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Soybean Oil Market Update

Prepared for



December 15, 2019

Soybean Oil Market Update

Surplus fears still weight on soy price

- > Several big cuts in the 2019 US crop estimate have eased the response of CBOT soy futures to what was earlier seen as a price-depressing global surplus.
- > Strong competition from South America and uncertain demand from China created a previous bearish sentiment on US soy prices.
- > *January 20 soybean future prices have crept up from a low of \$8.71 in early December as a result of the expectations of lower soybean production.*

Palm Oil's revaluation holding up

- > Palm oil has put in an impressive performance in the second half 2019 to date in terms of the extent and durability of its price recovery.
- > The spot month on the Malay Bursa futures contract was this week trading at its best since November 2017, having advanced over 40% from the past summer's lows, warding off bouts of profit-taking and claims of 'overbought' signals.
- > Demand from India improved towards the end of 2019 before high prices turned away some buyers.
- > *Price support continues to flow to palm from expanding bio-diesel programs in origin countries and from relatively firm soybean oil, which wilted less than meal or beans when the soy complex slid recently.*

USDA Export Sales: Soy sales top a million metric tons

- > Net US soybean sales were at the high end of trade expectations for the week to December 5.
- > Net sales of 1,050,100 MT for 2019/2020 were up 54% from the previous week, but down 17% percent from the prior four-week average.
- > Of 1.4 million MT of exports, China accounted for 897,500 MT.
- > Accumulated exports to December 5th of 17.4 million MT were 24% up on-year, with outstanding sales down 10% at 9.6 million MT.
- > *Exports have rebounded slightly from 2018/19, but are still below the years prior to the US/China trade war.*

Soybean Oil Market Update

Soybeans higher after December WASDE

- > Soybean futures settled higher for the sixth consecutive session Tuesday December 10th, after USDA's December WASDE showed no changes in the agency's US soybean supply or usage projections.
- > Brazil's agricultural agency also raised its soybean production forecast by 300,000 MT to 121.1 million MT, based on larger planted area.
- > *The outcome was largely in line with average trade expectations which had called for a one-million-bushel increase in projected US soybean ending stocks.*

EU rapeseed set to rebound from 13-year low

- > Analysts expect EU rapeseed production to recover from the 2019 disaster season next year, but still remain below the previous long-term average.
- > Exceptionally dry conditions in tandem with hot weather and insect attacks led to the poor harvest in 2019.
- > In its latest forecast, market consultancy Stratégie Grains sees EU rapeseed production reaching 18.46 million MT in 2020.
- > *The 2020 crop forecast would still be one of the smallest in recent years, after key producing countries in Western Europe faced another drought-disrupted sowing campaign in the past months. In 2018, for instance, the harvest still amounted to 20 million MT of rapeseed.*

Malaysia November palm oil stocks down 25% on-year

- > Malaysia's palm oil stocks hit a three-month low and were down 25% on-year in November as exports and production slowed, according to the latest data from the Malaysian Palm Oil Board (MPOB).
- > The low stocks are a result of low crude palm oil production in Malaysia.
- > *Low stocks are correlated with higher palm oil prices, and palm oil prices recently reached 2-year highs amid concerns over supply.*

Soybean Oil Market Update

Rapeseed looks to new Canada crop estimates

- > Canola futures prices declined slightly as Statistics Canada raised its crop estimate from 19.4 million MT to just under 20 million MT.
- > Canadian canola farmers have recently been reporting better than expected yields despite a series of weather upsets.
- > *Declines in European and Chinese consumption are expected to lower global rapeseed oil use to its lowest for some years in the season ahead.*

China diverts soy's gaze from ho-hum WASDE

- > China offered another olive branch to the US in the form of more tariff waivers on imported soybeans, followed by its biggest purchase in eight months, taking its season-to-date total to around 10 million MT.
- > The latest WASDE report left most forecasts unchanged and thus was not of much influence to the soy complex markets, prices rose slightly in subsequent days.
- > The US and China have agreed in principle on a Phase I trade deal in which China will scale back tariffs and avoid implementing new tariffs that were scheduled for December 15th.
- > China has promised to ramp up agricultural purchases as a result of the deal.
- > *Resolution in the trade dispute would be a boost for US soybean farmers who have been negatively affected by China's reduced soybean purchases from the US.*

Eye-Watering Palm Oil Price Sees India Turn to Sunflower Oil

- > Higher palm oil prices caused many buyers in India to reduce their palm oil purchases with purchases dropping to a five-month low.
- > Sunflower imports have increased as many palm oil buyers turned to it as a substitute.
- > *Palm oil prices have reached a similar price range to soybean oil while it typically sells at a discount, this improves the competitiveness of soybean oil in the market.*

United States: Soybean Oil Exports

US Annual Soybean Oil Exports

	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	1	1	1	0
China	133	1	0	0
South Korea	206	301	303	318
Rest of Asia/Oceania	28	23	35	35
Africa	61	28	17	20
Colombia	122	108	67	52
Dominican Republic	150	152	139	113
Mexico	265	167	126	114
Other West Hemis.	194	327	192	163
Total	1,159	1,108	881	816

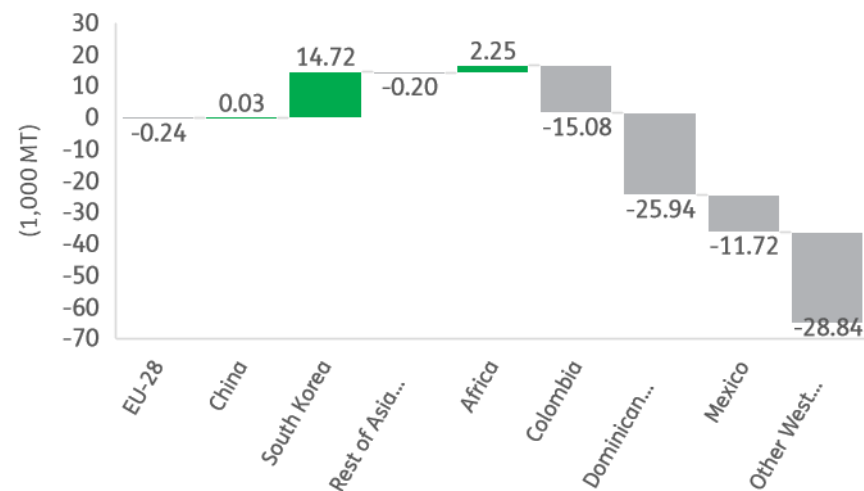
(F) = Informa Economics IEG Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
EU-28	116	20	187	18	18
China	14	36	14	63	58
South Korea	0	38,752	23,888	10	55,984
Rest of Asia/Oceania	2,916	1,602	1,884	1,780	11,294
Africa	3	3	3	0	3
Colombia	79	26	6,465	2	2,516
Dominican Republic	15,745	7,519	11,541	26	18,470
Mexico	7,048	9,503	9,795	7,658	8,777
Other West Hemis.	17,350	21,609	21,329	12,431	17,430
Total	43,269	79,070	75,106	21,986	114,550

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

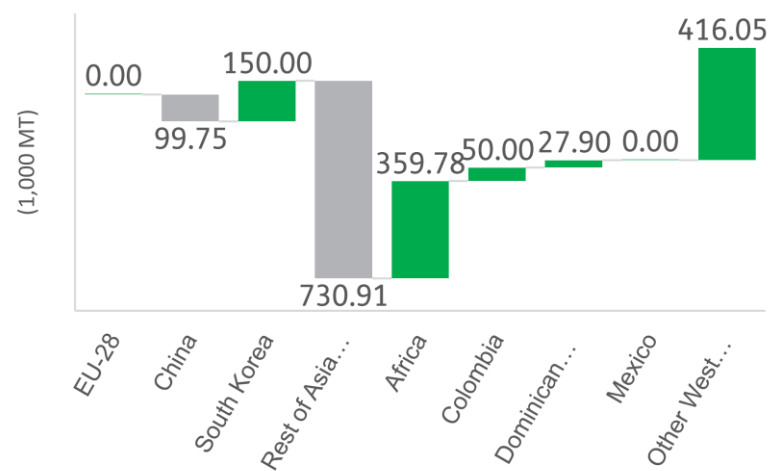
	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	0	0	0	0
China	0	27	175	75
South Korea	138	4	0	150
Rest of Asia/Oceania	3,742	2,958	4,162	3,431
Africa	644	651	420	780
Colombia	32	0	0	50
Dominican Republic	14	2	0	28
Mexico	0	0	0	0
Other West Hemis.	818	513	470	886
Total	5,387	4,155	5,227	5,400

(F) = Informa Economics IEG Forecast

Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
EU-28		0	0	0	0	0
China		0	0	0	0	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		622	655	562	484	634
Africa		0	0	0	0	0
Colombia		1	2	2	2	2
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		40	92	8	148	101
Total		663	749	572	634	738

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	903	805
Production	9,956	10,035	10,783	10,975	11,061
Imports	130	145	152	180	204
Total Supply	10,928	10,945	11,711	12,058	12,071
Domestic Use	9,146	9,009	9,700	10,372	10,523
Biodiesel	2,582	2,812	3,236	3,629	3,901
Non-Biodiesel	6,564	6,197	6,464	6,743	6,622
Exports	1,017	1,160	1,108	881	816
Total Use	10,163	10,169	10,808	11,253	11,340
Carryout (Sep 30)	765	776	903	805	731

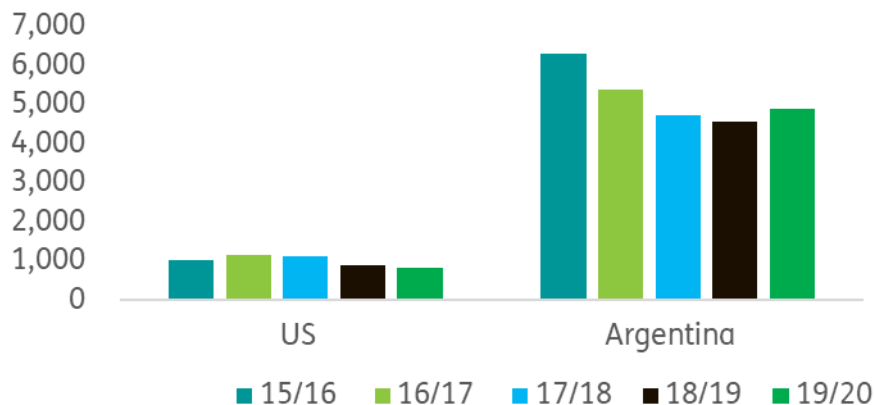
(F) = Informa Economics IEG Forecast

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	8,243
Imports	5	0	0	0	5
Total Supply	8,955	8,718	8,182	7,489	8,418
Domestic Use	2,448	2,995	3,202	2,613	3,348
Biodiesel	1,909	2,826	2,968	2,401	2,854
Non-Biodiesel	398	247	183	352	389
Exports	6,312	5,386	4,721	4,566	4,900
Total Use	8,619	8,459	7,872	7,319	8,143
Carryout (Mar 31)	337	259	310	170	275

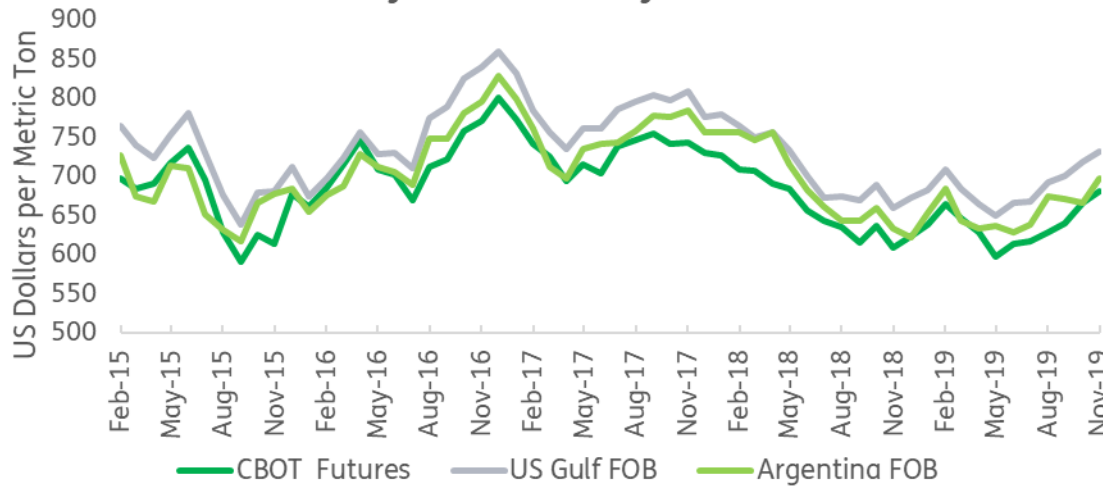
(F) = Informa Economics IEG Forecast

SBO Exports Trend (1,000 MT)

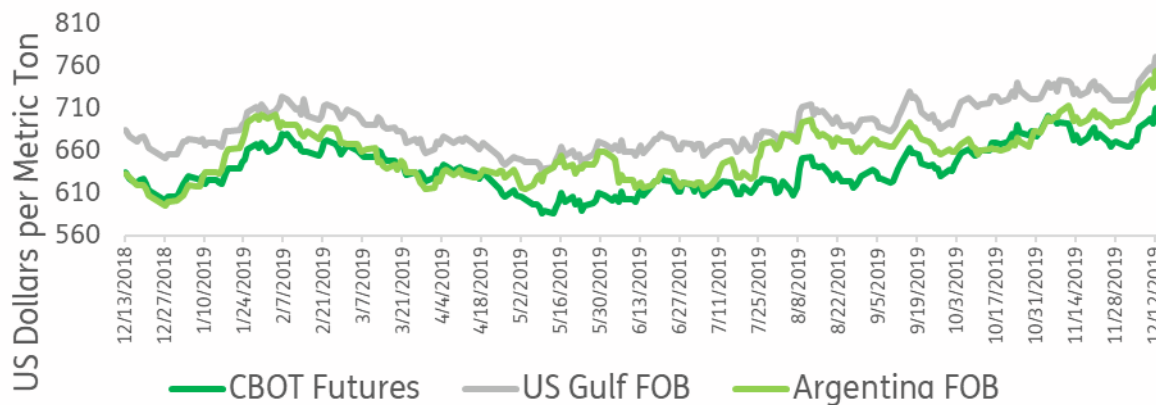


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
11/13/2019	673	728	696
11/14/2019	679	734	700
11/15/2019	671	726	693
11/18/2019	675	731	697
11/19/2019	683	738	702
11/20/2019	688	743	708
11/21/2019	677	732	701
11/22/2019	681	736	703
11/25/2019	671	726	695
11/26/2019	666	721	690
12/2/2019	665	720	697
12/3/2019	666	721	628
12/4/2019	672	727	707
12/5/2019	672	728	717
12/9/2019	696	757	741
12/10/2019	698	759	744
12/11/2019	693	674	638
12/12/2019	711	771	755

Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	AMFITRION	ETF	11-Dec	10,000	SBO	COFCO	BANGLADESH
SAN LORENZO	T.B.C. RENOVA NORTH- RENOVA SO	ATLANTIC PRIDE	ETA REC	19-Dec	32,000	SBO	GLENCORE	INDIA
SAN LORENZO	T.B.C. RENOVA NORTH- RENOVA SO	SEA TIGER	ETA REC	21-Dec	20,000	SBO	GLENCORE	INDIA
SAN LORENZO	T.B.C. RENOVA NORTH- RENOVA SO	SEA TIGER	ETA REC	21-Dec	12,000	SBO	GLENCORE	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	GULF MISHREF	ETA REC	22-Dec	10,000	SBO	LDC	
SAN LORENZO	MINERA ALUMBRERA	ST PETRI	ETF	12-Dec	33,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	FAIRCHEM CHARGER	AT REC	8-Dec	20,000	SBO	ADM	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	MTM KOBE	ETR SLZ	13-Dec	2,000	SBO	WILMAR	MOZAMBIQUE
SAN LORENZO	MINERA ALUMBRERA	FAIRCHEM COPPER	ETA REC	18-Dec	7,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	MTM YANGON	ETA REC	18-Dec	34,000	SBO	BUNGE	ALGERIA
SAN LORENZO	PARANA)	ALKAIOS	ETF	14-Dec	32,000	SBO	LDC	INDIA
SAN LORENZO	PARANA)	MAERSK CAYMAN	ETA REC	24-Dec	17,000	SBO	CARGILL	INDIA
SAN LORENZO	TRANSITO (ADM AGRO)	MTM NEW ORLEANS	ETA REC	18-Dec	18,000	SBO (P)	ADM	INDIA
SAN LORENZO	DEMPA	FAIRCHEM COPPER	ETA REC	15-Dec	1,200	SBO	BUNGE	INDIA
SAN LORENZO	SAN BENITO	MTM KOBE	ETR SLZ	13-Dec	17,000	SBO	WILMAR	MOZAMBIQUE
SAN LORENZO	SAN BENITO	MTM NEW ORLEANS	ETA REC	18-Dec	10,000	SBO (P)	ADM	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	STI OPERA	ETA ALV	12-Dec	10,000	SBO	CARGILL	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	STENAWECO EXCELLENCE	ETA REC	16-Dec	33,000	SBO	CARGILL	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	GOLDEN GATE PARK	ETA REC	20-Dec	18,500	SBO	CARGILL	PERU
ROSARIO	DREYFUS VEGOIL TERMINAL	CTG BISMUTH	ETA LAG	11-Dec	4,000	SBO (P)	MARVESA	NETHERLANDS
ROSARIO	DREYFUS VEGOIL TERMINAL	GULF MISHREF	ETA REC	22-Dec	5,000	SBO (P)	LDC	
ROSARIO	DREYFUS VEGOIL TERMINAL	GULF MISHREF	ETA REC	22-Dec	17,000	SBO	LDC	

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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