

The Brazilian Soybean Meteorite Stockpile

Brazilian soybean stockpiles grow as global demand increases

NEW YORK, NEW YORK , USA, August 24, 2021 /EINPresswire.com/ -- The success of the Brazilian soybean market is seeing soaring international demand as its pricing sits near all-time highs with national stockpiles growing in anticipation of increasing prices.

With China as soybean's leading importer and world demand growing, Brazil as the top soybean exporter is sitting in a strong position.

A tighter supply with heightened international demand is coupled with the rollout of a new national Brazilian soybean pricing system: the SAFRAS CTDI Brazilian Soybean Index. The new soybean index is hosted on the [MarketDesk technology platform](#) providing the first national pricing compilation across Brazil's 37 soybean producing cities.

Darren Bishop at MarketDesk said, "The Brazilian National Soybean Index offers a number of fundamental benefits to the market. First, it lends the domestic market a supporting instrument that embraces its local market infrastructure and prices. Equally important, a robust domestic soybean index paves the way for derivatives and basis markets."



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SAFRAS & Mercado CTDI Brazilian Soybean Index



Soybean & Corn Advisor notes Brazilian farmers recognize the global forces putting a premium on its soybeans and are more cautious contracting production in 2021 and into 2022. Brazilian farmers are contracting soybeans at a far lower yield, under 24% to date this year versus 43% in the prior year.

Last year Brazilian farmers watched as half their soybean product was contracted then witnessed prices double at harvest. Additionally, SAFRAS and Mercado points to the slower soybean selling being driven by a tighter supply which can be expected to push prices higher.

China and the rest of the world will be on the receiving end of these higher soybean prices. Recent trading shows consecutive positive index changes, sitting at 231.17, a composite of a par 100 rate against 2016 as of August 18th.

While it would be hard to deny the Brazilian farmers this windfall in 2021, the trading community can be expected to take a closer look adding soybeans to their portfolios as a hedge against inflation and a weakened US dollar.

The global soybean trade volume demonstrates why this would be the case. The global soybean market value sits at \$US 128Bn with estimates predicting additional growth in the range up to \$US 146Bn for 2025. Brazil currently accounts for fully 37% of global soybean exports as the world's largest exporter.

On the swing side, China as the world's largest importer purchases 10.48 million tons of soybeans to crush into soymeal to feed livestock and satisfy pork farming for the changing dietary habits of its populace's meat-eating appetite.

Yet as the Brazilian soybean market meteorite continues its upward trajectory; there are forces countering demand. Counted among them: conservationists and retailers mindful of the effects on the environment with an eye to the Brazilian Amazon Rainforest.

Those forces are beginning to urge large supermarket chains to crack down on meat suppliers to see reduced deforestation-linked soy, essential to its supply chain. Some retailers have responded introducing policy for branded meat suppliers as part of ongoing efforts to source deforestation and conversion-free soy by 2025.

The Brazilian soybean market has broad and wide-reaching effects on the global economy and efforts focused on sustainability. The SARFAS CTDI Brazilian Soybean Index is the only index that tracks national output from Brazil's 37 regional markets, prices supplied by SAFRAS & Mercado, the leading provider of its agricultural research and price data.

This index is available under license with access on [a FREE 30-Day trial](#) or contact john@marketdesk.com.

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