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Near-Term Strength in Chinese Soybean Imports Likely

For the dry bulk market, all signs are that China's demand for imported soybeans will remain robust for the foreseeable future – and very large amount of beans from the United States are set to be shipped out to China in upcoming months. China's own soybean crop was damaged earlier this year from very heavy rainfall in the summer, and soybean planting in Brazil (which will not be harvested until later next year) is also currently being hindered by drought. Only approximately 6.1% of the 2020/21 Brazilian soybean crop has currently been planted. This compares to 19.5% at this time last year and is also well below the historical average for this time of year of 17.3%. With China's own crop having faced issues and the upcoming Brazilian crop (which is still very much in its infancy) being questioned, China is likely to import a very large amount of US soybeans during the next several months. Outstanding US soybean sales to China for the current season now stand at 16.7 million tons. At this time last year, sales stood at only 4.6 million tons.

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