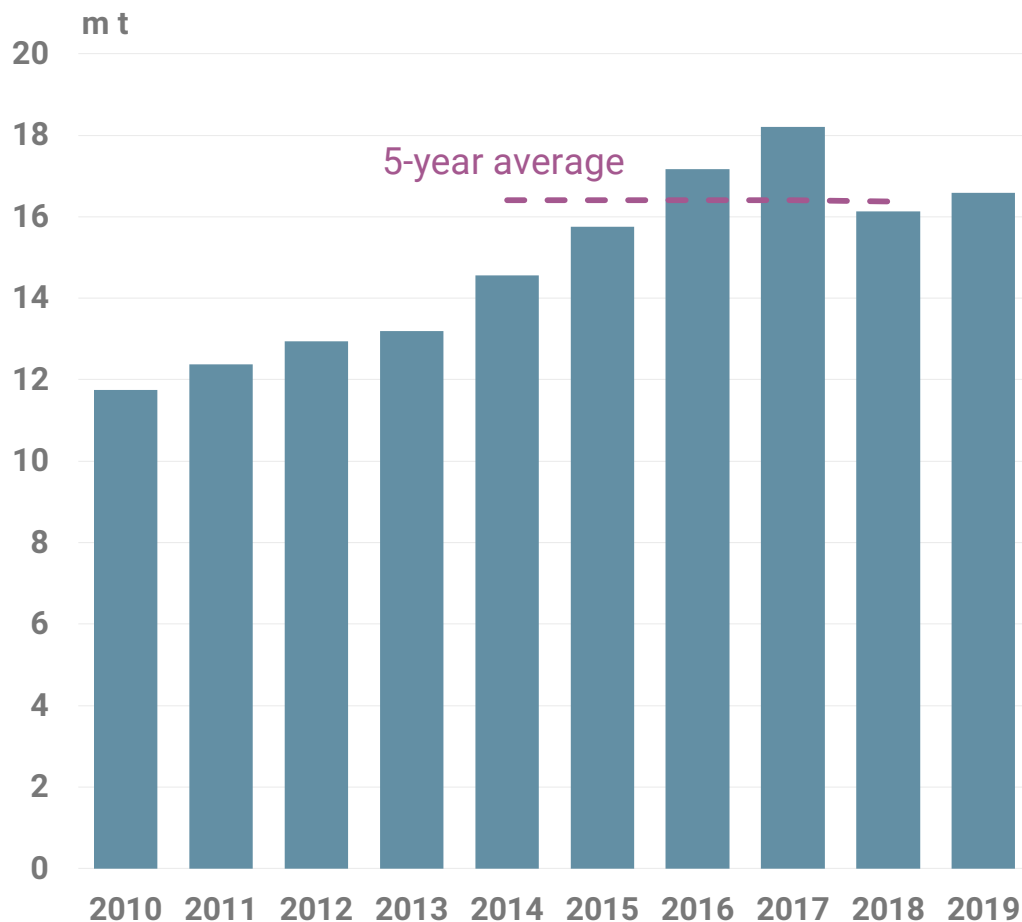


m t	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Major exporters					
Australia	0.7	0.5	0.3	0.3	+ 6.2%
Canada	3.2	2.6	2.1	2.5	+ 20.4%
USA	0.6	0.3	0.4	0.3	- 22.1%
Selected others					
India	1.0	1.2	1.6	1.6	- 3.8%
Turkey	0.4	0.4	0.4	0.4	- 5.6%
World total	7.1	6.7	6.3	6.6	+ 4.3%





Pulses: Trade to climb by 3% y/y in 2019, to 16.6m t.

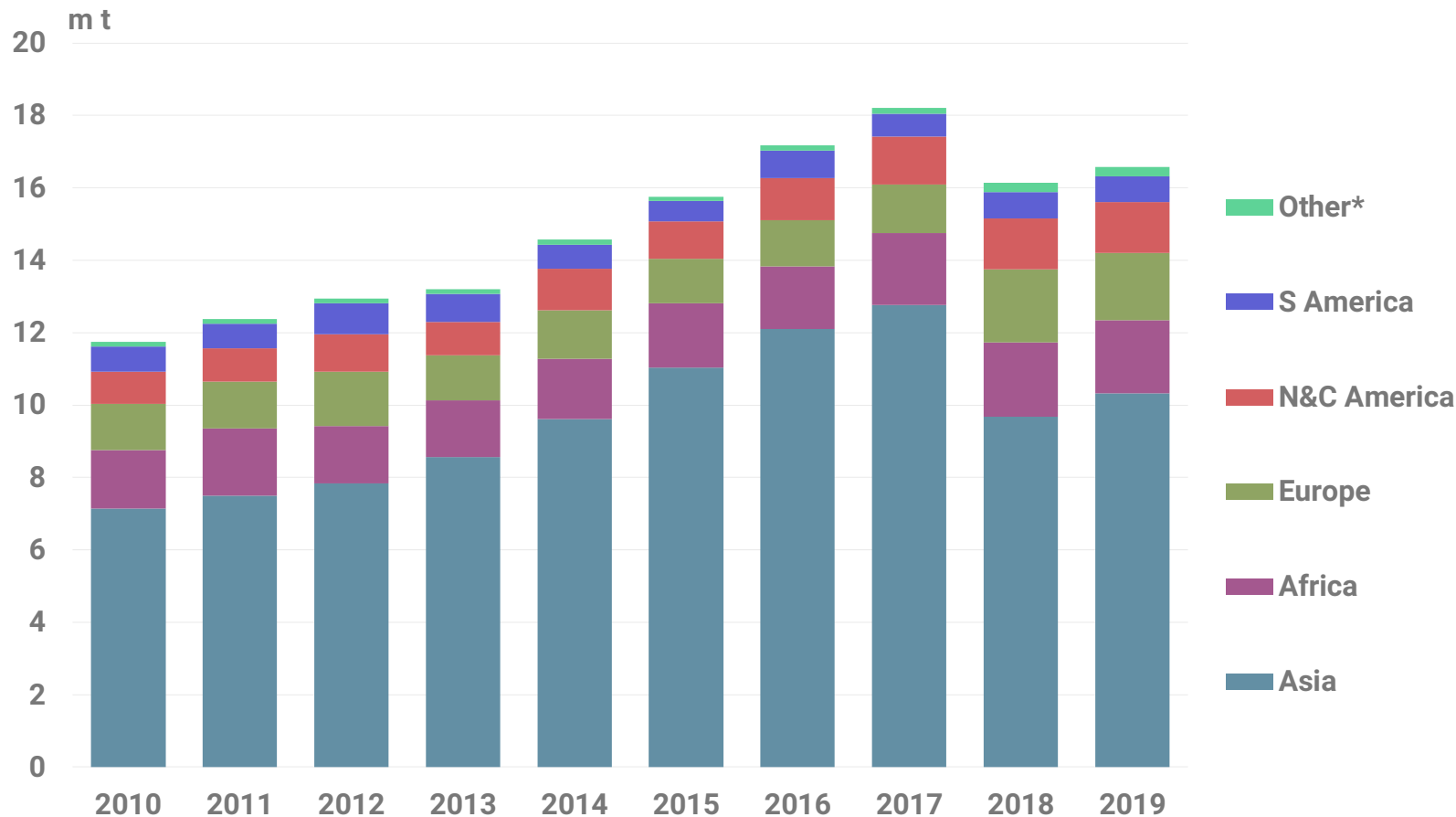


Exports	m t (Jan/Dec)	% change y/y
Canada	5.8	+10
Australia	1.4	-8
Myanmar	1.5	+4
USA	1.0	+9
Russia	1.3	-1
Argentina	0.5	-9



Pulses: Trade mostly driven by demand from Asia.

Imports by region

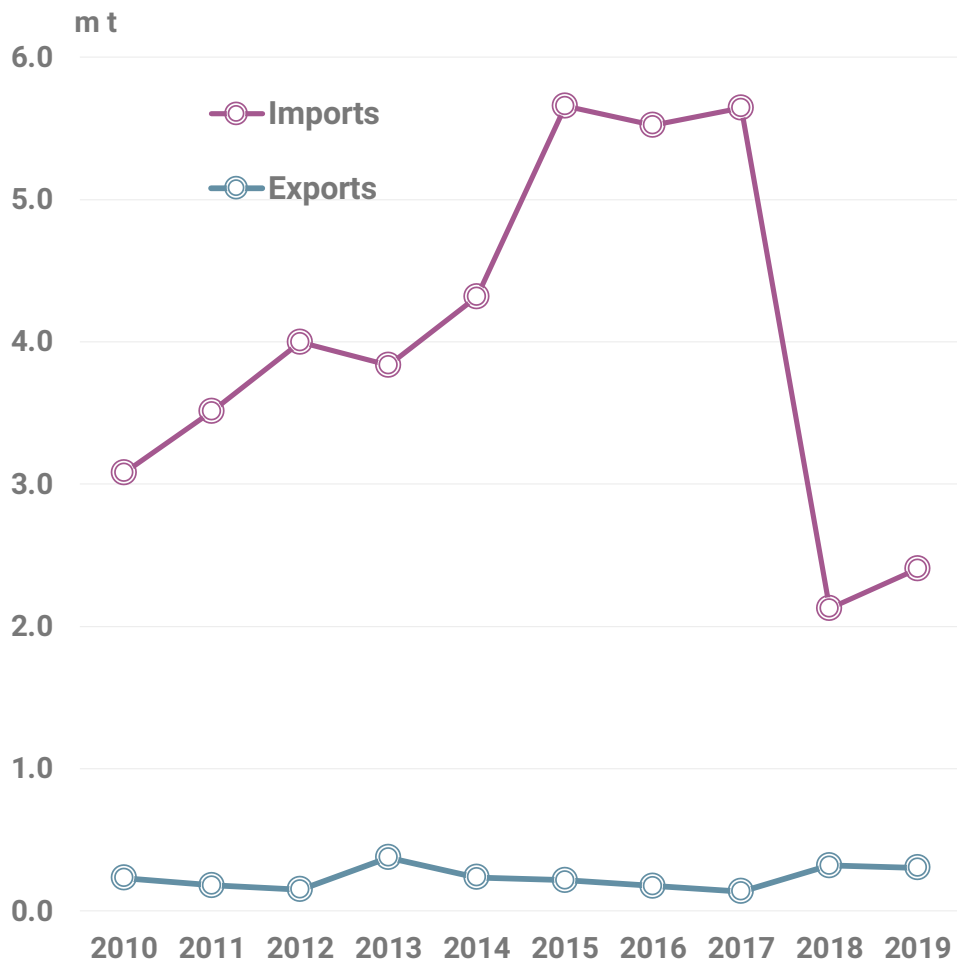


**Includes CIS, Oceania, unspecified.*

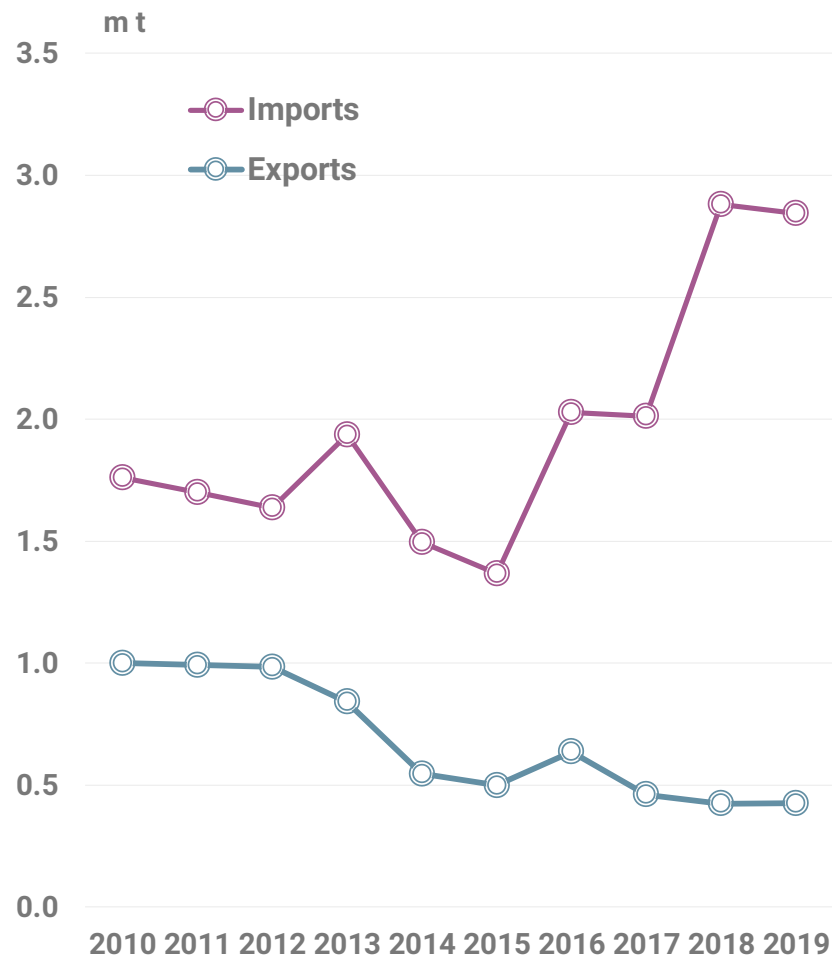


Pulses: Changing market trend

India

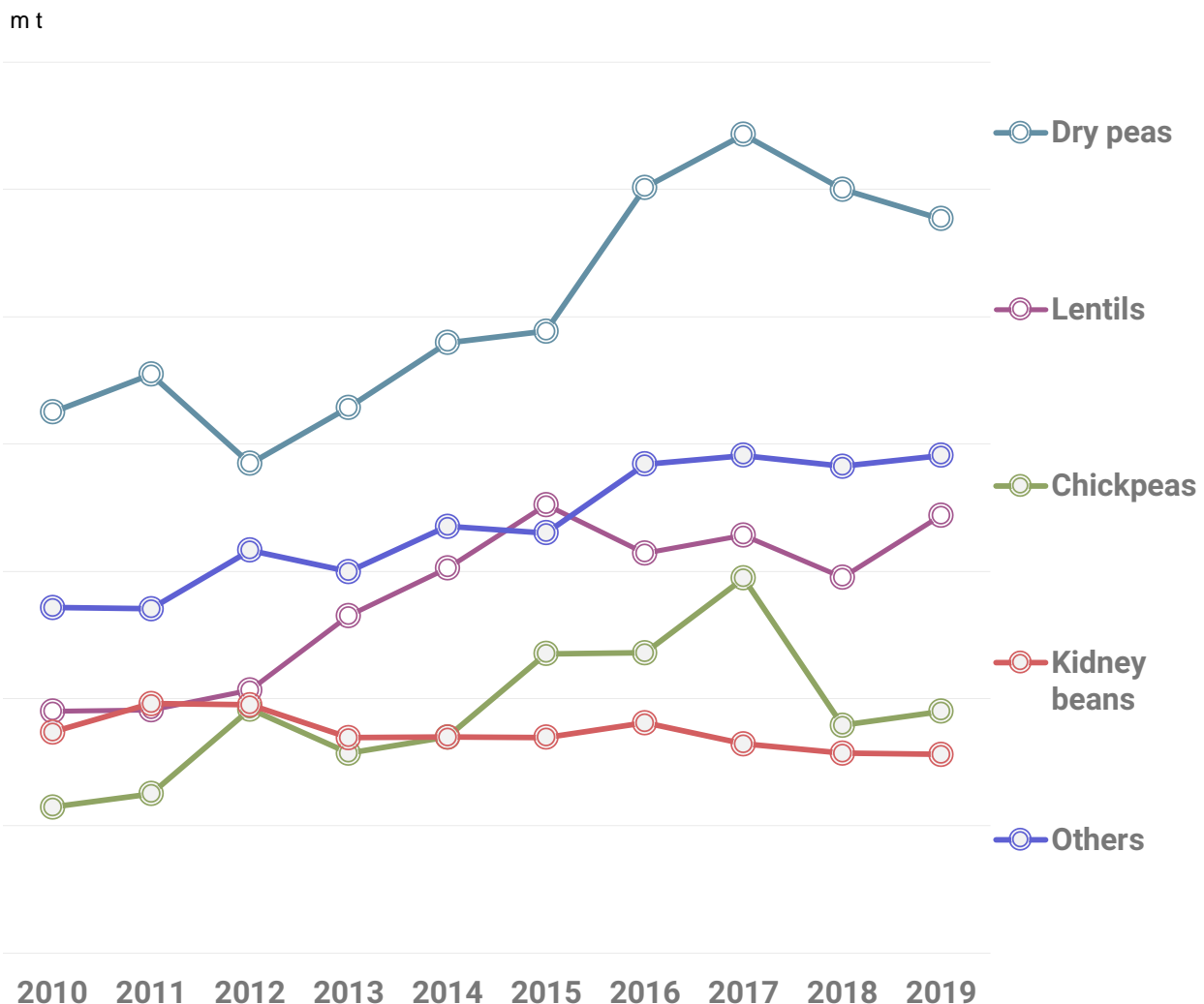


China





Pulses: Trade in different types of pulses



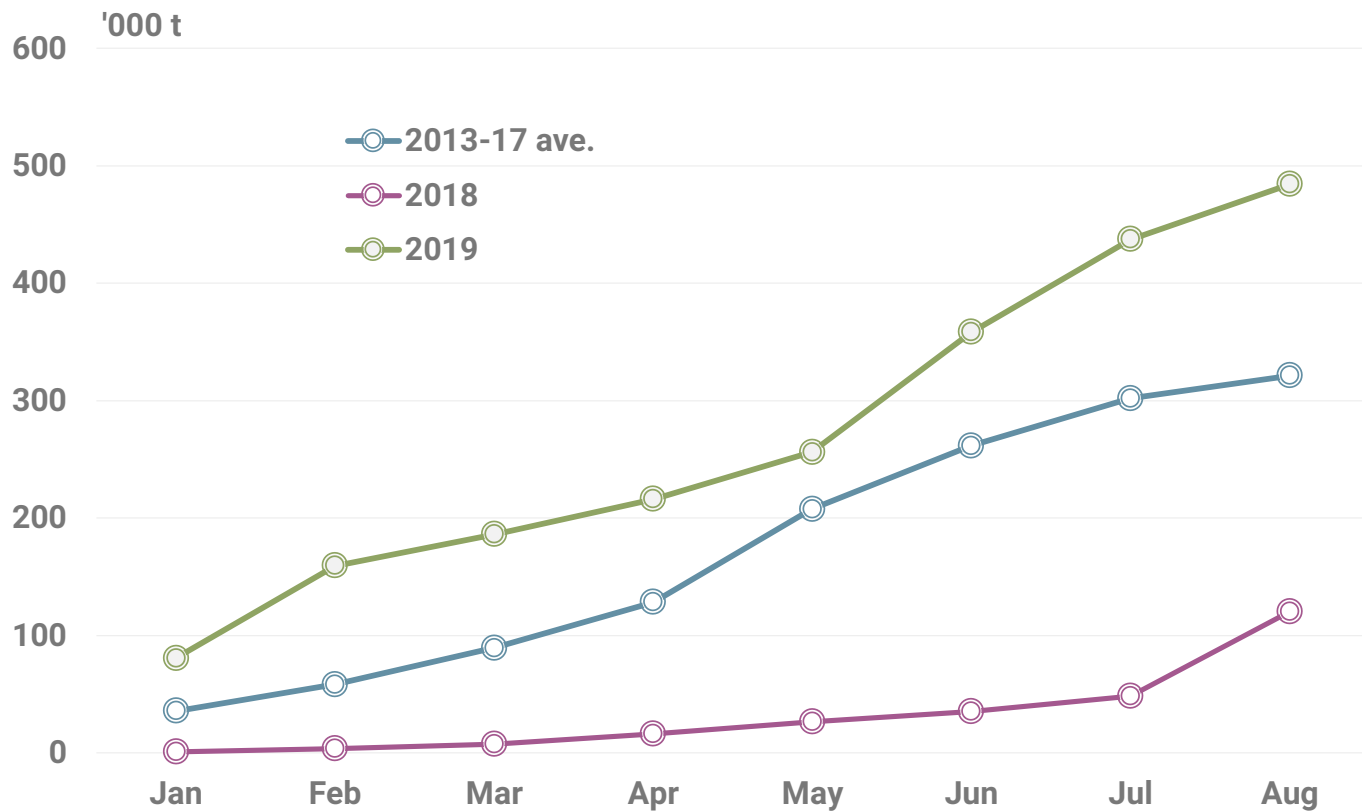
❖ Dry peas trade to decline by 4% y/y on reductions in buying by the EU, China and the USA.

❖ Chickpeas trade seen slightly higher y/y on firm demand from Turkey and Pakistan.

❖ Growth in lentil trade by 17% y/y, mainly underpin by improved demand from India.



Pulses: Cumulative Indian exports upto August 2019.



- Canadian lentil prices considered to be competitive in the global market.
- Tighter domestic pigeon pea supplies

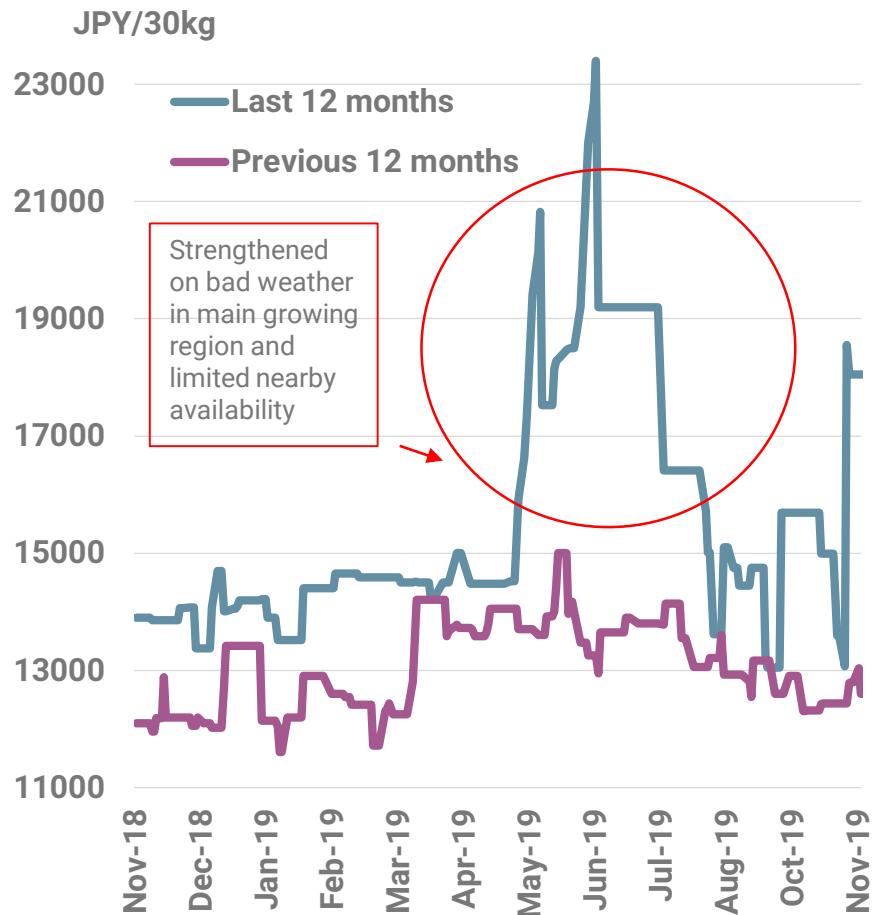


Pulses: Futures market

India – NCDEX Chickpeas



Japan – TOCOM Adzuki Beans





Pulses: Future opportunities/challenges

- ❖ **More awareness of the importance of pulses in balanced diet.**
- ❖ **Growing demand for plant based protein food.**
- ❖ **No financialisation of the market.**
- ❖ **Data information and business needs not yet align.**