

# COMMODORE RESEARCH

## Low Chinese Soybean Stockpiles

While a tariff on US soybeans was announced by China last week, there are still two months before it will actually be carried out (China is following Trump's lead in providing the two-month window before enacting the most recent wave of tariffs). For the dry bulk shipping market, it therefore remains to be seen if the tariff will actually come to fruition. Of note, however, is that China's soybean stockpiles remain much lower than its other grain stockpiles, and this represents a further wrinkle in the quickly intensifying trade war. According to the United States Department of Agriculture (USDA), Chinese soybean stockpiles have been set to end the current 2017/18 grain trade cycle at approximately 20.6 million tons. This is a relatively low amount that is about 60 million tons less than China's coarse grain stockpiles and about 106 million tons less than China's wheat stockpiles. According to the USDA, China's coarse grain stockpiles have been set to end the 2017/18 grain trade cycle at approximately 80.4 million tons and China's wheat stockpiles have been set to end the 2017/18 grain trade cycle at approximately 126.8 million tons. Overall, it is only China's soybean stockpiles that are at a low level (and only soybean imports are in great demand). It remains to be seen if the China's soybean tariff will eventually be put in place – but what is definitely known is that Chinese soybean stockpiles would not be able to make up for the 36 million tons of soybeans that China imported from the United States last year.

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