



Soybean Oil Market Update

Prepared for



February 15, 2020

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USDA February WASDE: USDA ups soy export forecast to China

- > US soybean exports are forecast higher this month than they were in January, with USDA analysts citing increased demand from China with the Phase One trade agreement implied as a factor that prompted the adjustment.
- > US soybean exports for 2019/20 are now forecast at 1.825 billion bushels, an increase of 50 million bushels from the last forecast.
- > There was no change to crush forecast, so forecasted soybean carryover declined from 475 million bushels to 425 million bushels as a result of a projected increase in exports.
- > The US season-average soybean price for 2019/20 is forecast at \$8.75 per bushel, down 25 cents reflecting reported prices to date, USDA said, while the soybean oil price forecast is lowered 0.5 cents to 33.5 cents per pound and the soybean meal price forecast is unchanged at \$305.00 per short ton.
- > Projected soybean production in Brazil increased 2 million MT to 125 million MT as a result of favorable weather in Mato Grosso and improved rainfall in southern and northeastern soybean areas.
- > *Soybean prices remained relatively consistent in the immediate aftermath of the report as there were few substantive changes made.*

Exchange rates favor Brazil's soy market

- > The Brazilian real exchange rate against the US dollar raised soy prices last week, as corn dips slightly with the market awaiting the summer harvest.
- > Trading companies also took advantage of the exchange rate with some now having sufficient volumes to last until June/July.
- > *The dollar at its maximum historic level, opened a rare opportunity for Brazilian producers to gain an attractive price in the spot market, before the Brazilian soybean crop reaches its harvest peak and prices inevitably decrease.*

Soybean Oil Market Update

Weak Malaysian palm oil exports mask output drop

- > The Malaysian Palm Oil Board (MPOB) reported the country's palm oil stocks declined 255,000 MT (12.7%) to 1.76 million MT at the end of January, which was generally expected.
- > A reported 12.6% palm oil production decline during January was more than anticipated for Malaysia; however, this influence was partially offset, in terms of impact on stocks, by a larger-than-anticipated 13.2% slowdown in export activity.
- > *Palm oil futures had a muted response to the MBOP report but did move lower on prospects for lower demand from China going forward – potentially impacted by coronavirus and a return to higher crush activity and oil production as the soybean import pace increases.*

Uncertain fundamentals make for volatile palm oil market

- > Erratic price swings in the palm oil market recently have testified to several 'wild cards' circulating on the fundamental side.
- > Some pundits have been backing a price recovery on the grounds production in the major producing countries of Indonesia and Malaysia will slow markedly in first half 2020, perhaps for longer, as the effect of past droughts and input cutbacks work through to yields.
- > Indonesia's domestic biodiesel consumption is expected to increase by more than 2 million MT this year.
- > *There are concerns over palm oil demand amid China's economic problems in the wake of the corona virus, India's political spat with Malaysia, and the EU's shift away from palm oil based biodiesel amid environmental concerns. Decreases in supply that are expected to have a positive impact on prices could be counteracted by declines in demand.*

Agreement between Indonesia and European Free Trade Area (EFTA) at risk

- > Environmentalists and Swiss farmers have teamed up to have palm oil de-listed from a potential trade agreement between Indonesia and EFTA countries (includes Switzerland, Norway, Liechtenstein and Iceland) or to have the agreement cancelled altogether.
- > Indonesia is hesitant to ratify the trade agreement if palm oil is not included in the trade agreement.
- > *While this agreement is relatively insignificant on a global scale given the small trade footprints of the countries involved, palm oil producing countries Indonesia and Malaysia continue to dispute Europe's unfavorable stance on palm oil and trade impacts reverberate.*

Soybean Oil Market Update

Strong Canada crush helps canola fend off corona blues

- > That Canada has managed to trim its stock carry in a season of lost Chinese export demand has offered some comfort to die hard bulls on the Winnipeg canola market.
- > At 14.3 million MT, end-2019 stocks were down 2.4% on the year, thanks in part to a smaller than expected crop but especially due to strong domestic processing.
- > Volatility is also coming from ongoing doubts about the accuracy of Canada's canola crop number, given some of last year's harvest remains, even now, in snow-swept fields, awaiting spring recovery.
- > EU markets also moved both ways as traders continued to factor in a tight domestic balance, mixed signals from Winnipeg, Chicago and other overseas benchmarks and uncertainty over the near/medium term direction of energy/biofuel markets.
- > *In the first week of February, though, rapeseed markets have remained jittery, watching swings in the value of rival palm and soy oils and the drops and rallies in energy markets as traders try to evaluate the effect of China's coronavirus outbreak on its economy.*

Soy price at multi-month lows

- > Soy markets trading multi-month lows continue to adjust to the US trade's apparent growing acceptance China may not rush to buy more US beans with the recent signing of a 'phase one' trade pact between the two countries.
- > Ideas that corona-virus might downsize Chinese feed demand in total also weighed, as did reports that a jump in seasonal US soy trade to China had not yet displaced Brazil as the latter's number one source of soy.
- > While Brazilian supplies have been running down at the tail end of its season, new crops will soon be arriving on the market.
- > On the supportive side, some unwanted wet weather at the start of Brazil's northern harvests helped put the brakes on selling – although no serious crop damage is expected yet.
- > The USDA recorded a US December crush at a record for the month of 5 million MT.
- > *Nearby futures prices have dipped below the \$9.00/bushel mark recently after trading comfortably above the mark for most of January.*

Soybean Oil Market Update

Stock fall, China hopes and corn ratio buoy soy futures

- > A mostly friendly the USDA report combined with hopes of increased Chinese trade to keep soy futures just off the month's lows this week, despite swelling crop estimates from rival Brazil.
- > Uncertainty over US spring planting prospects in the context of the weak soy/corn price ratio might also have cautioned sellers.
- > The USDA increased its forecast for China's 2019/20 soybean imports by 3 million MT, up from 85 million MT to 88 million MT.
- > *Soybean oil seasonal average prices are projected to be 18.5% higher than last year, with the influence of other oil markets, especially palm, the main contributing factor to the price increase.*

Collapsing demand again undermines Malaysian palm oil

- > Commodity analysts may need to revisit earlier bullish 2020 forecasts for palm oil as weakening demand mutes the impact of lower than expected production.
- > Exports of palm oil from Malaysia to India declined from 318,000 MT to 47,000 MT in January 2020 as opposed to a year ago.
- > *After a rapid rise in palm oil prices from September 2019 through the end of the year, they have been declining thus far in 2020, although prices are still above the levels they were at prior to the price rise in late 2019.*

EU rapeseed firms on tighter supply

- > The Paris rapeseed futures market led a firmer trend this week as players appeared to take more note of this season's tightening European supply.
- > Canadian supplies look ample for the second half of the local marketing year while Canadian domestic demand continues to more than offset lower exports.
- > Ukraine will need to supply the European crush market amid lower EU supplies.
- > *Canola prices have been shifting higher and lower over the past few months with no clearly discernable trend amid market fundamentals with conflicting bearish and bullish indicators.*

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	34
Africa	61	28	17	72
Colombia	122	108	67	73
Dominican Republic	150	152	139	113
Mexico	265	167	126	113
Other West Hemis.	194	327	192	229
Total	1,159	1,108	881	953

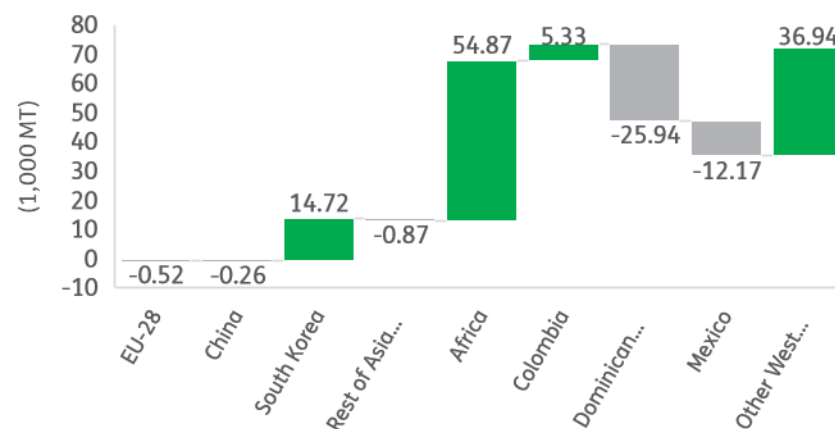
(F) = IEG Vantage Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
EU-28	187	18	18	158	0
China	14	63	58	17	92
South Korea	23,888	10	55,984	43,951	10,017
Rest of Asia/Oceania	1,884	1,780	11,294	2,825	1,483
Africa	3	0	3	15,062	0
Colombia	6,465	2	2,516	37	39,091
Dominican Republic	11,541	26	18,470	7,689	3,634
Mexico	9,795	7,658	8,777	12,964	17,805
Other West Hemis.	21,329	12,431	17,430	29,498	11,457
Total	75,106	21,986	114,550	112,201	83,579

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

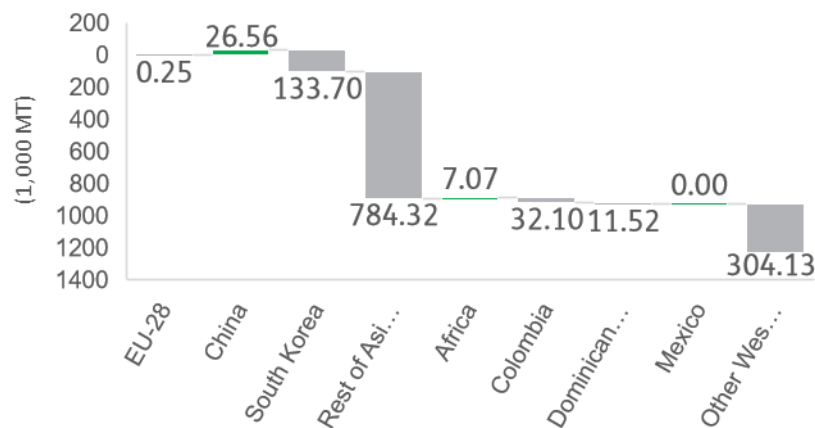
	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	0	0	0	0
China	558	1	0	27
South Korea	111	185	138	4
Rest of Asia/Oceania	3,188	4,005	3,742	2,958
Africa	401	823	644	651
Colombia	0	17	32	0
Dominican Republic	49	55	14	2
Mexico	0	0	0	0
Other West Hemis.	786	613	818	513
Total	5,094	5,698	5,387	4,155

(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	10,905
Imports	130	145	152	180	170
Total Supply	10,928	10,945	11,711	12,061	11,881
Domestic Use	9,146	9,009	9,698	10,374	10,296
Biodiesel	2,582	2,812	3,236	3,567	3,629
Non-Biodiesel	6,564	6,197	6,462	6,808	6,667
Exports	1,017	1,160	1,108	881	953
Total Use	10,163	10,169	10,806	11,255	11,248
Carryout (Sep 30)	765	776	905	805	632

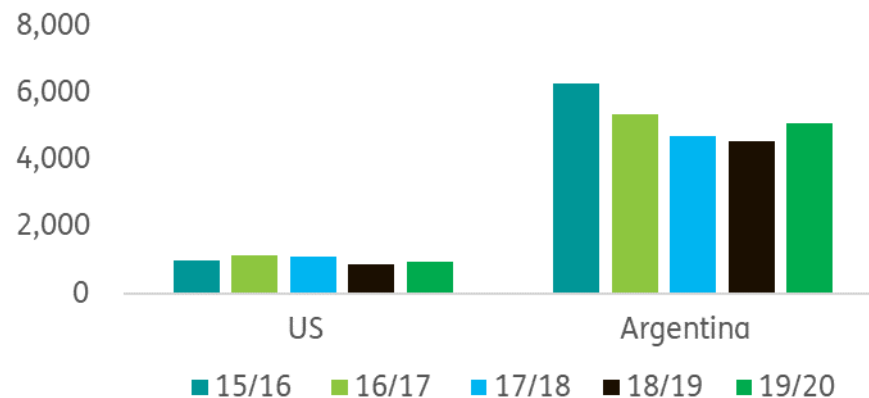
(F) = IEG Vantage Forecast

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	8,172
Imports	5	0	0	0	5
Total Supply	8,955	8,718	8,182	7,489	8,346
Domestic Use	2,448	2,995	3,202	2,613	3,077
Biodiesel	1,909	2,826	2,968	2,401	2,803
Non-Biodiesel	398	247	183	352	168
Exports	6,312	5,386	4,721	4,566	5,100
Total Use	8,619	8,459	7,872	7,319	8,071
Carryout (Mar 31)	337	259	310	170	275

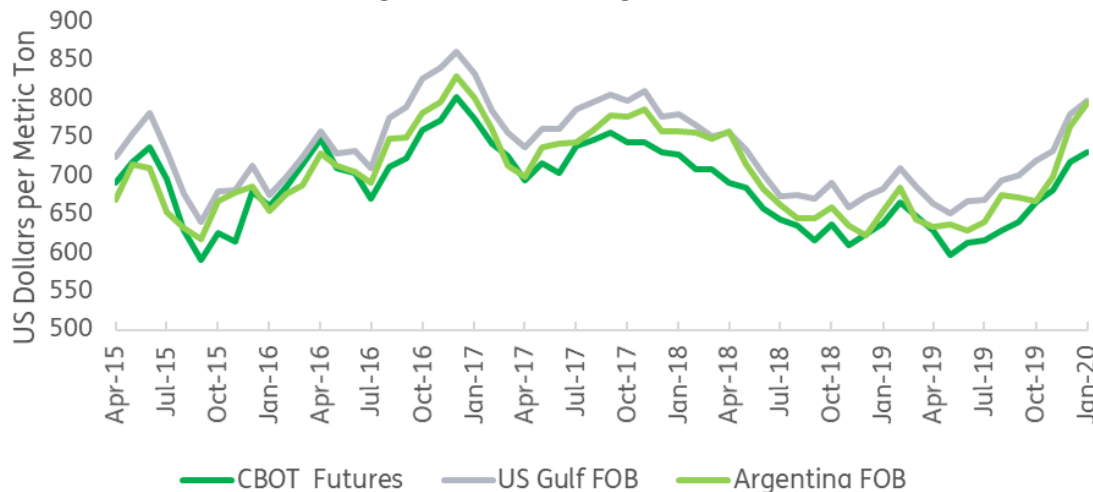
(F) = Informa Economics IEG Forecast

SBO Exports Trend (1,000 MT)

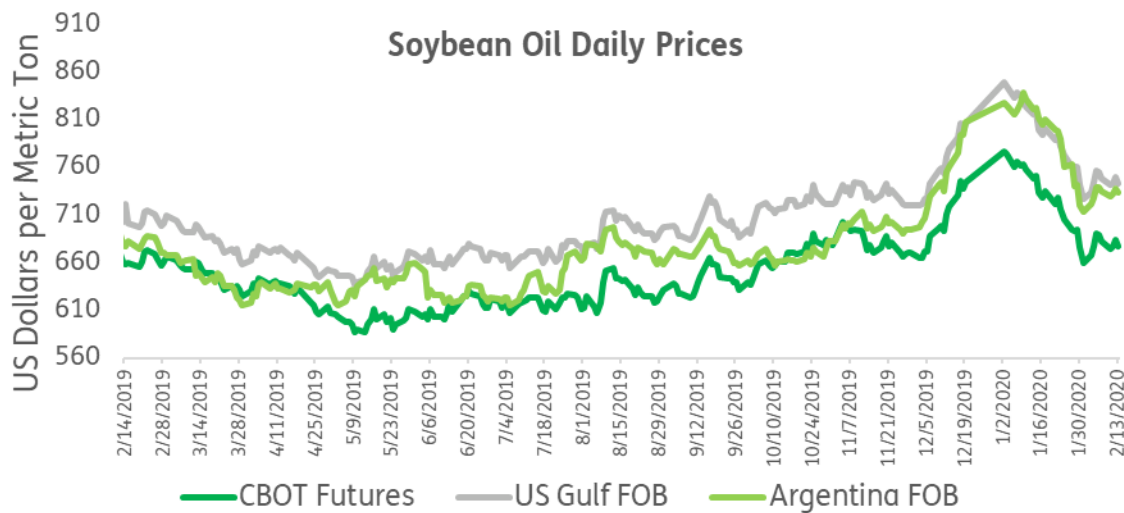


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
1/15/2020	734	800	811
1/16/2020	728	794	805
1/17/2020	735	801	810
1/21/2020	722	788	800
1/22/2020	728	794	798
1/23/2020	716	782	790
1/24/2020	706	772	760
1/27/2020	695	761	763
1/28/2020	694	760	740
1/29/2020	695	761	741
1/30/2020	675	741	720
1/31/2020	660	727	714
2/3/2020	668	734	722
2/4/2020	677	744	628
2/5/2020	690	757	739
2/6/2020	689	755	739
2/10/2020	675	741	730
2/11/2020	677	743	732
2/12/2020	684	674	638
2/13/2020	677	743	734

Soybean Oil Line up Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	OCEAN BREEZE	ETA REC	15-Feb	22,942	SBO	CARGILL	INDIA
SAN LORENZO	RENOVA NORTH BERTH	HIGH ADVENTURER	ETR CPN	17-Feb	13,850	SBO	GLENCORE	EGYPT
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	BUNGA LILAC	ETA REC	17-Feb	13,000	SBO	BUNGE	BRAZIL
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	APOSTOLOS	ETA REC	22-Feb	5,990	SBO	LDC	INDIA
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	JULIA L	ETA REC	27-Feb	32,000	SBO	GLENCORE	INDIA
SAN LORENZO	DREYFUS TIMBUES	APOSTOLOS	ETA REC	22-Feb	22,000	SBO	LDC	INDIA
SAN LORENZO		BARRAMUNDI	AT ROADS		19,300	SBO	COFCO	INDIA
SAN LORENZO		BARRAMUNDI	AT ROADS		1,900	SBO	COFCO	PAKISTAN
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	HALCON TRADER	ETA REC	13-Feb	8,500	SBO	BUNGE	COLOMBIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	HALCON TRADER	ETA REC	13-Feb	8,500	SBO	BUNGE	PERU
SAN LORENZO	PARANA)	HIGH ADVENTURER	ETR CPN	16-Feb	9,000	SBO	TRAFIGURA	EGYPT
SAN LORENZO	(EX NIDERA)	BARRAMUNDI	AT ROADS		16,800	SBO	COFCO	INDIA
SAN LORENZO	DEMPA	HALCON TRADER	ETA REC	14-Feb	1,000	RSBO	BUNGE	COLOMBIA
SAN LORENZO	SAN BENITO	BARRAMUNDI	AT ROADS		7,000	SBO	COFCO	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	BOW ARCHITECT	ETA REC	16-Feb	24,263	SBO	CARGILL	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)

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