
INTRODUCTION TO

SOYBEAN MEAL

FUTURES

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WHAT IS SOYBEAN MEAL?

The most common **protein** source used to feed farm animals.

It is a co-product of **soybean oil** extraction.



It represents **two-thirds** of the total world output of protein feedstuffs.

The **standard** used for determining the value of other protein supplements.

WHERE DOES SOYBEAN MEAL COME FROM?



Soybean seeds are harvested.



Soybean oil is extracted through crushing the beans.



The remaining soybean flakes are **dried** and **toasted** into soybean meal.



CHARACTERISTICS OF SOYBEAN MEAL



Irregular shape, light brown colour and have a flaky texture.

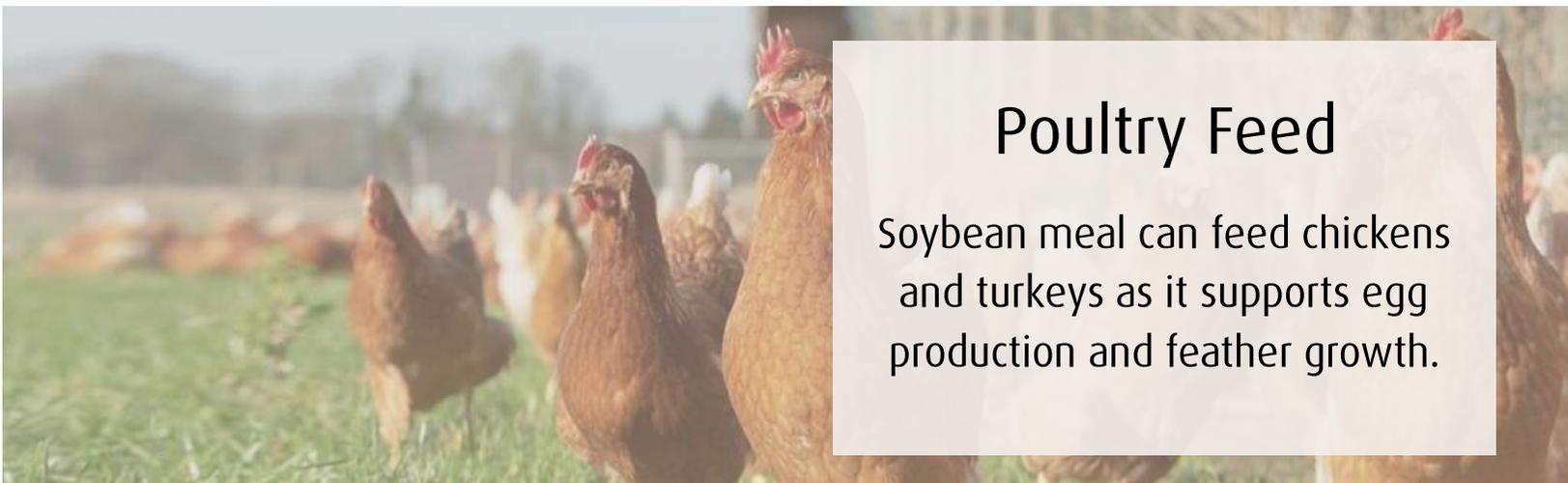
Fresh toasted nut-like smell.

Highest nutritional value of all plant protein sources: rich in protein and amino acids.

Usually pressed into animal feed pellets through pellet machines.

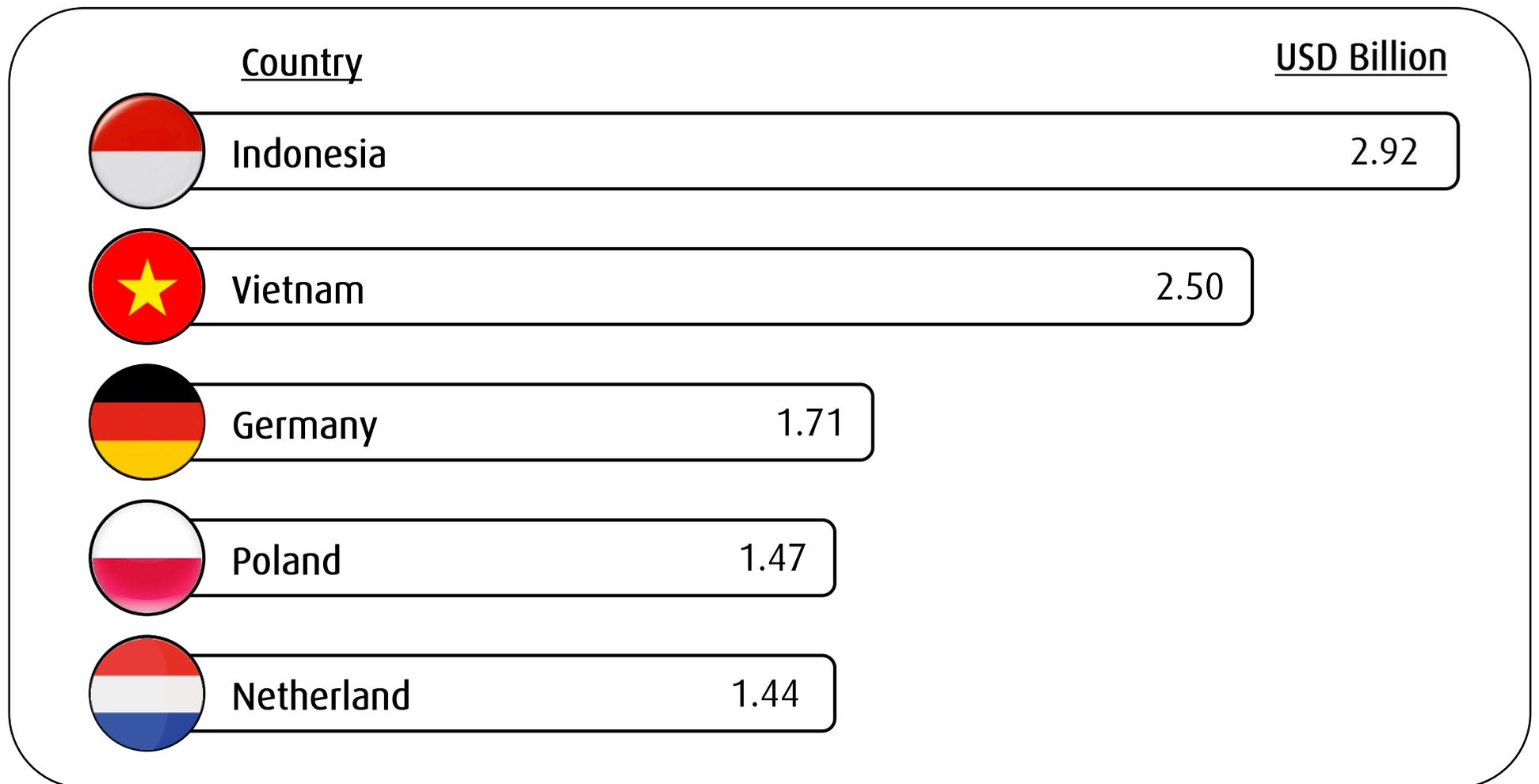


USAGE OF SOYBEAN MEAL



DEMAND FOR SOYBEAN MEAL

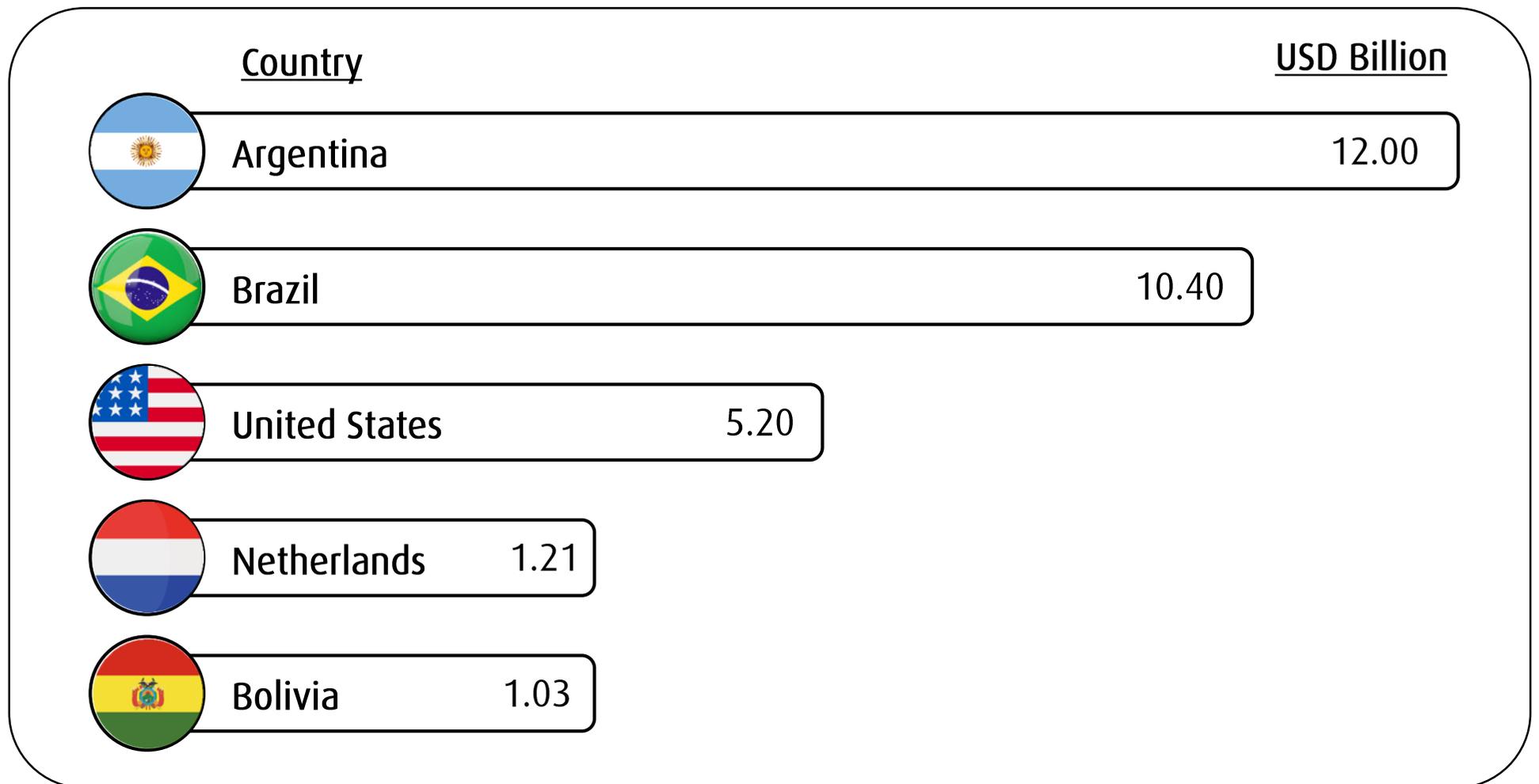
The top 5 global importers of soybean meal in 2022 are shown below:



In 2022, Indonesia became the 1st largest importer of soybean meal worldwide and the product was the 10th most imported product in Indonesia.

SUPPLY OF SOYBEAN MEAL

The top 5 global exporters of soybean meal in 2022 are shown below:



Argentina, the top exporter of soybean meal exported most of the product to **Asia and Europe**.

FACTORS AFFECTING DEMAND AND SUPPLY

LIVESTOCK PRODUCTION

When the demand for animal products like meat, eggs and dairy increases, more soybean meal is required to feed the livestock.



FEED INDUSTRY TRENDS

An emphasis on balanced diet and a more intensive animal production system may drive higher soybean meal usage.

SOYBEAN PRODUCTION

Soybean crop yields that are influenced by weather, technology and agricultural practices will affect soybean meal supply.



GOVERNMENT POLICIES

Soybean meal market can be impacted by import tariffs, export restrictions, biofuel mandates, and agricultural support programs.

*Source: Gro Intelligence, The Observatory of Economic Complexity, U.S. Soybean Export Council, United States
Department of Agriculture*

*Source: College of Agriculture, Food and Environment, Feedipedia, McNess, OEC, ScienceDirect, Soybean Meal INFO center,
United States Department of Agriculture*

WHAT ARE SOYBEAN MEAL FUTURES



A fully electronic, exchange-traded contract listed on CBOT under CME Group.



One of the simplest and most liquid ways to enter the soybean meal market.



Used as the benchmark for the current value of soybean meal.



Available to trade around the clock.

WHY TRADE SOYBEAN MEAL FUTURES

An alternative choice of investment to diversify your portfolio

DIVERSIFY

Enter and exit the market easily due to high liquidity

LIQUIDITY

Provide greater leverage through margin trading

LEVERAGE

Used as a benchmark to trade the underlying in physical market

PRICING



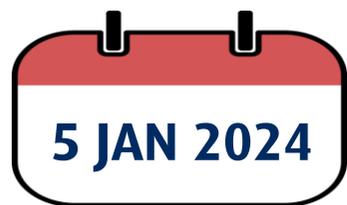
CONTRACT SPECIFICATIONS

Soybean Meal Futures

Contract Code	ZM
Underlying Instrument	Soybean meal
Contract Size	100 short tons (~ 91 metric tons)
Minimum Fluctuation	0.1 pt = USD 10 (1 pt = USD 100)
Settlement Method	Physical delivery
Contract Month	15 monthly contracts of Jan, Mar, May, Aug, Sep and 12 monthly contracts of Jul, Oct, Dec listed annually after the termination of trading in the December contract of the current year.
Trading Hours	21:30 - 02:15 08:00 - 20:45, 21.30 - 02:20 (Globex)

TRADING EXAMPLES

Bullish Market



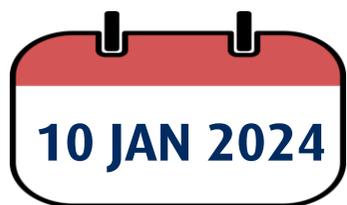
You think the price of ZM will go up and BUY 1 lot @336.2



You close your position and SELL 1 lot @351.3

Gross Profit
= Price Difference x Contract Size
= (351.3 - 336.2) x USD 100
= USD 1,510

Bearish Market



You think the price of ZM will go down and SELL 1 lot @348.7



You close your position and BUY 1 lot @336.5

Gross Profit
= Price Difference x Contract Size
= (348.7 - 336.5) x USD 100
= USD 1,200



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