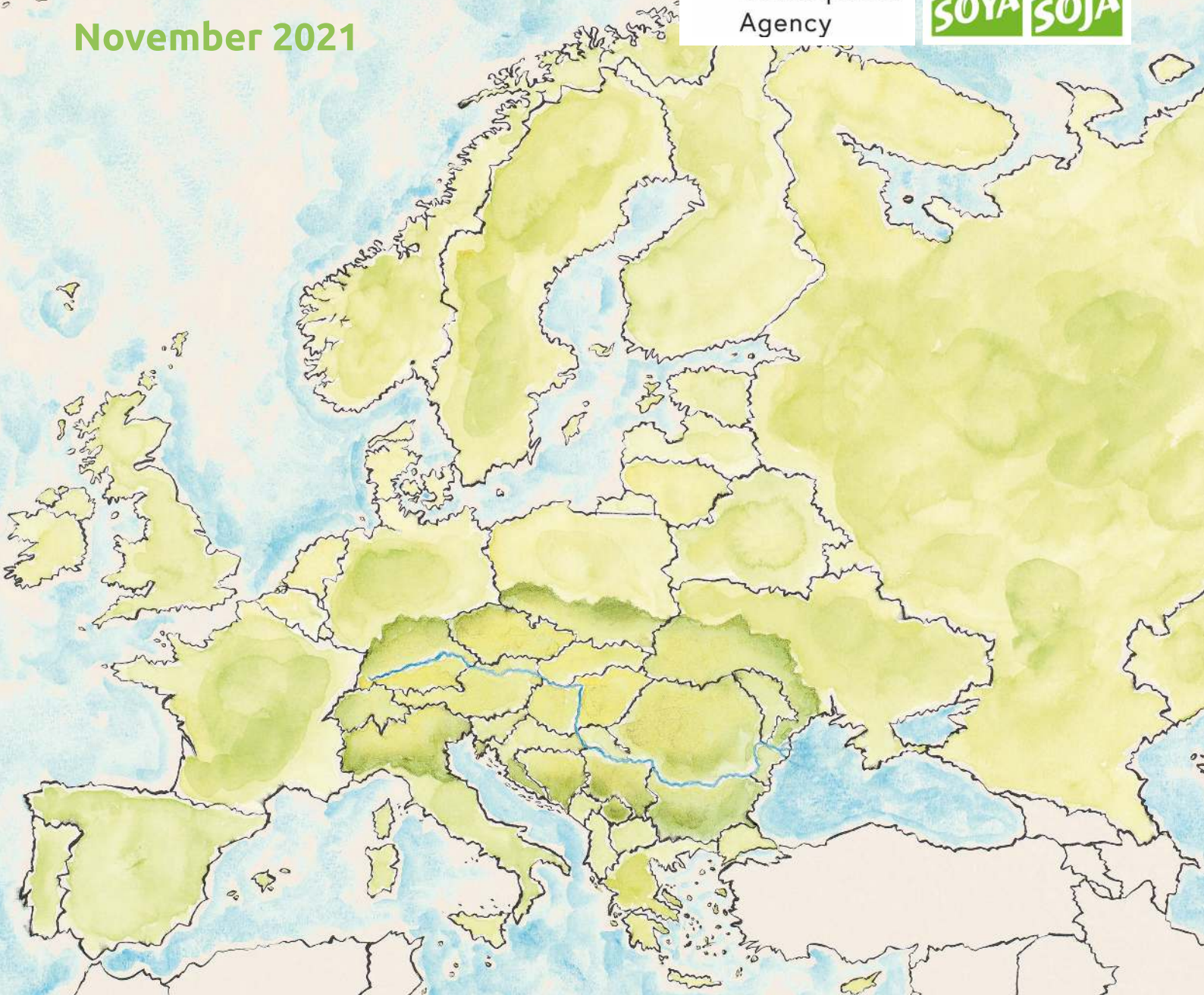


# NON-GM SOYA UPDATE

An Overview of the European Non-GM Soya Market

November 2021

 Austrian  
Development  
Agency



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The Non-GM Soya Update provides information on the soya industry with a special focus on the European non-GM market. The main objective of the publication is to create market transparency and support the decision making of stakeholders operating in the non-GM soya industry. The report includes news on market developments and forecasts as well as price, supply and demand data. The document is published by the Donau Soja Association on a monthly basis.

## HIGHLIGHTS

- **Total soybean output in Europe is likely to expand to 9.4 million tonnes in 2021, +4.5% versus 2020. Average yield is estimated at 2.17 mt/ha in 2021 (vs 2.23 in the previous season).**
- **Ukrainian soya harvest completed with official yield record of 2.64 mt/ha and a total production of 3.32 mln mt. Yield from Government slightly higher than DS crop tour outcome.**
- **Sky-high price of fertilizers impacting farmers' potential crop rotation for spring crops**
- **European soybean price finally reached its highs and now softening**
- **Non-GM soymeal coverage from January onward is very low and demand is moving hand-to-mouth**
- **Indian meal reported being traded in several EU regions**
- **USDA supply and demand for USA has surprised the market: 2021/22 stocks up from 320 mln bu to 340 mln bu (export reduction), but below market expectations; 2021/22 US production at 4,425 mln bu due to adjustment of yield from 51.5 bu/a to 51.2. World stocks down, to 103.8 mln mt (104.6 mln mt in September). Overall, it was a slightly bullish report, but market over-reacted, also driven by grains.**
- **EU/USD: moved below 1.15, strengthening commodity prices in Europe.**

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## OVERALL EUROPEAN TRENDS

The driver for all crushers has always been the soybean price. In the last 4 weeks we have finally witnessed a reduction in soybean quotations.

The M/V Rana (31,500 mt cargo) berthed in Rijeka at the beginning of November. The completion of cargo has been fulfilled and the Croatian market has tried to find better prices outside its region by chasing buyers in Austria, Italy, and Serbia. Surprisingly, they found some buyers at EUR 640 CPT Italy, but volume was low and the buyers withdrew their bids over the following days following bearish inputs from all other market participants. Serbia seems to be covered now and/or waiting for better prices.

As anticipated, the premium for non-GM beans is extremely high and will put all crushers in the southern region outside tradable market ranges, especially compared to cheaper meal exporters (e.g., India, Germany, Hungary). It is commonly expected that soybeans will soon move to EUR

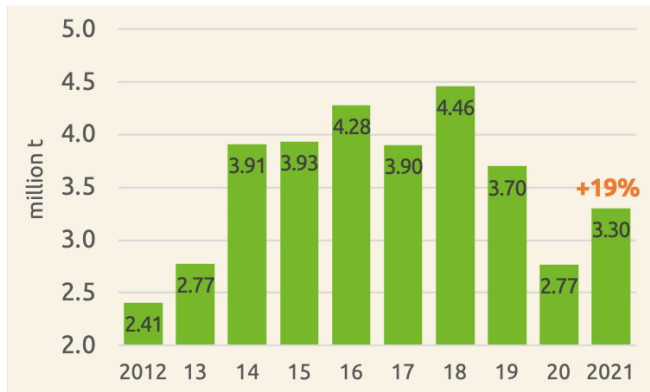
580/590 CPT crushers, unless some extremely bullish news comes from the international markets.

The Forex is also helping European prices to stay firm, but it is killing all dollarized imports such as Ukrainian beans that could have found buyers at USD 735 CIF one month ago, but not now.

Soymeal activity has also remained very quiet in the last four weeks, due to the low profitability of the compound feed industry.

Ukraine finally completed harvesting, with official figures reporting historic high yields and a total production of 3.3 million mt (output up 19% vs previous year) (Figure 1 on next page). The Donau Soya crop tour was more pessimistic with respect to yields, but we will find out whether the final stocks are more in line with our estimates or those of the government by the end of the season. Ukrainian non-GM exporters would appear not to be pushy sellers, and their figures do not seem in line with the high offi-

**Figure 1** Soybean output development in Ukraine (2012 - 2021)



Source: Donau Soja

cial production estimates. But we only have a view of non-GM beans, and will need to discover whether the non-GM share is still 50% or less than previous years. The high spreads between GM and non-GM beans should trigger more segregation and the desire of sellers to secure premiums. We have no information on whether farmers had good access to non-GM seeds at the time of planting.

Coaster freight developments are also creating many problems. Small cargoes from the Black Sea are at historically extremely high prices. This issue will be the same for all non-GM FOB positions taken from the Adriatic to the northern EU, when the local price of beans still offered crushers the opportunity to sell meal for export. All FOB positions will now find a better market if resold locally and replaced by Indian meal or meal from other northern EU crushers.

Trucks and trains have also been severely disrupted due to non-vaccinated drivers and the greater use of trucks and trains versus vessels. The collection of SBM (soybean meal) from the crushers at cheap prices is therefore very slow, and "sold freight" versus "market freight" is creating a lot of problems for meal distributors. In the end, the export ban on Indian meal was not enacted, and so we are seeing Indian meal offered in several markets, but with less attractive spreads.

Italian crushers are currently uncompetitive for export compared to Germany and Hungary where the import of Ukrainian beans has been easier and cheaper. We all know that Italian crushing capacity is higher than local non-GM meal demand, hence export is mandatory to fill crushing capacity. But some crushers are already

planning to reduce crushed volume by the end of September 2022, even to as much as -20%. Consequently, soybean demand could be cut drastically, by 150k mt. This would also reflect the reduced use of non-GM meal by end users due to higher incorporation of DDGs and other proteins. Before incorporating this high cut in demand in our SND (Supply and Demand estimate), we will wait a few months to see how, and if, the soybean price corrects further downwards.

The oil market is still moving very slowly, and the price is not correcting from the other side. Over the last 4 weeks the nominal crude non-GM soybean oil price from North to South has been ranging between EUR 1250 FCA and EUR 1300 FCA.

Organic soybean price is still sky high and pressers are only offering cakes and oil very slowly as they wish to secure beans first. A solid wave of imported African organic beans could materialize soon, but pressers will wait for the beans to be in storage and for all organic documentation to be duly checked by the competent authorities before offering non-EU material. The most recent traded prices for oil range from 1450/1500 eu/mt and for cakes above 1100 eu/mt.

Last premium quotes for international market GM beans are below reported (down overall from last month):

Paranagua:

- Nov: +130F vs +115 (-80)
- Dec: +130 vs 125
- Jan: +100H vs +65H
- Feb: +47 vs +42
- Mar: +28 vs +23
- Apr: +27 vs +24 (-10)
- May: +30 vs +26 (-10)
- Jun/Jul: +48 vs + 46 (-11)

USA Gulf:

- Nov N/A
- Dec +92 (-26)
- Jan +90 (-25)

Non-GM SBS UA:

- Nov 700 USD FOB (-20 USD)
- OND22 600 USD DAP CHOP vs 580 USD DAP CHOP (-20 USD)

**Germany:**

There has been more activity in the last 1-2 weeks following a very quiet period.

The non-GM pipeline is slightly fuller with the first vessels of Indian non-GM arriving in the winter period.

Brazil still quiet and volume expected to be 10-15% less than last year.

Premium still very high, so consumers are still in a hand-to-mouth buying mood. Only a few consumers are also covering deferred positions.

Southern Germany is still very slow, with bad coverage and painful logistics, but this should result in a lot of CPT buying interest soon.

We should see normal volumes of Indian imports this season.

Consumers are waiting for lower euro flat prices and therefore only buying hand-to-mouth.

**Table 1** Non-GMO soymeal prices in Germany in mid-November (EUR/mt)

Parity	Price
LP European	630
MP European	650
MP any origin	635
HP Braz ProTerra	o.r.
HP Indian origin, till Jan	710
HP Indian origin, Jan	650
HP Indian origin, Feb-Apr	660

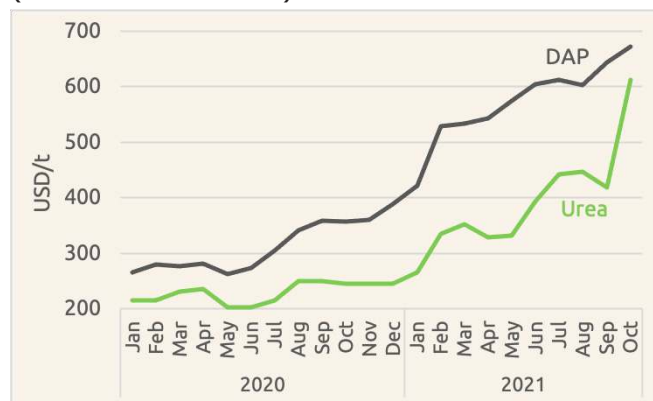
Source: Donau Soja

**WEATHER IMPACT & NEW SEASON**

The main topic affecting the new season is the price of fertilizers, such as urea and nitrogen-based fertilizers (Figure 2 shows that prices for DAP and urea have more than doubled in the past year).

Farmers are now realizing that the fertilizers needed for wheat will have a strong impact on their production costs. Many farmers reduced or skipped fertilization at sowing due to the impossibility of finding fertilizers, and have postponed purchases until February in the hope of cheaper

**Figure 2** World fertilisers prices - monthly average (Jan 2020 - Oct 2021)\*



\* DAP (diammonium phosphate), spot, f.o.b. US Gulf; Urea, (Ukraine), f.o.b. Black Sea.:

Source: World Bank

offers. But the main concern is that, if the orders are not placed now, fertilizer importers and producers will not have available product to place in the market.

If the fertilizers are not available and farmers do not fertilize, we will lose proteins and yields in the wheat. If the same quantities of fertilizer are used as last year, the cost of production will be at least 40 eu/mt higher, excluding gasoline price increases and other costs such as crop protection inputs and seed costs.

With Matif wheat at 259 eu/mt for September 2022, farmers should do their utmost to fertilize, and seriously consider mitigating production costs by selling their new crop and locking in their margins while this is still possible. Hectares under wheat will probably be +10% versus last year, and with Matif at such a price, the crop will still be worthwhile for farmers.

Regarding spring crops, the weak point will be corn due to its high nitrogen demand. Soybeans are therefore a better option for farmers if fertilizers remain so expensive. In light of the current scenario, it is very probable that the soybean acreage in Europe will increase, and corn acreage will decrease. Sellers of beans are already trying to secure demand and trying to anticipate the potential market drop for non-GM premium which currently benefits from the actual crop spreads.

The market will also have greater feedwheat availability and reduced milling wheat availability, as the impact of fertilizer costs will be significant. The protein content of wheat remains uncertain.

## SUPPLY & DEMAND TRENDS

Total soybean output in Europe is likely to expand to 9.4 million tonnes in 2021 (+4.5% vs 2020), according to the Donau Soja team forecast. (We revised up our forecast for soya output because the official figures of Ukraine indicates slightly higher yield compared to our previous estimation).

Average yield is estimated at 2.17 mt/ha in 2021, slightly lower compared to the last year's result (2.23 mt/ha). The biggest volume gains are expected in Ukraine (+530,000 mt) and (European) Russia (+163,000 mt).

Detailed info on soybean production is presented in the graphs and tables on the next page.

## NON-GM PRICES

Table 2 shows current non-GM soybean prices. (Non-GM soymeal prices and premiums are presented in tables on page 7).

There are currently probably more offerings for the new 2022 crop than the actual crop due to the reasons noted above.

**Table 2** Non-GMO soybean prices in selected countries. Date: mid-November

Parity	Price	change <sup>1</sup>
CPT crushers Germany-Hungary	EUR 620-600	-20
FCA-CPT Italy	EUR 615	-
Serbia	EUR 650	-
FOB Ukraine Nov	USD 700	-20
FOB Ukraine Oct-Nov-Dec 2022	USD 600	-
DAP Chop (Ukraine)	USD 700	-
DAP Chop (Ukraine) Oct-Nov-Dec	USD 580/600	

<sup>1</sup> change vs previous month  
Source: Donau Soja

## CRUSH MARGINS

The situation is unchanged from the last market report. Non-GM on the spot crush margins remains healthy but are based on the actual soybean price; all coverage of previous short positions is generating losses due to disruption in the correlation with Chicago. Resellers of positions that cannot be executed due to logistics problems are also putting pressure on the market.

## PRIMARY ASSUMPTIONS

Our primary assumptions are as follows:

1) Soybean price seems to have maxed out for the time being and this situation should trigger more sellers in the market, giving a momentary break to tensions. Crushers will probably find more liquidity, and this could trigger more soymeal offers, exacerbated by the impossibility of buyers executing existing positions due to logistics problems. Crushers will probably be less merciful when it comes to postponing the execution of existing contracts due to the bad soybean coverage and, so far, explosive soybean premiums (bearish meal premiums).

2) The reduction of crushed soybean volume in 2021/22 could bring the supply and demand for beans into greater balance, by increasing the carry over by +150k mt (bearish soybean premiums).

3) Consumer coverage is low due to the high price and low availability of forward offers, a situation we have now seen for months (bullish soybean meal premium).

4) Demand for non-GM meal will fall due to lower incorporation or exit from non-GM programme (bearish soybean meal premium).

5) The entire feed industry is struggling, as well as beef, hogs, egg and chicken producers (bearish soybean meal premium).

6) Import of Indian meal will be in place (bearish meal premium).

7) Ukraine has overperformed in terms of soybean production (neutral, due to the impossibility of knowing the non-GM portion).

8) We will need to closely follow the development of fertilizer prices and see how they impact the new season.

9) We need to monitor the progress of La Nina in Argentina which is creating drier weather patterns and that could affect the GM soybean meal price and increase the export tax on soybeans.

10) We need to continue monitoring Chinese demand for USA soybeans that currently seems to be pulling no more than the expected millions of tons from the US.

## CHARTS AND TABLES

Total soybean **output** development in Europe (2016 - 2021 forecast)



Source: Donau Soja

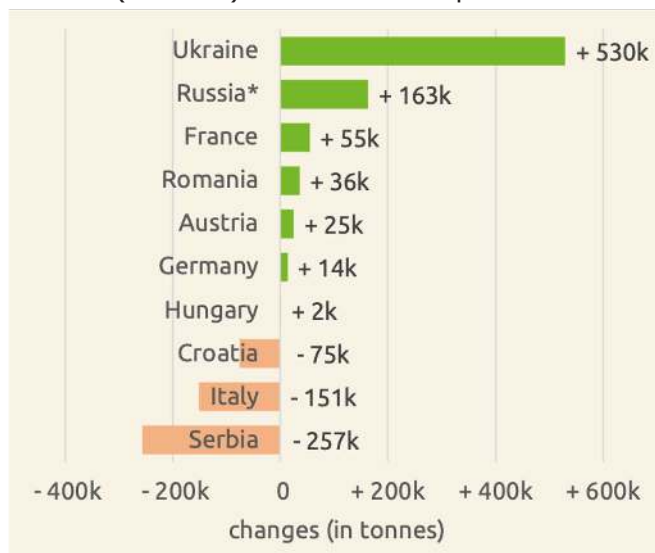
Soybean output forecast in selected European countries (2021 forecast vs 2020)

1,000 ha	2020	2021	change	
Austria	210	235	+ 25	+ 11.9%
Croatia	270	195	- 75	- 27.8%
France	410	465	+ 55	+ 13.4%
Germany	91	104	+ 14	+ 14.9%
Hungary	162	164	+ 2	+ 1.0%
Italy	1,031	880	- 151	- 14.6%
Romania	300	336	+ 36	+ 12.0%
Russia*	2,637	2,800	+ 163	+ 6.2%
Serbia	806	549	- 257	- 31.9%
Ukraine	2,770	3,300	+ 530	+ 19.1%
Σ EU-27	2,710	2,666	- 44	-1.6%
<b>Σ Europe</b>	<b>8,980</b>	<b>9,380</b>	<b>+ 401</b>	<b>+4.5%</b>

\*only European Russia

Source: Donau Soja

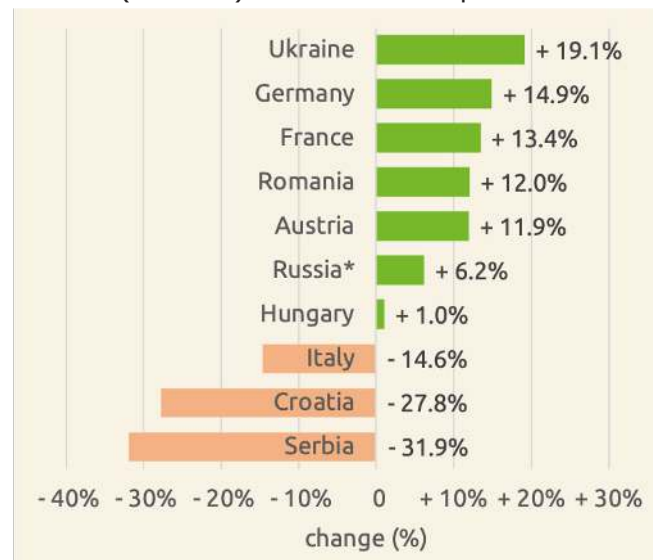
Soya output forecast — change in absolute term in 2021 (vs 2020) in selected European countries



\*only European Russia

Source: Donau Soja

Soya output forecast — change in percentage in 2021 (vs 2020) in selected European countries



\*only European Russia

Source: Donau Soja

## Soybean harvest progress in Ukraine in 2021

	Harvested area (1,000 ha)				Harvested output (1,000 t)	
	2020	2021	18.11.21	%	18.11.21	yield t/ha
Vinnitsya	101.6	84.1	84.1	100%	243.3	2.893
Volyn	34.8	35.8	35.8	100%	100.0	2.793
Dnipropetrovsk	2.8	5.9	5.9	100%	8.3	1.407
Donetsk	0.0	0.5	0.5	100%	0.5	1.000
Zhytomyr	118.0	106.6	106.6	100%	283.5	2.659
Zakarpattya	13.2	11.7	11.7	100%	26.9	2.300
Zaporizhzhya	10.2	10.3	10.3	100%	31.3	3.039
Ivano-Frankivsk	38.3	41.0	40.8	100%	119.1	2.919
Kyiv	94.9	93.4	93.4	100%	208.3	2.230
Kirovohrad	74.2	64.6	64.6	100%	145.4	2.251
Luhansk	0.0	0.0	0.0	100%	0.0	0.00
Lviv	76.9	83.5	83.5	100%	248.8	2.980
Mikolayiv	6.3	5.5	5.5	100%	7.6	1.382
Odesa	5.8	4.8	4.8	100%	13.4	2.790
Poltava	129.4	121.9	121.9	100%	249.9	2.050
Rivne	66.4	53.5	53.5	100%	137.1	2.563
Sumy	70.4	71.6	71.6	100%	163.1	2.278
Ternopil	72.9	83.0	83.0	100%	241.1	2.905
Kharkiv	20.7	22.7	22.7	100%	36.7	1.616
Kherson	72.2	70.7	70.7	100%	205.7	2.909
Khmelnyskiy	132.5	133.7	133.7	100%	450.0	3.366
Cherkasy	75.4	78.1	78.1	100%	206.2	2.640
Chernivtsi	56.1	58.4	58.4	100%	153.1	2.622
Chernihiv	49.6	38.8	38.42	99%	101.2	2.633
<b>Total</b>	<b>1,322.6</b>	<b>1,280.1</b>	<b>1,279.52</b>	<b>100%</b>	<b>3,380.4</b>	<b>2.642</b>

Source: Donau Soja Organisation on the basis of the State Statistics Service of Ukraine data

## Non-GM soy<sup>meal</sup> prices\* in selected locations in Europe (EUR/t) Date: 19.11.2021

Location	Parity	Delivery	
		Nov	Apr
Northern Italy	LP	640	645
Güssing (AT)	LP	640	642
<b>Güssing (AT)</b>	<b>DS<sup>1</sup>, LP</b>	<b>669</b>	<b>667</b>
Gdansk (PL)	FCA, 46%	652	650
Lososna (PL)	FCA, 46%	640	636
Wola Zydowska (PL)	MP	o.r.	646
Wola Zydowska (PL)	HP	677	673
Komárom (HU)	MP	645	645
Montoir (FR)	MP	688	655

\*values are based on price indications,

<sup>1</sup>Donau Soya certified,

Source: Donau Soja

## Non-GM soy<sup>meal</sup> premiums\* in Europe (EUR/t) Date: 19.10.2021

Location	Protein content	Premium
Northern Germany	HP	278
Southern Germany	LP	210
Northern Italy	HP	292
Northern Italy	LP	239
Austria	MP	218
Hungary	MP	203
Western France	MP	266
Northern Poland	MP	218

\* the values are rough estimations and based on price indications

Source: Donau Soja

## Supply &amp; Demand estimate of non-GM soybean in selected countries (2019/20, 2020/21, 2021/22)

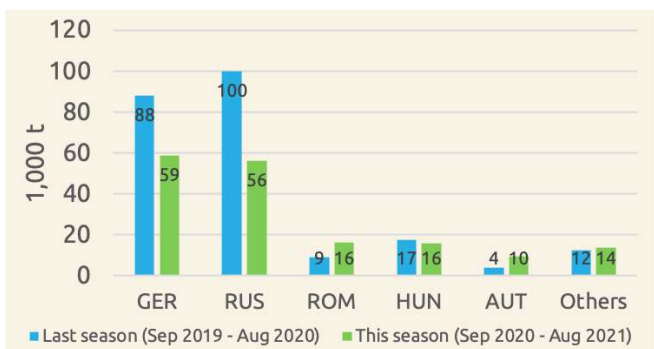
tonnes	Serbia	Croatia	Hungary	Italy	Romania <sup>1</sup>	Total	
<b>2019/20 season</b> (sep2019-aug2020)							
<b>Supply</b>	Carry in (=carry over from last year)	140,000	15,000	20,000	116,000	10,000	301,000
	Harvest (in sep2019)	700,000	244,000	167,000	920,000	462,000	2,493,000
	Import	0	10,000	127,000	190,000	170,000	497,000
	Total (carry in + harvest + import)	840,000	269,000	314,000	1,226,000	642,000	3,291,000
<b>Demand</b>	Processing (=crushing + full-fat + food)	600,000	60,000	205,000	1,170,000	400,000	2,435,000
	Export	231,000	200,000	100,000	16,000	226,087	773,087
	Total (export + processing)	831,000	260,000	305,000	1,186,000	626,087	3,208,087
	Carry over (total supply - total demand)	9,000	9,000	9,000	40,000	15,913	82,913
<b>2020/21 season</b> (sep2020-aug2021)							
<b>Supply</b>	Carry in (=carry over from last year)	9,000	9,000	9,000	40,000	15,913	82,913
	Harvest (in sep2020)	806,000	270,000	162,000	1,031,000	300,000	2,569,000
	Import	0	13,000	110,000	160,000	230,000	513,000
	Total (carry in + harvest + import)	815,000	292,000	281,000	1,231,000	545,913	3,164,913
<b>Demand</b>	Processing (=crushing + full-fat + food)	620,000	60,000	190,000	1,170,000	400,000	2,440,000
	Export	169,782	221,000	90,000	25,000	136,438	642,220
	Total (export + processing)	789,782	281,000	280,000	1,195,000	536,438	3,082,220
	Carry over (total supply - total demand)	25,218	11,000	1,000	36,000	9,475	82,693
<b>2021/22 season</b> (sep2021-aug2022)							
<b>Supply</b>	Carry in (=carry over from last year)	25,218	11,000	1,000	36,000	9,475	82,693
	Harvest (in sep2021)	550,000	195,000	170,000	880,000	336,000	2,131,000
	Import	45,000	20,000	130,000	170,000	230,000	595,000
	Total (carry in + harvest + import)	620,218	226,000	301,000	1,086,000	575,475	2,808,693
<b>Demand</b>	Processing (=crushing + full-fat + food)	570,000	55,000	205,000	1,050,000	400,000	2,280,000
	Export	50,000	150,000	90,000	20,000	150,000	460,000
	Total (export + processing)	620,000	205,000	295,000	1,070,000	550,000	2,740,000
	Carry over (total supply - total demand)	218	21,000	6,000	16,000	25,475	68,693
Trade balance in 19/20 (=export-import)	+ 231 000	+ 190 000	- 27 000	- 174 000	+ 56 087	+ 276 087	
Trade balance in 20/21 (=export-import)	+ 169 782	+ 208 000	- 20 000	- 135 000	- 93 562	+ 129 220	
Trade balance in 21/22 (=export-import)	+ 5 000	+ 130 000	- 40 000	- 150 000	- 80 000	- 135 000	

<sup>1</sup>the S&D estimate of Romania refers to both GM and non-GM soybean

Source: Donau Soja

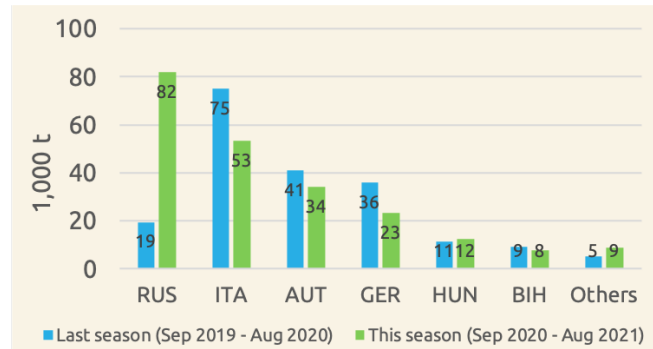


### Soybean export of Serbia by destination



Source: Trademap

### Soybean export of Croatia by destination



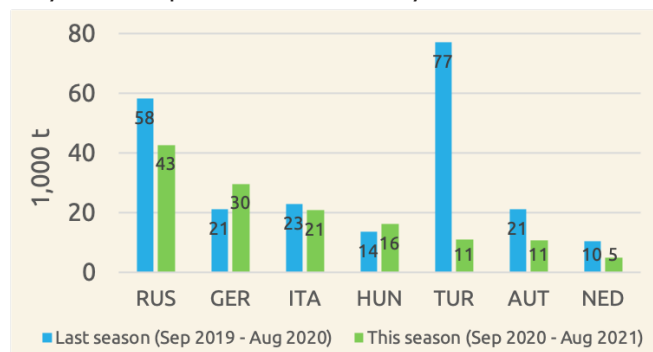
Source: Eurostat

### Soybean export of Hungary by destination



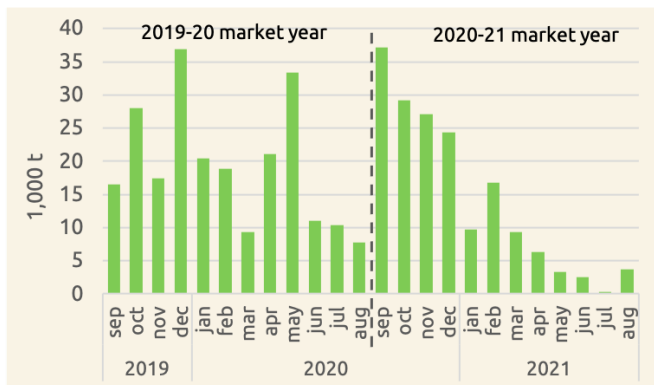
Source: Eurostat

### Soybean export of Romania by destination



Source: Eurostat

### Monthly development of Serbian soybean export (Sep 2019 - Aug 2021)



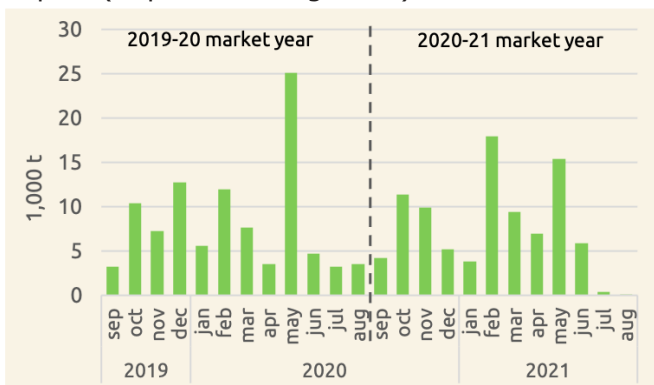
Source: Trademap

### Monthly development of Croatian soybean export (Sep 2019 - Aug 2021)



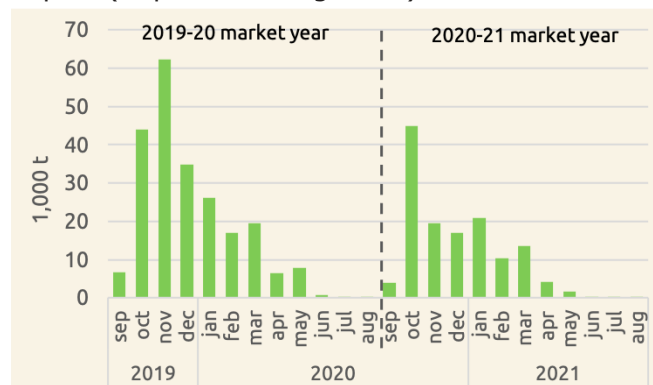
Source: Eurostat

### Monthly development of Hungarian soybean export (Sep 2019 - Aug 2021)



Source: Eurostat

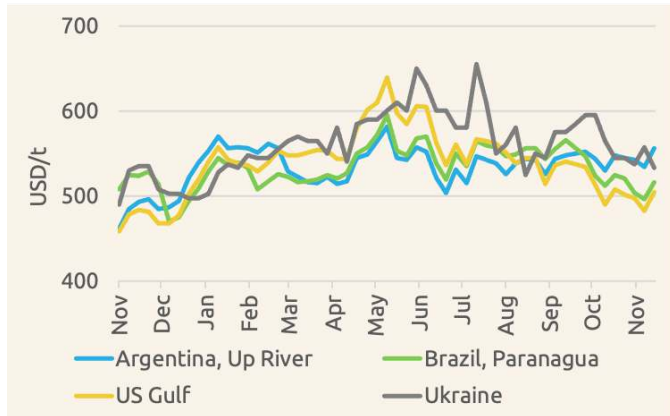
### Monthly development of Romanian soybean export (Sep 2019 - Aug 2021)



Source: Eurostat

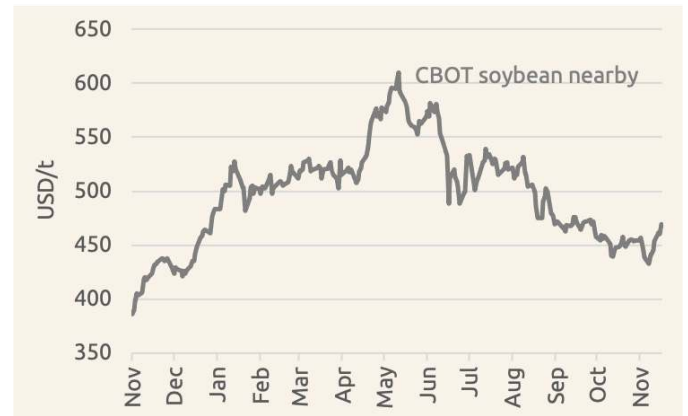
## Global market information

Development of soybean export prices in the global market (Oct 2020 - Oct 2021):



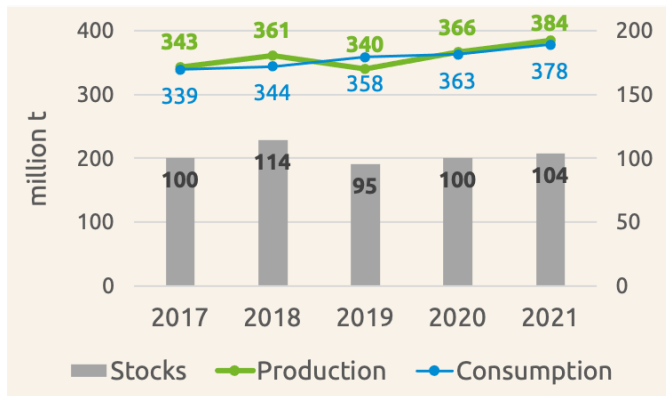
Source: IGC

Development of daily soybean future prices at CBOT (nearby term, Oct 2020 - Oct 2021)



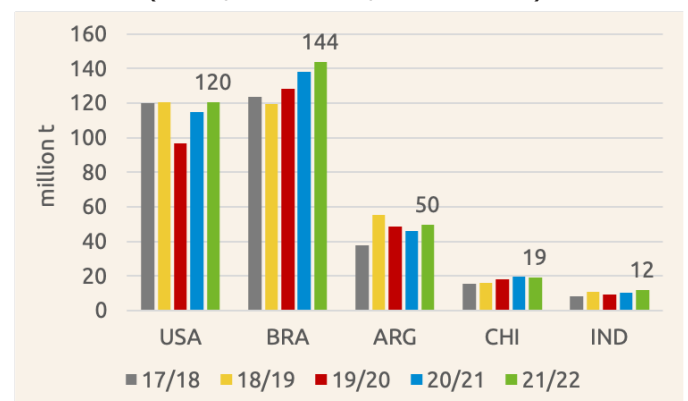
Source: AHDB

Global soybean production and ending stocks (2017 - 2021 forecast):



Source: USDA

Development of soybean output in major producer countries (2017/18 - 2021/22 forecast)



Source: USDA

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