NON-GM SOYA UPDATE

An Overview of the European Non-GM Soya Market

October 2021

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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

- **Soybean production in Europe is projected to reach 9.1 million t in 2021, marginally up (+1.2%) vs 2020, according to the forecast of the Donau Soja team.**
- **Ukrainian soya output is forecast to expand 10% to 3.05 million tonnes. Results of the "Donau Soja Crop Tour 2021 Ukraine" is presented at the end of the report.**
- **European soybean price rocketing, driven by SPC producers, traders short covering, and highly speculative retention of collectors.**
- **Non-GM soymeal coverage is very low and demand is moving hand to mouth**
- **Brazilian non-GM crop to decline by -15% compared to previous year.**
- **India announced ban on the export of SBM to protect consumers from paying more for animal protein.**
- **USDA supply and demand for USA: 2020/21 stocks again increased this month, to 256 mln bu (previously 175 mln bu); 2021/22 US production at 4,448 mln bu due to adjustment of yield from 50.56 bu/a in September to 51.5, and unchanged harvested area (86.4 mln acres). World stocks up, to 104.6 mln mt (98.9 mln mt in September). Overall, it was a bearish report, moving CBOT further down.**
- **EU/USD: moved below 1.16, strengthening commodity prices in Europe.**

OVERALL EUROPEAN TRENDS

Attention shifted from non-GM meal activity to the unbalanced moves in the soybean market: feed crushers are witnessing tough competition between the European SPC (Soya Protein Concentrate) producers who are bidding up bean prices on a daily basis. Irrespective of Chicago and bearish international news, their efforts are entirely focused on securing soybean supply and avoiding beans moving into competitors' hands. Farmers, collectors, and traders are all profiting from this competition. As the alternative for farmers would be to sell the beans at the crushers' buying price, or, in the worst-case scenario, at GM parity (500 eu), this represents a huge uptick in what they are able to secure from SPC producers. As a result, the European beans look to be overpriced by about 60/70 eu/mt, and the price in Croatia and Serbia – typical surplus countries – is making beans from other origins attractive for completion of the soybean export program in Rijeka and for the Serbian market.

The soymeal activity has been in a rut due to the price that crushers are using to recover their losses and to protect them from the low soybean offers, and their inability to compete with SPC producers.

Hopefully, Ukraine will soon be offering some beans: harvesting and yield are progressing as per expectations (see more detailed info on UA crop progress on page 6), and the exportable surplus will find buyers in the usual countries. At the moment, Belarus is the most competitive export destination. Compared to last year, freight prices for coasters are unsustainable, so that handymax cargo to Adriatic destinations will be needed if prices are to be affordable. It is also currently extremely difficult to find rail logistics from Chop (an important railway transportation hub at the border in Ukraine) to feed EU destinations.

The competition for beans is also getting more intense in Russia, although the new legislation which allows all importers to distribute GM meal is likely to threaten local crushers, forcing them to pay a very high price for the beans and subsequently being uncompetitive against the GM meal import. Crushers appeared keener to find buyers of non-GM meal prior to harvesting, but now they will need to secure the SBS (soybean) supply first and fight in the market.

International developments are only making operators more nervous: Brazilian new crop non-GM beans will decline, while India is banning the export of non-GM SBM (soymeal) in order to keep inflation under control. It was widely expected that at least 0.5 mln tons of Indian meal would be available for Europe this winter; although not a large volume, it is still vital. The recent news of the export ban from India is only adding fuel to the fire.

Spot meal is available at every crusher, but it is not easy to find deferred positions on offer. There has been an unmistakable reduction in meal demand, especially in Croatia, Hungary, and Italy. In Croatia one big poultry producer switched to GM last summer, cutting non-GM meal demand by 2500 mt/month. Several other small beef producers switched to GM several months ago, and with High-Pro GM meal quoted at 385 eu for all of 2022, the huge spread with non-GM (more than 250 eu/mt) will result in them staying GM throughout 2022. Germans are holding in non-GM due to the strong VLOG branding, but the Netherlands and Belgium can easily step out.

Achieving the correct balance in the supply and demand of non-GM is extremely difficult. A bigger-than-expected carry over of beans make the spreads with GM beans narrow rapidly, making farmers unhappy and forcing users to add them to the GM formulation. When used as an alternative to GM beans, the faster disappearance of local beans reduces the carry over very quickly. When their supply becomes too low, the spreads increase very rapidly. This puts the end users at risk but makes farmers happy.

The oil market is moving very slowly, and the price is not correcting from the other side. The nominal crude non-GM soybean oil price from North to South ranged from 1200 eu FCA to 1280 eu FCA over the last 4 weeks. The force major declared by BASF and another big producer of catalyst used for the production of Biodiesel is creating a lot of troubles in Europe but so far this effect has not created problems to rapeseed crushers, or it is still not visible. The potential risk lies in reduced levels of crushing due to lower intake of oil from the biodiesel producers; in Germany this represents more than 50% of rape oil demand. Logistics also make the import of this catalyst from China extremely difficult, and the availability is extremely low.

Last month we commented on the contrasting news related to the increase, or not, of new non-GM bean crop production in Brazil. Recently, Reuters reported that conventional soy is disappearing from Brazil's crop. They will register another year of reduction in the area dedicated to conventional soya. In Mato Grosso, for example, the area planted with conventional soy will decline from 440,000 ha to 373,000 ha (from 4.2% to 3.4%) for a variety of reasons: 6% higher costs against a premium of $3 to $5 per sack produced, and the limiting factor that growing non-GM beans will only be viable in close proximity to the limited number of buyers (Caramoru, Incopa and Selecta).

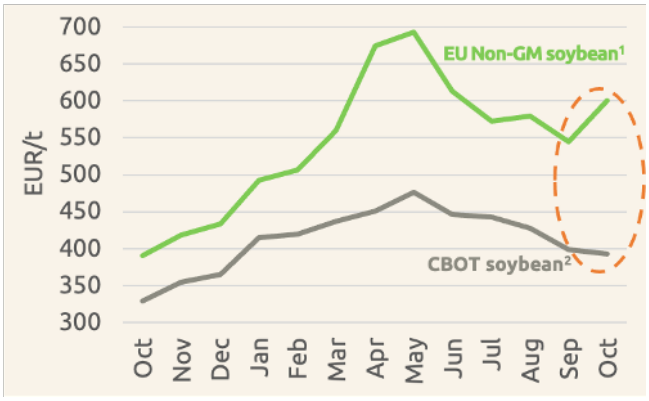
This month's supply and demand published by the USDA was again bearish, but the European market was totally decorrelated with CBOT and Forex (Figure 1).

Paranagua:
Oct: +200 vs +180 (-35)
Nov: +205 vs +190 (-30)
Apr: +37 vs +31
May: +40 vs +31
Jun/Jul: +59 vs + 53

USA Gulf:
LH Oct n/a
Nov +135 (-25)
Dec +118 (-22)
Jan +115 (-25)

Non-GM SBS UA:
Nov 720 USD FOB
OND22 610 USD FOB

Figure 1 European non-GM vs CBOT soybean price developments (Oct 2020 - Oct 2021)



[1] weekly soybean price at the Bologna Exchange
[2] weekly nerby soybean price at the Chichago Board of Trade, converted to EUR (from USD).
Source: DS based on data from Bologna Exchange/CBOT

Germany:
Still very slow traded volume, but the market appears to be becoming busier (lots of requests seen).

Prices are stable to slightly higher within the last couple of weeks, driven by premium and energy costs.

We see the first Indian non-GM meal indications; first arrivals (just small volumes) will be seen end of December, beginning of January. We should see normal volumes of Indian imports this season unless the export ban actually remains for a longer period.

Indian meal is not extremely cheap, putting it more in line with the rest of the non-GM market. Coverage in both northern Germany as well as the southern regions is still very low.

Consumers are waiting for lower EUR flat prices and are therefore only buying from hand to mouth.

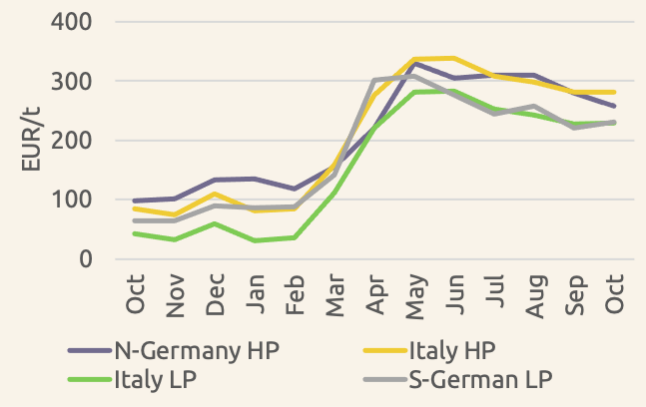
German soymeal prices/premiums are presented in Table 1/Figure 2.

Table 1 Non-GMO soymeal prices in Germany in mid-October (EUR/t)

Parity	Price
LP European	645
MP European (small liquidity)	655
MP any origin	645
HP Braz ProTerra	700
HP Indian origin	700+

Source: Donau Soja

Figure 2 Monthly average non-GMO soymeal premiums in Germany/Italy (Oct 2020 - Oct 2021)*



* premiums are based on a rough estimation and calculated by comparing price indications and prices at the Bologna Exchange:

Source: Donau Soja and Bologna Exchange

WEATHER IMPACT & NEW SEASON

Nothing to report about the weather. Harvesting is progressing at a normal pace or is complete.

Farmers will plant wheat for as long as the weather allows; there is no limit to the quantities of wheat they can grow as the lower production costs compared to other crops, relatively safe yield, and good price all make this crop very attractive for farmers. If the wheat area increases significantly, there will be less space for spring crops such as soya.

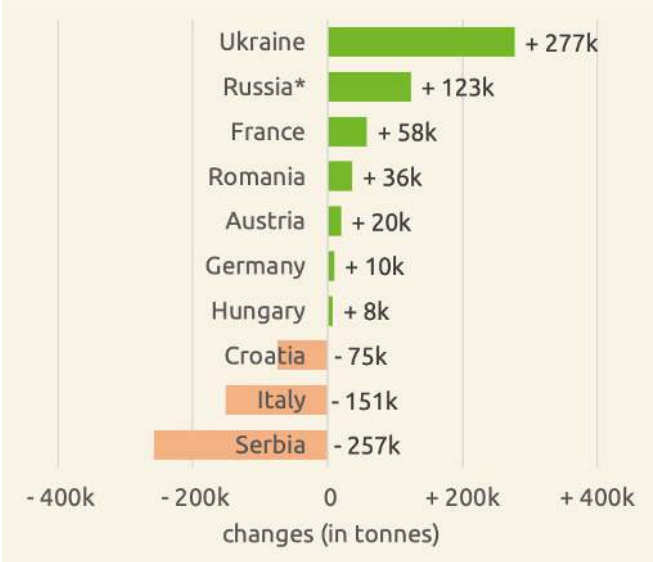
SUPPLY & DEMAND TRENDS

Total soybean output in Europe is likely to slightly expand to 9.1 million tonnes in 2021 (+1% vs 2020), according to the forecast of Donau Soja. Average yield is forecast to reach 2.1 t/ha in 2021, slightly below last year's level (2.2 t/ha). The biggest volume gains are projected in Ukraine (+277,000 t) and (European) Russia (+123,000 t) (Figure 3).

This expansion is balanced by the considerable output decline in Serbia (-257,000 t), Italy (-151,000 t) and Croatia (-75,000 t).

In Ukraine, 783,700 hectares or 61% of the total soybean acreage were harvested with a 2.57 t/ha yield as of 13.10.2021 according to official figures (you might find more UA data on page 6 and in the appendix at the end of this report).

Figure 3 Soya output forecast — change in 2021 (vs 2020) in selected European countries



*only European Russia
Source: Donau Soja

NON-GM PRICES

Table 2-4 shows current non-GM soybean and soymeal prices/premiums in Europe.

New crop 2022 looks to be an interesting option for sellers to lock in the agricultural margins ahead of the increase in gasoline, fertilizer and chemicals prices. All agro inputs have been drastically increasing over the last months, and big farmers are deciding on spring crop production plans to hedge part of the rising costs by forward selling new crop (if for any reason the price falls, their margins will fall drastically).

CRUSH MARGINS

Non-GM on the spot crush margins remain healthy, but based on the actual soybean price, all coverage of previous short positions is generating losses. The correlation with Chicago has been totally disrupted. The more open capacity remaining, the more opportunities there are to cover these losses.

Board margin in 2022 reached attractive levels of 140 cbu.

PRIMARY ASSUMPTIONS

Our primary assumptions are as follows:

1) Skyrocketing EU soybean price is making EU-origin non-GM meal increasingly expensive vs GM meal.

2) International news about non-GM supply is making the market even more nervous (see India export ban and declining production area of non-GM beans in Brazil).

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

4) Demand for non-GM meal will fall due to lower incorporation or exit from non-GM program.

5) The entire feed industry is struggling, as well as beef, hogs, egg and chicken producers.

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

Parity	Price
CPT crushers Germany-Hungary	EUR 640
FCA-CPT Italy	EUR 615
Serbia	EUR 650
FOB Ukraine Nov	USD 720
FOB Ukraine Oct-Nov-Dec 2022	USD 610
DAP Chop (Ukraine)	USD 700

Source: Donau Soja

Table 3 Non-GM soymeal prices* in selected locations in Europe (EUR/t) Date: 20.10.2021

Location	Parity	Delivery	
		Oct	Feb
Northern Italy	LP	650	645
Güssing (AT)	DS[1], LP	652	na
Gdanks (PL)	FCA, 46%	646	626
Lososna (PL)	FCA, 46%	646	626
Wola Zydowska (PL)	MP	650	655
Wola Zydowska (PL)	HP	676	680
Komárom (HU)	MP	653	653
Serbia	min. 44%	720	na
St. Petersbourg (RU)	FOB, MP	646	na
Montoir (FR)	MP	665	625

*values are based on price indications, na= not available for the editor of this market report
[1]Donau Soya certified,
Source: Donau Soja

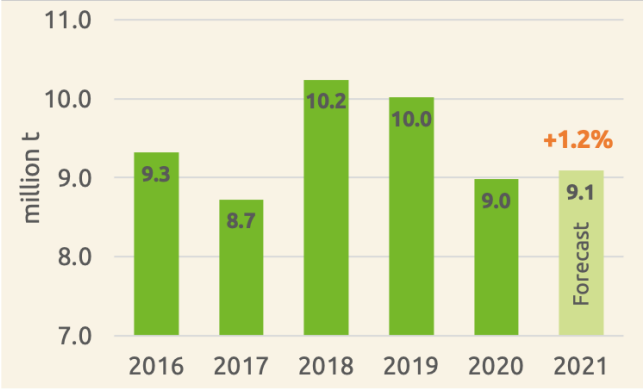
Table 4 Non-GM soymeal premiums* in Europe (EUR/t) Date: 19.10.2021

Location	Protein content	Premium
Northern Germany	HP	267
Southern Germany	LP	230
Northern Italy	HP	290
Northern Italy	LP	239
Austria	MP	239
Hungary	MP	224
Western France	MP	265
Northern Poland	MP	231

* the values are rough estimations and based on price indications
Source: Donau Soja

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	230	+ 20	+ 9.5%
Croatia	270	195	- 75	- 27.8%
France	407	465	+ 58	+ 14.3%
Germany	94	104	+ 10	+ 10.5%
Hungary	162	170	+ 8	+ 4.9%
Italy	1,031	880	- 151	- 14.6%
Romania	300	336	+ 36	+ 12.0%
Russia*	2,637	2,760	+ 123	+ 4.7%
Serbia	806	549	- 257	- 31.9%
Ukraine	2,770	3,047	+ 277	+ 10.0%
Σ EU-27	2,710	2,668	- 44	-1.6%
Σ Europe	**8,980**	**9,087**	**+ 107**	**+1.2%**

*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 f	13.10.21	%	13.10.21	yield t/ha
Vinnytsya	101.6	84.1	54.5	65%	162.4	2.98
Volyn	34.8	35.8	29.6	83%	82.9	2.80
Dnipropetrovsk	2.8	5.9	5.0	85%	7.0	1.40
Donetsk	0.0	0.5	0.5	100%	0.5	1.00
Zhytomyr	118.0	106.6	72.5	68%	204.0	2.81
Zakarpattya	13.2	11.7	4.2	36%	10.5	2.49
Zaporizhzhya	10.2	10.3	4.2	41%	11.8	2.81
Ivano-Frankivsk	38.3	41.0	10.4	25%	27.8	2.67
Kyiv	94.9	93.4	45.0	48%	63.0	1.40
Kirovohrad	74.2	64.6	54.3	84%	123.3	2.27
Luhansk	0.0	0.0	0.0	0%	0.0	0.0
Lviv	76.9	83.5	33.1	40%	101.9	3.08
Mikolayiv	6.3	5.5	4.6	84%	6.0	1.30
Odesa	5.8	4.8	0.3	6%	0.7	2.33
Poltava	129.4	121.9	103.6	85%	196.9	1.90
Rivne	66.4	53.5	19.8	37%	48.5	2.45
Sumy	70.4	71.6	52.7	74%	141.8	2.69
Ternopil	72.9	83.0	20.1	24%	61.0	3.03
Kharkiv	20.7	22.7	22.2	98%	34.8	1.56
Kherson	72.2	70.7	66.8	94%	185.0	2.77
Khmelnytskiy	132.5	133.7	80.3	60%	271.7	3.38
Cherkasy	75.4	78.1	38.3	49%	100.3	2.62
Chernivtsi	56.1	58.4	36.7	63%	104.0	2.83
Chernihiv	49.6	38.8	25.0	64%	68.0	2.72
Total	**1,322.6**	**1,280.1**	**783.7**	**61%**	**2,013.7**	**2.57**

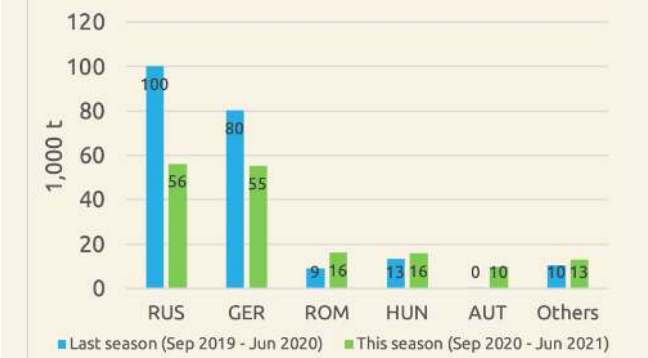
Source: Donau Soja Organisation on the basis of the State Statistics Service of Ukraine data

Supply & Demand estimate of non-GM soybean in selected countries (2019/20 vs 2020/21)

tonnes		Serbia	Croatia	Hungary	Italy	Romania[1]	Total
2019/20 season (sep2019-aug2020)							
Supply	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	11,000	123,000	190,000	170,000	494,000
	Total (carry in + harvest + import)	840,000	270,000	310,000	1,226,000	642,000	3,288,000
Demand	Processing (=crushing + full-fat + food)	527,000	60,000	205,000	1,170,000	400,000	2,362,000
	Export	231,000	200,000	100,000	16,000	223,000	770,000
	Total (export + processing)	758,000	260,000	305,000	1,186,000	623,000	3,132,000
	Carry over (total supply - total demand)	82,000	10,000	5,000	40,000	19,000	156,000
2020/21 season (sep2020-aug2021)							
Supply	Carry in (=carry over from last year)	82 000	10 000	5 000	40 000	19 000	156 000
	Harvest (in sep2020)	806 000	270 000	162 000	1 031 000	300 000	2 569 000
	Import	0	13 000	120 000	160 000	230 000	545 000
	Total (carry in + harvest + import)	888 000	293 000	287 000	1 231 000	549 000	3 270 000
Demand	Processing (=crushing + full-fat + food)	540 000	60 000	190 000	1 170 000	400 000	2 375 000
	Export	280 000	230 000	90 000	25 000	140 000	765 000
	Total (export + processing)	820 000	290 000	280 000	1 195 000	540 000	3 140 000
	Carry over (total supply - total demand)	68 000	3 000	7 000	36 000	9 000	130 000
2021/22 season (sep2021-aug2022)							
Supply	Carry in (=carry over from last year)	68 000	3 000	7 000	36 000	9 000	123 000
	Harvest (in sep2021)	550 000	195 000	170 000	880 000	336 000	2 131 000
	Import	30 000	20 000	130 000	170 000	230 000	580 000
	Total (carry in + harvest + import)	648 000	218 000	307 000	1 086 000	575 000	2 834 000
Demand	Processing (=crushing + full-fat + food)	510 000	55 000	205 000	1 050 000	400 000	2 220 000
	Export	100 000	150 000	90 000	20 000	150 000	510 000
	Total (export + processing)	610 000	205 000	295 000	1 070 000	550 000	2 730 000
	Carry over (total supply - total demand)	38 000	13 000	12 000	16 000	25 000	104 000
Trade balance in 19/20 (=export-import)		+ 231 000	+ 189 000	- 23 000	- 174 000	+ 53 000	+ 276 000
Trade balance in 20/21 (=export-import)		+ 280 000	+ 217 000	- 30 000	- 135 000	- 90 000	+ 242 000
Trade balance in 21/22 (=export-import)		+ 70 000	+ 130 000	- 40 000	- 150 000	- 80 000	- 70 000

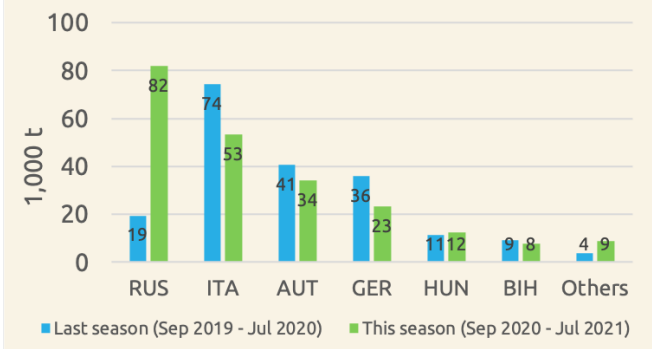
[1] the S&D estimate of Romania refers to both GM and non-GM soybean
Source: Donau Soja

Soybean export of Serbia by destination



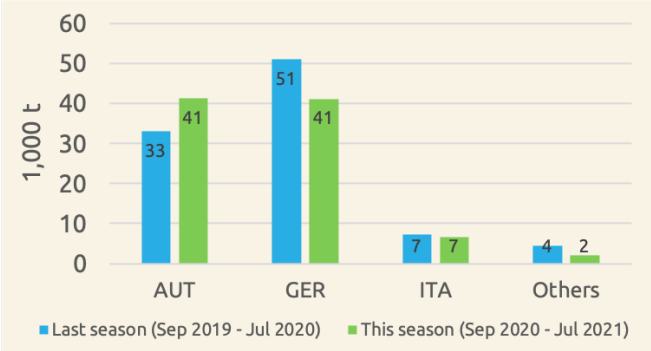
Source: Trademap

Soybean export of Croatia by destination



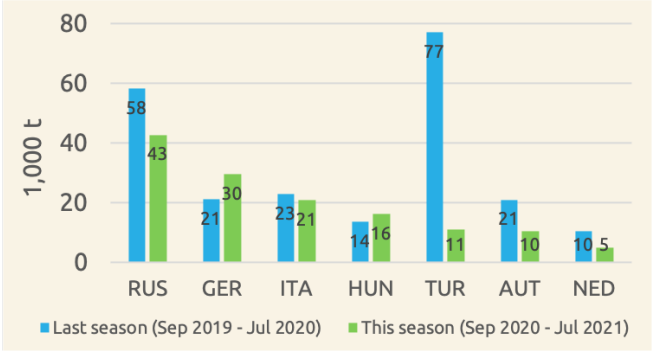
Source: Eurostat

Soybean export of Hungary by destination



Source: Eurostat

Soybean export of Romania by destination



Source: Eurostat

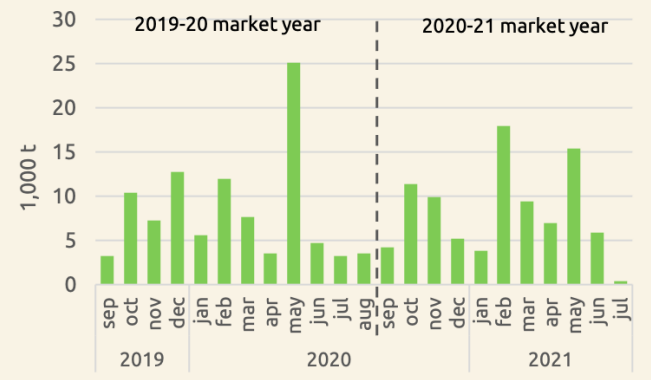
Monthly development of Serbian soybean export (Sep 2019 - Jun 2021)

Source: Trademap

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

Source: Eurostat

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



Source: Eurostat

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

Source: Eurostat

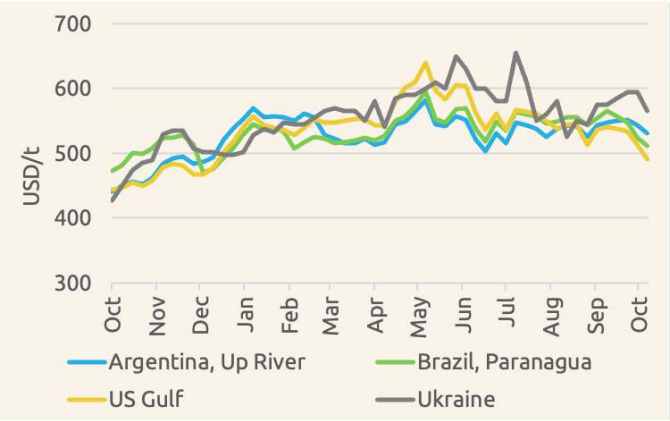
Soybean balance sheet, Ukraine (August/July)

1,000 t		2018/19	2019/20	2020/21	2020/22 forecast
Soybean	Stocks at the beginning	76	477	65	283
	Area, million ha	1.72	1.61	1.34	1.28*
	Yield, t/ha	2.59	2.30	2.07	2.38*
	Harvest	4,461	3,699	2,770	3,047*
	Import, soybeans	3	16	13	20
	Total Supply, soybean	4,540	4,192	2,848	3,350
Soya Meal, expressed in soybean	Domestic Processing, beans	1,610	1,389	1,101	1,200
	Stocks at the beginning	193	206	20	20
	Import of meal	4	5	6	5
	Domestic consumption of meal	625	620	495	600
	Carry over	206	20	20	20
	Export of meal	972	960	612	605
	Export, soybean	2,453	2,738	1,464	2,000
	Carry over	477	65	283	150

* this value refers to the harvest in September-October 2021
Source: Donau Soja

Global market information

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

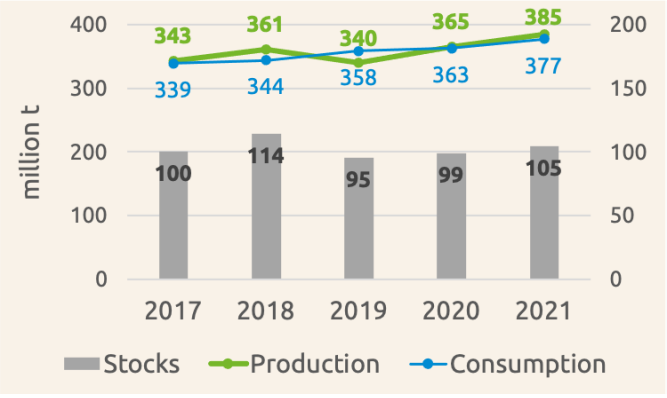


Source: IGC

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

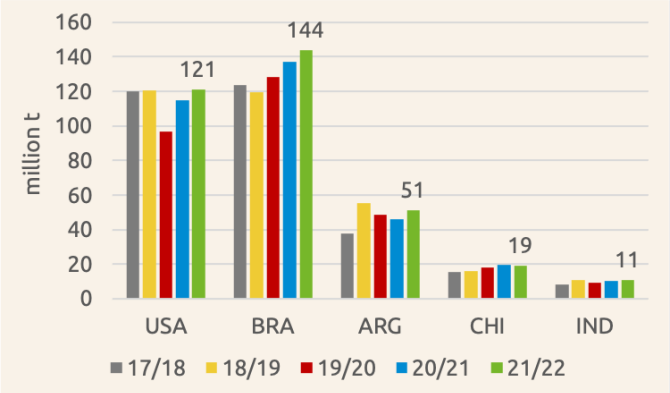
Source: AHDB

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

DONAU SOJA CROP TOUR 2021 UKRAINE

DESCRIPTION OF THE CROP TOUR

Donau Soja Organisation conducted the Crop Tour in Ukraine from the end of August to the beginning of September 2021. The Donau Soja Crop Tour in Ukraine was aimed at the determination of the potential yields of soya, based on the agronomical conditions of the fields (e.g. exposure to diseases and pests, general plant development, etc).

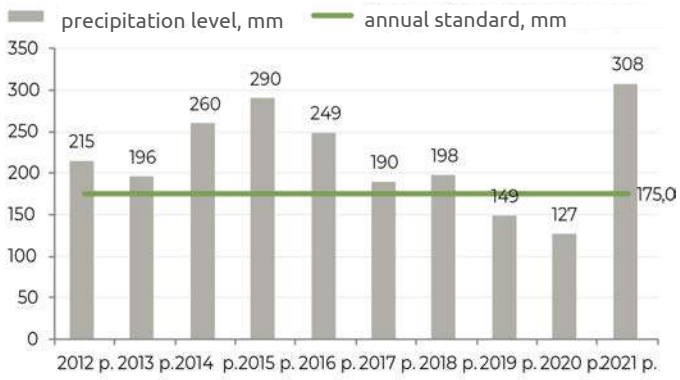
Soya fields were selected randomly and scouted in the most important regions of soya production in Ukraine – Poltava, Khmelnytskyi, Kyiv, Vinnytsia, Zhytomyr, Ternopil, Lviv, Volyn, Cherkasy regions; Kherson and Transcarpathia regions data was considered according to the information from partnership farmers.

The area of Donau Soja Crop Tour 2021 covers ¾ of the total soya area in Ukraine.

INFLUENCE OF THE CLIMATE CONDITIONS

Climate conditions in 2021 in Ukraine were quite untypical and stressful for the soya vegetation: prolonged cold spring with lots of rain and huge rainfalls in the second half of summer with thunderstorms and winds. Soya sawing period was shifted by 6-10 days in most of Ukraine. Farms that had sown soya early, resulted in thinned soya seedlings caused by soaking; the germination period was extended by 4-5 days. Heavy rains led to the formation of soil crust and issues of air access to the roots.

GRAPH 1 **Precipitation level during March-June, 2012-2021**

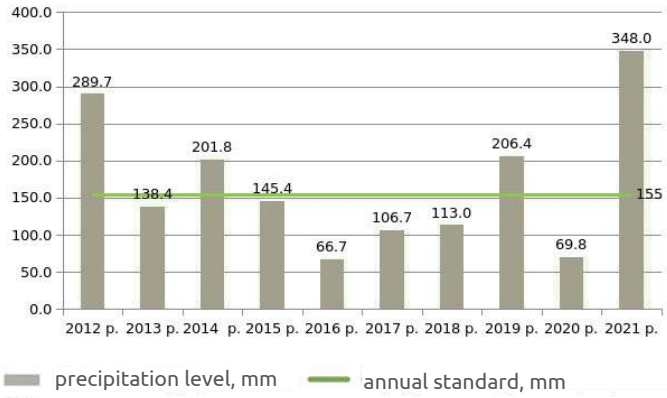


Precipitation level exceeded 1.7 times the annual standard for the last decade during March-June 2021:
308 mm in 2021 vs. 175 mm as the annual standard in the last decade.

Soya plants have had suitable conditions for the grows, thus significant vegetative mass was obtained: the average height of the soya plant is above 90 cm.

Source: APK Inform

GRAPH 2 **Precipitation level during the summer, 2012–2021**



Precipitation level exceeded 2 times the annual standard for the last decade in summer 2021. With increasing temperature indicators, that became the “new normal” for Ukrainian farmers, the highest precipitation level was observed during the three summer months for the first time in the last 10 years.

Source: APK Inform

LEVEL OF AGRONOMICAL PRACTICES ON SOYA IN THE CURRENT SEASON

Based on the scouted soya fields, there is a tendency to use medium and later maturity groups of soya in Ukraine.

There was a high level of agronomical practices on soya in most cases. Proper seeding rates were observed on 70% of the scouted fields in Ukraine.

Variations of the soya plants development were observed on some fields, caused by frequent rains, and soaking of seedlings. Issues of uneven seed placement in a row were observed almost at every field, mostly because of grain drills use, that poorly distribute soya seeds in a row. Such uneven sowing, when 3-4 plants are placed side by side, leads to competition between plants for the feeding area.

Inoculation is the usual practice for soya cultivation in Ukraine. Nodulation was observed on 90% of the scouted fields (8-10 nodules on the roots). In other cases, nodules were absent on the roots of soya plants, but these plants were poorly developed.

The interrow space was 15 cm in the most observed cases. That was not optimal for the soya of late maturity groups, as plants reached above 1-meter height with long internodes distances, leading to stem lodging.

Household plots of 5-7 hectares with soya were often observed in Lviv and Ternopil regions. The soya plants had lower yield potential had lower yields, partly due to poor agronomic practices: faulty soil cultivation, non-compliance with the recommended seeding rate, not configured drill and poor quality of soya seeds.

Soya condition on the fields with 30 cm and more interrow space was characterised by better development of plants, lodging resistance, thicker stem, and branches, which increased the number of pods by 3-5 (with 2-3 beans) for each additional branch. The root system was stronger and better developed.

Insects on soya plants

There were not many pests this year. As the spring was cold, insects were not able to wake up in time, they appeared later and the development cycle moved for a certain period so, insects could not form peak reproduction this season.

Diseases on soya plants

Diseases were observed on the most of scouted soya fields in Ukraine. The affection of lower leaves was on the 80% of scouted fields. The most common diseases were Septoria, Peronospora, Ascochyta, Alternaria, Fusarium wilt, Mosaic virus, and magnesium deficiency. Diseases, so far, have not had a significant impact on soya yield.
Also, there is a threat of Sclerotinia for the later maturity soya because of lodging.

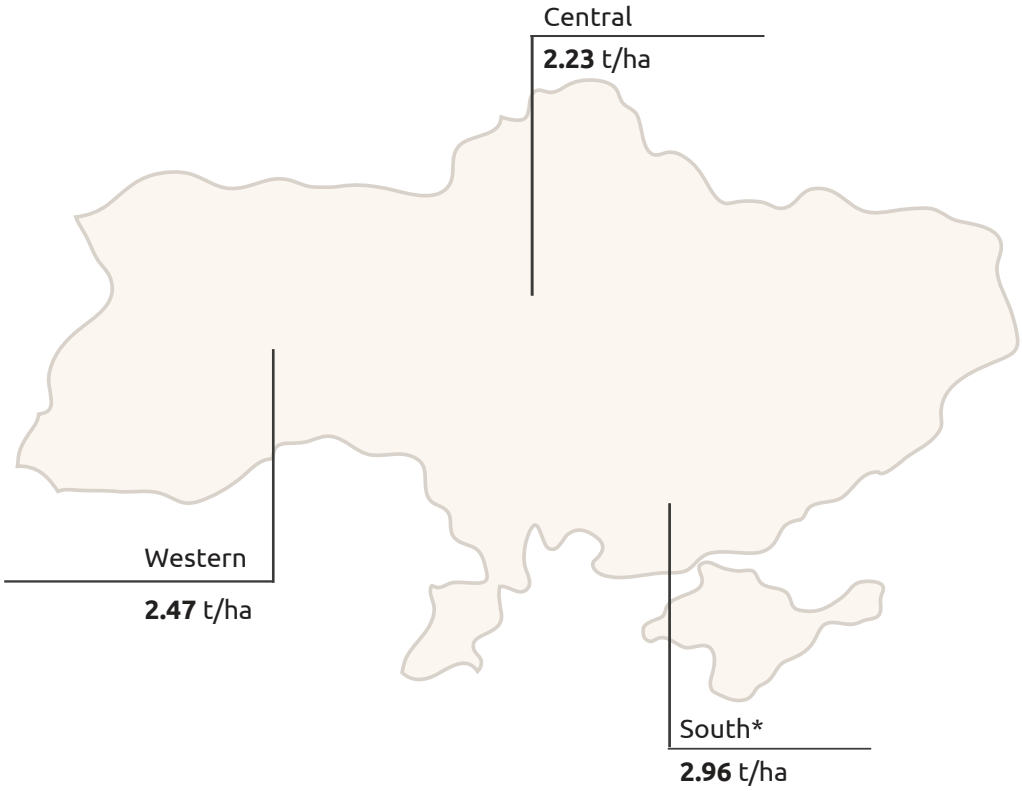
Upcoming harvesting period

The delay in the vegetation for the two weeks is due to the cool spring conditions. The sowing period was late and development delay occurred. The soya harvesting period will be extended in Ukraine (mid-September – November) that may lead to late sowing of winter wheat – usually planted after soya in Ukraine.

SOYA AVAILABILITY IN THE UPCOMING SEASON

Based on the Donau Soja Crop Tour 2021 the soya yield in Ukraine is estimated at the level of **2.38 tonnes/hectare**, as the most realistic scenario. The increased yield (up to 2.5 tonnes/ hectare) might be expected as the optimistic scenario in the case of modern harvesting machinery use, that neutralises the issue of lodging.

There are variations between yield expectations for the parts of Ukraine as of realistic scenario:



*irrigation in Kherson region

The decrease of soya harvested area is expected in Ukraine comparing with the previous year – to 1,280 thousand hectares. Both economical and climate factors had influence: untypical weather conditions in the season 2019 and 2020 that significantly decreased the profitability of soya cultivation in Ukraine; indirect fiscal export limitation – so-called “soya amendments”, despite the cancellation in mid-2020 sowing areas were already planned, and soya was not the priority. Some of soya fields in Ukraine would be impossible to harvest as of soaking and extreme lodging. The Supply & Demand balance of soybeans and soya meal (expressed in soybeans) is available in Table 1.

TABLE 1 **Soybeans balance (August/July, 1000 tonnes)**

		2018/19	*2019/20*	***2020/21 fact***	***2021/22 FORECAST***
Soybeans	*Stocks at the beginning*	*76*	*477*	*65*	*283*
	Area, million hectares	1,72	1,61	1,34	1,28
	Yield, t/ha	2,59	2,30	2,07	2,38
	Harvest	***4461***	***3699***	***2770***	***3047***
	Import, soybeans	3	16	13	20
	Total Supply, soybeans	***4540***	***4192***	***2848***	***3350***
Soya Meal, expressed in soybeans	***Domestic Processing, soybeans***	***1610***	***1389***	***1101***	***1200***
	Stocks at the beginning of meal	*193*	*206*	*20*	*20*
	Import of meal	4	5	*6*	*5*
	Domestic consumption of meal	***625***	***620***	***495***	***600***
	Carry over of meal	*206*	*20*	*20*	*20*
	Export of meal	***972***	***960***	***612***	***605***
	Export, soybeans	***2453***	***2738***	***1464***	***2000***
	Carry over / Current Stocks, soybeans	*477*	*65*	*283*	*150*

Source: Donau Soja

As the season 2020, the upcoming season in Ukraine will be characterised by high-level competition between internal soybeans processors and soybeans exporters, as there are no export limitations already vs. available processing capacity and experience in exporting soya meal from Ukraine last seasons. However, the soybeans export capability of Ukraine is forecasted at the level of 2 mln tonnes in the next season.

The meal is expected to be exported on the level of 605 thousand tonnes (expressed in soybeans via conversion factor of 0.8).

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