

Soybean Oil Market Update



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Trade Deals: US agrees to postpone 25% tariff on Chinese goods

- After trade talks between the US and China, the US agreed to postpone 25% tariffs that would have been placed on a number of agricultural related products exported from China into the US starting March 2nd, including fruit juices.
- USDA Secretary Sonny Perdue also announced that China committed to buy another 10 million MT of US soybeans during trade negotiations.
- US and EU officials are discussing regulatory cooperation and are expected to start negotiations on a bilateral free trade agreement that would reduce tariffs on industrial goods which would increase trade between the US and the EU, but the EU opposes including agriculture in the trade agreement.
- *Continued easing of trade tensions between the US and China would aid US soybean exporters who have benefitted from China's commitment to re-purchasing US soybeans after US soybean exports to China reached zero in November 2018.*

USDA sees US corn, soybean and wheat carryovers in decline for 2019/20

- The USDA anticipates a harvested area for soybeans of 84.3 million acres with a weather-adjusted trend yield of 49.5 bushels per acre, bringing the total crop to 4.175 billion bushels.
- The US soybean crush is expected to rise to 2.105 billion bushels, with exports of 2.025 billion bushels, a carryover of 845 million bushels, and a season average farm price of \$8.80 per bushel.
- The USDA sees a record crush for soybeans as a higher domestic use of soybean meal will more than offset lower exports that will result from a recovery of Argentina's crop after last year's drought.
- *The USDA anticipates a 4 percent increase in soybean disappearance will lead to a stocks-to-use ratio at 19.8 percent, down from 22.2 percent in 2018/19. Stocks-to-use ratios are a key metric analysts use to forecast prices, with higher stocks-to-use ratios correlated with lower prices.*

Brazil's soybean crop estimates shrink on bad weather

- Brazil's National Supply Company (Conab) last week reported a decrease in soybean production of 4 million MT from the record crop-cycle last year, from 119.3 million MT to 115.3 million MT of soybeans.
- Weather problems in 12 Brazilian states are the main culprit for declining production estimates.
- *If Conab's estimated forecast decline of 4 million MT is realized, revenue loss for producers would exceed \$1 Billion USD.*

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Indonesia asks India to cut palm oil tariffs in exchange for sugar imports

- Indonesia asked India to cut its tariff on refined palm oil from 50% to 45%, matching the levy for Malaysia, and has offered market access for Indian sugar in exchange for the lower tariff.
- Indonesia currently imports raw sugar from Thailand, but opening up market access from India would benefit domestic industry.
- *Indonesia currently exports more palm oil to India than Malaysia does as Indonesia accounted for 68% of palm oil exports to India from 2013 to 2018 and Malaysia accounted for 31% of exports. Lowering tariffs on Indonesia palm oil to match Malaysia may further increase Indonesia's absolute advantage in palm oil export quantities to India.*

Palm oil at center of Indonesian presidential race

- Candidates in Indonesia's presidential race are campaigning on promises of increased self-sufficiency through palm oil use in fuel.
- Indonesia has already taken steps to increase its domestic use of palm oil, of which it is the world's largest producer, as a means to reduce costly oil imports. The country implemented and extended its B20 rules, which make 20% blending of biofuel compulsory in diesel fuel.
- There are plans to push for a B30 rule for 2020 that would increase the mandate to 30% blending of biodiesel, but the ruling party president said he would look to implement a B100 rule in which all domestically used diesel would be derived from biodiesel.
- *Oil imports currently constitute a significant portion of Indonesia's trade deficit, and a decrease in reliance on oil imports would provide greater balance and self sufficiency to the national economy.*

Weekly Review: Rapeseed slides despite Canada's EU demand hopes

- Winnipeg rapeseed futures plunged to new life-of-contract lows the week ending February 22nd despite further talk of a tight seasonal EU supply balance and this season's reduced competition from some key exporters.
- In addition to a smaller European crop, Australia is facing a rapeseed shortfall and the EU is expected to import greater quantities of Canadian rapeseed to compensate.
- Ukraine shipped out a record 2.4 million MT of rapeseed last year with 60% of it exported to European markets.
- *Europe has emerged as a strong export destination for US soybeans during reduced Chinese demand and a rapeseed shortfall may encourage increased soybean oil crushing as a replacement for rapeseed oil.*

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USDA Reports Highest 2018/19 Soybean Crush, Meal Exports Remain Strong (IEG Vantage)

- USDA-NASS released its December Fats and Oils Report February 22nd, which typically would have been released earlier in February but was delayed by the government shutdown, and the report showed a record December US soybean crush of 183.6 million bushels, 6.9% above the crush numbers released by NOPA.
- December soybean meal yield was the lowest of the marketing year to date in December 2018.
- The January Fats and Oils Report will be released March 1st. NOPA has released its January crush numbers which suggest an implied industry crush of 182.6 million bushels for the month.
- US soybean meal export commitments for 2018/19 have exceeded levels for each of the previous three marketing years.
- *Soybean oil stocks are projected to remain steady as increased export activity and record biodiesel demand keep total use high.*

Soy growers disappointed no deal reached with China to lift tariffs

- The American Soybean Association voiced disappointment that no final resolution is expected in the US-China talks before an original deadline of March 1, 2019, but called Chinese commitments to purchase more US soybeans “a positive step.”
- *China remains a vital export market for US soybeans as export values rose from \$414 million in 1996 to \$14 billion in 2017. In 2017, Chinese exports accounted for 60% of all soybean exports and 31% of total US soybean production.*



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

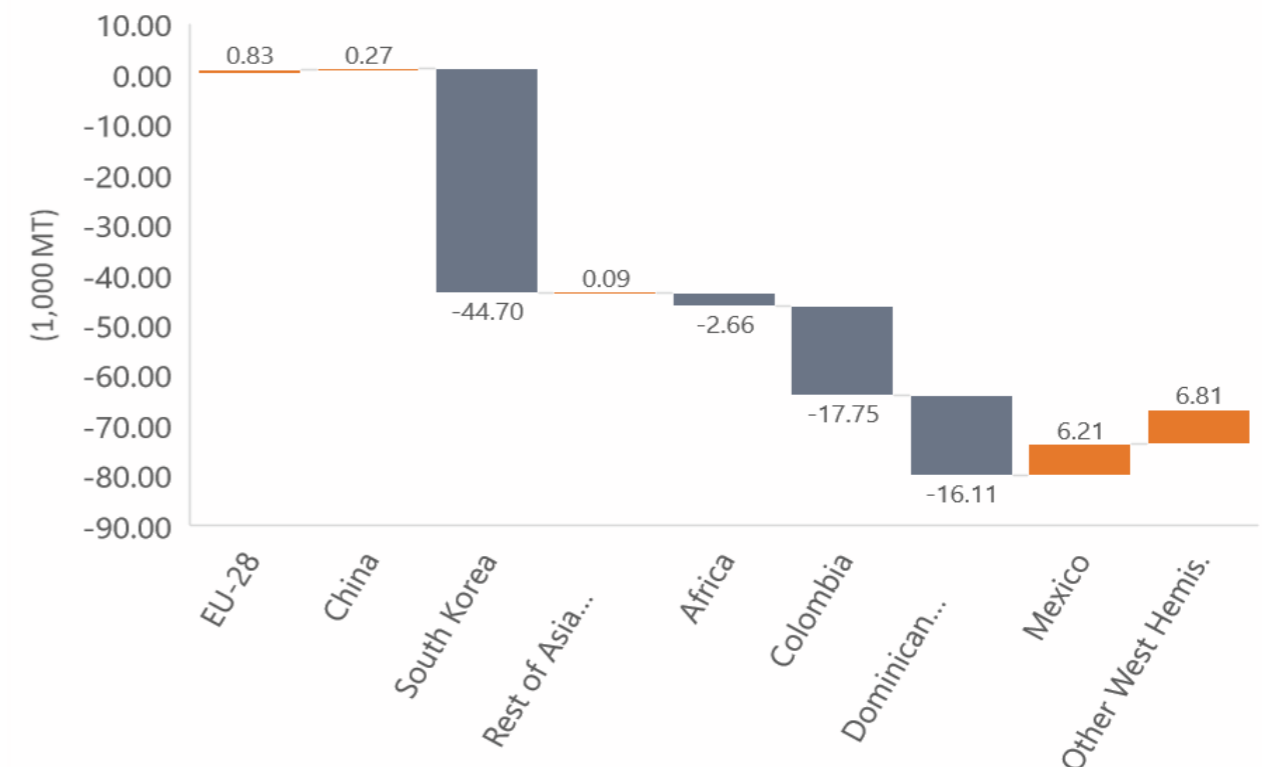
(F) = Informa Economics IEG Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
EU-28	5	3	2	18	283
China	74	74	101	34	79
South Korea	14,000	13,053	8,679	15,592	32,930
Rest of Asia/Oceania	1,881	2,015	1,172	1,450	1,362
Africa	5	11,801	5,002	3	12,202
Colombia	9,540	5,859	6,573	6,963	13,213
Dominican Republic	13,108	13,593	12,213	14,443	13,876
Mexico	10,065	18,178	6,978	6,631	10,069
Other West Hemis.	30,581	25,072	14,466	21,135	13,894
Total	79,259	89,648	55,186	66,269	97,908

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

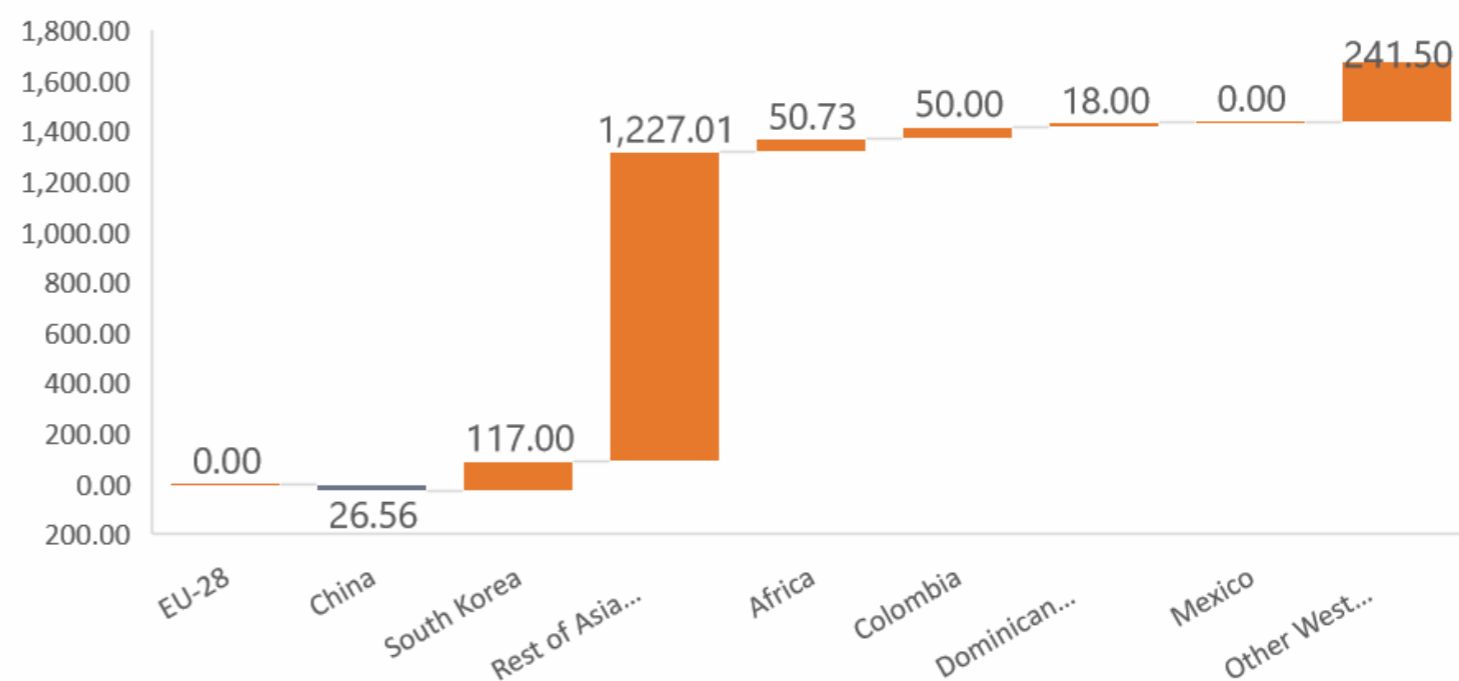
	(1,000 MT)			
	15/16	16/17	17/18	18/19
EU-28	0	0	0	0
China	1	0	27	0
South Korea	185	138	4	121
Rest of Asia/Oceania	4,005	3,742	2,307	3,534
Africa	823	644	585	636
Colombia	17	32	0	50
Dominican Republic	55	14	2	20
Mexico	0	0	0	0
Other West Hemis.	613	818	430	671
Total	5,698	5,387	3,355	5,032

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

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

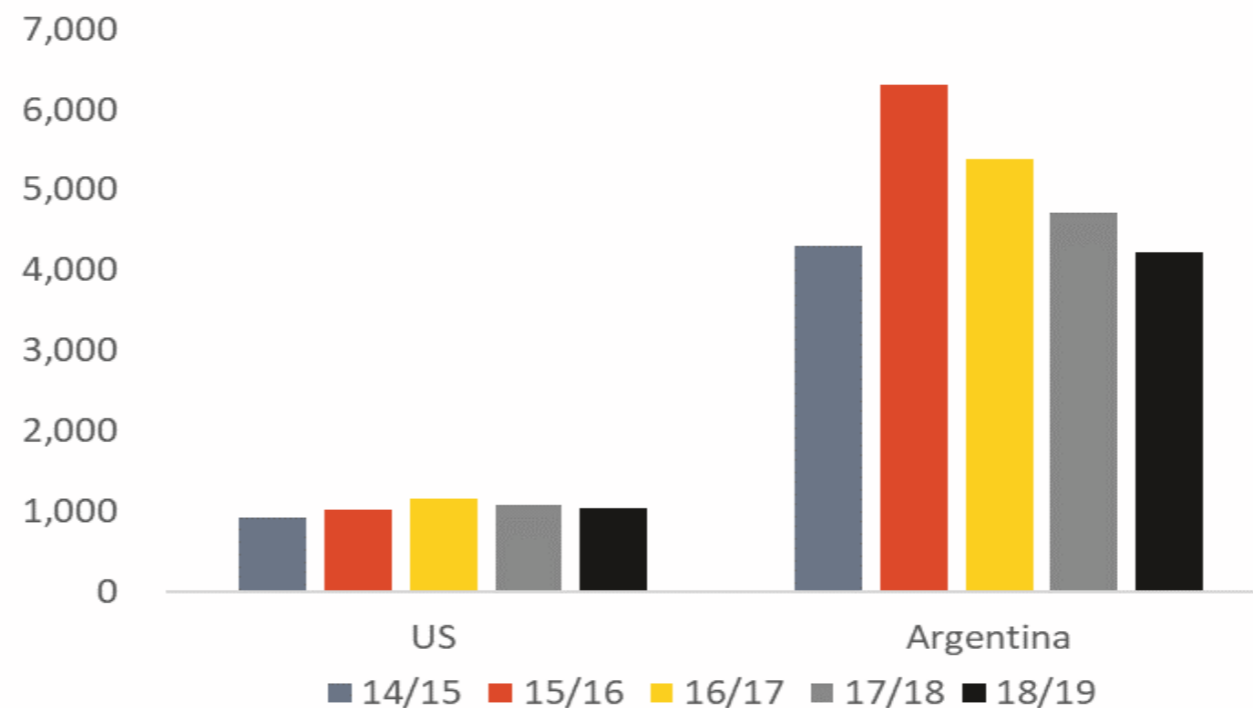
Argentina Soybean Oil Supply and Demand (1,000 MT)

	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

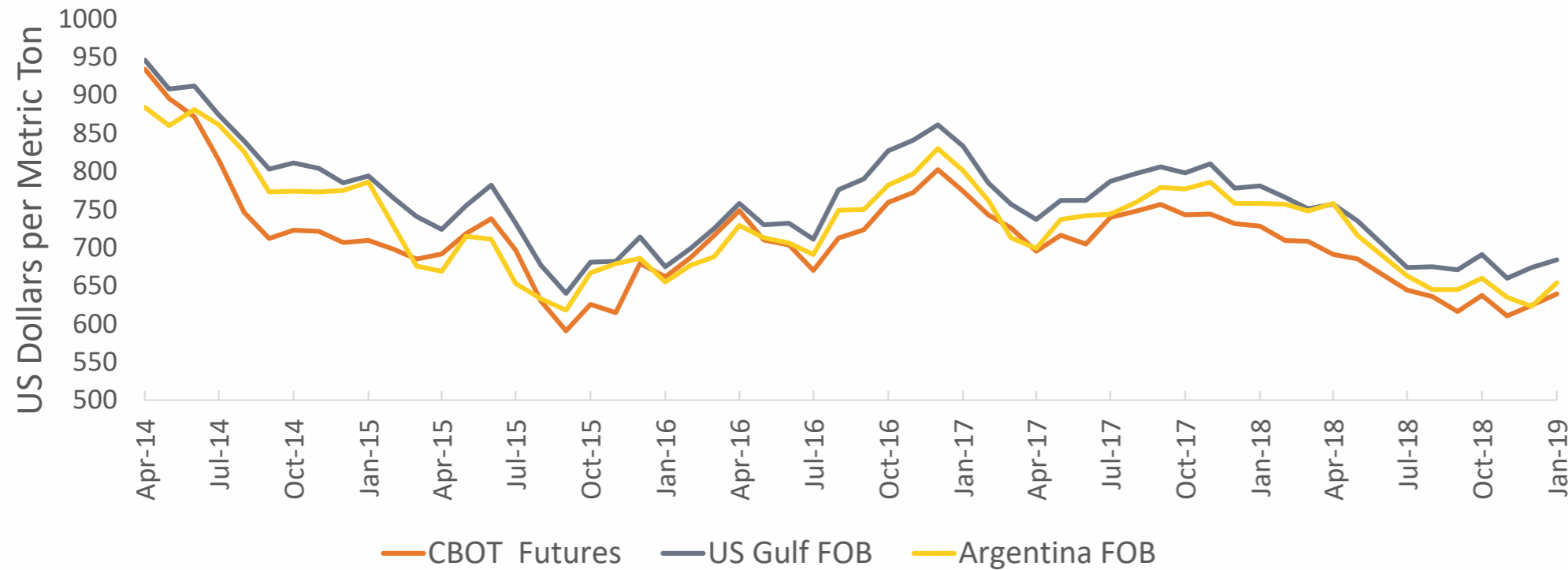
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SBO Exports Trend (1,000 MT)



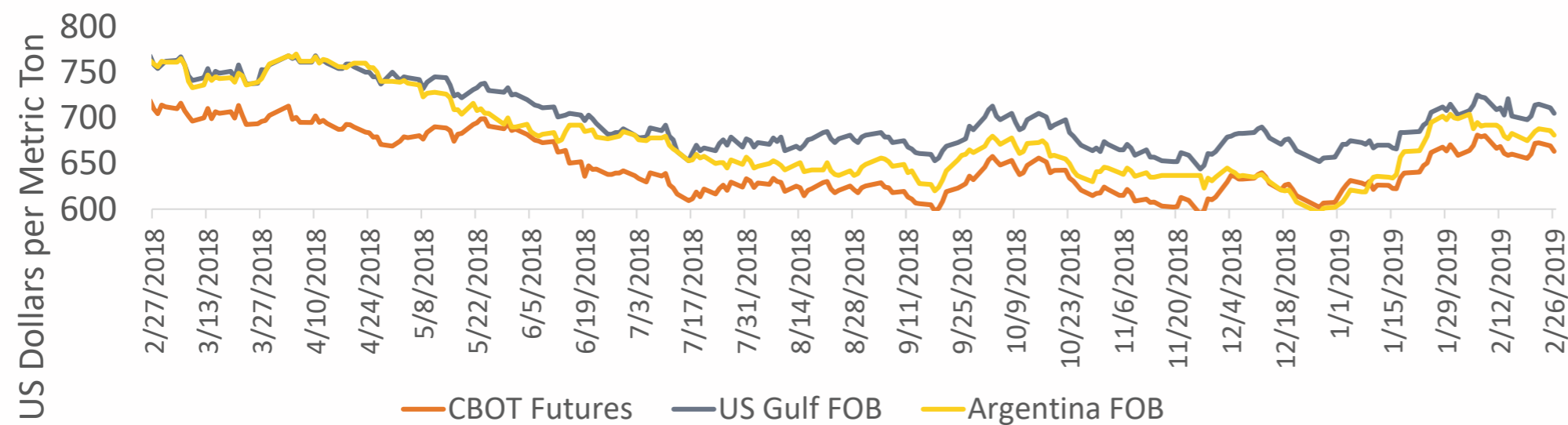
Soybean Oil Prices Trends

Soybean Oil Monthly Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
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
2/5/2019	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
2/12/2019	669	711	689
2/13/2019	661	703	680
2/14/2019	659	721	677
2/15/2019	660	702	683
2/19/2019	656	698	675
2/20/2019	660	702	680
2/21/2019	672	714	685
2/22/2019	673	715	688
2/25/2019	669	711	686
2/26/2019	663	705	681

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	UNIQUE INFINITY	ETF	2/28/2019	27,500	SBO	ADM	INDIA
SAN LORENZO	RENOVA NORTH BERTH	UNIQUE INFINITY	ETF	2/28/2019	4,000	SBO	ADM	MADAGASCAR
SAN LORENZO	RENOVA NORTH BERTH	HOUYOSHI EXPRESS II	ETA SLZO	2/28/2019	13,500	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	HOUYOSHI EXPRESS II	ETA SLZO	2/28/2019	4,681	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	HELLAS TATIANA	ETA SLZO	2/28/2019	10,000	SBO	ADM	EGYPT
SAN LORENZO	RENOVA NORTH BERTH	ATROTOS	ETA REC	2/28/2019	27,500	SBO	LDC	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	NAVIG8 ALABASTER	ETA REC	3/2/2019	4,500	SBO	COFCO	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	ARCHON	ETR CAMP	3/3/2019	6,500	SBO	LDC	BANGLADESH
SAN LORENZO	RENOVA SOUTH BERTH	MELATI SATU	ETA REC	3/3/2019	6,000	SBO	WILMAR	MOZAMBIQUE
SAN LORENZO	DREYFUS TIMBUES	OMODOS	ETF ROS	2/28/2019	12,660	SBO	LDC	INDIA
SAN LORENZO	DREYFUS TIMBUES	ARCHON	ETA REC	3/3/2019	11,000	SBO	LDC	BANGLADESH
SAN LORENZO	COFCO INTL. NORTH BERTH EX	ECO PALM SPRINGS	ETA REC	3/3/2019	5,500	SBO	COFCO	MALAYSIA
SAN LORENZO	NOBLE)	ECO PALM SPRINGS	ETA REC	3/3/2019	9,500	SBO	COFCO	BANGLADESH
SAN LORENZO	MINERA ALUMBRERA	HELLAS TATIANA	ETA SLZO	2/28/2019	20,000	SBO	ADM	EGYPT
SAN LORENZO	MINERA ALUMBRERA	MELATI SATU	ETA REC	3/4/2019	10,000	SBO	WILMAR	MALAYSIA
SAN LORENZO	MINERA ALUMBRERA	CAPELLA	ETA REC	3/11/2019	25,000	SBO	BUNGE	CHINA
SAN LORENZO		AQUADISIAC	ETA REC	3/10/2019	10,000	SBO (P)	CARGILL	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	AQUADISIAC	ETA REC	3/10/2019	11,500	SBO	CARGILL	INDIA
SAN LORENZO	TRANSITO (ADM AGRO)	HOUYOSHI EXPRESS II	ETA SLZO	2/28/2019	14,800	SBO (P)	GLENCORE	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	OMODOS	AT ROADS		15,000	SBO	LDC	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	AQUADISIAC	ETA REC	3/10/2019	12,500	SBO	CARGILL	INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	ARCHON	ETA REC	3/3/2019	4,000	SBO (P)	LDC	BANGLADESH
BAHIA BLANCA	CARGILL TERMINAL	NEW DAWN	ETA BB	2/28/2019	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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