

Soybean Oil Market Update



Soybean Oil Market Update

Weekly Review: Soy still obsessed with China

- A number of analysts suggest that there will need to be a significant cut in US and/or Latin American soybean crop estimates in order to support sustained increases in soybean prices.
- Improved weather and better expected yields from an earlier than usual Brazilian harvest have resulted in higher recent forecasts for Brazilian soybean production than previous estimates predicted.
- *China's buying intentions remain a wild card and uncertainty will continue in the soybean markets until a resolution is reached in the ongoing US/China trade dispute.*

Russia threatens to impose restrictions on Brazilian soy imports

- Russia is considering banning imports of soybeans and soybean meal from Brazil due to concerns of numerous cases of shipments with high levels of the herbicide glyphosate.
- Brazil claims the detected levels of glyphosate are more than a hundred times below limits agreed to in the Codex Alimentarius which contains internationally recognized standards regarding food safety.
- Some players in Brazilian agribusiness believe the dispute is part of a political game as Russia disputes the Brazilian government's recognition of Venezuela's opposition leader Juan Guaidó as the country's President.
- *Global political tensions affecting soybean trade are not confined to the US/China trade dispute as a number of other major geopolitical topics remain pertinent.*

COFCO joins sustainable development body

- Chinese commodity giant COFCO International has joined the World Business Council for Sustainable Development (WBCSD) to tackle sustainability issues in soy.
- The primary focus of the WBCSD's soft commodities forum will be to focus on challenges surrounding soy production in Brazil's Cerrado ecoregion.
- *Given COFCO is a major buyer of soybeans globally, their inclusion in sustainability efforts are vital to their potential success.*

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China's COFCO confirms large purchase of US soybeans

- Chinese state agricultural conglomerate COFCO group confirmed a purchase of millions of MT of soybeans from the US following the most recent round of trade negotiations between the US and China.
- According to a note on COFCO's website, the purchase was part of the company's efforts to implement a consensus on trade agreed between the US and China.
- *While China has resumed purchases of US soybeans in recent weeks, it remains to be seen if the trend continues at the conclusion of the 90-day truce between the two nations.*

USDA working through export data backlog

- The USDA announced a release schedule in early February for the month as it works through a backlog of weekly export sales reports caused by the 35-day partial government shutdown.
- The Foreign Agricultural Service will release one report per week until February 22 when it will release a bumper combined report for the weeks ending January 10 to February 14.
- *The US government avoided a further shutdown after a deal was reached on February 15, so further delays in USDA report releases were avoided.*

USDA reports lower 2018 US soybean production, record December 1st stocks (IEG Vantage)

- In its Crop Production 2018 Summary, USDA lowered its 2018 soybean production estimate by 56 million bushels to 4,544 million bushels because of a 200,000-acre decrease in harvested area combined with a 0.5 bushel-per-acre reduction in yield.
- Despite the reduction, 2018 production remained record large, exceeding last year's record crop by 132 million bushels.
- *Accumulation of stocks usually puts downward pressure on soybean prices. In conjunction with forecasts of favorable soybean production in key countries in 2019, IEG Vantage expects prices of soybeans to shift lower in the long term.*

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Malaysia palm oil exports jump 21%

- Malaysia exported 1.7 million MT of palm oil in January 2019, up 21% from December 2018 and 14% from January 2018 levels.
- Exports were boosted by year-on-year increases in exports to the two largest buyers, China and India.
- Palm oil production in Malaysia was down 4% month-on-month.
- *Stronger demand combined with declining production in Malaysia have provided a much needed boost to Malaysian palm oil prices as they approached 10 year lows in late 2018.*

Indonesian palm exports rise in 2018

- According to the Indonesian Palm Oil Association, exports of palm oil rose by 8% in 2019 from 2017 levels to a total of 34.6 million MT.
- Increased shipments to China and Pakistan helped offset lower shipments to India that resulted from higher import tariffs.
- Domestic palm oil use jumped significantly to 13.4 million MT for use in biodiesel and cooking.
- *Domestic use of palm oil in Indonesia is expected to increase in 2019 which will be supported by increased crude palm oil production.*

Weekly Review: Glut drives soy market

- The USDA cut its world soybean production forecast by 8 million MT for the 2018/19 crop year, but reactions by traders were relatively mild given the magnitude of the production cut.
- Chinese buyers cancelled some earlier soybean purchase commitments in the first reporting week of 2019, a factor in pushing soybean prices lower after the news broke on Thursday, February 14.
- US traders were hoping that gap would narrow if a China trade deal sees a further resurgence in purchases by the top buyer in the second-half of 2018/19, but the reported cancellations dampened those hopes.
- *The predicted total of world soybean stocks in the latest USDA forecast is 106.7 million MT, a large number that will likely keep soybean prices bearish for the foreseeable future.*

United States: Soybean Oil Exports

US Annual Soybean Oil Exports

	(1,000 MT)			
	15/16	16/17	17/18	18/19
EU-28	0	1	1	1
China	57	133	1	1
South Korea	93	206	301	257
Rest of Asia/Oceania	56	28	23	24
Africa	133	61	29	26
Colombia	51	122	108	91
Dominican Republic	119	150	152	136
Mexico	235	265	168	174
Other West Hemis.	271	194	327	333
Total	1,015	1,159	1,110	1,043

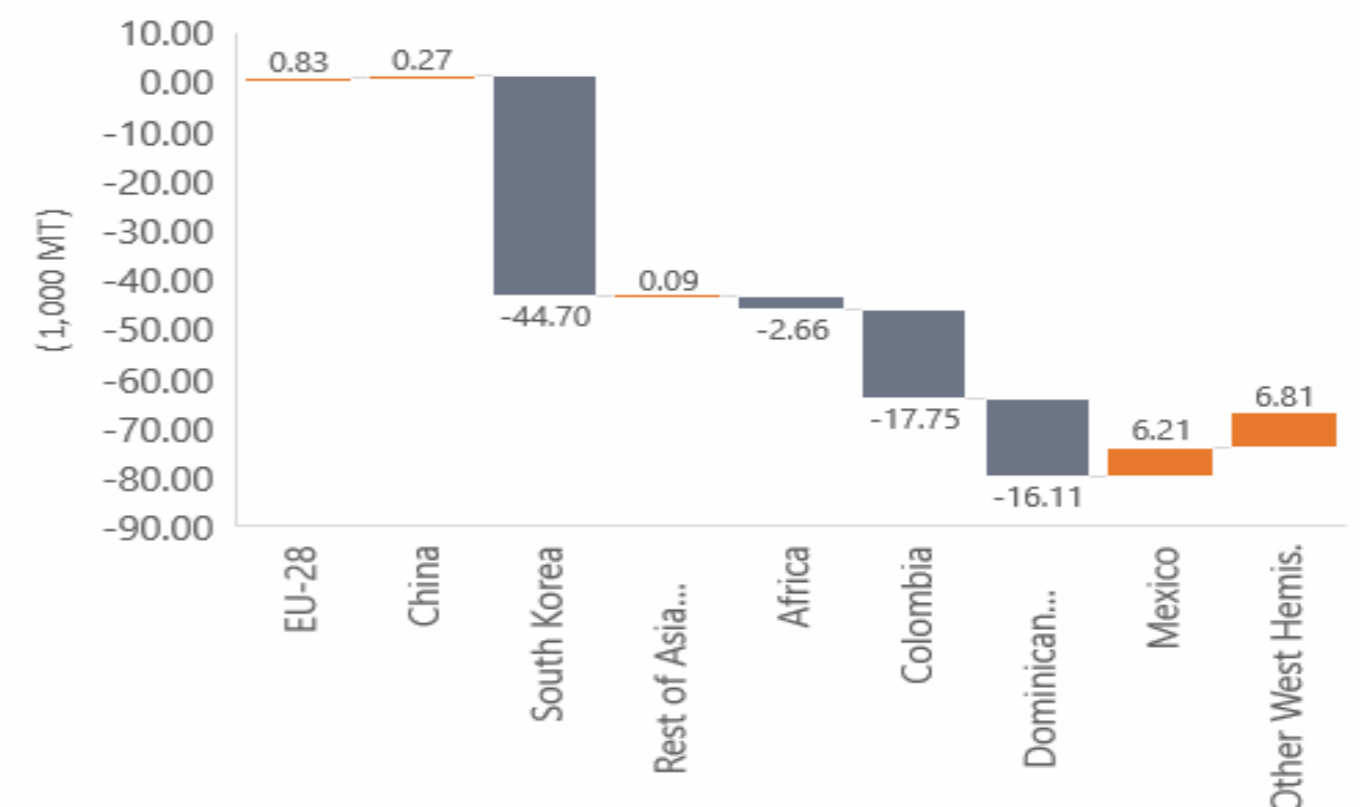
(F) = Informa Economics IEG Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
EU-28	218	5	3	2	18
China	51	74	74	101	34
South Korea	27,337	14,000	13,053	8,679	15,592
Rest of Asia/Oceania	2,533	1,881	2,015	1,172	1,450
Africa	24	5	11,801	5,002	3
Colombia	2,275	9,540	5,859	6,573	6,963
Dominican Republic	4,214	13,108	13,593	12,213	14,443
Mexico	12,938	10,065	18,178	6,978	6,631
Other West Hemis.	53,977	30,581	25,072	14,466	21,135
Total	103,567	79,259	89,648	55,186	66,269

YTD Change in Exports (17/18 to 18/19)



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

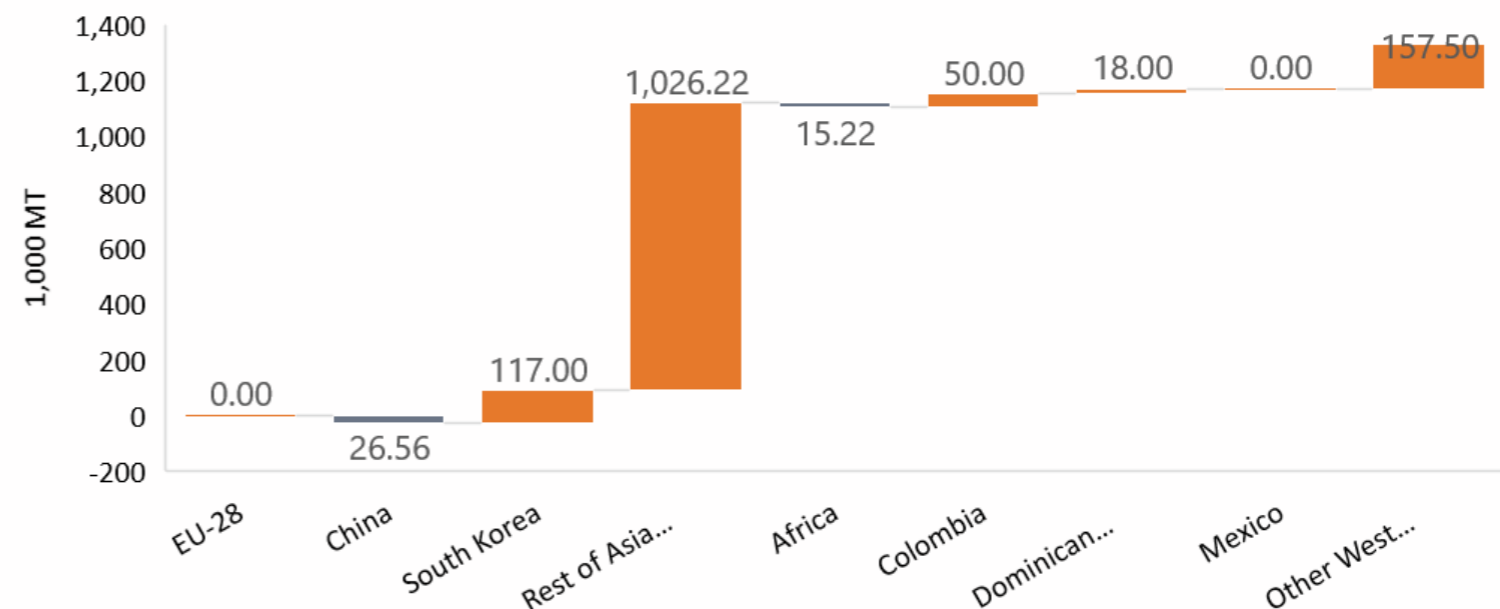
	(1,000 MT)			
	15/16	16/17	17/18	18/19
EU-28	0	0	0	0
China	1	0	27	0
South Korea	185	138	4	121
Rest of Asia/Oceania	4,005	3,742	2,307	3,534
Africa	823	644	585	636
Colombia	17	32	0	50
Dominican Republic	55	14	2	20
Mexico	0	0	0	0
Other West Hemis.	613	818	430	671
Total	5,698	5,387	3,355	5,032

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Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
EU-28		0	0	0	0	0
China		27	0	0	63	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		311	201	229	106	288
Africa		22	66	41	1	0
Colombia		0	0	0	0	0
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		31	84	61	40	47
Total		391	350	331	209	334

YTD Change in Exports (17/18 to 18/19)



Soybean Oil Balance Tables for US and Argentina

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

	14/15	15/16	16/17	17/18	18/19 (F)
Carryin (Oct 1)	528	841	765	776	903
Production	9,663	9,956	10,035	10,781	11,054
Imports	120	130	145	152	159
Total Supply	10,311	10,928	10,945	11,709	12,115
Domestic Use	8,556	9,148	9,009	9,726	10,206
Biodiesel	2,286	2,582	2,812	3,236	3,765
Non-Biodiesel	6,271	6,566	6,197	6,491	6,441
Exports	914	1,015	1,160	1,080	1,043
Total Use	9,470	10,163	10,169	10,806	11,249
Carryout (Sep 30)	841	765	776	903	866

(F) = Informa Economics IEG Forecast

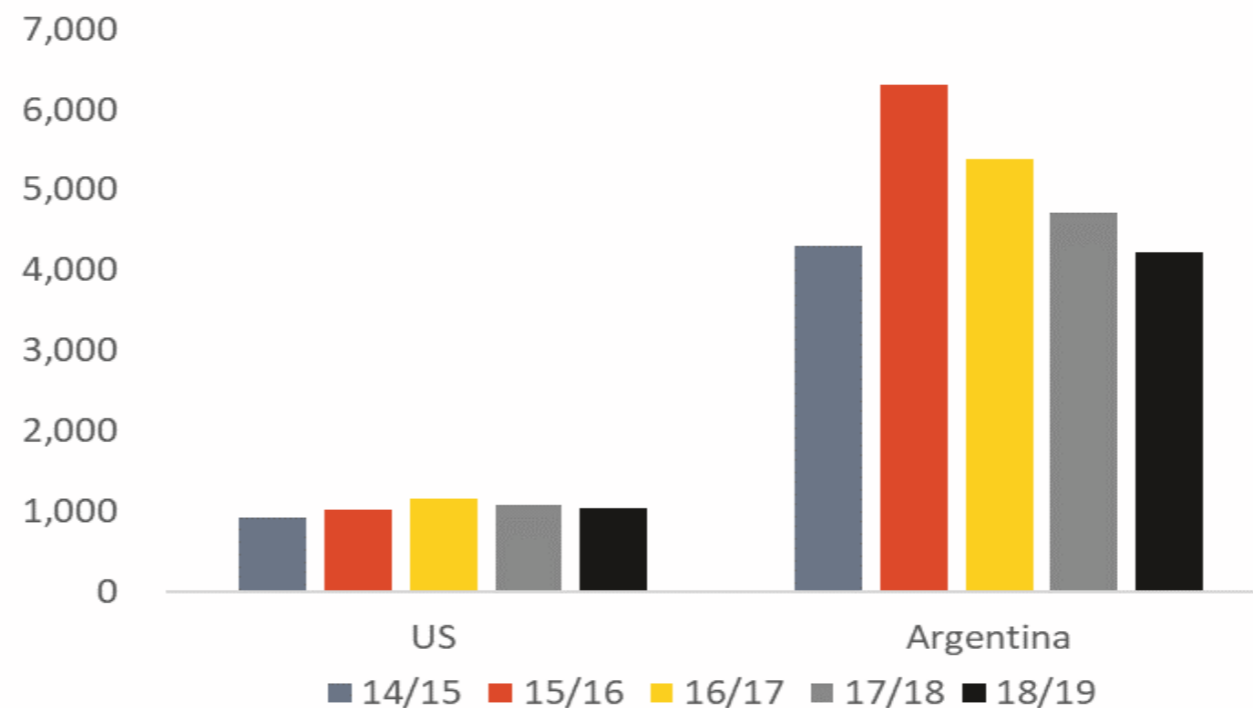
Argentina Soybean Oil Supply and Demand (1,000 MT)

	14/15	15/16	16/17	17/18	18/19 (F)
Carryin (Apr 1)	207	196	337	259	310
Production	7,191	8,755	8,381	7,923	7,289
Imports	26	5	0	0	60
Total Supply	7,424	8,955	8,718	8,182	7,659
Domestic Use	2,921	2,448	2,995	3,202	3,124
Biodiesel	2,559	1,909	2,826	2,968	2,728
Non-Biodiesel	374	398	247	183	456
Exports	4,296	6,312	5,386	4,721	4,225
Total Use	7,228	8,619	8,459	7,872	7,409
Carryout (Mar 31)	196	337	259	310	250

(F) = Informa Economics IEG Forecast

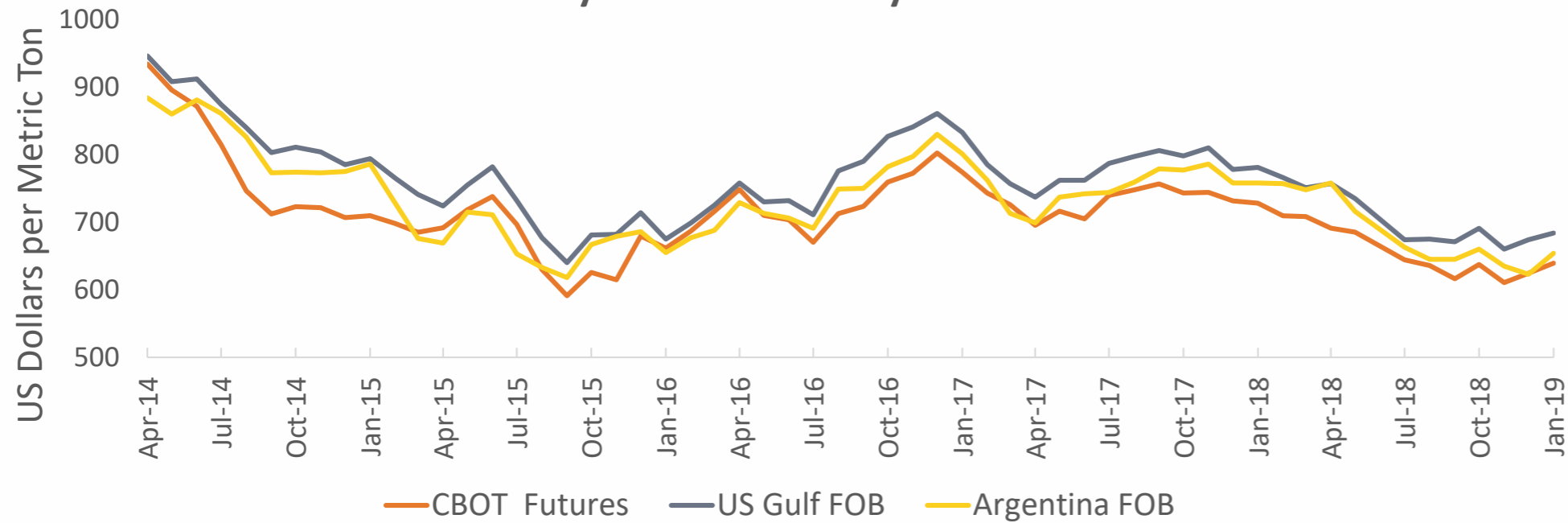
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SBO Exports Trend (1,000 MT)

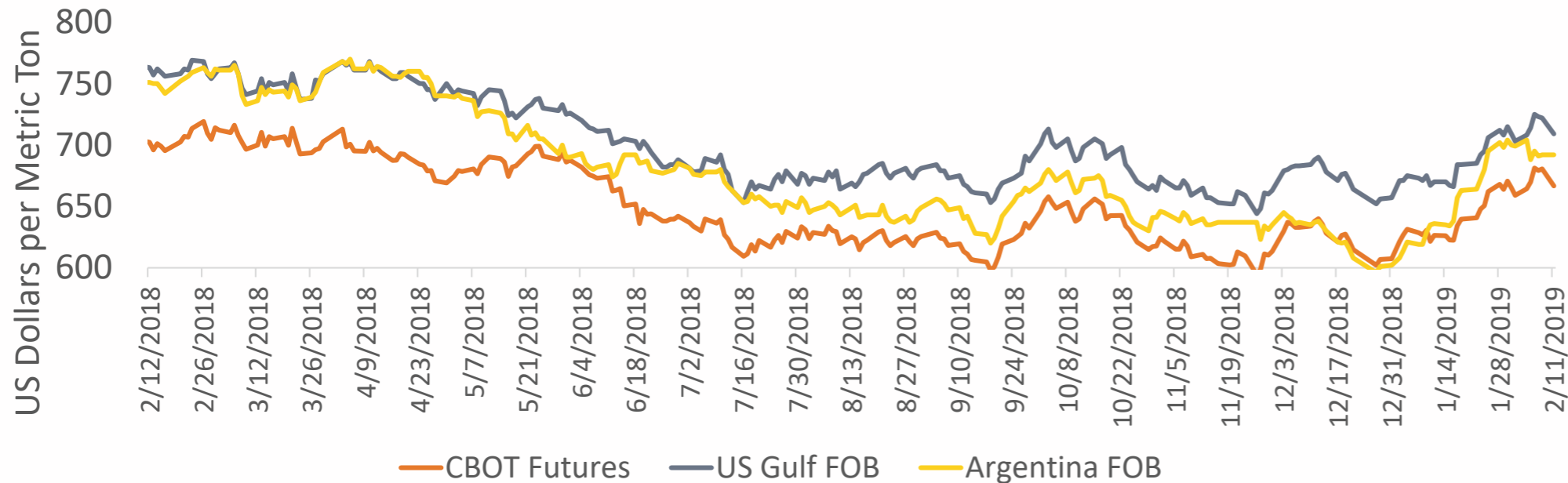


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
1/14/2019	626	670	635
1/15/2019	623	667	634
1/16/2019	622	666	638
1/17/2019	634	684	657
1/18/2019	640	684	663
1/22/2019	641	685	664
1/23/2019	648	692	672
1/24/2019	651	695	680
1/25/2019	662	706	695
1/28/2019	668	712	702
1/29/2019	664	708	698
1/30/2019	671	715	704
1/31/2019	665	709	700
2/1/2019	659	703	699
2/4/2019	664	708	704
2/5/2019	670	714	688
2/6/2019	681	725	695
2/7/2019	679	723	691
2/8/2019	681	722	692
2/11/2019	667	709	692

Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	ARDMORE SEAHAWK	AT ROADS		1,500	SBO	LDC	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	ARDMORE SEAHAWK	AT ROADS		8,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA NORTH BERTH	UNIQUE INFINITY	AT REC	2/12/2019	20,500	SBO	ADM	INDIA
SAN LORENZO	RENOVA NORTH BERTH	UNIQUE INFINITY	AT REC	2/12/2019	4,000	SBO	ADM	MADAGASCAR
SAN LORENZO	RENOVA SOUTH BERTH	MTM MUMBAI	ETA REC	2/16/2019	500	SBO	ADM	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	OMODOS	ETA REC	2/19/2019	5,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	HOUYOSHI EXPRESS II	ETA REC	2/21/2019	15,000	SBO	GLENCORE	INDIA
SAN LORENZO	DREYFUS TIMBUES	HELLAS MARIANA	ETF	2/15/2019	7,000	SBO	LDC	INDIA
SAN LORENZO	DREYFUS TIMBUES	HELLAS MARIANA	ETF	2/15/2019	3,000	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	OMODOS	ETA REC	2/19/2019	16,600	SBO	LDC	INDIA
SAN LORENZO	DREYFUS TIMBUES	ANCHON	ETA REC	2/26/2019	11,000	SBO	LDC	BANGLADESH
SAN LORENZO	COFCO INTL. NORTH BERTH EX NOBLE)	ALBATROSS TRADER	ETR SLZO	2/14/2019	4,500	SBO	ADM	PERU
SAN LORENZO	MINERA ALUMBRERA	MTM MUMBAI	ETA REC	2/16/2019	8,000	SBO	ADM	INDIA
SAN LORENZO	MINERA ALUMBRERA	NCC RIYAD	AT ROADS		6,000	SBO	COFCO	INDIA
SAN LORENZO	MINERA ALUMBRERA	MTM MUMBAY	ETA REC	2/16/2019	10,000	SBO	ADM	INDIA
SAN LORENZO	MINERA ALUMBRERA	STENAWECO ANDREA CORRADO	ETA REC	2/18/2019	31,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	ATLANTIC BAY	ETA REC	2/20/2019	33,500	SBO	BUNGE	INDIA
SAN LORENZO		CELSIUS MANILA	ETF	2/14/2019	4,000	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO PARANA)	CELSIUS MANILA	ETF	2/14/2019	12,471	SBO (B)	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO PARANA)	ALBATROSS TRADER	ETA SLZO	2/14/2019	2,650	SBO (B)	BUNGE	COLOMBIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO PARANA)	NEW DAWN	AT REC	2/13/2019	10,000	SBO (P)	CARGILL	INDIA
SAN LORENZO	(EX NIDERA)	NEW DAWN	AT REC	2/13/2019	7,043	SBO	CARGILL	INDIA
SAN LORENZO	TRANSITO (ADM AGRO)	BOW RIYAD	AT ROADS		15,000	SBO	COFCO	INDIA
SAN LORENZO	TRANSITO (ADM AGRO)	MTM MUMBAI	ETA REC	2/16/2019	10,000	SBO (P)	ADM	INDIA
SAN LORENZO	TRANSITO (ADM AGRO)	HOUYOSHI EXPRESS II	ETA REC	2/21/2019	15,000	SBO (P)	GLENCORE	INDIA
SAN LORENZO	DEMPA	STENAWECO ANDREA CORRADO	ETA REC	2/18/2019	14,000	SBO	BUNGE	INDIA
SAN LORENZO	AKZO NOBEL	ALPINE MISTERY	ETF	2/14/2019	12,500	SBO	LDC	INDIA
SAN LORENZO	AKZO NOBEL	NCC RIYAD	AT ROADS		10,000	SBO	COFCO	INDIA
SAN LORENZO	SAN BENITO	HELLAS MARIANA	AT DREYFUS		15,000	SBO	LDC	BANGLADESH
SAN LORENZO	SAN BENITO	NEW DAWN	AT REC	2/13/2019	10,000	SBO	CARGILL	INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	ALPINE MYSTERY	ETA LAG	2/15/2019	2,662	SBO	LDC	INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	OMODOS	ETA REC	2/19/2019	7,000	SBO (P)	LDC	INDIA
BAHIA BLANCA	CARGILL TERMINAL	NEW DAWN	ETA BB	2/24/2019	6,000	SBO	CARGILL	INDIA

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)



Questions

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