



IHS Markit®

Soybean Oil Market Update

Prepared for



June 15, 2020

Soybean Oil Market Update

Surprise China buys lift soy price

- > Just when exporters were starting to write off hopes of Chinese business, a series of fresh purchases has helped lift the CBOT nearby futures price off the floor.
- > Amid the growing political hostility over Covid-19 and Hong Kong, Chinese officials had told state firms not to source beans from the US but the latter's cheap offers, assisted by a weakening of the US dollar versus the Brazilian real, have apparently proved irresistible to Chinese crushers needing to rebuild depleted stocks.
- > Brazil is believed to have tighter than expected supplies after earlier heavy sales to China, now underpinning its higher prices.
- > US sellers were also encouraged by their own officials indicating that despite their political differences, China wanted to honor the 'phase one' trade deal with the US.
- > The US market was also lifted by domestic crush hitting its best April level ever
- > *Forward prices still offer scant 'carry' (premium over spot) as doubts persist that meal and oil demand – or indeed soybean exports – will meet the USDA's higher seasonal projections, resulting in stock build-up.*

USDA's NASS reports record April crush, oil stocks jump higher as anticipated (IEG Vantage)

- > USDA's NASS reported a record high April crush of 183.4 million bushels, which was 11.6 million bushels (6.8%) above NOPA's April crush.
- > The April soybean meal production (including hulls) was reported at 4.31 million short tons, which implied a yield of 47.03 pounds per bushel, essentially in line with the results in the previous two months and above the low yields achieved a year ago.
- > NASS reported April soybean oil production of 2,099 million pounds, which was a decline of 101 million pounds from March production.
- > *Soybean oil stocks have reached the highest level since April 2018, despite lower yields, driven by record monthly crush activity and a significant.*

Soybean Oil Market Update

Mixed trends for rapeseed markets

- > Canadian and European rapeseed futures trends diverged the first week of June as Winnipeg sagged to the bottom of its recent tight range, then rallied, while Paris rose before softening again.
- > The Canadian market eased despite its Grain Commission estimating commercial stocks below 1 million MT for the first time in seven months amid strong exports and slower producer deliveries.
- > Reduced domestic crush after a recent period of strong off-take activity may have influenced the bearish view along with better planting progress and reports top canola state Saskatchewan's crop was in far better shape than last year's drought-threatened one.
- > EU prices initially firmer up as the recent focus on dry weather in top producer states France and Germany led to some caution towards estimates for the coming crop.
- > The EU market is finely balanced this season and has seen its main flush of imports from key supplier Ukraine, but price rises have been kept under control so far by flattening demand from the bio-diesel sector.
- > *Winnipeg canola futures have shown a zig-zagging pattern over the past few months without a clear bearish or bullish trend.*

Tighter outlook talks has palm bears on the run

- > The long embattled palm oil market was getting a more bullish makeover the first week of June, with prices hitting two-month highs amid talk of lower than expected May production and recovering export trade.
- > The Kuala Lumpur futures market responded briskly to trade estimates that Malay May production might hardly rise versus earlier official forecasts of a near 12% gain.
- > A similar trend was evident last year but output still went on to show big gains in the peak July/October period.
- > *Analysts have forecast ongoing strength in palm oil prices, assuming easing Covid-19 lockdowns enable India to sustain better demand.*

Soybean Oil Market Update

Argentina set to nationalize key peanut and oilseed processor

- > The Argentine government has announced that it will nationalize Vicentin, one of the largest domestic processors of peanuts and oilseeds.
- > The deadline to reach a deal with creditors was June 9. Its debt totals around USD1.3 billion.
- > Its revenue totaled around USD4.2 billion in 2019. However, the peso depreciation against US dollar and the rising domestic interest rates led it to bankruptcy.
- > The Argentine government explained that the acquisition will be managed by the national company YPF Agro.
- > This decision has been strongly criticized by its political adversaries, remembering losses suffered by Repsol YPF after its nationalization in 2012.
- > *Effects to the Argentine supply of soybean oil will be significantly less than if the company went out of business entirely.*

Argentine agri-exports rise by 5% Jan-April

- > Total agricultural exports from Argentina increased by 5% between January and April this year over the same period last year.
- > However, in revenue, agricultural exports fell by 1% y-o-y, totaling USD8.4 billion between January and April.
- > The slight drop in revenue is due to a decline in the average international price of agricultural Argentine exports, to USD261/MT versus USD277/MT in the first four months of 2019.
- > In terms of volume, agricultural exports represented an even greater share of the total; up to 80.6% from January-April.
- > *Agricultural exports serve as a vital driver of the Argentine economy and continue to remain strong.*

Soybean Oil Market Update

Brazilian agricultural exports hit record volumes in May

- > Brazilian agricultural exports reported monthly records in May, with products such as sugar, soybean meal, coffee and beef driven being by currency movements as well as solid purchases from China.
- > Brazil's agricultural sector accounted for 32.9% of the country's total exports, increasing its total share in the Brazilian trade balance by 37.3% year-on-year, according to the Ministry of Economy.
- > Between January and May, 49.1 million MT of soy were exported, increasing by 40% over the same period last year and spurred by Chinese demand. Challenges surrounding ASF also contributed to rising foreign sales.
- > *In terms of Brazil's total trade balance, the country reported a surplus of USD4.5 billion, the lowest for the month since 2015.*

USDA June corn, soy data: New crop corn, soy carryovers below expectations

- > USDA lowered 2020/21 soybean ending stocks 2.1 million MT to 96.3 million MT, "mainly reflecting lower carry-in due to revisions to 2019/20 balance sheets."
- > USDA raised Brazilian and Argentine soybean exports for 2019/20 each by 1 million MT "based on the recent pace of shipments and reflect increased crush demand and imports for China."
- > The 2019/20 soybean crush is raised 15 million bushels reflecting increased domestic soybean meal use.
- > *The impact on soybean prices from the release of the report were negligible as the changes to global supply and demand for soybeans were minimal in the latest WASDE report.*

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	23
South Korea	206	301	303	313
Rest of Asia/Oceania	28	23	35	38
Africa	61	28	17	141
Colombia	122	108	67	136
Dominican Republic	150	152	139	100
Mexico	265	167	126	117
Other West Hemis.	194	327	192	290
Total	1,159	1,108	881	1,157

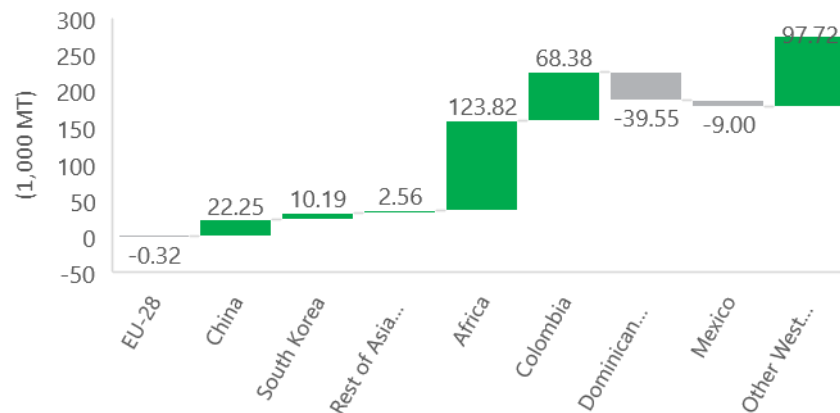
(F) = IEG Vantage Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
EU-28	0	20	9	0	164
China	92	32	27	18	0
South Korea	10,017	40	41,710	37,739	10,138
Rest of Asia/Oceania	1,483	1,555	2,434	1,805	3,111
Africa	0	21,003	50,000	20,005	12,881
Colombia	39,091	5,460	18,002	21,908	9,493
Dominican Republic	3,634	2,955	10,682	21,632	12,719
Mexico	17,805	14,525	12,247	14,394	21,177
Other West Hemis.	11,457	11,154	44,624	27,996	34,730
Total	83,579	56,744	179,735	145,498	104,412

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

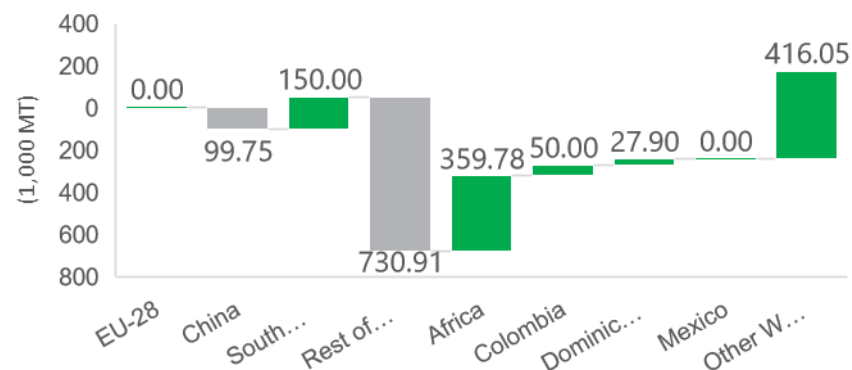
	(1,000 MT)			
	16/17	17/18	18/19	19/20 (F)
EU-28	0	0	0	0
China	0	27	175	75
South Korea	138	4	0	150
Rest of Asia/Oceania	3,742	2,958	4,162	3,431
Africa	644	651	420	780
Colombia	32	0	0	50
Dominican Republic	14	2	0	28
Mexico	0	0	0	0
Other West Hemis.	818	513	470	886
Total	5,387	4,155	5,227	5,400

(F) = IEG Vantage Forecast

Argentina Monthly Soybean Oil Exports

(1,000 MT)	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
EU-28	0	0	0	0	0	0
China	0	0	0	0	0	0
South Korea	0	0	0	0	0	0
Rest of Asia/Oceania	634	364	548	660	465	349
Africa	0	0	0	0	0	0
Colombia	2	1	1	1	0	0
Dominican Republic	0	0	0	0	0	0
Mexico	0	0	0	0	0	0
Other West Hemis.	102	50	77	71	29	1
Total	738	415	626	732	494	350

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	11,302
Imports	130	144	152	180	159
Total Supply	10,928	10,944	11,711	12,061	12,266
Domestic Use	9,146	9,009	9,698	10,375	10,239
Biodiesel	2,582	2,812	3,236	3,567	3,390
Non-Biodiesel	6,564	6,196	6,462	6,808	6,849
Exports	1,017	1,160	1,108	881	1,157
Total Use	10,163	10,168	10,806	11,255	11,396
Carryout (Sep 30)	765	776	905	805	870

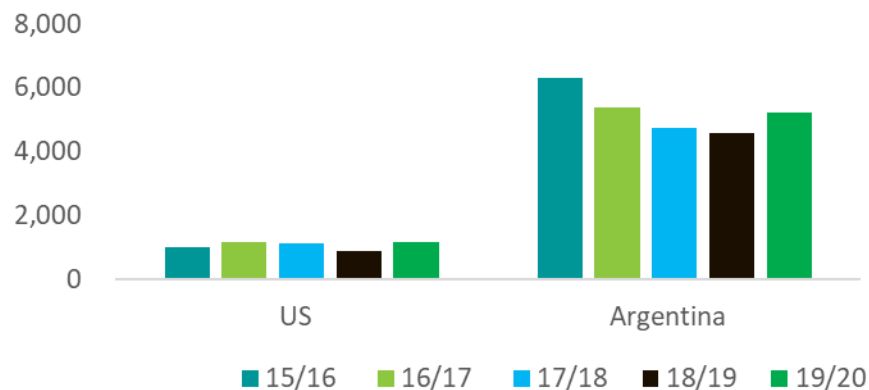
(F) = IEG Vantage Forecast

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	8,020
Imports	5	0	0	0	5
Total Supply	8,955	8,718	8,182	7,489	8,195
Domestic Use	2,448	2,995	3,202	2,613	2,825
Biodiesel	1,909	2,826	2,968	2,401	2,600
Non-Biodiesel	398	247	183	352	119
Exports	6,312	5,386	4,721	4,566	5,200
Total Use	8,619	8,459	7,872	7,319	7,920
Carryout (Mar 31)	337	259	310	170	275

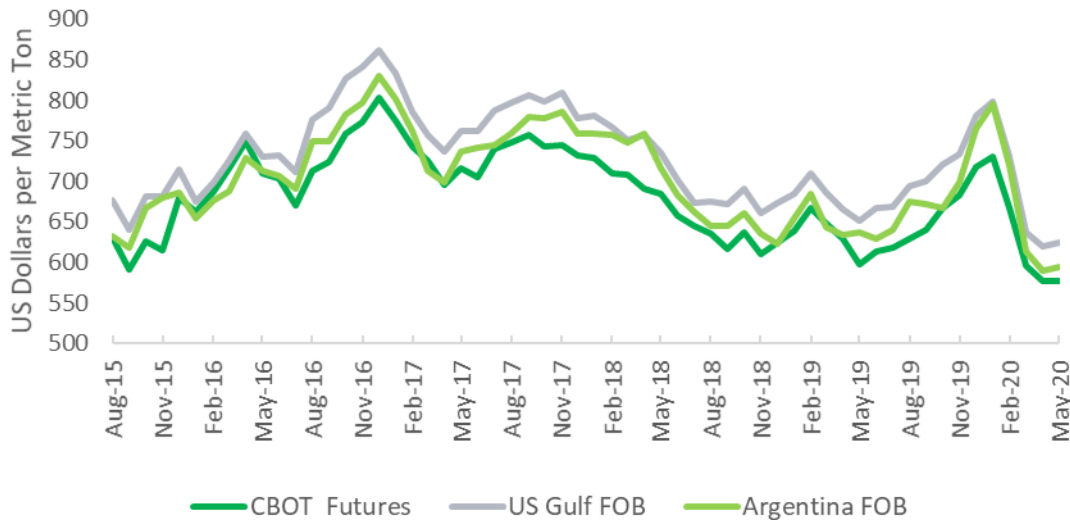
(F) = IEG Vantage Forecast

SBO Exports Trend (1,000 MT)

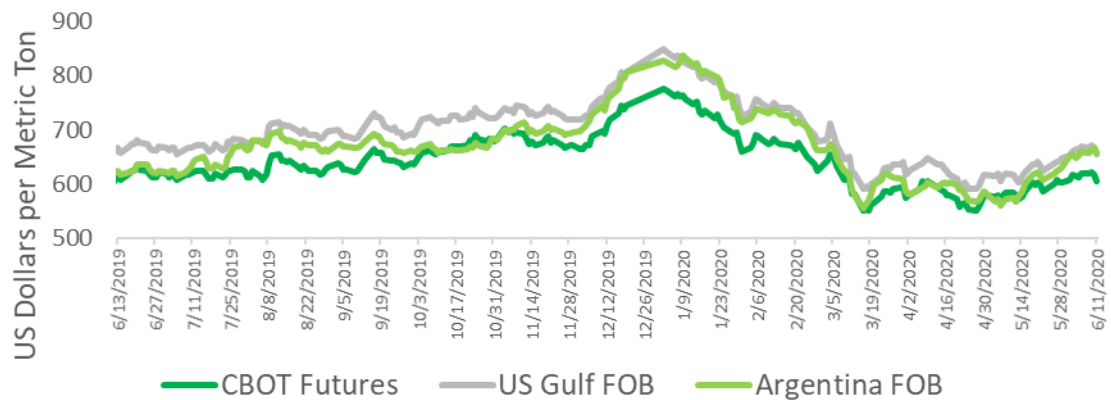


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
5/13/2020	571	603	576
5/14/2020	577	615	586
5/15/2020	586	623	601
5/18/2020	602	635	618
5/19/2020	597	635	619
5/20/2020	603	641	623
5/21/2020	598	633	615
5/22/2020	587	625	607
5/26/2020	601	638	620
5/27/2020	608	641	625
5/28/2020	604	642	626
5/29/2020	604	648	632
6/2/2020	616	660	656
6/3/2020	614	664	649
6/4/2020	613	663	653
6/5/2020	620	670	660
6/9/2020	622	672	662
6/10/2020	617	667	666
6/11/2020	606	656	657

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	Date	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	MARLIN MYTHIC	AT REC	8-Jun	20,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	MARLIN MYTHIC	AT REC	8-Jun	12,000	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	ATHINA M	AT REC	31-May	30,000	SBO	HAKAN	IRAN
SAN LORENZO	RENOVA NORTH BERTH	OCEAN VENTURE	AT REC	12-Jun	20,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	OCEAN VENTURE	AT REC	12-Jun	12,000	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA T.B.C./RENOVA NORTH/SO	ATLANTA II	ETA REC	15-Jun	15,200	SBO	ASTON	EGYPT
SAN LORENZO	DREYFUS TIMBUES	LIAN XI HU	AT REC	3-Jun	12,000	SBO	LDC	INDIA
SAN LORENZO	COFCO INTL. NORTH BERTH EX	UACC SHAMS	ETF	12-Jun	8,000	SBO	COFCO	BANGLADESH
SAN LORENZO	COFCO INTL. NORTH BERTH EX	MTM AMSTERDAM	ETA SLZ	13-Jun	19,500	SBO	COFCO	INDIA
SAN LORENZO	NOBLE)	MAERSK BEAUFORT	ETA REC	23-Jun	4,200	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	WENCHE VICTORY	ETR SNIC	16-Jun	25,000	SBO	BUNGE	CHINA
SAN LORENZO	MINERA ALUMBRERA	ADRIATIC WAVE	ETA REC	17-Jun	28,500	SBO	ADM	EGYPT
SAN LORENZO	PARANA)	TORM STRONG	ETF	12-Jun	12,000	SBO	BUNGE	INDIA
SAN LORENZO	PARANA)	CELSIUS MAYFAIR	AT REC	8-Jun	7,000	SBO (B)	BUNGE	COLOMBIA
SAN LORENZO	TRANSITO (ADM AGRO)	SILVER MANOORA	ETA REC	19-Jun	10,400	SBO (P)	ADM	ALGERIA
SAN LORENZO	TRANSITO (ADM AGRO)	SONGA BREEZE	ETA REC	22-Jun	14,000	SBO	ADM	INDIA
SAN LORENZO	DEMPA	CELSIUS MAYFAIR	AT REC	8-Jun	2,000	RSBO	BUNGE	COLOMBIA
SAN LORENZO	VICENTIN	OCEAN VENTURE	AT REC	12-Jun	15,000	SBO	GLENCORE	INDIA
SAN LORENZO	SAN BENITO	SILVER MANOORA	ETA REC	19-Jun	16,000	SBO	ADM	MOROCCO
SAN LORENZO	SAN BENITO	SONGA BREEZE	ETA REC	19-Jun	5,000	SBO	ADM	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	AYANE	AT CZONE		18,000	SBO		ALGERIA
ROSARIO	VILLA GOBERNADOR GALVEZ	AG MARS	ETA REC	16-Jun	32,000	SBO		INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	LIAN XI HU	ETA REC	20-Jun	20,000	SBO		INDIA/BANGLADESH

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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