

# Soybean Oil Market Update



# Soybean Oil Market Update

## Soybeans sink as China raises tariffs on US agricultural goods

- Soybean futures declined Friday September 23<sup>rd</sup> after China announced it would increase tariffs on US agricultural goods including soybeans.
- September soybean futures settled at the lowest level in nearly three months after China's government announced it will place additional tariffs on \$75 billion in US goods in response to the tariffs the US announced that will go into effect September 1<sup>st</sup>.
- Soybean meal and soybean oil futures also ended lower in the wake of the announcement.
- *Continued trade tensions between the US and China have outweighed projections of lower soybean production as prices remain low throughout the soybean complex.*

## Brazil soybean export basis strengthens, 2020 production forecast increased (IEG Vantage)

- Brazilian soybean export basis strengthened with new sales to China reported for delivery during the first quarter of the 2019/20 US marketing year.
- Stronger Brazilian soybean exports to China likely will be partially offset by weaker exports to non-China destinations.
- *IEG Vantage forecasts a larger Brazilian soybean crop for 2019/20 than a year ago.*

## US farmer tensions boil over at crop tour

- Tensions in the US between farmers and government boiled over on August 21, with the USDA pulling its staff from a popular crop tour after a member of USDA staff received an unspecified threat of violence from a farmer not related to the tour.
- The flare up comes as some farmers have openly questioned USDA corn and soybean production forecasts after unfavorable weather this spring resulted in higher than usual levels of corn and soybeans not getting planted.
- *Hostility between farmers and US government agencies are fueled by the US government's role in escalating the trade war with China in which US soybean farmers have been a big loser in the ordeal.*

# Soybean Oil Market Update

## Malaysia tries to woo UK on post-Brexit palm oil stance

- Malaysia's prime minister has called for the UK to move away from the EU's critical stance on palm oil when it leaves the bloc later this year.
- Malaysian Prime Minister Mahathir Mohamad said a more positive attitude to palm oil could improve trade terms between the UK and South East Asia, and leave the UK out of any future trade war between Europe and South East Asia over the palm oil trade.
- Upon the UK's exit from the European Union, the UK may be free to negotiate its own trade deals depending on the terms of the exit.
- *The Conservatives in UK politics have previously shown concern over the effects of a ban of palm oil use in biofuels and the future of UK's palm oil policy is tied to future election results.*

## Palm steadies on production slowdown

- Concerns over Malaysia's August palm oil production will fall short of expectations boosted palm oil futures prices.
- The upward movement in prices countered previous concern that the strengthening of its currency was hurting palm oil exports.
- After several years of steep growth, global production of palm oil is expected to increase more slowly in 2019/20 with expansion focused mainly on Indonesia.
- *While Malaysian palm oil stocks have declined to one-year lows, Indonesian stocks have been rising in recent months, prompting Indonesia to consider the use of a 100% palm oil based biodiesel blend to use up surplus stocks.*

## Soybeans higher on biofuel demand potential

- Soybean futures ended higher Wednesday August 28<sup>th</sup> after USDA Secretary Sonny Perdue announced potential changes to US biofuel policy.
- USDA Secretary Sonny Perdue said the Trump Administration would announce plans to boost domestic demand for biofuels while speaking at a farm show in Illinois.
- *While it is not immediately clear what the policies will be to increase demand for biofuels, this announcement shows a continued commitment from the current US administration to pro-biofuels legislation.*

# Soybean Oil Market Update

## Soybeans edge higher on US-China trade optimism

- Soybean futures ended higher Thursday August 29<sup>th</sup> after positive remarks from Chinese trade officials lifted hopes for progress on US-China trade negotiations. September soybean futures were 3.5 cents higher up to \$8.56 ¼.
- Soybean oil futures led gains in the complex on a percentage basis, finding support from strength in energy markets.
- *September soybean futures traded up to the 20-day moving average Thursday as improving trade sentiment and ongoing US production uncertainty added to technical support.*

## Sime Darby looks to ditch Liberia operations

- Palm oil giant Sime Darby Plantation announced lower profits for its second quarter period on August 30<sup>th</sup> and revealed plans to exit the underperforming Liberian market by the end of 2019.
- The Liberia operation has not performed up to expectations thus far.
- Sime Darby Plantation has a 63-year agreement in Liberia covering 220,000 ha of land, but has planted only around 10,000 ha, with little expansion in recent years, with the 2014 Ebola outbreak halted plans to expand and construct a palm oil mill.
- Sime Darby Plantation produced 10,000 MT of crude palm oil in Liberia in the first half of 2019, with total group production of 1.3 million MT.
- *Efforts to shift palm oil production outside of the main palm oil producing countries (particularly Malaysia and Indonesia) have largely been unsuccessful and the “usual suspects” continue to dominate palm oil production.*

## EFTA-Mercosur deal opens up opportunities for Brazilian agribusiness

- Due to the trade deal, Brazil has obtained access to zero-tariff quotas that are not offered to other countries which have concluded trade agreements with EFTA.
- Soybeans are among agricultural products that will be able to enter European markets with zero tariffs for an agreed upon quantity.
- *The trade agreement will benefit Brazilian agribusiness by reducing trade barriers and making exporting to Europe more profitable.*

# 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>

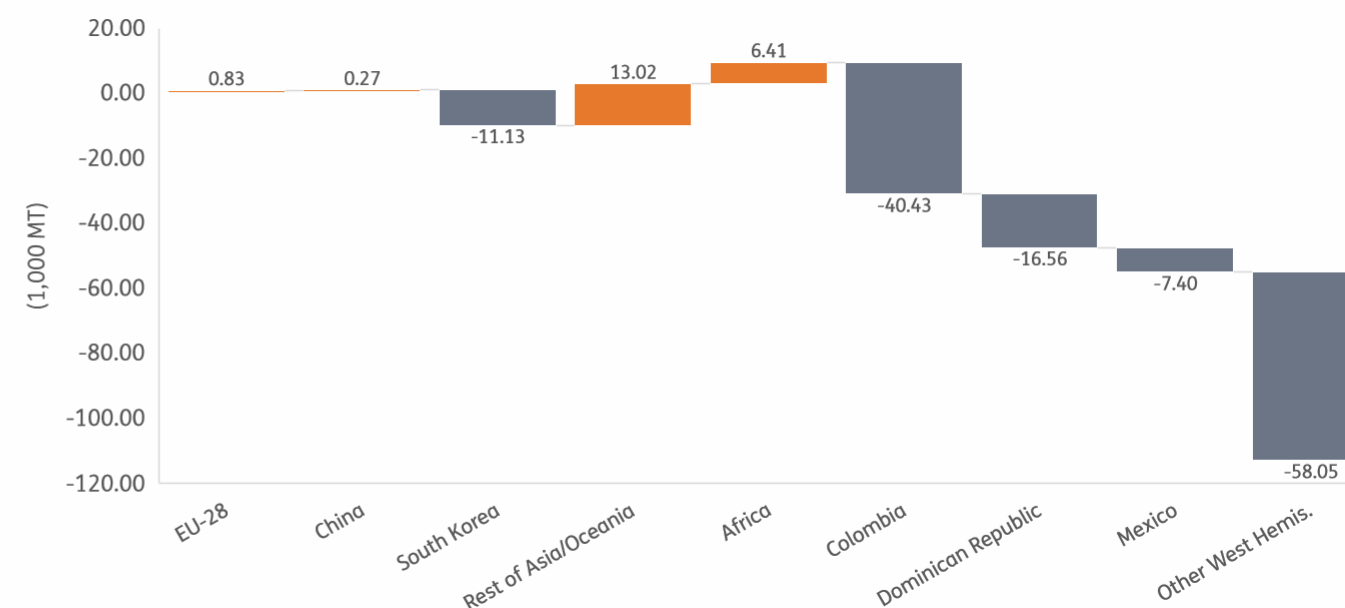
(F) = Informa Economics IEG Forecast

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

## US Monthly Soybean Oil Exports

	(MT)				
	Feb-19	Mar-19	Apr-19	May-19	Jun-19
EU-28	0	0	25	2	116
China	54	40	14	54	14
South Korea	19	76,134	17,091	46,662	0
Rest of Asia/Oceania	1,866	2,564	1,938	3,280	2,916
Africa	4	0	0	3	3
Colombia	2,599	3,780	6,676	1,692	79
Dominican Republic	11,398	12,867	22,015	4,749	15,745
Mexico	14,308	11,846	9,551	14,753	7,048
Other West Hemis.	11,363	16,075	9,916	22,126	17,350
<b>Total</b>	<b>41,611</b>	<b>123,305</b>	<b>67,224</b>	<b>93,320</b>	<b>43,269</b>

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



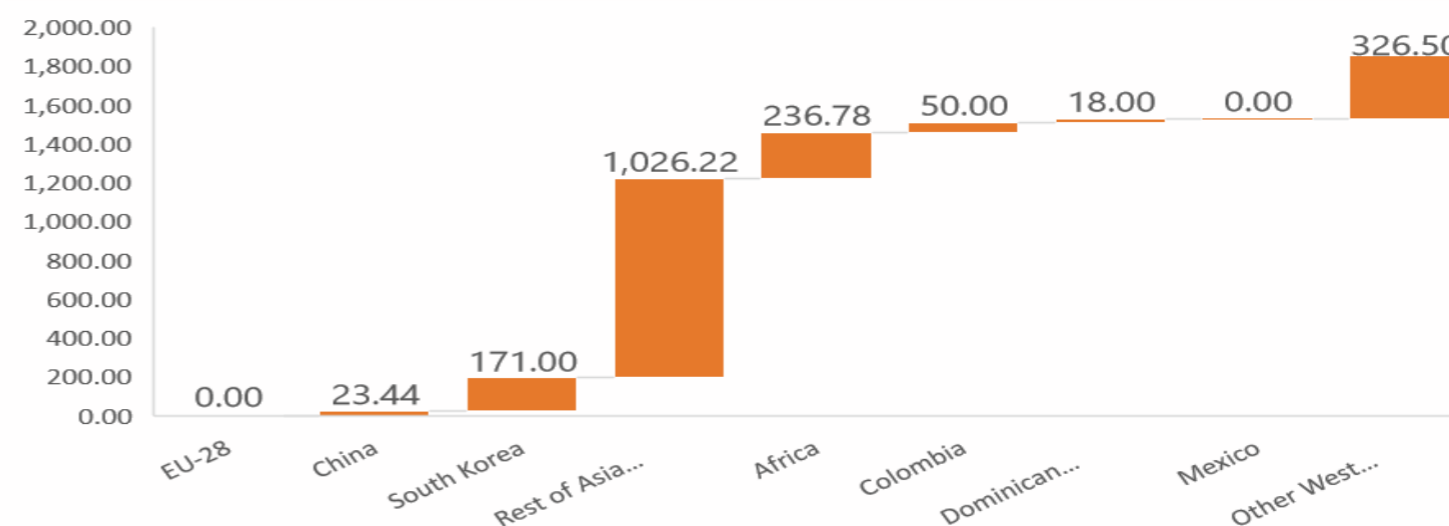
# Argentina: Soybean Oil Exports Update

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)	Jan-19	Feb-19	Mar-19	Apr-19	May-19
EU-28		0	0	0	0	0
China		0	0	0	54	26
South Korea		0	0	0	0	0
Rest of Asia/Oceania		325	348	216	128	288
Africa		0	0	0	67	80
Colombia		0	0	0	0	0
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		55	39	1	44	35
<b>Total</b>		<b>381</b>	<b>387</b>	<b>218</b>	<b>293</b>	<b>430</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	10,879
Imports	120	130	145	152	175
<b>Total Supply</b>	10,311	10,928	10,945	11,709	11,957
<b>Domestic Use</b>	8,556	9,147	9,009	9,701	10,297
Biodiesel	2,286	2,582	2,812	3,236	3,720
Non-Biodiesel	6,271	6,565	6,197	6,465	6,577
Exports	914	1,016	1,160	1,105	907
<b>Total Use</b>	9,470	10,163	10,169	10,806	11,204
Carryout (Sep 30)	841	765	776	903	753

(F) = Informa Economics IEG Forecast

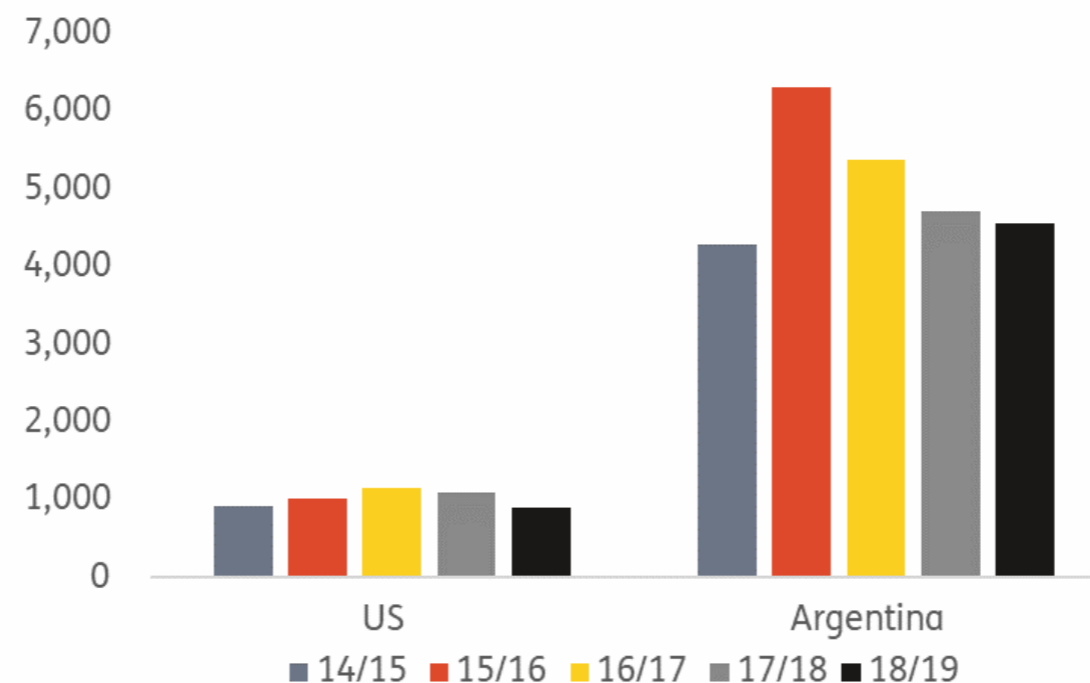
## Argentina Soybean Oil Supply and Demand (1,000 MT)

	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	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

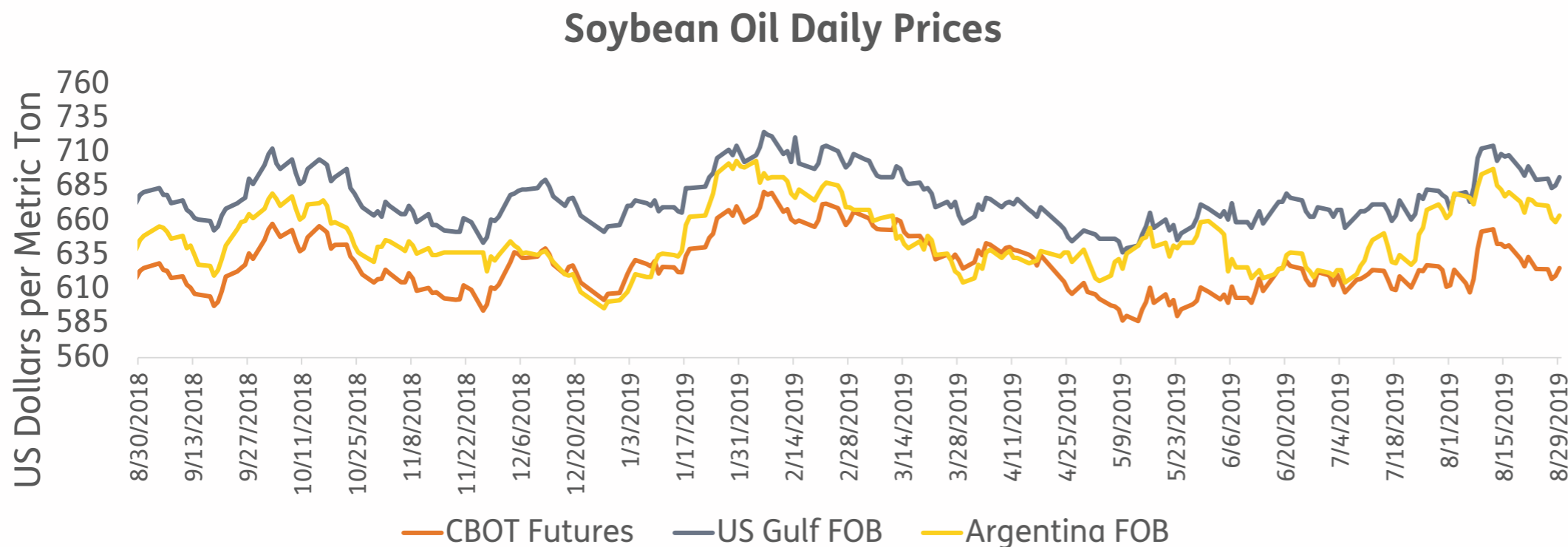
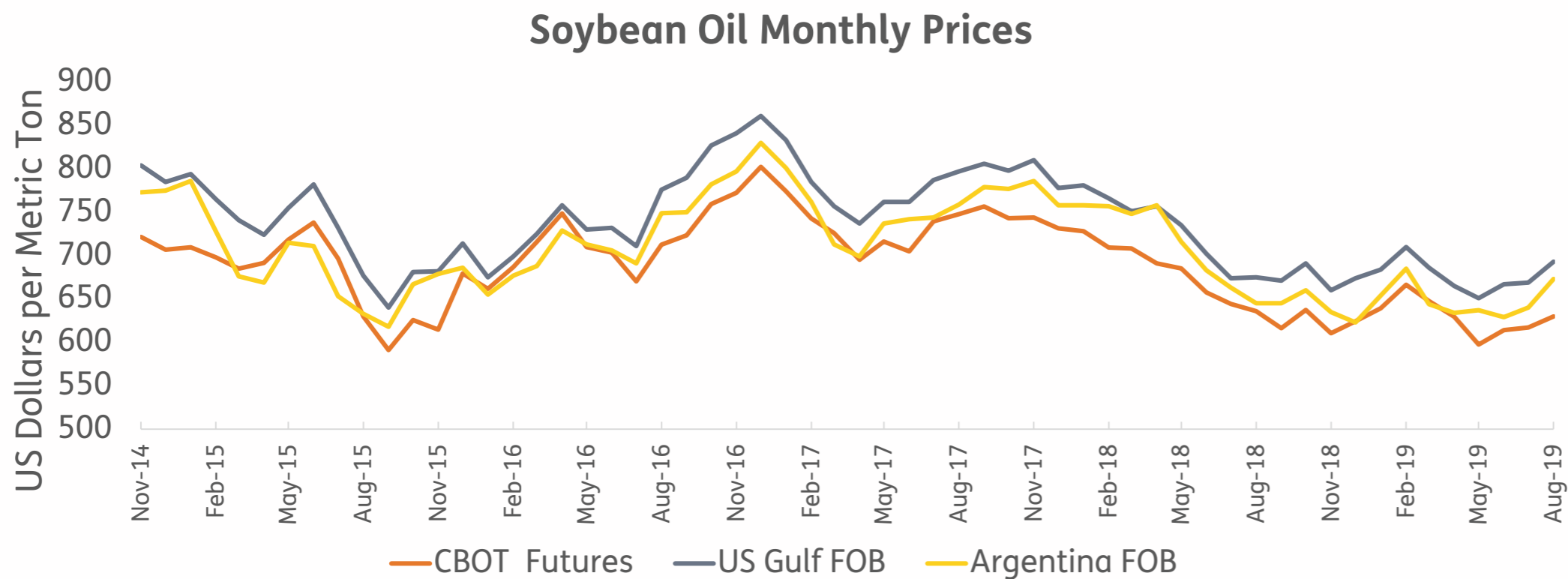
(F) = Informa Economics IEG Forecast

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

## SBO Exports Trend (1,000 MT)



# Soybean Oil Prices Trends



	CBOT Futures	US Gulf FOB	Argentina FOB
8/1/2019	613	668	665
8/2/2019	624	679	680
8/5/2019	614	681	678
8/6/2019	608	674	677
8/7/2019	618	684	672
8/8/2019	640	706	685
8/9/2019	652	713	694
8/12/2019	654	715	698
8/13/2019	643	704	686
8/14/2019	643	709	683
8/15/2019	641	707	678
8/16/2019	642	708	681
8/20/2019	627	693	628
8/21/2019	634	700	676
8/22/2019	629	695	675
8/23/2019	625	690	672
8/26/2019	625	691	671
8/27/2019	618	684	662
8/28/2019	620	674	638
8/29/2019	625	692	664





# Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	ATLANTIC TITAN	ETA REC	8/30/2019	32,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA SOUTH BERTH	FAIRCHEM KISO	AT RAM	8/28/2019	19,600	SBO	BUNGE	ALGERIA
SAN LORENZO	RENOVA TBC	MTM ROTTERDAM	ETA REC	9/1/2019	15,000	SBO	CARGILL	PERU
SAN LORENZO	RENOVA TBC	ANFITRION	ETA REC	9/2/2019	19,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA TBC	GOLDENGATE PARK	ETA REC	9/3/2019	3,500	SBO	ADM	PERU
SAN LORENZO	RENOVA TBC	PACIFIC JASPER	ETR SNIC	9/6/2019	9,500	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	PACIFIC JASPER	ETR SNIC	9/6/2019	7,000	SBO	LDC	INDIA
SAN LORENZO	MINERA ALUMBRERA	CAPELLA	AT REC	8/27/2019	31,500	SBO	WILMAR	INDIA
SAN LORENZO	MINERA ALUMBRERA	FAIRCHEM STEED	ETA REC	9/5/2019	2,000	SBO	ADM	MOROCCO
SAN LORENZO		NINA	AT KM 398		12,600	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	NINA	AT KM 398		7,500	SBO (P)	CARGILL	PERU
SAN LORENZO	PARANA)	ANFITRION	ETA REC	9/2/2019	13,000	SBO	GLENCORE	INDIA
SAN LORENZO		CELSIUS RANDERS	ETA REC	9/2/2019	2,000	SBO	BUNGE	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SHANDONG ZIHE	ETA REC	9/10/2019	5,000	SBO (P)	CARGILL	PERU
SAN LORENZO	PARANA)	SHANDONG ZIHE	ETA REC	9/10/2019	3,700	SBO (B)	CARGILL	COLOMBIA
SAN LORENZO		CELSIUS MALAGA	ETA REC	9/15/2019	7,240	SBO	BUNGE	COLOMBIA
SAN LORENZO	TRANSITO (ADM AGRO)	MR AQUARIUS	AT ROADS		15,000	SBO	ADM	INDIA
SAN LORENZO	AKZO NOBEL	MR AQUARIUS	AT ROADS		17,000	SBO	ADM	INDIA
SAN LORENZO	AKZO NOBEL	SNOW PLOEG	ETA REC	8/29/2019	18,500	SBO	ADM	
SAN LORENZO	SAN BENITO	NINA	AT KM 398		9,500	SBO	CARGILL	PERU
SAN LORENZO	SAN BENITO	ANFITRION	ETA REC	9/2/2019	12,000	SBO	LOSUR	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	LARGO MARINER	ETA REC	9/9/2019	25,000	SBO	CARGILL	INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	LARGO MARINER	ETA REC	9/9/2019	8,000	SBO (P)	CARGILL	INDIA
RAMALLO	BUNGE TERMINAL	RT STAR	ETA RAM	9/20/2019	10,700	SBO		BRAZIL

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

+1 901 766 4669

[juan.sacoto@informa.com](mailto:juan.sacoto@informa.com)

[www.agribusinessintelligence.com](http://www.agribusinessintelligence.com)