



Soybean Oil Market Update

Prepared for



December 30, 2020

Soybean Oil Market Update

Argentina: supply disruption and production risk (IEG Vantage)

- > The Market crossed the \$12.50 per bushel with the trigger being the multiple issues with Argentina supplies, the world's top soybean oil and meal exporter, as ongoing port labor strike is causing shipment disruptions and slow farmers sales are reducing crush activities in the country.
- > Despite the Argentinian government efforts of reducing export taxes until the end of the year to favor the local crush and exports, crush in Argentina, the world's top soybean oil and meal exporter, continued to underperform in November, with a 4% decline to 2.971 million MTs from October. In the current marketing year (April/October) accumulated crush totaled 27.5 million MTs, 10% reduction when compared to the same period last year (30.7 million MTs).
- > The recent changes also did not provide any significant change in farmer selling enthusiasm as old crop sales are just below the 5 years average with 72% sold. Argentinian farmers see more benefit in holding soybean as a store of wealth and hedge against inflation given the extremely difficult economic situation of the country.
- > IHS Markit estimates that in Argentina the 2020/21 soybean plantings are 77% complete, which is in line with last year and slightly below average.
- > The La Niña climate pattern is in place and is associated with below-normal rainfall in Argentina and South of Brazil. Previous La Niña events have impacted Argentina soybean production
- > *Any shortfall Argentina production has the potential to slow further farmers sales activities and crush which would limit Argentina export supply and continue to support US export opportunities.*

Russian sunflower and oil prices plunge on fears of duties

- > Russia's sunflower prices fell by RUB4,075 to RUB35,250 per MT (excluding VAT, EXW European part of Russia), as almost all processors have significantly reduced purchase prices, according to SovEcon.
- > At the same time, sunflower oil fell by RUB4,525 to RUB84,825/MT. The market collapsed following news that the government might impose a duty on sunflower oil (15% or at least EUR135/MT). The supply of sunflower oil increased significantly last week.
- > *Sunflower oil makes up a relatively small share of global vegetable oil trade, so the impact from the duties should not be major for palm or soybean oil.*

Soybean Oil Market Update

Brazil soy crop conditions decline further

- > IHS Market's third soybean crop condition survey for the 2020/21 season showed a decline of 2 points to 84.7 in the week ended on December 16, despite the return of rains in some regions.
- > The crop condition index reached its lowest level since our first survey back in 2012 as rainfall has been below normal so far this season including the top producing states of Mato Grosso.
- > Among Brazil's main top producer states, Mato Grosso the top growing state Mato Grosso is in the spotlight with the smallest percentage of soybean crops considered to be in good to excellent conditions (62%) and the biggest percentage in very poor to poor conditions (10%).
- > Mato Grosso, especially in its southwestern territory, soybean yield potential has been hit hard by the dryness as crops advanced through critical phenological stages.
- > IHS Markit's production forecast for Brazil has been reduced to 131 million MT, 2.5 million MT below the initial forecast.
- > *A lower crop in Brazil is among a number of factors contributing to high soybean prices, although the impact is relatively minor as compared to Argentina.*

US Soybean crush large in November on strong margins (IEG Vantage)

- > NOPA reported a November crush of 181.0 million bushels was the largest November crush on record and the third largest monthly crush ever. The November volume was up 16.1 million bushels above the year-ago but down 4.2 million bushels from the total reported in October.
- > Confirmation of the strong NOPA performance in the end-of-month USDA-NASS Fats and Oils report for the entire US industry would indicate a 7% increase in crush from a year ago for the first quarter of 2020/21 marketing year
- > Record crush and export sales in 2020/21 are expected to draw down the supply of US soybeans to a low level not seen since the 2013/14 marketing year. In this environment, higher soybean prices are expected to ration demand.
- > *Nearby crush margin estimates have already moderated somewhat since November, but last few days soybean complex rally resulted in slight crush margins increases suggesting that the market is still not doing enough in the short term to slow down demand and this will only reinforce the need of higher prices in the second half of the marketing year to slow/postpone demand.*

Soybean Oil Market Update

China's soybean demand set to remain strong in 2021 on swine herd recovery from ASF

- > After a year of record demand for soybeans, China is expected to continue its robust purchasing of the oilseed in 2021, and thus support global prices, as the country is slated to fully recover from the African Swine Fever or ASF epidemic in 2021.
- > Backed by a steady process of pork industry consolidation and biosecurity measures, China's swine herd recovery was seen at 90% of the pre-ASF level as of Nov. 30, according to the Ministry of Agriculture, or MARA.
- > The world's largest pork producer and consumer lost over 50% of its swine population to ASF, which emerged in August 2018. Following large-scale quarantine measures, over 200 million pigs were culled, leading to massive shortage of pork in the country.
- > *China's continued high demand for soybeans has been a major contributor to high global prices.*

Soybeans surge after failed attempt to end Argentine port strike

- > Soybean futures surged December 29th with the nearby January contract up 40 1/4 cents to settle at \$12.95 1/2 per bushel.
- > Soybean futures started the day lower but news that Argentinian port and crush facilities workers will continue the strike triggered funds buying.
- > Reports indicate that more than 160 ships are being affected by the work stoppage that started earlier this month.
- > Additionally, lack of heavy farmer sales in US strengthened US soybean basis signaling a very tight supply situation was an additional factor forcing futures higher.
- > *Soybean futures prices have rallied from \$8.75 in August to nearly \$13/bushel, and prices are expected to remain high amid low stocks to use ratios.*

Soybeans slip from 6-1/2-year high as labor strike ends

- > Argentine soy crushers signed a deal with oilseed workers to end the strike that had been pushing up prices on December 30th.
- > Argentina's soy crushing companies signed a contract with the country's oilseed workers' unions late on Tuesday, ending a 20-day strike over wages that had paralyzed exports from the world's top supplier of soymeal livestock feed.
- > *The strike will have ended on the day this report was published so it remains to be seen how this will impact global oilseeds markets.*

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	20	0
South Korea	301	303	353	325
Rest of Asia/Oceania	23	35	31	29
Africa	28	17	161	70
Colombia	108	67	137	100
Dominican Republic	152	139	151	135
Mexico	167	126	130	180
Other West Hemis.	327	192	305	265
Total	1,108	880	1,288	1,104

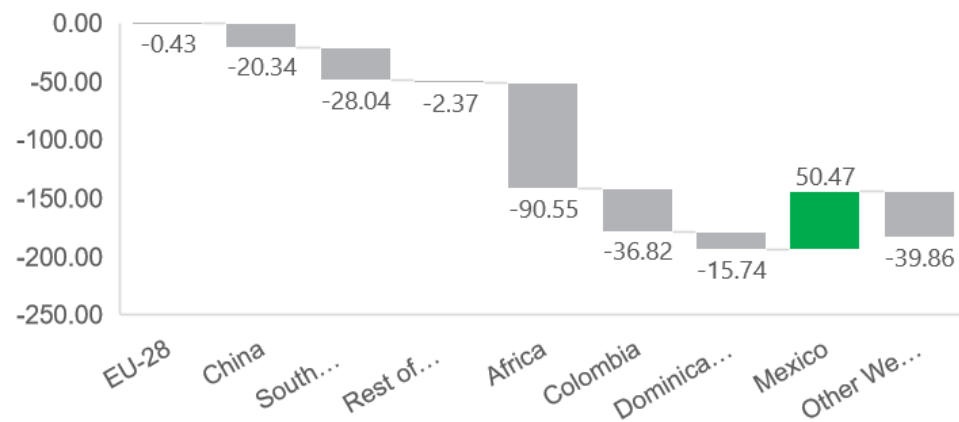
(F) = IHS Markit Forecast

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

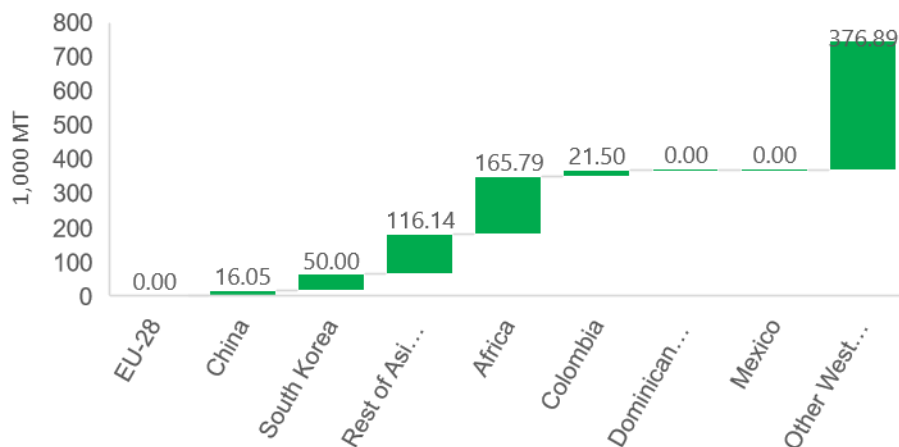
	(1,000 MT)			
	17/18	18/19	19/20	20/21 (F)
EU-28	0	0	0	0
China	27	143	134	150
South Korea	4	0	0	50
Rest of Asia/Oceania	2,958	3,482	3,648	3,764
Africa	651	647	659	825
Colombia	0	0	14	35
Dominican Republic	2	0	0	0
Mexico	0	0	0	0
Other West Hemis.	513	640	568	945
Total	4,155	4,912	5,023	5,769

(F) = IHS Markit Forecast

Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Jun-20	Jul-20	Aug-20	Sep-20	Oct-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		602	725	573	536	745
Africa		0	0	0	0	0
Colombia		7	12	20	14	9
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		10	15	137	161	14
Total		619	752	730	710	768

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	11,401
Imports	145	152	180	145	159
Total Supply	10,945	11,711	12,060	12,250	12,398
Domestic Use	9,009	9,698	10,375	10,124	10,512
Biodiesel	2,812	3,236	3,567	3,564	3,697
Non-Biodiesel	6,197	6,462	6,808	6,559	6,815
Exports	1,159	1,108	880	1,288	1,111
Total Use	10,169	10,806	11,255	11,411	11,624
Carryout (Sep 30)	776	905	805	838	775

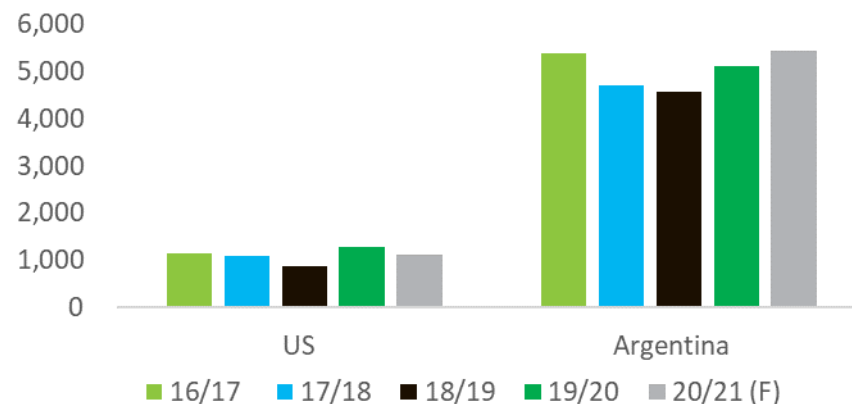
(F) = IHS Markit Forecast

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	7,636
Imports	0	0	0	5	5
Total Supply	8,718	8,182	7,505	8,216	7,916
Domestic Use	2,995	3,202	2,628	2,828	2,201
Biodiesel	2,701	2,916	2,465	2,179	1,620
Non-Biodiesel	373	183	304	649	581
Exports	5,386	4,721	4,566	5,113	5,440
Total Use	8,459	7,872	7,335	7,941	7,641
Carryout (Mar 31)	259	310	170	275	275

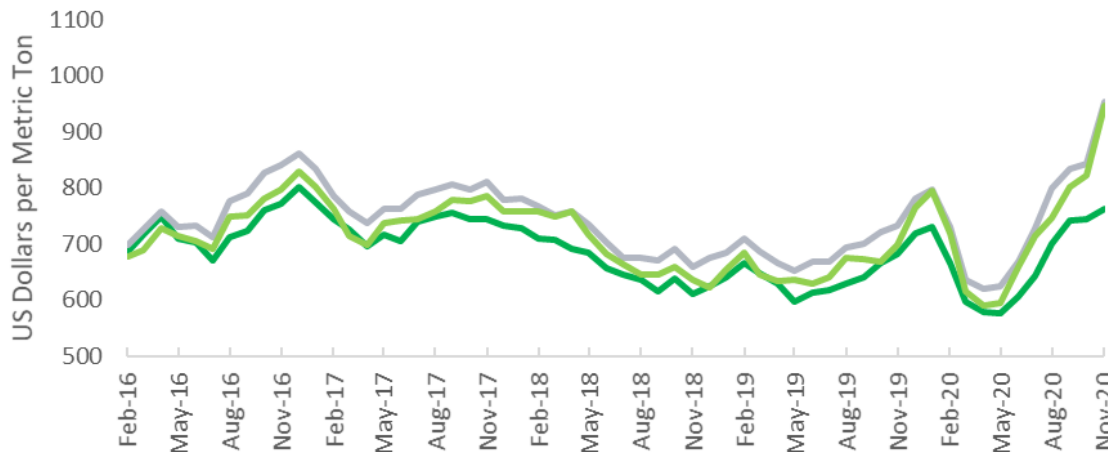
(F) = IHS Markit Forecast

SBO Exports Trend (1,000 MT)

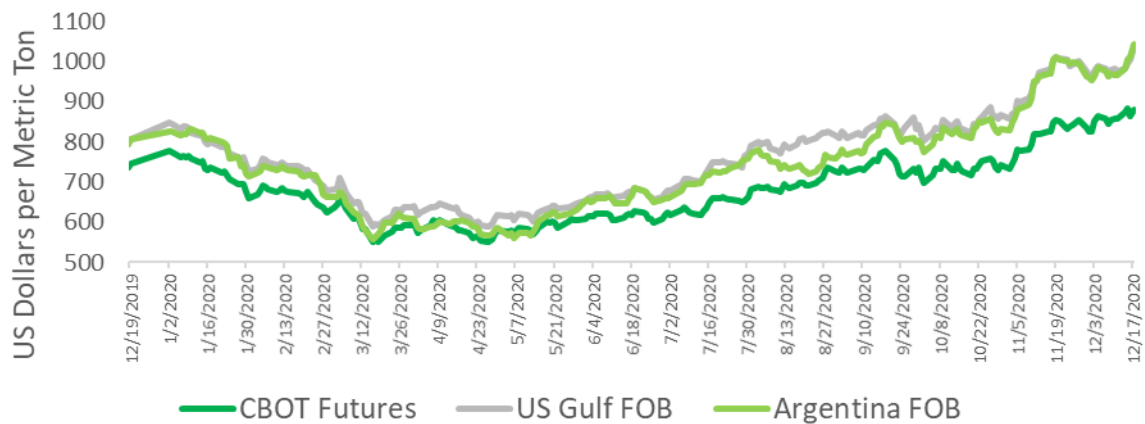


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
11/18/2020	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
11/30/2020	835	975	963
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
12/11/2020	859	975	967
12/15/2020	884	996	1005
12/16/2020	864	1004	1011
12/17/2020	880	1035	1042

Note: Prices are delayed due to the holiday season

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	VITERRA	INDIA
SAN LORENZO	RENOVA NORTH BERTH	VINJERAC	AT BERTH		14,000	SBO	VITERRA	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	MAETIGA	AT ROADS		7,500	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA NORTH BERTH	MAETIGA	AT ROADS		7,500	SBO	VITERRA	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	PLOVER PACIFIC	AT REC	18-Dec	20,000	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA NORTH BERTH	PLOVER PACIFIC	AT REC	18-Dec	11,000	SBO	VITERRA	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	ALKAIOS	AT REC	20-Dec	30,000	SBO	VITERRA	IRAN
SAN LORENZO	RENOVA TBC	MR TIGRIS	ETA REC	30-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	AT GLAG		3,500	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	ATLANTIC OLIVE	AT GLAG		15,000	SBO	LDC	INDIA
SAN LORENZO	COFCO INTL. NORTH BERTH (EX	CLEAROCEAN MELODY	AT REC	8-Dec	14,000	SBO	BUNGE	INDIA
SAN LORENZO	COFCO INTL. NORTH BERTH (EX	UACC RAS LAFFAN	AT REC	24-Dec	18,360	SBO	COFCO	MOZAMBIQUE
SAN LORENZO	COFCO INTL. NORTH BERTH (EX	UACC RAS LAFFAN	AT REC	24-Dec	15,500	SBO	COFCO	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	EVA TOKYO	AT ROADS		6,400	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	EVA TOKYO	AT ROADS		2,700	SBO (P)	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SEA TIGER	AT REC	7-Dec	8,000	SBO	CARGILL	INDIA
SAN LORENZO	PARANA)	CLEAROCEAN MELODY	AT REC	8-Dec	4,000	SBO	BUNGE	INDIA
SAN LORENZO	PARANA)	CONDOR TRADER	AT REC	15-Dec	500	SBO	ADM AGRO	BRAZIL
SAN LORENZO		ATHLOS	AT REC	16-Dec	11,200	SBO	CARGILL	IRAN
SAN LORENZO		HARALD MAERSK	AT REC	20-Dec	15,000	SBO	CARGILL	CHINA
SAN LORENZO	(EX NIDERA FERTILIZANTES)	UACC RAS LAFFAN	AT REC	24-Dec	2,140	SBO	CARGO	BANGLADESH
SAN LORENZO	COFCO INTL PGSM SOUTH BERTH	UACC MARAH	AT ROADS		16,000	SBO	COFCO	INDIA
SAN LORENZO	COFCO INTL PGSM SOUTH BERTH	UACC MARAH	AT ROADS		1,500	SBO	COFCO	OMAN
SAN LORENZO	DEMPA	HELLAS TATIANA	AT VC ROADS		15,800	SBO	BUNGE	INDIA
SAN LORENZO	AKZO NOBEL	VELEBIT	AT REC	4-Dec	15,000	SBO	AVERE	BRAZIL
SAN LORENZO	AKZO NOBEL	GLADYS W	AT ROS	18-Dec	17,100	SBO	COFCO	MOZAMBIQUE
SAN LORENZO	AKZO NOBEL	GLADYS W	AT ROS	18-Dec	2,890	SBO	COFCO	INDIA
SAN LORENZO	VICENTIN	SEA TIGER	AT REC	7-Dec	20,000	SBO	CARGILL	INDIA
SAN LORENZO	VICENTIN	NORD VALIANT	AT REC	19-Dec	4,000	SBO	AVERE	BRAZIL
SAN LORENZO	SAN BENITO	NORD VALIANT	AT REC	19-Dec	16,150	SBO	AVERE	BRAZIL
SAN LORENZO	SAN BENITO	UACC SHAMS	AT REC	25-Dec	16,000	SBO	COFCO	BANGLADESH
ROSARIO	TERMINAL PUERTO ROSARIO	GLADYS W	ALONGSIDE		10,000	SBO	AGD	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	ATHLOS	AT REC		30,000	SBO		IRAN
ROSARIO	DREYFUS VEGOIL TERMINAL	ATLANTIC OLIVE	AT ROADS		11,000	SBO (P)	LDC	BANGLADESH
RAMALLO	BUNGE TERMINAL	STENA CONCERT	AT REC		15,000	SBO	BUNGE	INDIA
BAHIA BLANCA	CARGILL TERMINAL	ATLANTIC OLIVE	ETA BB	9-Jan	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
NEW YORK	BUSAN	REPUBLIC OF KOREA	21,000	CMA CGM T ROOSEVELT	SBO	AGRI INTERNATIONAL	CMA-CGM	21-Dec
NEW YORK	SOHAR	OMAN	23,742	NORTHERN JAVELIN	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	19-Dec
NEW YORK	RIYADH	SAUDI ARABIA	47,486	NORTHERN JAVELIN	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	19-Dec
NEW YORK	AQABA	JORDAN	23,742	NORTHERN JAVELIN	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	19-Dec
MIAMI	CAP HAITIEN	HAITI	27,229	SARA EXPRESS	SBO	ORDER	ANTILLEAN LINES	18-Dec
SAVANNAH	PT OF SPAIN	TRINIDAD AND TOBAGO	24,902	CONTSHIP ICE	SBO	EXPRESS CONSOLIDATION SYSTEMS	CMA-CGM	12-Dec
SAVANNAH	PNT LISAS	TRINIDAD AND TOBAGO	22,680	CONTSHIP ICE	SBO	BRAID LOGISTICS	CMA-CGM	12-Dec
SAVANNAH	PNT LISAS	TRINIDAD AND TOBAGO	22,657	CONTSHIP ICE	SBO	BRAID LOGISTICS	CMA-CGM	12-Dec
SAVANNAH	JEBEL ALI	UNITED ARAB EMIRATES	51,022	MOL MAESTRO	SBO	PALMETTO FOOD SERVICE	HMM CO., LTD.	12-Dec
MIAMI	PNT LISAS	TRINIDAD AND TOBAGO	121,655	BF LETICIA	SBO	TRUJILLO AND SONS	CMA-CGM	11-Dec
W PALM BCH	ARAWAK CAY	BAHAMAS	20,140	TROPIC FREEDOM	SBO	SYSCO INTERNATIONAL FOOD	TROPICAL SHIPPING	10-Dec
NEW YORK	JEDDAH	SAUDI ARABIA	23,743	CMA CGM IVANHOE	SBO	BUNGE OILS	HAPAG LLOYD	10-Dec
NEW YORK	HAMAD	QATAR	24,300	CMA CGM IVANHOE	SBO	SYSCO INTERNATIONAL FOOD	HAPAG LLOYD	10-Dec
SAVANNAH	JEBEL ALI	UNITED ARAB EMIRATES	28,062	YANTIAN EXPRESS	SBO	PALMETTO FOOD SERVICE	HMM CO., LTD.	08-Dec
NEW YORK	BEIRUT	LEBANON	47,484	VIENNA EXPRESS	SBO	GULF AMERICAN LINES	HAPAG LLOYD	08-Dec
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	71,226	MSC CHANNE	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	07-Dec
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	94,754	MOL MAESTRO	SBO	GULF AMERICAN LINES	YANG MING LINE	06-Dec
W PALM BCH	GRENADA ISL	GRENADA	1,361	TROPIC ISLAND	SBO	GREENZ WHOLESALERS	TROPICAL SHIPPING	03-Dec
SAVANNAH	PNT LISAS	TRINIDAD AND TOBAGO	45,450	PACON	SBO	BRAID LOGISTICS	CMA-CGM	03-Dec
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	47,486	YANTIAN EXPRESS	SBO	GULF AMERICAN LINES	YANG MING LINE	03-Dec
PT EVERGLADES	COLON PA	PANAMA	25,401	DUBLIN EXPRESS	SBO	KRYSTAL LOGISTICS	CMA-CGM	02-Dec
PT EVERGLADES	NASSAU	BAHAMAS	41,001	CONTSHIP MAX	SBO	RICHARDSON OILSEED	MEDITERRANEAN SHIPPING COMPANY	01-Dec

Source: IHS Markit's PIERS

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