

Soybean Oil Market Update

Prepared for



March 30, 2020

Soybean Oil Market Update

Argentine soy projection drops to 51.5 million MT

- > Recent rains were not enough to halt the decline in soybean yields, as Argentina's crop projection for the 2019/20 season dropped to 51.5 million MT, according to the Strategic Guide Agriculture (GEA) of the Rosario Stock Exchange.
- > Argentina's goal to reach a previously estimated 55 million MT fell by the wayside, as the soybean cycle suffered another setback, owed to extremely dry climatic conditions from the third week of February.
- > *The drought is expected to hurt soybean yields, leading to lower total production.*

Brazilian agribusiness groups seek government support amid reports of Santos shutdown

- > A group of almost 50 agribusiness associations has sought support from the federal government to guarantee Brazilian ports continue to operate amid the coronavirus crisis, according to a letter dated March 18 seen by Reuters.
- > The letter was motivated by the threat of dock workers halting activities at Brazil's largest port in Santos.
- > On Wednesday, Santos port operators, dock workers and port authorities agreed on measures to ensure the port stayed open while enforcing policies to protect the health of all personnel involved in port activities.
- > *Losses to agribusiness supply chains would be "incalculable" if Santos port in particular was to be stopped by unionized dock workers.*

Rapeseed market turns volatile

- > European industrial use of rapeseed oil for biofuel use has declined by 11% in the past few years.
- > Prices on the Paris futures market were depressed to near two-year lows early in the week as crude oil prices crashed and a French crusher experienced a fire shutdown. Winnipeg futures were also erratic as the weak energy market factor collided with a plummeting Canadian dollar, offering some help to the country's crush margin and brightening export prospects.
- > *Rapeseed futures markets were buffeted both ways this week by a combination of collapsing energy markets, a weak soy complex and currency moves, for the moment obscuring the long-standing background of this market's relatively snug supply/demand balance.*

Soybean Oil Market Update

Market volatility reduces Brazilian soy prices and deals

- > Brazilian soybean sales and prices fell in the second week of March.
- > Brazil's soy prices closed the week decreasing by 2.5% over the week prior, at USD7.82/bushel in Mato Grosso reference state.
- > There was also a sharp decline in the CBOT futures market, coupled with a sudden rise in the exchange rate at the end of last week, with dollar closing the week at BRL4.813.
- > At the same time port premiums remained stable at USD0.55/bushel for Paranaguá port April contract, reflecting the lower number of deals.
- > *Both producers and buyers are concerned about the effects of the global economic crisis on access to credit and the final demand for soybean and its by-products. In this uncertain scenario, the purchase and sale deals for the 2020/21 season have declined sharply in recent days.*

Brazilian soy production estimates lowered for 2019/20

- > Drought in the Rio Grande do Sul state saw local agencies lower their forecast's for the 2019/20 Brazilian soy crop.
- > AgRural revised its estimate for Brazilian soybean production in the 2019/20 season, to 124.3 million MT compared to 125.6 million MT in its previous forecast.
- > The Brazilian Association of Soybean Producers (Aprosoja Brasil) expects Brazil to produce even lower volumes of soy; pegged at 120.6 million MT, down from 123 million MT forecasted in February.
- > According to the Federation of Agriculture of the State of Rio Grande do Sul (Farsul), the state should have losses of up to 50% compared to initial forecasts for the season.
- > Other Brazilian states should have an increase in productivity, which will partially offset the losses from RS state.
- > *Estimates of soy and corn exports from Brazil this year are expected to remain unchanged despite the turbulence suffered by global markets in the face of the coronavirus spreading.*

Soybean Oil Market Update

Soy dips to 10-month lows

- > Some lower estimates circulating for Latin American crops in the wake of recent dryness failed to stop the CBOT contract crumbling to new 10-month lows the week ending on March 20th.
- > Downward pressure continued to come from trade perceptions that both Argentina and Brazil will still produce relatively large crops – Brazil probably a record one, about two thirds through harvest this week.
- > Concern also persisted about the potential impact of coronavirus on demand for soy products - if it drives the world economy into recession.
- > Although feed demand may be questioned by recessionary factors, the primary meal product of soy crush (around 80%) has seen relatively minor losses.
- > *With no price rally indicated on forward futures markets, farmers hoping to expand acreage this spring face many uncertainties.*

Harvest exemption calms palm buyers' nerves

- > Palm oil's near vertical price descent paused briefly this week on market talk that new Malaysian moves to control coronavirus included a two-week business shutdown.
- > Later, in response to demands from industry bodies, the government clarified that the shutdown would not include collection and processing of the crop.
- > The exception was overruled in the Malaysian state of Sabah where plantations are closed to try and halt the spread of the virus.
- > *The reason the palm oil industry was granted an exemption is because without it, fresh fruit bunches would be left to rot and the livelihood of small-scale producers would be jeopardized.*

Soybean Oil Market Update

Latin American/China meal supply issues revive soy

- > Soymeal lent strength to a choppy soy complex this week as traders pondered interruptions to South American exports causing particular problems for Chinese crushers and feeders.
- > Reduced US corn ethanol production could meanwhile curb output of its by-product, dried distillers' grains, a competitor with soy meal in feed outlets.
- > Brazilian sales to the top buyer have continued their retreat from last season's higher-than-usual levels as the US makes a comeback and after Brazil's rain delayed harvest tightened its early-season availability.
- > Concern was also reported about Argentine meal exports being held up by paperwork needed to comply with new coronavirus rules.
- > *US exporters hope this may further assist windfall bean and meal sales to China as the latter runs historically low on soy stocks amid resurgent feed demand.*

Covid-19's influence on palm cuts both ways

- > Renewed fears that restrictions of Malaysian palm harvest and oil processing could reduce supply pulled prices off their recent lows on the Malay Bursa futures market in the first half of this week before worries over demand returned.
- > The initial rally also reflected energy and stock markets responding positively to recent massive global economic support measure.
- > Reports that EU imports (from all palm sources) were running 14% down for the year to date also weighed along with still uncertain prospects for trade to third largest customer, China.
- > Production concerns focused on forced stoppages in Malaysia's Sabah state, origin of about a quarter of the country's palm output, in response to spreading corona various contagion. It sparked speculation that shutdowns might be extended in other regions too – though some sources said ripe palm fruits might be salvageable to add to April output if collection can restart then.
- > *With declining supply and declining demand offsetting each other, palm oil prices are not expected to swing wildly either way for the near future.*

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 | 93 |
| Colombia | 122 | 108 | 67 | 73 |
| Dominican Republic | 150 | 152 | 139 | 113 |
| Mexico | 265 | 167 | 126 | 113 |
| Other West Hemis. | 194 | 327 | 192 | 256 |
| Total | 1,159 | 1,108 | 881 | 1,000 |

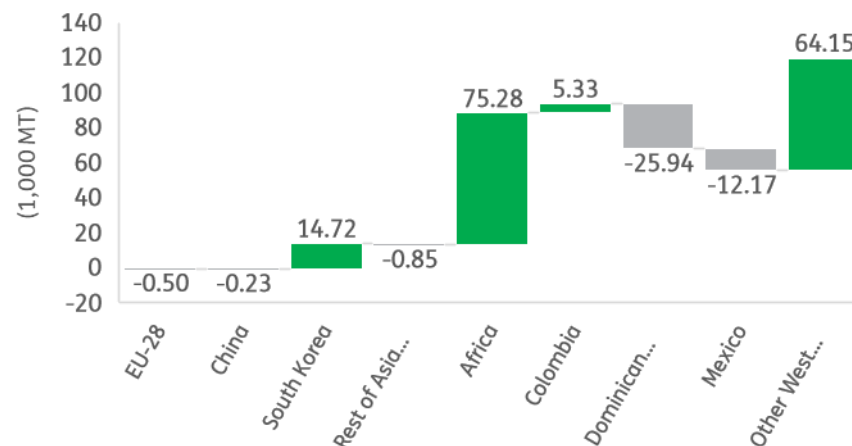
(F) = IEG Vantage Forecast

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

US Monthly Soybean Oil Exports

| | (MT) | | | | |
|----------------------|---------------|----------------|----------------|---------------|---------------|
| | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 |
| EU-28 | 18 | 18 | 158 | 0 | 20 |
| China | 63 | 58 | 17 | 92 | 32 |
| South Korea | 10 | 55,984 | 43,951 | 10,017 | 40 |
| Rest of Asia/Oceania | 1,780 | 11,294 | 2,825 | 1,483 | 1,555 |
| Africa | 0 | 3 | 15,062 | 0 | 21,003 |
| Colombia | 2 | 2,516 | 37 | 39,091 | 5,460 |
| Dominican Republic | 26 | 18,470 | 7,689 | 3,634 | 2,955 |
| Mexico | 7,658 | 8,777 | 12,964 | 17,805 | 14,525 |
| Other West Hemis. | 12,431 | 17,430 | 29,498 | 11,457 | 11,154 |
| Total | 21,986 | 114,550 | 112,201 | 83,579 | 56,744 |

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

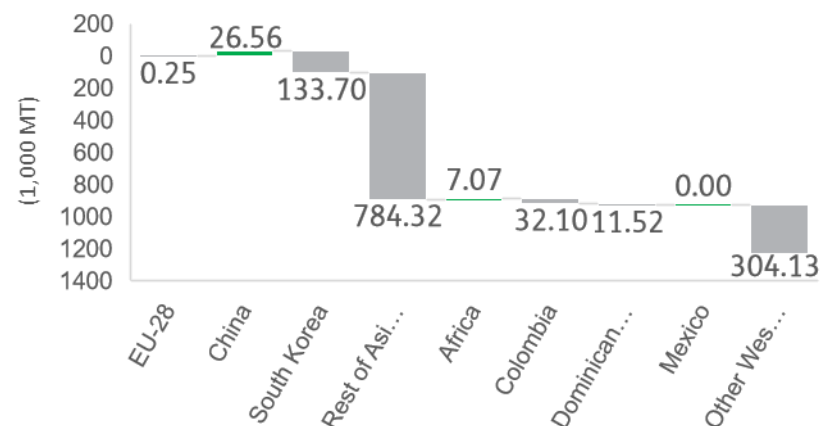
| | (1,000 MT) | | | |
|----------------------|--------------|--------------|--------------|--------------|
| | 16/17 | 17/18 | 18/19 | 19/20 (F) |
| EU-28 | 0 | 0 | 0 | 0 |
| China | 558 | 1 | 0 | 27 |
| South Korea | 111 | 185 | 138 | 4 |
| Rest of Asia/Oceania | 3,188 | 4,005 | 3,742 | 2,958 |
| Africa | 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) | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-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 | | 562 | 484 | 634 | 364 | 548 |
| Africa | | 0 | 0 | 0 | 0 | 0 |
| Colombia | | 2 | 2 | 2 | 1 | 1 |
| Dominican Republic | | 0 | 0 | 0 | 0 | 0 |
| Mexico | | 0 | 0 | 0 | 0 | 0 |
| Other West Hemis. | | 8 | 148 | 102 | 50 | 77 |
| Total | | 572 | 634 | 738 | 415 | 626 |

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)

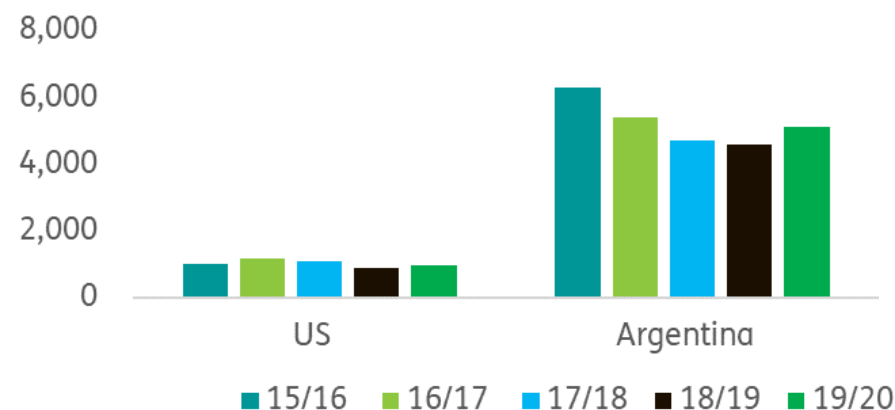
| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 (F) |
|-------------------|--------|--------|--------|--------|-----------|
| Carryin (Oct 1) | 841 | 765 | 776 | 905 | 805 |
| Production | 9,956 | 10,035 | 10,783 | 10,975 | 11,218 |
| Imports | 130 | 144 | 152 | 180 | 159 |
| Total Supply | 10,928 | 10,944 | 11,711 | 12,061 | 12,182 |
| Domestic Use | 9,146 | 9,009 | 9,698 | 10,374 | 10,246 |
| Biodiesel | 2,582 | 2,812 | 3,236 | 3,567 | 3,515 |
| Non-Biodiesel | 6,564 | 6,196 | 6,462 | 6,808 | 6,731 |
| Exports | 1,017 | 1,160 | 1,108 | 881 | 953 |
| Total Use | 10,163 | 10,168 | 10,806 | 11,255 | 11,198 |
| Carryout (Sep 30) | 765 | 776 | 905 | 805 | 984 |

(F) = IEG Vantage Forecast

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

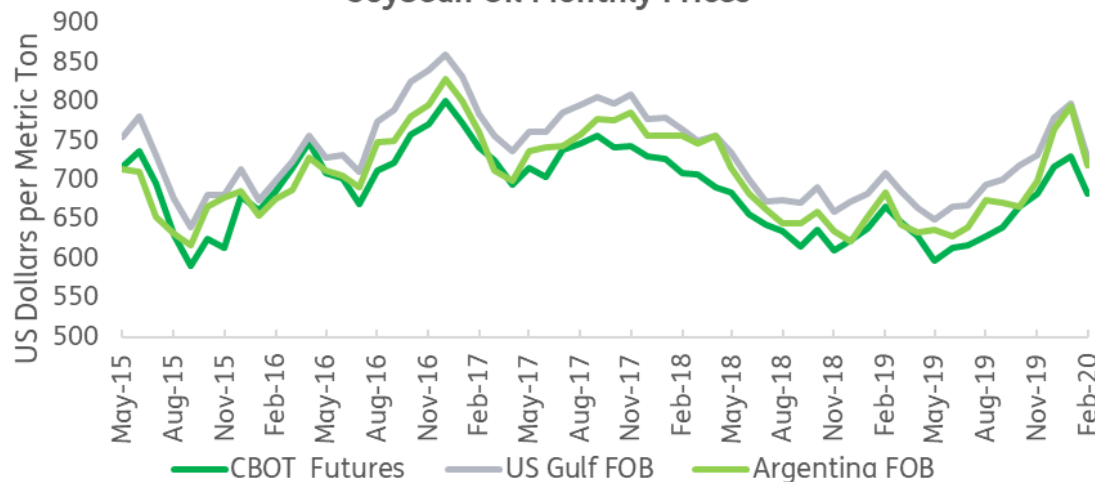
| | 15/16 | 16/17 | 17/18 | 18/19 | 19/20 (F) |
|-------------------|-------|-------|-------|-------|-----------|
| Carryin (Apr 1) | 196 | 337 | 259 | 310 | 170 |
| Production | 8,755 | 8,381 | 7,923 | 7,179 | 7,903 |
| Imports | 5 | 0 | 0 | 0 | 5 |
| Total Supply | 8,955 | 8,718 | 8,182 | 7,489 | 8,077 |
| Domestic Use | 2,307 | 3,073 | 3,151 | 2,753 | 2,702 |
| Biodiesel | 1,909 | 2,826 | 2,968 | 2,401 | 2,407 |
| Non-Biodiesel | 398 | 247 | 183 | 352 | 295 |
| Exports | 6,312 | 5,386 | 4,721 | 4,566 | 5,100 |
| Total Use | 8,619 | 8,459 | 7,872 | 7,319 | 7,802 |
| Carryout (Mar 31) | 337 | 259 | 310 | 170 | 275 |

SBO Exports Trend (1,000 MT)

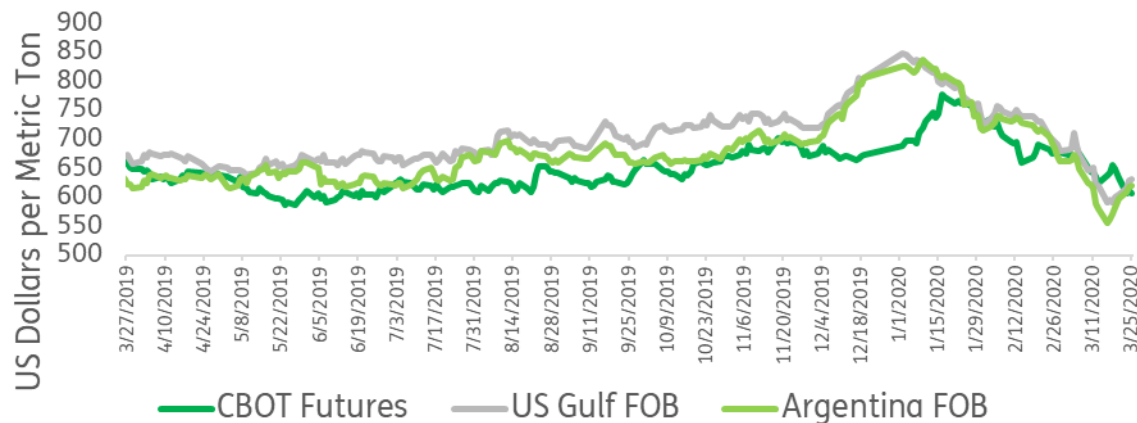


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



| | CBOT Futures | US Gulf FOB | Argentina FOB |
|-----------|-----------------|----------------|------------------|
| 2/26/2020 | 641 | 696 | 683 |
| 2/27/2020 | 636 | 691 | 670 |
| 2/28/2020 | 624 | 679 | 661 |
| 3/2/2020 | 637 | 681 | 662 |
| 3/3/2020 | 643 | 685 | 664 |
| 3/4/2020 | 656 | 711 | 674 |
| 3/5/2020 | 648 | 689 | 666 |
| 3/6/2020 | 634 | 672 | 648 |
| 3/9/2020 | 607 | 646 | 625 |
| 3/10/2020 | 610 | 649 | 621 |
| 3/11/2020 | 607 | 651 | 615 |
| 3/12/2020 | 582 | 620 | 588 |
| 3/13/2020 | 581 | 620 | 579 |
| 3/16/2020 | 551 | 590 | 628 |
| 3/17/2020 | 556 | 595 | 562 |
| 3/18/2020 | 552 | 591 | 570 |
| 3/19/2020 | 562 | 600 | 582 |
| 3/20/2020 | 565 | 604 | 629 |
| 3/23/2020 | 576 | 615 | NA |
| 3/24/2020 | 585 | 629 | 618 |
| 3/25/2020 | 587 | 631 | 620 |

Soybean Oil Lineup Data - Argentina

| PORT | TERMINAL | VESSEL | STATUS | DATE | TONS | CARGO | SHIPPER AND/OR CHARTERER | DESTINATION |
|-------------|-------------------------------|------------------|----------|--------|------------|---------|--------------------------|--------------|
| SAN LORENZO | RENOVA NORTH BERTH | ATLANTIC GUARD | AT REC | 24-Mar | 2/18/1982 | SBO | GGBV | INDIA |
| SAN LORENZO | RENOVA NORTH BERTH | CLARICE | ETR ROS | 29-Mar | 11/8/1909 | SBO | ASTON | INDIA |
| SAN LORENZO | RENOVA NORTH BERTH | AQUADISIAC | ETR ZTE | 28-Mar | 9/12/1939 | SBO | ADM | INDIA |
| SAN LORENZO | RENOVA NORTH BERTH | AQUADISIAC | ETR ZTE | 28-Mar | 10/10/1906 | SBO | ADM | BANGLADESH |
| SAN LORENZO | RENOVA SOUTH BERTH | INYALA | ETA REC | 1-Apr | 8/25/1950 | SBO | ASTON | EGYPT |
| SAN LORENZO | RENOVA T.B.C./RENOVA NORTH/SO | ATLANTIC PISCES | ETA REC | 2-Apr | 2/18/1982 | SBO | CARGILL | EGYPT |
| SAN LORENZO | RENOVA T.B.C./RENOVA NORTH/SO | MTM MUMBAI | ETA REC | 4-Apr | 12/8/1930 | SBO | BUNGE | INDIA |
| SAN LORENZO | DREYFUS TIMBUES | ATLANTIC CANYON | ETA REC | 1-Apr | 3/1/1919 | SBO | LDC | ALGERIA |
| SAN LORENZO | DREYFUS TIMBUES | MAERSK TIMARU | ETR SNIC | 2-Apr | 2/18/1982 | SBO | LDC | EGYPT |
| SAN LORENZO | NOBLE) | MTM MUMBAI | ETA REC | 4-Apr | 7/17/1946 | SBO | BUNGE | |
| SAN LORENZO | MINERA ALUMBRERA | ATLANTIC BREEZE | ETA REC | 28-Mar | 10/3/1954 | SBO | ADM | EGYPT |
| SAN LORENZO | MINERA ALUMBRERA | ST CLEMENS | ETA REC | 4-Apr | 7/17/1946 | SBO | BUNGE | CHINA |
| SAN LORENZO | MINERA ALUMBRERA | OCEAN PRINCESS | ETA REC | 14-Apr | 10/21/1943 | SBO | BUNGE | CHINA |
| SAN LORENZO | | SHAMROCK JUPITER | ETA REC | 29-Mar | 5/18/1927 | SBO | CARGILL | PERU |
| SAN LORENZO | (EX NIDERA FERTILIZANTES) | CLARICE | ETR ROS | 29-Mar | 10/15/1904 | SBO | COFCO | INDIA |
| SAN LORENZO | (EX NIDERA FERTILIZANTES) | CLARICE | ETR ROS | 29-Mar | 7/30/1913 | SBO | COFCO | MOZAMBIQUE |
| SAN LORENZO | | CLARICE | ETR ROS | 29-Mar | 12/13/1910 | SBO | COFCO | MADAGASCAR |
| SAN LORENZO | TRANSITO (ADM AGRO) | ATLANTIC GUARD | AT REC | 24-Mar | 11/7/1932 | SBO (P) | GLENCORE | EGYPT |
| SAN LORENZO | DEMPA | SHAMROCK JUPITER | ETA REC | 30-Mar | 7/31/1909 | RSBO | BUNGE | SOUTH AFRICA |
| SAN LORENZO | DEMPA | SHAMROCK JUPITER | ETA REC | 30-Mar | 9/26/1902 | SBO | BUNGE | SOUTH AFRICA |
| SAN LORENZO | DEMPA | SPICA | ETR GLAG | 31-Mar | 8/21/1924 | RSBO | BUNGE | MOZAMBIQUE |
| SAN LORENZO | DEMPA | GODENGATE PARK | ETA REC | 6-Apr | 9/8/1913 | SBO | BUNGE | COLOMBIA |
| SAN LORENZO | DEMPA | GODENGATE PARK | ETA REC | 6-Apr | 11/4/1906 | RSBO | BUNGE | COLOMBIA |
| SAN LORENZO | SAN BENITO | CLARICE | ETR ROS | 29-Mar | 11/25/1921 | SBO | COFCO | INDIA |
| SAN LORENZO | SAN BENITO | ATLANTIC BREEZE | ETA REC | 28-Mar | 6/26/1931 | SBO | ADM AGRO | EGYPT |
| SAN LORENZO | SAN BENITO | SPICA | ETA REC | 2-Apr | 9/21/1922 | SBO | WILMAR | MOZAMBIQUE |
| SAN LORENZO | SAN BENITO | BOW TITANIUM | ETA REC | 6-Apr | 11/7/1932 | SBO | GLENCORE | PERU |
| ROSARIO | VILLA GOBERNADOR GALVEZ | SEA WOLF | ETA REC | 30-Mar | 8/11/1987 | SBO | CARGILL | |
| ROSARIO | VILLA GOBERNADOR GALVEZ | MTM TOKYO | ETA REC | 5-Apr | 4/12/1949 | SBO | | ALGERIA |
| ROSARIO | DREYFUS VEGOIL TERMINAL | ATLANTIC CANYON | ETA REC | 1-Apr | 10/3/1954 | SBO | LDC | MOROCCO |

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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