

Soybean Oil Market Update



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Weekly Review: Soy price hits 10-year lows

- Concern over trade negotiations between the US and China, higher South American crop estimates, and bearish export data pushed CBOT soybean futures to 10-year lows.
- Speculators have continued to bet on prices falling, raising their already large net short position in the latest reporting week and there is nothing to encourage them to change their minds at present.
- Traders seemed most concerned this week that President Trump's raising of the tariff stakes on China risked the loss of more US soy trade to its former top customer.
- *Even if the deal does eventually get done, the Chinese swine fever epidemic is expected to cut into its soy import needs from all sources – US and Latin American.*

Rains delay Argentine harvest, threaten crops

- According to the weekly overview of the Cereals Exchange of Argentina, 67.4% of the total soybean area had been harvested, an increase of 8.1% and an increase of 0.7% on-year.
- However, forecasts of excessive rains, particularly in areas near the coast of the country, could damage the crop in the Northeast, North Central and the Province of Santa Fe.
- While rains complicate the harvest in the northern region of the agricultural area, in the rest of the country the harvest is progressing well.
- *Estimated production was maintained at 55 million MT, indicating analysts remain relatively unconcerned there will be any negative effects on the overall size of the Argentine crop.*

USDA Export Sales: Soybean sales reduced on cancellations

- Net US soybean sales for the week to May 2nd were in the negative, a reduction of 149,100 MT, with cancellations dragging commitments down in the week.
- Exports were 606,700 MT, up 7% from the previous week and 5% up on the previous four-week average.
- Exports represented 64% of the USDA export forecast of 58.4 million MT compared to 78% this time last year and the five-year average of 86%.
- *US exports are lagging behind their usual pace and the bearish trade outlook is contributing to low prices.*

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China soybean imports jump on VAT changes

- China imported 7.64 million MT of soybeans in April 2019, up 10.4% over April 2018's total of 6.92 million MT.
- The increase in April imports can be attributed to March shipments being delayed to deliver after April 1st when new VAT (value-added tax) cuts came into effect in China. Buyers previously facing 10% VAT deductions on Agricultural imports saw that cut to 9% on April 1st.
- *While the tax reduction pushed March imports into April, the relatively low magnitude of the tax cut is not expected to have a major long term impact on Chinese soybean imports.*

March soybean crush slows while soybean meal, soybean oil stocks build (IEG Vantage)

- USDA-NASS reported a March soybean crush of 179.4 million bushels, which was 9.4 million bushels (5.5 percent) above NOPA's crush for the month.
- For a second month in a row, the result fell below the year-ago level. Prior to the February result, the crush had increased, year over year, for 19 straight months.
- *IEG Vantage anticipates soybean meal exports will weaken during the remainder of 2018/19 and forecasts a 2.1-percent increase in domestic meal consumption during the period.*

Soybean oil feedstock share increases amid seasonal biodiesel production decline (IEG Vantage)

- The US Energy Information Administration (EIA) reported record February biodiesel production of 131 million gallons, down 13 million gallons from January but up five million gallons from February 2018.
- Soybean oil usage in biodiesel production decreased to 560 million pounds, down 63 million pounds from January.
- Soybean oil usage as a percentage of total feedstocks increased to 57 percent – up five percentage points from the year-ago level.
- *While a proposed ruling on the Total Advanced Biofuel mandate is expected this summer followed by a final ruling in November, IEG Vantage believes the EPA may limit the potential increase in 2020 Total Advanced Biofuel mandated volumes, under the cellulosic waiver authority, due to its increase in mandated 2020 Biomass-based Diesel volumes and anticipated growth in cellulosic production.*



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Weekly Review: Rapeseed tries to stabilize after fresh four-year lows

- Winnipeg canola futures fell to their lowest level since early 2015 the week ending May 10th, following weakness in rival oils soy and palm and continuing anxiety about lost Canadian trade to top market China.
- Stocks are accumulating, and are up 10% on the year, with around 10 million MT of stocks.
- China cut off imports of Canadian rapeseed as a result of a political dispute; however, China claimed Canadian rapeseed was rejected due to contamination in incoming cargoes.
- China has asked the WTO to examine the claim as no evidence has been provided and the market has long believed this was an excuse for retaliation over Canada's arrest of a Chinese official on Iran sanctions-busting allegations.
- The EU market stayed flat with Canadian and broader global oil trends.
- *Relatively higher prices for EU rapeseed versus other origins are expected to drag in extra imports that should keep values from rising much.*

US tariff hikes on China draw swift rebukes, new calls for aid

- Disappointment that months of US-China talks failed to secure a final deal and a new round of tariffs by both sides is set to take effect was voiced by major ag groups and House Agriculture Committee Chairman Collin Peterson (D-Minn.).
- President Donald Trump followed through May 10th with his promise to increase tariffs from 10% to 25% on \$200 billion in Chinese goods, which will apply to goods landed in the US June 1st and beyond.
- China responded in kind by announcing it would hike tariffs on \$60 billion in US goods beginning June 1st.
- The moves mark a sharp reversal from sentiments just two weeks ago that suggested both sides were on the cusp of a final deal that could eventually see current duties lifted.
- *US soy producers will face long-term challenges if the trade dispute continues as soybeans are one of the major US exports to China and a popular target for retaliatory measures from the Chinese government in response to US initiated trade barriers.*

United States: Soybean Oil Exports

US Annual Soybean Oil Exports

	(1,000 MT)			
	15/16	16/17	17/18	18/19 (F)
EU-28	0	1	1	1
China	57	133	1	1
South Korea	92	206	301	268
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	314
Total	1,016	1,159	1,110	1,042

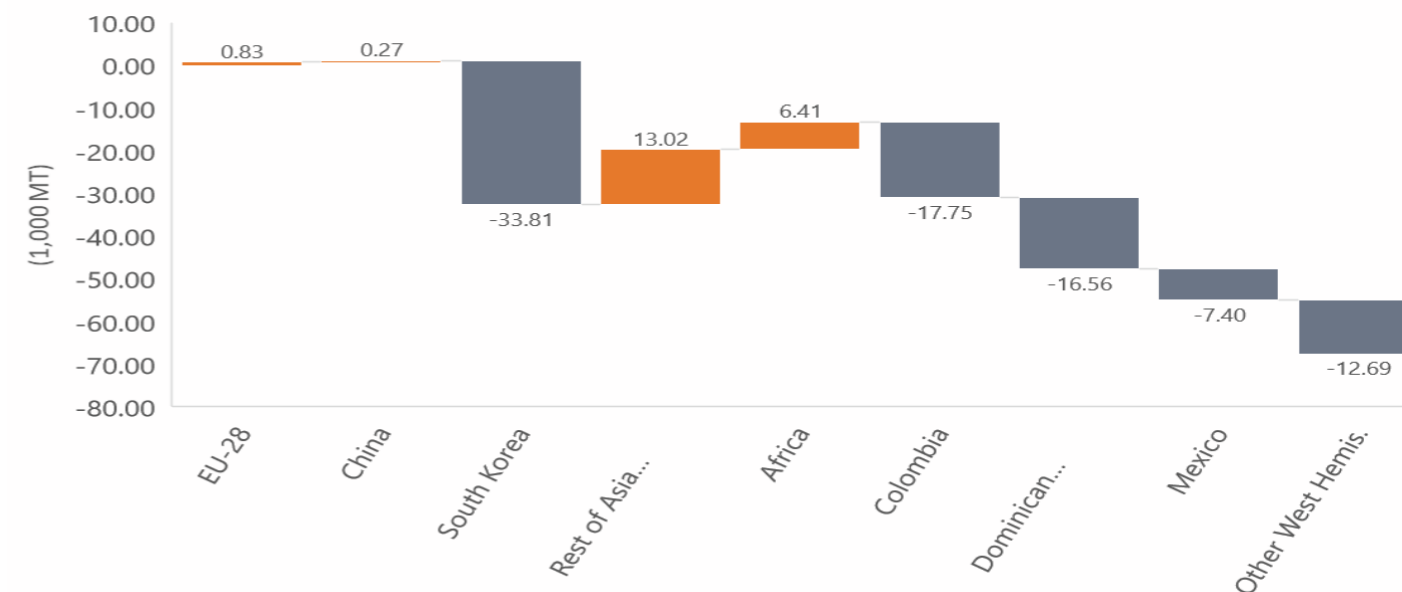
(F) = Informa Economics IEG Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
EU-28	283	23	0	0	0
China	79	0	27	54	40
South Korea	32,930	14,075	44,292	19	76,134
Rest of Asia/Oceania	1,362	12,304	2,161	1,866	2,564
Africa	12,202	5,030	2	4	0
Colombia	13,213	13,160	12,554	2,599	3,780
Dominican Republic	13,876	12,155	12,964	11,398	12,867
Mexico	10,069	13,696	10,287	14,308	11,846
Other West Hemis.	13,894	6,897	17,983	11,363	16,075
Total	97,908	77,341	100,270	41,611	123,305

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

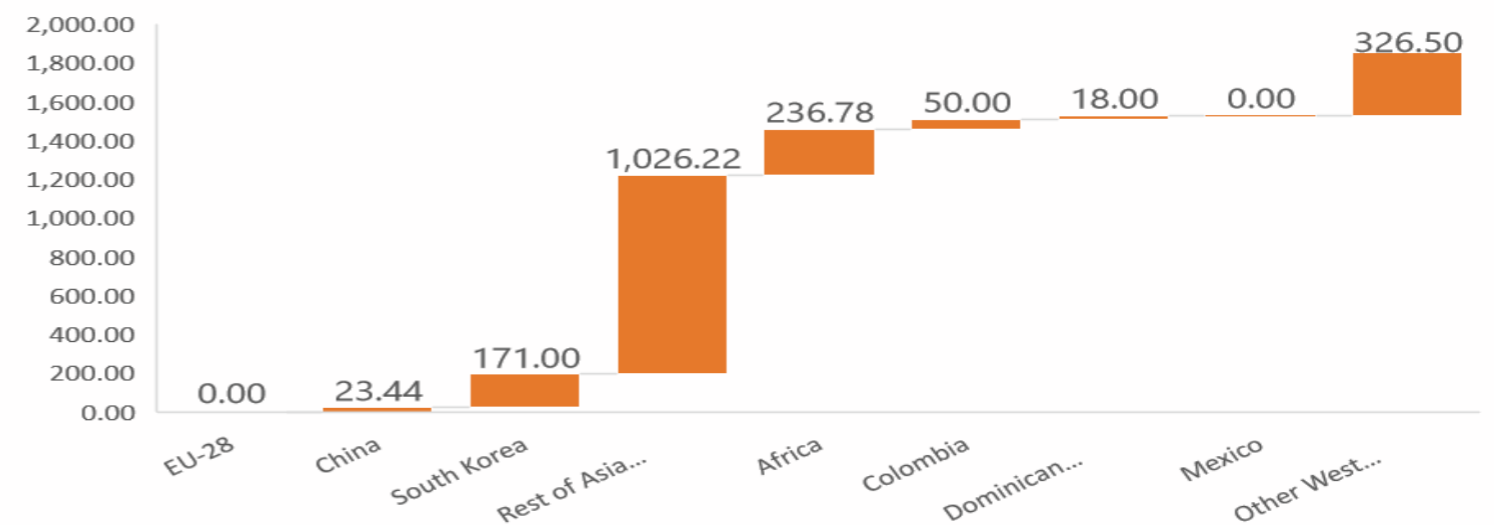
	(1,000 MT)			
	15/16	16/17	17/18	18/19 (F)
EU-28	0	0	0	0
China	1	0	27	50
South Korea	185	138	4	175
Rest of Asia/Oceania	4,005	3,742	2,508	3,534
Africa	823	644	651	888
Colombia	17	32	0	50
Dominican Republic	55	14	2	20
Mexico	0	0	0	0
Other West Hemis.	613	818	513	840
Total	5,698	5,387	3,705	5,557

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

Argentina Monthly Soybean Oil Exports

	(1,000 MT) Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
EU-28	0	0	0	0	0
China	63	0	0	0	0
South Korea	0	0	0	0	0
Rest of Asia/Oceania	106	288	325	348	216
Africa	1	0	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.	40	47	55	39	1
Total	209	334	381	387	218

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	11,095
Imports	120	130	145	152	191
Total Supply	10,311	10,928	10,945	11,709	12,188
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	803

(F) = Informa Economics IEG Forecast

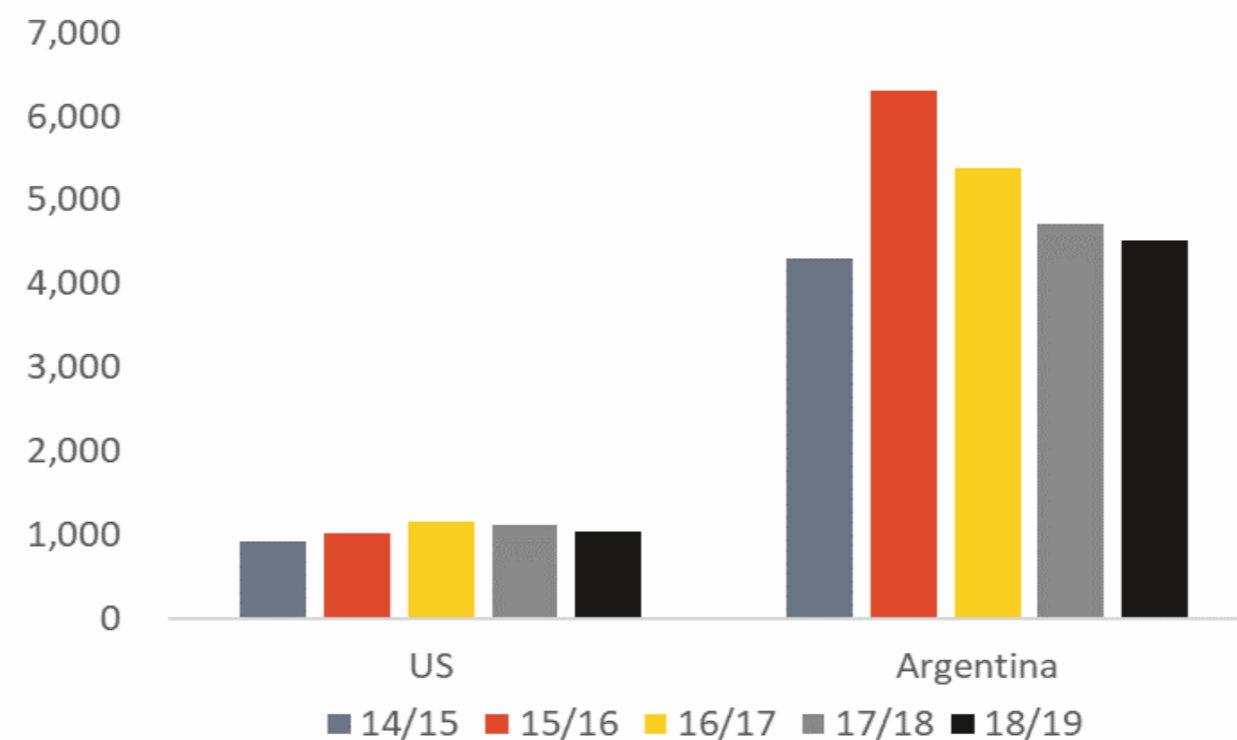
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Argentina Soybean Oil Supply and Demand (1,000 MT)

	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	7,179
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

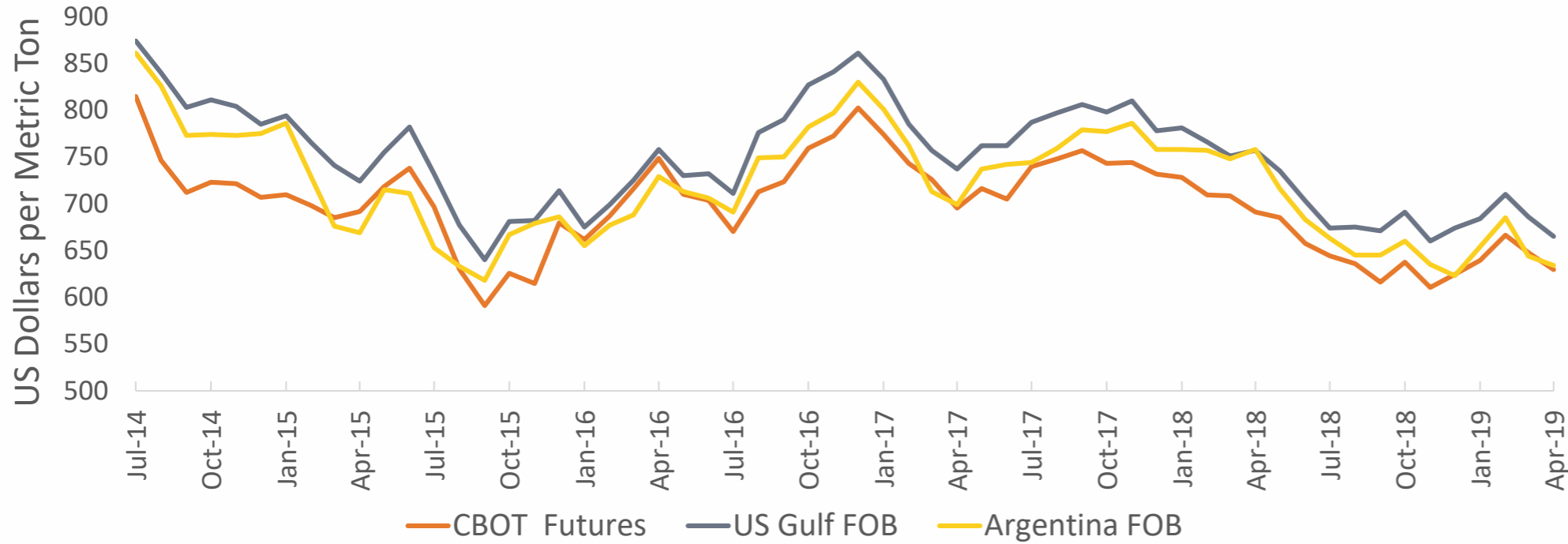
(F) = Informa Economics IEG Forecast

SBO Exports Trend (1,000 MT)

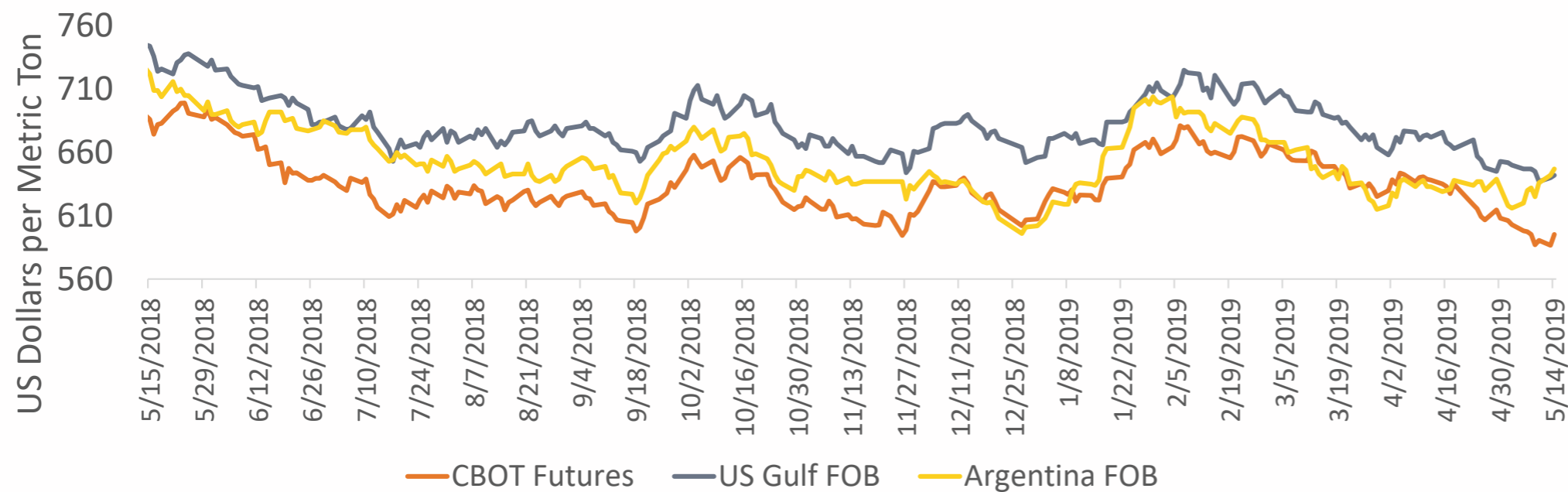


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
4/16/2019	633	666	630
4/17/2019	627	663	631
4/18/2019	635	670	638
4/23/2019	619	657	634
4/24/2019	616	654	637
4/25/2019	609	648	637
4/26/2019	607	645	630
4/29/2019	615	653	639
4/30/2019	608	652	632
5/2/2019	606	650	618
5/3/2019	603	647	628
5/6/2019	598	647	620
5/7/2019	597	647	630
5/8/2019	595	645	632
5/9/2019	587	637	625
5/10/2019	591	640	636
5/13/2019	587	674	638
5/14/2019	595	650	647

Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	ATLANTA II	ETF	5/15/2019	32,000	SBO	GLENCORE	IND/PAKISTAN
SAN LORENZO	RENOVA NORTH BERTH	TORM SAONE	AT REC	5/12/2019	5,000	SBO	COFCO	INDIA
SAN LORENZO	RENOVA NORTH BERTH	POMER	ETR ZTE	5/16/2019	18,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA NORTH BERTH	LEONORA VICTORY	ETA REC	5/15/2019	33,000	SBO	CASILLO	
SAN LORENZO	RENOVA NORTH BERTH	JO ROWAN	ETA REC	5/17/2019	28,500	SBO	LDC	INDIA
SAN LORENZO	RENOVA NORTH BERTH	LUCKY LADY	ETA REC	5/19/2019	30,000	SBO	HAKAN	EGYPT
SAN LORENZO	RENOVA SOUTH BERTH	STENAWECO EVOLUTION	AT REC	5/12/2019	19,000	SBO	GLENCORE	IND/BANGLADESH
SAN LORENZO		NAVIG8 AQUAMARINE	AT F.B.		16,000	SBO	COFCO	MOZAMBIQUE
SAN LORENZO	MINERA ALUMBRERA	TORM SAONE	AT REC	5/12/2019	7,500	SBO (P)	COFCO	BANGLADESH
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BRIGHT DAWN	AT ROADS		5,000	SBO	CARGILL	INDIA
SAN LORENZO		BRIGHT DAWN	AT ROADS		8,000	SBO (P)	CARGILL	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	CHEMBULK SINGAPORE	ETA SLZO	5/14/2019	3,000	SBO (P)	CARGILL	INDIA
SAN LORENZO	PARANA)	CHEMBULK SINGAPORE	ETA SLZO	5/14/2019	1,000	SBO	CARGILL	INDIA
SAN LORENZO		LINUS P	AT REC	5/12/2019	11,500	SBO (P)	BUNGE	COLOMBIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	VARI TRADER	ETA SLZO	5/15/2019	2,000	SBO	CARGILL	COLOMBIA
SAN LORENZO		STENA INMORTAL	ETA REC	5/16/2019	7,000	SBO (P)	CARGILL	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	STENA INMORTAL	ETA REC	5/16/2019	10,000	SBO	CARGILL	INDIA
SAN LORENZO		NAVIG8 AQUAMARINE	AT F.B.		6,000	SBO	COFCO	MOZAMBIQUE
SAN LORENZO	DEMPA	LINUS P	AT REC	5/12/2019	5,500	SBO	BUNGE	ECUADOR
SAN LORENZO	AKZO NOBEL	CHEMBULK SINGAPORE	ETA SLZO	5/14/2019	15,000	SBO	CARGILL	INDIA
SAN LORENZO	AKZO NOBEL	TORM SAONE	AT REC	5/12/2019	5,500	SBO	COFCO	BANGLADESH
SAN LORENZO	SAN BENITO	TORM SAONE	ETA REC	5/17/2019	10,000	SBO	COFCO	BANGLADESH
ROSARIO	TERMINAL PUERTO ROSARIO	LINUS P	AT REC		10,000	SBO		
ROSARIO	VILLA GOBERNADOR GALVEZ	BRIGHT DAWN	AT SLZO		15,000	SBO	CARGILL	
ROSARIO	VILLA GOBERNADOR GALVEZ	STENA INMORTAL	ETA	5/16/2019	17,000	SBO	CARGILL	
ROSARIO	DREYFUS VEGOIL TERMINAL	POMER	ETA REC	5/16/2019	11,710	SBO (P)		BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	PACIFIC AZUR	ETA REC	5/16/2019	8,000	SBO (P)		BANGLADESH
RAMALLO	BUNGE FERTILIZERS TERMINAL	POMER	ETA RAM	5/17/2019	9,000	SBO	BUNGE	BANGLADESH

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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