

Soybean Oil Market Update

Prepared for



January 30, 2020

Soybean Oil Market Update

Soy still fixated on China

- > News of China's worsening corona virus outbreak has little direct influence on the soy market but helped keep the spotlight on a possible feed demand cutback due to African Swine Fever in the country's pig herd.
- > China had been forecast to import more soybeans this season (from all suppliers) in which the US hoped to maintain a much larger share than over the past season of trade conflict.
- > Given market conditions and US import tariffs on Chinese produce continuing for the time being have fed ideas that China will continue to eke out its purchases from the US and favor Latin American suppliers as their 2020 harvests start come to market later in first quarter 2020.
- > *The bearish CBOT futures trend that characterized much of the week ending January 24, 2020 was led by continuing trade references to a larger Brazilian crop on the way, even exceeding the 2017/18 record 122 million metric tons.*

Harvest sends Brazil soybean prices in different directions

- > In the penultimate week of January, soybean prices in Brazil followed different trends from one region to another, as supply and demand dictated the price direction.
- > In areas where the harvest continued at a good pace, with the volume of soybean stored in the producers' warehouses increasing, prices declined with a large number of sales.
- > Sale and purchase deals also registered increases where there is still a residual volume from the 2018/19 season. Producers in these regions were more willing to sell their product to avoid an oversupply with the arrival of this harvest; there was some resistance from purchasers who hold good inventories.
- > Elsewhere, soybean prices rose as buyers demanded volume only to top up the ship's cargo and they were willing to pay higher prices.
- > *Soybean prices were down as a whole as supplies increased with increases seen in select situations.*

Soybean Oil Market Update

Indonesia palm acreage jumps 10%

- > Indonesia's palm oil plantation area jumped in the latest data from the Ministry of Agriculture, while consumption looks set to get a boost from the biodiesel sector, according to a USDA report.
- > Consumption of palm oil in Indonesia is set for a boost after a blending mandate was introduced to increase the bio content of fuel from 20% to 30%. The B30 mandate is expected to boost consumption by 2.3 million metric tons to 9.2 million metric tons in 2019/20.
- > Palm oil exports were lower in November compared to last year and are expected to remain low as prices recover.
- > A reduction in import duty for palm oil in Indonesia's main market, India, may result in increased shipments. Demand in China is up 40% as China imported and crushed fewer soybeans due to African Swine Fever.
- > *Increased palm oil demand from India and China in addition to the increase to B30 is a potential offset to the EU's ban on palm oil.*

FGV to appeal RSPO suspensions

- > Malaysian palm giant FGV intends to appeal the sanctions imposed on it by the Roundtable on Sustainable Palm Oil (RSPO) in January 2020, claiming it has made progress on the labor issues identified by the watchdog.
- > The RSPO suspended the certification process for some 20 uncertified FGV complexes and suspended the Kompleks Seriting facility after audits in October identified shortcomings in labor practices.
- > FGV said it no longer had any undocumented workers in its Sabah facility or anywhere else in its operation.
- > Responding to allegations of failing to adequately ensure new foreign workers were not paying unnecessary recruitments fees to agencies prior to working for FGV, the company said its contracts with agencies stipulate that no fees be charged.
- > *Sanctions on FGV were for both labor practices and environmental concerns. Labor practices were seen as the main driver of the sanctions with resolution being important to removal of the sanctions.*

Soybean Oil Market Update

Russia oil and fat product exports up 26% in 2019

- > Russian exports of oil and fat products rose 26% on-year in 2019, with increases in sunflower oil, oilcake, rapeseed and soybean oil exports.
- > Oil and fat product exports reached US\$4 billion in 2019, according to the ministry of agriculture.
- > Sunflower oil accounted for most exports and the largest increase, coming in at around US\$2.1 billion. Oilcake exports totaled US\$600 billion, with US\$515 billion of rapeseed oil exports and US\$400 million of soybean oil.
- > *China, the EU, Turkey, Iran and Uzbekistan are forecast to remain the main export destinations for Russia's oil and fat products.*

Faltering soy curbs canola bulls' crush euphoria

- > Winnipeg canola futures retreated from recent 11-month highs despite reports of strong domestic crush making up for lost export trade during the week ending January 17, 2020.
- > Recent Grain Commission data showed crush throughput up by 1 million metric tons to 4.8 million for the season to date and exports down by around 600,000 to 3.7 million. The Commission noted extremely strong crush margins running over double the CAD55/metric ton seen this time last year while trade reports said the market felt canola had been underpriced versus rival oilseeds and oils.
- > *Global rapeseed oil consumption is expected to drop to a multi-year low of 27.75 million metric tons in 2019/20 after smaller than expected Canadian and EU crops. Some of that loss may be filled by larger sunflower and soy oil supplies.*

United States: Soybean Oil Exports

US Annual Soybean Oil Exports

	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	1	1	1	0
China	133	1	0	0
South Korea	206	301	303	318
Rest of Asia/Oceania	28	23	35	38
Africa	61	28	17	42
Colombia	122	108	67	95
Dominican Republic	150	152	139	113
Mexico	265	167	126	113
Other West Hemis.	194	327	192	231
Total	1,159	1,108	881	952

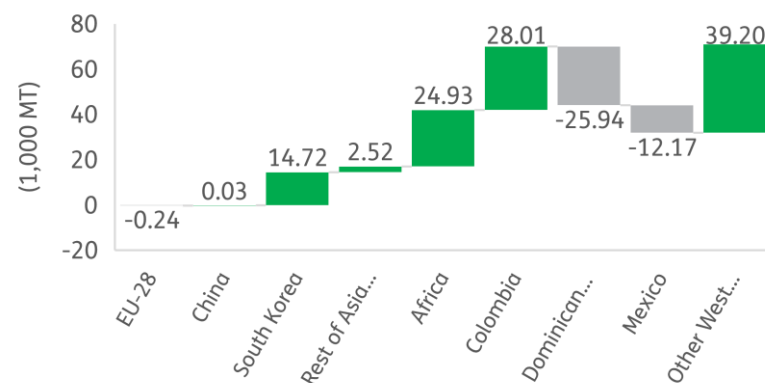
(F) = IEG Vantage Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
EU-28	20	187	18	18	158
China	36	14	63	58	17
South Korea	38,752	23,888	10	55,984	43,951
Rest of Asia/Oceania	1,602	1,884	1,780	11,294	2,825
Africa	3	3	0	3	15,062
Colombia	26	6,465	2	2,516	37
Dominican Republic	7,519	11,541	26	18,470	7,689
Mexico	9,503	9,795	7,658	8,777	12,964
Other West Hemis.	21,609	21,329	12,431	17,430	29,498
Total	79,070	75,106	21,986	114,550	112,201

YTD Change in Exports (18/19 to 19/20)



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

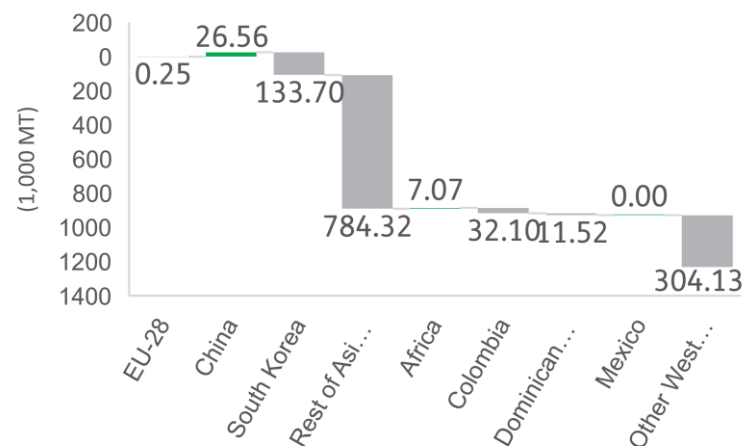
	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	0	0	0	0
China	558	1	0	27
South Korea	111	185	138	4
Rest of Asia/Oceania	3,188	4,005	3,742	2,958
Africa	401	823	644	651
Colombia	0	17	32	0
Dominican Republic	49	55	14	2
Mexico	0	0	0	0
Other West Hemis.	786	613	818	513
Total	5,094	5,698	5,387	4,155

(F) = IEG Vantage Forecast

Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
EU-28		0	0	0	0	0
China		0	0	0	0	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		655	562	484	634	364
Africa		0	0	0	0	0
Colombia		2	2	2	2	1
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		92	8	148	102	50
Total		749	572	634	738	415

YTD Change in Exports (18/19 to 19/20)



Soybean Oil Balance Tables for US and Argentina

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

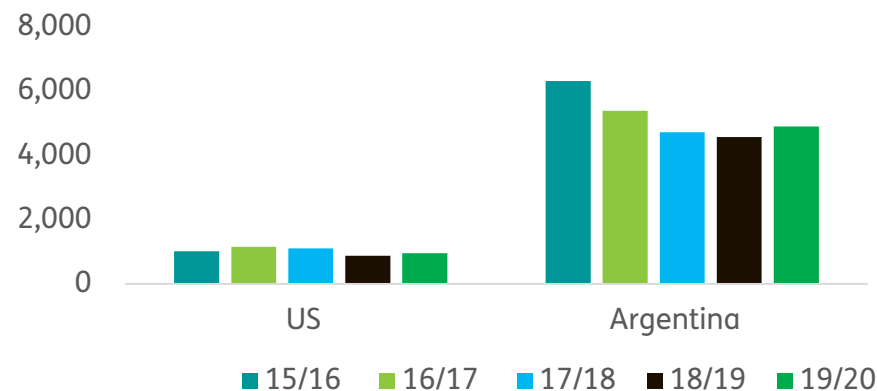
	15/16	16/17	17/18	18/19	19/20 (F)
Carryin (Oct 1)	841	765	776	905	805
Production	9,956	10,035	10,783	10,975	10,940
Imports	130	145	152	180	204
Total Supply	10,928	10,945	11,711	12,061	11,950
Domestic Use	9,146	9,009	9,698	10,374	10,262
Biodiesel	2,582	2,812	3,236	3,567	3,629
Non-Biodiesel	6,564	6,197	6,462	6,808	6,634
Exports	1,017	1,160	1,108	881	953
Total Use	10,163	10,169	10,806	11,255	11,215
Carryout (Sep 30)	765	776	905	805	735

(F) = IEG Vantage Forecast

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

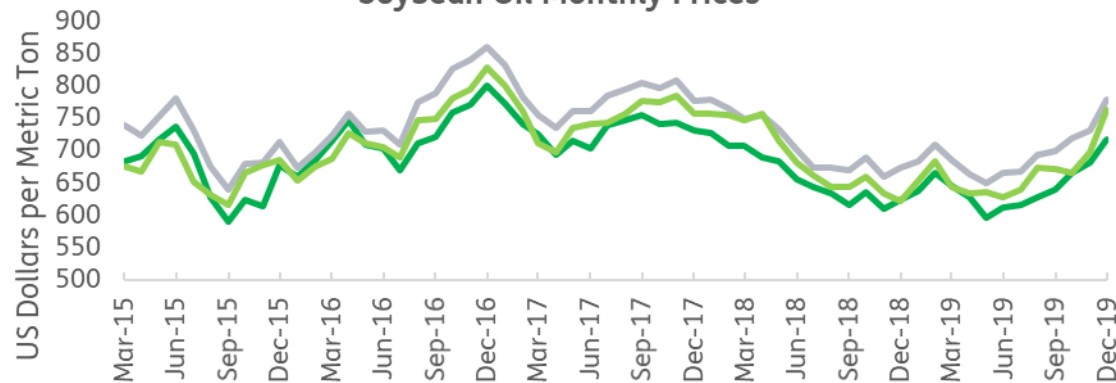
	15/16	16/17	17/18	18/19	19/20 (F)
Carryin (Apr 1)	196	337	259	310	170
Production	8,755	8,381	7,923	7,179	8,257
Imports	5	0	0	0	5
Total Supply	8,955	8,718	8,182	7,489	8,431
Domestic Use	2,448	2,995	3,202	2,613	3,362
Biodiesel	1,909	2,826	2,968	2,401	2,854
Non-Biodiesel	398	247	183	352	402
Exports	6,312	5,386	4,721	4,566	4,900
Total Use	8,619	8,459	7,872	7,319	8,156
Carryout (Mar 31)	337	259	310	170	275

SBO Exports Trend (1,000 MT)

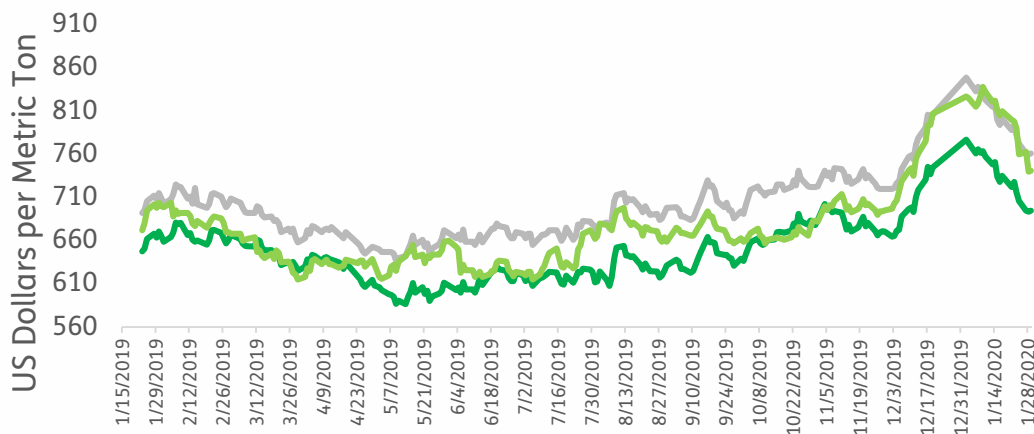


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



— CBOT Futures — US Gulf FOB — Argentina FOB

	CBOT Futures	US Gulf FOB	Argentina FOB
12/18/2019	737	798	794
12/19/2019	745	806	807
1/2/2020	777	849	827
1/3/2020	773	845	825
1/6/2020	761	833	815
1/7/2020	766	838	819
1/8/2020	762	834	828
1/9/2020	764	830	838
1/10/2020	757	823	832
1/13/2020	748	815	821
1/14/2020	751	817	822
1/15/2020	734	800	811
1/16/2020	728	794	805
1/17/2020	735	801	628
1/21/2020	722	788	800
1/22/2020	728	794	798
1/24/2020	706	772	760
1/27/2020	695	761	763
1/28/2020	694	674	638
1/29/2020	695	761	741

Note: Prices were unavailable over the holidays.

Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	SILVER EMILY	ETA SLZ	31-Jan	32,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ION M	ETA REC	6-Feb	8,700	SBO	AVERE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ION M	ETA REC	6-Feb	8,700	SBO	AVERE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	BUNGA LILAC	ETA REC	15-Feb	13,000	SBO	BUNGE	BRAZIL
SAN LORENZO	RENOVA NORTH BERTH	HIGH ADVENTURER	ETA REC	12-Feb	8,000	SBO		EGYPT
SAN LORENZO	DREYFUS TIMBUES	APOSTOLOS	ETA REC	15-Feb	22,000	SBO	LDC	INDIA
SAN LORENZO	COFCO INTL. NORTH BERTH EX	STENA PROVENCE	ETF	1-Feb	25,500	SBO	COFCO	INDIA
SAN LORENZO		BARRAMUNDI	ETR ZTE	4-Feb	23,000	SBO	COFCO	
SAN LORENZO	MINERA ALUMBRERA	MARIELLA BOTTIGLIERI	ETF	30-Jan	2,459	SBO	COFCO	INDIA
SAN LORENZO	MINERA ALUMBRERA	STENA PROVENCE	AT COFCO		9,000	SBO	COFCO	INDIA
SAN LORENZO	MINERA ALUMBRERA	EMERALD SEA	ETA REC	31-Jan	20,000	SBO	LDC	INDIA
SAN LORENZO	MINERA ALUMBRERA	EMERALD SEA	ETA REC	31-Jan	9,000	SBO	LDC	BANGLADESH
SAN LORENZO	MINERA ALUMBRERA	CHAMPION PULA	ETA REC	5-Feb	27,100	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	ION M	ETA REC	6-Feb	15,000	SBO		INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BATTERSEA PARK	AT ROADS		23,000	SBO	CARGILL	PERU
SAN LORENZO	PARANA)	HALCON TRADER	ETA REC	9-Feb	7,000	SBO	BUNGE	COLOMBIA
SAN LORENZO	PARANA)	HIGH ADVENTURER	ETA REC	12-Feb	3,000	SBO		EGYPT
SAN LORENZO	COFCO INTL PGSM SOUTH BERTH	BARRAMUNDI	ETR ZTE	4-Feb	14,000	SBO	COFCO	INDIA
SAN LORENZO	VICENTIN	RHL DRESDEN	AT ROADS		1,000	SBO	GLENCORE	CUBA

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)

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