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Report Name: Oilseeds and Products Update

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Report Highlights:

In 2022/23, Brazil is forecast to reap a record soybean crop of 153 million metric tons (MMT). Post maintained the forecast for planted area expansion of 43.3 million hectares (ha). Harvest lags behind schedule compared to previous years, with Post contacts sharing that frequent rains and the upcoming wet weather forecast could potentially impact soybean quality. Post maintained the soybean export forecast at 97 MMT. Post also maintains the crush forecast of 51.5 MMT for 2022/23, driven by the domestic demand for soy oil.

SOYBEAN PRODUCTION

Record Production Forecast Maintained for 2022/23

Post maintained its forecast for planted area at 43.3 million hectares (ha) for 2022/23. The increase from the previous season is based on marginal gains across several states, with the largest expansion in Mato Grosso from converted pastureland. The 2021/22 marketing year (MY) estimate for planted area was maintained at 40.9 million ha. Post maintained the production forecast for 2022/23 at 153 million metric tons (MMT), based on a yield of 3.533 mt per ha. In recent conversations with producers throughout the state of Mato Grosso, soy growers noted that they are seeing better than expected yields for early harvested fields. However, producers also reported they are facing a lack of sunshine in-between rain periods, creating a “winter-like” weather pattern. If this continues, soybean yields have the potential to significantly decrease because the soybean becomes too moist and does not have the ability to dry. This leads to losses in the quality of the soybean due to mold, as well as not being able to export the soybean due to having extremely high moisture content, far exceeding the maximum 14 percent moisture able to export.

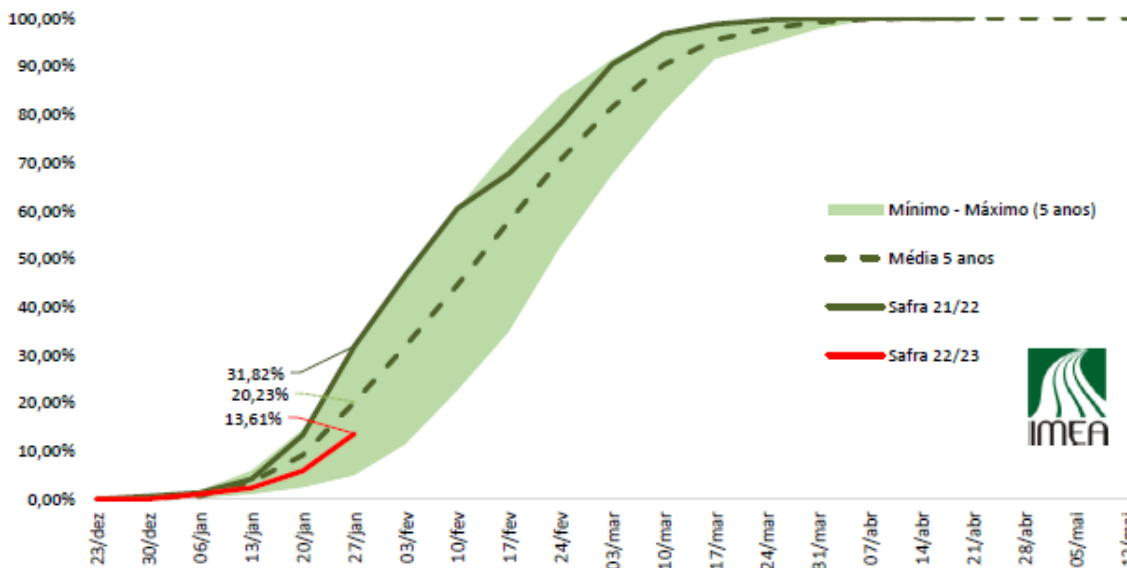
Figure 1

Soybean Harvest Rate in Mato Grosso

Date	Percent Harvested
January 6, 2023	1%
January 13, 2023	2.4%
January 20, 2023	5.9%
January 27, 2023	13.6%
January 28, 2022 (2021/2022 Harvest)	31.8%

Source: Institute of Economy and (IMEA)

Figure 2
Rate of Soybean Harvest in Mato Grosso



Safra=harvest
 Media 5 anos= average 5 years

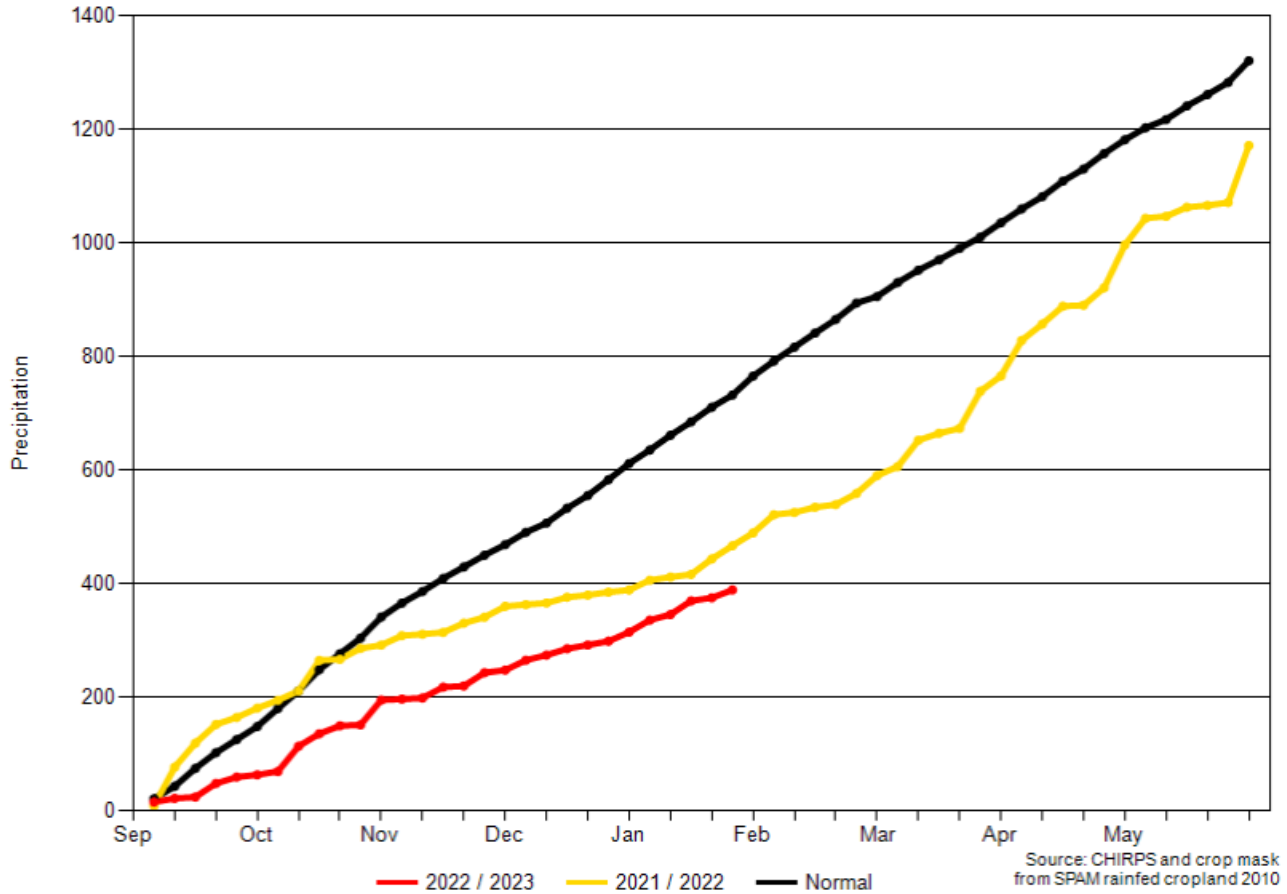
Source: Institute of Economy and (IMEA)

In Mato Grosso, Brazil’s main soybean producing state, the planting of the 2022/23 harvest ended on the first week of December. Sowing was in line with the pace of the previous year but was quicker than the average of the previous five years. According to Post conversations with producers and analysts in Mato Grosso, at this point in the season, yields in the state have been on the upside of the forecast range. Some producers have reported early yields as high as 70 sacks per ha, an equivalent of 4.2 metric tons (mt) per ha. The majority of the harvest in the state will be completed between January and February. Post forecasts planted area in Mato Grosso to be maintained at 11.81 million hectares, an increase of 2.95 percent from the previous season. As of January 27th, 13.6 percent of the crop have been harvested, compared to 31.6 percent the previous year, representing a 18 percent lag.

In the South, the second biggest soybean producing region in Brazil, variable weather conditions have led to uneven development of the crop. Rio Grande do Sul state, which was among the worst affected by poor weather in the last season, is forecast to experience low yields again this season. Local authorities have already declared crisis conditions due to extremely poor weather conditions. As a result of the dry September and October, planting was delayed several weeks, so harvest has not begun – as such it is too early to determine yields with precision. Meanwhile, in the southernmost state of Rio Grande do Sul where producers harvested the country’s second largest soybean crop last season, local authorities have declared crisis conditions due to extremely poor weather through the beginning of December. Harvest should start in March and pick up in April.

Figure 3

Cumulative Precipitation (CHIRPS) for Rio Grande do Sul



Source: USDA, International Production Assessment Division

In the soybean frontier states of Bahia, Piauí, Tocantins, and Maranhao, collectively known as Matopiba, yields are estimated to be positive. In the 2021/22 season Tocantins harvested 53-54 bags per hectare. According to Brazilian Soy Association Aprosoja, Tocantins received plentiful rains and the harvest is expected to be about eight percent higher, reaching 60 bags per hectare. Post contacts are also reporting a delay in sales in the region compared to years past. These contacts have expressed concern with logistical issues due to the combination of delayed sales, larger production area and record productivity.

Nationwide, as of the last week of January, producers harvested five percent of the forecasted harvest. This is compared to 11 percent harvested during the same period last year. The five-year average is six percent. Most of the harvesting underway has been in Mato Grosso, with Parana being in distant second. Overall, Post believes that forecast may be revised upward if the weather continues to cooperate.

TRADE

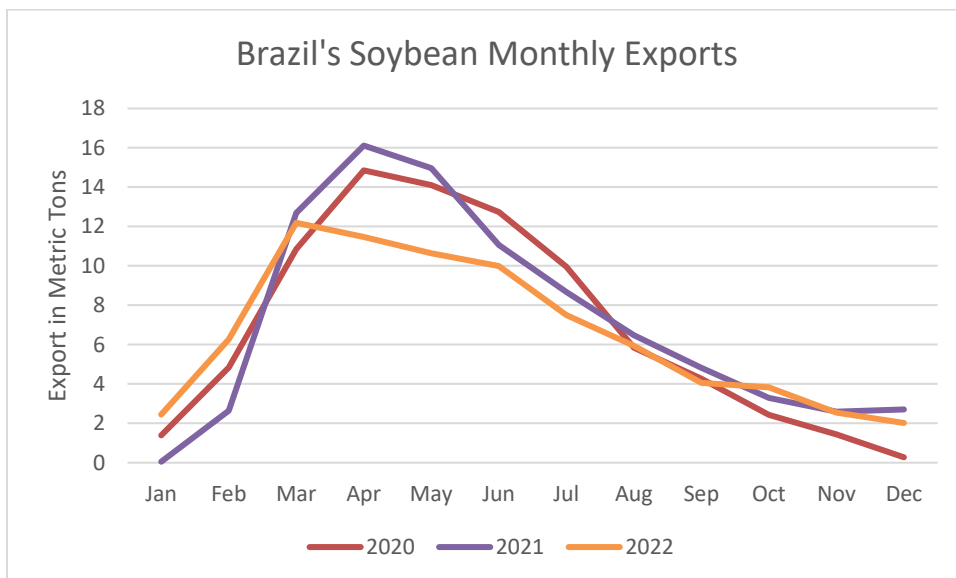
2022/23 Export Forecast Maintained at 97 MMT

Post maintains the forecast for soybean exports this marketing year (MY) 2022/23 (February 2023 to January 2024) to reach 97 MMT. This is based on favorable production, anticipated decreased production on the international market, especially from Argentina, and a returned demand from China.

In the fourth week of January 2023, Brazil shipped 227,000 MT of soybeans, an increase of 96,000 MT from the previous week. Cumulative “old-crop” export commitments were estimated to be 77.84 MMT. This has decreased by 718,000 MT from earlier in the month because some shipments were switched to “new-crop” February commitments. Commitments are 13.7 percent below a year ago. The ship lineup indicates that shipments in January could be 1.29 MMT, a decrease from 2.28 MMT in January of last year. According to IMEA, producers in Mato Grosso sold 40.7 percent of the expected production throughout the first week of January, below the five-year average of 53.6 percent.

Figure 4

Brazil's Soybean Monthly Exports



Source: Abiove, The Brazilian Association of Vegetable Oil Industries

Figure 5

2022 Farmgate Soybean Prices in Brazil

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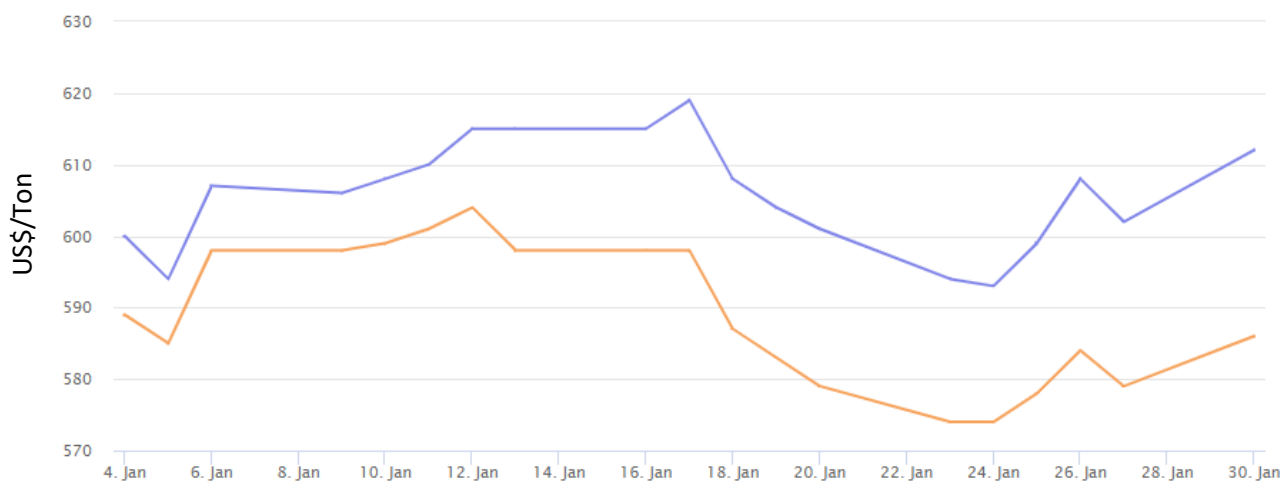
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maringá / PR	180.13	194.38	199.50	184.70	190.75	193.38	188.90	186.13	184.70	184.13	186.00	180.90
Mogiana / SP	178.75	194.50	199.75	185.50	192.38	193.38	189.50	186.25	184.70	183.25	185.63	181.80
Passo Fundo / RS	187.88	207.25	209.75	192.00	196.75	196.00	191.40	187.25	184.10	183.25	185.00	184.30
Rondonopolis / MT	171.13	183.38	188.63	174.40	180.25	179.25	174.20	174.75	172.90	170.75	172.25	169.10

Prices in R\$/60 kg sack (w/o ICMS)

Source: Abiove, The Brazilian Association of Vegetable Oil Industries

Figure 6

FOB Soybean Export Prices in Brazil and U.S.



--- Brazil (Paranagua)

--- US 2Y (Gulf)

Source: International Grains Council

In the first 11 months of the 2021/22 marketing year, Brazil exported just over 76 MMT. Post estimates that January 2023 exports will likely reach close to 1.29 million metric tons as producers had contracted whatever volumes they had left in the previous months. This expectation is supported by initial shipment line update for January.

CONSUMPTION AND PROCESSING

2022/23 Forecast Unchanged

Post maintains the 2022/23 forecast of 51.5 MMT of soybeans destined for processing. The forecast is based on trend expansion, available supplies, and increased demand for soybean products. Post also maintains 2022/23 forecasts for meal production at 40 MMT, and for oil output to reach 10.5 MMT.

STOCKS

With a voracious appetite for Brazilian soybeans out of China, Brazilian stocks will remain at very low levels, hovering around 0.5 percent of domestic supply for MY 2021/22, and even lower in 2022/23. Historically, this is the lowest level that stocks have ever hit in Brazil. Although the government is concerned with the scarcity of beans on the domestic market and the consequent impact on inflation, Post does not anticipate any export restrictions. Instead, traders and producers alike are focused on sales to take advantage of the upside in prices.

Chart 1

Soybean Production, Supply, Distribution

Oilseed, Soybean (Local) Market Begin Year	2020/2021		2021/2022		2022/2023	
	Feb 2021		Feb 2022		Feb 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	39500	39000	41500	40900	43400	43300
Area Harvested	39500	39000	41500	40900	43400	43300
Beginning Stocks	1961	1961	2250	2721	2005	1921
Production	139500	138000	129500	126600	153000	153000
MY Imports	791	860	500	850	750	400
Total Supply	142252	140821	132250	130171	155755	155321
MY Exports	88512	88900	77500	77000	96500	97000
Crush	48285	46500	49500	48250	52800	51500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3205	2700	3245	3000	3600	3600
Total Dom. Cons.	51490	49200	52745	51250	56400	55100
Ending Stocks	2250	2721	2005	1921	2855	3221
Total Distribution	142252	140821	132250	130171	155755	155321
Yield	3.5316	3.5385	3.1205	3.0954	3.5253	3.5335
1000 HA, 1000 MT, MT/HA						

Chart 2*Soybean Oil Production, Supply, Distribution*

Oil, Soybean (Local) Market Begin Year	2020/2021		2021/2022		2022/2023	
	Feb 2020		Feb 2021		Feb 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	48285	46500	49500	48250	52800	51500
Extr. Rate, 999.9999	0.1926	0.2	0.1925	0.2025	0.1923	0.2039
Beginning Stocks	604	604	502	334	301	314
Production	9300	9300	9529	9770	10153	10500
MY Imports	67	160	20	100	100	100
Total Supply	9971	10064	10051	10204	10554	10914
MY Exports	1794	1770	2500	1970	2225	2050
Industrial Dom. Cons.	3875	4100	3400	4120	3950	4690
Food Use Dom. Cons.	3825	3860	3850	3800	3975	3900
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	7700	7960	7250	7920	7925	8590
Ending Stocks	477	334	301	314	404	274
Total Distribution	9971	10064	10051	10204	10554	10914
1000 MT, Percent, 1000 MT						

Chart 3*Soybean Meal Production, Supply, Distribution*

Meal, Soybean (Local) Market Begin Year	2020/2021		2021/2022		2022/2023	
	Feb 2020		Feb 2021		Feb 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	48285	46500	49500	48250	52800	51500
Extr. Rate, 999.9999	0.775	0.7742	0.7751	0.7782	0.775	0.7767
Beginning Stocks	3864	3864	4375	3779	3207	3744
Production	37421	36000	38367	37550	40920	40000
MY Imports	19	15	15	15	17	15
Total Supply	41304	39879	42757	41344	44144	43759
MY Exports	17579	16800	20000	18000	20600	19950
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	19450	19300	19550	19600	19900	20350
Total Dom. Cons.	19450	19300	19550	19600	19900	20350
Ending Stocks	4275	3779	3207	3744	3644	3459
Total Distribution	41304	39879	42757	41344	44144	43759
1000 MT, Percent						

Attachments:

No Attachments