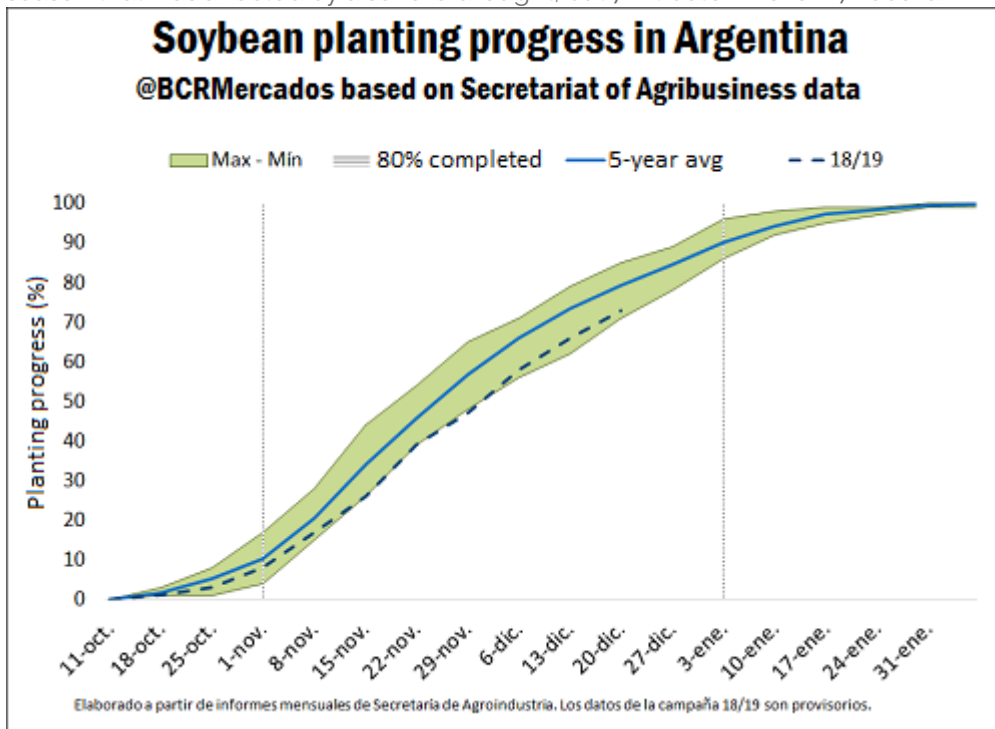


How does weather affect South American soybeans yields?

SOFÍA CORINA - FEDERICO DI YENNO

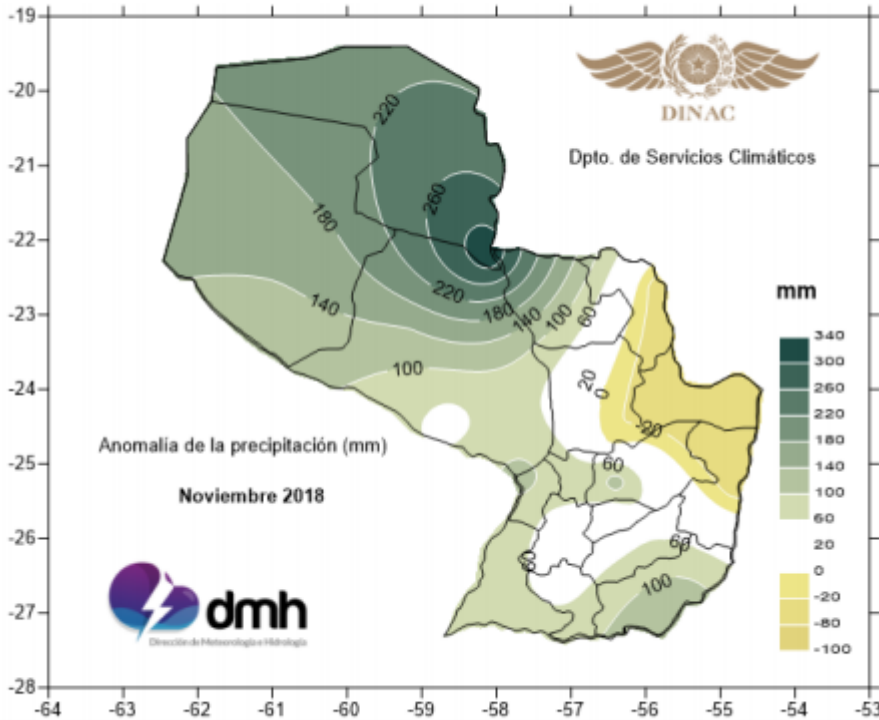
According to experts, "El Niño" phenomenon is currently affecting Argentina and it is likely to prevail until April next year. The rains, despite being beneficial during summer months, did hindered soybean planting in Argentina this cycle. Some early soybean fields had to be replanted up to twice. Moreover, excessive soil moisture delayed wheat harvest and, as a result, there were important delays on planting activities in the country's core productive region. Thus, fieldwork delays combined with the excessive soil moisture and low temperatures, limit soybean yields in Argentina. Fortunately, dry conditions prevailed during the past week and allowed to take up the fieldwork. According to the Secretariat of Agribusiness data, 73% of plantings is completed. Soybeans estimated planted area in 2018/19 is 17.9 million hectares, 200 thousand hectares up the previous cycle. Meanwhile, production prospects remain at 50 Mt; 15 million more than 2017/18 season that was affected by a severe drought, but 7 Mt below 2016/17 record.



In contrast, in two of Brazil's major productive states (Paraná and Mato Grosso do Sul) drought conditions harm early soybeans crops. There are particular areas in which there has been no record of rainfalls in at least the last 20 days that combined with high temperatures will decrease soybean yield potential in Brazil. In the state of Paraná that produces approximately 18% of Brazil's soybeans, 2018/19 soybean projections have been cut by 500 thousand tons, totaling 19.1 Mt according to Rural Economy Department of Brazil (Deral) data. If rains do not return soon, production losses in both states could reach up to 20%. Adverse weather also hits Paraguay, the world's fourth-largest soybean exporter. A rain deficit, combined with high temperatures during the month of November damaged soybean crops in the country's core productive area. Paraguayan early soybean is the most harmed crop since it is in the filling period and there will be no

time to recover, even though the rains might return to the region. Late planting soybeans, on the other hand, still have a chance to recover if the rains return.

November rainfalls in Paraguay



Source: Dirección de Meteorología e Hidrología de Paraguay

Soybeans price at the spot market fell over US\$ 2/t from Dec 13 to Dec 20. MATba January future dropped almost US\$ 4/t and MATba May almost US\$ 3/t. Local soybean prices fell in line with the US\$ 2/t fall of FOB prices in the ports of Argentina. Meanwhile, Brazil's FOB price suffered a major US\$ 4/t drop during this period while soybean price in the United States increased by US\$ 2.5/t following China's purchases.