

# Soybean Oil Market Update



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## Weekly Review: Some palm cheer from China

- China recently seems to have been making good on its promises to take more palm oil from Malaysia, agreeing to a barter-type deal that may involve about 200,000 MT in return for supplying construction services.
- In April 2019, China pledged to buy around 1.9 million MT of palm oil over the next five years.
- Oils used for biofuel production such as palm oil have been hurt by a slump in crude oil prices, which has put subsequent downward pressure on palm oil prices.
- *China is the third largest importer of palm oil in the world behind India and the EU, and increased palm oil imports would be a boost to the palm oil industries in the largest producing nations of Indonesia and Malaysia.*

## Brazil soybean prices as corn rises

- Reference prices in the Brazilian soybean spot market fell as a result of falling futures prices and exchange rates moving in an unfavorable direction.
- Sales and purchases were restricted to animal protein industries restocking where inventories were low.
- *For the next week, the main factor of oilseed pricing will likely be the reporting of US crop conditions; since the outlook is mostly pessimistic, caution is expected from both buyers and sellers.*

## Weekly Review: Rapeseed takes more note of Canadian drought

- A lack of rain in Western Canada where 37% of rapeseed growing areas were reported to be in moderate or extreme drought has lowered the supply of available rapeseed.
- European rapeseed futures were flat to lower for much of the week, having absorbed most of the recent negative domestic crop news.
- *Rapeseed prices have been erratic in recent weeks as the soy complex has been up and down, and the two markets are strongly correlated.*

# Soybean Oil Market Update

## USDA June soybean data: Cut in old-crop exports builds supply

- US soybean exports continue to struggle in the 2018/19 marketing year and that is translating through to increased supplies and a rise in both old- and new-crop soybean carryover forecasts.
- The 2019/20 season-average price for soybeans is forecast at \$8.25 per bushel, up 15 cents reflecting the impact of higher corn prices. Soybean meal prices are forecast at \$295 per short ton, up 5 dollars. The soybean oil price forecast is unchanged at 29.5 cents per pound.
- The global soybean production forecast is lowered for 2019/20 via reduction to Ukraine and Zambia.
- *Data from the USDA was generally in line with industry expectations, and the coming June Acreage report looms large for soybean production prospects in 2019/20.*

## IGC 2019: EU biodiesel outlook uncertain

- The outlook for EU biodiesel trade is clouded by policy uncertainty, with loopholes potentially supporting palm oil imports past restrictions coming into force in 2023 and a biodiesel quota agreement with Argentina allowing for quarterly import volatility.
- Palm oil producing nations have been frustrated by the Renewable Energy Directive (RED II) that aims to phase out palm oil use in biodiesel starting in 2023.
- ADM International director of economic research, Oliver Balkhausen sees EU domestic demand use of rapeseed oil and soy oil feedstocks remaining stable over the next decade at between 7 and 9 million MT per year, but palm oil demand is uncertain.
- *While the RED II aims to phase out palm oil for use in biodiesel beginning in 2023, its use in biodiesel is not forbidden in the interim and its use as a biodiesel feedstock may increase if pricing is attractive to biodiesel producers.*

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## Soybean complex futures bounce back, wet weather increases planting concern (IEG Vantage)

- Soybean futures erased last week's losses as forecasts for continued wet weather in the US Corn Belt helped rebuild a weather-related premium in the market.
- Despite a mostly bearish June WASDE report, planting delays and stronger export demand remained the focus of market participants.
- Potential for cancellation or rollover of outstanding US soybean export sales to China is the key risk to 2018/19 US soybean carryout. The market focus has moved increasingly to 2019/20 when China's imports are even less predictable.
- *Market fundamentals such as stocks to use ratios indicate downside in future soybean prices.*

## China May soybean imports down 24%

- China's soybean imports were down 24% to 7.4 million MT in May 2019 as compared to 9.7 million MT in May 2018 as a result of trade tensions with the US and lower demand for pigfeed due to African Swine Fever (ASF).
- Imports for the first five months of 2019 are down 12% year-on-year to 31.8 million MT.
- ASF has hurt demand for soybean meal based feed products as China's pig numbers are down 19% year-on-year as mass culling has taken place to prevent the spread of the disease.
- Imports of US pork to China have suffered as a result of punitive import tariffs.
- *China is by far the largest pork producing nation, with typical pork production of more than 50 million MT, approximately the production of the rest of the world combined. Because of this, ASF has had a major effect on the global pork markets and feed demand.*

# 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
<b>Total</b>	<b>1,016</b>	<b>1,159</b>	<b>1,110</b>	<b>1,042</b>

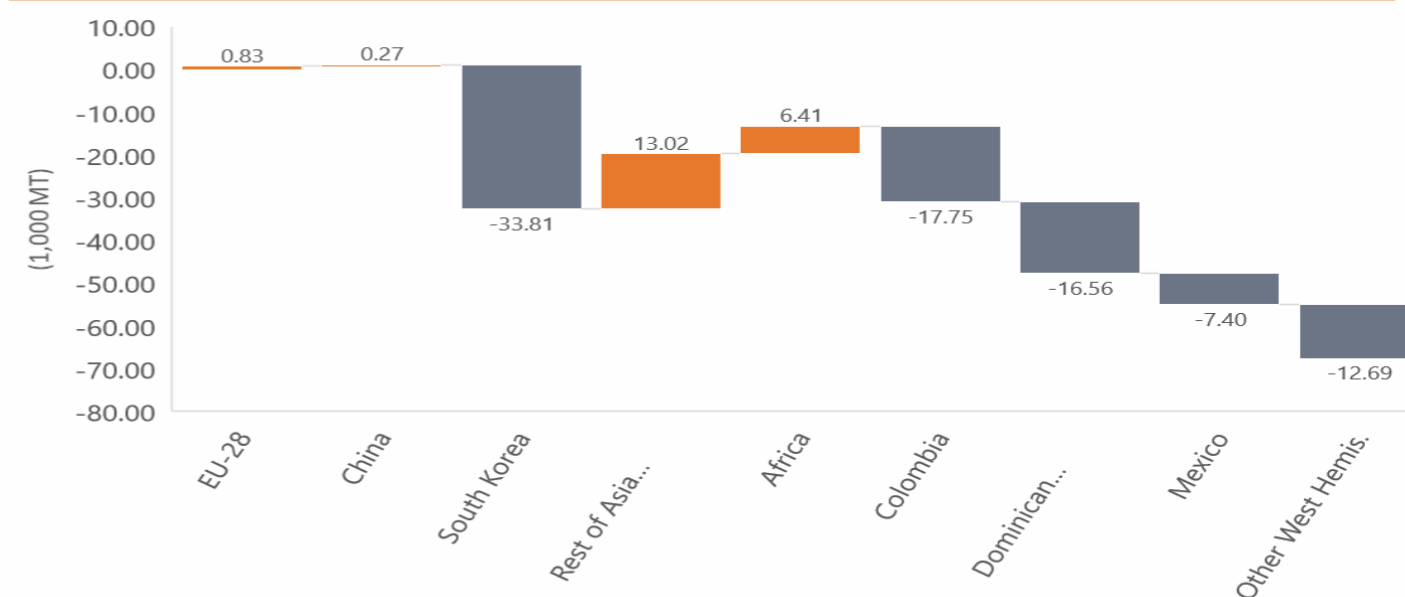
## US Monthly Soybean Oil Exports

	(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
<b>Total</b>	<b>97,908</b>	<b>77,341</b>	<b>100,270</b>	<b>41,611</b>	<b>123,305</b>

(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

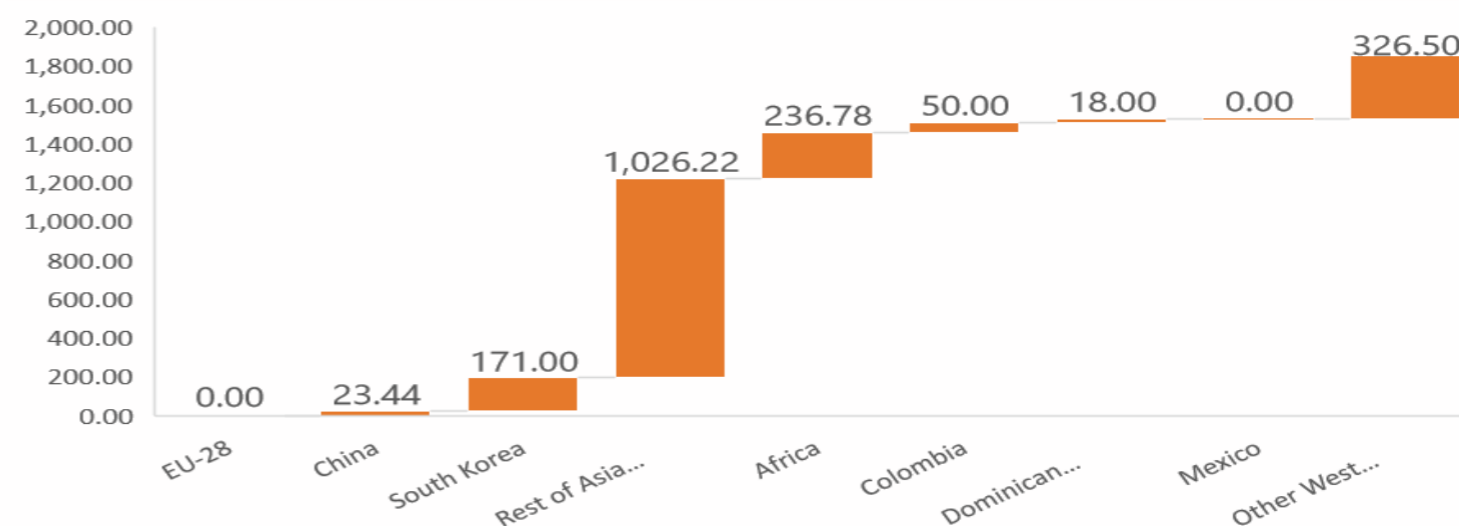
Argentina Annual Soybean Oil Exports				
	(1,000 MT)			
	15/16	16/17	17/18	18/19 (F)
EU-28	0	0	0	0
China	1	0	27	50
South Korea	185	138	4	175
Rest of Asia/Oceania	4,005	3,742	2,508	3,534
Africa	823	644	651	888
Colombia	17	32	0	50
Dominican Republic	55	14	2	20
Mexico	0	0	0	0
Other West Hemis.	613	818	513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

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
<b>Total</b>		<b>209</b>	<b>334</b>	<b>381</b>	<b>387</b>	<b>218</b>

## 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
<b>Total Supply</b>	10,311	10,928	10,945	11,709	12,188
<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	803

(F) = Informa Economics IEG Forecast

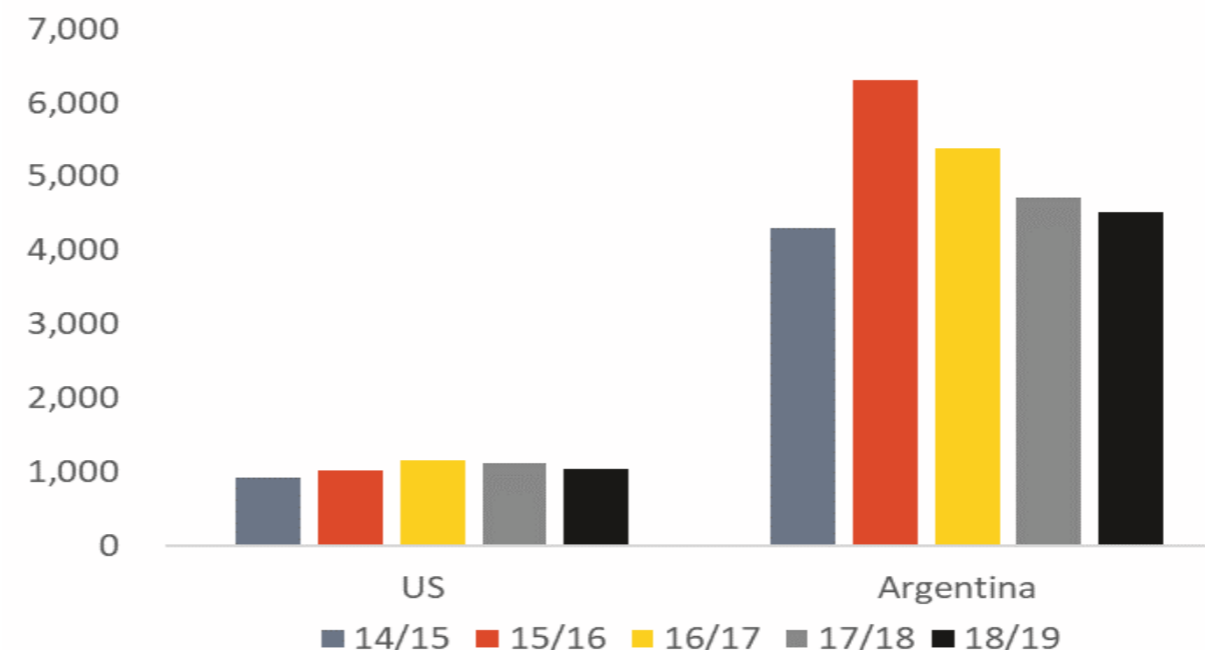
## Argentina Soybean Oil Supply and Demand (1,000 MT)

	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
<b>Total Supply</b>	7,424	8,955	8,718	8,182	7,549
<b>Domestic Use</b>	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
<b>Total Use</b>	7,228	8,619	8,459	7,872	7,299
Carryout (Mar 31)	196	337	259	310	250

(F) = Informa Economics IEG Forecast

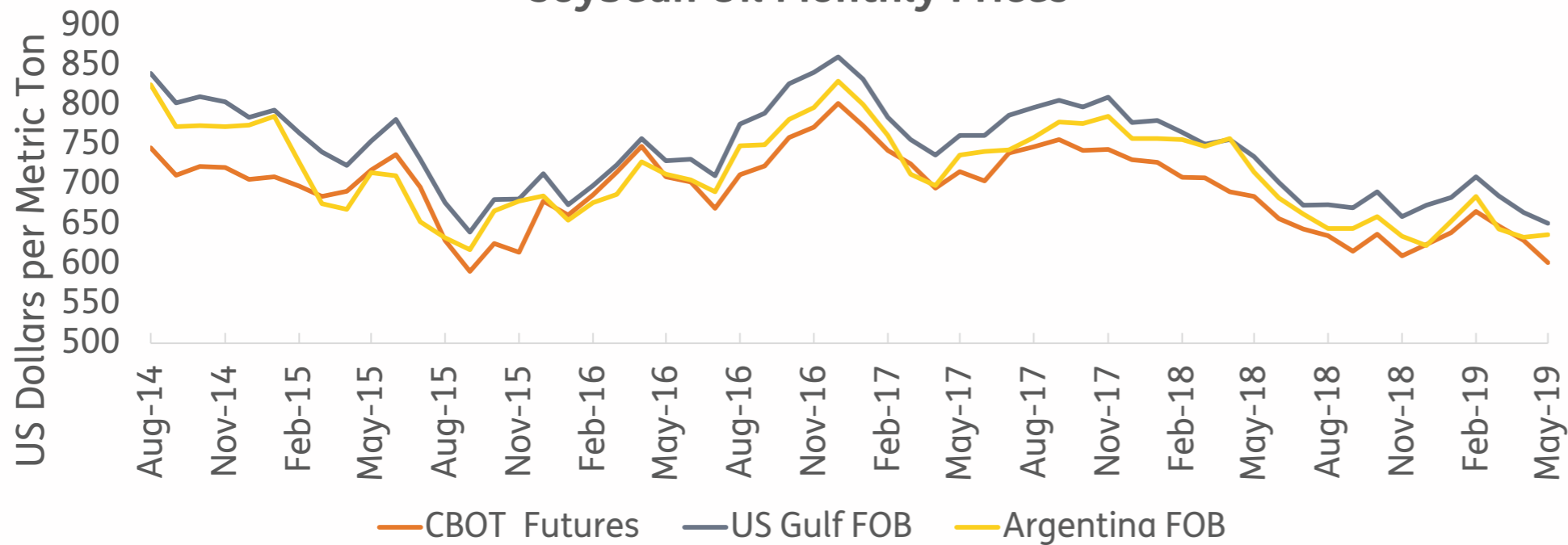
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## SBO Exports Trend (1,000 MT)

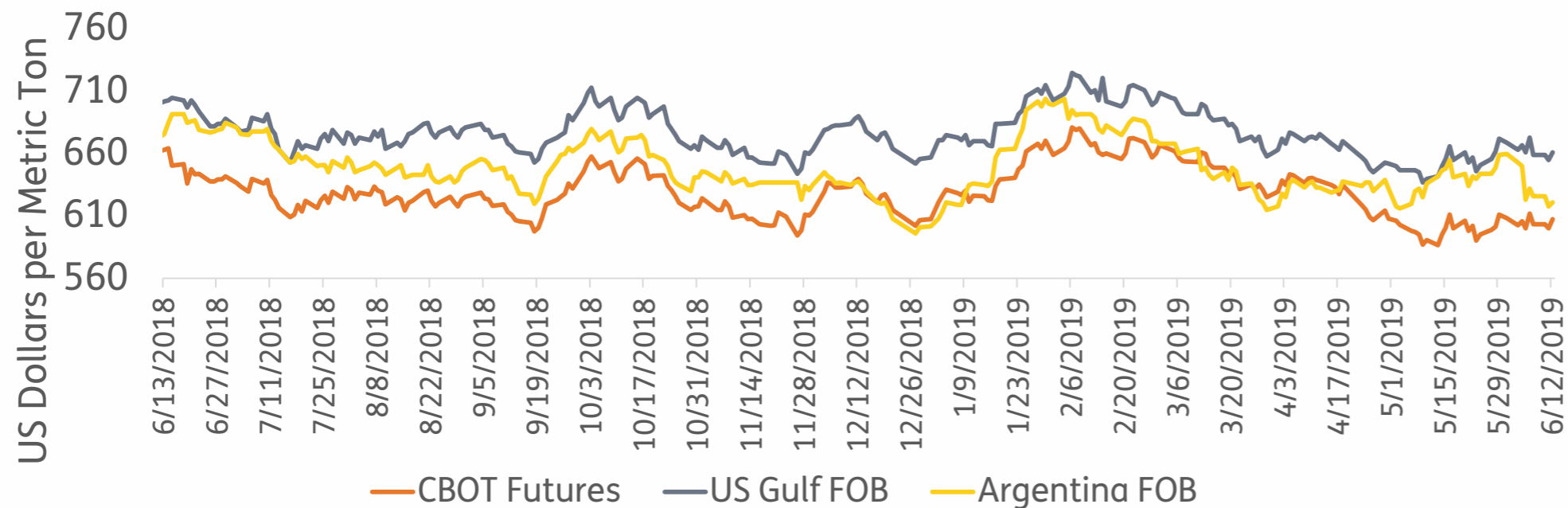


# Soybean Oil Prices Trends

## Soybean Oil Monthly Prices



## Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
5/14/2019	595	650	647
5/15/2019	601	656	648
5/16/2019	611	666	655
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	651	644
5/28/2019	602	662	649
5/29/2019	611	672	659
5/31/2019	608	669	660
6/3/2019	603	663	628
6/4/2019	606	667	650
6/5/2019	600	661	623
6/6/2019	612	673	632
6/7/2019	604	659	626
6/10/2019	604	659	626
6/11/2019	600	674	638
6/12/2019	608	661	621



# Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	AKZO NOBEL	ARDMORE EXPLORER	AT REC	6/5/2019	33,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA NORTH BERTH	STENA IMPRIMIS	AT REC	6/7/2019	32,000	SBO	GLENCORE	IND/BANG
SAN LORENZO	AKZO NOBEL	LUCKY LADY	ETF	6/13/2019	30,000	SBO	HAKAN	EGYPT
ROSARIO	VILLA GOBERNADOR GALVEZ	ALPINE MOMENT	ETA	6/15/2019	26,000	SBO	CARGILL	
SAN LORENZO	NOBLE)	STENAWECO IMPULSE	ETF	6/14/2019	21,000	SBO	LDC	INDIA
SAN LORENZO	MINERA ALUMBRERA	TORM GYDA	ETA REC	7/1/2019	20,000	SBO	ADM	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	GOTLAND SOFIA	AT REC	6/10/2019	19,000	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	FG ROTTERDAM	ETA REC	6/21/2019	18,000	SBO	COFCO	ALGERIA
SAN LORENZO	PARANA)	ATLANTIC STAR	ETA REC	6/17/2019	18,000	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	BW OSPREY	AT REC	6/1/2019	17,000	SBO	ADM	ALGERIA
SAN LORENZO	SAN BENITO	RHINO	ETA REC	6/17/2019/2019	15,000	SBO	COFCO	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	OCEAN BREEZE	ETA REC	6/19/2019	15,000	SBO	CARGILL	
SAN LORENZO	MINERA ALUMBRERA	NAVE SEXTANS	ETF	6/15/2019	13,000	SBO	ADM	TUNISIA
SAN LORENZO	RENOVA NORTH BERTH	MARIELA BOTTIGLIERI	AT REC	6/10/2019	10,000	SBO	COFCO	KOREA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	OCEAN BREEZE	ETA REC	6/19/2019	10,000	SBO	CARGILL	
SAN LORENZO	SAN BENITO	ATHIRI	ETA REC	6/18/2019	10,000	SBO	LDC	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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