

18-09-2024 - PERIOD:
30/08/2024 A 13/09/2024

Argentina Agri Market Report

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18-09-2024 - Period: 30/08/2024 to 13/09/2024

The data in this report refers to the last fortnight from August 30 through September 13, 2024. The grains market is analyzed on the basis of reports released by the US CBOT market and other entities, including the USDA, FAO, IGC, Oil World, and private sources.

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SUMMARY

International Overview

According to the USDA's September 2024 Global Supply and Demand Report, the grain market experienced bullish trends, while soybean projections remained largely unchanged.

Expectations included reductions in US corn yields and production, but these estimates were unexpectedly revised upwards. Prices fell while production and yields hit record-highs.

For wheat, the market was focused on production issues in the EU and the Black Sea region. There were adjustments in Europe, but no changes from the Black Sea region, which saw increased production from Ukraine and other countries, putting pressure on futures prices.

However, a Ukrainian vessel carrying grain was hit by a Russian missile, leading to renewed uncertainty about these supplies and causing prices to rise at the close

For the 2024/25 soybean crop, the report reaffirmed a strong year-over-year increase in production in both the US and globally, the highest among grains. Production and annual use records, and an all-time high stock balance in the US were noted. Globally, the stock-to-use ratio also increased to 33.4%, even higher, though trade volumes fell, leading to a bearish outlook for Chicago prices.

According to major sources, the global grain supply and demand balance shows marginal growth in both production and consumption, with declines in trade and ending stocks. This trend has persisted over the last four cycles, reflecting weak demand for essential food products and livestock feed. In contrast, grain prices have stagnated and, in some cases, are lower than they have been over the past decade.

The planting season in the Southern Hemisphere has begun, with completion expected by the end of 2024/25. Soybeans are one of the main crops, accounting for 55% of global volume. Current projections indicate an increase in planted area, similar to what has occurred in the US. While uncertainties remain, the lower cost of soybean cultivation seems to be an incentive.

During the last fortnight (August 30- September 13), nearby contracts for September 2024 in the Chicago market showed slight rises for wheat, corn, and soybeans and a decline for oils. Soybean prices rose by USD 3 to USD 362/ton, soybean oil dropped by 54 USD to USD 897/ton, and soybean meal gained USD 4 to USD 348/ton. Corn closed USD 5 higher at USD 154/ton. Chicago wheat rose by USD 14 to USD 210/ton while Kansas wheat settled USD 9 higher at USD 213/ton. In turn, vegetable oils -on average- fell by USD 17 to USD 1022/ton.

SUMMARY

Wheat, Corn and Soybean Crop Condition in the US.

According to the USDA as of September 9, 2024, crops in the US for the 2024/25 season are progressing within expectations at critical reproductive stages and at the beginning of harvesting. Soybeans and corn are in pod and grain formation at 97% and 95%, respectively, fairly close to last year's figures and their average.

Soybean leaf loss was reported at 25%, versus the average of 21%. For corn, grain is 29% mature, versus the average of 6%. Soybean 5% harvested, up from the average of 3%. Good to excellent crop condition for corn and soybeans was reported at 65% and 64%, compared to the average of 59% and 58%, respectively.

Spring wheat is 85% harvested, slightly ahead of the average of 83%. Spring wheat condition is rated 73% good to excellent, surpassing the average of 59%. Winter wheat is 6% planted, matching the average (6%) expected by this date.

Harvest data indicate record yields, leading to bearish news for prices. Yield projections and final data about US summer harvest are expected to be favorable, and may support the USDA's projections.

US Wheat, Corn and Soybean Weekly Exports

According to the USDA report dated September 5, 2024, and published on September 12, 2024, the weekly total export figures for the 2024/25 marketing year from the US, following previous strong weeks for corn and soybeans, showed variability and were within expected ranges, resulting in a neutral impact on prices. Corn exports totaled 0.666 MMT, below the expected range of 0.7-1.4 MMT, and exhibited a bearish to neutral trend. Soybean exports were robust at 1.474 MMT, though within the anticipated range of 0.9-1.6 MMT, reflecting a neutral impact on market expectations. Wheat exports for the 2024/25 cycle were 0.475 Mt, aligning with the expected range of 0.3-0.65 MMT, and also had a neutral effect on prices.

SUMMARY

US hedge funds

The Commodity Futures Trading Commission (CFTC) report as of September 10, 2024, demonstrated a continued bullish trend from previous weeks. This week, a strong buying trend was observed across all grain categories, with substantial purchases of corn and lower levels for soybeans and wheat. Specifically, for soybeans, net purchases amounted to 1.77 MMT, reducing the net short position to -18.4 MMT (previous estimate: -20.2), reflecting a bullish movement with a net interest rate of -12.6% (last week: -14.05). For corn, there were substantial net purchases of 5.68 MMT, lowering the net short position to -14.26 MMT (previous estimate: -19.91), indicating a bullish trend with a net interest rate of -6.6% (last week: -9.26). For wheat, net purchases totaled 1.55 MMT, reducing the net short position to -9.44 MMT (previous estimate: -10.99 MMT), showing a bullish trend equivalent to a net interest rate of -16.4% (last week: -18.37). The current market still exhibits dominance of short positions and/or near-term contracts; however, there has been a strong buying wave over the past two weeks. Finally, index funds (wheat, corn, and soybeans) increased their net long positions by 1.8 MMT, closing at 60.26 MMT. This suggests a shift in fund behavior, weakening the previously prevailing bearish context.

Argentine Overview

According to the Buenos Aires Grain Exchange report, the local market is keenly awaiting the outcomes of its most significant crops, corn and soybeans. Regarding the 2024/25 planting season, uncertainties regarding market signals and commercial policies have cast doubts on the corn planting area. The Rosario Board of Trade projects a reduction in the planted area by approximately 30% to 5.5 Mha. Recently, the first projection for soybean planting in 2024/25 indicates an increase of 7.8% to 17.7 Mha. The Buenos Aires Grain Exchange forecasts an even higher increase of 11% to 19 Mha. The actual outcomes will likely depend on climatic conditions and the evolution of economic indicators, with similar trends observed in US planting for the current cycle.

The National Institute of Statistics and Censuses (IINDEC) reported an inflation rate of 4.2% for August 2024, exceeding market expectations. Financial dollars have risen. The physical market prices were reported at ARS 165000/ton for corn and ARS 295000/ton for available soybeans, with modest transaction volumes. Climatic maps suggest a normal spring and a moderated La Niña phenomenon for summer.

Regarding future prospects, comparing the harvest price of soybeans to that of corn during the pre-planting period for 2024/25 locally, both have experienced a reduction compared to the previous campaign. Soybean prices have lost competitiveness relative to corn. However, historically, relative price levels remain average.

A collage of agricultural images including corn, soybean fields, and a water drop, overlaid with a semi-transparent blue banner containing the title.

SUMMARY

Argentina remains the leading global exporter of soybean oil, the second in soybean beans, and the third in corn and soybean meal. Agro-industrial chains contribute 60% of the foreign currency earnings for the country in the first half of each year. These foreign exchange earnings are crucial for inputs, avoiding crises, and generating more jobs. To consolidate this, it is necessary to improve the working conditions of the production and export sector. Sustaining and strengthening this sector requires local commercial political dominance and domestic investments to become competitive in terms of agricultural goods and to move forward in the value chain.

WHEAT

Over the last fortnight, US wheat futures prices have shown increases, outperforming other grains, with Chicago wheat closing up 7.2% at USD 210/ton (compared to USD 196 for the previous fortnight and USD 195 for the prior month), and Kansas wheat gaining 4.6%, closing at USD 212.6/ton (compared to USD 203 for the previous fortnight and USD 198 for the prior month). Investment funds have been net buyers, partially reversing previous declines. The USDA September 2024 supply and demand report estimated higher domestic prices and carryover, while globally, there were reductions and tighter balances. Disruptions in the EU and an attack on a ship in the Black Sea have rekindled concerns over supply. The price trend for Chicago and Kansas wheat has shifted to bullish.

International Market

Last Fortnight Prices

During the last fortnight (August 30-September 13), futures prices for wheat on the Chicago and Kansas markets featured sharp rises, surpassing other grains. respectively. The Chicago wheat futures ended with a net gain of 7.2%, closing at USD 210/ton (compared to USD 196 the previous fortnight and USD 195 the previous month). In contrast, Kansas wheat futures saw a net gain of +4.6%, closing at USD 212.6/ton (compared to USD 203 the previous fortnight and USD 198 the previous month). Investment funds have been net buyers, partially reversing previous declines. The USDA September 2024 supply and demand report estimated higher domestic prices and carryover, while globally there were reductions and tighter balances. Price drops in the EU and an attack on a ship in the Black Sea have rekindled concerns over supply. The trend in Chicago turned bullish, prices closing USD 13 and USD 9 above the 20-day average of USD 197 and USD 204/ton for Chicago and Kansas, respectively.

Headline News

Recent news highlighted significant gains in wheat prices, with Chicago futures recording their largest biweekly increase of +7%. Investment funds sought to hedge against concerns over reduced wheat production in Europe. Production cuts in Russia and Ukraine have reached 16.7 MMT, tightening the global balance and reducing the stock-to-consumption ratio to the lowest level of the past five seasons. The USDA's September 2024 report was bullish for wheat, with prices rising further following a Russian attack on a Ukrainian cargo ship in the Black Sea.

For the US, the USDA reported a year-over-year increase in stocks of +18%, reaching 22.5 MMT. The stocks-to-use ratio would rise to 73% versus 63% in the preceding marketing year. Despite this, the annual balance with sharper rises and carryovers remains bearish.

WHEAT

Contrary news came from the August IGC monthly report, which reduced global wheat production for 24/25 by 2 MMT to 799 MMT, while the USDA increased its estimate for the same month by 8 MMT to 798 MMT. Uncertainties surrounding global wheat production for 2024/25 have led to a reversal in short positions among investment funds. Regarding funds, there were net purchases of 1.55 MMT in wheat, with an increase in agricultural index positions to 1.8 MMT, moving away from recent lows.

Noteworthy was the delayed and concerning report from the Buenos Aires Grain Exchange (BCR), indicating that wheat is 30-40% in regular to poor condition. The production projection remained steady at 17 MMT.

The US stock-to-use ratio is expected to increase to 73% versus 63.2% in the previous cycle. Russian wheat prices have been reported low on the market. For Argentina, the USDA's 2024/25 wheat projections remain at 18 MMT.

Fundamentals Analysis. 2024/25 Wheat. WASDE USDA, September 2024.

According to the USDA WASDE report, as of September 12, US 2024/25 marketing year indicators were unchanged. Year-on-year production was 9.4% higher at 53.9 MMT (2023/24: 49.3). Annual exports are projected to rise sharply by 17% to 22.5 MMT (compared to 19.2 MMT in 2023/24). Total annual use would increase by 2.3% to 30.9 MMT (2023/24: 30.2). The balance closed +18% higher at 22.5 MMT y.o.y. (2023/24: 19.1). The stocks-to-use ratio would rise to 72.9% versus 63.2% in the preceding marketing year. Said balance -including higher trade and stocks- was bearish for cereal prices.

According to this report, global 2023/24 production was up 0.9% at 796.9 MMT (last month: 790.5; 2023/24: 790.5). Exports dropped -3.5% to 216.5 MMT (last month: 214.9; 2023/24: 224.4). Total use is expected to grow by 0.8% to 804.9 MMT (last month: 804; 2022/24: 798). Ending stocks fell by 3% to 257.2 MMT (last month: 257; 2023/24: 265). The stock-to-use ratio declined to 31.9% (last month: 31.9; 2023/24: 33.2). The global balance was slightly tighter and was neutral to bullish for cereal prices (see Table 1).

WHEAT

Local Market

Last Fortnight Prices.

During the last fortnight, the local market, unlike Chicago's, accumulated -6.6% weekly strong drops. For spot or contractual delivery, prices adjusted strongly to ARS 211500/ton (-6%). The premium for local wheat also declined for nearby months and/or forward contracts. Available cereal in Rosario closed at USD 220/ton (last fortnight: 236; last month: 249). In terms of local currency, it closed at ARS 211500/ton. Futures positions for September 2024 and January 2025 declined to USD 220 and USD 215/ton, respectively. Recent projections indicate a decline in wheat prices for the upcoming harvest, which has deterred physical and futures contract pricing.

Yields

Wheat profitability declined for the new harvest, the spot price falling to USD 220/ton, with typical yields and average technology, leading to indicative gross margins of USD 149 and 294/ha. This was less attractive and the January 2025 selling could be fixed at USD 217/ton (see Chart 1).

Harvest Projections

According to the Buenos Aires Grain Exchange, as of September 19, wheat planting for the 2024/25 season reached 6.3 Mha. Water conditions are optimal/fair, with crop condition standing 79.5% good to excellent. The Buenos Aires Grain Exchange (BCR) has reported a delay and raised concerns, with 30-40% of the wheat crop in regular to poor condition. The production projection remained steady at 17 MMT.

CORN

During the last fortnight, Chicago corn prices showed weekly rises of 3.3%, closing at USD 154/ton (last fortnight: 149; last month: 146). According to the USDA's September 2024 report, the 2024/25 balance for the US shows reduced production but an increase in stock levels, leading to a bearish outlook. Globally, the market balance is tighter with decreased trade and stock levels, resulting in a slightly bullish price trend. Funds increased their purchases, moving away from previously sold positions. US wheat exports declined to 0.66 MMT, below expectations, following previous strong weeks. The local harvest has concluded, with bearish projections for the 2024/25 area, showing reductions of up to 30% compared to the previous cycle.

International Market

Last Fortnight Prices

During the last two weeks (August 30-September 19), September 2024 corn futures in Chicago showed weekly gains with a net increase of 3.3%, closing at USD 153.9/ton (last fortnight: 148.9; last month: 145.9). According to the USDA's September 2024 supply and demand report, the US is expected to experience reduced annual production; however, this is offset by an increase in stock levels, resulting in a bearish outlook for prices. Globally, for the 2024/25 cycle, the year-over-year balance has been adjusted with decreased trade and stock levels, leading to a slightly bullish price trend. Investment funds have significantly reversed their net short positions, which has been bullish for the market. US weekly exports for the 2024/25 cycle declined to 0.66 MMT, falling short of expectations, despite previous weeks showing strong performance. Nonetheless, the price trend has turned bullish, closing USD 5 above the 20-day average of USD 149/ton.

Global News

In international markets, corn prices in Chicago rebounded by 2% last week, marking the third consecutive week of gains. This increase has been attributed to a weaker dollar and renewed tensions in the Black Sea region.

Although the market had anticipated reduced US corn production, the September 2024 report showed an increase, with projections rising by 1 MMT to 386 MMT. However, ending stocks remained unchanged due to adjustments in initial 2024/25 stocks. Estimates for other major producers, such as Brazil and Ukraine, have remained stable.

CORN

Tensions in the Black Sea, particularly following a recent attack on a Ukrainian ship, have provided support to the cereal and feed grain markets. Despite low international prices, concerns about 2024/25 production have driven prices higher.

Uncertainty persists regarding the 2024/25 corn planting in the Southern Hemisphere. Additionally, US harvest is nearing completion. Weekly US export sales reported by the USDA declined to 0.66 Mt, which was below expectations.

For local corn, the outlook is complex, but agricultural companies remain optimistic. According to the Rosario Stock Exchange, the planting projection for the 2024/25 season indicates a decline of approximately 30% compared to the previous cycle. In this context, the sorghum cultivation, which has garnered unexpected attention, became a noteworthy development. According to AAPRESID, sorghum has expansion potential in several regions.

The shift in planting and production forecasts between corn and soybeans in the Argentina will be significant a development in 2024/25. Something similar was observed in US planting for the current cycle.

Investment fund operators reversed their positions to become buyers. Net purchases of 5.7 Mt have reduced short positions, which has been bullish for the market.

Fundamentals Analysis. 2024/25 Corn. WASDE USDA, September 2024.

According to the USDA's World Agricultural Supply and Demand Estimates (WASDE) report as of September 12, for the US and the 2024/25 crop year, changes were milder than the previous month's. Year-on-year production was estimated lower by -1% at 385.7 MMT (last month: 384.7; 2023/24: 389.7). Trade is expected to grow by 0.4% to 58.4 MMT (last month: 58.4; 2023/24: 58.2). Annual total use would increase by +0.4% to 321.7 MMT (last month: 321.7; 2023/24: 320.8). Stock would end up +13.6% higher at 52.3 MMT (last month: 52.7; 2023/24: 46), marking the highest level since 2018/19. The stocks-to-use ratio would rise to 16.2% versus 14.8% in the preceding cycle. This balance estimated a reduced annual supply and slight rebuilding of stocks, which is bearish for feed grain prices.

CORN

According to the report, the global level and the 2024/25 cycle, are estimated to see a year-over-year decline marginal of production estimate -0.5% in production, reaching 1218.6 MMT (last month: 1219.8 Aug; 2023/24: 1224.3). Exports are expected to decrease by -3% to 192.8 MMT (last month: 193.7; 2023/24: 198.7). Total use is expected to grow marginally by 0.2% to 1219.2 MMT (last month: 1218; 2023/24: 1217.5). The year-on-year balance for 2024/25 would close with a -0.4% decline in stocks at 308.3 MMT (last month: 310.2; 2023/24: 309.6). The stocks-to-use ratio would reach 25.3% vs 25.5% last month and 25.4% in 2023/24. The year-on-year balance adjusted with decreased trade, and stocks slightly higher for forage prices (see Table 2).

Local Market

Last Fortnight Prices

During the past two weeks, the local market, unlike Chicago, showed slight gains with a 1.1% increase in USD and a 1.8% increase in pesos in net variations. In Rosario, the available price closed at USD 177/ton (last fortnight: 175; last month: 175). In pesos, the gain was 1.8%, with the price closing at ARS 170000/ton. Local futures for September 2024 were priced at USD 178/ton, while those for April 2025 saw a 2.8% increase, closing at USD 179/ton. Local harvest for 2024/25 season remained unchanged at 46.5 MMT. Projections for the 2024/25 planting season are currently negative, with uncertainties regarding costs, prices, and potential profitability.

Crop Yield

Corn yield for the current harvest, at the available price of USD 177/ton, with average yields and standard technology, offered indicative gross margins of USD 276 and USD 479/ha. April 2025 contract was relatively unattractive, as it traded at USD 179/ton (Chart 1).

Harvest projection

According to the Buenos Aires Grain Exchange, as of August 29, corn harvest for an area of 17.3 Mha was completed. The projection remains at 46.5 MMT. Projections for 2024/25 indicated a reduction in planted area by up to 30%, with planting intentions estimated at around 5.5 Mha.

SOYBEAN

Soybean prices for the fortnight showed net decreases of 0.4% to USD 363/ton (last fortnight: USD 361; last month: USD 345), prices settling below USD 400/ton since 2010. Soybean oil fell by -6%, closing at USD 897/ton (last fortnight: 951; last month: 981). Meanwhile, soybean meal net prices gained 1.2% to close at USD 348/ton (last fortnight: 344; last month: 335). The USDA's August 2024 report reiterated increased production forecasts for both the US and globally for the 2024/25 cycle, with record stock-to-use ratios. This was bearish for future prices. In the Southern Hemisphere, the upcoming planting season is expected to see increased planted area despite low prices. Speculative funds featured significant purchasing, contributing to a bullish market tone. The local harvest has been completed at 50.5 MMT, with local planting projections for 2024/25 showing an increase of 8-11% in area, reaching a new record according to local sources.

International Market

Last Fortnight Prices

During the last fortnight (August 30-September 13), nearby futures (September 2024) for soybeans in the US exhibited weeks of both slight gains and declines, resulting in a net weekly gain of 0.4% closing higher to USD 417/ton (360.8 fortnight and 345 previous month). Prices surpassed the floor of USD 400/ton, remaining the lowest since 2010. Soybean oil fell by -5.7% to USD 897/ton (last fortnight: 951; last month: 881). Meanwhile, soybean meal net prices gained 1.2% to close at USD 348/ton (last fortnight: 344; last month: 335). The USDA's September 2024 report reinforced global and US production increases, with final stock-to-use ratios reaching 22% for the US, the highest since the 2018/19 season, and 33.4% globally, up from 29.3% the previous year. These balances are strongly bearish for future prices. Soybean supply is leading among all grains, with imminent increased planting in the Southern Hemisphere. Investment funds have turned bullish with strong purchases, driving prices upward. Although soybean prices rebounded, they closed USD 5 above the four-week average of USD 358/ton. US soybean exports were moderate at 1.5 MMT, settling within expectations.

International News

The substantial growth in global soybean supply for the 2024/25 season, which is projected to reach record levels, has been a recurring headline from various sources. This stands in stark contrast to the contraction observed in nearly all other grains. In contrast, the low prices that soybeans hit in Chicago, were which below USD 350/ton in May 2010, have not been prominently featured in recent news. They settled below USD 400 since November 2014, indicating a decade-long low.

SOYBEAN

It was reported that soybean prices in Chicago experienced their largest weekly gains in four months, attributed to an increase in demand.

Weekly USDA-exported soybean figures for the 2024/25 cycle stood at 1.475 MMT, within the expected range. This represents a shift from previous more active weeks that had provided support to demand and prices.

The strong impact of the USDA WASDE August 2024 report remains a bearish news highlight.

At the start of planting in the US, it was notably reported that corn acreage decreased by nearly 3 Mha in favor of soybeans. This shift has led to a record-setting soybean area for the 2024/25 cycle, following the previous year's record maize planting. The global soybean production forecast for the 2024/25 season, which is set to reach record levels, has been highlighted as bearish for prices.

A significant news item has been the preference for soybean planting over corn in the US for the 2024/25 season. There are concerns that this shift in planting preferences might be adopted by other soybean-producing countries. It is mentioned that a similar trend could occur with soybean and corn plantings from September 2024 onwards for Argentina.

News highlighted Argentina's soybean planting projections for 2024/25 as record-high. In Argentina, planting projections for 2024/25 are estimated to be 8-11% higher than the previous cycle, according to the Rosario Board of Trade and the Buenos Aires Grain Exchange.

Fundamentals Analysis. 2024/25 Soybeans. WASDE USDA, September 2024.

According to the USDA's WASDE August 12 Supply and Demand report for the US in the 2024/25 cycle, annual production estimated to increase by +10.1% to 124.8 MMT (last month: 124.9; 2023/24: 113.3). Exports are expected to grow annually by +8.8% to 50.4 MMT (last month: 50.4; 2023/24: 46.3). Total use is expected to annual grow by +5.5% to 69.2 MMT (last month: 69.1; 2022/24: 65.6). The report concludes with a +14% increase in stocks to 14.9 MMT (last month: 15.3; 2023/24: 9.3), The stock-to-use ratio reached 21.6%, similar to the previous month's 22.1% and higher than the previous year's 14.1%. This is the highest level since the 2018/19 season. As a result, ending stocks were higher than expected, which is strongly bearish for soybean prices.

SOYBEAN

The report also highlighted that, for soybeans globally in the 2024/25 cycle, there was a reiterated inter-annual production increase, the largest among grains. Production was up by +8.7% to a record of 429.2 MMT (last month: 428.7; 2023/24: 393.8). Exports grew by 2.1% to 181.6 MMT (last month: 181.2; 2023/24: 177.9). Total use is expected to annual grow by 5.2% to a record of 402.9 MMT (last month: 402.8; 2023/24: 383.2). The 2024/25 balance would end with a significant increase in ending stocks, up +19.9% at 134.6 MMT (last month: 134.3; 2023/24: 112.3), marking an all-time record. The stock-to-use ratio is expected to rise to 33.4%, compared to 33.3% last month and 29.3% the previous year. This year-over-year balance for the 2024/25 cycle is strongly bearish for future soybean prices (Table 3).

Local Market

Last Fortnight Prices

During the last two weeks, the local market, contrary to external references, showed a slightly bearish trend with -1,3% declines, available prices in USD closing at USD 311/ton, and a -04% drop in ARS, prices closing at ARS 299000/ton. September-November 2024 positions traded at USD 308/ton. However, prices for May 2025 declined by 0.7% to USD 286/ton. The pace of commercialization remains slow and below the five-year average. Following harvest completion, sales volumes settled low due to unappealing prices for the offer.

Crop Yield

The profitability for the current harvest at the spot price of USD 311/ton, assuming typical yields and modern farming technology, provided indicative gross margins of USD 325 and 537/ha. It was less enticing to lock in prices for May 2025 contract, which paid only USD 286/ton (Chart 1).

Harvest projection

According to the Buenos Aires Grain Exchange as of June 26, 2024, Soybean harvest was completed on 99.9% of the 17.3 Mha, with an average yield of 30 qq/ha, resulting in a total production of 50.5 MMT.

VEGETABLE OILS

In the realm of vegetable oils market dynamics, biweekly price assessments in Rotterdam and major port facilities demonstrated a net decline of -1.6%. Palm oil led the price increases, while soybean, rapeseed, and sunflower oils saw declines. Average prices closed at USD 1022/ton, slightly above the USD 1000/ton floor.

Oil World highlighted that the price of edible oil reached its highest level in 20 months, whereas oilseed meals fell to levels not seen in nearly four years. The most significant changes are expected in sunflower and rapeseed oils, though the increase in soybean oil production will be a key variable. The local sunflower harvest for 2023/24 was 3.5 MMT, and planting for 2024/25 has progressed to 8.3%, which is 11% behind the projected area of 1.85 Mha.

International Market

Last Fortnight Prices

During the last fortnight (August 30-September 13), the average prices of vegetable oils in Rotterdam and major exporting ports experienced weekly increases, with a resulting net gain of -1.6% for the average price. In Rotterdam, palm oil prices led the increases, while soybean, rapeseed, and sunflower oils saw declines. Average prices remained just above the USD 1000/ton mark, with the average index closing at USD 1022/ton (last fortnight: 1039; last month: 986). The trend was upward, but prices ended USD 11 below the four-week average of USD 1033/ton.

International News

According to Oil World's September 2024 reports, global production of 10 oilseeds is estimated to reach 665.5 MMT in 2024/25, +30 MMT from the previous year. The largest increases are expected in Brazil, the US, Argentina, and Canada. In 2024/25, a reduced supply of vegetable oils and lower stocks is anticipated. The most significant changes are expected in sunflower and canola oil. The increase in soybean oil production will be a highlight variable.

China's restrictions on canola imports from Canada pose additional risks to the volatile global supply and demand outlook for canola and rapeseed in 2024/25. The Chinese government has cited dumping in response to restrictions on Chinese electric vehicles.

VEGETABLE OILS

This uncertainty is expected to affect both producers and consumers of vegetable oils in 2024/25. A crucial factor will be the decrease in global sunflower and canola oil production following abundant and costly supplies in 2023/24. The palm oil market will be unable to compensate for the deficits in oilseeds due to labor shortages, aging plants, and reduced yields.

Soybeans are poised to become the primary reserve for the vegetable oil market in 2024/25. However, increased processing will lead to a massive rise in soybean meal production. Global soybean meal production is projected to reach a record 272.5 MMT for the October 2024 to September 2025 period, exceeding 12 MMT for the second consecutive season. Soybean meal production rebounded from January to August 2024, exerting pressure on prices. In contrast, other seven meals are expected to see a decline of 1.7 MMT in 2024/25 compared to the estimated 3.4 MMT decrease from the previous season.

Exports from Russia and Ukraine are expected to decrease drastically in 2024/25. Heat and drought conditions have endangered oilseed and cereal crops.

India's vegetable oil supplies are projected to decline in 2024/25 due to reduced production and restrictions on global export supplies, driven by population growth and increased biodiesel production.

The global dependence on soybeans is expected to continue rising 2024 and into the in the second half of 2025. In the first half of 2024, global soybean meal exports increased by 7 MMT compared to the previous year. However, it is anticipated that in the 2024/25 cycle, it will be challenging to place the growing supplies of soybean meal. China's soybean imports rose to 66.3 MMT in July 2024.

Fundamentals Analysis. Vegetable Oils Market. USDA WASDE August 2024.

According to the USDA WASDE report dated September 12, the world vegetable oil market forecast a 1.1% production rise to 227.1 MMT (2023/24: 224.6) for 2022/24. Exports settled stable in 87.3 MMT (2023/24: 86.9). Use hit a rise of +2.3% settling at 224.3 MMT (2023/24: 219.2) and stocks declined by -7% to 30.4 MMT (2023/24: 32.6). The annual balance would end with a stock-to-use ratio of 13.5%, compared to 14.9% in 2023/24 (Table 4). For global sunflower oil, a year-on-year production sharp decline of -10.5% to 19.8 MMT (2023/24: 22.2) is expected. Exports are projected to decline by -6% to 11.9 MMT (2023/24: 14.9), and total use is forecast to drop by -6.3% to 19.2 MMT (2023/24: 20.5). This results in a closing balance with a stock decrease of -32% to 2.1 MMT compared to 15.1 MMT for 2023/24. The stock-to-use ratio would close at 11% versus 15% in the 2023/24 cycle, which was bullish for prices (Table 5).

VEGETABLE OILS

Local Market

During the last fortnight, global oil markets showed mild increases, with the most notable slight gains being reported for palm oil, soybean oil, and sunflower oil. In the Rosario Exchange and the reference market, the price remained at USD 330/ton for the spot market, with declines in pesos to ARS 311000/ton.

Sunflower Yield

For the 2023/24 sunflower harvest, with yields of 18 and 25 qq/ha and the current delivery price of USD 330/ton, the indicative gross margin was USD 159 and USD 327/ha, respectively (see Chart 1).

Sunflower Harvest Projections

According to the Buenos Aires Grain Exchange, as of September 12, 2024, sunflower planting for the 2024/25 season has progressed to 8.3% (-11% behind) over a 1.85 Mha area. Production for 2023/24 settled at 3.5 MMT.

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Chart 1.
Crop Gross Margins. Northern Buenos. Aires. Argentina. In USD/ha.

Date 13/09/24		WHEAT		SUNFLOWER		CORN		SOYBEANS	
Yield	qq/ha	35	45	18	25	75	95	28	38
Future price	u\$/qq	22	22	33	33	17.7	17.7	31.1	31.1
Gross income	u\$/Ha	770	990	594	825	1328	1682	871	1182
Selling expenses	%/IB	25	25	18	18	35	35	24	24
Net Income	u\$/Ha	578	743	487	677	863	1093	662	898
Tillage	u\$/Ha	70	70	66	66	65	65	85	85
Seed	u\$/Ha	66	66	69	69	168	168	54	54
Urea, FDA	u\$/Ha	174	174	88	88	154	154	70	70
Agrochemicals	u\$/Ha	49	49	52	52	98	98	58	58
Harvest	u\$/Ha	69	89	53	74	93	118	70	95
Direct costs	u\$/Ha	-428	-448	-328	-349	-578	-603	-337	-362
Gross margin	u\$/Ha	149	294	159	327	285	490	325	537
PLANTING PERCENTAGE									
GM-40%GI	u\$/Ha	-159	-102	-79	-3	-246	-182	-23	64
LEASE									
Average rent	qq/Ha	10	10	9	9	20	20	13	13
GM-Rent	u\$/Ha	-71	74	-138	30	-69	136	-79	132

Note: Prices without VAT, short-distance freight 20 KM, long-distance freight 200 km. Source: report data

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Table 1.
Wheat World Supply and Demand. In MMT..

Global Wheat	Area Mha	Yield t/ha	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	221.4	3.31	732.1	162	707.2	225.7	31.91%
2015/16	223.4	3.31	739	172.2	716.8	247.9	34.58%
2016/17	222.5	3.4	757.3	185.7	737.3	267.9	36.34%
2017/18	217.9	3.49	760.3	187	740.7	287.5	38.81%
2018/19	214.7	3.4	729.8	178.1	733.4	283.9	38.71%
2019/20	215.2	3.53	759.3	195.1	745.8	297.4	39.88%
2020/21	220.2	3.51	772.7	199.6	786.1	284	36.13%
2021/22	221.6	3.52	780.4	205.2	790.8	273.5	34.59%
2022/23	219.6	3.6	789.5	217.7	789.4	273.6	34.66%
2023/24 /3	222.8	3.55	790.5	224.4	798.9	265.2	33.20%
24/25 (08) /2	222	3.6	798.3	214.9	804	256.6	31.92%
24/25 (09) /1	222.1	3.59	796.9	216.5	804.9	257.2	31.95%
Month-on-month change(1/2)	0.05%	-0.22%	-0.18%	0.74%	0.11%	0.23%	
Year-on-year change (1/3)	-0.31%	1.13%	0.81%	-3.52%	0.75%	-3.02%	
Yearly var (1/3)	1.37%	-0.22%	1.14%	-0.55%	1.33%	-6.21%	

Source: USDA Wasde. September 12, 2024

CHARTS

Table 2.
Corn World Supply and Demand. In MMT.

Global Corn	Area Mha	Yield t/ha	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	189.4	5.6	1061	128.8	997.3	280.3	28.11%
2015/16	188.7	5.4	1020.9	145.8	988.3	312.9	31.66%
2016/17	197.2	5.7	1129.2	143.6	1091.7	350.6	32.12%
2017/18	194.2	5.6	1087.1	154.1	1095.6	342.1	31.22%
2018/19	193.2	5.9	1132.8	173.5	1148.9	326	28.37%
2019/20	194.1	5.8	1125.6	175.8	1138.5	313.1	27.50%
2020/21	199.6	5.7	1131.9	184.2	1149.2	295.7	25.73%
2021/22	206.8	5.9	1217.7	193.5	1199.6	313.7	26.15%
2022/23	200.7	5.8	1159.7	180.8	1170.6	302.8	25.87%
2023/24 /3	203.2	6	1224.3	198.7	1217.5	309.6	25.43%
24/25 (08) /2	201.6	6.1	1219.8	193.1	1218.2	310.2	25.46%
24/25 (09) /1	201.5	6	1218.6	192.8	1219.8	308.3	25.27%
Month-on-month change(1/2)	-0.05%	-1.64%	-0.10%	-0.16%	0.13%	-0.61%	
Year-on-year change (1/3)	-0.84%	0.00%	-0.47%	-2.97%	0.19%	-0.42%	
Yearly var (1/3)	1.37%	-0.22%	1.14%	-0.55%	1.33%	-6.21%	

Source: USDA Wasde. September 12, 2024

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Table 3.
Soybeans World Supply and Demand. In MMT.

Global Soybeans	Area Mha	Yield t/ha	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	119.2	2.7	321.51	126.44	303.98	79.31	26.09%
2015/16	120.91	2.61	316.14	132.84	316.96	79.69	25.14%
2016/17	120.59	2.91	350.88	147.74	332.23	95.63	28.78%
2017/18	125.27	2.74	343.82	153.4	340.39	99.83	29.33%
2018/19	126.08	2.88	363.51	149.22	345.78	114.26	33.04%
2019/20	123.57	2.76	341.43	165.82	360.03	95.14	26.43%
2020/21	129.74	2.85	369.24	165.18	367.13	98.27	26.77%
2021/22	131.47	2.74	360.46	154.44	366.19	92.57	25.28%
2022/23	137.1	2.76	378.7	171.76	366.47	100.86	27.52%
2023/24 /3	139.78	2.82	394.75	177.95	383.28	112.25	29.29%
24/25 (08) /2	145.72	2.94	428.73	181.22	402.84	134.3	33.34%
24/25 (09) /1	145.82	2.94	429.2	181.63	402.98	134.58	33.40%
Month-on-month change(1/2)	0.07%	0.04%	0.11%	0.23%	0.03%	0.21%	
Year-on-year change (1/3)	4.32%	4.22%	8.73%	2.07%	5.14%	19.89%	
Yearly var (1/3)	1.37%	-0.22%	1.14%	-0.55%	1.33%	-6.21%	

Source: USDA Wasde. September 12, 2024

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Table 4.
Vegetable Oils World Supply and Demand. In MMT. .

Vegetable Oils	Crushing	Extraction	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	522	0.34	177.48	76.55	169.79	27.03	15.92%
2015/16	518.68	0.34	176.35	73.84	176.94	23.03	13.02%
2016/17	556.29	0.34	189.14	82.01	182.41	23.94	13.12%
2017/18	584.56	0.34	198.75	80.99	190.93	26.89	14.08%
2018/19	601.24	0.34	204.42	86.88	197.99	28.54	14.41%
2019/20	611.74	0.34	207.99	87.17	201.33	30.83	15.31%
2020/21	611.65	0.34	207.96	85.79	204.51	29.68	14.51%
2021/22	613.59	0.34	208.62	79.69	202.86	29.98	14.78%
2022/23	642.15	0.34	218.33	88.92	211.15	31.85	15.08%
2023/24 /3	660.44	0.34	224.55	86.93	219.21	32.64	14.89%
24/25 (07) /2	667.94	0.34	227.1	87.3	224.38	30.06	13.40%
24/25 (08) /1	667.91	0.34	227.09	87.3	224.31	30.36	13.53%
Month-on-month change(1/2)	0.00%	0.00%	0.00%	0.00%	-0.03%	1.00%	
Year-on-year change (1/3)	1.13%	0.00%	1.13%	0.43%	2.33%	-6.99%	
Yearly var (1/3)	1.37%	-0.22%	1.14%	-0.55%	1.33%	-6.21%	

Source: USDA Wasde. September 12, 2024

CHARTS

Table 5.
Sunflower Oil World Supply and Demand. In MMT.

Sunflower Oil	Crushing	Extraction	Production	Exports	Total Use	Ending Stock	Stock use%
2014/15	39.55	0.38	14.97	7.41	14.24	2.59	18.19%
2015/16	40.7	0.38	15.4	8.21	15.07	2.04	13.54%
2016/17	47.39	0.39	18.3	10.75	16.37	2.62	16.00%
2017/18	48.11	0.39	18.57	10.32	17.4	2.61	15.00%
2018/19	50.34	0.39	19.62	11.51	18	2.44	13.56%
2019/20	53.45	0.4	21.21	13.49	18.9	3.01	15.93%
2020/21	49.23	0.39	19.01	11.34	18.31	2.04	11.14%
2021/22	51.31	0.38	19.69	11.22	17.56	2.65	15.09%
2022/23	56.24	0.39	21.73	14.33	19.49	3.11	15.96%
23/24 /3	56.78	0.39	22.15	14.92	20.53	3.09	15.05%
24/25 (08) /2	52.8	0.39	20.58	12.4	19.64	2.39	12.17%
24/25 (09) /1	50.98	0.39	19.82	11.92	19.24	2.11	10.97%
Month-on-month change(1/2)	-3.45%	-0.25%	-3.69%	-3.87%	-2.04%	-11.72%	
Year-on-year change (1/3)	-10.21%	-0.34%	-10.52%	-20.11 %	-6.28%	-31.72%	
Yearly var (1/3)	1.37%	-0.22%	1.14%	-0.55%	1.33%	-6.21%	

Source: USDA Wasde. September 12, 2024