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Report Highlights:

Post increased its estimate for soybean production in 2024/25 to 161 million metric tons (MMT), from the previous estimate of 160 MMT. Another record export is expected in 2024/25 with Post forecasting 102 MMT, exceeding the estimate for the previous season of 99 MMT. For 2024/25, Post revised the forecast for soybean crush up to 55.5 MMT, a 2.5 percent increase compared with the 2023/2024 estimate.

SOYBEAN PRODUCTION

2024/25 Soybean Season Planting Rate Slower than Average

Following the sanitary period that ended September 6th, Brazilian farmers were allowed to start planting the 2024/25 soybean crop. In Brazil, producers must abstain from planting soybeans during the *vazio sanitario*, or sanitary period of several months after the last beans are harvested. The clean break between two harvests of the same crop is necessary to reduce the incidence of crop diseases such as soybean rust. The *vazio sanitario* is typically in place sometime between June and September and coincides with the dry season in Brazil. To hit the target planting dates for cotton, soybeans (which are the first crop) should be planted by the end of September.

As of October 14th, 8.2 percent of soybeans had been planted, which makes the 2024/2025 season the slowest planting season since 2020/21. This planting rate is compared to 17 percent at the same time as last year. Most of this delay is due to the slow pace in Mato Grosso, where producers are waiting for more consistent rains to begin in the second half of October. Mato Grosso has also experienced in increase in wildfires which have directly impacted the planting calendar. The president of Aprosoja-MT, Lucas Costa Beber, has highlighted the urgency of fire prevention and management measures. Many producers in Mato Grosso have resorted to irrigated areas with central pivots but the smoke has still reduced available light, delaying planting even further. Mato Grosso received between 10 to 20 mm of rain in much of the state. For adequate soybean germination, a rainfall accumulation of 35 to 50 mm is required.

Meanwhile, Parana has been driving the planting rate as they have had the highest rate since the 2018/2019 season due to heavy rains since mid-September. The farmers who are most aggressively planting their soybeans are those who plan on planting a second crop of cotton, which should be planted before the end of January to reach the window for ideal growing conditions.

According to the Department of Rural Economics (Deral), farmers in Parana have planted 36 percent of their intended 2024/25 soybeans as of October 14th, making it one of the fastest in planting rates in history.

Except for Rio Grande do Sul and Santa Caterina, which have also experienced a substantial amount of rain, most producers in other states are waiting for more consistent rains to speed planting. Rains are expected to increase in the next two weeks. In Rio Grande do Sul, specifically the central region, planting began after the October 10th sanitary period. Only 2 percent has been planted by October 14th, but acceleration is expected by October 20th. Goias has experienced the slowest planting rate, with only 3 percent planted as of October 14th compared to an average of 7 percent for this time.

Producers are concerned that the delay in soybean planting could impact the second season corn and cotton planting. In addition, The National Oceanic and Atmospheric Administration (NOAA) predicts a La Niña phenomena will continue to occur in Brazil, mainly impacting the southern states.

Post maintained the previous forecast for soybean planted area of 46.3 million hectares for 2024/25. This is due to an increase in wildfires in the main soybean producing areas limiting potential for further expansion. However, it still represents a one percent increase from the 2023/24 planted season. This is below the 5-year average growth rate, mainly due to lower soybean prices.

Record Year Forecasted for Production in 2024/2025

Post revised upwards the forecast for the 2024/25 Brazil soybean production to 161 MMT, based on a yield of 3.47 MT per hectare. This represents a six percent production increase compared to 152 MMT in 2022/23, as well as on-trend yield. In terms of the expansion pace, Post forecasts fast growth to continue in the Northeast region of MATOPIBA – comprised of the states, Maranhão, Tocantins, Piauí, and Bahía. Producers in Bahía grow just one crop per year – typically either cotton or soybeans, and with the soybean prices better than substitutable commodities, Post expects conversion of fields to soybeans.

The Mato Grosso Institute of Applied Economy (IMEA) forecasts planted area at 12.66 million ha next season, up just 1.5 percent from 2023/24. This is the lowest expected increase in planted area in Mato Grosso in the last five years. The largest expansion in percentage terms will be in the north and mid-north regions of Mato Grosso.

Although there is concern for the planting of second-season crops if soybean planting slows down, at this point there is no expected impact for soybean yields, as long as weather patterns are normal during the rest of the growing season. The Post yield forecast assumes average weather and optimal inputs (seeds, fertilizers, chemicals).

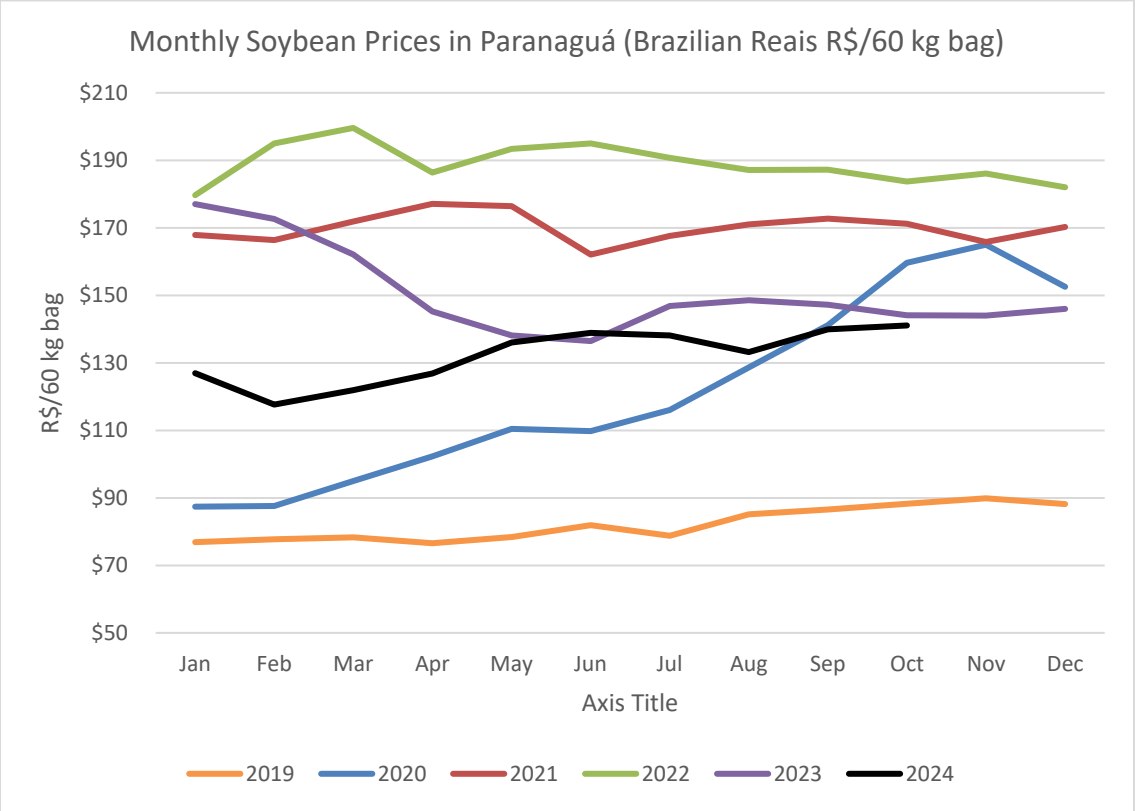
Post believes that key reasons for year-on-year yield gains in Brazil are growers' adoption and investment in technology, such as Genetically Engineered (GE) seeds and the use of cutting-edge chemicals and fertilizers. At the same time, the Post forecast accounts for lower yields on land that will be converted into production, such as degraded pasture, which typically takes several years to reach optimal productivity.

Area and Production Continues to Expand Despite Low Prices

Soybean prices in Brazil are still low compared to post-pandemic levels. However, farmers are increasing planting, but at a slower trend. This is a result of farmers switching from planting first season corn to soybeans. Corn prices are also currently low but worse relatively to soybeans, and Post contacts have shared it will be challenging to even break even on planting corn this season.

Soybeans are the principal crop produced in Brazil. Throughout the last decade, Brazilian growers have demonstrated that there is space to plant more soybeans each season—whether from degraded pasture or at the expense of land from other crops. As a relatively easy to grow and profitable liquid commodity, they are considered a reliable choice for growers. Farmers typically forward contract around half of their forecast crop before planting. For many, proceeds from forward soybean sales finance not just the coming soybean crop, but the second-harvest crop as well. Given that the global demand for soybeans is expected to keep rising, Brazilian farmers will continue to expand their soybean production, with assurance that buyers will be ready when the harvest hits the market.

Figure 1
Monthly Soybean Prices in Paranaguá



Source: CEPEA data, ESALQ/BM&FBOVESPA, Paranaguá, OAA Brasilia Chart

The chart above highlights the decrease in domestic soybean prices in 2024. Prices started the year lower than since before the start of the pandemic, but have recovered slightly.

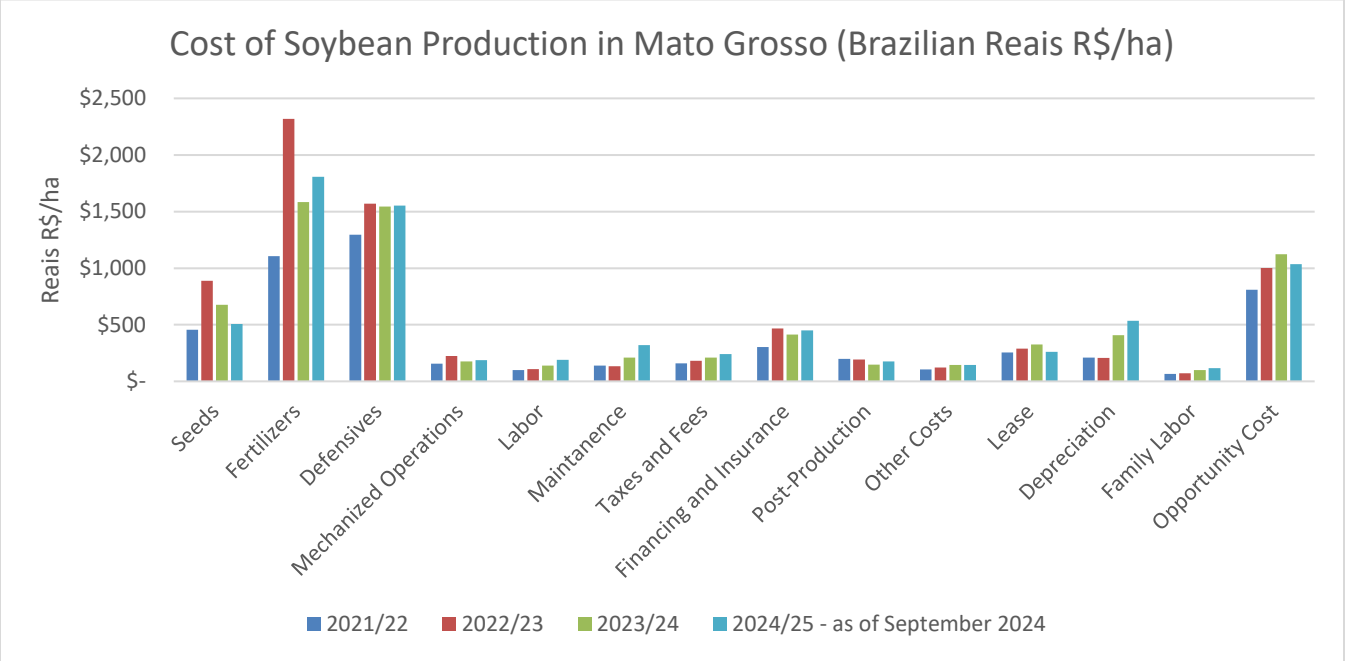
The BRL remains lowly valued against the USD, at 5.5 BRL per 1 USD as of September, 2024. A weak Real means that Brazil's agricultural commodities continue to be a great value, and desirable product for commercial partners.

Cost of Production Continues to Decrease in 2024/25 Season

The cost of production in Mato Grosso is continuing to decrease, resulting in only the second year since 2019/20 to do so. The figure below outlines the cost of production changes in Mato Grosso. In the 2023/2024 season in Mato Grosso, the estimated cost of production was R$ 7,276.30/ha compared to R$ 7,111.06/ha in the 2024/25 season, a two percent decrease in cost of production. The driving factor of this is the decrease in the cost of fertilizers. However, the cost of seeds is still expected to slightly increase.

Figure 2

Cost of Soybean Production in Mato Grosso



Source: IMEA, cost in R$/ha, with 2023/24 as of August 2023; Chart Post Brasilia

Chart 1

Cost of Soybean Production in Mato Grosso Per Expense

Cost of Soybean Production in Mato Grosso (R$/ha)				
Harvest	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Year	**2021**	**2022**	**2023**	**2024**
Month	**Aggregate**	**Aggregate**	**Aggregate**	**September***
Seeds	**456.26**	**888.06**	**675.09**	**508.16**
Fertilizers	**1,104.96**	**2,318.92**	**1,585.17**	**1,807.75**
Defensives (Fungicide, Herbicide, Insecticide, etc.)	**1,294.64**	**1,569.24**	**1,545.61**	**1,553.98**
Mechanized Operations (Planting, Fertilizing, Applications with Machines, Harvesting...)	**155.29**	**223.91**	**175.73**	188.58
Labor	**100.78**	**107.78**	**138.81**	190.17
Maintanence	**138.16**	**134.12**	**209.96**	318.93
Taxes and Fees	**157.85**	**181.80**	**209.68**	242.00
Financing and Insurance	**303.95**	**466.71**	**412.59**	451.04
Post-Production(Classification and Processing, Storage, Production Transport)	**198.24**	**193.04**	**147.15**	175.53
Other Costs (Technical Assistance, Utilities Fuel, General Expenses)	**105.38**	**121.72**	**145.10**	**144.91**
Lease	**256.45**	**288.92**	**326.83**	**260.52**
Depreciation (of Equipment, Utilities, and Improvements)	**210.92**	**208.04**	**406.97**	**535.85**
Family Labor	**66.85**	**72.78**	**99.22**	**116.28**
Opportunity Cost (Working Capital, Improvements, etc.)	**808.26**	**1,001.02**	**1,121.92**	**1,035.82**
TOTAL	**5,357.98**	**7,776.05**	**7,199.83**	**7,529.51**

Source: IMEA, cost in R$/ha, with 2024/25 representing estimate; Chart Post Brasilia

SOYBEAN TRADE

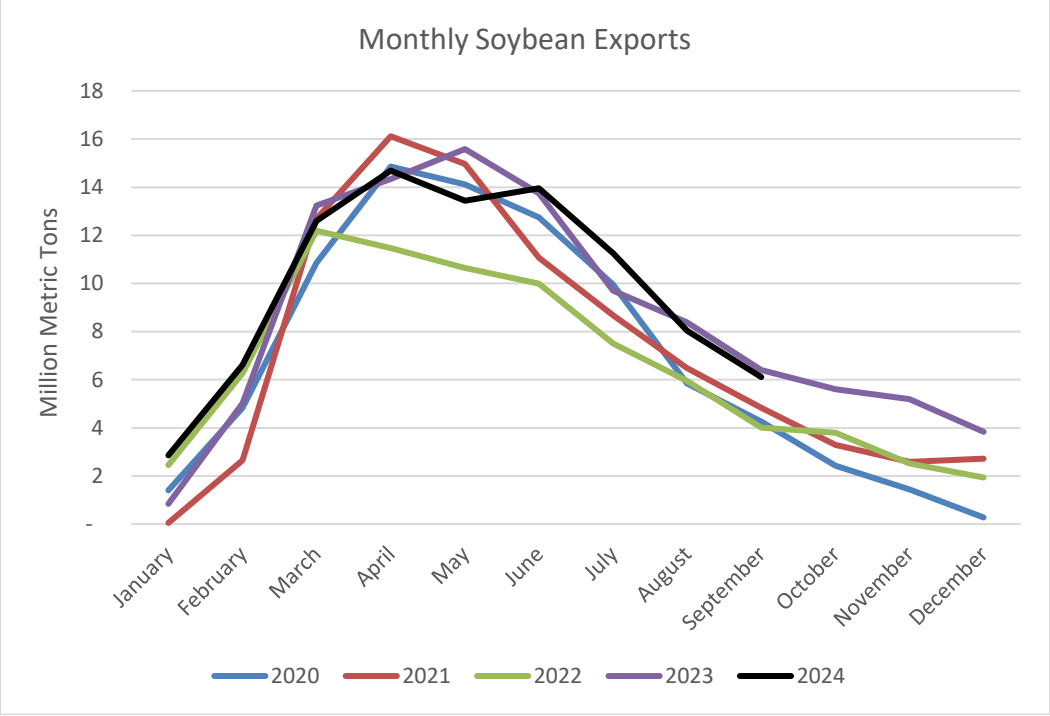
Yet Another Record Soybean Export Forecast in 2024/25

Post revised the forecast upwards for soybean exports in the 2024/25 season to 102 MMT, exceeding the estimate for the previous season of 99 MMT. The forecast is based on increased expectations of ample available supplies and an extremely favorable exchange rate. According to industry contacts in Brazil, the market expectation is that the Brazilian real will continue to trade at around R$ 5.5 to USD $1 in 2025. Unlike many other heavily traded sectors, soybean consumption has limited elasticity.

The 2023/24 season has experienced high soybean exports but not as high as the record reached in the 2022/23 season. As of October 7, 2024, total Brazil export commitments are 92.36 MMT, down 4.62 MMT from a year ago.

Figure 3

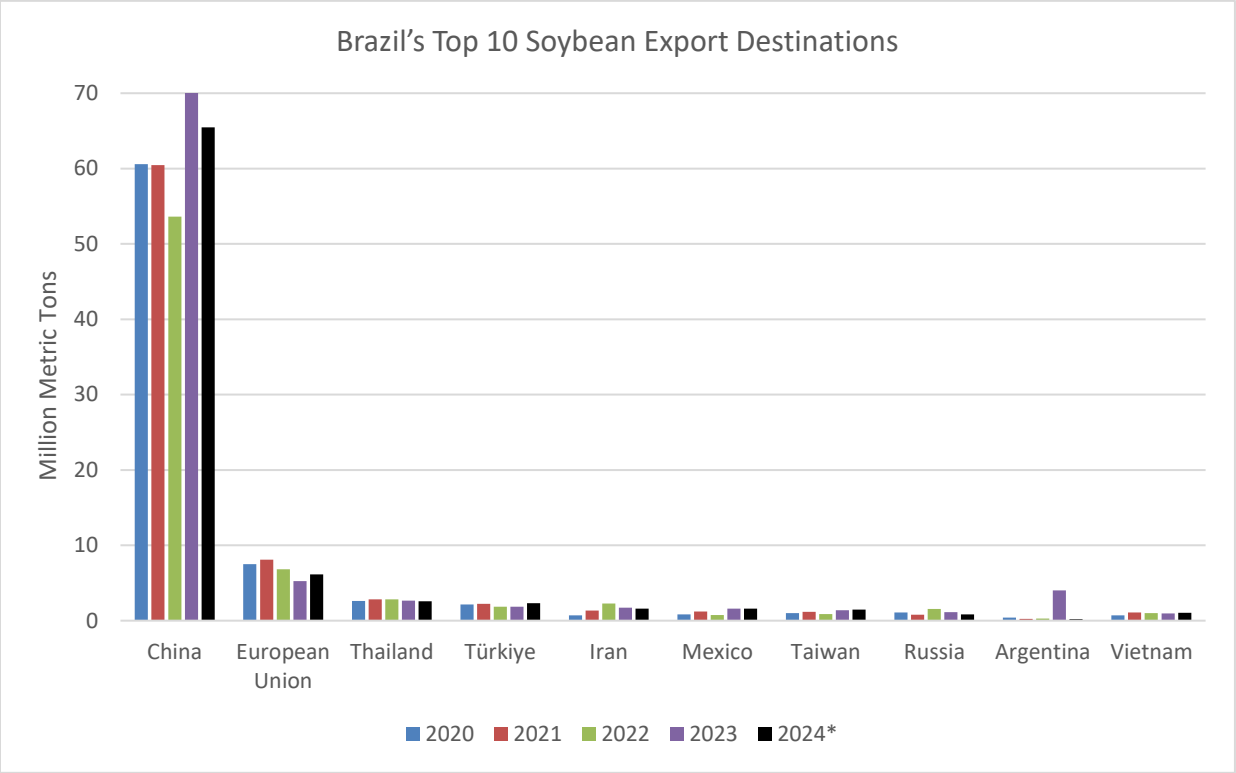
Brazil's Monthly Soybean Exports



Source: COMEX STAT, OAA Brasilia Chart

Figure 4

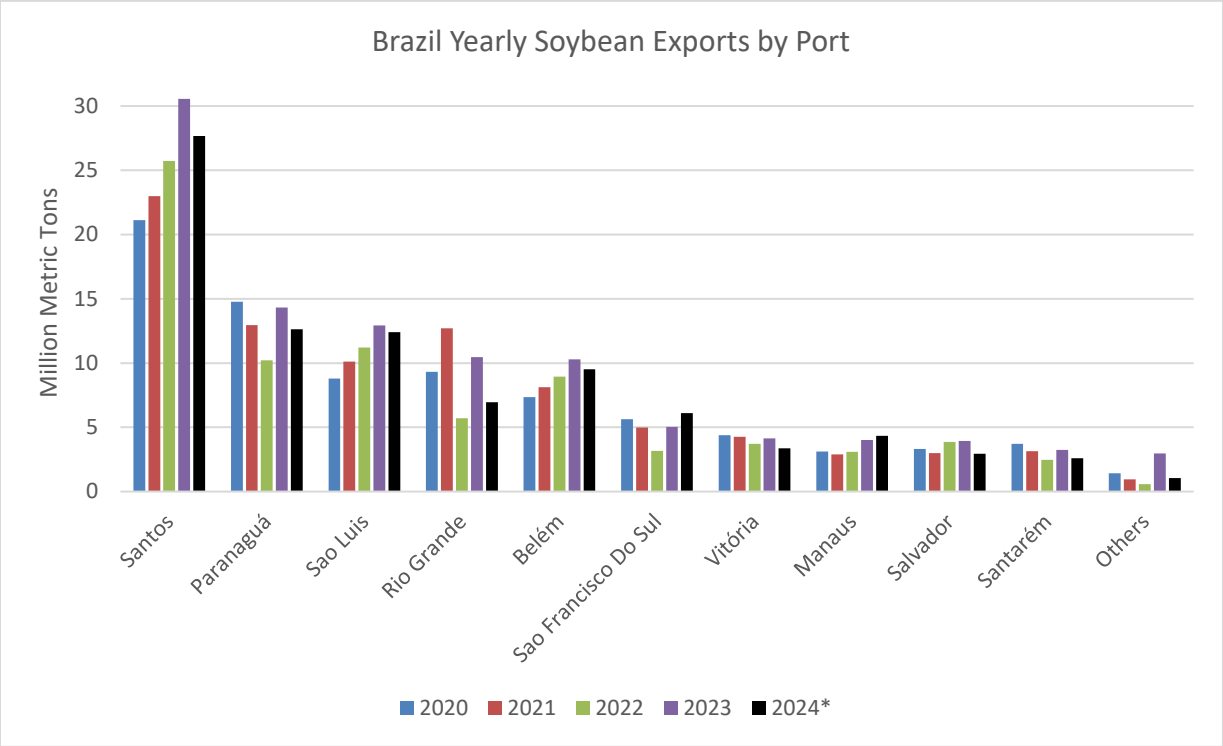
Brazil's Top 10 Soybean Export Destinations



Source: SECEX, *with 2024 until September; OAA Brasilia Chart

Figure 5

Yearly Soybean Exports by Port in Brazil



Note 2024 Data includes data from January-August*
Source: SECEX trade data, OAA Brasilia chart

China Remains Top Buyer of Brazilian Soybeans

For the 2023/24 season, Post estimates soybean exports at 97 MMT. So far this season, about three-quarters of Brazil's soybean shipments were destined for China. China has long been the main buyer of Brazilian soybeans, further solidifying its status in the wake of U.S.-China trade tensions that broke out in 2018. Over the previous several seasons, Chinese crushers often sourced soybeans from Brazil because its massive supplies were the only viable alternative to the U.S. supply. In 2024/25, China is expected to remain the top importer of Brazilian soybeans.

Imports to Lower in 2024/25

Post forecasts 2024/25 soybean imports at 250,000 MT. The revision is based on ample supplies at the start of next season due to record production. Imports in 2023/24 are estimated at 925,000 MT, a decrease from the 2022/2023 season. Soybean imports are primarily driven by expansion of domestic crush capacity. Most of Brazil's soybean imports are sourced duty-free from the neighboring Paraguay, a Mercosul trading block member. Brazil also sources soybeans from Mercosul member Uruguay, for the crushing plants in the southern state of Rio Grande do Sul.

DOMESTIC CONSUMPTION & PROCESSED PRODUCTS

Soybean Crush Forecast to Increase for 2024/25

For 2024/25, Post revised the forecast for soybean crush up to 55.5 MMT, a 2.5 percent increase compared with the 2023/2024 estimate. The revision is based on an increase in available supplies, as well as an increase in demand for soybean products. The biodiesel blend rate was increased in April 2023 from B10 to B12. The forecast expansion is aligned with the five-year average growth rate. The expansion is based on the available soybean supply and rising demand for both soy oil and soy meal domestically, as well as soy oil and meal export demand which will be supported by the continued relative weakness of the Brazilian real.

Post forecasts 2024/25 soybean meal production at 42.7 MMT, an increase from previous estimates. Domestic soymeal consumption is forecast to increase to 21.1 MMT in the next season, up from 21 MMT in 2023/24. Post anticipates domestic meal demand will grow in line with a recent increase in beef and pork annual production.

For 2024/25, Post revises the forecast of soy oil production to 11.1 MMT. Domestic oil consumption is expected to increase to 10.2 MMT. The increase will be driven by industrial oil consumption, which is projected to rise to 6.4 MMT. Post anticipates that expansion in industrial consumption will be supported by a slowly but steadily recovering economy, which will fuel an increase in commercial truck activity. In Brazil, commercial vehicles run on biodiesel, which is manufactured using soy oil. When the Brazilian government mandates a higher biodiesel blend mandate, there is a steady increase in industrial oil consumption.

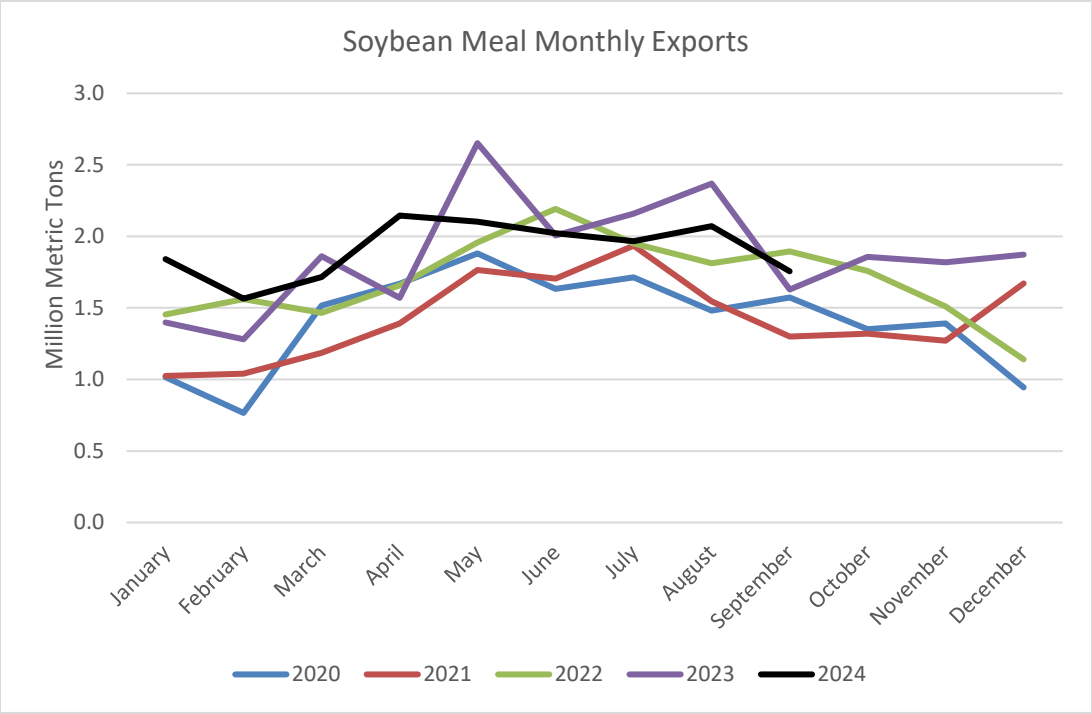
PRODUCT TRADE

Soybean Meal

For 2024/25, Post revised the soybean meal exports forecast to increase slightly, from 21 MMT to 21.7 MMT. Post anticipates that exports of both soybean meal and oil will be supported by the weak domestic currency.

Figure 6

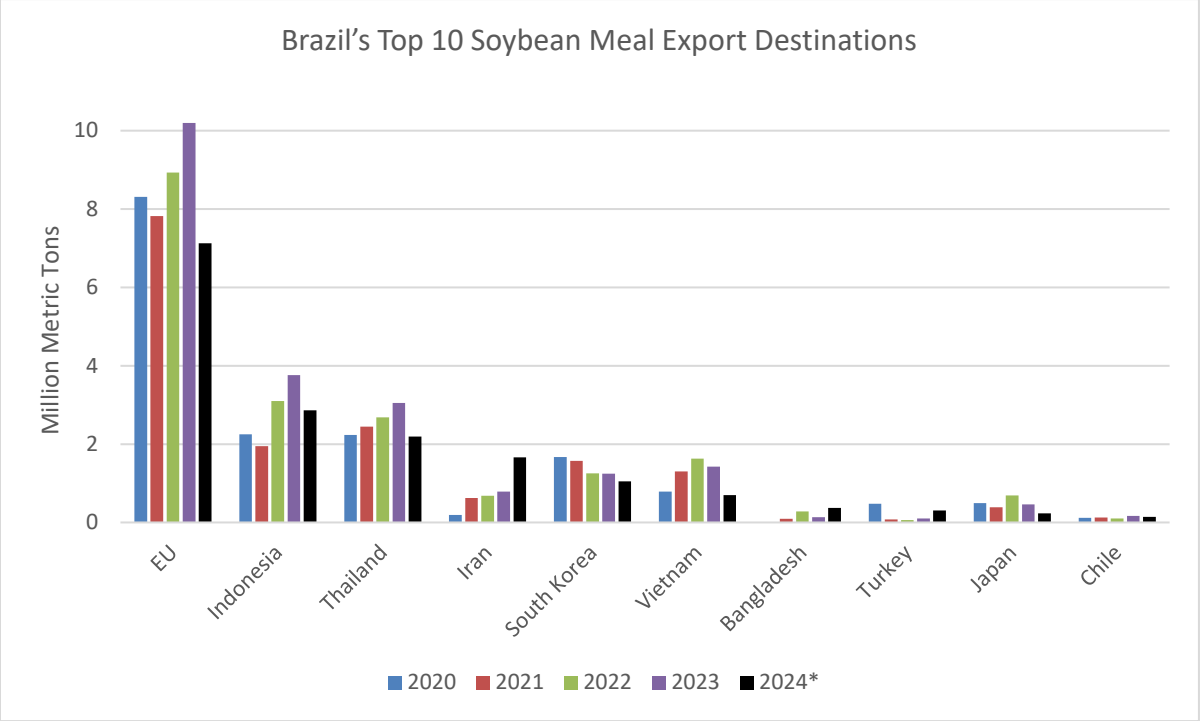
Soybean Meal Monthly Exports



Source: Trade Data Monitor, OAA Brasilia Chat

Figure 7

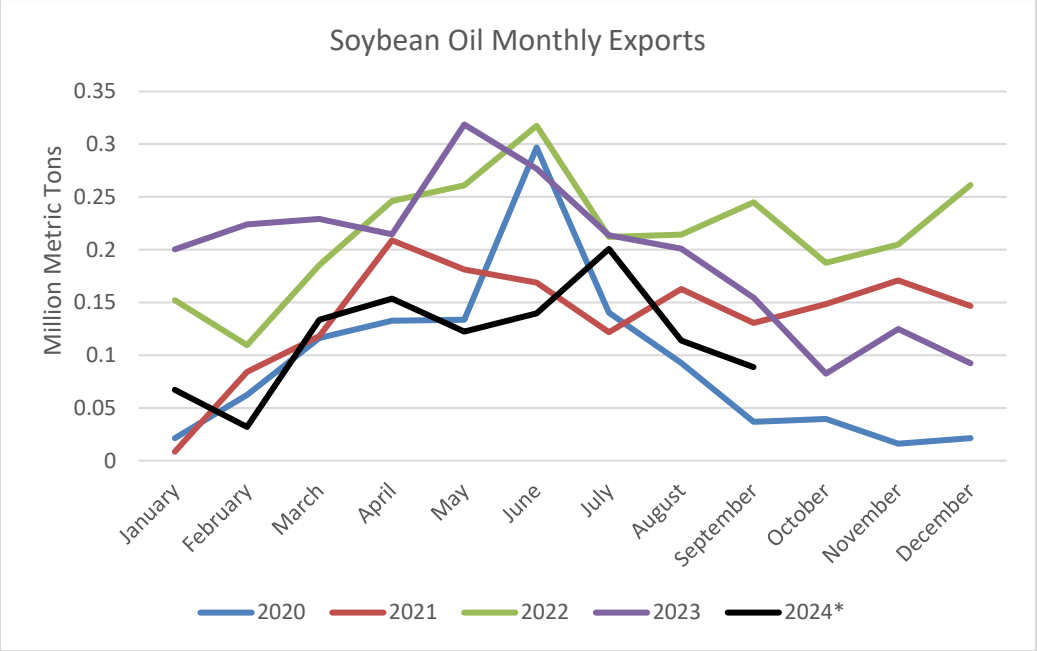
Brazil's Top 10 Soybean Meal Export Destinations



Source: SECEX trade data, OAA Brasilia chart

Figure 8

Soybean Oil Monthly Exports

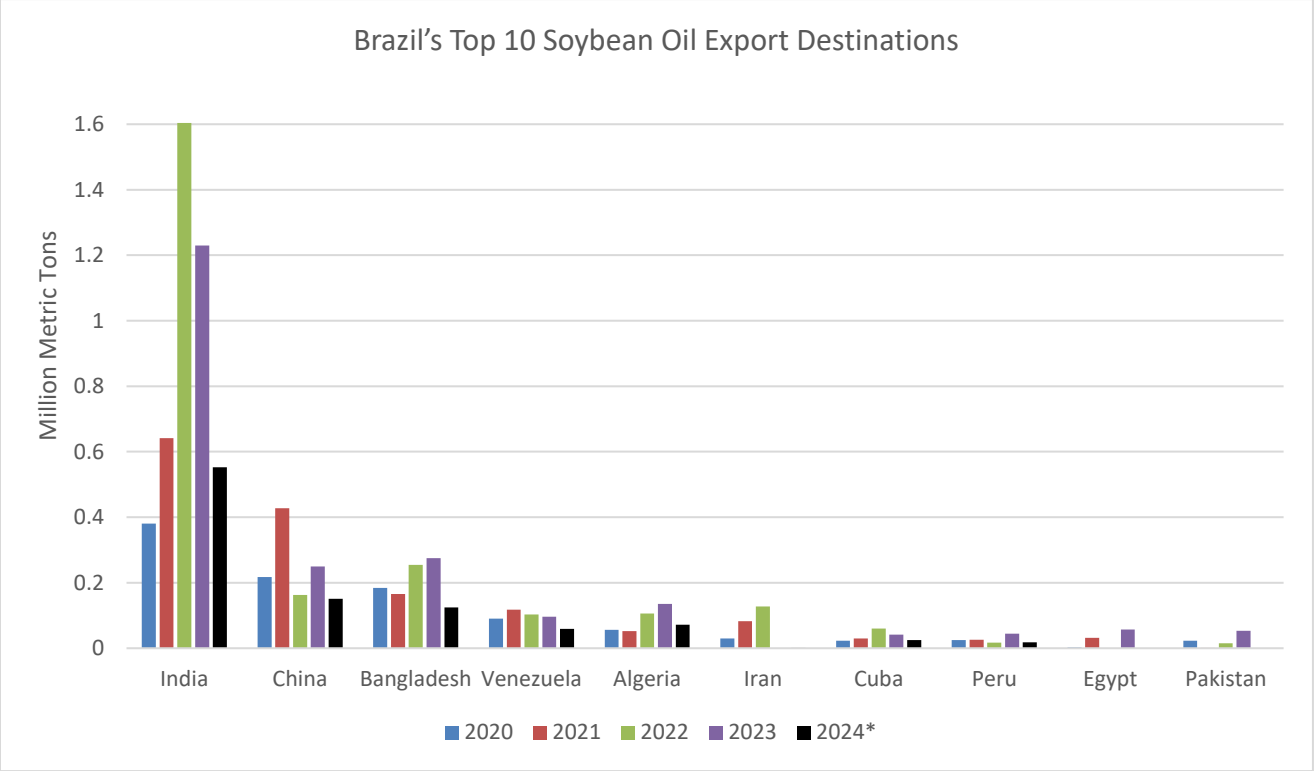


Source: SECEX trade data, OAA Brasilia chart

For soybean oil, Post revised the forecast for exports in the 2024/25 to 1.2 MMT. This year, from January to August 2024, Brazil exported less soybean oil than in 2023/24. This decrease can mainly be noticed in India, China and Bangladesh.

Figure 9

Brazil's Top 10 Soybean Oil Export Destinations



Source: SECEX trade data, OAA Brasilia chart

Chart 2

Soybean Production, Supply, Distrubition

Oilseed, Soybean (Local)	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Jan 2023**		**Jan 2024**		**Jan 2025**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (1000 HA)	44600	44600	45900	45800	47300	46300
Area Harvested (1000 HA)	44600	44600	45800	45800	47300	46300
Beginning Stocks (1000 MT)	5625	5625	7971	7971	6146	6146
Production (1000 MT)	162000	162000	153000	152000	169000	161000
MY Imports (1000 MT)	181	181	925	925	150	250
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	167806	167806	161896	160896	175296	167396
MY Exports (1000 MT)	101870	101870	98000	97000	109000	102000
MY Exp. to EU (1000 MT)	3500	0	3500	0	3500	0
Crush (1000 MT)	54165	54165	54000	54100	54500	55500
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3800	3800	3750	3650	4000	3796
Total Dom. Cons. (1000 MT)	57965	57965	57750	57750	58500	59296
Ending Stocks (1000 MT)	7971	7971	6146	6146	7796	6100
Total Distribution (1000 MT)	167806	167806	161896	160896	175296	167396
CY Imports (1000 MT)	181	181	925	0	150	0
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	101870	101870	98000	0	109000	0
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	3.6323	3.6323	3.3406	3.3188	3.5729	3.4773
(1000 HA) ,(1000 MT) ,(MT/HA)						

Chart 3

Soybean Oil Production, Supply, Distrubition

Oil, Soybean (Local)	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	54165	54165	54000	54100	54500	55500
Extr. Rate, 999.9999 (PERCENT)	0.2	0.2016	0.2	0.2037	0.2	0.2
Beginning Stocks (1000 MT)	357	357	503	412	533	782
Production (1000 MT)	10833	10918	10800	11020	10900	11100
MY Imports (1000 MT)	21	21	80	100	25	40
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	11211	11296	11383	11532	11458	11922
MY Exports (1000 MT)	2333	2199	1500	1100	1500	1200
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	4300	4710	5200	5900	5300	6400
Food Use Dom. Cons. (1000 MT)	4075	3975	4150	3750	4225	3800
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	8375	8685	9350	9650	9525	10200
Ending Stocks (1000 MT)	503	412	533	782	433	522
Total Distribution (1000 MT)	11211	11296	11383	11532	11458	11922
(1000 MT) ,(PERCENT)						

Chart 4

Soybean Meal Production, Supply, Distrubition

Meal, Soybean (Local)	**2022/2023**		**2023/2024**		**2024/2025**	
Market Year Begins	**Jan 2023**		**Jan 2024**		**Jan 2025**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush (1000 MT)	54165	54165	54000	54100	54500	55500
Extr. Rate, 999.9999 (PERCENT)	0.77	0.776	0.77	0.7842	0.77	0.7701
Beginning Stocks (1000 MT)	3534	3534	2475	2460	2375	2412
Production (1000 MT)	41707	42034	41580	42427	41965	42740
MY Imports (1000 MT)	8	9	20	25	10	5
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	45249	45577	44075	44912	44350	45157
MY Exports (1000 MT)	22474	22917	21700	21500	20500	21700
MY Exp. to EU (1000 MT)	10163	0	8167	0	8830	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	20300	20200	20000	21000	21000	21057
Total Dom. Cons. (1000 MT)	20300	20200	20000	21000	21000	21057
Ending Stocks (1000 MT)	2475	2460	2375	2412	2850	2400
Total Distribution (1000 MT)	45249	45577	44075	44912	44350	45157
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments