

# Soybean Oil Market Update



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## China still dominates soy market sentiment

- Soy futures continue to fluctuate as the market anticipates a resolution between the US and China amid their ongoing trade dispute.
- Reports state the China allowed crushers to buy 3 million MT of US soybeans without the 25% punitive tariff, indicating a broader trade pact may be on the horizon as China took nearly 57% of US soybean exports for the week.
- A renewed focus on Brazil's huge crop – with another one likely to be sown in a few months' time – was moderated only slightly by reports that lower than usual Brazilian proteins were hurting its sales to China.
- Traders also continued to monitor US crop development, still way behind normal after a difficult, late start amid constant cold rainy weather.
- *Amid uncertainty, nearby soybean futures have had difficulty breaking through the \$9/bushel barrier.*

## EU soybean imports from US have doubled over the past year

- EU soybean imports from the US are now twice as high as when the Juncker-Trump declaration was signed last year, according to a new progress report.
- The Juncker-Trump declaration on July 25, 2018 diminished the prospects of a trade war between the EU and the US as both parties agreed to hold of on any import restrictions and pledged to work towards zero trade barriers.
- EU imports of US soybeans have increased by 96% from July 2018-June 2019 as compared to the same period a year ago, with volumes increasing from 4.6 million MT to nearly 9 million MT.
- The US has been the EU's main supplier of soybeans over the year with a 60% share of total imports as compared to a 33% share in the previous year.
- *Prospects for US soybean exports to the EU remain strong as the EU works to eliminate palm oil derived biodiesel, while US soybeans for biofuel production have been authorized for use through July 2021.*

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## China could take three years to rebuild pig herd, analyst warns

- China will take between 1.5 and 3.5 years to rebuild its pig herd - with grain and oilseed demand reacting 12 months earlier than this, according to Piter Meyer, Global Desk Manager at BRF, Brazil's largest pork and poultry exporter.
- Hog numbers are expected to fall between 25% or 30% as a result of China's problems with African Swine Fever.
- Meyer expects Chinese soybean demand to fall 15% year-on-year as big declines in demand from the hog sector are partly offset by growth in poultry production.
- *China's soybean demand is expected to recover about 12 months ahead of a recovery in the pig herd, in part because a supply of soybeans will be needed for crushing into soybean meal for pig feed.*

## Palm hopes for Indian trade growth

- Monsoon rains in India have fueled hopes that India will need more palm oil to offset domestic oilseed shortages.
- Of the 17 million MT of vegetable oils India imported last year, 63% was palm oil.
- *India, already the world's largest importer of palm oil, will become an even more critical export destination amid European backlash against palm oil for biodiesel usage amid environmental concerns.*

## Brazil's soy output expected to exceed US production

- The 2019/20 Brazilian soybean crops is expected to reach 123.8 million MT, up 4.7% from the previous year. This total would exceed USDA projections for the US soybean crop of 104.6 million MT.
- An increase in planted area for soybeans to 36.6 million hectares is expected for the 2019/20 crop year.
- Brazil's planted area for corn is expected to decline by 1.8% in the 2019/20 crop year to 17.7 million hectares.
- *High fertilizer prices currently favor planting soybeans over corn as corn requires more fertilizer usage.*

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## Russia set to double VAT for palm oil

- The Russian Duma approved an amendment to a Tax Code that excludes palm oil from the preferential value-added tax (VAT) regime and raises it to 20%.
- Palm oil is known to cause problems in the Russian dairy industry, as processors illegally use it instead of butterfat in milk product manufacturing, which is enabling the “falsified dairy” segment in the country to grow.
- The Malaysian Palm Oil Council is outraged by the Russian decision and claims it is discriminatory and contrary to WTO rules.
- *Russian palm oil imports exceeded 1 million MT for the first time in 2018, but doubling the VAT would likely reduce Russian palm oil imports in the future as it becomes more expensive for domestic users.*

## EU faces record-level of rapeseed imports

- EU rapeseed imports are likely to rise sharply in the coming months as indications intensify for a small harvest this summer.
- Estimates for rapeseed estimates for the 2019/20 crop year are at 5.6 million MT, up from just 4.3 million MT in 2018/19.
- Assuming weather conditions remain normal in the large producing countries of Canada and Ukraine, world supplies of rapeseed should be sufficient to meet the EU import demand.
- *Canola shipments from Canada to the EU face challenges because of EU restrictions on allowing genetically modified organisms and because most Canadian producers do not meet sustainability requirements to sell to the EU.*

# 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	290
Rest of Asia/Oceania	55	28	23	36
Africa	136	61	29	35
Colombia	51	122	108	68
Dominican Republic	119	150	152	136
Mexico	235	265	168	160
Other West Hemis.	271	194	327	269
<b>Total</b>	<b>1,016</b>	<b>1,159</b>	<b>1,110</b>	<b>997</b>

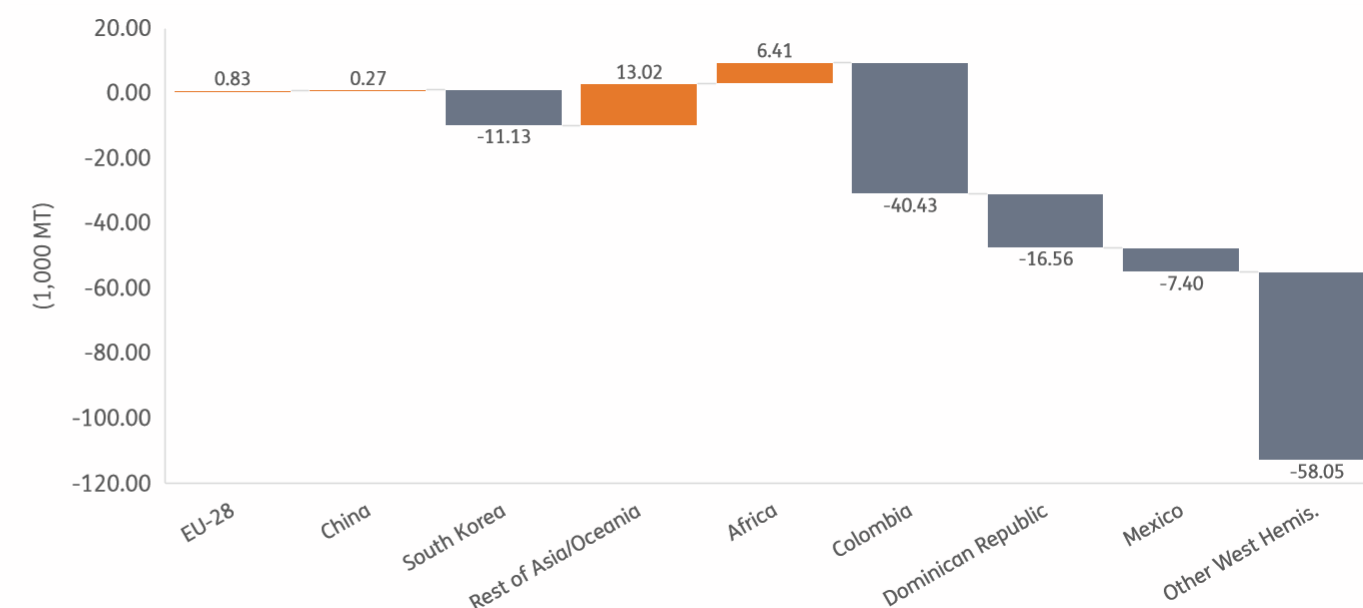
## US Monthly Soybean Oil Exports

	(MT)				
	Jan-19	Feb-19	Mar-19	Apr-19	May-19
EU-28	0	0	0	25	2
China	27	54	40	14	54
South Korea	44,292	19	76,134	17,091	46,662
Rest of Asia/Oceania	2,161	1,866	2,564	1,938	3,280
Africa	2	4	0	0	3
Colombia	12,554	2,599	3,780	6,676	1,692
Dominican Republic	12,964	11,398	12,867	22,015	4,749
Mexico	10,287	14,308	11,846	9,551	14,753
Other West Hemis.	17,983	11,363	16,075	9,916	22,126
<b>Total</b>	<b>100,270</b>	<b>41,611</b>	<b>123,305</b>	<b>67,224</b>	<b>93,320</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)



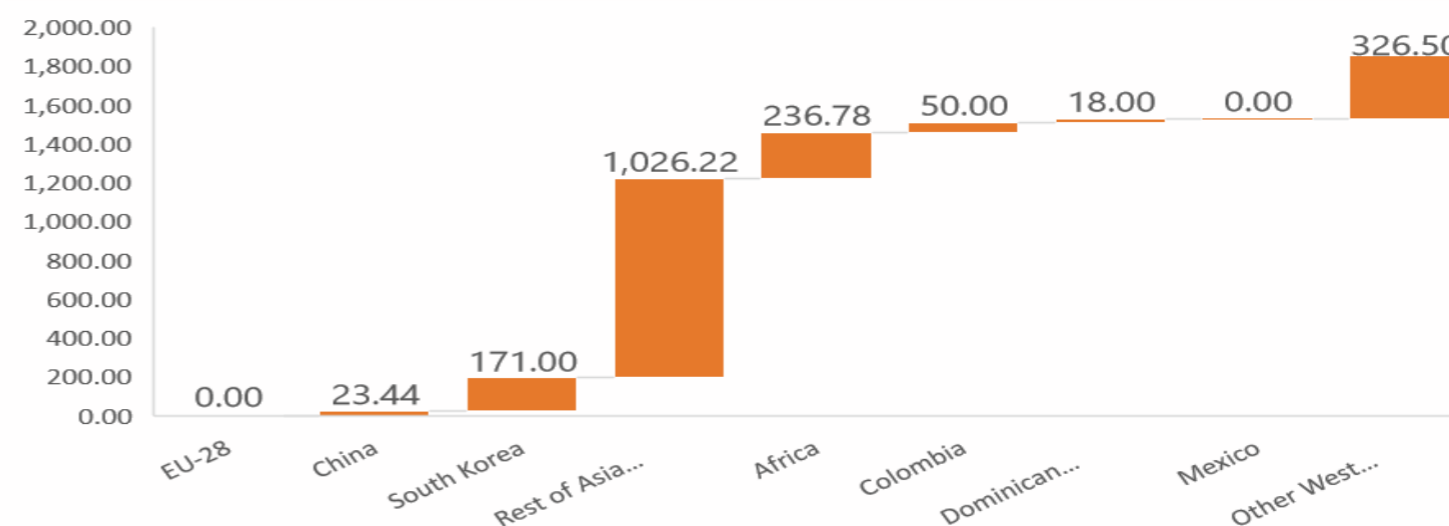
# Argentina: Soybean Oil Exports Update

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	11,038
Imports	120	130	145	152	191
<b>Total Supply</b>	10,311	10,928	10,945	11,709	12,131
<b>Domestic Use</b>	8,556	9,147	9,009	9,701	10,342
Biodiesel	2,286	2,582	2,812	3,236	3,765
Non-Biodiesel	6,271	6,565	6,197	6,465	6,577
Exports	914	1,016	1,160	1,105	998
<b>Total Use</b>	9,470	10,163	10,169	10,806	11,340
Carryout (Sep 30)	841	765	776	903	791

(F) = Informa Economics IEG Forecast

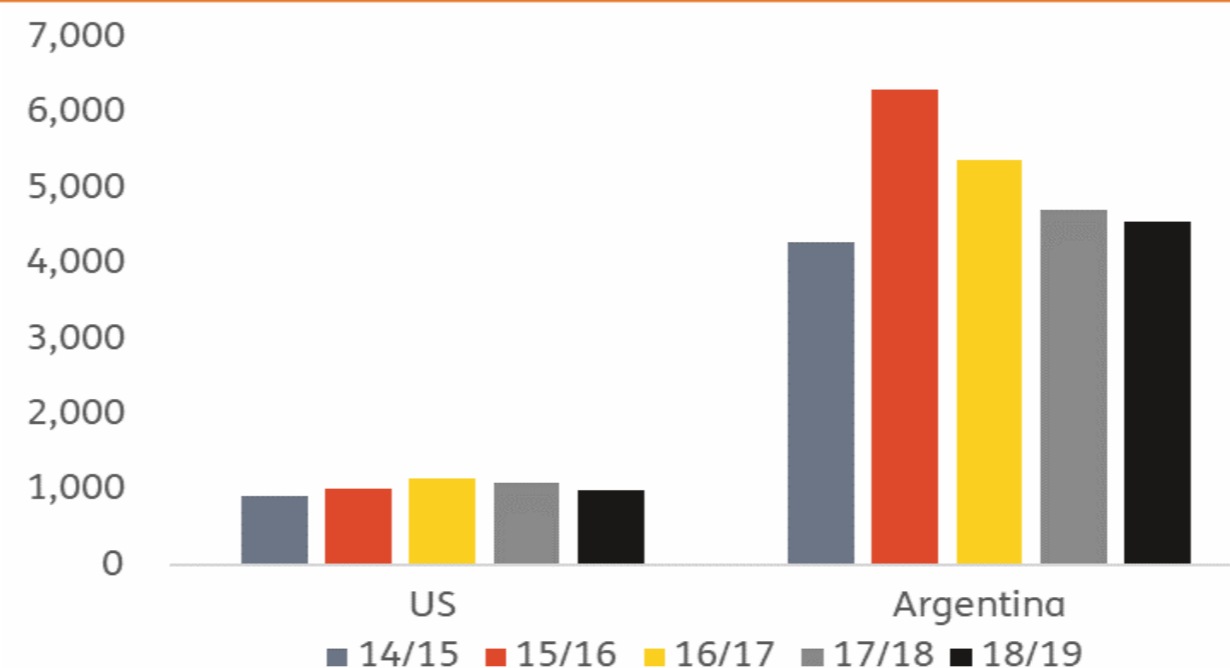
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## Argentina Soybean Oil Supply and Demand (1,000 MT)

	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	0
<b>Total Supply</b>	7,424	8,955	8,718	8,182	7,489
<b>Domestic Use</b>	2,921	2,448	2,995	3,202	2,613
Biodiesel	2,559	1,909	2,826	2,968	2,401
Non-Biodiesel	374	398	247	183	352
Exports	4,296	6,312	5,386	4,721	4,566
<b>Total Use</b>	7,228	8,619	8,459	7,872	7,319
Carryout (Mar 31)	196	337	259	310	170

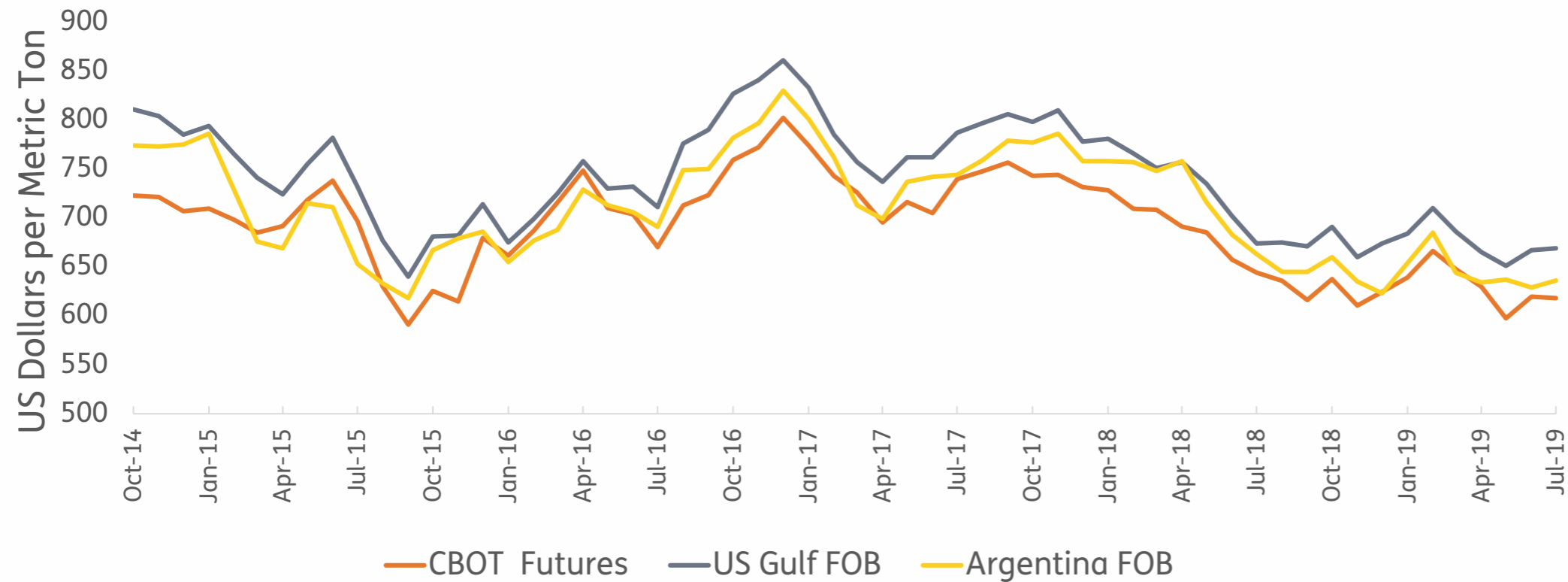
(F) = Informa Economics IEG Forecast

## SBO Exports Trend (1,000 MT)

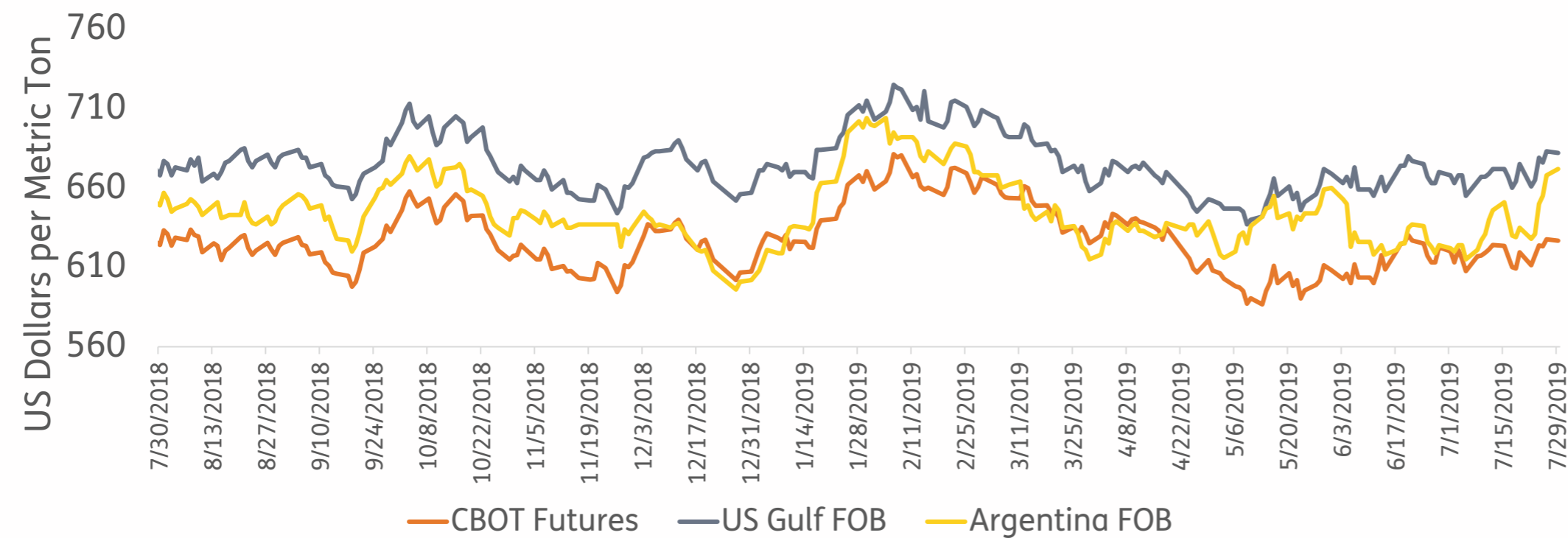


# Soybean Oil Prices Trends

## Soybean Oil Monthly Prices



## Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
6/28/2019	623	670	624
7/1/2019	620	668	622
7/2/2019	613	663	620
7/3/2019	621	668	624
7/5/2019	608	655	615
7/8/2019	617	664	621
7/9/2019	618	667	627
7/10/2019	619	667	631
7/11/2019	621	669	640
7/12/2019	624	672	646
7/15/2019	623	672	651
7/16/2019	617	667	641
7/17/2019	610	660	630
7/18/2019	609	664	628
7/19/2019	619	675	635
7/22/2019	611	661	628
7/23/2019	618	665	631
7/24/2019	624	679	650
7/25/2019	623	676	655
7/26/2019	628	674	638
7/29/2019	627	682	672





# Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	ANDES	ETA REC	29-Jul	30,000	SBO	ASTON GROUP	EGYPT
SAN LORENZO	RENOVA NORTH BERTH	ATLANTICA BREEZE	ETA ROS	1-Aug	25,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	NORD MINUTE	ETR ZTE	31-Jul	18,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ATLANTIC GUARD	ETA REC	1-Aug	4,000	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ALIGOTE	ETA REC	3-Aug	40,000	SBO		
SAN LORENZO	DREYFUS TIMBUES	ATLANTIC ROSE	ETA REC	29-Jul	15,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	HIGH TIDE	ETA SLZ	30-Jul	3,950	SBO	COFCO	INDIA
SAN LORENZO	MINERA ALUMBRERA	ATLANTIC GUARD	ETA REC	1-Aug	15,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	NORD GAINER	ETA REC	8-Aug	16,000	SBO	ADM	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	NORD GAINER	ETA REC	8-Aug	9,000	SBO	ADM	TUNISIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	MTM HOUSTON	ETF	29-Jul	18,850	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	CELSIUS MANHATTAN	AT ROADS		6,328	SBO (B)	CARGILL	COLOMBIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BOW CONDOR	ETA REC	31-Jul	6,000	SBO (P)	CARGILL	PERU
SAN LORENZO	AKZO NOBEL	HIGH TIDE	ETA SLZ	30-Jul	24,885	SBO	COFCO	INDIA
SAN LORENZO	AKZO NOBEL	CELSIUS MANILA	ETA REC	6-Aug	9,000	SBO	AGROGRAIN	PERU
SAN LORENZO	AKZO NOBEL	STI LEBLON	ETA REC	6-Aug	4,000	SBO	ADM	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	MANUELA BOTTIGLIERI	AT RAMALLO		32,000	SBO	CARGILL	
ROSARIO	VILLA GOBERNADOR GALVEZ	BAHRI TRADER	ETA REC	15-Aug	16,700	SBO		
ROSARIO	DREYFUS VEGOIL TERMINAL	MR ORESTES	ETA LAG	29-Jul	6,000	SBO (P)	LDC	BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	MR ORESTES	ETA LAG	29-Jul	8,000	SBO	LDC	BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	MR ORESTES	ETA LAG	29-Jul	9,000	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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