



# Soybean Oil Market Update

Prepared for



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## Soy shies off USD11/bushel Chicago

- > Some useful rain in dry Brazil and less urgent demand from China kept CBOT soy futures off the next big upside chart point of USD11/bushel the last week in October- but not before the spot month had managed to trade new 51-month highs.
- > Some local analysts think Brazil planting will speed up now, putting the largest exporter back on track for a potential record (2021) crop of around 132/133 million MT. That prospect may have, at least temporarily, put the brakes on recently fierce Chinese demand for US beans as cover for any shortfalls in the South American supply.
- > Trade reports highlighted the extent of that dependence, noting China bought a whopping 7.25 million MT from this origin last month, compared with 4.79 million MT in September 2019, the US supplying less than 1.2 million MT (minus 32.4% on-year).
- > Brazil has been forced to import beans from some neighboring countries as rising domestic prices for food and feed grains fed into higher inflation.
- > *The US market has also been fired up by strong domestic demand and firming cash markets as crushers try to bid supplies from farmers hoarding in hopes that USD11 will be crossed eventually.*

## Erratic palm weighs supply v demand concerns

- > Covid lockdowns in key Malay palm state Sabah and the prospect of a higher Indonesian export tax continued to help palm oil fend off ongoing doubts about the strength of demand for this, the world's most traded vegetable fat.
- > With (probably La Nina-linked) wetter than usual weather adding to picking and processing restrictions, the loss of a few hundred thousand MT of prospective October output could be jarring up against a revival in exports (estimated by cargo surveyors plus 7.2% on-the-month for October to date), leading to lower stocks.
- > *Indonesia is meanwhile expected to use higher tax on palm to build funds for its huge biodiesel program, currently stressed financially by the persistently weak crude oil and other energy markets.*
- > *Mildly bullish sentiment was also drawing on political instability within Malaysia.*

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## New peak for rapeseed futures

- > Rapeseed markets continue to adjust their appraisal of this season's tighter supply implications for prices.
- > For Winnipeg rapeseed futures, the spot month hit a new life-of-contract high, almost 20% above its spring lows and its most expensive since mid-2017.
- > Disappointing Ukrainian crops of both rapeseed and sunflower seed appear to be working into the market narrative.
- > *The firmer trend has also been helped by a stronger soy market and recent more general fund/speculative interest in commodities as investments.*

## Rapeseed follows the oil complex herd

- > Ideas in some trade quarters that Canadian rapeseed was getting a little overbought contributed to a round of profit-taking and clipped prices the last week of October.
- > Signs of peaking soy and erratic palm oil prices helped the softer trend despite recent reports of strong Canadian crush and export demand, even in the face of this summer/autumn's 20%-plus rise in prices - and supposedly ample commercial supplies from recent harvests.
- > The Paris market also turned weaker, both following and encouraging the easier Winnipeg trend. Dealers also felt the shakeout in broader financial markets had contributed to the weaker tone, encouraging some fund long liquidation.
- > *Bullish sentiment may not be entirely spent, though, given rapeseed's tight balance for the season ahead, especially on the giant European market. Much will depend on whether rival oils can muster another rally.*

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## Rain in Brazil a headwind for soy's rally?

- > Some much-needed rain for some of the dry areas of Brazil this week initially had recently bullish CBOT soy traders reining back, less skeptical of big crop estimates recently coming out of the largest exporting country.
- > Brazil's own government body Conab has so far stuck with 133.7 million MT versus the last USDA forecast of 133 million MT.
- > However, doubts about the outlook were encouraged by reports that only 8% had been planted in key state Mato Grosso, well behind normal.
- > Futures did eventually trade over last week's near four-year highs, though, after a series of US daily export sales to 'unknown' buyers. Some suspected these of representing Chinese importers not wanting to spook the price up at the mention of the top customer's name.
- > Soy oil futures remained under some restraint from frequent relapses in energy markets and rival palm oil.
- > However, meal was trading some of its best levels in over two years, aided by Latin American supply doubts.
- > As well as dry weather issues, the world's largest meal exporter Argentina has continued to face problems caused by farmers holding back supplies amid currency instability and ideas that export tax policy is eroding their profitability.
- > *US farmers' willingness to sell in response to rapidly rising futures markets had helped moderate rising prices. Firm cash markets were meanwhile cited as evidence of strong demand.*

# Soybean Oil Market Update

## Palm disappointed by Indian purchases

- > Malay palm oil prices slumped further off recent multi-month highs the week ending in October 23<sup>rd</sup> as disappointing sales to top importer India outweighed recent concerns about flattening supply.
- > India's September intake crashed by 27% on the year as Covid-depressed catering/outlet demand for palm contrasted with a similar jump in purchases of soybean oil, apparently preferred by at-home consumers
- > The Chinese market also looked soft, Dalian futures falling for both soy and palm. Things were looking better for Malay exports for October to date, however, traders expecting a 4-5% on month gain for the first 20 days.
- > In US dollar terms, nearby palm futures have shed over 10% from their mid-September peaks, a decline that some origin traders think might be enough to tempt buyers back for some cover.
- > *After a so far sub-par seasonal rise, production should start tailing off soon into the winter months when origin stocks could start to head 'South', allowing prices to improve again.*

## Argentina: The wild card for soybean complex products (IEG Vantage)

- > Strong demand provided fundamental support for a surge in meal futures to lead complex and higher crush margins that have a strong link to the crush activity in Argentina that continued to underperform.
- > September crush numbers showed a 9% decline from August and a 6% reduction compared with the 5 years average.
- > The slowdown in Argentina crush can be explained by local soybean crush margins that have come under pressure because of multiple factors during 2020, among them the most important are slowing farmers' soybean sale pace.
- > Despite the temporarily reduction in soybean and products export taxes until the end of the year to favor the local crush and boost exports, the country's recession and the need for foreign reserves has worsened, factor that can be explained the country currency with the unofficial Argentinian peso called "blue" is heading to 190 per US dollar, while the official Argentine peso (the one that exported need liquidate their dollars) is at 78 pesos per dollar.
- > *While soybean oil has a bullish story from the tightening stocks, expected tight palm oil through Q1 2021, soybean meal has potential to outperformed soybean oil if Argentina production fails as soybean oil has are more competing oils than competing high protein animal feed meals.*

# Soybean Oil Market Update

## India's major trade body brands high edible oil prices a "blessing in disguise"

- > The Solvent Extractors' Association of India (SEA) revealed the recent price increases of edible oils have benefited the Indian oil industry in many ways, in a memorandum sent to the government.
- > SEA's President, Atul Chaturvedi, commented, "For far too long, we have kept edible oil prices very low in the country which has discouraged oilseed farmers. Our import dependence has gone up to 70% and oilseed cultivation has stagnated. This price rise will encourage oilseed farmers to increase acreage and adopt better farm practices."
- > Soybean prices are pegged at 8-10% above the MSP (Minimum Support Price) which is likely to improve farmers' income, the memorandum said.
- > *India is a large importer of palm oil, so greater self-sufficiency in meeting its vegetable oil demand will leave Malaysia and Indonesia to seek alternative trade partners.*

## Brazil's soy prices reach new highs

- > Brazilian soy prices, at the port of Paran gu , increased by 3.0% in the week ending October 23.
- > Price increases were due to tight supplies, a slower than expected seeding and exchange rate.
- > In addition, farmers are competing for the low volume of soy available on the market and are willing to pay prices above export value; an unusual move.
- > *Stocks in the feed industry are expected to be tight until the first two months of 2021, which causes concern among poultry and pork producers. This is mainly due to the possibility of a delayed harvest owed to the current late sowing, although it ramped up last week, favored by rains.*

# United States: Soybean Oil Exports

## US Annual Soybean Oil Exports

	(1,000 MT)			
	17/18	18/19	19/20	20/21(F)
EU-28	1	1	0	0
China	1	0	27	0
South Korea	301	303	281	345
Rest of Asia/Oceania	23	35	61	29
Africa	28	17	127	70
Colombia	108	67	109	100
Dominican Republic	152	139	141	135
Mexico	167	126	127	180
Other West Hemis.	327	192	288	275
<b>Total</b>	<b>1,108</b>	<b>880</b>	<b>1,162</b>	<b>1,134</b>

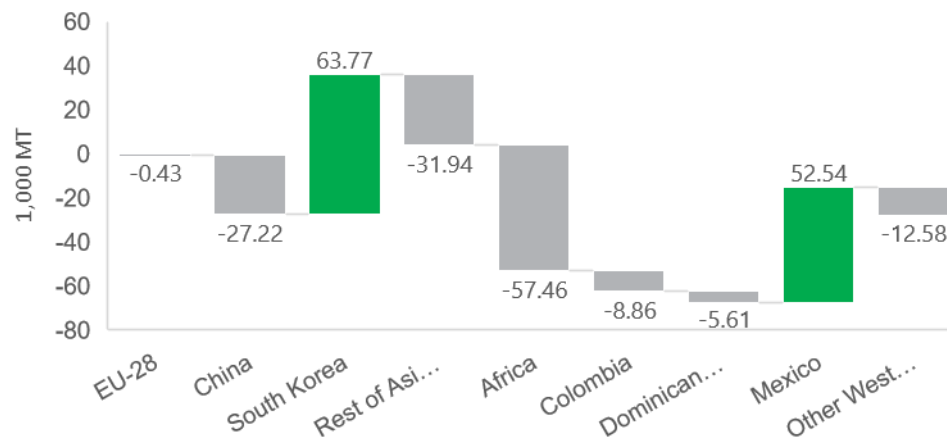
(F) = IHS Markit Forecast

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

## US Monthly Soybean Oil Exports

	(MT)				
	Mar-20	Apr-20	May-20	Jun-20	Jul-20
EU-28	0	164	54	0	6
China	18	0	43	52	20,001
South Korea	37,739	10,138	71,259	20,614	16,018
Rest of Asia/Oceania	1,805	3,111	412	422	333
Africa	20,005	12,881	21,782	30	0
Colombia	21,908	9,493	11,982	14,449	6,858
Dominican Republic	21,632	12,719	20,821	4,855	16,175
Mexico	14,394	21,177	9,121	3,576	3,963
Other West Hemis.	27,996	34,730	26,807	32,057	11,324
<b>Total</b>	<b>145,498</b>	<b>104,412</b>	<b>162,281</b>	<b>76,053</b>	<b>74,677</b>

## YTD Change in Exports (19/20 to 20/21)



# Argentina: Soybean Oil Exports Update

## Argentina Annual Soybean Oil Exports

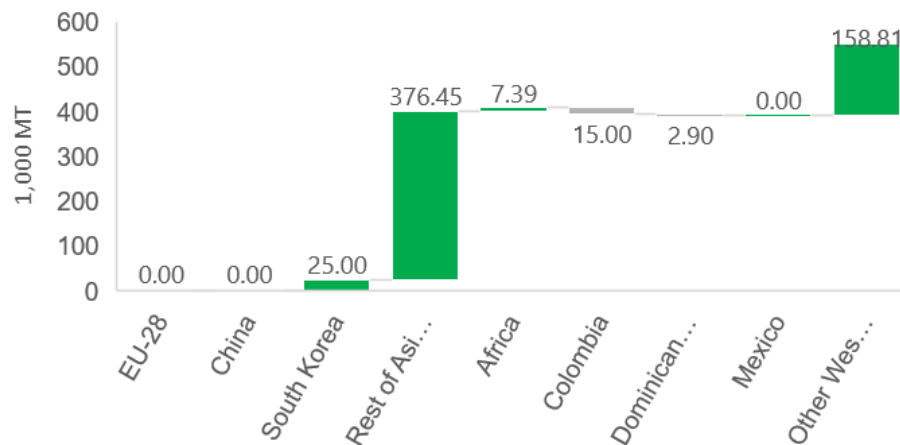
	(1,000 MT)			
	17/18	18/19	19/20	20/21 (F)
EU-28	0	0	0	0
China	27	175	75	75
South Korea	4	0	150	175
Rest of Asia/Oceania	2,958	4,162	3,431	3,808
Africa	651	420	780	787
Colombia	0	0	50	35
Dominican Republic	2	0	28	25
Mexico	0	0	0	0
Other West Hemis.	513	470	886	1,045
<b>Total</b>	<b>4,155</b>	<b>5,227</b>	<b>5,400</b>	<b>5,950</b>

(F) = IHS Markit Forecast

## Argentina Monthly Soybean Oil Exports

	(1,000 MT)	May-20	Jun-20	Jul-20	Aug-20	Sep-20
EU-28		0	0	0	0	0
China		0	0	0	0	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		712	602	725	573	536
Africa		0	0	0	0	0
Colombia		9	7	12	20	12
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		10	10	15	137	159
<b>Total</b>		<b>731</b>	<b>619</b>	<b>752</b>	<b>730</b>	<b>708</b>

## YTD Change in Exports (19/20 to 20/21)





# Soybean Oil Balance Tables for US and Argentina

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

	16/17	17/18	18/19	19/20	20/21 (F)
<b>Carryin (Oct 1)</b>	765	776	905	805	838
<b>Production</b>	10,035	10,783	10,975	11,305	11,399
<b>Imports</b>	144	152	180	145	159
<b>Total Supply</b>	10,944	11,711	12,060	12,255	12,396
<b>Domestic Use</b>	9,009	9,698	10,375	10,159	10,501
<b>Biodiesel</b>	2,812	3,236	3,567	3,545	3,697
<b>Non-Biodiesel</b>	6,196	6,462	6,808	6,614	6,804
<b>Exports</b>	1,160	1,108	881	1,259	1,043
<b>Total Use</b>	10,168	10,806	11,255	11,417	11,544
<b>Carryout (Sep 30)</b>	776	905	805	838	852

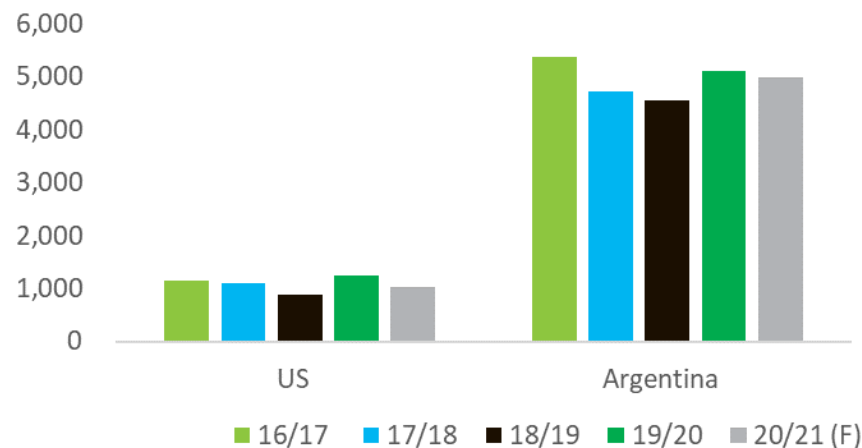
(F) = IHS Markit Forecast

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

	16/17	17/18	18/19	19/20	20/21 (F)
<b>Carryin (Apr 1)</b>	337	259	310	170	275
<b>Production</b>	8,381	7,923	7,195	8,041	7,757
<b>Imports</b>	0	0	0	5	5
<b>Total Supply</b>	8,718	8,182	7,505	8,216	8,037
<b>Domestic Use</b>	2,995	3,202	2,628	2,828	2,862
<b>Biodiesel</b>	2,826	2,968	2,401	2,550	2,722
<b>Non-Biodiesel</b>	247	183	368	278	140
<b>Exports</b>	5,386	4,721	4,566	5,113	5,000
<b>Total Use</b>	8,459	7,872	7,335	7,941	7,862
<b>Carryout (Mar 31)</b>	259	310	170	275	175

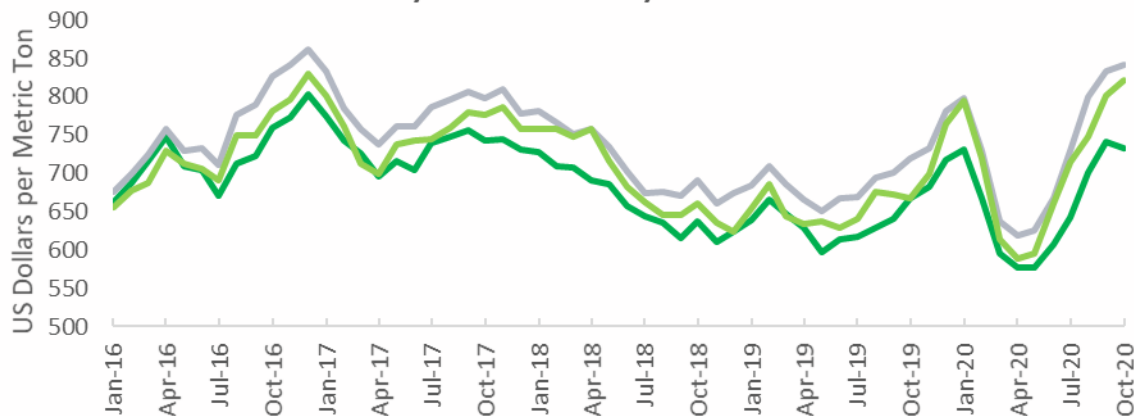
(F) = IHS Markit Forecast

## SBO Exports Trend (1,000 MT)

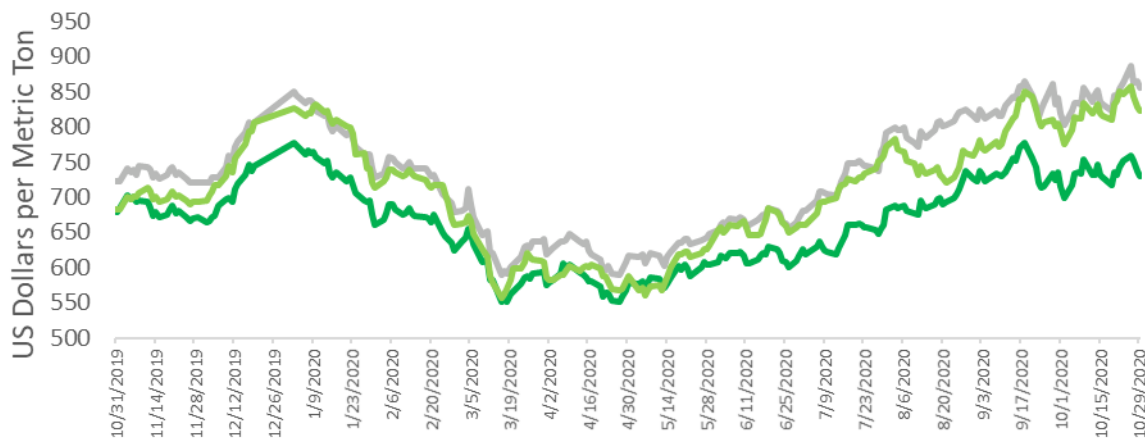


# Soybean Oil Prices Trends

### Soybean Oil Monthly Prices



### Soybean Oil Daily Prices



— CBOT Futures   
 — US Gulf FOB   
 — Argentina FOB

	CBOT Futures	US Gulf FOB	Argentina FOB
10/1/2020	715	819	795
10/2/2020	698	803	775
10/5/2020	718	823	795
10/6/2020	734	834	813
10/7/2020	734	833	812
10/8/2020	733	832	811
10/9/2020	753	855	834
10/12/2020	731	836	819
10/13/2020	731	846	825
10/14/2020	747	852	831
10/15/2020	731	836	819
10/16/2020	727	832	816
10/20/2020	734	845	831
10/21/2020	732	842	838
10/22/2020	743	853	850
10/23/2020	752	862	847
10/27/2020	752	862	842
10/28/2020	737	864	828
10/29/2020	729	856	822

## Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL		DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	PTI RHINE	ETR CAMP	29-Oct	30,000	SBO	GLENCORE	BRAZIL
SAN LORENZO	RENOVA NORTH BERTH	LARGO EVOLUTION	ETA REC	5-Nov	15,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	YUFU CROWN	ETA REC	11-Nov	15,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	YUFU CROWN	ETA REC	11-Nov	15,000	SBO	GLENCORE	BANGLADESH
SAN LORENZO	NOBLE	SEA WOLF	ETF	29-Oct	12,000	SBO	WARING	INDIA
SAN LORENZO	NOBLE	CRIMSON JADE	ETA REC	2-Nov	14,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	NAKHAL SILVER	ETA REC	1-Nov	33,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	ATROTOS	ETA REC	3-Nov	13,000	SBO	ADM AGRO	EGYPT
SAN LORENZO		SOUTHERN OWL	ETR ROS	2-Nov	1,000	SBO	MARVESA	ECUADOR
SAN LORENZO		VARI TRADER	ETA SLZ	30-Oct	4,000	SBO	ADM AGRO	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO)	VARI TRADER	ETA SLZ	30-Oct	3,000	SBO	ADM AGRO	ECUADOR
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO)	VARI TRADER	ETA SLZ	30-Oct	400	SBO	ADM AGRO	COLOMBIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO)	AQUARIUS T	ETA REC	4-Nov	5,500	SBO (P)	CARGILL	INDIA
SAN LORENZO	COFCO INTL PGSM NORTH BERTH	ALPINE LIGHT	ETA REC	2-Nov	11,000	SBO	POSCO	EGYPT
SAN LORENZO	TRANSITO (ADM AGRO)	BARGES	ETA SLZ	9-Nov	9,000	SBO (P)	ADM AGRO	PARAGUAY
SAN LORENZO	TRANSITO (ADM AGRO)	ATROTOS	ETA REC	2-Nov	10,000	SBO (P)	ADM AGRO	EGYPT
SAN LORENZO	TRANSITO (ADM AGRO)	LARGO EVOLUTION	ETA REC	5-Nov	15,000	SBO (P)	GLENCORE	INDIA
SAN LORENZO	DEMPA	VARI TRADER	ETA SLZ	30-Oct	6,700	SBO	BUNGE	COLOMBIA
SAN LORENZO	VICENTIN	CANOPUS	ETA REC	31-Oct	13,750	SBO	COFCO	CHINA
SAN LORENZO	VICENTIN	PACIFIC GOLD	AT ROSARIO		1,500	SBO	AVERE	BRAZIL
SAN LORENZO	VICENTIN	ALPINE LIGHT	ETA REC	2-Nov	11,000	SBO	POSCO	EGYPT
SAN LORENZO	SAN BENITO	PACIFIC GOLD	AT ROSARIO		30,000	SBO	AVERE	BRAZIL
SAN LORENZO	SAN BENITO	OCEAN BREEZE	ETA REC	5-Nov	15,000	SBO	BUNGE	CHINA
ROSARIO	VILLA GOBERNADOR GALVEZ	JADE BLOSSOM	AT REC		32,000	SBO	CARGILL	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	CELSIUS MALAGA	ETA REC	3-Nov	18,000	SBO		PERU
DEL GUAZU	TERMINAL DEL GUAZU	SEA WOLF	ETA TDG	30-Oct	2,000	SBO		
DEL GUAZU	TERMINAL DEL GUAZU	FAIRCHEM BRONCO	ETA TDG	4-Nov	2,000	SBO	INGREDION	

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)

# Soybean Oil Lineup Data – US

ORIGIN PORT	DESTINATION PORT	DESTINATION COUNTRY	WEIGHT IN KG	VESSEL NAME	CARGO	SHIPPER	CARRIER	DATE
NEW YORK	HAMBURG	GERMANY	22535	BUDAPEST BRIDGE	SBO	AMERICAN FOODSERVICE CONCEPTS P	YANG MING LINE	25-Oct
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	118710	ONE MARVEL	SBO	GULF AMERICAN LINES	YANG MING LINE	24-Oct
NEW YORK	SOHAR	OMAN	23742	ONE MARVEL	SBO	GULF AMERICAN LINES	YANG MING LINE	24-Oct
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	23743	ONE MARVEL	SBO	GULF AMERICAN LINES	YANG MING LINE MEDITERRANEAN	24-Oct
PT EVERGLADES	NASSAU	BAHAMAS	39479	CONTSHIP MAX	SBO	RICHARDSON OILSEED BLUE EAGLE CONSOLIDATION SERVICES	SHIPPING COMPANY	22-Oct
NEW YORK	HAMAD	QATAR	23742	EXPRESS ROME	SBO	SYSCO INTERNATIONAL FOOD	HAPAG LLOYD OCEAN NETWORK EXPRESS	21-Oct
NEW YORK	SAN ANTONIO	CHILE	24313	DUBLIN EXPRESS	SBO	YUSEN LOGISTICS	HAPAG LLOYD OCEAN NETWORK EXPRESS	21-Oct
LOS ANGELES	BUSAN	REPUBLIC OF KOREA	57915	NYK ATLAS	SBO	GJ CARGO	HAPAG LLOYD	20-Oct
NEW YORK	ROTTERDAM	NETHERLANDS	4534	MOL EMISSARY	SBO		HAPAG LLOYD	20-Oct
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	142452	MOL MOTIVATOR	SBO	GULF AMERICAN LINES	YANG MING LINE	18-Oct
PT EVERGLADES	CURACAO	CURACAO	18525	AS FABRIZIA	SBO	US 1 CARGO EXPRESS HELLMANN WORLDWIDE LOGISTICS	KING OCEAN SERVICES	17-Oct
NEW YORK	VISAKHAPATNAM	INDIA	14793	CMA CGM IVANHOE	SBO	BLUE EAGLE CONSOLIDATION SERVICES	HAPAG LLOYD	15-Oct
NEW YORK	HAMAD	QATAR	23742	CMA CGM IVANHOE	SBO	HOYER GLOBAL MARINA FOODS	HAPAG LLOYD MEDITERRANEAN SHIPPING COMPANY	15-Oct
NEW ORLEANS	BREMERHAVEN	GERMANY	38166	MSC ALICANTE	SBO		KING OCEAN SERVICES	15-Oct
PT EVERGLADES	PT OF SPAIN	TRINIDAD AND TOBAGO	25401	AS LAETITIA	SBO			15-Oct

Source: Agencia Maritima Nabsa S.A.

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