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COMMODITIES, FOOD & AGRI

Tighter times ahead for the soybean market

The soybean market has held up well this year despite trade tensions between the US and China. The outlook for 2026 is supportive but will depend largely on whether China returns to buying US soybeans, as well as US biofuel policy



The soybean market has been relatively strong, but China is key for 2026

Global soybean market set to tighten in 2025/26

Despite all the noise around trade tensions, soybean prices have held up well this year. In fact, CBOT soybean has outperformed both CBOT corn and wheat through 2025.

The global soybean market is set to see stocks end the 2025/26 season marginally lower on the year, with soybean demand set to hit record highs, while global production is set to fall YoY.

The expected decline in global production this season is largely driven by the US. Farmers reduced soybean plantings amid escalating trade tensions between the US and China, although strong yields helped to offset some of the decline in planted area. US soybean production is forecast to fall 2.8% YoY to a little under 116m tonnes. This is despite the planted area estimated to have fallen 7.1% YoY.

For the US balance, ending stocks are expected to fall YoY. However, clearly this is dependent

on sizeable soybean purchases from China through the remainder of the season. While export sales data from the USDA is lagging due to the government shutdown, the latest data up until late October shows total US soybean export commitments are down 38% YoY.

Brazil, which has benefited from the trade friction between the US and China, is set to see yet another record soybean harvest in the 2025/26 season of at least 175 million tonnes, up 2% YoY. This is on the back of a further expansion in area, while yields are also expected to hold up relatively well. This will only reinforce Brazil's dominant position as the key supplier in the global soybean market.

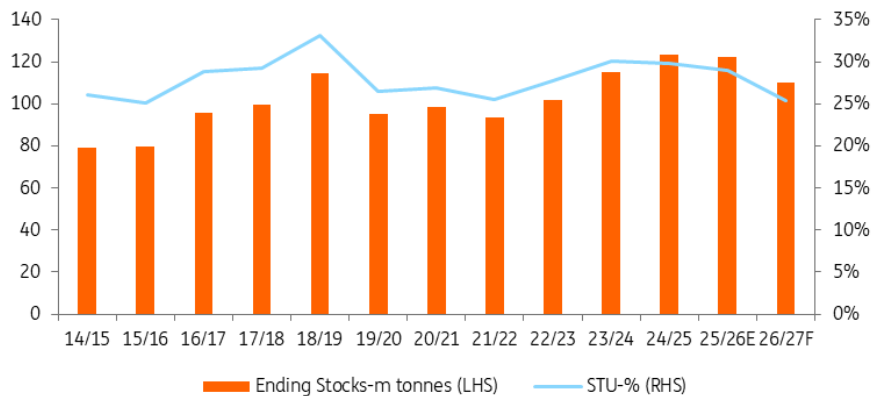
Further tightness in 2026/27 should support the market

While it is still early to form a strong view of how the 2026/27 season will unfold, our numbers suggest we will likely see a further decline in global soybean stocks. Our initial view is that global soybean production will be largely flat year-on-year, while consumption continues to grow. We are looking at a provisional deficit of around 12m tonnes. This would leave 2026/27 ending stocks at around 110m tonnes, while the stocks-to-use ratio would fall from 29% to 25%. This should be fairly supportive for soybean prices, with forecast stocks at their lowest level since 2022/23, while the stocks-to-use ratio would be the lowest since 2015/16. This should provide good support to the market, although clearly much will depend on trade and biofuel policy.

Looking to the US, if the thawing in trade tensions between China and the US leads to China buying sizeable volumes of US soybeans once again, which is expected, farmers should increase soybean plantings. It's still quite early for 2026 plantings, but the soybean/corn ratio is moving toward levels where we should see soybean acreage increase. However, for now, we expect that larger plantings will be offset by lower yields. We are assuming that yields will fall from the record levels seen in 2025/26 towards the 5-year average. As a result, we currently expect that US soybean output will be largely unchanged from this season.

For Brazil, it is very early to forecast the 2026/27 season, as farmers have only completed plantings for the 2025/26 season. However, we assume that soybean area will continue to edge higher, while assuming yields in line with the 5-year average would see the crop marginally down from the record levels forecast for 2025/26.

Global soybean stocks expected to edge lower in 2026/27



Source: USDA, CONAB, ING Research

US-China trade tensions

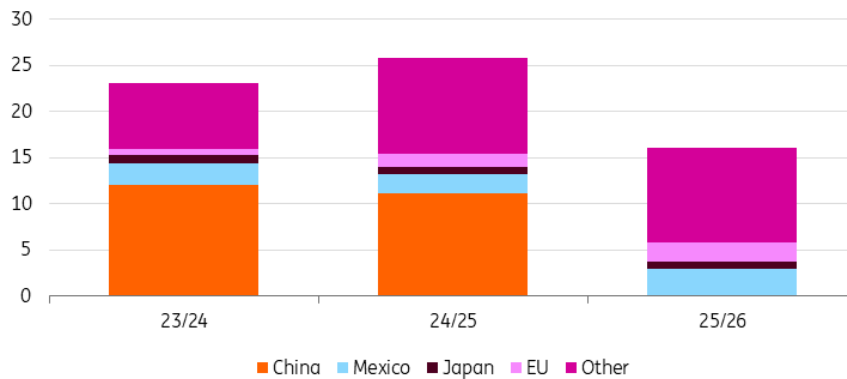
Soybean prices have held up well this year despite trade tensions between China and the US, which have led to a drying up of US soybean flows to China. China imported no US soybeans in September and October 2025, for the first time since November 2018. This is a big concern for US farmers, with China, prior to the trade escalation, taking more than 50% of total US soybean exports.

However, following a meeting between President Trump and President Xi, China has started to resume US soybean purchases, with reportedly promises to buy 12m tonnes of US soybean before the end of 2025 (although this deadline appears to have since been extended to February 2026), and then a further 25m tonnes every year for the next three years. However, China has not confirmed these commitments. If these purchases materialise, it should ensure that the US domestic balance is not carrying large stocks into the next season, as some have feared.

If China does commit to buying 25m tonnes of US soybeans per year, this would be largely in line with purchases in 2023/24 but below the roughly 32m tonne average between 2020/21 and 2022/23. Therefore, we will still need to see the US finding alternative export markets and/or increasing the domestic crush. And the latter is something we have seen grow in recent years due to increased demand for feedstock from the renewable diesel sector.

Obviously, these flows will be subject to the trade deal between the US and China holding, but the competitiveness of US soybeans into China will also be important. While China has cut the retaliatory tariff on US soybeans to 10%, US soybeans remain less competitive than Brazilian beans. In fact, even if the retaliatory tariffs are fully removed, US soybeans will still not be competitive. This could make achieving these reported targets fairly difficult.

US export commitments plunge with China's absence (m tonnes)



Source: USDA, ING Research

Note: Data for each marketing year is as of the end of October. 25/26 data has been delayed due to the US government shutdown. There have been reports of sales to China, which are not reflected in the weekly data yet.

China's tough job to cut import reliance

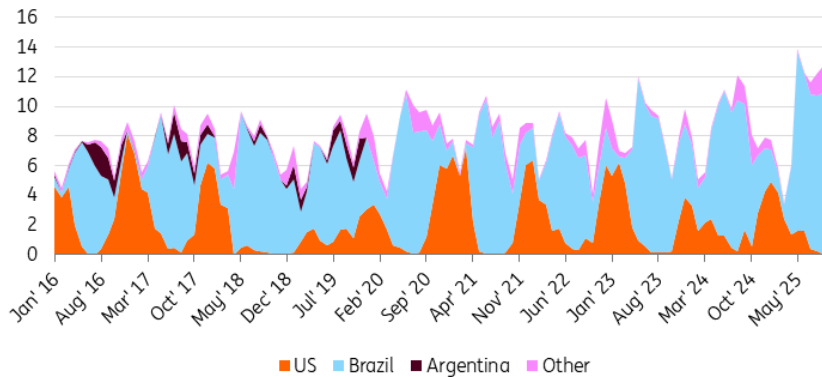
Trade policy developments and rising geopolitical risks have led the Chinese government to focus more on food security. China is by far the largest buyer of soybeans, with imports of 112m tonnes expected in 2025/26, which is 60% of global trade. Domestic soybean production only meets 16% of domestic demand. Therefore, China remains heavily dependent on imports.

The government wants to reduce this dependency by cutting the proportion of soybean meal in feed from 14.5% to less than 13% by the end of 2025. And to achieve this, we would need to see lower-protein diets in animal feed, the use of alternative protein sources, and the development of higher-protein corn crops.

However, this plan does not seem to be translating to lower soybean imports. China is on track to import a record amount of soybeans this year. But what China has done better, has diversified its sources of soybean supply away from the US. Since 2017, the share of US soybeans in total Chinese imports has fallen from 34% to 21%. Meanwhile, Brazil's share has grown from 53% to 71% over the same time period. Some may say that China is overdependent now on Brazil for soybean supply. The issue for China is that global supplies are dominated by Brazil and the US.

This may be why we have seen some steps to increase imports of soymeal, which helps diversify supply. However, we suspect the growth potential here is limited, given the large amount of domestic crush capacity.

China has moved further towards Brazilian soybeans amid tensions with the US (m tonnes)



Source: China Customs, ING Research

US biofuel policy important for 2026 and beyond

One of the key supportive factors for soybeans over the year has been the strength in the US soybean oil market, which is up more than 30% so far this year.

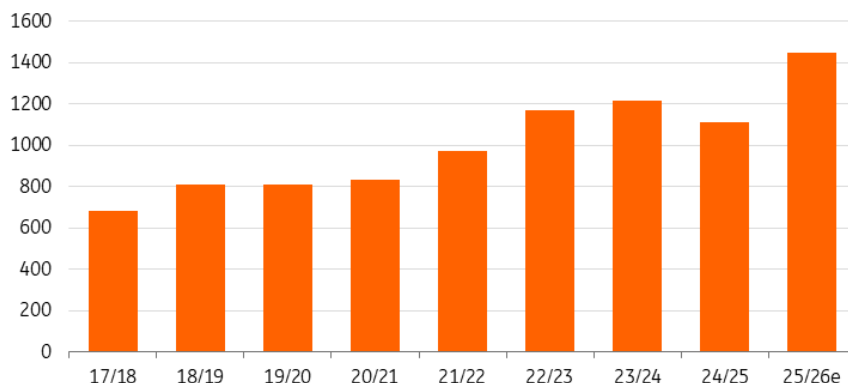
The proposed US biofuel policy has been bullish for the market. Under the proposal, the volume requirements for biomass-based diesel under the Renewable Fuel Standards will increase by around 67% in 2026 to 5.61 billion gallons. Given the widespread use of soybean oil as a feedstock for biofuels, it is clear why these proposed increases in volume have been supportive of soybean oil and soybean prices. Around 50% of US soybean oil is used for biofuel production. And for 2025/26, the estimated soybean oil demand from the biofuel sector would require more than 1.4bn bushels of soybeans, roughly a third of total US soybean production.

Clearly, if these proposals are finalised, they would support domestic soybean oil demand, which should also attract further investment in domestic soybean crush capacity. This trend is already evident in recent years, driven by growth in renewable diesel production capacity.

Increased domestic crush capacity to meet growing soybean oil demand also means the US will become a larger soymeal exporter and less reliant on China as a soybean buyer.

Clearly, the downside risk for demand and CBOT soybean and soybean oil prices is if the finalised renewable volume obligations for 2026 and 2027 turn out to be lower.

A growing amount of soybeans are needed to produce biofuels in the US (m bushels of soybean)



Source: USDA, ING Research

Using a conversion of 1 bushel produces 10.7 pounds of soybean oil

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