

South American Soybeans

September 24, 2020

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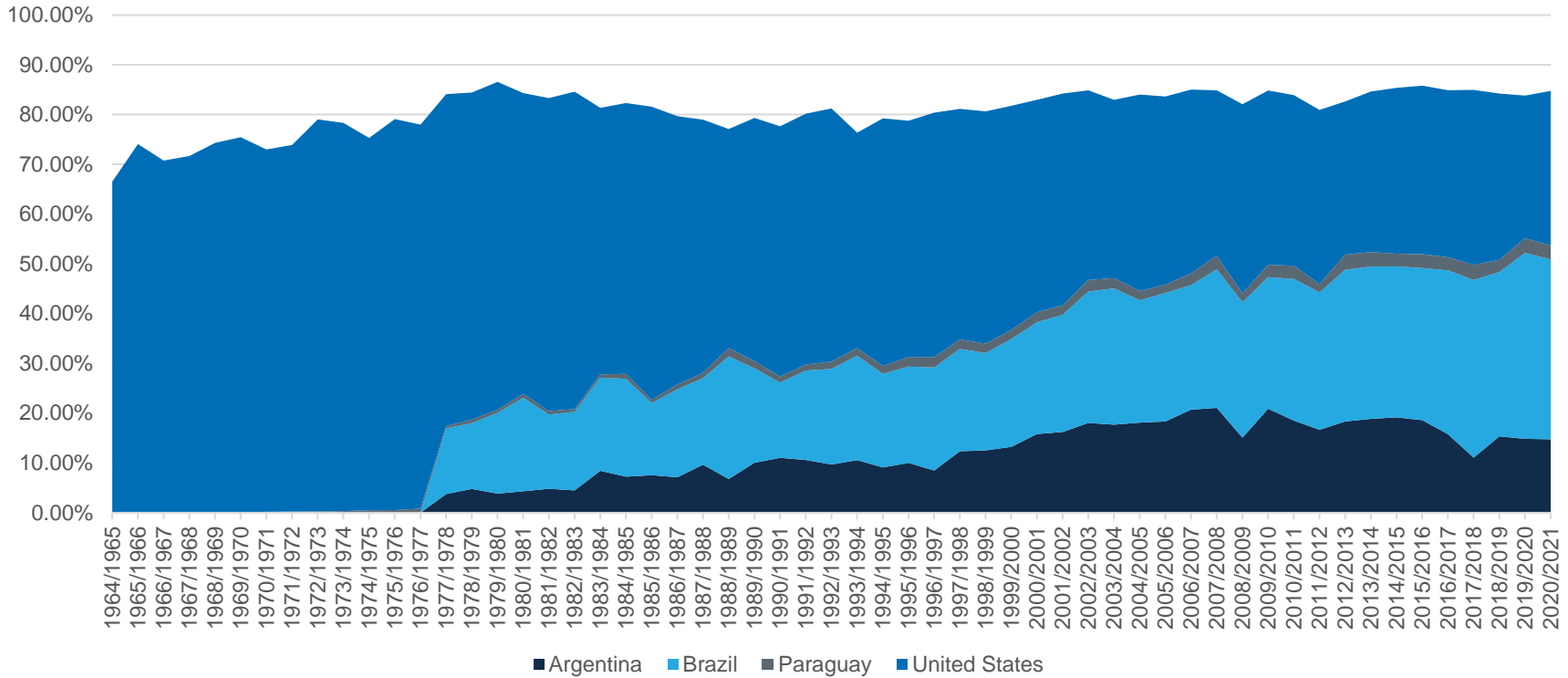
Contract Need

No cleared tools to manage Brazilian exposure.

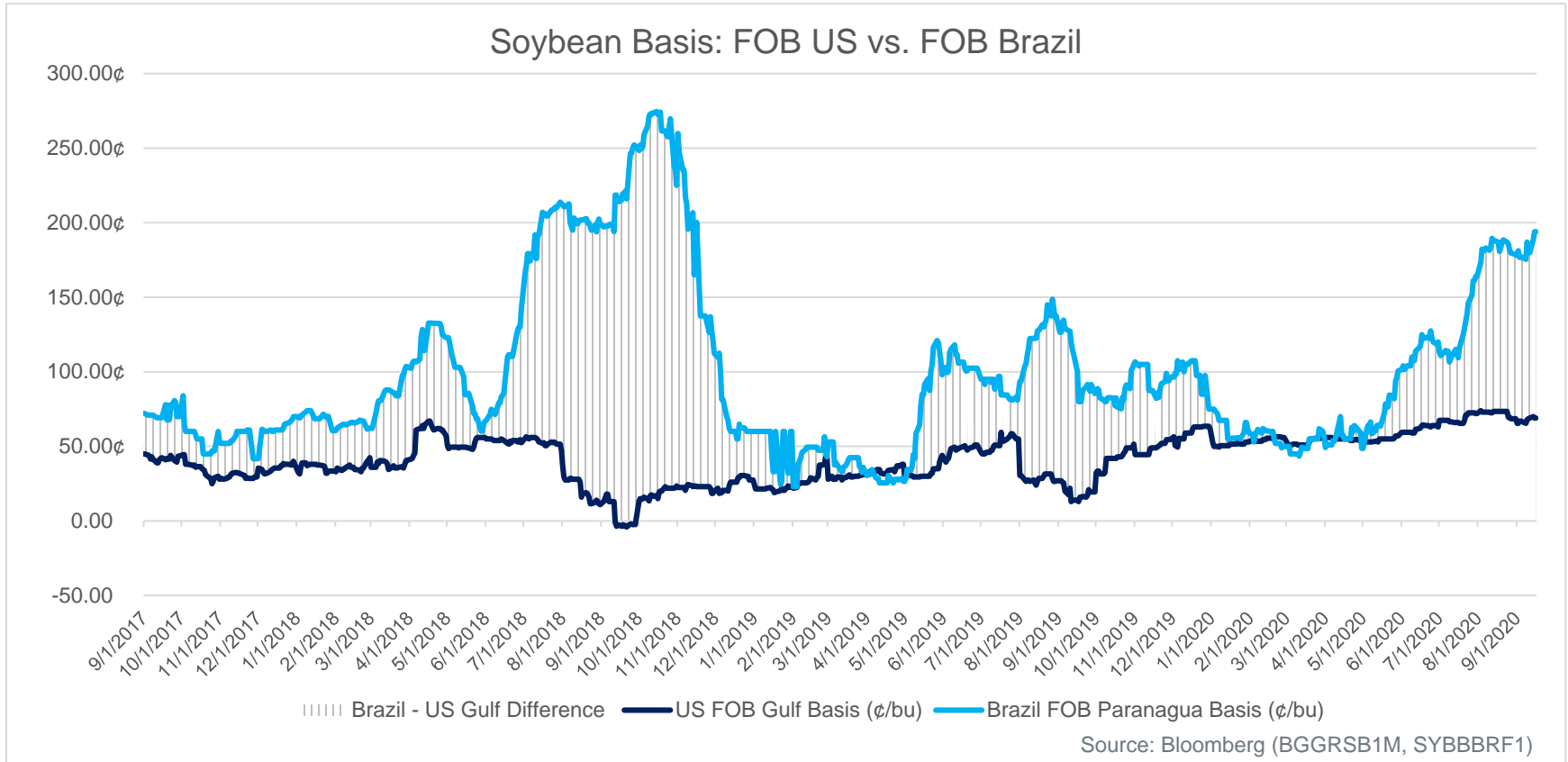
- Brazil has emerged over recent decades as the largest global producer and exporter of soybeans.
- While long-term correlation between Brazilian soybean prices and CBOT Soybean prices remains strong, data suggests breakdowns in this relationship are more common now compared to historical norms.
- Export seasonality means the “new crop” occurs at different points in the calendar year for the US and Brazil.
- Non-market influences such as the US-China Trade War underscored the need for a hedging tool.
- Though there is a robust paper market in Paranagua, there were no cleared instruments available to those who needed to manage Brazilian soybean risk.

Soybean Exports

Share of Global Soybean Exports



Brazil-US Basis



SAS Contract Specifications

CONTRACT UNIT	136 metric tons	
PRICE QUOTATION	U.S. dollars and cents per metric ton	
TRADING HOURS	CME	Monday - Friday: 8:30 a.m. - 1:20 p.m. CT
	Globex:	Pre-Open: Monday - Friday: 8:00 a.m. - 8:30 a.m. CT
TRADING HOURS	CME	Sunday 5:00 p.m. - Friday 5:45 p.m. CT with no reporting Monday -
	ClearPort:	Thursday from 5:45 p.m. – 6:00 p.m. CT
MINIMUM PRICE FLUCTUATION	0.20 per metric ton = \$27.20	
PRODUCT CODE	CME Globex: SAS CME ClearPort: SAS Clearing: SAS	
LISTED CONTRACTS	11 monthly contracts listed in the Jan, Feb, Mar, May, Jul, Aug, Sep and Nov contracts	
SETTLEMENT METHOD	Financially Settled	
FLOATING PRICE	The Floating Price for each contract month shall be equal to the arithmetic average of the "SOYBEX FOB Santos - Platts Symbol SYBBB00 " price assessment published by Platts for each day that it is determined during the calculation period. The Floating Price shall be rounded to the nearest \$0.01.	
TERMINATION OF TRADING	Trading terminates on the business day prior to the 16th calendar day of the month prior to the contract month.	

Cash Settlement

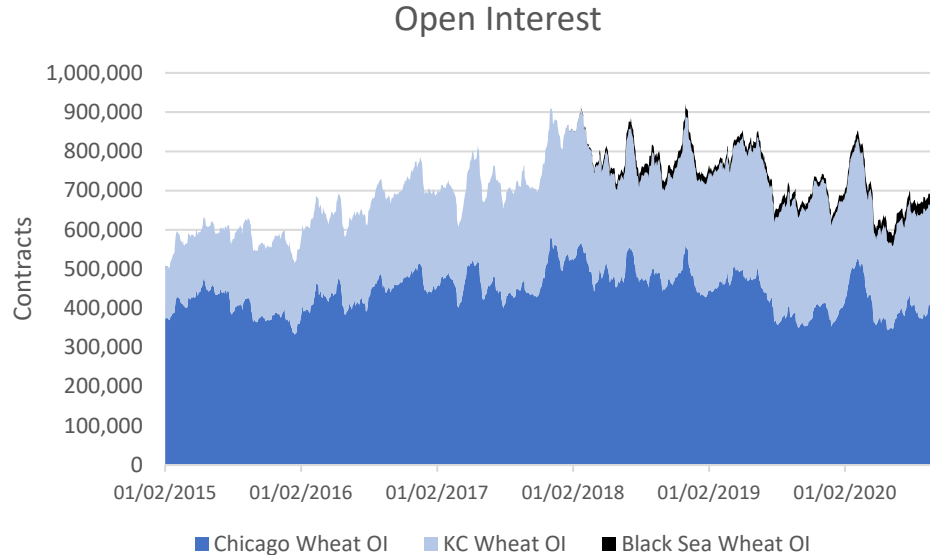
Platts SOYBEX FOB Santos Assessment

- Unlike the legacy CBOT Soybean contract (ZS), SAS is cash settled.
- Daily settlement follows a similar methodology to ZS – Globex trades are subject to a VWAP during a settlement window at the end of each trading day.
- Final settlement diverges from ZS – it looks at the Platts SOYBEX FOB Santos Assessment:
 - Quality: Assessment reflects Brazil ANEC soybean specification, but with a typical protein level of 34.5%.
 - Quantity: Assessment reflects a typical cargo size of 60,000 mt, +/- 10% operational tolerance.
 - Basis and Location: FOB Santos, Brazil.
 - Timing: Assessment reflects product loading one calendar month forward. This will roll to the next month on the first publication day after the 15th of the current month. For example, from July 16-August 15, Platts will assess parcels loading over September, while from August 16-September 15, Platts will assess parcels loading over October.
- A contract will settle to the Globex-derived daily settlement price each day, but the final settlement price will be determined by averaging each day's SOYBEX FOB Santos price during the calculation period. The calculation period runs from the 16th of the month prior to expiry through the 15th of the month of expiry. For example, the March 2021 contract will expire on February 15, 2021. The calculation period will run from January 16, 2021 through February 15, 2021. The assessment from each of those days is averaged to achieve the final settlement price.

Relationship to Legacy Soybeans

A regional partner to a global benchmark.

- The Exchange sees cash settled regional products as complementary to the existing benchmark products.
- The very first SAS trade was done as a spread to legacy CBOT soybeans.
- Other regional products like Black Sea Wheat have not impacted liquidity in legacy CBOT products.



Thank you

