

Soybean Oil Market Update



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Government aid talk may boost US soybean planting

- There are reports the US government is considering a larger-than-expected payout to US soybean farmers affected by trade tariffs, which may lead to higher planting despite high soybean stocks and low export demand due to US-China trade tensions.
- A Bloomberg report said the trump administration is considering \$2/bushel direct payment to aid producers affected by the trade war with China.
- As a result of the 25% import tariff imposed by China on US soybeans, as of May 9, the US had soybean sales commitments to China of 13.3 million MT for 2018/19 compared to 28.7 Million MT at the same point in 2017/18.
- US Market Facilitation Payments (MFP) were made last December with soybean farmers compensated at \$1.65/bushel.
- *US farmers are being advised by the USDA to make planting decisions based upon current market signals rather than expectations of potential government payments.*

US futures Review: Soybeans sharply higher, boosted by grain futures

- Soybean futures settled sharply higher May 28th as a rally in corn and wheat futures lifted the complex. Soybean meal and oil futures also ended higher. July soybeans were 26 1/4 cents higher at \$8.56.
- Soybean prices moved higher again May 29th and May 30th with the price of July soybeans at \$8.88 as of the afternoon of May 30th.
- Concerns from delayed plantings in the US Corn Belt boosted the grains markets.
- *The upward movement in soybean prices represents a shift from downward price movement that has been affecting soybeans since the beginning of 2019.*

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River system difficulties impact US soybean shipments, export projections cut (IEG Vantage)

- Barge movement on US inland waterways remains restricted by high water flows – a problem that is more severely limiting soybean export activity than had been forecast.
- The US Coast Guard closed the Mississippi River near St. Louis to boat and barge traffic Thursday and barge movement to the US Gulf is anticipated to be restricted until mid-June.
- *Restricted barge movement has led IEG Vantage to decrease its US soybean export forecast for 2018/19 by 50 million bushels.*

Argentina soybean production forecast rises

- The Buenos Aires Cereals Exchanged (BCBA) raised its soybean production forecast as Argentina's harvest crossed the 75% mark.
- BCBA increased its production forecast by 1 million MT to 56 million MT.
- The USDA forecasted Argentina's soybean production at 61.3 million MT in its May World Markets and Trade data.
- *The change in production forecasts are minimal, so there is no readily apparent impact by the small upward adjustments.*

USDA Export Sales: Soy sales rise

- Soy sales came in at the high end of expectations for the week to May 16 as exports slid lower.
- Net US soybean sales were 535,800 MT, up 45% on-week and well ahead of the prior four-week average.
- Exports of 570,800 MT were 7% lower than the previous week but still 11% higher than the prior four-week average.
- *Outstanding sales have been higher in the 2018/19 marketing year than in the previous five marketing years.*

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Weekly Review: China shifting canola's dynamics back to bearish

- Agri Food Canada expects Canada to have a record 5.3 million MT ending stocks of canola at the end of next season.
- China's rejection of Canadian supplies over the Huawei affair are a major contributing factor to the accumulating stocks.
- *High stocks to use ratios are correlated with long term low prices, which is expected to trigger lower production through less plantings.*

EU rapeseed production still set to shrink, despite improved weather conditions

- Analysts at the grain industry association Cocal estimate EU rapeseed production to reach 17.9 million MT in 2019, around 2 million MT lower than last year, which would be the lowest harvest in more than a decade.
- While recent rainfall has been a boost to the rapeseed crop, the lingering effects of last year's drought and dry autumn, along with insect infestations are to blame for the low production.
- Some European farmers turned to alternate crops such as corn or wheat in lieu of rapeseed.
- *Because Canada's tensions with China have resulted in low trade between the two countries, the EU can compensate for its lower domestic crop through Canadian imports.*

House bill would impose new requirements for RFS small refinery exemptions

- New deadlines and additional transparency for Renewable Fuel Standard (RFS) small refinery exemption (SRE) petitions would be required under legislation introduced by House Agriculture Committee Chairman Collin Peterson (D-Minn.) and Rep. Dusty Johnson (R-S.D.), called the Renewable Fuel Standard Integrity Act of 2019 (HR 3006).
- The RFS requires the EPA to account for SREs when setting future biofuel targets to ensure the targets are not diluted by the waivers. However, the agency has not been making those adjustments – resulting in demand destruction for biofuels, biofuel proponents argue.
- The bill has drawn support from commodity and biofuel groups, including Growth Energy, Fuels America, National Corn Growers Association (NCGA), Renewable Fuels Association (RFA), National Biodiesel Board (NBB), MN Corn Growers Association and MN BioFuels Association.
- *The intention of the bill is to reduce the number of major oil companies receiving SRE's, as the intention of the SRE is to protect smaller operations and the overall impact would be an increase in biofuel production in the US.*

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

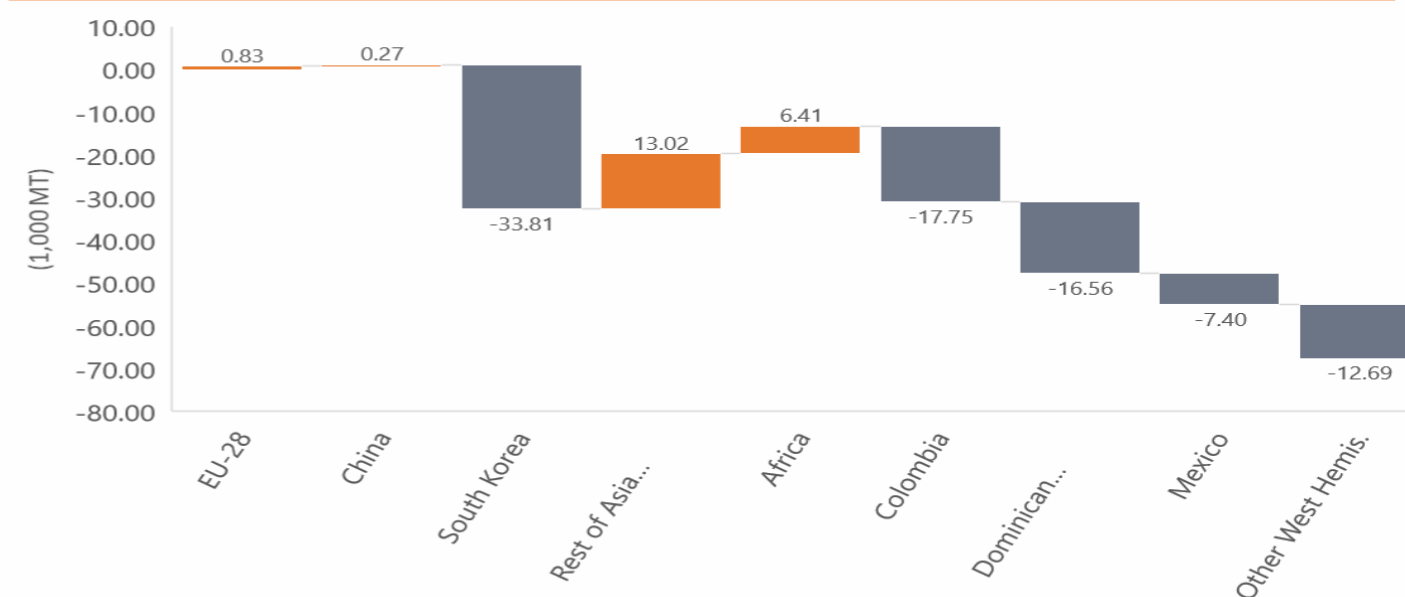
US Monthly Soybean Oil Exports

	(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

(F) = Informa Economics IEG Forecast

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

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



Argentina: Soybean Oil Exports Update

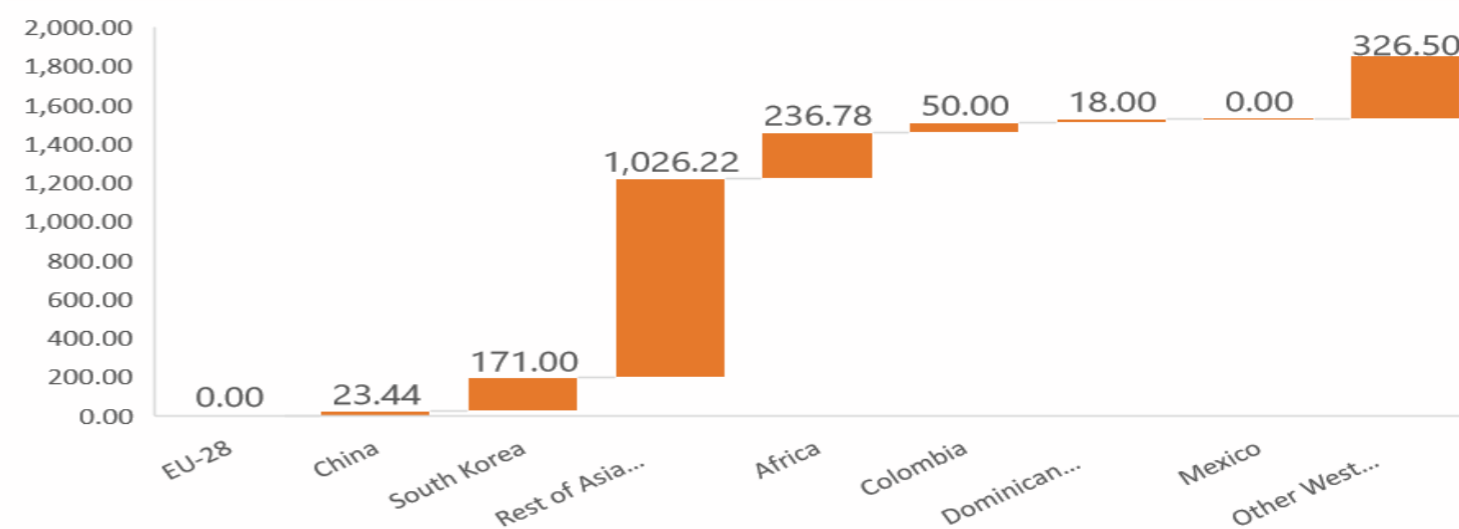
Argentina Annual Soybean Oil Exports				
	(1,000 MT)			
	15/16	16/17	17/18	18/19 (F)
EU-28	0	0	0	0
China	1	0	27	50
South Korea	185	138	4	175
Rest of Asia/Oceania	4,005	3,742	2,508	3,534
Africa	823	644	651	888
Colombia	17	32	0	50
Dominican Republic	55	14	2	20
Mexico	0	0	0	0
Other West Hemis.	613	818	513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

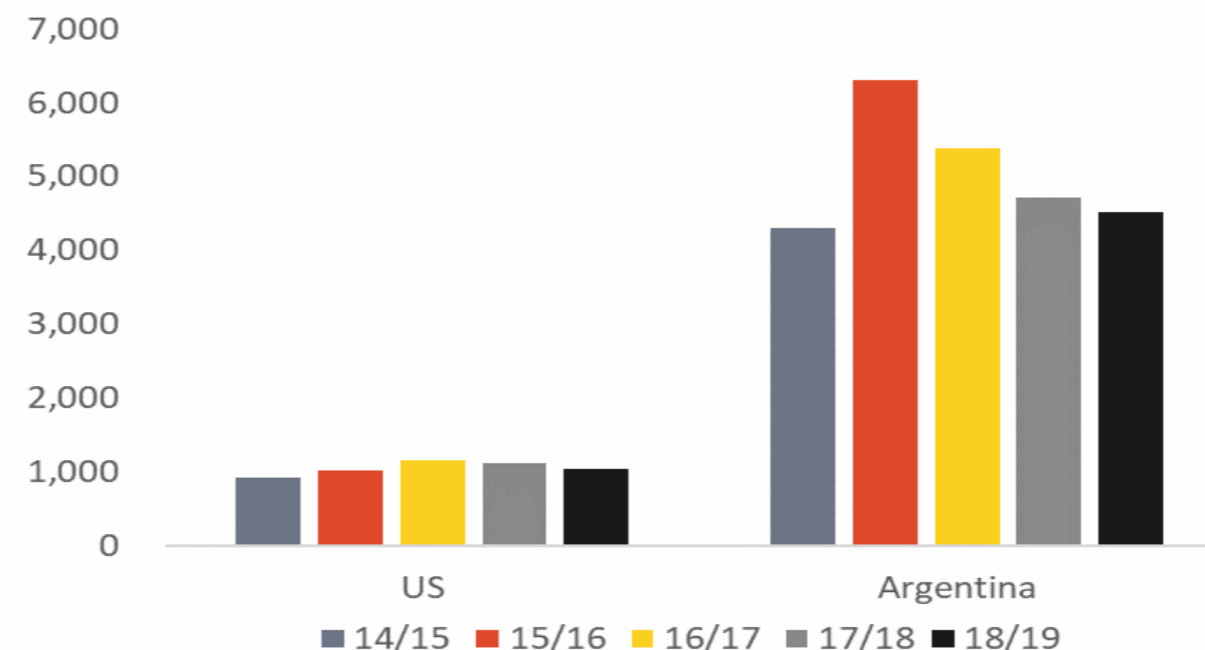
Argentina Soybean Oil Supply and Demand (1,000 MT)

	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

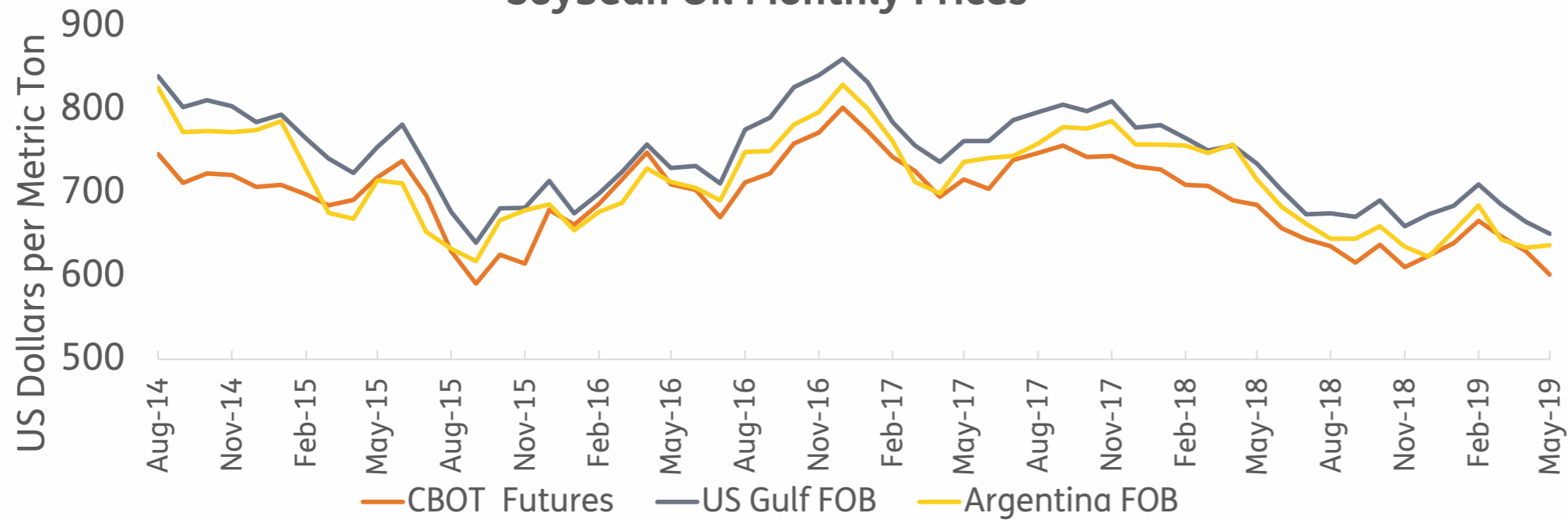
Note: Highlighted yellow references where changes have been made from previous report.

SBO Exports Trend (1,000 MT)



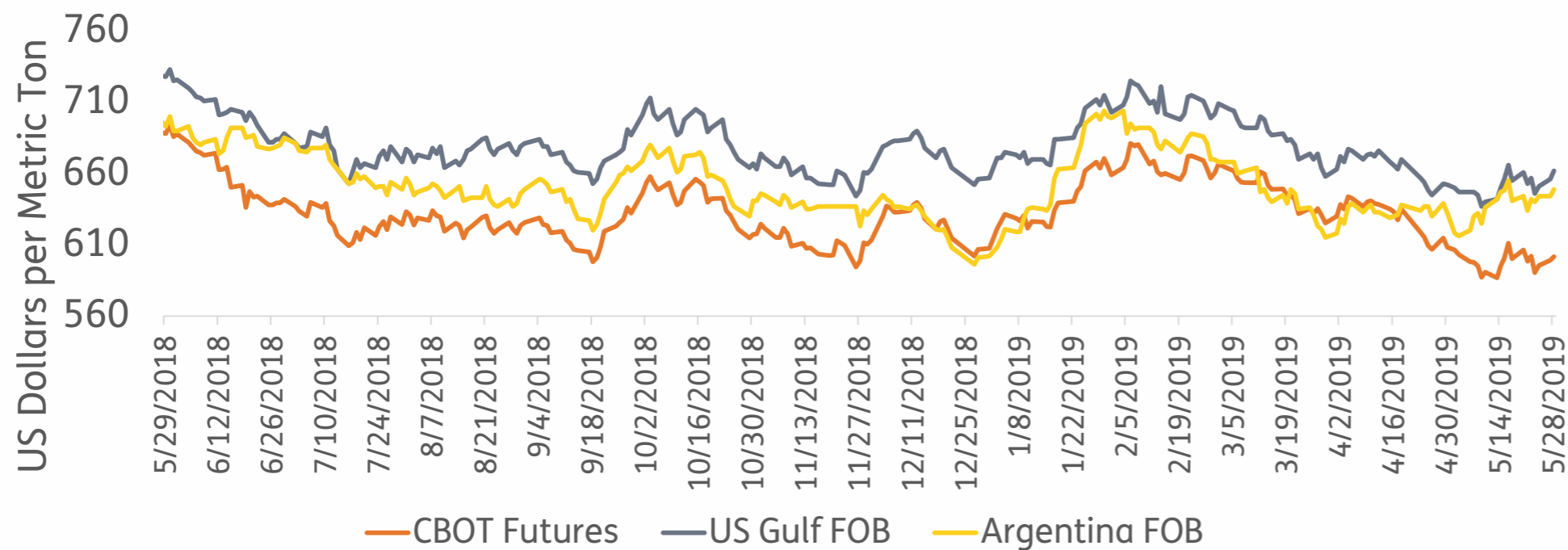
Soybean Oil Prices Trends

Soybean Oil Monthly Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
4/29/2019	615	653	639
4/30/2019	608	652	632
5/2/2019	606	650	618
5/3/2019	603	647	616
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	642	642
5/14/2019	595	650	647
5/15/2019	601	656	648
5/16/2019	611	666	628
5/17/2019	600	655	641
5/20/2019	606	661	644
5/21/2019	598	653	634
5/22/2019	602	657	642
5/23/2019	590	646	640
5/24/2019	595	674	638
5/28/2019	602	662	649

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	BW OSPREY	ETA REC	6/1/2019	17,000	SBO	ADM	ALGERIA
SAN LORENZO	RENOVA NORTH BERTH	ARDMORE EXPLORER	ETA REC	6/1/2019	33,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA NORTH BERTH	CELSIUS MUMBAI	ETA REC	6/9/2019	2,500	SBO	ADM	PERU
SAN LORENZO	DREYFUS TIMBUES	PACIFIC AZUR	ETF ROS	5/31/2019	8,000	SBO	LDC	INDIA
SAN LORENZO	MINERA ALUMBRERA	MTM NEW YORK	ETA REC	5/30/2019	12,000	SBO	WILMAR	VIETNAM
SAN LORENZO	MINERA ALUMBRERA	MTM NEW YORK	ETA REC	5/30/2019	4,000	SBO	WILMAR	MALAYSIA
SAN LORENZO	MINERA ALUMBRERA	BW OSPREY	ETA REC	6/1/2019	8,000	SBO (P)	ADM	ALGERIA
SAN LORENZO	MINERA ALUMBRERA	NAVE SEXTANS	ETA REC	6/1/2019	13,000	SBO	ADM	TUNISIA
SAN LORENZO	MINERA ALUMBRERA	NAVE SEXTANS	ETA REC	6/1/2019	9,000	SBO	ADM	MOROCCO
SAN LORENZO		CELSIUS MUMBAI	ETF TDG	6/9/2019	7,000	SBO (B)	CARGILL	ECUADOR
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	CELSIUS MUMBAI	ETF TDG	6/9/2019	4,180	SBO (B)	CARGILL	COLOMBIA
SAN LORENZO	TRANSITO (ADM AGRO)	BOW SANTOS	ETA REC	5/29/2019	18,000	SBO (P)	ADM	INDIA
SAN LORENZO	AKZO NOBEL	BW OSPREY	ETA REC	6/1/2019	13,000	SBO	ADM	ALGERIA
SAN LORENZO	SAN BENITO	NAVE SEXTANS	ETA REC	6/1/2019	10,000	SBO	ADM	MOROCCO
SAN LORENZO	SAN BENITO	BARBOUNI	ETA REC	6/8/2019	5,500	SBO	CARGILL	PERU
ROSARIO	DREYFUS VEGOIL TERMINAL	PACIFIC AZUR	ETA LAG	5/29/2019	7,000	SBO (P)	LDC	BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	PACIFIC AZUR	ETA LAG	5/29/2019	5,000	SBO	LDC	BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	PACIFIC AZUR	ETA LAG	5/29/2019	14,000	SBO	LDC	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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