



Soybean Oil Market Update

Prepared for



December 15, 2020

Soybean Oil Market Update

Soy prices continue to retreat from multi-year highs

- > Having briefly touched the hallowed USD12/bushel chart point for the first time since mid-2016 recently, CBOT soy futures have been in retreat again, chased by strengthening Brazilian crop prospects, renewing ideas that a return of Lat-Am competition might curb Chinese buyers' enthusiasm for US beans.
- > Despite some rain reviving forecasts of 133 million MT – even 135 million MT, a record Brazilian crop is not yet guaranteed in this potentially drier than normal La Niña winter. Some analysts are already talking 130 million MT.
- > While US weekly sales slowed last week to a marketing year low, actual shipment have continued at a hectic pace, achieving a bumper latest weekly total over 2 million MT, the lion's share again sent to China.
- > Favorable margins meanwhile resulted in a record US crush for October- 5.35 million MT beating the previous peak of 5.2 million MT in March.
- > *With likely historic low stocks at the end of this season, some analysts are championing long-term strength in soybean prices, even if this now lucrative crop grabs the lion's share of any extra US acres next spring.*

Export demand keeps rapeseed market firm

- > News that China is taking in more Canadian rapeseed helped keep the benchmark Winnipeg contract near its recent multi-year highs the first weekend of December.
- > Canada's Grain Commission's monthly export report showed China took 88% more at 716,400 to end October. Trade to its largest customer had been slashed over the previous season by a political spat.
- > An expected cut in the official Canadian crop estimate this week was a bit larger than expected (from 19.4 million to 18.7 million MT) helping values to new life-of-contract highs on Thursday.
- > *Current 2021 crop pointers suggest no early easing in tighter rapeseed supplies in Europe, where prices have stayed volatile.*

Soybean Oil Market Update

Brazil's soy and corn prices fall on weakening US dollar

- > Brazilian soy prices declined by 6.0% to BRL152.20 (USD29.74)/60-kilo bags at the Paranaguá port, the week ending December 4. The decrease was due to the depreciation of the US dollar, improved weather conditions and lower demand from South America.
- > Early sales for the 2020/21 crop reached 57% of projected production - just over 130 million MT, by the end of last week, Safras & Mercado reported. In the same period last year, earlier sales stood at 37.8% of total output.
- > *A weaker US dollar makes US soybeans more attractive for importers and foreign competition such as Brazil less attractive as the cost ratio favors the purchase of US exports. Reduced demand for Brazilian exports pushes prices lower.*

Record US soybean crush demonstrates expanded capacity (IEG Vantage)

- > As expected, USDA-NASS reported a record crush number for the US in October at 196.6 million bushels. As shown in the accompanying chart, the daily crush rate of 6.3 million bushels was 4.4 million bushels above the previous record in March 2020.
- > The daily crush rate increased 639,095 bushels from September and was 302,648 bushels above the same month a year ago.
- > October soybean meal production (including hulls) was reported at 4.61 million short tons, which implied a yield of 46.96 pounds per bushel. Implied soybean meal consumption was record high at 3,508 million tons and 5% above a year ago. Soybean meal stocks were reported at 374,000 tons, an increase of 80,000 tons from September.
- > USDA reported October soybean oil production of 2.28 billion pounds, which was an increase of 315 million pounds from production in September and implied a yield of 11.61 pounds per bushel. Implied soybean oil consumption was record high at 3,508 million tons and 5% above a year ago. End-of-October soybean oil stocks of 1.96 billion pounds were up 142 million pounds from the year-ago 115-million-pound level and up from the end-of-September amount.
- > *Despite record crush number in October reflecting the strong product demand and crush margins since the beginning of the crop year, IHS Markit maintained its 2020/21 (October/September) crush at 2,180 million bushels for this week as we think lower crush is required during the last half of the marketing year to achieve a minimum carryout level.*

Soybean Oil Market Update

USDA December WASDE: Few changes for US corn, soybeans and wheat, but some global shifts

- > USDA's December WASDE report was a fairly quiet update in terms of changes to the US balance sheets for major crops like corn, soybeans and wheat, but changes on the global side were of note.
- > USDA left its forecast for soybean exports steady at 2.2 billion bushels, but soybean crush for 2020/21 is increased 15 million bushels to 2.195 billion, USDA said, "on strong crush margins and record early-season crush."
- > USDA lowered overall global soybean production to 362.1 million MT, down 600,000 MT from November as higher soybean crops for Canada and Uruguay are offset by lower production for Argentina.
- > USDA now pegs the Argentine soybean crop at 50 million MT, down 1 million MT from November, on lower harvested area. But that smaller crop in Argentina is seen benefiting US soy meal and soybean oil exports.
- > *Amid a "business as usual" report, soybean prices were not heavily altered in either direction upon the release of the December WASDE.*

Soy prices dip despite China buys

- > CBOT soy futures were softening again for much of the week ending December 11th despite yet another round of hefty export shipments, the bulk continuing to go to top buyer China.
- > On the one hand, the broader political relationship between the two appears to be thawing less than expected with the incoming Biden presidency - Hong Kong re-emerging as a possible flashpoint.
- > Concerns are also resurfacing that this season's hectic pace of Chinese imports is not only piling up stocks there but driving import costs to levels that have severely eroded local crush margins. Purchases have already slowed recently while some US cargoes have reportedly been cancelled and more may follow if profits stay weak.
- > *Although soy futures have come off as much as 50c/bu from their late November highs around USD12, the forward price outlook could easily firm again if US stocks run as low as the government expects – or lower still if Latin American production fails to meet targets.*

Soybean Oil Market Update

Palm still leads veg oil market strength

- > Despite some recent trimming of the top prices, the most traded vegetable oil, palm continues to lead market strength in the sector.
- > From its spring lows around USD450/MT equivalent, benchmark Malay Bursa futures have risen almost 90%. Next most-used oil, soy, in contrast, is up less than 50% on bellwether CBOT futures.
- > The loss of competitiveness, along with the smaller supply, is influencing less-than-stellar palm oil export trade. This has been the main brake on prices that recently hit 8½-year highs amid lower than expected 2020 production and higher bio-diesel consumption in origin countries.
- > Malay millers look for a further decline in this month's production but December exports to date are already running 6% down on a steep pullback in Chinese intake.
- > *While demand normally weakens in the winter months, the tight Malay stock may keep stop prices eroding much for the time being. Further forward, though, larger Indonesian exports could restrain price rises, local officials this week expecting 36m MT next year compared with 32 million MT in 2020.*

Rationing talk keeps rapeseed prices up

- > With rapeseed exports running at record levels and domestic crush strong on good margins, stocks could drop faster than expected this season without some 'price-rationing,' analysts maintain.
- > Some bullish hesitance at times was mainly down to a pullback in the dominant soy complex as well and some backtracking in recently sky-high palm oil prices.
- > Funds also booked some of their profits from the recent run-up in prices although some observers might argue the peaks are not yet established for the Canadian marketing year (which ends July 31).
- > Another reminder of snug supplies was the French farm ministry's estimate that winter sowings for 2021 were on a slightly smaller area after some dry weather during planting. However, EU grain lobby Cocal saw potential for a rebound to the bloc's (plus UK) next crop to 17.8 million from 2020's poor 16.9 million MT.
- > *Even then, in the wake of Ukrainian planting shortfalls for 2021 crop, the fundamentals suggest modest cost relief for consumers in the year ahead – unless soy or palm markets go into much steeper reverse or Canada's mainly spring sown area expands sharply.*

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
Total	1,108	880	1,162	1,134

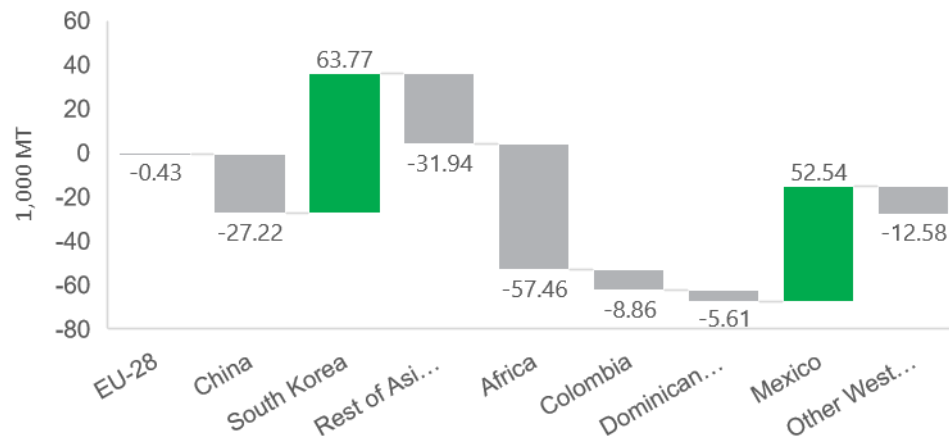
(F) = IHS Markit Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
EU-28	54	0	6	0	0
China	43	52	20,001	0	0
South Korea	71,259	20,614	16,018	17,550	28,020
Rest of Asia/Oceania	412	422	333	1,550	1,139
Africa	21,782	30	0	17,999	0
Colombia	11,982	14,449	6,858	20	7,002
Dominican Republic	20,821	4,855	16,175	8,101	23,014
Mexico	9,121	3,576	3,963	4,556	6,425
Other West Hemis.	26,807	32,057	11,324	41,702	16,091
Total	162,281	76,053	74,677	91,478	81,689

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

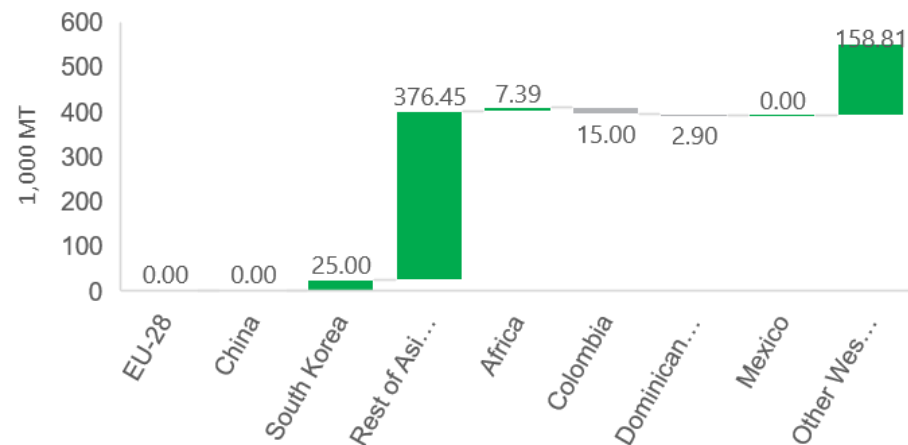
	(1,000 MT)			
	17/18	18/19	19/20	20/21 (F)
EU-28	0	0	0	0
China	27	175	75	75
South Korea	4	0	150	175
Rest of Asia/Oceania	2,958	4,162	3,431	3,808
Africa	651	420	780	787
Colombia	0	0	50	35
Dominican Republic	2	0	28	25
Mexico	0	0	0	0
Other West Hemis.	513	470	886	1,045
Total	4,155	5,227	5,400	5,950

(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
Total		731	619	752	730	708

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)
Carryin (Oct 1)	765	776	905	805	838
Production	10,035	10,783	10,975	11,300	11,472
Imports	145	152	180	145	150
Total Supply	10,945	11,711	12,060	12,250	12,460
Domestic Use	9,009	9,698	10,375	10,124	10,501
Biodiesel	2,812	3,236	3,567	3,564	3,697
Non-Biodiesel	6,197	6,462	6,808	6,559	6,804
Exports	1,159	1,108	880	1,288	1,111
Total Use	10,169	10,806	11,255	11,411	11,612
Carryout (Sep 30)	776	905	805	838	848

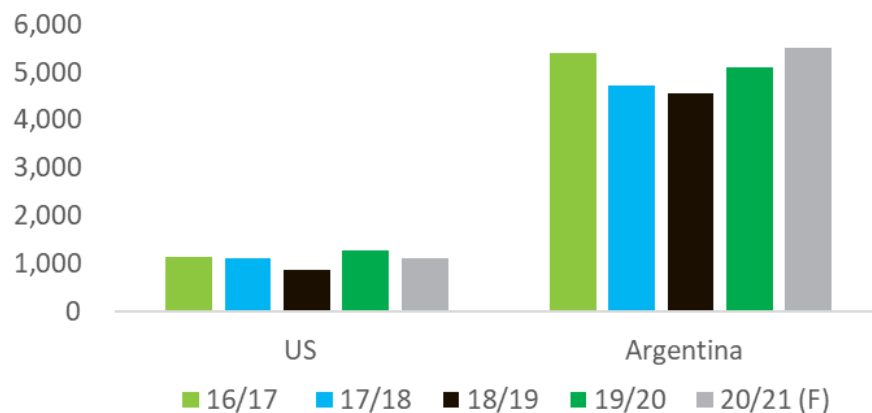
(F) = IHS Markit Forecast

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

	16/17	17/18	18/19	19/20	20/21 (F)
Carryin (Apr 1)	337	259	310	170	275
Production	8,381	7,923	7,195	8,041	7,682
Imports	0	0	0	5	5
Total Supply	8,718	8,182	7,505	8,216	7,962
Domestic Use	2,995	3,202	2,628	2,828	2,137
Biodiesel	2,826	2,972	2,258	2,274	1,620
Non-Biodiesel	247	183	511	554	517
Exports	5,386	4,721	4,566	5,113	5,500
Total Use	8,459	7,872	7,335	7,941	7,637
Carryout (Mar 31)	259	310	170	275	325

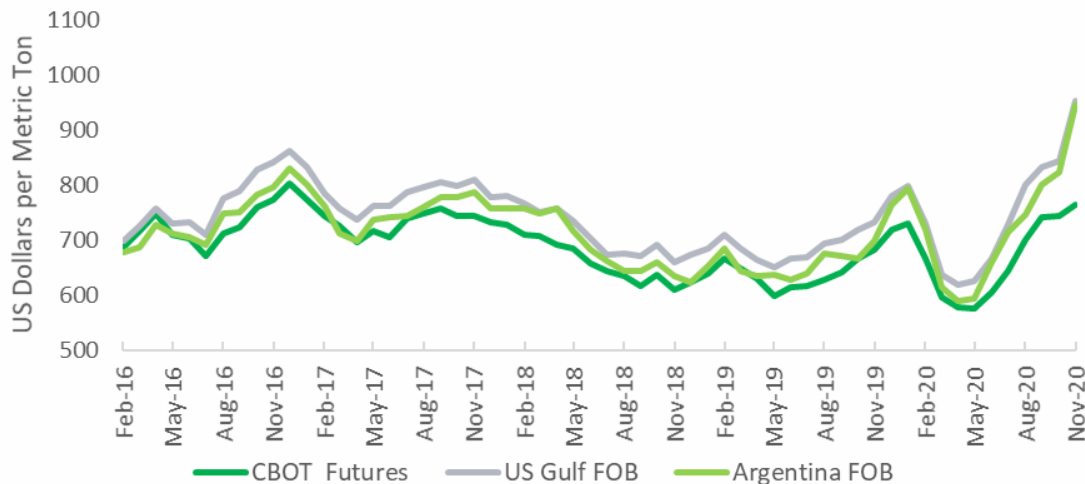
(F) = IHS Markit Forecast

SBO Exports Trend (1,000 MT)

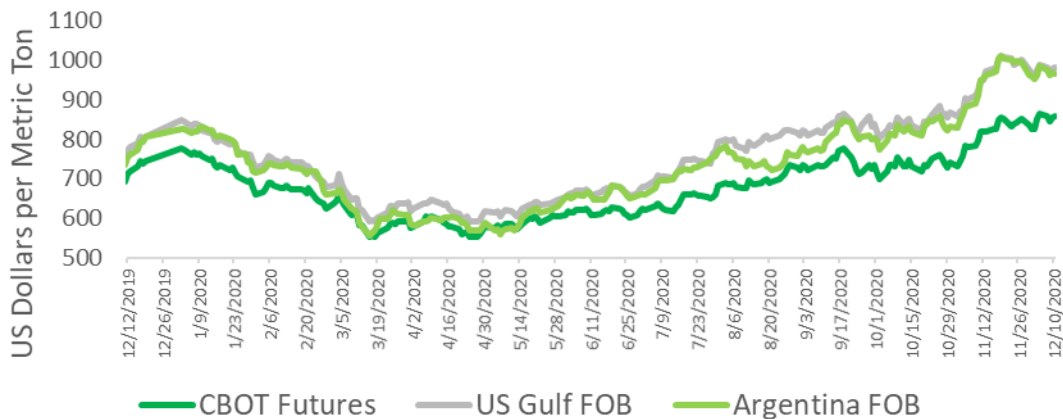


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
11/11/2020	819	951	951
11/12/2020	819	949	954
11/13/2020	819	973	962
11/16/2020	825	980	968
11/17/2020	827	981	971
11/18/2020	848	1002	1004
11/19/2020	856	1010	1012
11/20/2020	852	1007	1004
11/23/2020	833	1004	1002
11/24/2020	839	988	995
11/25/2020	842	991	997
11/27/2020	853	1002	995
12/1/2020	825	965	959
12/2/2020	826	957	952
12/3/2020	853	975	962
12/4/2020	864	990	986
12/8/2020	844	969	964
12/9/2020	855	978	970
12/10/2020	859	982	965

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL		DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	VINJERAC	AT BERTH		20,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	VINJERAC	AT BERTH		14,000	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	MAETIGA	AT ROADS		7,500	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	MAETIGA	AT ROADS		7,500	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA T.B.C.	PLOVER PACIFIC	ETA REC	18-Dec	20,000	SBO	GLENCORE	INDIA
SAN LORENZO	RENOVA T.B.C.	PLOVER PACIFIC	ETA REC	18-Dec	11,000	SBO	GLENCORE	BANGLADESH
SAN LORENZO	RENOVA T.B.C.	ALKAIOS	ETA REC	19-Dec	30,000	SBO	VITERRA	IRAN
SAN LORENZO	RENOVA T.B.C.	MR TIGRIS	ETA REC	20-Dec	30,000	SBO	VITERRA	BRAZIL
SAN LORENZO	DREYFUS TIMBUES	CLEAROCEAN MELODY	AT REC	8-Dec	9,300	SBO	BUNGE	INDIA
SAN LORENZO	DREYFUS TIMBUES	ATLANTIC OLIVE	ETR GLAG	15-Dec	15,000	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	ATLANTIC OLIVE	ETR GLAG	15-Dec	15,000	SBO	LDC	INDIA
SAN LORENZO		CLEAROCEAN MELODY	AT REC	8-Dec	13,000	SBO	BUNGE	INDIA
SAN LORENZO		GLADYS W	ETR SLZ	20-Dec	16,000	SBO	COFCO	MOZAMBIQUE
SAN LORENZO	COFCO INTL. NORTH BERTH (EX	GLADYS W	ETR SLZ	20-Dec	15,500	SBO	COFCO	INDIA
SAN LORENZO	MINERA ALUMBRERA	APOSTOLOS	AT REC	10-Dec	29,000	SBO	LDC	INDIA
SAN LORENZO	MINERA ALUMBRERA	STENA CONCERT	ETA REC	18-Dec	17,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	UACC SHAMS	ETR CAMP	22-Dec	10,000	SBO	COFCO	BANGLADESH
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SEA TIGER	AT REC	7-Dec	8,000	SBO	CARGILL	INDIA
SAN LORENZO	PARANA)	HELLAS TATIANA	AT KM 171		14,630	SBO	BUNGE	INDIA
SAN LORENZO	PARANA)	HARALD MAERSK	ETA REC	20-Dec	15,000	SBO	CARGILL	INDIA
SAN LORENZO	DEMPA	STENA CONCERT	ETA REC	18-Dec	10,000	SBO	BUNGE	INDIA
SAN LORENZO	VICENTIN	SEA TIGER	AT REC	7-Dec	20,000	SBO	CARGILL	INDIA
SAN LORENZO	VICENTIN	UACC SHAMS	ETR CAMP	18-Dec	2,890	SBO	COFCO	INDIA
SAN LORENZO	SAN BENITO	VELEBIT	AT REC	4-Dec	16,150	SBO	AVERE	BRAZIL
SAN LORENZO	SAN BENITO	HELLAS TATIANA	AT KM 171		15,000	SBO	BUNGE	INDIA
SAN LORENZO	SAN BENITO	BARBOUNI	ETA REC	14-Dec	18,000	SBO	CARGILL	PERU
SAN LORENZO	SAN BENITO	STENA CONCERT	ETA REC	18-Dec	15,000	SBO	BUNGE	INDIA
SAN LORENZO	SAN BENITO	UACC SHAMS	ETR CAMP	22-Dec	16,000	SBO	COFCO	BANGLADESH
ROSARIO	VILLA GOBERNADOR GALVEZ	ATHLOS	ETA REC	15-Dec	30,000	SBO		IRAN
ROSARIO	VILLA GOBERNADOR GALVEZ	HARALD MAERSK	ETA REC	20-Dec	20,000	SBO	CARGILL	CHINA
ROSARIO	DREYFUS VEGOIL TERMINAL	ATLANTIC OLIVE	AT ROADS		5,000	SBO (P)	LDC	INDIA/BANGLADESH
ROSARIO	DREYFUS VEGOIL TERMINAL	ATLANTIC OLIVE	AT ROADS		1,000	SBO	LDC	INDIA/BANGLADESH
BAHIA BLANCA	CARGILL TERMINAL	ATLANTIC OLIVE	ETA BB	19-Dec	10,000	SBO	OMHSA	CHINA

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
LOS ANGELES	BUSAN	REPUBLIC OF KOREA	19,305	SEASPAN ADONIS	SBO	YUSEN LOGISTICS	OCEAN NETWORK EXPRESS	5-Nov
NEW YORK	CARTAGENA	COLOMBIA	9,525	MAERSK GATESHEAD	SBO	ANDES LOGISTICS	HAPAG LLOYD	3-Nov
NEW YORK	VISAKHAPATNAM	INDIA	14,795	YM WELLHEAD	SBO	HELLMANN WORLDWIDE LOGISTICS	HAPAG LLOYD	3-Nov
NEW YORK	HAMBURG	GERMANY	22,535	BUDAPEST BRIDGE	SBO	FOODSERVICE CONCEPTS P	YANG MING LINE	25-Oct
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	118,710	ONE MARVEL	SBO	GULF AMERICAN LINES	YANG MING LINE	24-Oct
NEW YORK	SOHAR	OMAN	23,742	ONE MARVEL	SBO	GULF AMERICAN LINES	YANG MING LINE	24-Oct
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	23,743	ONE MARVEL	SBO	GULF AMERICAN LINES	YANG MING LINE	24-Oct
PT EVERGLADES	NASSAU	BAHAMAS	39,479	CONTSHIP MAX	SBO	RICHARDSON OILSEED	MEDITERRANEAN SHIPPING COMPANY	22-Oct
NEW YORK	HAMAD	QATAR	23,742	EXPRESS ROME	SBO	CONSOLIDATION SERVICES	HAPAG LLOYD	21-Oct
NEW YORK	SAN ANTONIO	CHILE	24,313	DUBLIN EXPRESS	SBO	INTERNATIONAL FOOD	HAPAG LLOYD OCEAN NETWORK	21-Oct
LOS ANGELES	BUSAN	REPUBLIC OF KOREA	57,915	NYK ATLAS MOL	SBO	YUSEN LOGISTICS	EXPRESS	20-Oct
NEW YORK	ROTTERDAM	NETHERLANDS	4,534	EMISSARY	SBO	GJ CARGO	HAPAG LLOYD	20-Oct
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	142,452	MOL MOTIVATORS	SBO	GULF AMERICAN LINES	YANG MING LINE	18-Oct
PT EVERGLADES	CURACAO	CURACAO	18,525	AS FABRIZIA	SBO	US 1 CARGO EXPRESS	KING OCEAN SERVICES	17-Oct

Source: IHS Markit's PIERS, Note: Last updated shipment is from November 5th as there are no more recent ones listed

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