



Soybean Oil Market Update

Prepared for



April 15, 2020

Soybean Oil Market Update

Brazil soy exports hit record volumes in March

- > Brazil's soy exports reached a historic monthly record of 13.3 million MT in March, exceeding the previous record of 11.6 million MT in April 2018, according to the National Association of Grain Exporters (ANEC).
- > All ports are operating normally with added health security measures in the wake of COVID-19.
- > Although ports are operating normally, truckers have been affected by a lack of services on highways.
- > *Given the strong Chinese demand, greater supplies and advanced harvest pace, even after a late start, Brazil hit a record for soy shipments to foreign markets.*

USDA April WASDE: Spate of change for several commodities on COVID-19 impacts

- > Adjustments on the demand side of the equation has pumped up forecast supplies of corn, soybeans, wheat and cotton beyond expected levels for 2019/20 as the monthly update from USDA focused on COVID-19-related impacts.
- > Lower US soybean exports in 2019/20 are expected by USDA with seed use also down, more than offsetting increases in residual use and soybean crush. That moves forecast carryover up to 480 million bushels compared with 430 million in March.
- > Export projections were reduced primarily due to strong competition from Brazil.
- > Global soybean production is reduced 3.7 million MT to 338.1 million MT on lower production for Argentina and Brazil.
- > *Although production was revised downwards for Brazil and Argentina, Brazil's projected production of 124.5 million MT and Argentina's projected production of 52 million MT are still among the largest projected annual productions for both countries.*

Soybean Oil Market Update

China's Imports Ahead of Pace Required for Current Forecasts (IEG Vantage)

- > China's Custom's data for the October-February period showed a 26-percent year-over-year increase in the country's soybean imports – a pace closer to pre-African Swine Fever/trade war demand when China's imports reached a high point in 2017/18 at 94 million MT.
- > Most of China's marketing October-February imports originated from US exporters.
- > The trend discontinued at the start of the Brazilian marketing year in February when US exports dropped off and Brazil's surged. During February and March, Brazil is estimated to have exported close to 12 million MT to China while US exports totaled less than one million.
- > A strong currency incentive and efforts to move product quickly to avoid potential COVID-19 disruptions likely will keep Brazil's export pace above year-ago levels through June.
- > *IEG Vantage forecasts more opportunity for US exports to ramp up while China looks to meet its Phase One agreement purchase obligations with the US.*

Softening meal value reins in soy

- > CBOT soymeal futures hit seven-week lows this week, a reminder that the primary soybean crush product may be in less demand if meat/feed consumption suffers under a corona-induced global recession.
- > Soybean oil was bolstered by talk of lockdowns curbing palm oil production and rallies in energy markets before renewed fretting over collapsing restaurant demand weighed in.
- > Poor US weekly exports were also quashing any emergent bullish notions on the CBOT complex. Initial strong gains in seasonal shipments have been steadily whittled down as China has backed off as the key buyer and new crop Brazilian exports have risen sharply.
- > Chinese stocks running low amid reviving demand and holdups in South American exports, could point to an opportunity for improved US trade.
- > *Soybean and corn markets are offering only modest improvement in forward prices for harvest time over current prompt levels given uncertainty price prospects from reduced demand related to COVID-19 .*

Soybean Oil Market Update

Erratic palm debates which will shrink most – supply or demand?

- > Choppy conditions in the palm oil market recently testify to differing trade views over which will fall more – demand or supply?
- > Much of this week saw extended corona-linked shutdowns in Malaysia potentially tightening exports and setting prices on a firmer course.
- > How far prices can advance is uncertain as largest palm importer India imposes a nationwide lockdown that will likely disrupt consumption and movement of commodities.
- > China demand may increase as its current vegetable oil stocks have fallen.
- > *The Malaysian government, in its efforts to tackle virus spread, is under intense pressure from plantation/processing companies fearing crops will be left to rot in the fields and potential longer-term disruption if workers abandon plantations large and small.*

EU leads firmer rapeseed market

- > Paris rapeseed futures prices continued to increase this week with gains in related vegetable oil markets, notably palm and to a lesser extent, soybean oil.
- > The EU, facing a tighter rapeseed supply and seasonal stock drawdown, has been more reliant on imported supplies and expects only limited improvement in this year's crop.
- > The recently weak euro has also added to market strength.
- > Traders may also be factoring in reports of dryness in the Black Sea region, important suppliers to the bloc's crushers.
- > Meanwhile, Australia's next crop is expected by the US attaché there to rebound to rebound to 3.1 million MT for the 2020/21 season – about 800,000 more than last year's drought-ravaged crop.
- > The Winnipeg canola market remained mainly range-bound, still closely following the larger soy complex while awaiting more news on planting progress for the mainly spring-sown crop.
- > *For the past six months, canola ICE futures have traded mostly between 440 CAD/Ton and 480 CAD/Ton.*

Soybean Oil Market Update

Paraguayan soy harvest set to reach 11 million MT this season

- > Soy production in Paraguay is estimated to reach 11 million MT in the 2019/20 season, said the President of the Chamber of Exporters and Traders of Cereals and Oilseeds from Paraguay (Capeco), José Berea.
- > Climatic conditions favored good soy crop development in Paraguay, with adequate rainfall during the first crop, to good progress of the second crop, resulting in projections increasing by 1 million MT, said Capeco.
- > However, prices are below expectations, with little volume of soy sold (estimated to reach 50% of the harvest) with Chicago prices falling by USD40/MT since the beginning of the harvest. Paraguayan soy producers are receiving approximately USD265/tonne, compared to about USD300/MT in the same period last year.
- > In addition, good harvest estimates from neighboring countries, such as Brazil and Argentina, also generated negative pressure on Paraguay's soy prices, not to mention the global impact of Covid-19.
- > Meanwhile, in terms of logistical issues, the Paraná and Paraguay rivers, currently have low water levels, it added.
- > *While Paraguay's production is far behind the US, Brazil, and Argentina, it is large enough to have an affect on global prices.*

Colombia halts import tariffs on grains and oilseed products

- > Colombia will suspend import tariffs for corn, soybeans and sorghum until the end of June to reduce the costs of agricultural production amid the crisis caused by Covid-19, said the country's Ministry of Agriculture (Minagricultura).
- > The suspension of tariffs reduces the cost of imports from countries like Brazil and Argentina.
- > However, in the case of the US, the situation is different, as Colombia is currently one of the main importers of these products from the US. A bilateral agreement between Colombia and the US, which came into force in 2012, mainly benefited imports of corn and soymeal from the US at reduced rates. Currently, the US must compete directly with South American production.
- > The measure is being taken as Colombia is not self-sufficient in the production of corn, sorghum, soy and soymeal with initiatives to increase domestic production also set to be taken.

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	35
Africa	61	28	17	94
Colombia	122	108	67	73
Dominican Republic	150	152	139	113
Mexico	265	167	126	113
Other West Hemis.	194	327	192	272
Total	1,159	1,108	881	1,018

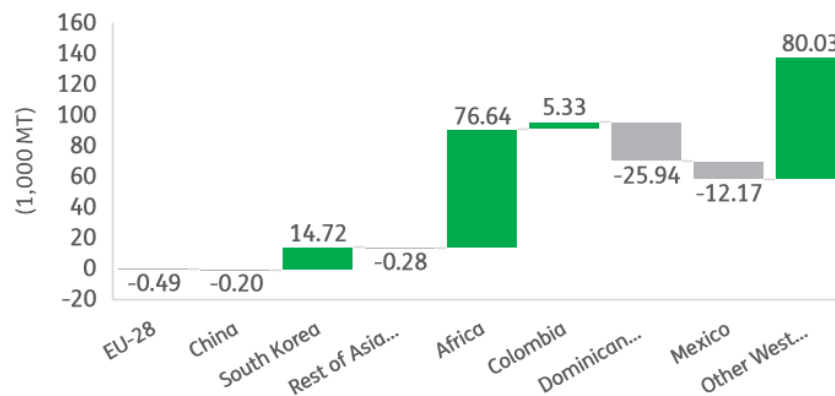
(F) = IEG Vantage Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
EU-28	18	158	0	20	9
China	58	17	92	32	27
South Korea	55,984	43,951	10,017	40	41,710
Rest of Asia/Oceania	11,294	2,825	1,483	1,555	2,434
Africa	3	15,062	0	21,003	50,000
Colombia	2,516	37	39,091	5,460	18,002
Dominican Republic	18,470	7,689	3,634	2,955	10,682
Mexico	8,777	12,964	17,805	14,525	12,247
Other West Hemis.	17,430	29,498	11,457	11,154	44,624
Total	114,550	112,201	83,579	56,744	179,735

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

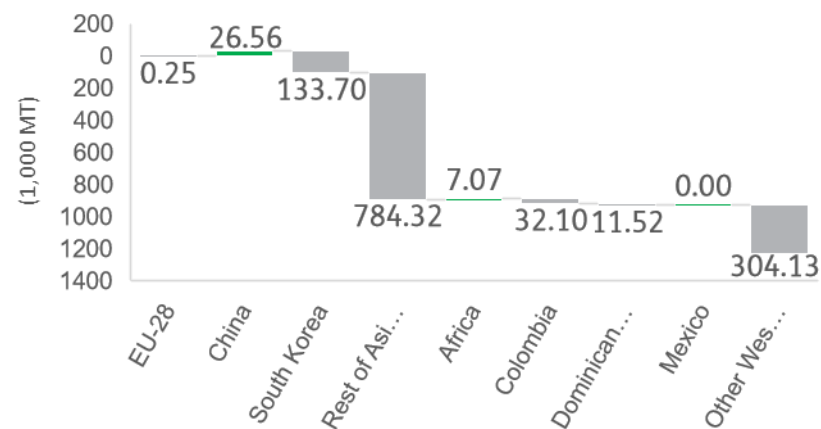
	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	0	0	0	0
China	558	1	0	27
South Korea	111	185	138	4
Rest of Asia/Oceania	3,188	4,005	3,742	2,958
Africa	401	823	644	651
Colombia	0	17	32	0
Dominican Republic	49	55	14	2
Mexico	0	0	0	0
Other West Hemis.	786	613	818	513
Total	5,094	5,698	5,387	4,155

(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)

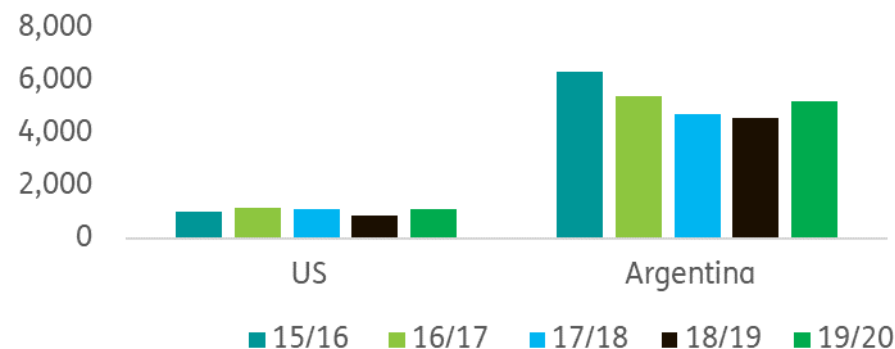
	15/16	16/17	17/18	18/19	19/20 (F)
Carryin (Oct 1)	841	765	776	905	805
Production	9,956	10,035	10,783	10,975	11,271
Imports	130	144	152	180	159
Total Supply	10,928	10,944	11,711	12,061	12,235
Domestic Use	9,146	9,009	9,698	10,374	10,246
Biodiesel	2,582	2,812	3,236	3,567	3,352
Non-Biodiesel	6,564	6,196	6,462	6,808	6,895
Exports	1,017	1,160	1,108	881	1,134
Total Use	10,163	10,168	10,806	11,255	11,380
Carryout (Sep 30)	765	776	905	805	855

(F) = IEG Vantage Forecast

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

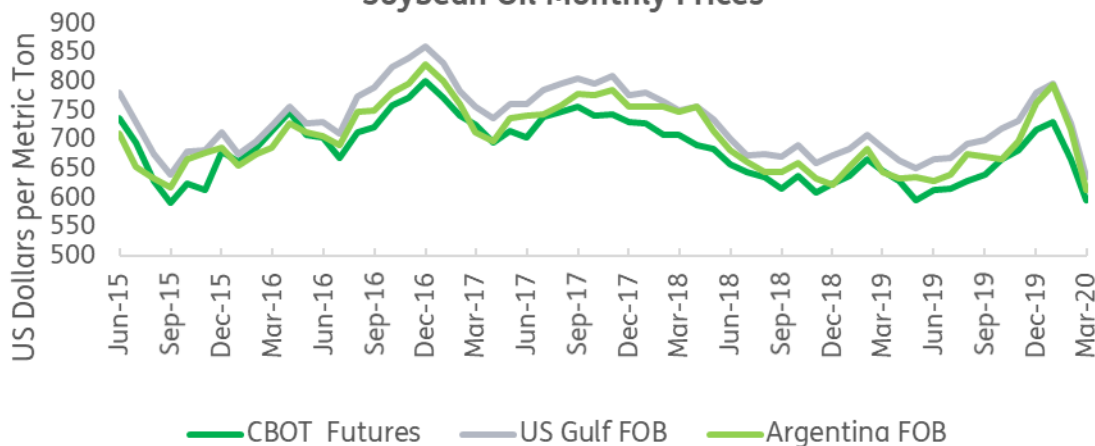
	15/16	16/17	17/18	18/19	19/20 (F)
Carryin (Apr 1)	196	337	259	310	170
Production	8,755	8,381	7,923	7,179	7,903
Imports	5	0	0	0	5
Total Supply	8,955	8,718	8,182	7,489	8,077
Domestic Use	2,307	3,073	3,151	2,753	2,702
Biodiesel	1,909	2,826	2,968	2,401	2,407
Non-Biodiesel	398	247	183	352	295
Exports	6,312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

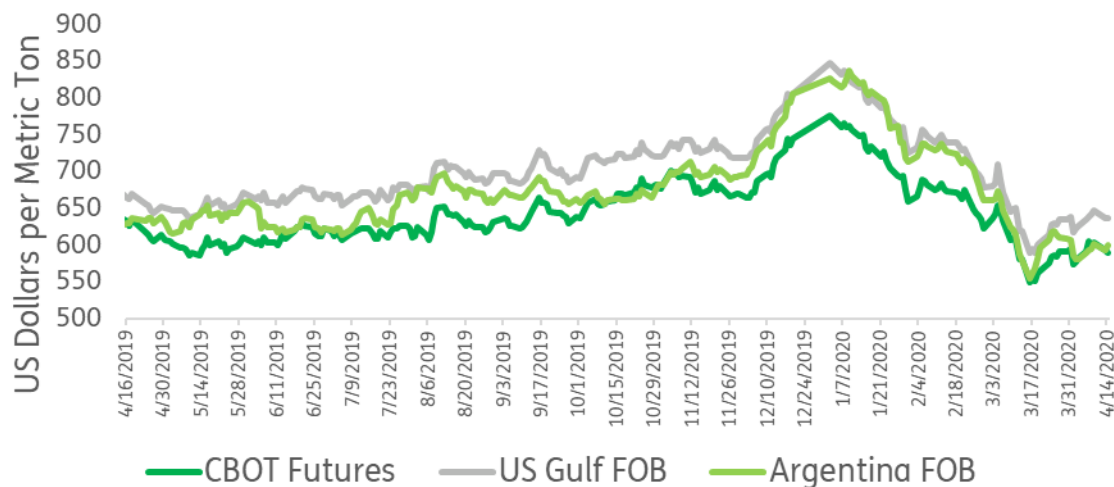


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
3/16/2020	551	590	556
3/17/2020	556	595	562
3/18/2020	552	591	570
3/19/2020	562	600	582
3/20/2020	565	604	598
3/23/2020	576	615	608
3/24/2020	585	629	618
3/25/2020	587	631	620
3/26/2020	584	628	615
3/27/2020	592	636	612
3/30/2020	592	636	609
3/31/2020	595	640	608
4/1/2020	574	618	586
4/2/2020	578	623	628
4/3/2020	583	627	582
4/6/2020	591	636	590
4/7/2020	606	NA	NA
4/8/2020	599	643	596
4/9/2020	604	648	602
4/13/2020	593	637	630
4/14/2020	590	NA	601

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	GRAND ACE 9	ETF	14-Apr	10,000	SBO	AVERE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	TORM LENE	ETA REC	16-Apr	31,790	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	FAIRCHEM FRIESIAN	ETA REC	17-Apr	15,000	SBO	CEVITAL	ALGERIA
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	STI FONTVIEILLE	ETA REC	18-Apr	32,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	INYALA	ETR SNIC	18-Apr	25,000	SBO	ASTON	EGYPT
SAN LORENZO	DREYFUS TIMBUES	ATLANTIC PISCES	ETF	14-Apr	5,000	SBO	HAKAN	EGYPT
SAN LORENZO	DREYFUS TIMBUES	STAMATIA	ETA REC	23-Apr	10,000	SBO	LDC	INDIA
SAN LORENZO	COFCO INTL. NORTH BERTH EX	CHAMPION TIMUR	ETR RAM	17-Apr	10,000	SBO	COFCO	INDIA
SAN LORENZO	NOBLE)	CHAMPION TIMUR	ETR RAM	17-Apr	4,000	SBO	COFCO	BANGLADESH
SAN LORENZO	MINERA ALUMBRERA	ST CLEMENS	ETF	15-Apr	17,000	SBO	BUNGE	CHINA
SAN LORENZO	MINERA ALUMBRERA	ORIENT CHALLENGE	ETA REC	22-Apr	12,500	SBO	ADM	MOROCCO
SAN LORENZO	MINERA ALUMBRERA	NCC MEKKA	ETA REC	24-Apr	27,000	SBO	AGD	
SAN LORENZO	DEMPA	GODENGATE PARK	ETA REC	15-Apr	5,000	SBO	BUNGE	COLOMBIA
SAN LORENZO	DEMPA	GODENGATE PARK	ETA REC	15-Apr	2,500	RSBO	BUNGE	COLOMBIA
SAN LORENZO	DEMPA	BOCHEM LUXEMBURG	ETA REC	23-Apr	1,500	SBO	BUNGE	COLOMBIA
SAN LORENZO	VICENTIN	RHL DRESDEN	ETA REC	19-Apr	7,500	SBO	GLENCORE	CUBA
SAN LORENZO	SAN BENITO	CHAMPION TIMUR	ETR RAM	18-Apr	15,250	SBO	COFCO	INDIA
SAN LORENZO	SAN BENITO	BOW TITANIUM	ETA REC	16-Apr	12,000	SBO	GLENCORE	PERU
SAN LORENZO	SAN BENITO	ORIENT CHALLENGE	ETA REC	20-Apr	15,500	SBO	ADM	MOROCCO
ROSARIO	VILLA GOBERNADOR GALVEZ	MTM TOKYO	AT REC		18,000	SBO		ALGERIA
ROSARIO	VILLA GOBERNADOR GALVEZ	XENA	AT REC		18,400	SBO	CARGILL	PERU
ROSARIO	DREYFUS VEGOIL TERMINAL	STAMATIA	ETA REC	23-Apr	7,000	SBO	LDC	BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	STAMATIA	ETA REC	23-Apr	5,000	SBO (P)	LDC	BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	STAMATIA	ETA REC	23-Apr	8,000	SBO	LDC	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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