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Brazilian Soybean Exports Could Contract

Dry weather has persisted in Brazil in recent weeks and the outlook for Brazil's soybean harvest continues to turn less optimistic. Brazil's harvest last season totaled approximately 119 million tons, and as recently as last month nearly all market participants were predicting that exports this season would exceed last season's robust total. As we have been examining in our work, though, dry conditions continue and soybean export forecasts are now being revised downward. All forecasts are still extremely preliminary -- but a rough consensus at present is that Brazil's soybean harvest will total anywhere from 110 - 119 million tons this season. Some have also opined that the harvest could come in as low as 96 million tons, but as we discussed on Tuesday we believe that is very unlikely. In total, Brazil's soybean exports last season totaled approximately 82.8 million tons which marked a new record. For this season, though, we believe that Brazilian soybean exports could easily contract due to a lower harvest and drawdown in Brazil's existing stockpiles.

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