

Soybean Oil Market Update



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Weekly Review: How low can soy go?

- Nearby CBOT soybean futures plummeted to new 5½-month lows this week as traders continued to fret over inadequate export business, slow progress towards a US/China trade deal and rising crop estimates from rival Latin American exporters.
- Traders also noted Argentina was making overtures to top buyer China in attempts to find a home for its own expected major crop rebound this year.
- Brazilian producers also expressed concern about maintaining sales if the US makes even a partial comeback in the China market.
- Soybean oil hit is lowest point of the year to date as recently firmer energy markets, backing this season's expected higher biodiesel usage, showed signs of flagging.
- Soybean meal has failed to make much headway either with production boosted by near record levels of US crush amid an expected huge resurgence in Argentina meal exports in the months ahead.
- *Despite soy prices being so low, there is more potential downside in the market.*

ASF bad for Brazilian soy, could be good for meat

- China's ongoing battle with African Swine Fever will have a mixed impact on Brazil's agricultural exports, according to Brazil's agriculture minister Tereza Cristina Dias, as China imports less soybeans and more meat.
- Chinese consumers have been eating less pork due to the ASF outbreak, IEG Vantage said that the idea of domestic production cuts being replaced entirely by imports was a "complete fallacy".
- The USDA recently announced its intention to grant a license for production of an experimental ASF vaccine to a Bulgarian pharmaceutical company.
- *Although the net impact from ASF on the Brazilian agricultural economy may be neutral, Brazilian soybean farmers will be among the losers and the Brazilian meat industry benefitting from increased exports does not improve their outlook.*

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Storage shortage spurs Brazil soybean sales

- More liquidity was evident last week, but again the main purchasers were cooperatives and industries.
- With tight storage and the upcoming corn harvest, Brazilian producers were beginning to sell their soybeans to traders for a price to be defined later.
- IEG FNP estimates that 89% of the Brazilian crop area, or 32 million hectares, has been harvested.
- *The slow sale of soybeans so far and the anticipated arrival of winter corn in the Brazilian market should increase forward sales.*

USDA Export Sales: Soy sales low again

- Export sales of US soybeans for the week to April 11 came in at the low end of expectations.
- Sales were at 382,100 MT, on the low end of expectations between 350,000 MT and 800,000 MT.
- *Accumulated exports of 31.4 million MT, were down 26% on-year, with outstanding sales of 12.9 million MT, up 11% on-year. Total commitments were 44.3 million MT, down 18% on-year.*

Weekly Review: Palm cautious on seasonal factors

- Palm oil futures moved in a tighter price band during the week ending on April 26th on fairly static fundamentals.
- Selling pressure was only partly offset by news of higher Indian imports, already flagged by earlier duty cuts. The problems this competition could cause Indian oil refiners and oilseed farmers suggest this trend could run into some headwinds before long.
- Malaysian officials have continued to cite potentially larger demand from China. However, competition in the broader market from larger palm supplier Indonesia and the much publicized negative attitude to palm in Europe question whether demand will keep pace in the summer months of production flush.
- *Palm remains a cheap option for the developing world where considerable aggregate import growth potential lies.*



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South American Exports to China Present Risk to 2018/19 US Export Projection (IEG Vantage)

- There is increasing downside risk to IEG Vantage's soybean export projections for 2018/19 of 1.85 million bushels.
- As of April 18, US soybean export inspections reached just 62 percent of IEG Vantage's projected marketing-year total export projection, compared with 74 percent last marketing year.
- Soybean market conditions during the remainder of the US marketing year primarily will be driven by weather outcomes in the US and the pace of export activity from major exporting countries in response to demand from China.
- Large new-crop supply availability from Brazil and Argentina and South American currency weakness relative to the US dollar currently favors South American origins.
- *US soybean exports will need to increase in the fourth quarter of the marketing year to achieve IEG Vantage's current projection.*

New-Crop Argentine Soybean Production Hits Market, Soybean Meal Exports Strong (IEG Vantage)

- Argentina's 2019/20 marketing year began April 1 with carry-in stocks down only modestly, despite a drought-reduced crop last year, which can be attributed to a record strong import program and lower usage (crush and exports).
- *IEG Vantage forecasts Argentina's new-crop production at 56.5 million MT, which, if realized would be 18.7 million MT above last year's production – presenting a significant year-over-year change in fundamentals during remainder of the current marketing year*

European Union Tariffs Target US Soybean Oil, Related Vegetable Oil Products (IEG Vantage)

- The European Union issued a list of \$22 billion worth of US imports Wednesday that it said may be subject to higher tariffs, including soybean oil, related vegetable oil products and ground nuts, amid a dispute over state support for US and European aircraft manufacturers.
- The duties likely would not take effect until a WTO ruling is finalized in 2020.
- *IEG Vantage does not believe EU countries will increase US soybean purchases in the near term as it attempts to preserve this bargaining chip in US-EU negotiations*
- *If negotiations are resolved quickly, EU countries may resume its imports of US soybeans (an upside risk to this forecast); however, the impact also may be more focused on the 2019/20 marketing year.*

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	92	206	301	256
Rest of Asia/Oceania	55	28	23	36
Africa	136	61	29	35
Colombia	51	122	108	91
Dominican Republic	119	150	152	136
Mexico	235	265	168	160
Other West Hemis.	271	194	327	325
Total	1,016	1,159	1,110	1,042

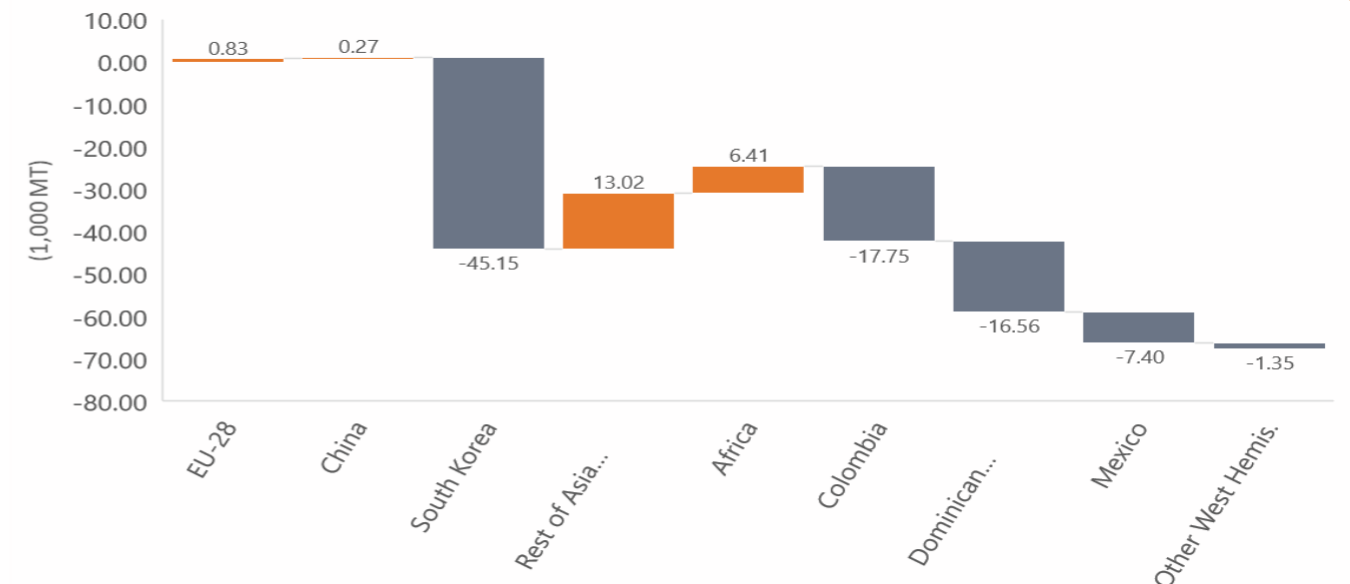
(F) = Informa Economics IEG Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
EU-28	18	283	23	0	0
China	34	79	0	27	54
South Korea	15,592	32,930	14,075	44,292	19
Rest of Asia/Oceania	1,450	1,362	12,304	2,161	1,866
Africa	3	12,202	5,030	2	4
Colombia	6,963	13,213	13,160	12,554	2,599
Dominican Republic	14,443	13,876	12,155	12,964	11,398
Mexico	6,631	10,069	13,696	10,287	14,308
Other West Hemis.	21,135	13,894	6,897	17,983	11,363
Total	66,269	97,908	77,341	100,270	41,611

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

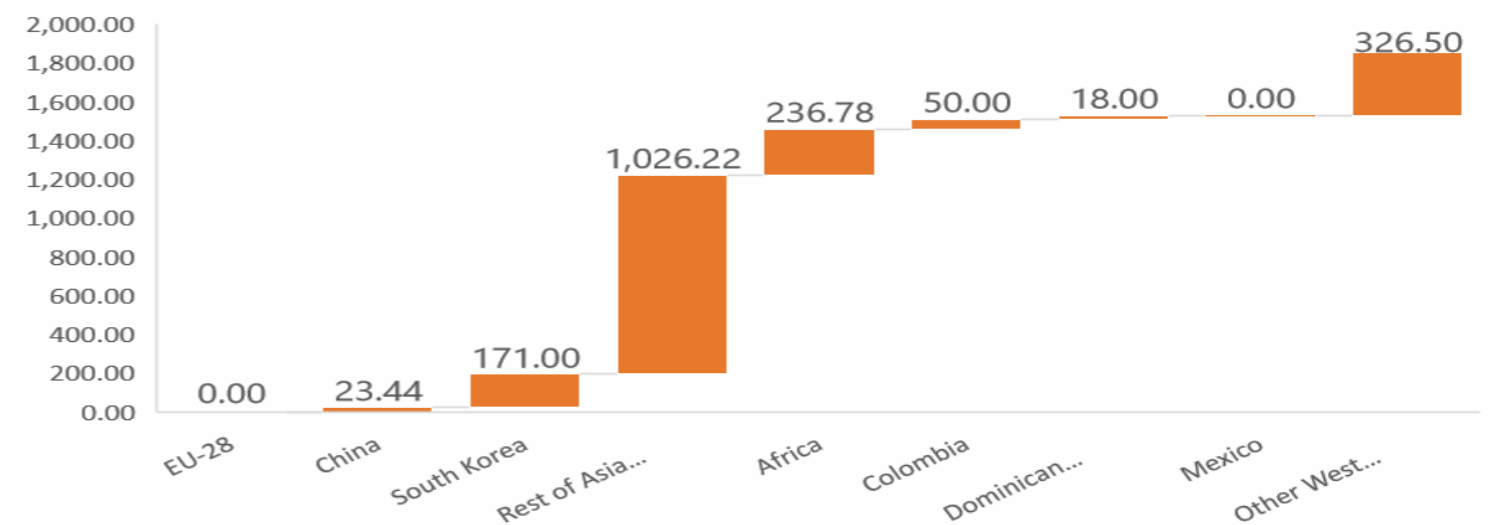
	(1,000 MT)			
	15/16	16/17	17/18	18/19
EU-28	0	0	0	0
China	1	0	27	50
South Korea	185	138	4	175
Rest of Asia/Oceania	4,005	3,742	2,508	3,534
Africa	823	644	651	888
Colombia	17	32	0	50
Dominican Republic	55	14	2	20
Mexico	0	0	0	0
Other West Hemis.	613	818	513	840
Total	5,698	5,387	3,705	5,557

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Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
EU-28		0	0	0	0	0
China		0	63	0	0	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		229	106	288	325	348
Africa		41	1	0	0	0
Colombia		0	0	0	0	0
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		61	40	47	55	39
Total		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	11,087
Imports	120	130	145	152	191
Total Supply	10,311	10,928	10,945	11,709	12,180
Domestic Use	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
Total Use	9,470	10,163	10,169	10,806	11,385
Carryout (Sep 30)	841	765	776	903	795

(F) = Informa Economics IEG Forecast

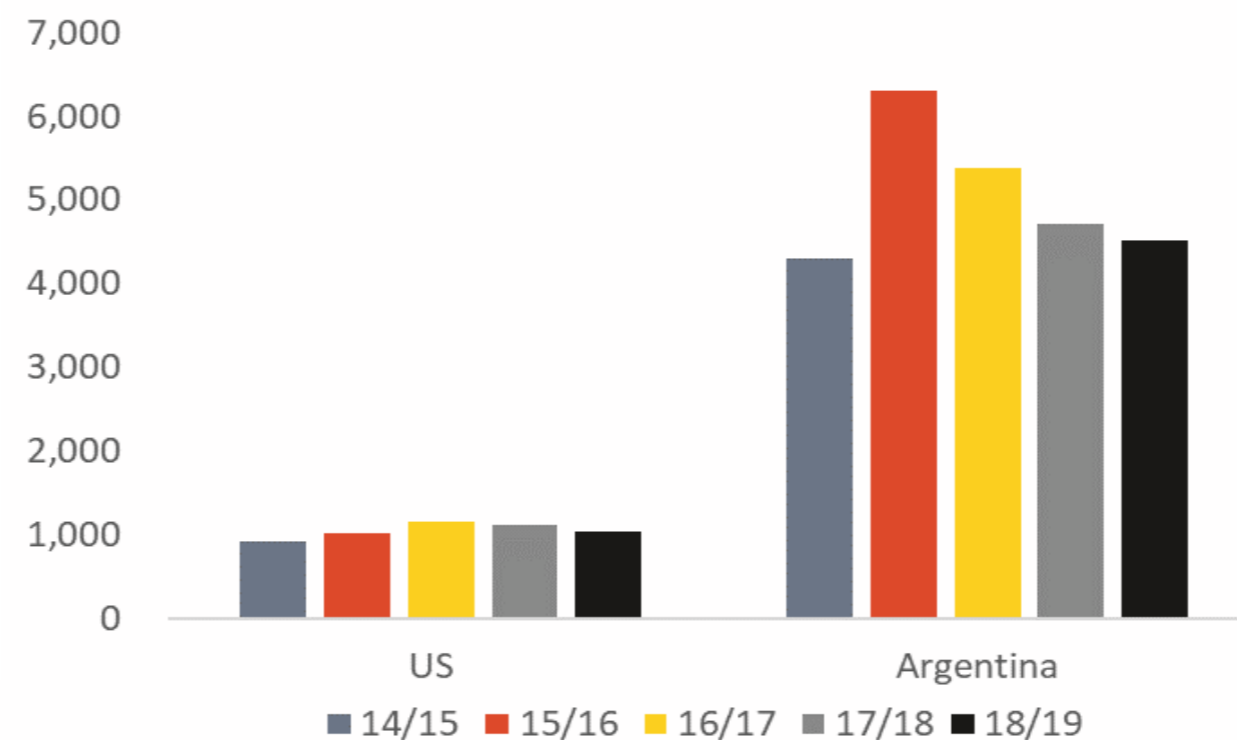
Argentina Soybean Oil Supply and Demand (1,000 MT)

	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	7,179
Imports	26	5	0	0	60
Total Supply	7,424	8,955	8,718	8,182	7,549
Domestic Use	2,921	2,448	2,995	3,202	2,714
Biodiesel	2,559	1,909	2,826	2,968	2,401
Non-Biodiesel	374	398	247	183	373
Exports	4,296	6,312	5,386	4,721	4,525
Total Use	7,228	8,619	8,459	7,872	7,299
Carryout (Mar 31)	196	337	259	310	250

(F) = Informa Economics IEG Forecast

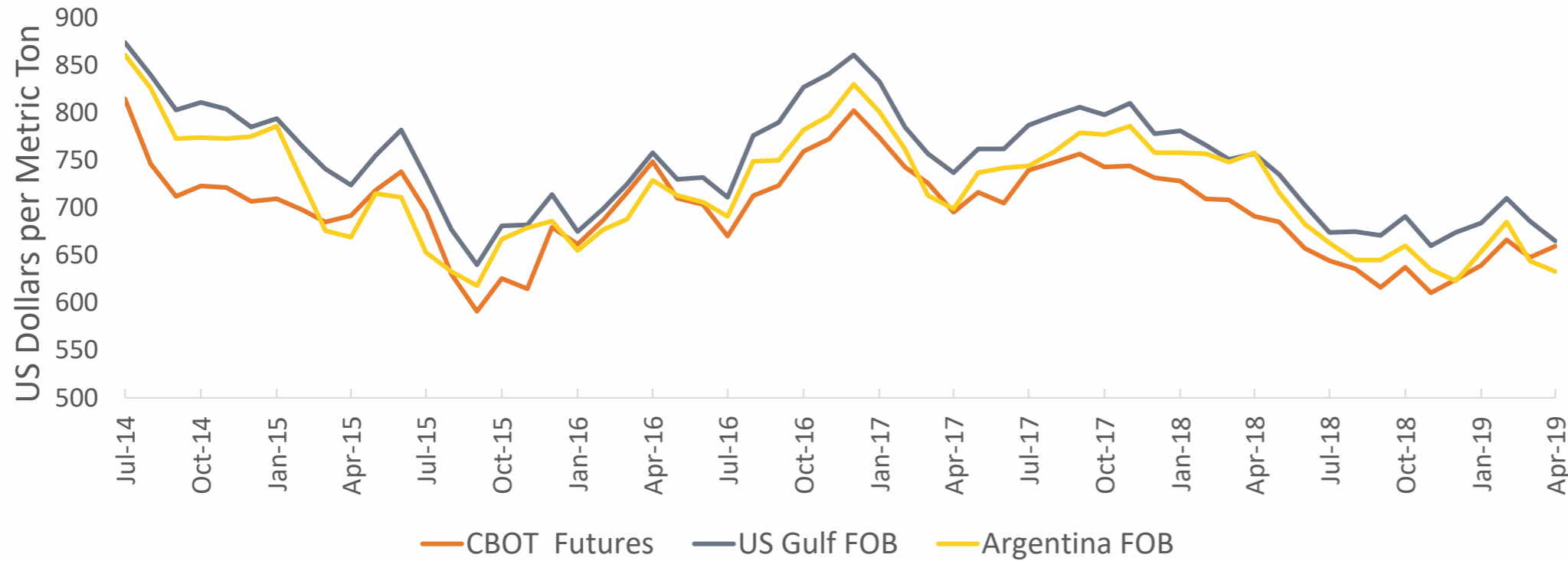
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SBO Exports Trend (1,000 MT)

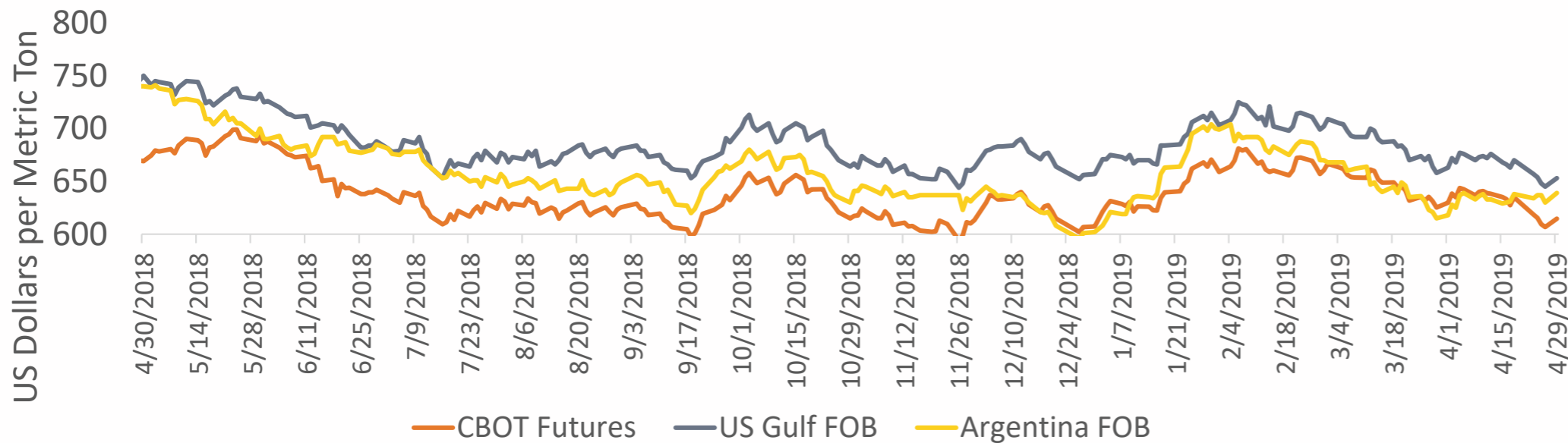


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
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
4/9/2019	640	673	636
4/10/2019	641	674	638
4/11/2019	639	672	633
4/12/2019	638	676	633
4/15/2019	635	668	629
4/16/2019	633	666	630
4/17/2019	627	663	631
4/18/2019	635	670	628
4/23/2019	619	657	634
4/24/2019	616	654	637
4/25/2019	609	648	637
4/26/2019	607	674	638
4/29/2019	615	653	639

Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	STRIMON	AT REC	4/26/2019	22,000	SBO	CASILLO	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ALESSANDRA BOTTIGLIERI	ETA REC	5/2/2019	12,000	SBO	ADM	MADAGASCAR/INDIA
SAN LORENZO	RENOVA NORTH BERTH	POWER	ETA REC	5/10/2019	12,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA NORTH BERTH	JO ROWAN	ETA REC	5/11/2019	33,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	ALIGOTE	REMAINS 9 HRS		26,000	SBO	HAKAN	IRAN
SAN LORENZO	RENOVA SOUTH BERTH	STENAWECO EVOLUTION	ETA REC	5/5/2019	17,000	SBO	GLENCORE	INDIA
SAN LORENZO	DREYFUS TIMBUES	SOUTHERN OWL	ETA REC	5/2/2019	21,000	SBO	LDC	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	MTM NEW ORLEANS	ETA REC	5/4/2019	17,000	SBO	ADM	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	MTM NEW ORLEANS	ETA REC	5/4/2019	1,800	SBO	ADM	MOROCCO
SAN LORENZO	PARANA)	NAVIG8 AMMOLITE	AT ROADS		8,200	SBO (P)	COFCO	PAKISTAN
SAN LORENZO		CARTAGENA	ETA SLZO	5/2/2019	20,000	SBO	ADM	EGYPT
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	CHEMOCEAN ORION	AT REC	4/26/2019	32,000	SBO	WILMAR	INDONESIA
SAN LORENZO		BTS SELENA	AT REC	4/29/2019	3,500	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	ALESSANDRA BOTTIGLIERI	ETA REC	5/2/2019	7,000	SBO	ADM	MADAGASCAR
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	LINNUS P	ETA REC	5/5/2019	11,500	SBO (P)	CARGILL	COLOMBIA
SAN LORENZO	COFCO INTL PGSM NORTH BERTH	AQUILA L	AT ROADS		17,500	SBO	LDC	BANGLADESH
SAN LORENZO	COFCO INTL PGSM SOUTH BERTH	MARS	AT REC	4/26/2019	11,000	SBO	COFCO	CHINA
SAN LORENZO	TRANSITO (ADM AGRO)	ALESSANDRA BOTTIGLIERI	ETA REC	5/2/2019	15,000	SBO (P)	ADM	MADAGASCAR/INDIA
SAN LORENZO	AKZO NOBEL	VERIGE	ETA REC	5/7/2019	5,000	SBO	COFCO	CHINA
SAN LORENZO	SAN BENITO	CARTAGENA	ETA SLZO	5/2/2019	11,500	SBO	ADM	EGYPT
SAN LORENZO	SAN BENITO	MARS	AT REC	4/26/2019	15,000	SBO	COFCO	CHINA
SAN LORENZO	SAN BENITO	BTS ELENA	AT REC	4/29/2019	8,500	SBO	CARGILL	PERU
ROSARIO	VILLA GOBERNADOR GALVEZ	KING GREGORY	AT ROADS		34,000	SBO	CARGILL	
ROSARIO	VILLA GOBERNADOR GALVEZ	GOTLAND ALIYA	ETA REC	5/3/2019	15,000	SBO		
ROSARIO	VILLA GOBERNADOR GALVEZ	BRIGHT DAWN	ETA REC	5/6/2019	17,000	SBO	CARGILL	
ROSARIO	VILLA GOBERNADOR GALVEZ	VARI TRADER	ETA REC	5/9/2019	15,500	SBO		

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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