

# Soybean Oil Market Update



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## USDA Export Sales: Soybean sales top high expectations

- US soy export sales topped high trade expectations for the week to March 28, despite not including 1.64 million MT of recent sales to China that occurred after the reporting deadline.
- Soybean exports for the week of 765,300 MT were down 19% on-week and 18% shy of the prior four-week average.
- China's tentative return to the US market has significantly improved exports in recent weeks, but exports to date of 30 million MT were still 28% down on-year and total commitments are 15% behind last year's levels at 43.6 million MT.
- *China's recent purchases of US soybeans have been viewed as goodwill gestures as US-China trade negotiations continue. The talks could bring about the end of a trade war which started last summer and saw China introduce a 25% tariff on imports of US soybeans.*

## Palm oil countries to complain to WTO and retaliate if EU biofuel ban goes ahead

- Indonesia and Malaysia will file a complaint to the World Trade Organization (WTO) immediately as well as taking retaliatory action if the European Commission adopts a delegated act that would effectively ban palm oil in biofuel from 2024.
- High-ranking officials from the two Asian nations, which make up the Council of Palm Oil Producing Countries (CPOPC), spoke out in a press conference in Brussels April 8 attacking a proposed delegated act to the EU renewables energy directive (RED II), which ranks palm oil as having a high indirect land use change (ILUC).
- The European Commission based its classification on a review of existing literature and original research, which found that 45% of palm cultivation between 2008 and 2015 took place in high carbon stock areas, compared to just 8% for soybeans and 1% for sunflowers and rapeseed.
- *This will remain a highly contested trade issue and the way it plays out will affect global vegetable oil markets.*

## Brazil seeks out new markets for soybeans and beef

- Brazil will seek out new markets for soybeans after China agreed to purchase more supplies from the United States.
- China accounts for around 80% of Brazil's total soybean exports and the agriculture ministry wants to reduce this reliance.
- *Indonesia is a market that Brazil is targeting for soybean exports. Indonesia would prefer to receive soybeans and domestically crush and process them rather than receiving imports of soybean oil and soybean meal.*

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## EU soybean import lead narrows

- The EU's total imports of soybeans remain higher this season than last, but the lead has narrowed in recent weeks despite relatively cheap prices for the oilseed.
- EU soybean imports for the season to April 7<sup>th</sup> totaled 11.3 million MT, up 9% on-year as the EU took advantage of cheaper US soybean exports in the midst of the US-China trade war.
- The US has supplied 8.2 million MT or 74% of the EU's soybeans this season, followed by Brazil with 2.2 million MT or 20%.
- Soybean oil imports are ahead of last year's pace, up 45%, while soybean meal imports are down 9% year-on-year.
- *Year-on-year advantages are beginning to decline as the trade war between the US and China began heating up around this time a year ago, meaning the favorable pricing for EU soybean imports from the US was already beginning a year ago.*

## US tariff threat jeopardizes a third of EU olive oil exports

- The US is proposing to put tariffs in place on European agricultural and food products in response to subsidies the EU pays to aircraft manufacturer Airbus, which the US claims damages the US economy by hurting US based aircraft manufacturers such as Boeing.
- "It is a question of avoiding a clash of unprecedented and worrying scenarios that risks causing a dangerous avalanche effect on the economy, and on relations between allied countries," said Ettore Prandini, president of Italian agricultural union Coldiretti. "The United States ranks third among the main Italian food buyers after Germany and France, but before Great Britain".
- Exports of olive oil to the US accounted for 35.6% of EU olive oil exports in December 2018 and January 2019.
- *Olive oil is a premium vegetable oil used almost exclusively for human consumption, so a reduction in olive exports from the EU to the US may lead to soybean oil being used as an alternative for food use, reducing the pool of soybean oil available for other uses such as biodiesel or creating an increase in demand for soybean oil.*

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## Felda to receive USD1.5 billion in state support

- Malaysia's Felda will receive MYR6.2 billion (USD1.5 billion) in state aid to turn the company around after years of mismanagement.
- The company will receive around MYR2.4 billion in debt restructuring loans and a MYR2.1 billion grant to clear interest from loans to settlers – the name given to the rural poor farmers resettled onto Felda land.
- Felda will also pursue a new business strategy, encouraging the growing of cash crops and diversification away from main revenue generators oil palm and rubber to increase income stability.
- When Malaysia's new government took power in 2018 on a platform of anti-corruption, it defeated a party that had been in power for 60 years, caused Felda's chairman to resign, and launched an inquiry into Felda's business.
- *Government support and restructuring of the company should provide the palm oil industry more stability, but increased diversification in crop mixes may reduce Malaysian palm oil production.*

## USDA April soybean data: 2018/19 US carryover trimmed

- US soybean carryover for 2018/19 is down from March while the global soybean picture did not change much even with higher production in Brazil.
- USDA forecasts 2 million bushels more soybeans to be used to plant the 2019 crop, based on the levels farmers indicated they expect to plant in the *Prospective Plantings* report.
- USDA trimmed imports by 3 million bushels based on trade data reported through January in the April *WASDE* report.
- Ending stocks are projected at 895 million bushels, down 5 million from March.
- The season-average soybean price is forecast at \$8.35 to \$8.85, unchanged at the midpoint.
- Soybean oil price is projected at 28.0 to 30.0 cents per pound, down 1 cent at the midpoint.
- Soybean meal prices are projected at \$305 to \$325 per short ton, unchanged at the midpoint.
- *Overall, changes in the USDA's forecasts for the 2018/19 were limited indicating there are no major disruptions currently occurring or expected on the horizon.*



# United States: Soybean Oil Exports

## US Annual Soybean Oil Exports

	(1,000 MT)			
	15/16	16/17	17/18	18/19
<b>EU-28</b>	0	1	1	1
<b>China</b>	57	133	1	1
<b>South Korea</b>	92	206	301	256
<b>Rest of Asia/Oceania</b>	55	28	23	36
<b>Africa</b>	136	61	29	35
<b>Colombia</b>	51	122	108	91
<b>Dominican Republic</b>	119	150	152	136
<b>Mexico</b>	235	265	168	160
<b>Other West Hemis.</b>	271	194	327	327
<b>Total</b>	1,016	1,159	1,110	1,043

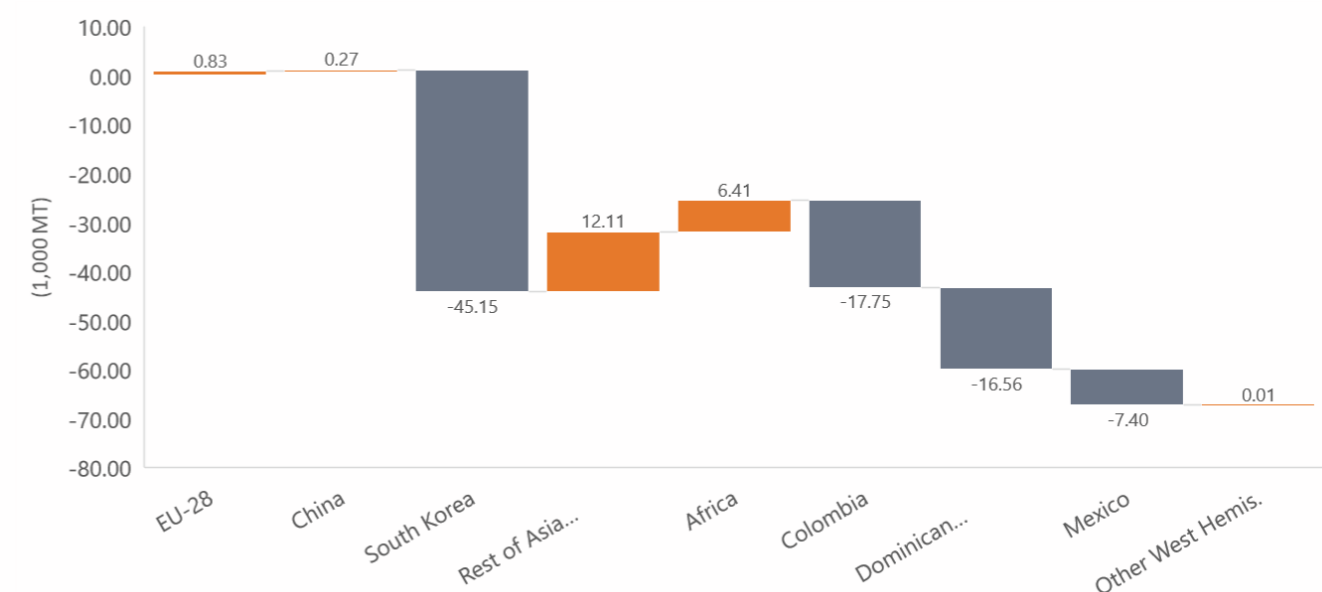
(F) = Informa Economics IEG Forecast

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

## US Monthly Soybean Oil Exports

	(MT)				
	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
<b>EU-28</b>	2	18	283	23	0
<b>China</b>	101	34	79	0	27
<b>South Korea</b>	8,679	15,592	32,930	14,075	44,292
<b>Rest of Asia/Oceania</b>	1,172	1,450	1,362	12,304	2,161
<b>Africa</b>	5,002	3	12,202	5,030	2
<b>Colombia</b>	6,573	6,963	13,213	13,160	12,554
<b>Dominican Republic</b>	12,213	14,443	13,876	12,155	12,964
<b>Mexico</b>	6,978	6,631	10,069	13,696	10,287
<b>Other West Hemis.</b>	14,466	21,135	13,894	6,897	17,983
<b>Total</b>	55,186	66,269	97,908	77,341	100,270

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



# Argentina: Soybean Oil Exports Update

## Argentina Annual Soybean Oil Exports

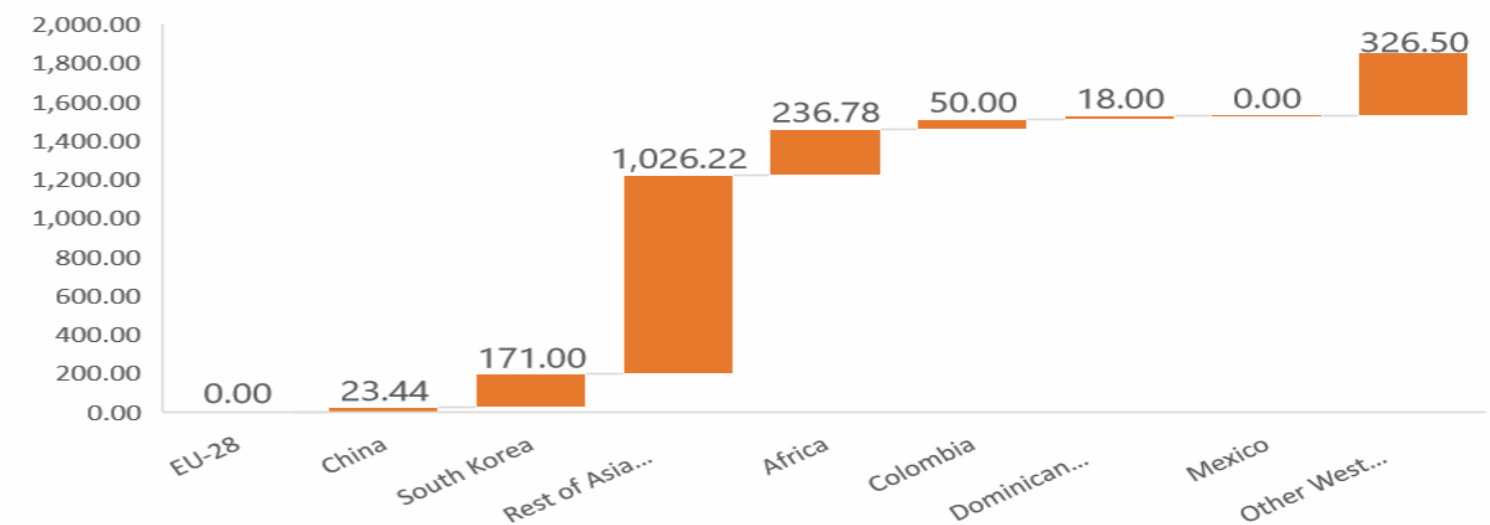
	(1,000 MT)			
	15/16	16/17	17/18	18/19
<b>EU-28</b>	0	0	0	0
<b>China</b>	1	0	27	50
<b>South Korea</b>	185	138	4	175
<b>Rest of Asia/Oceania</b>	4,005	3,742	2,508	3,534
<b>Africa</b>	823	644	651	888
<b>Colombia</b>	17	32	0	50
<b>Dominican Republic</b>	55	14	2	20
<b>Mexico</b>	0	0	0	0
<b>Other West Hemis.</b>	613	818	513	840
<b>Total</b>	5,698	5,387	3,705	5,557

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

## Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
<b>EU-28</b>		0	0	0	0	0
<b>China</b>		0	63	0	0	0
<b>South Korea</b>		0	0	0	0	0
<b>Rest of Asia/Oceania</b>		229	106	288	325	348
<b>Africa</b>		41	1	0	0	0
<b>Colombia</b>		0	0	0	0	0
<b>Dominican Republic</b>		0	0	0	0	0
<b>Mexico</b>		0	0	0	0	0
<b>Other West Hemis.</b>		61	40	47	55	39
<b>Total</b>		331	209	334	381	387

## 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	11,080
Imports	120	130	145	152	191
<b>Total Supply</b>	10,311	10,928	10,945	11,709	12,173
<b>Domestic Use</b>	8,556	9,147	9,009	9,696	10,342
Biodiesel	2,286	2,582	2,812	3,236	3,765
Non-Biodiesel	6,271	6,565	6,197	6,460	6,577
Exports	914	1,016	1,160	1,110	1,043
<b>Total Use</b>	9,470	10,163	10,169	10,806	11,385
Carryout (Sep 30)	841	765	776	903	788

(F) = Informa Economics IEG Forecast

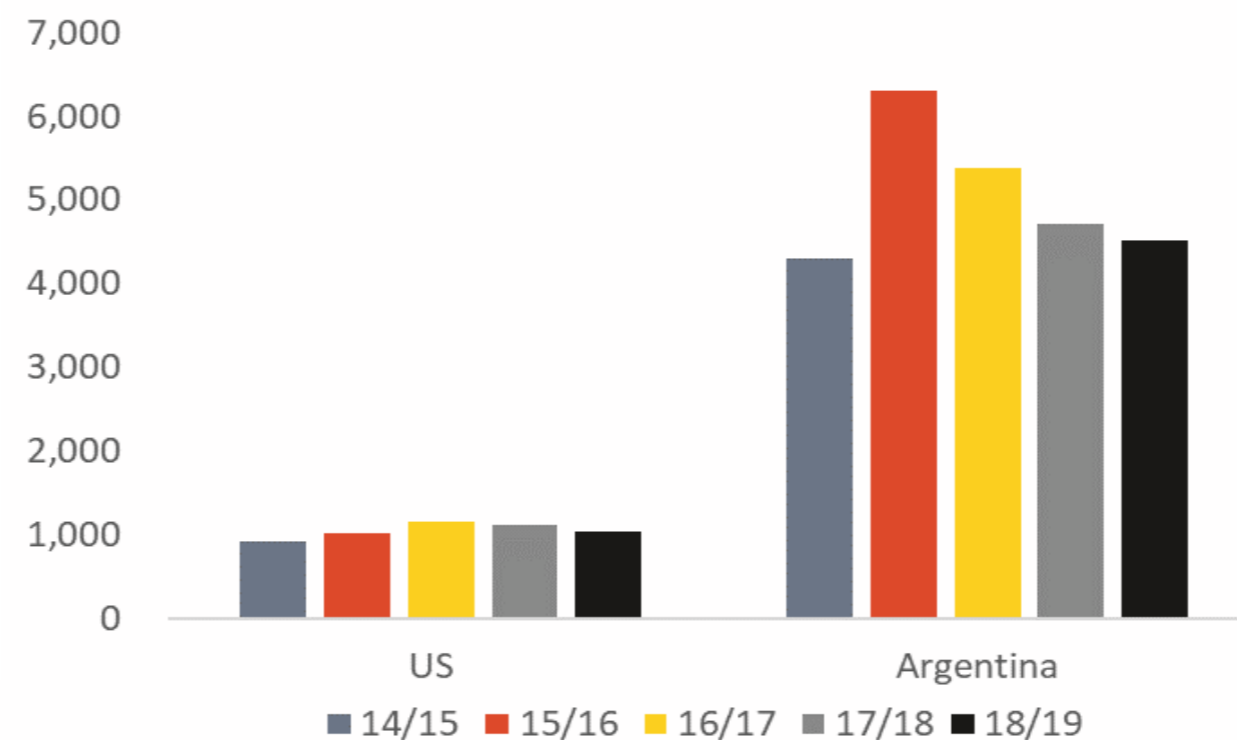
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## Argentina Soybean Oil Supply and Demand (1,000 MT)

	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	7,236
Imports	26	5	0	0	60
<b>Total Supply</b>	7,424	8,955	8,718	8,182	7,606
<b>Domestic Use</b>	2,921	2,448	2,995	3,202	2,771
Biodiesel	2,559	1,909	2,826	2,968	2,491
Non-Biodiesel	374	398	247	183	341
Exports	4,296	6,312	5,386	4,721	4,525
<b>Total Use</b>	7,228	8,619	8,459	7,872	7,356
Carryout (Mar 31)	196	337	259	310	250

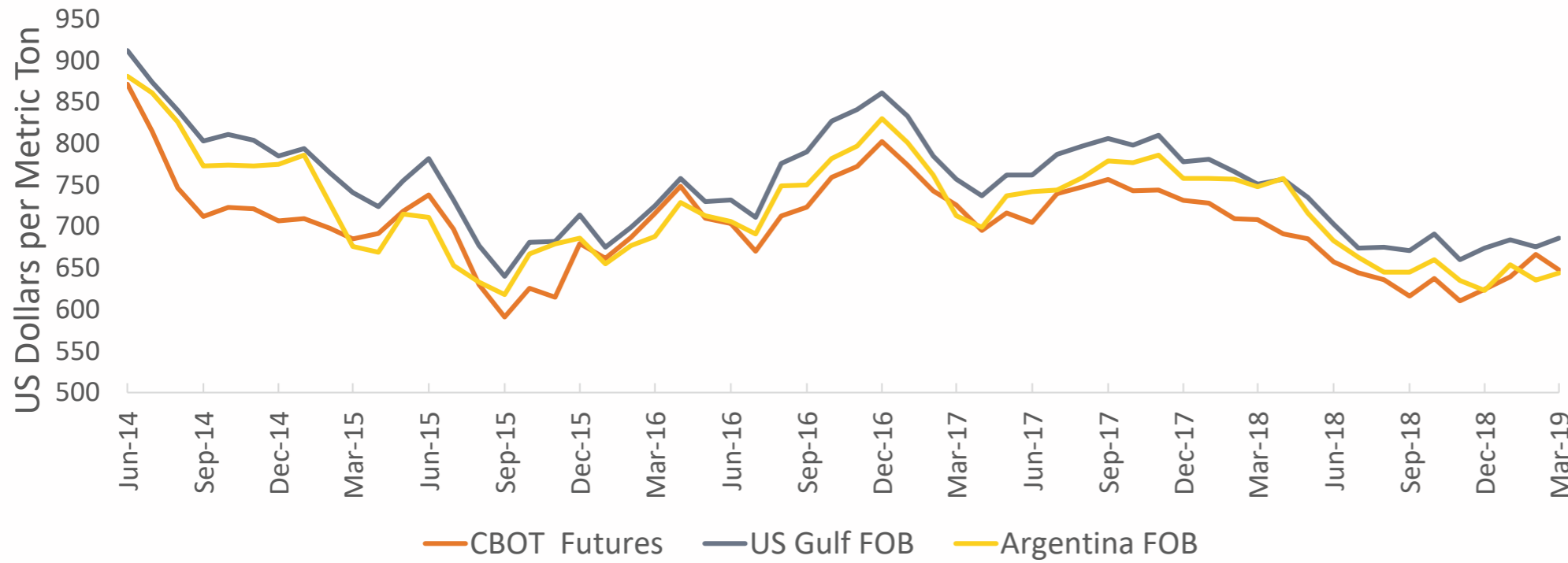
(F) = Informa Economics IEG Forecast

## SBO Exports Trend (1,000 MT)



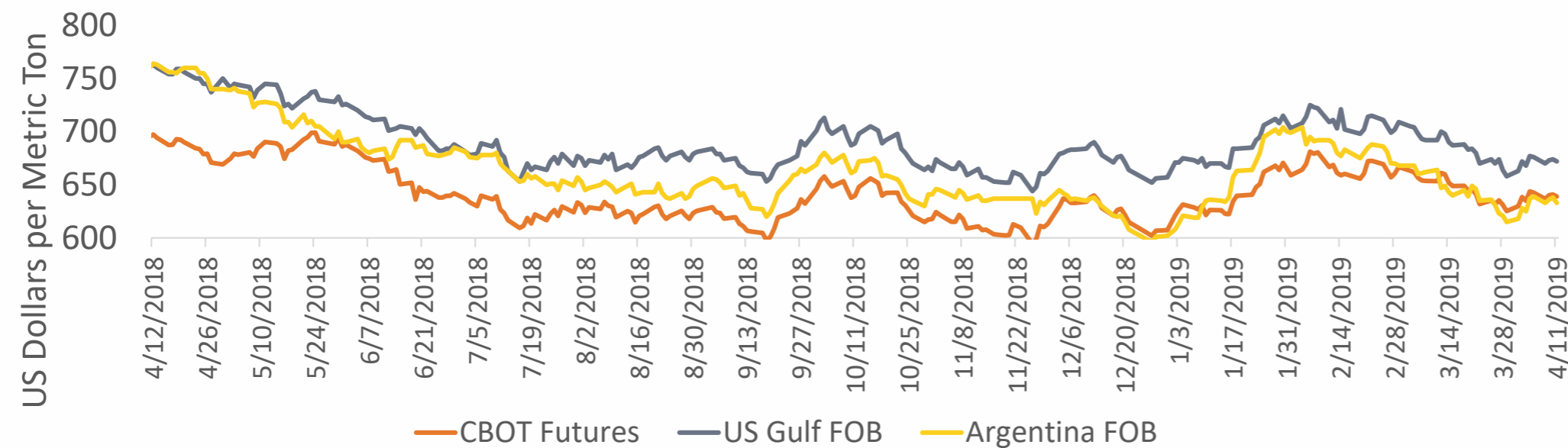
# Soybean Oil Prices Trends

## Soybean Oil Monthly Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
3/14/2019	652	690	643
3/15/2019	649	687	640
3/18/2019	649	688	645
3/19/2019	645	683	639
3/20/2019	645	684	649
3/22/2019	632	670	635
3/25/2019	635	674	636
3/26/2019	632	670	631
3/27/2019	635	674	623
3/28/2019	631	664	621
3/29/2019	625	658	615
4/1/2019	630	663	618
4/2/2019	638	672	628
4/3/2019	635	668	625
4/4/2019	644	677	637
4/5/2019	643	676	639
4/8/2019	637	670	633
4/9/2019	640	673	636
4/10/2019	641	674	638
4/11/2019	639	672	633

## Soybean Oil Daily Prices





# Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	USINA L.J. DE SAN MARTIN	WITHOUT VSLS LDG/ANNCD						
SAN LORENZO	RENOVA NORTH BERTH	ORIENT CHALLENGE	ETA REC	4/13/2019	14,000	SBO	ADM	MAD/IND
SAN LORENZO	RENOVA NORTH BERTH	MARJORIE K	ETA REC	4/15/2019	17,500	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ST NIKOLAI	ETA REC	4/17/2019	32,500	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	ALIGOTE	ETA REC	4/21/2019	30,000	SBO	HAKAN	IRAN
SAN LORENZO	DREYFUS TIMBUES	MR AQUARIUS	ETA REC	4/23/2019	2,500	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	MR AQUARIUS	ETA REC	4/23/2019	13,000	SBO	LDC	INDIA
SAN LORENZO	NOBLE)	NAVIG8 TANZANITE	AT ROADS		9,300	SBO	COFCO	CHINA
SAN LORENZO	MINERA ALUMBRERA	NAVIG8 TANZANITE	AT ROADS		5,000	SBO	WILMAR	SOUTH AFRICA
SAN LORENZO	MINERA ALUMBRERA	VELA	AT REC		21,500	SBO	BUNGE	CHINA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BOW TONE	ETF	4/12/2019	20,400	SBO	CARGILL	PERU
SAN LORENZO	PARANA)	BOW TONE	ETF	4/12/2019	3,500	SBO (P)	CARGILL	PERU
SAN LORENZO		BOW TONE	ETF	4/12/2019	3,669	SBO (B)	CARGILL	ECUADOR
SAN LORENZO	PARANA)	BOW ENGINEER	AT RENOVA		6,000	SBO (P)	MARVESA	FRANCE
SAN LORENZO		CELSIUS MALAGA	ETR ZTE	4/15/2019	12,900	SBO	ADM	PERU
SAN LORENZO		FAIRCHEM KATANA	ETA REC	4/18/2019	7,000	SBO	AGROGRAIN	ALGERIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	FAIRCHEM KATANA	ETA REC	4/18/2019	9,450	SBO	AGROGRAIN	TUNISIA
SAN LORENZO		FAIRCHEM KATANA	ETA REC	4/18/2019	2,050	SBO	AGROGRAIN	MOROCCO
SAN LORENZO	PARANA)	CHEMOCEAN ORION	ETA REC	4/20/2019	32,000	SBO	WILMAR	INDIA
SAN LORENZO		NAVIG8 AMMOLITE	ETA SLZO	4/24/2019	8,200	SBO (P)	COFCO	PAKISTAN
SAN LORENZO	AKZO NOBEL	CELSIUS MALAGA	ETR ZTE	4/12/2019	5,000	SBO	AKZO NOBEL	PERU
SAN LORENZO	SAN BENITO	CARTAGENA	ETA REC	5/1/2019	11,500	SBO	ADM	EGYPT
ROSARIO	VILLA GOBERNADOR GALVEZ	KING GREGORY	ETA REC	4/18/2019	34,000	SBO	CARGILL	

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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