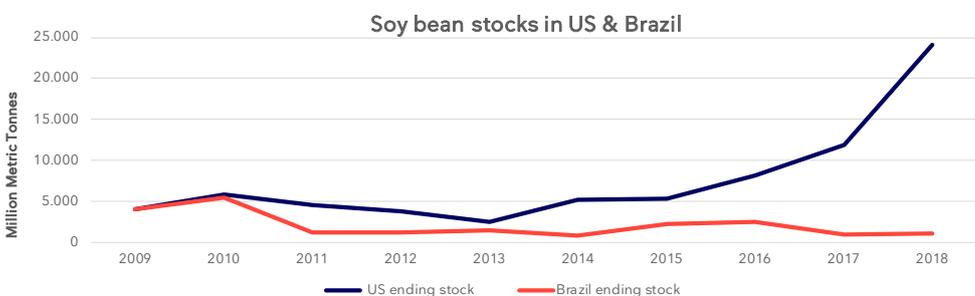
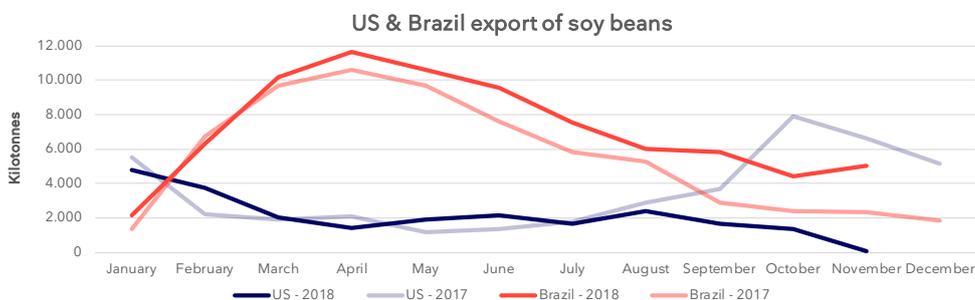


Ultra-flash: American soy beans stockpile

On 2 December 2018, China and the US agreed to a trade war ceasefire. As a result, there are indications that China will resume their purchasing of American soy beans. Chinese tariffs on the import of American soy beans has created stockpiles of soy beans in several US states.

- The US and Brazil are the two largest producers of soy beans with 36 pct. and 35 pct. of all global production respectively. The combined export value was 47.3 billion USD in 2017 .
- In 2017, 67 pct. of all soy bean trade was shipped to China . Thus, China is a main driver for the global demand for soy beans. A huge fraction of the Chinese import of soy beans is used for pig feed. China imposed tariffs on the import of American soy beans on 1 June 2018.
- The Brazilian soy bean harvest season begins in earnest in March and ends in June, whereas American farmers harvest soy beans from September to November. Thus, under normal circumstances, the US and Brazil would not be competing for the same soy bean orders.
- The Chinese tariff on imports of American soy beans has changed the trade flows for soy beans. This year, export of Brazilian soy beans has been record high extending into the off-season. Meanwhile, US exports are almost non-existing, even though the ordinary peak season should have started . All trends are driven by a change in Chinese demand.
- As a result of the decrease in American exports of soy beans to China, the stockpiles of American soy beans are up by 102 pct. compared to last year .
- The American stockpiles of soy beans are growing, while Brazilian stocks are low, in the midst of what is considered the peak of soy bean trade season between the US and China. A trade war ceasefire and resumption of soy bean trade between the US and China seems like a certain win for both countries.



¹ Thomson Reuters & Danish Shipping | ² UN Comtrade | ³ UN Comtrade & Danish Shipping | ⁴ Thomson Reuters | ⁵ Thomson Reuters & Danish Shipping