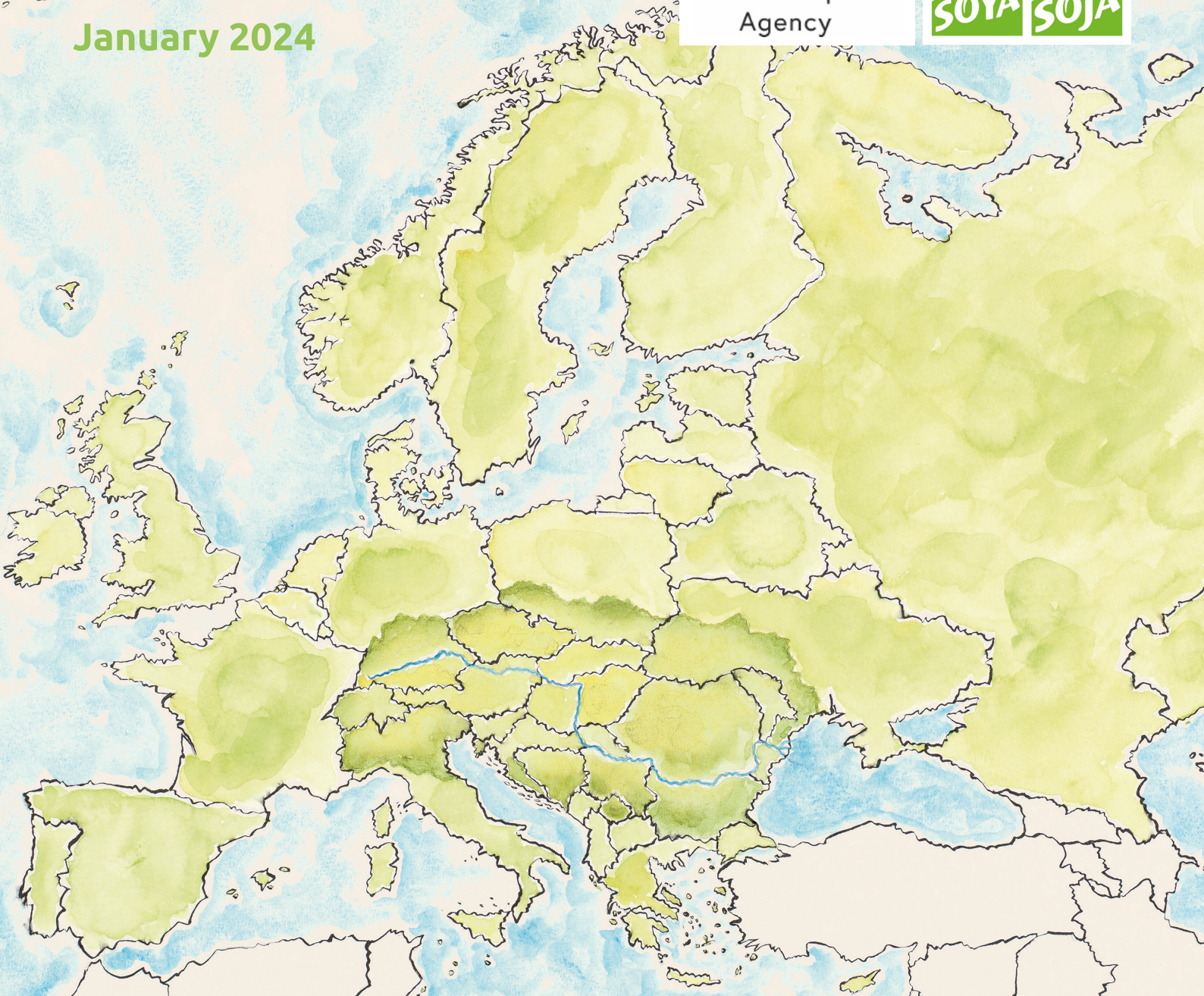


NON-GM SOYA UPDATE

An Overview of the European Non-GM Soya Market

January 2024

 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

- **Current market conditions appear favourable for soybean and are likely to support further expansion of the soya area in the EU and Europe in 2024. According to some early tentative estimates, the growth rate could amount to 5-10% in 2024.**
 - **Total soya production in Europe in 2023 is estimated at a record 12.2 million tonnes, up a massive 23.5% over the previous year (our estimate remained unchanged this month). All three main soya producers in Europe (UA, RU & EU) achieved huge gains and record soya harvests in 2023.**
 - **Bologna non-GM soybean prices moved at 460 EUR/t in mid-January. Over the past four weeks, EU non-GM soya prices changed only slightly despite soya prices dropping on the global market.**
 - **The spread between non-GM and GM HP soymeal in Northern Germany climbed to over 120 EUR/t, a level last seen two years ago.**
 - **From May onwards, the Brazilian non-GM soya supply is likely to play a crucial role in easing the tight market situation in the EU non-GM sector.**
 - **USDA predicts a record global soybean output of 399 million tonnes and an all-time high of 114.6 million tonnes of ending stocks for the 2023/24 season.**
-

TRENDS IN EUROPE

Soya harvest in 2023

The European Union, Ukraine and the whole of Europe harvested a record soybean crop in autumn 2023. The soya output in the EU alone grew by 740,000 tonnes (+33%) to 3.0 million tonnes in 2023 when compared with harvest 2022 (our estimate remained unchanged this month).

This massive gain in the EU soybean output, along with a record soybean crop in Ukraine, contributed to greater availability of regional non-GM soya in the EU+ countries (EU, Switzerland & Norway) for the start of the 2023/24 marketing season.

Soya area outlook 2024

In 2024, the soybean area in Europe is likely to expand further as the result of favourable market conditions, including relatively high soybean prices as well as the supportive long-term policy environment within the EU (these driving factors received greater focus in our previous December 2023 issue). According to some expert opinions, the European soybean area could grow by 5-10% in 2024.

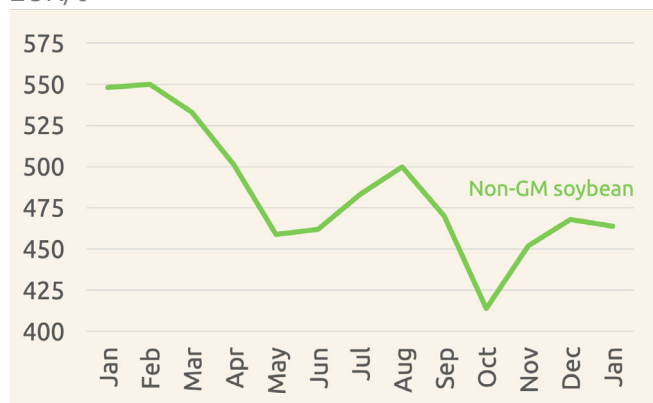
Brazilian non-GM supply

But now our focus is shifting to the upcoming Brazilian soya harvest which started in mid-January. Brazil is traditionally the most important non-GM soya exporter to Europe and is likely to play an important role in ensuring the steady flow of non-GM soya raw materials to the European non-GM industry from May 2024 onwards.

The relatively low non-GM soya prices and premiums contributed to an unusual situation in the soya sector over the recent months: European non-GM soya materials have been used not only by non-GM users but also in conventional (GM) supply chains. The increased use (or “disappearance”) of non-GM soya is likely to result in a tight market situation in the next months, i.e., suppliers will not always have the product to meet customer demand. This shortage could be eased by the new flow of Brazilian non-GM raw materials following the harvest in South America.

The non-GM supply in the EU is often characterised by a strong seasonality: as a rule of thumb, non-GM demand in the EU is typically satisfied by regional/European sources (through EU domestic output as well as import from Ukraine/Serbia) in the first part of the marketing year

Figure 1 Non-GM soybean price* in Bologna EUR/t



*until mid-Jan; monthly avg., Aug/Sep prices are estimations
Source: Donau Soja on basis of Bologna Exchange data

(Oct-Apr). In the rest of the season (May-Sep), the non-GM supply is often largely covered by imports from overseas, mainly Brazil.

The recent trend of rising non-GM premiums in Europe is likely to encourage Brazilian farmers to segregate their non-GM soybean and use it for non-GM programmes in Europe.

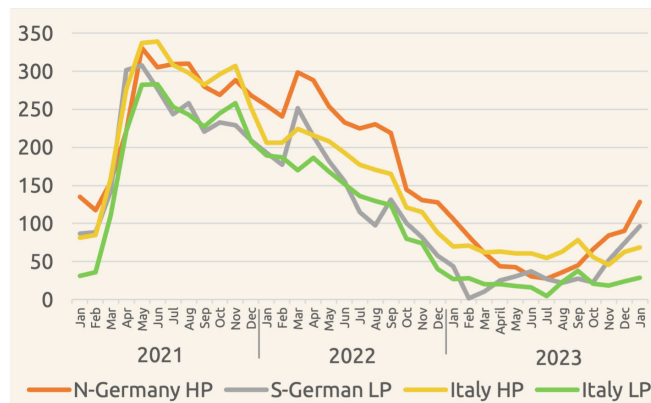
According to the current tentative estimates, the certified non-GM soybean output in Brazil will be likely to move in the range of 2.0 and 2.5 million tonnes in the current 2023/24 season. This is an early and unofficial projection based on informal discussion with market players. This volume (of 2.0-2.5 million t) would be slightly lower than in the previous season but enough to cover the non-GM soya programmes in Europe.

NON-GM SOYA PRICES

Over the past four weeks, EU non-GM soya prices have changed only slightly despite soya prices dropping on the global market. Bologna non-GM soybean prices moved at 460 EUR/t in mid-January, a similar level to one month earlier (Figure 1). The non-GM soybean price (bid price) for South-Germany moved at a somewhat lower level last week (19 Jan), at around 440 EUR/t.

HP non-GM soymeal was offered for 640 EUR/t (Jan delivery) in Northern-Germany in mid-January, a similar price level compared to one month earlier. The rise in non-GM soymeal premiums continued in December and the first part of January. The spread between non-GM and GM HP soymeal in Northern Germany climbed to over 120 EUR/t, a level last seen two years ago (Figure 2).

Figure 2 Non-GM soymeal premiums* in Germany & Italy EUR/t



* monthly avg. values, between Jan 2021 & mid-Jan 2024
Source: Donau Soja

GLOBAL MARKET

Soybean and soymeal prices have been declining on the global market since mid-November (2023). Soybean futures (contract March 2024) dropped by 10% (-200 CBU, -70 USD/t) to below 450 USD/t over the last 8-9 weeks and hit the lowest level since December 2021. The key watchpoint in recent weeks has remained the weather and soya crop progression in South America. In early January, rains helped to alleviate some crop concerns in Brazil and the improving prospects weighed on the global soya market (= drove prices downwards).

Harvesting in Brazil started earlier than usual as the high temperatures accelerated the growing cycle. The first harvest records showed mixed yields; the crops have been considerably impacted by the varying weather conditions across Brazil. The USDA still predicts a slightly higher than average soya yield (3.44 t/ha) in Brazil for the current 2023/24 season, despite drought and yield concerns during the growing period.

The improving soybean crop situation in Argentina, strengthening of the US dollar, and weakening in US exports also contributed to the decline in prices.

The recent USDA WASDE report published on 12 January marginally raised its global soybean output forecast for the 2023/24 marketing season. USDA's output expectation has been revised upwards for Argentina, USA, Russia, China, and Paraguay, but cut for Brazil. Even so, a record soybean output of 399.0 million tonnes and an all-time high of 114.6 million tonnes of ending stocks is predicted for 2023/24.

DEEP INSIGHT IN TRENDS

The market entered 2024 with a feeling of fatigue. Recent developments in the international markets have confirmed the overall bearish mood of consumers and, following intense activity before the Christmas break, demand has entered into a "wait and see" mode. Nor are nearby logistic hurdles supporting the booking of new deals. The price inversion of GM soybean meal between Jan/Feb/Mar and the April/Jun position is high, so that the non-GM spread widens from April onward.

CBOT after the last USDA WASDE report (Box 1) has started its downside trend and the EU crushers corrected their purchase price accordingly, by almost -30 EUR/t. The price of non-GM soybean meal is still highly resistant through to March but weaker from April onward, due to the expectation that once the new South American crop enters the market the EU price will also correct downwards.

The new sales wave of soybeans is around the corner; the rapid drop in the international market made Ukrainian farmers once again look around for new sales opportunities, including the EU destinations they had recently disregarded in favour of the CIF market. It seems that farmers have started to understand that the soybean market is inverted and the price is already dropping.

We forecast that the disappearance of the beans (sum of export and domestic use) will be higher than expected, and that the volume of non-GM beans will be scarce from April onward. The vanishing premium for non-GM beans over GM, and the big discount with which the EU beans have been traded in Europe against the North and South American beans, makes it really difficult to forecast the available stock of non-GM beans.

Crush margins remain healthy but lower than Q4 2023. They are forecast to worsen from April onward when non-GM beans will be less readily available and the premium for non-GM soymeal will increase, making consumers less willing to incorporate more non-GM soymeal in the compound feed.

New crop soybeans, 2024, discussed in Italy at 140/150 cbu over CBOT.

Organic market

The organic market has been chiefly impacted by the logistic issues in the Red Sea and the impossibility of passing through the Suez Canal. This leads to higher import costs for some of the extra EU material (see China, India, East Africa). The unsafe logistics have worried buyers who need to cover part of their spot and have deferred demand as the prolongation of the conflict is unknown. This purchase wave has resulted in a higher price for soya cakes and vegetal proteins in general (+30 EUR/t week on week).

The Togo government has tightened export procedures, and few sellers can afford to hold stocks and payments too long. Consequently, offerings from small and medium-sized exporters have shrunk. The internal price of organic beans in Togo and Benin is rising due to the aggressive demand for conventional soybeans (spread conventional/organic is considered stable) from India and Pakistan, and despite the hurdles thrown up by the new export procedures and increasing freight costs. This should bring a bearish sentiment to the market (market is up +10/15 EUR/t week on week).

The price of organic vegetable oils is considered static (price has not risen in the last two months). The spread between organic linoleic and conventional linoleic is now at 200 EUR/t in some deficit EU countries, back to the spreads we had 6 months ago before the new crop was harvested.

Germany appears to be the market with more diversified offers of organic cakes (Poland / Romania) and with more price stability with reference to standard organic material (not local certified supply chain).

Box 1 WASDE (World Agricultural Supply & Demand Estimate) is an influential report published by the US Department of Agriculture on a monthly basis. The document provides regular estimations and forecasts for the supply & demand situation for the different agricultural sectors in the international market, including soybean. The release of the report is normally awaited with great anticipation by market players and often has great impact on prices.

CHARTS AND TABLES

Soya **area** in selected European countries
Estimation 2023

1,000 ha	2022	2023	change	
Austria	93	87	- 6	- 6.4%
Croatia	100	90	- 10	- 10.0%
Czech Rep.	29	27	- 2	- 7.1%
France	180	160	- 20	- 11.1%
Germany	51	45	- 7	- 12.8%
Hungary	68	59	- 9	- 12.7%
Italy	290	320	+ 30	+ 10.3%
Romania	137	157	+ 20	+ 14.7%
Russia*	1,865	2,058	+ 193	+ 10.3%
Serbia	280	150	- 130	- 46.4%
Slovakia	68	68	-	-
Ukraine	1,500	1,811	+ 311	+ 20.7%
Total EU-27	1,073	1,071	- 2	- 0.2%
Total Europe	4,752	5,090	+ 338	+ 7.1%

* only the European part of Russia

Source: Donau Soja

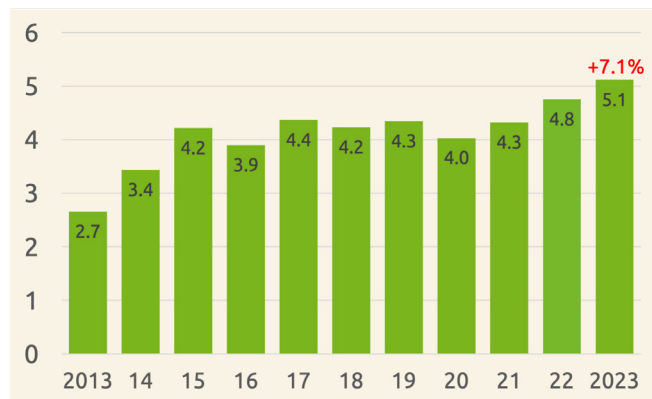
Soya **output** in selected European countries
Estimation 2023

1,000 t	2022	2023	change	
Austria	244	267	+ 23	+ 9.4%
Croatia	200	230	+ 30	+ 15.0%
Czech Rep.	66	65	- 1	- 1.2%
France	380	440	+ 60	+ 15.8%
Germany	128	140	+ 12	+ 9.6%
Hungary	127	177	+ 50	+ 39.4%
Italy	610	994	+ 384	+ 62.9%
Romania	233	340	+ 107	+ 45.9%
Russia*	3,420	4,000	+ 580	+ 17.0%
Serbia	440	400	- 40	- 9.1%
Slovakia	130	165	+ 34	+ 26.5%
Ukraine	3,732	4,750	+1,017	+ 27.3%
Total EU-27	2,235	2,975	+ 740	+ 33.1%
Total Europe	9,880	12,198	+2,315	+ 23.5%

* only the European part of Russia

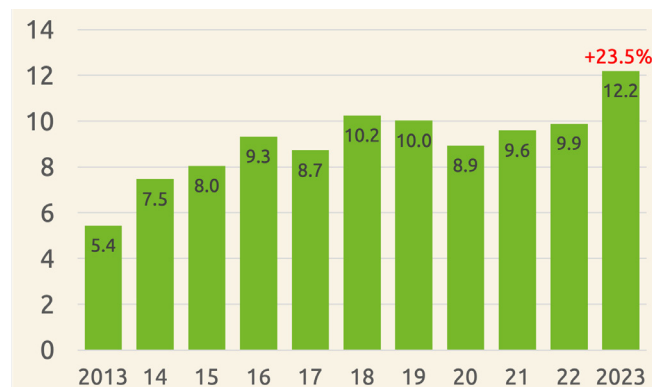
Source: Donau Soja

Total soybean **area** development in Europe
million ha



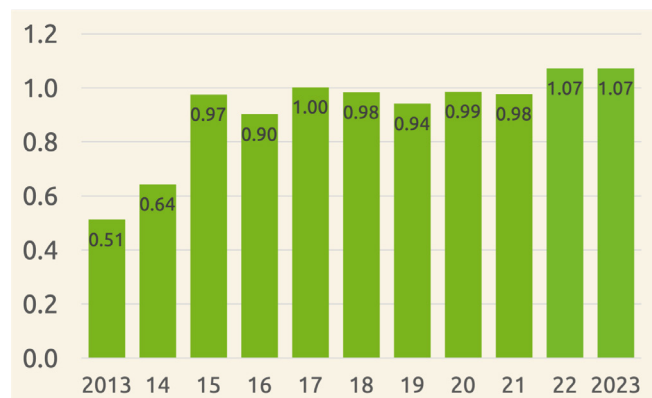
Source: Donau Soja

Total soybean **output** development in Europe
million t



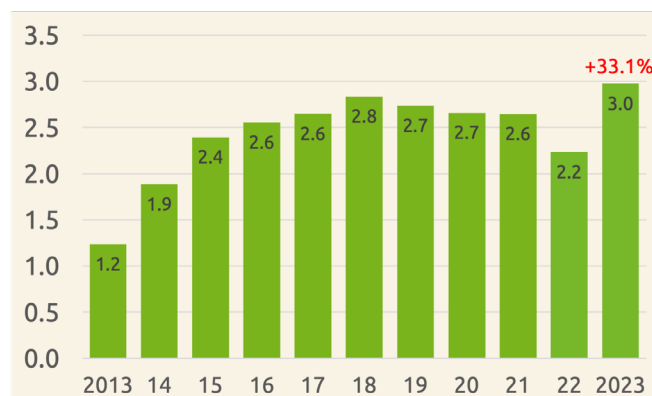
Source: Donau Soja

Total soybean **area** development in EU-27
million ha



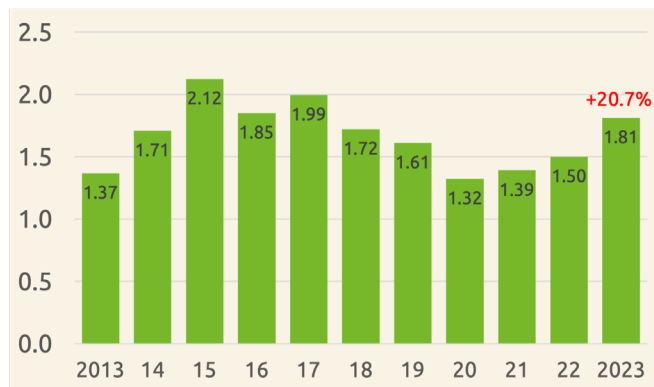
Source: Donau Soja

Total soybean **output** development in EU-27
million t



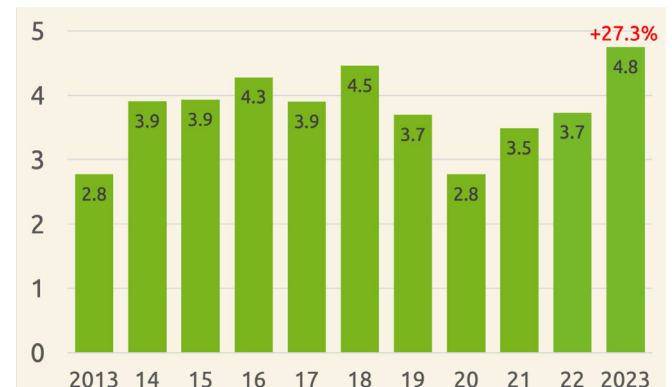
Source: Donau Soja

Total soybean **area** development in **Ukraine**
million ha



Source: Donau Soja

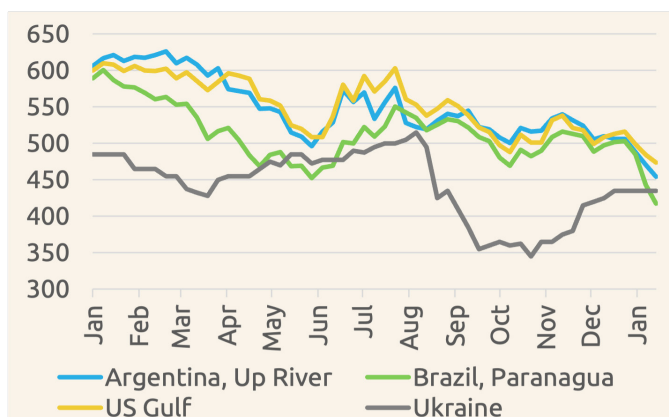
Total soybean **output** development in **Ukraine**
million t



Source: Donau Soja

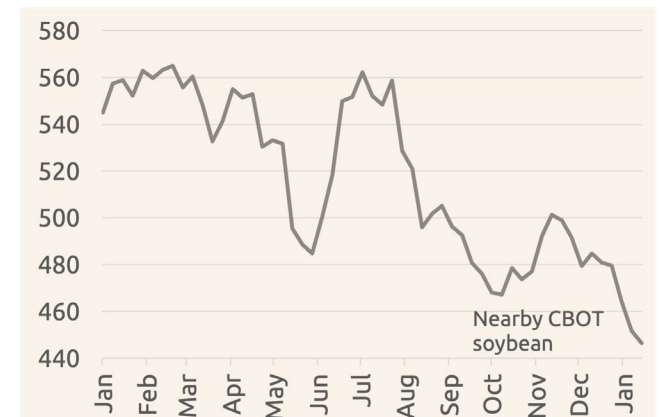
Global market information

Weekly soybean export prices* in the global market
USD/t



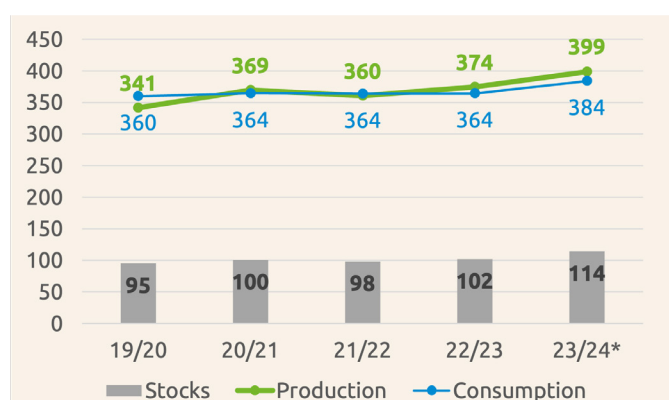
*values are presented between Jan 2023 and mid-Jan 2024
Source: DG AGRI

Weekly average CBOT soybean prices*
USD/t



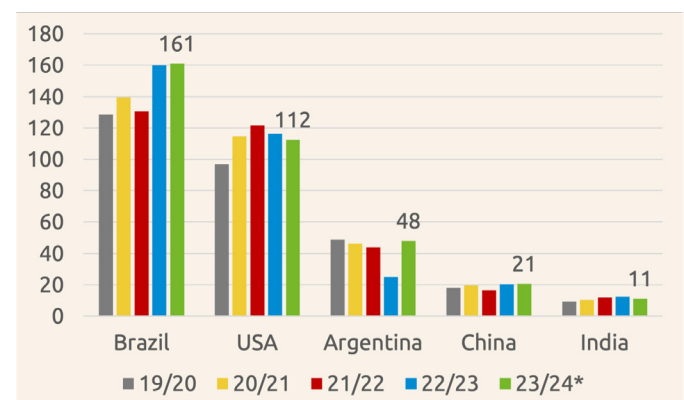
*values are presented nearby delivery term, between Jan 2023 and mid-Jan 2024.
Source: AHDB

Global soybean production and ending stocks
million tonnes



*forecast
Source: USDA

Soybean output in major global producers
million tonnes



*forecast
Source: USDA

Non-GM soybean prices* in selected locations
EUR/t, Date: 22 Jan

Location	Parity	Delivery	
		Jan	May
Northern Italy	LP	550	525
Northern Italy	LP, ES ¹	555	530
Güssing (AT)	LP	-	523
Güssing (AT)	LP, DS ¹	-	543
Straubing (DE)	LP	570	534
Straubing (DE)	HP	610	574
Mainz (DE)	LP	-	544
Mainz (DE)	HP	-	584
Brake (DE)	HP	o.r.	559
Komárom (HU)	MP	o.r.	540
Komárom (HU)	MP, DS ¹	o.r.	555
Wola Żydowska (PL)	MP	561	552
Wola Żydowska (PL)	MP, ES ¹	565	556
Wola Żydowska (PL)	HP	584	575
Wola Żydowska (PL)	HP, ES ¹	588	579

*values are based on price indications

¹Europe Soya/Donau Soja certified

Source: Donau Soja

To learn more about the terms and conditions for the subscription to the monthly market report, please feel free to contact Mr Bertalan Kruppa (marketinfo@donausoja.org).

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