

Soybean Oil Market Update



Soybean Oil Market Update

Mixed export news for palm oil

- Latest official figures show Malay palm oil exports jumped by 16.4% in August versus July to 1.73 million MT, helping the year-to date total to a 20% on-year gain.
- The largest increases in palm oil exports for august were a 237% increase to 308,500 MT of exports to China and a 22% increase to 566,217 MT for India.
- Chinese trade is up 29% and India trade is up 54% over the first eight months of 2019 as compared to 2018.
- Including imports from Indonesia, India took 5.3% more palm oil in August when its demand hit an 11-month high as refiners there responded to cheaper prices ahead of their peak season of festive demand.
- *Some reports suggest that has caused a glut on the Indian domestic market, resulting in prices falling below import cost, which may slow intake sharply this month and may explain much of an expected decline in Malay exports showing up in unofficial data for September to date.*

USDA Export Sales: Some soy support from China

- US soybean sales were as expected for the week to September, led again by sales to trade war opponent China.
- Net sales of 1.0 million MT compared to 1.8 million MT in the previous week, and were within trade expectations of 800,000 MT to 1.3 million MT.
- China accounted for 391,400 MT of sales, adding to the 593,221 MT it took the previous week and over half a million MT of announced export sales due in the next report.
- The recent flurry of sales to China brought total commitments to the US trade rival to 2.1 million MT, up from 1.4 million MT at the same point last year, when net sales were regularly in the red.
- *As the on-season comparison begin to look favorable, it's worth considering that in 2017, pre-trade war, commitments to China were 10.1 million MT as of September 21.*

Soybean Oil Market Update

EU extends phase-out period extended for old GM rapeseed lines

- The European Commission has added a three-year extension to the phase-out period for traces of three genetically modified rapeseed lines that are no longer marketed.
- The new date of December 31, 2022 allows more time to remove traces of Bayer Crop Science division's glufosinate-tolerant Ms1xRf2 and Topas 19/2 lines that may remain in the food or feed chain.
- *Because of poor rapeseed harvests in Europe, extending this phase-out period will help stabilize short supplies in the short term*

FGV unaware of billionaire takeover bid

- Palm oil plantation giant FGV Holdings Berhad claimed they are unaware of an attempt by Malaysian billionaire Syed Mokhtar to buy a 20% stake in FGV, with an eventual goal of gaining a controlling share of the company.
- FGV has been struggling through financial losses during a period of low palm oil prices and has been dealing with investigations into mismanagement of the organization.
- *Despite FGV's claims otherwise, a shift in ownership is likely as the organization likely needs an infusion of new management to remain viable amid widespread difficulties.*

China, frisky energy markets lift soy

- The soybean complex markets are expected to benefit directly from firmer energy markets in the wake of the recent Saudi oilfield bombings.
- Optimism over US/China trade relations and strong crush numbers also strengthened soybean complex prices the week ending in September 20th.
- *The US is expected to use 3.9 million MT of soybean oil for biodiesel in 2019/20 and higher energy prices as a result of lower supply is expected to lift biodiesel prices and subsequently soybean oil.*

Soybean Oil Market Update

China soybean imports rise 9% in August

- China's imports of soybeans rose to 9.48 million MT in August 2019, up 9% from July's figure and 3.6% higher than August 2018, according to Chinese customs data.
- August's figures included a spike in imports from the US as cargoes booked during a period of trade talk progress with China's trade war adversary cleared customs.
- Trade talks between the US and China have run hot and cold, with sentiments from the public reacting both positively and negatively at frequent breaking developments.
- China's imports of soybeans from Brazil and Argentina remained strong; south America has come to meet China's soybean demand in the absence of the US, although China's demand has been suppressed by outbreaks of African Swine Fever which have led to widespread culls in China's soybean demand-driving pig herd.
- *China's demand for soybeans remains strong despite a number of challenges it is facing and indications are that it will remain the world's key soybean importer for the immediate future.*

Soybeans lower as analysts expect record US stocks

- Soybean futures ended lower Wednesday September 25th as traders positioned ahead of next week's quarterly Grain Stocks report.
- Average trade estimates pegged September 1 US soybean stocks at 982 million bushels, which, if realized, would be 544 million bushels above the year-ago level but down 23 million bushels from USDA's September WASDE projection.
- Average trade expectations point to a 16-million-bushel downward revision in estimated 2018 US soybean production.
- *Soybean prices have remained within a fairly steady trade range since Mid-September as there has not been major market altering news or occurrences.*

Soybean Oil Market Update

Weekly Review: EU takes in less palm

- In the wake of recently better Malaysian palm oil export numbers in total, reports this week that second largest market Europe has taken 16% less for the season to date was a dampener on sentiment.
- Traders are uncertain how top buyer India's demand will play out in the months ahead after festive season stocking up ends and the cold weather factor – affecting palm handling – comes into play with lower import numbers.
- *Consumption growth hopes appear heavily pinned on origins consuming more palm in bio-diesel and China substituting more for soy oil.*

Weekly Review: China & US crop concerns again drive soy

- Later-harvested and always more vulnerable to adverse weather than corn, a frequently still wet US soy crop continues offer fodder to CBOT bulls.
- Because of the late harvest, yield numbers are uncertain at this point.
- Discussions between the US and China during Sino/US trade talks were positive according to the Chinese media.
- *While Beijing has now granted its importers some important tariff waivers on imports of US beans, President Trump's constantly changing responses to China's position has not encouraged hopes of an early resolution.*

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	0
South Korea	92	206	301	344
Rest of Asia/Oceania	55	28	23	34
Africa	136	61	29	20
Colombia	51	122	108	61
Dominican Republic	119	150	152	134
Mexico	235	265	168	127
Other West Hemis.	271	194	327	185
Total	1,016	1,159	1,110	906

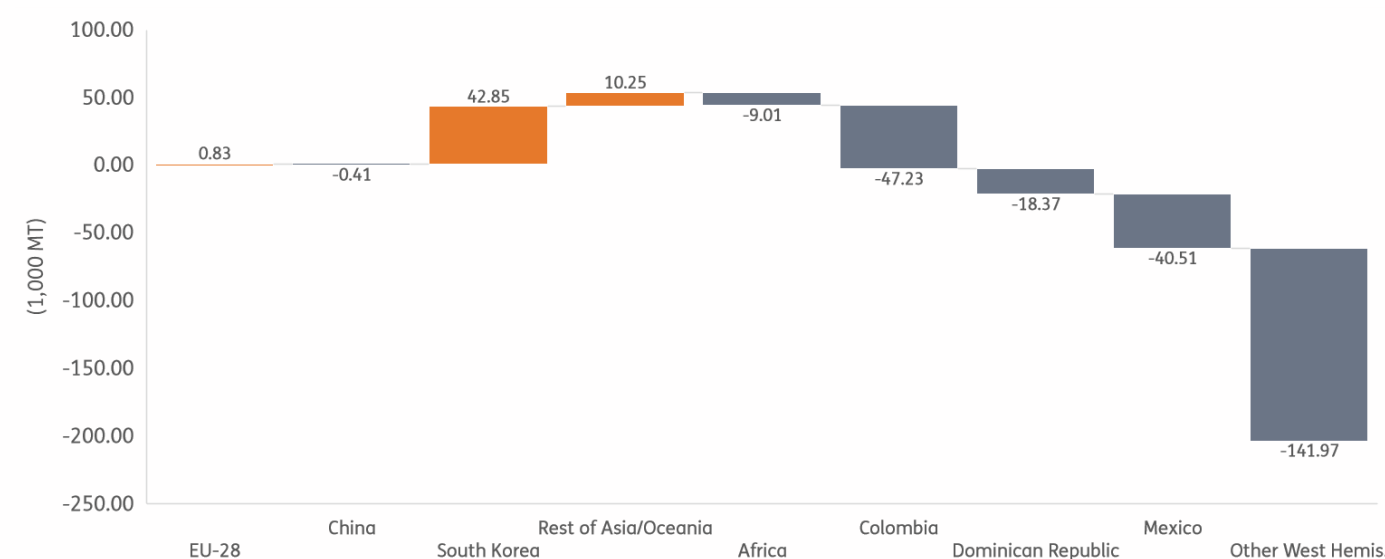
(F) = Informa Economics IEG Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Mar-19	Apr-19	May-19	Jun-19	Jul-19
EU-28	0	25	2	116	20
China	40	14	54	14	36
South Korea	76,134	17,091	46,662	0	38,752
Rest of Asia/Oceania	2,564	1,938	3,280	2,916	1,602
Africa	0	0	3	3	3
Colombia	3,780	6,676	1,692	79	26
Dominican Republic	12,867	22,015	4,749	15,745	7,519
Mexico	11,846	9,551	14,753	7,048	9,503
Other West Hemis.	16,075	9,916	22,126	17,350	21,609
Total	123,305	67,224	93,320	43,269	79,070

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



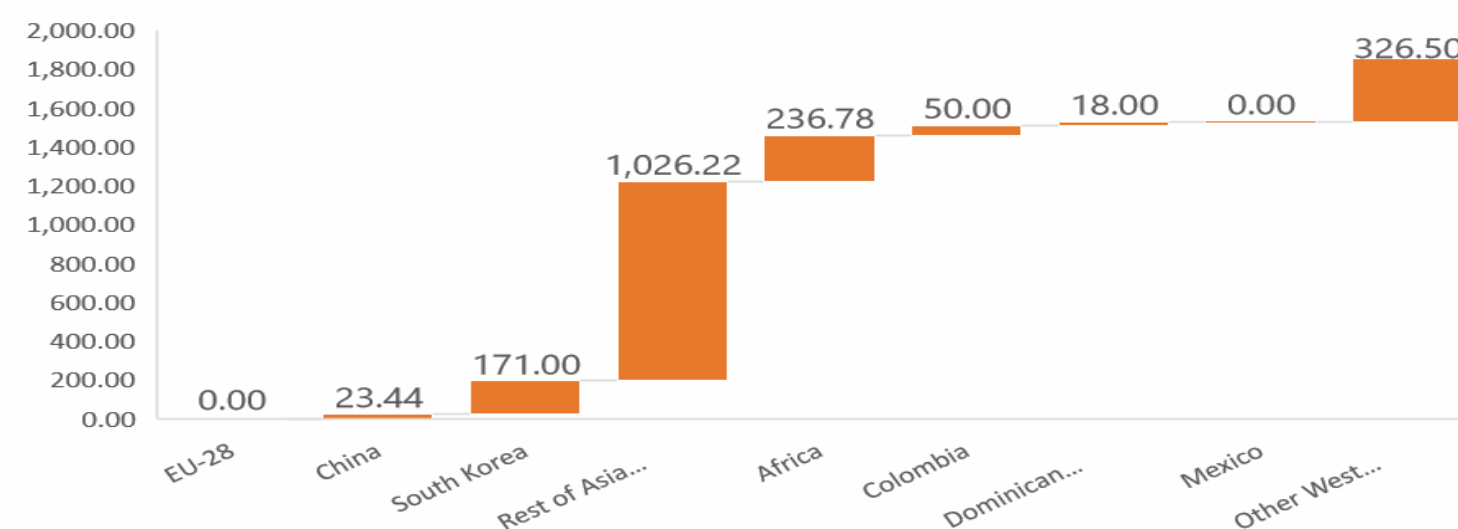
Argentina: Soybean Oil Exports Update

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)	Feb-19	Mar-19	Apr-19	May-19	Jun-19
EU-28		0	0	0	0	0
China		0	0	54	26	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		348	216	128	293	637
Africa		0	0	67	80	0
Colombia		0	0	0	0	1
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		39	1	44	35	40
Total		387	218	293	435	678

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	11,023
Imports	120	130	145	152	175
Total Supply	10,311	10,928	10,945	11,709	12,101
Domestic Use	8,556	9,147	9,009	9,701	10,346
Biodiesel	2,286	2,582	2,812	3,236	3,720
Non-Biodiesel	6,271	6,565	6,197	6,465	6,626
Exports	914	1,016	1,160	1,105	907
Total Use	9,470	10,163	10,169	10,806	11,253
Carryout (Sep 30)	841	765	776	903	847

(F) = Informa Economics IEG Forecast

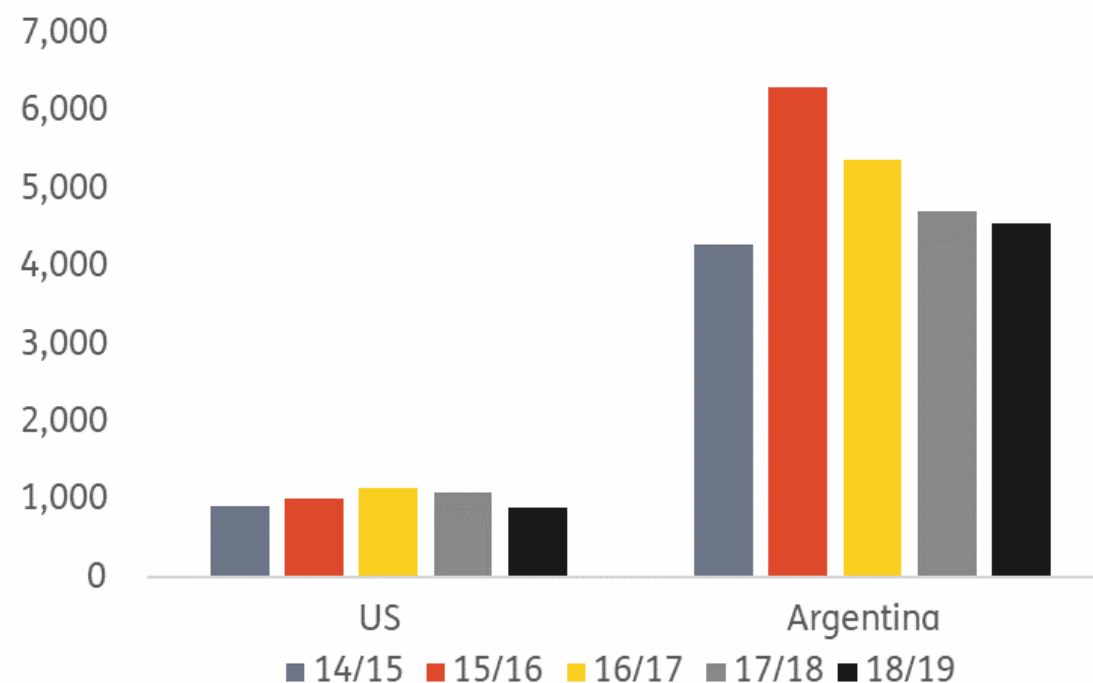
Note: Highlighted yellow references where changes have been made from previous report.

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

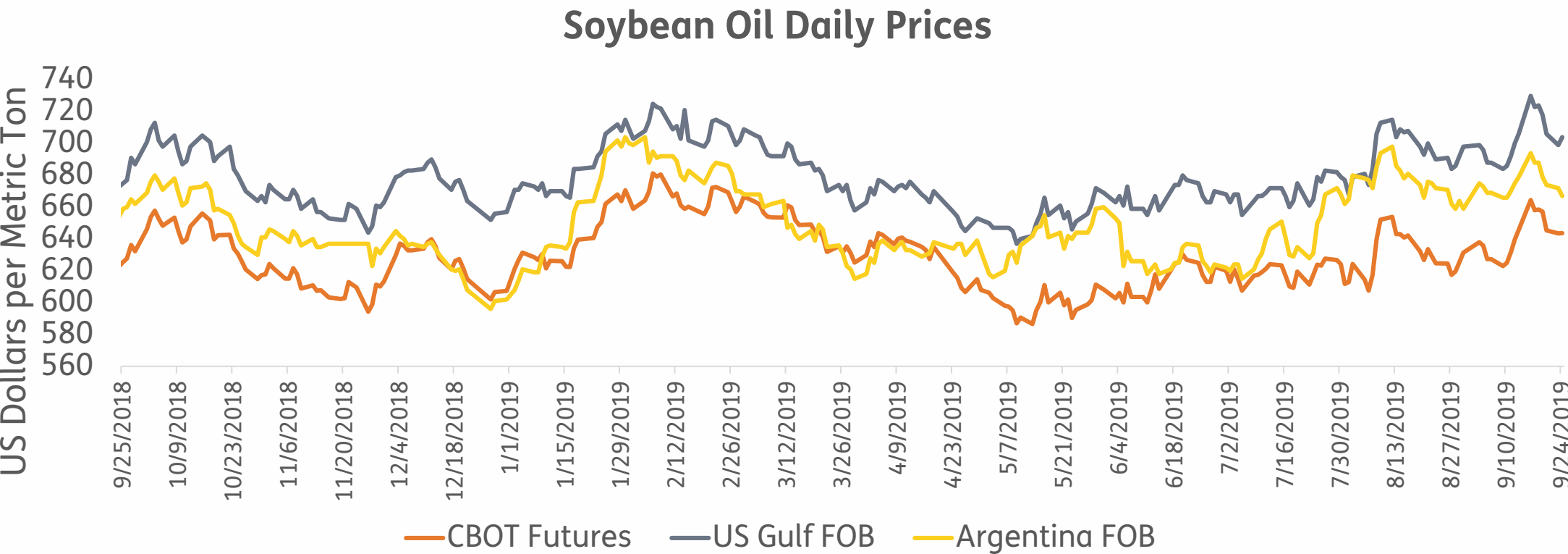
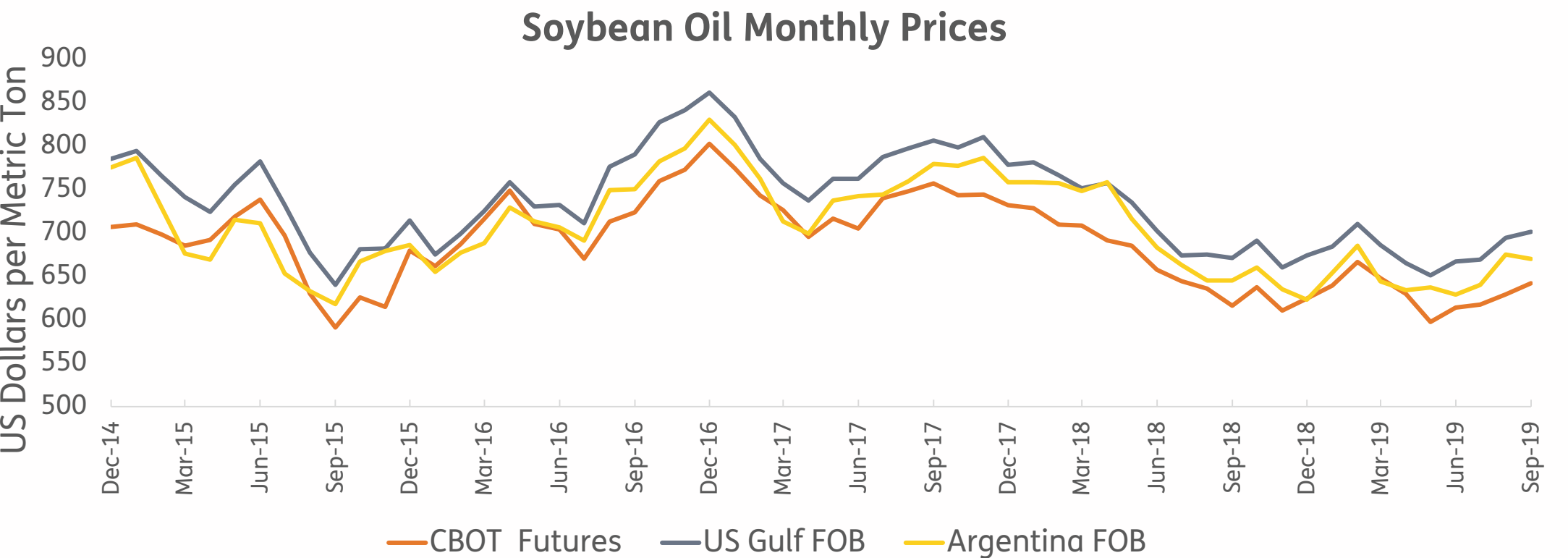
	14/15	15/16	16/17	17/18	18/19 (F)
Carryin (Apr 1)	207	196	337	259	310
Production	7,191	8,755	8,381	7,923	7,179
Imports	26	5	0	0	0
Total Supply	7,424	8,955	8,718	8,182	7,489
Domestic Use	2,921	2,448	2,995	3,202	2,613
Biodiesel	2,559	1,909	2,826	2,968	2,401
Non-Biodiesel	374	398	247	183	352
Exports	4,296	6,312	5,386	4,721	4,566
Total Use	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



	CBOT Futures	US Gulf FOB	Argentina FOB
8/27/2019	618	684	662
8/28/2019	620	686	659
8/29/2019	625	692	664
8/30/2019	631	698	659
9/3/2019	638	699	675
9/4/2019	636	696	673
9/5/2019	627	688	669
9/6/2019	627	688	669
9/9/2019	623	684	666
9/10/2019	625	686	666
9/11/2019	632	692	670
9/13/2019	646	706	628
9/16/2019	664	730	694
9/17/2019	658	723	688
9/18/2019	659	724	688
9/19/2019	657	718	679
9/20/2019	646	706	674
9/23/2019	644	674	638
9/24/2019	644	704	667



Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA SOUTH BERTH	CORONET	ETR GLAG	9/22/2019	21,000	SBO	LDC	INDIA
SAN LORENZO	RENOVA TBC	SONGA FORTUNE	AT REC	9/23/2019	8,500	SBO	AGROGRAIN	EGYPT
SAN LORENZO	RENOVA TBC	INTEGRITY	ETA REC	9/30/2019	32,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA TBC	HELLAS AVATAR	ETR SLZ	10/5/2019	22,000	SBO	LDC	PERU
SAN LORENZO	MINERA ALUMBRERA	UACC SILA	ETA REC	9/25/2019	16,000	SBO	LDC	INDIA
SAN LORENZO		SUNDORO	ETF	9/25/2019	11,000	SBO	CARGILL	EGYPT
SAN LORENZO		TORM RANGHLD	ETA REC	9/27/2019	11,000	SBO	ADM	SPAIN
SAN LORENZO		ALESSANDRA BOTTIGLIERI	ETA SLZ	9/26/2019	24,000	SBO	COFCO	INDIA
SAN LORENZO	TRANSITO (ADM AGRO)	TORM RANGHLD	ETA REC	9/27/2019	18,000	SBO (P)	ADM	ALGERIA
SAN LORENZO	AKZO NOBEL	NORD VANQUISH	ETA REC	9/27/2019	31,000	SBO	COFCO	CHINA
SAN LORENZO	SAN BENITO	AGNES VICTORY	ETF	9/25/2019	15,000	SBO	COFCO	CHINA
SAN LORENZO	SAN BENITO	SONGA FORTUNE	AT REC	9/23/2019	21,500	SBO	AGROGRAIN	EGYPT
SAN LORENZO	SAN BENITO	UACC SILA	ETA REC	9/25/2019	13,000	SBO	LDC	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	SHANDONG ZIHE	AT ROADS		22,000	SBO	CARGILL	
ROSARIO	DREYFUS VEGOIL TERMINAL	CORONET	ETA LAG	9/26/2019	10,000	SBO (P)	LDC	BANGLADESH
RAMALLO	BUNGE TERMINAL	RT STAR	ETF	9/25/2019	10,700	SBO	BUNGE	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

www.agribusinessintelligence.com