

# Soybean Oil Market Update

Prepared for



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# Soybean Oil Market Update

## Tight inventories limit Brazil soybean prices decline

- > Domestic soybean prices in Brazil remained stable to slightly down in the third week of October, moved by the CBOT and low local stocks.
- > Trading companies are trying to stretch their purchase schedules as much as possible, hoping that the record crop expected for next season will take effect and put downward pressure on the price of 2018/19 crop residual volumes.
- > In contrast, Brazilian producers in regions where there was strong local demand from the animal protein industries sought to hold their soybeans for expected better prices as the industry's need grows.
- > *Low stocks is more of a regional issue in Brazil, as carryout volumes for the 2018/19 crop year are at a record high for Brazil as a whole.*

## Soy bulls need more proof of Chinese Comeback

- > China's reported offer to let another 10 million MT of US soybeans in tariff-free helped maintain last week's firmer futures prices but seemingly failed to convince enough buyers that this proved the long-sought trade comeback was around the corner.
- > The US has been losing sales to Brazil and China made a stated they will continue to buy Brazilian soybeans at a high rate despite a pledge to purchase millions of dollars of US farm products.
- > *CBOT futures prices have surged to their highest since June 2018 with some speculation that actual 2019/20 carryout may fall below the USDA's forecasted 12.5 million MT if the crop continues to come in below previous forecasts as a result of weather issues.*

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## Canada stock growth caps canola futures

- > Winnipeg canola futures came under some selling pressure this week after official body AAFC late last week revised up its old and new crop estimates of Canadian ending stocks.
- > The forecasts shifted ending stocks higher to 4.1 million MT for old crop canola and 4.7 million MT for new crop canola, increases of roughly 200,000 MT for both.
- > Sellers were also encouraged by news that adequate harvest progress last week had quickly filled pipelines, diverting previously bullish traders away from threats of rain and snow damage.
- > Mild support also came from firmer soy oil regenerating some fresh crusher interest.
- > *Canola prices have been trending upwards since mid-summer amid tighter stocks, but upwards price movement has reversed course amid a stronger crop this year as opposed to last year.*

## Rising Malay palm market still frets over Indian sanction threat

- > Rising palm oil futures prices this week put helped ease concerns that Malaysia's stance on the disputed region of Kashmir could cost it lost exports to key customer India.
- > The Indian Solvent Extractors Association was reported to have asked members not to buy Malay oil while some Indian refiners were said to have already halted purchases for Nov/Dec shipments.
- > Indian imports of Malaysian palm oil are the main contributing factor for higher Malay palm exports this year thus far.
- > The tensions arose from comments Malaysian Prime Minister Mahathir Mohamed made implying India has "invaded and occupied" the Kashmir region claimed by Pakistan.
- > *Resolution between the two governments will help facilitate further trade and expectations are that Malaysia will try to reduce tensions in order to protect its vital palm oil industry's key export destination.*

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## Commission plans to compensate farming sector for US tariffs

- > The European Commission will counter the recent US Airbus tariffs with its own duties and support the sectors most affected by the measure, EU leaders have announced.
- > The World Trade Organization's Dispute Settlement Body gave final approval for the US to impose the tariffs on October 14<sup>th</sup>.
- > The Commission is likely to introduce a private storage aid scheme for olive oil and olives and additional support for product promotion to help exporters find new markets in the coming weeks.
- > *Olive oil exports from the EU to the US are the most heavily affected vegetable oils from the tariffs and the US will need to source premium oils for human consumption from elsewhere to compensate for lost trade from higher prices.*

## USDA Crop Progress: Soy harvest remains well behind average

- > US soybean harvest moved to 62 percent complete as of October 27, according to USDA's Crop Progress report which still lags the average of 78 percent.
- > *Producers have shifted their harvest priorities to soybeans with the intention to get the crop out of the field as soon as possible so as to not incur any losses due to wet weather.*

# United States: Soybean Oil Exports

## US Annual Soybean Oil Exports

	16/17	17/18	18/19	19/20 (F)
EU-28	1	1	1	0
China	133	1	0	0
South Korea	206	301	344	185
Rest of Asia/Oceania	28	23	34	26
Africa	61	29	20	49
Colombia	122	108	61	86
Dominican Republic	150	152	138	75
Mexico	265	168	125	170
Other West Hemis.	194	327	207	225
<b>Total</b>	<b>1,159</b>	<b>1,110</b>	<b>931</b>	<b>816</b>

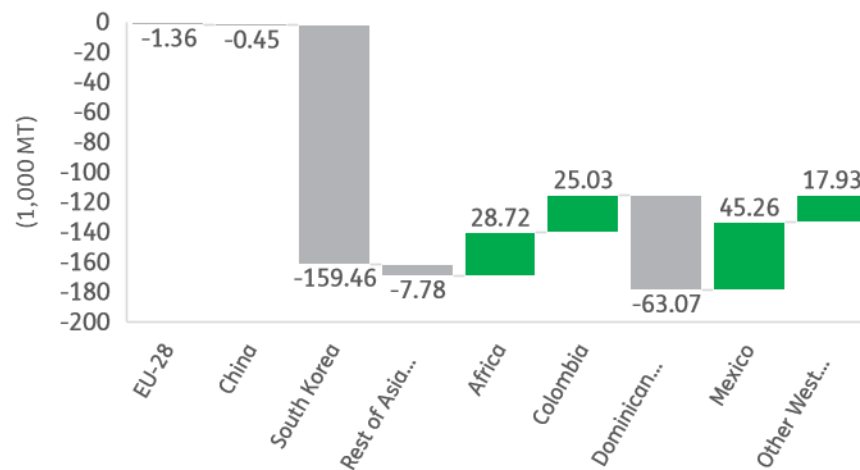
(F) = Informa Economics IEG Forecast

Note: Highlighted yellow references where changes have been made from previous report.

## US Monthly Soybean Oil Exports

	(MT)				
	Apr-19	May-19	Jun-19	Jul-19	Aug-19
EU-28	25	2	116	20	187
China	14	54	14	36	14
South Korea	17,091	46,662	0	38,752	23,888
Rest of	1,938	3,280	2,916	1,602	1,884
Africa	0	3	3	3	3
Colombia	6,676	1,692	79	26	6,465
Dominican	22,015	4,749	15,745	7,519	11,541
Mexico	9,551	14,753	7,048	9,503	9,795
Other West Hemis.	9,916	22,126	17,350	21,609	21,329
<b>Total</b>	<b>67,224</b>	<b>93,320</b>	<b>43,269</b>	<b>79,070</b>	<b>75,106</b>

## YTD Change in Exports (18/19 to 19/20)



# Argentina: Soybean Oil Exports Update

## Argentina Annual Soybean Oil Exports

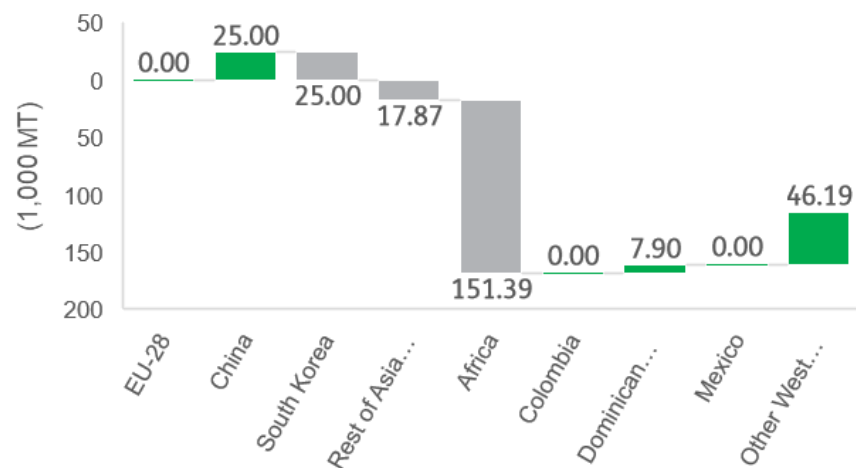
	16/17	17/18	18/19	19/20 (F)
EU-28	0	0	0	0
China	0	27	50	75
South Korea	138	4	175	150
Rest of Asia/Oceania	3,742	2,508	3,219	3,201
Africa	644	651	931	780
Colombia	32	0	50	50
Dominican Republic	14	2	20	28
Mexico	0	0	0	0
Other West Hemis.	818	513	840	886
<b>Total</b>	<b>5,387</b>	<b>3,705</b>	<b>5,285</b>	<b>5,170</b>

(F) = Informa Economics IEG Forecast

## Argentina Monthly Soybean Oil Exports

(1,000 MT)	Apr-19	May-19	Jun-19	Jul-19	Aug-19
EU-28	0	0	0	0	0
China	54	26	0	0	0
South Korea	0	0	0	0	0
Rest of Asia/Oceania	128	293	637	655	562
Africa	67	80	0	0	0
Colombia	0	0	1	2	2
Dominican Republic	0	0	0	0	0
Mexico	0	0	0	0	0
Other West Hemis.	44	35	40	92	8
<b>Total</b>	<b>293</b>	<b>435</b>	<b>678</b>	<b>749</b>	<b>572</b>

## YTD Change in Exports (18/19 to 19/20)



# Soybean Oil Balance Tables for US and Argentina

## US Soybean Oil Supply and Demand (1,000 MT)

	15/16	16/17	17/18	18/19	19/20 (F)
Carryin (Oct 1)	841	765	776	905	838
Production	9,956	10,035	10,783	10,973	11,114
Imports	130	145	152	184	204
<b>Total Supply</b>	<b>10,928</b>	<b>10,945</b>	<b>11,711</b>	<b>12,061</b>	<b>12,157</b>
Domestic Use	9,146	9,009	9,698	10,313	10,523
Biodiesel	2,582	2,812	3,236	3,629	3,901
Non-Biodiesel	6,564	6,197	6,462	6,685	6,622
Exports	1,017	1,160	1,108	910	816
<b>Total Use</b>	<b>10,163</b>	<b>10,169</b>	<b>10,806</b>	<b>11,223</b>	<b>11,340</b>
Carryout (Sep 30)	765	776	905	838	817

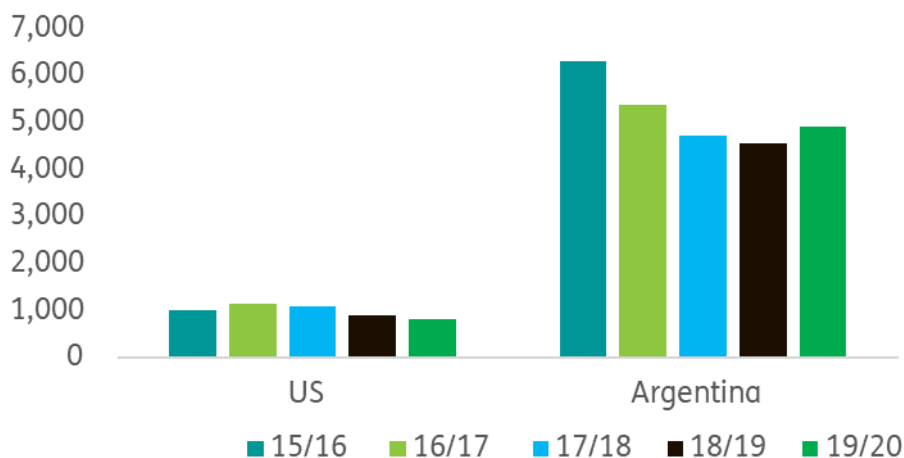
(F) = Informa Economics IEG Forecast

## Argentina Soybean Oil Supply and Demand (1,000 MT)

	15/16	16/17	17/18	18/19	19/20 (F)
Carryin (Apr 1)	196	337	259	310	170
Production	8,755	8,381	7,923	7,179	8,230
Imports	5	0	0	0	5
<b>Total Supply</b>	<b>8,955</b>	<b>8,718</b>	<b>8,182</b>	<b>7,489</b>	<b>8,404</b>
Domestic Use	2,448	2,995	3,202	2,613	3,335
Biodiesel	1,909	2,826	2,968	2,401	2,854
Non-Biodiesel	398	247	183	352	375
Exports	6,312	5,386	4,721	4,566	4,900
<b>Total Use</b>	<b>8,619</b>	<b>8,459</b>	<b>7,872</b>	<b>7,319</b>	<b>8,129</b>
Carryout (Mar 31)	337	259	310	170	275

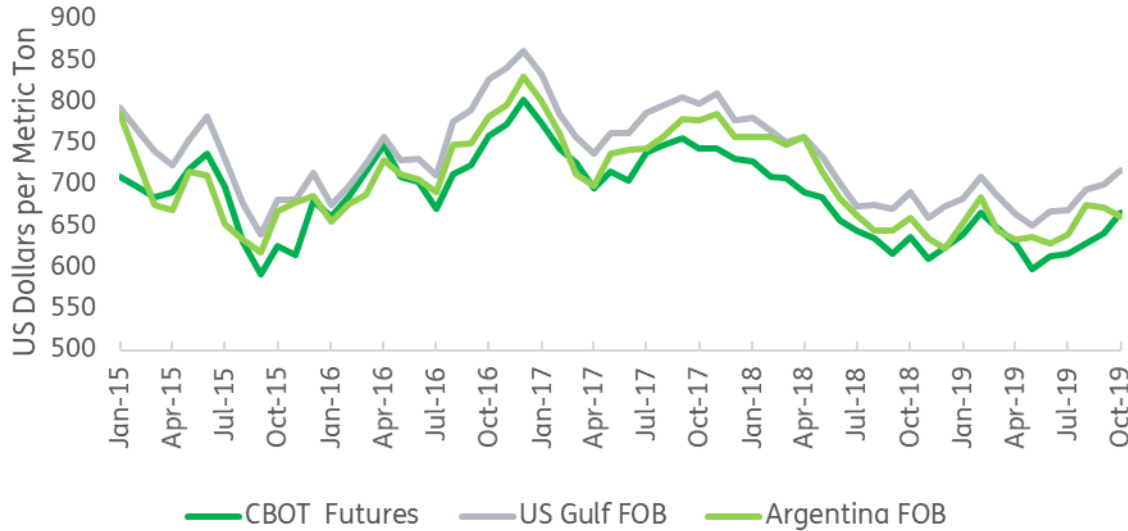
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## SBO Exports Trend (1,000 MT)



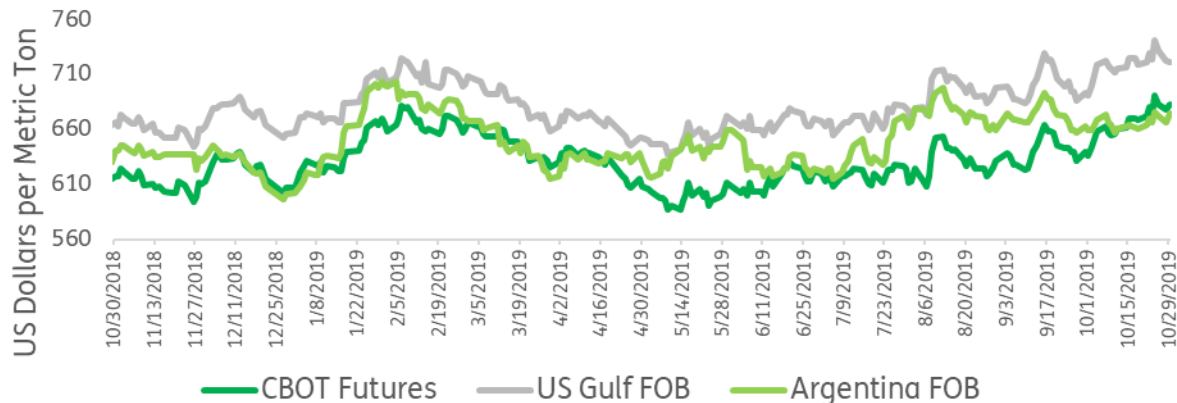
# Soybean Oil Prices Trends

## Soybean Oil Monthly Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
10/1/2019	637	691	659
10/2/2019	644	701	660
10/4/2019	658	719	669
10/7/2019	663	723	674
10/8/2019	657	718	666
10/9/2019	655	716	664
10/10/2019	657	712	657
10/11/2019	661	716	661
10/14/2019	661	717	663
10/15/2019	670	725	664
10/16/2019	670	725	663
10/18/2019	669	719	628
10/21/2019	672	722	664
10/23/2019	674	724	667
10/24/2019	691	741	676
10/25/2019	683	732	672
10/28/2019	679	674	638
10/29/2019	683	722	675

## Soybean Oil Daily Prices





## Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	SUNNY VICTORY	AT ROADS		16,000	SBO	COFCO	CHINA
SAN LORENZO	RENOVA NORTH BERTH	MARS	ETA REC	28-Oct	13,000	SBO	AGROGRAIN	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	HIGH JUPITER	AT ZTE		10,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA TBC	INDIAN HARMONY	ETR SNIC	1-Nov	44,000	SBO	GLENCORE	POLAND
SAN LORENZO	NOBLE)	MATTHEOS I	ETR KM 171	5-Nov	14,000	SBO	COFCO	BANGLADESH
SAN LORENZO	MINERA ALUMBRERA	CHAMPION PULA	ETF	28-Oct	15,000	SBO	COFCO	INDIA
SAN LORENZO	MINERA ALUMBRERA	GULF BAYNUNAH	ETA REC	31-Oct	11,400	SBO	ADM	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	NAVIG8 ALMANDINE	ETR ZTE	8-Nov	5,000	SBO	AGD	
SAN LORENZO	PARANA)	LUMPHINI PARK	ETA REC	29-Oct	2,200	SBO	CARGILL	DOMINICAN REP
SAN LORENZO		LINCOLN PARK	ETA REC	31-Oct	17,400	SBO	BUNGE	COLOMBIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	ACTIVE	ETR ZTE	1-Nov	4,000	SBO	CARGILL	INDIA
SAN LORENZO	PARANA)	BTS SELENA	ETA REC	17-Nov	11,200	SBO	BUNGE	COLOMBIA
SAN LORENZO	TRANSITO (ADM AGRO)	GULF BAYNUNAH	ETA REC	31-Oct	6,000	SBO (P)	ADM	SPAIN
SAN LORENZO	SAN BENITO	MARS	ETA REC	28-Oct	17,000	SBO	ADM	INDIA
SAN LORENZO	SAN BENITO	GULF BAYNUNAH	ETA REC	31-Oct	9,000	SBO	ADM	MOROCCO
SAN LORENZO	SAN BENITO	MATTHEOS I	ETR KM 171	5-Nov	15,000	SBO	COFCO	BANGLADESH
ROSARIO	VILLA GOBERNADOR GALVEZ	ACTIVE	AT KM 168		22,000	SBO	CARGILL	
ROSARIO	VILLA GOBERNADOR GALVEZ	LUMPHINI PARK	ETA REC	29-Oct	11,450	SBO	CARGILL	DOMINICAN REP
ROSARIO	VILLA GOBERNADOR GALVEZ	CELSIUS MANHATTAN	ETA REC	1-Nov	13,000	SBO	CARGILL	PERU

Source: Agencia Maritima Nabsa S.A.

\*REC-Recalada Pilot Station, AT CZONE (At Common Zone- La Plata Roads), AT ROADS (At Port Terminal Corresponding Roads), ETA (Estimated Time of Arrival), ETF (Estimated time to Finalize Operations)

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