



Soybean Oil Market Update

Prepared for



April 30, 2021

Soybean Oil Market Update

Soy tries to buy more acres

- > CBOT soybean futures briefly traded over USD16/bushel (about USD588/MT) early in the week ending April 30th as funds again bought into a potential classic 'weather market.' It didn't last beyond mid-week, though, as signs of improving US Midwest weather and 'normal' weekly planting progress numbers triggered a 'profit-taking' reversal.
- > Like corn, soy responded to private US planting predictions that were more bearish than the USDA's recent rather disappointing 87.6 million acres. Any extra land will continue to be fought over by the two crops, so their price moves will probably stay closely linked.
- > News that a US meat producer was importing some beans from the US's rival exporter Brazil were a reminder that forecast extremely tight US end-season stocks would not be the only number for the markets to follow. Brazil is still expecting a huge record crop so more of this trade could follow as happened on a much larger scale during previous tight US seasons, 2012/13 and 2013/14.
- > Argentina has contributed to recent market strength, exporting substantially less than at this time last year. Local traders blame the country's weak currency, encouraging farmers to hold their raw materials as a hedge against inflation. Taxes on exports are also seen as a disincentive to grow and sell the crop in this, the third largest soy producing country.
- > Chinese buyers have been keeping US exports strong.
- > *Soybean prices continue to be among the highest they have ever been. However, the price of soybean oil and soybean meal has been similarly high, so crush margins remain positive.*

Soybean Oil Market Update

Dwindling stock spells boom times for soy

- > Soy futures approached eight-year highs in excess of USD15/bushel the week ending April 23rd, accumulating a 60% increase since the current season began. It was no coincidence that prices were last this high when US stocks were heading for similar rock-bottom levels.
- > As in the corn market, a cold, snowy weather threat to US planting progress sharpened the focus on dwindling old crop inventories within the former top supplying country.
- > Official estimates of US acres sown – 3% of plan - were near the five-year average for this date – although that could slip in a coming week of cold weather.
- > *The need to compete with increasingly valuable corn for 2021 acres also played into the soy uptrend – as did soy oil prices trading new 13-year highs as competitors like palm, sunflower and rapeseed continued to rise sharply in value. Firmer energy markets also supported oil, feeding ideas of increased biodiesel use.*
- > *Main crush product meal, which had lagged oil's advance recently, also firmed on reports of steep gains in China's pork production – although the latter's dependency on soy might be lessened by government pressure to use less meal in favor of wheat and other feed ingredients.*

Rapeseed up with soy, tightening supplies

- > Tightening canola supplies have been well flagged for months but have come back into sharp focus as a surging soy market removes a recent key price restraint.
- > Funds have been drawn in and consumers have belatedly rushed to cover depleted old crop supplies while farmers have reportedly been pulling back sales to see how far the latest price run, already reaching record highs on some markets, goes.
- > Rapeseed's bull trend has also been re-booted by dry weather in the Canadian Prairies ahead of planting time and a cold weather threat in Europe. EU crop estimates have recently ranged around a smaller crop for top supplier France and a slightly bigger one for second largest producer Germany.
- > Another factor that may be contributing to rapeseed price strength is the drop in previously growing sunflower oil supplies.
- > *Sunflower oil is the largest component of Europe's 14.5 million MT annual food industry oil use – supplying about 4.5-4.7 million MT a year compared with rapeseed and palm around 3 million each. However, far more rapeseed oil goes to industrial use of 6.5 million MT, led by biodiesel.*

Soybean Oil Market Update

Low Canadian area estimate underpins canola

- > Whether or not most traders agree with official body Statistics Canada's surprisingly low planted area forecast for 2021, the market firmed after the news, crossing CAD9 per bushel for the first time.
- > StatsCan predicted a 3.6% increase to 21.5 million acres – about 1 million less than the average guess in a Reuters poll of analysts (which ranged up to 23.2 million acres).
- > The other major rapeseed market in Europe also traded new highs in excess of EUR600/MT, supported by the Commission trimming its 2021 crop forecast for an already tight market.
- > *Some sources noted farmers do have other profitable crop options while – regardless of rapeseed's current stellar value - crop rotation has to play a role to avoid canola crop diseases. Planting has started is usually mostly done in May but unfavorable dry weather has recent been a concern.*

Demand fears still haunt palm oil

- > Palm oil had a volatile last week of April, first strengthening, then reversing in response to trends in the Chicago soy complex. Dealers continue to mention the need to compete with recently more heavily-discounted soybean oil.
- > The market was also responding to mixed data from largest producer Indonesia, where March production was reported to have jumped by 13.5% on the year but stocks still fell by over 20% on the month after exports soared by almost 63% Indonesia's own consumption was up over 5% on the year but more or less stable versus February's.
- > *The benchmark Malay Bursa futures market for palm was ready to respond to initial strength in the soy complex but restrained later by fears that India's worsening Covid situation and port shutdowns might curb demand from this, the largest palm importing country.*

Soybean Oil Market Update

Cargill capitalizes on booming rapeseed demand with new Canadian plant

- > Cargill has unveiled plans to build a USD350 million rapeseed processing facility in Regina, Saskatchewan to “support the growing global demand for rapeseed products.”
- > Cargill expects to begin works early next year with plans to be operational by early 2024. The plant is expected to have an annual production capacity of 1 million MT.
- > The company also indicated it will modernize its rapeseed facilities in Camrose and Clavet over the next 12 months, to increase volume and expand capabilities at both locations.
- > The announcement comes at a time when Canada’s rapeseed stocks remain tight and demand for rapeseed for processing outstrips supply resulting in high prices.
- > *This move shows major industry players such as Cargill believe the Canadian rapeseed market is an area of expansion rather than stagnation.*

Palm rises again on production doubts, inflated soy premium

- > Palm oil’s attempt to recoup recent losses was helped by reports of improved export demand, despite estimates for the month-to-date coming in under some analysts’ expectations (+10-12.7%).
- > Origin traders have been concerned worsening Covid cases in top consumer India could affect demand and that rising prices for palm might curb orders from other importers of this usually ‘value’ item. But against that, an expanding price premium for soybean oil keeps palm an attractive option.
- > Stocks in top producer Indonesia were meanwhile reported to be a bit lower than expected in February (the last month for which official data were published) but still large around 4 million MT.
- > Malaysia’s crude palm oil (CPO) price reached RM4,306.50/MT on April 21, exceeding the previous peak of RM4,270/MT on April 9, 2021. The price hike was due to reduced stocks coupled with production setbacks due to labor shortage resulting from Covid-19 related border closures. Another contributing factor was the rise in soybean prices.
- > *Indonesia was also reported to be raising its export tax from USD116 to USD144/MT but traders there still expect its March output and exports to increase sharply on the month. Malaysia, on the other hand, may see April output stagnate rather than increase seasonally, as expected earlier.*

Soybean Oil Market Update

Sri Lanka joins boycott on palm oil, bans imports

- > The Sri Lankan Government has ordered planters to destroy palm oil trees under a phased plan that would see a 10% reduction in trees each year, according to a local news report.
- > A ban on palm oil imports is also immediately in effect.
- > Growers are expected to replace the fields with rubber or other environment-friendly crops. Currently, Sri Lanka has nearly 11,000 hectares (27,182 acres) of palm oil plantations.
- > Sri Lanka is the latest to prohibit palm oil on its soil, joining the likes of the US, which has recently suspended imports from major producers in Malaysia on suspicion of forced labor, while the EU plans to phase out palm-based biofuels by classifying the commodity as unsustainable.
- > However, industry sources have indicated the ban may not be permanent as non-discrimination is the basic principle of the WTO, adding that the measure could be re-examined by the government.
- > *Sri Lanka's soybean oil imports are currently minimal, but the ban on palm oil cultivation and imports presents a significant opportunity for soybean oil to gain market share in the country.*

Brazil suspends import duties on soy and corn

- > Brazil's Executive Management Committee (Gecex), of the Chamber of Foreign Trade (Camex), has temporarily halted the import duties corn, soybeans, soybean oil and soybean meal until the end of 2021, in a bid to tackle food inflation spurred by rising global food prices.
- > Despite expected record harvests of 109 million MT of corn and 136 million MT of soybeans, domestic prices continued to rise due to the strong foreign demand and the continuous devaluation of the real against the dollar.
- > In October last year, Camex had already authorized the suspension of the import tax for corn until March 31, 2021, and for soy, crude oil and flour and pellets until January 15, 2021. At that time, the Ministry of Agriculture expected external prices to stabilize and that the 2020/21 grain output would be sufficient to rebalance supply and demand. However, global prices rose putting even more pressure on domestic prices.
- > *Industry sources expect the new measure will encourage US producers to raise exports to Brazil.*

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	1
China	1	0	20	11
South Korea	301	303	353	300
Rest of Asia/Oceania	23	35	31	43
Africa	28	17	161	28
Colombia	108	67	137	70
Dominican Republic	152	139	151	120
Mexico	167	126	130	85
Other West Hemis.	327	192	305	277
Total	1,108	880	1,288	935

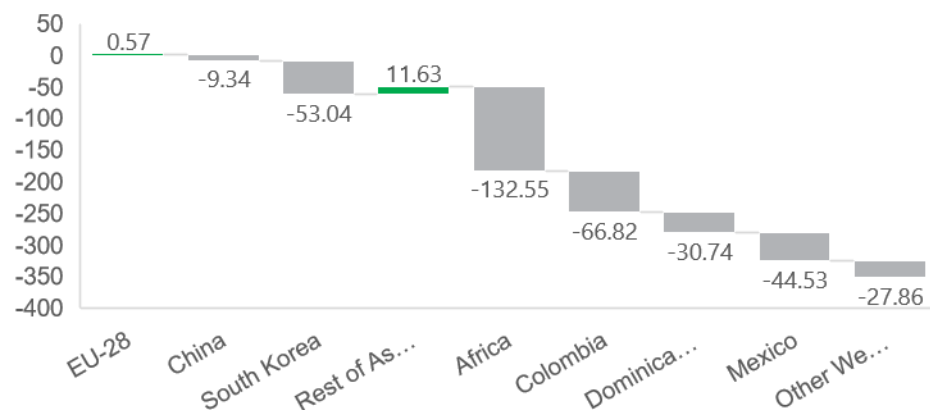
(F) = IHS Markit Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
EU-28	0	157	0	0	0
China	0	10,562	0	0	0
South Korea	18,714	34,863	17,367	56,731	25,015
Rest of Asia/Oceania	1,873	1,795	37,785	1,969	6,549
Africa	0	2	145	18,099	2
Colombia	4,777	0	3,260	12,088	15,505
Dominican Republic	9,903	13,026	14,271	8,246	19,417
Mexico	7,757	6,493	7,065	5,224	5,986
Other West Hemis.	40,454	13,501	26,722	46,350	43,641
Total	83,479	80,398	106,614	148,708	116,115

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



Argentina: Soybean Oil Exports Update

Argentina Monthly Soybean Oil Exports

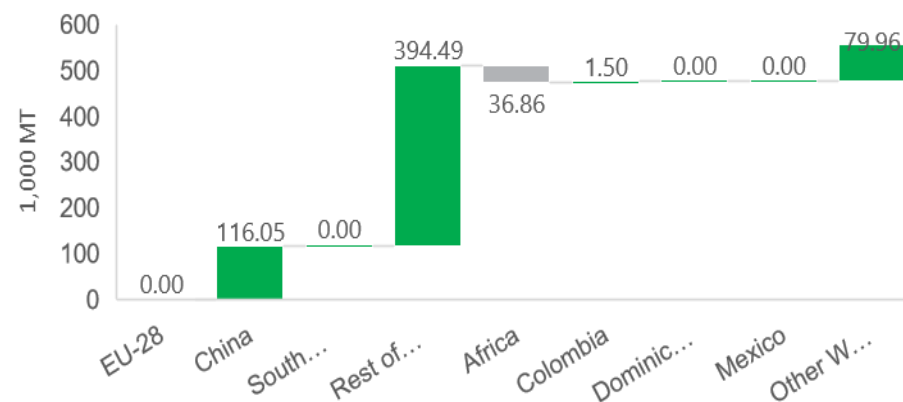
	(1,000 MT)	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
EU-28		0	0	0	0	0
China		0	0	0	0	0
South Korea		0	0	0	0	0
Rest of Asia/Oceania		573	536	745	719	229
Africa		0	0	0	0	0
Colombia		20	14	10	5	2
Dominican Republic		0	0	0	0	0
Mexico		0	0	0	0	0
Other West Hemis.		137	161	16	212	2
Total		730	711	771	937	232

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	250
South Korea	4	0	0	0
Rest of Asia/Oceania	2,792	3,589	3,766	4,160
Africa	775	754	777	740
Colombia	0	0	14	15
Dominican Republic	5	0	0	0
Mexico	0	0	0	0
Other West Hemis.	594	747	687	767
Total	4,197	5,233	5,377	5,932

(F) = IHS Markit Forecast

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	841
Production	10,035	10,783	10,975	11,300	11,578
Imports	145	152	180	145	150
Total Supply	10,945	11,711	12,060	12,250	12,568
Domestic Use	9,009	9,698	10,375	10,122	10,720
Biodiesel	2,812	3,236	3,567	3,564	3,871
Non-Biodiesel	6,197	6,462	6,808	6,557	6,849
Exports	1,159	1,108	880	1,288	998
Total Use	10,169	10,806	11,255	11,409	11,718
Carryout (Sep 30)	776	905	805	841	850

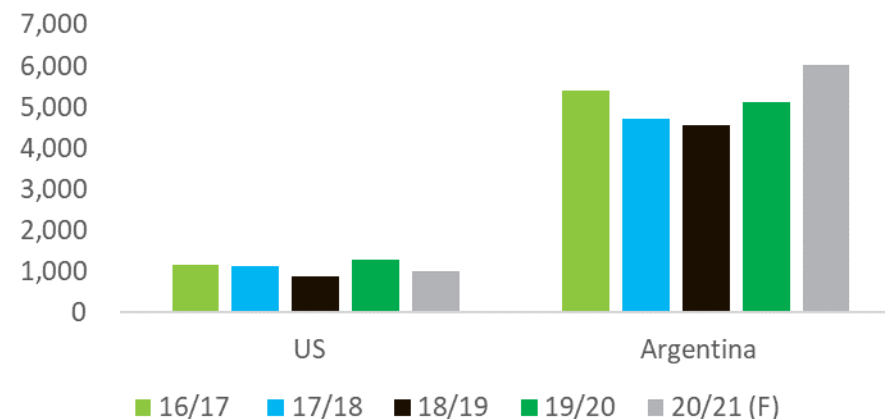
(F) = IHS Markit Forecast

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	316
Production	8,381	7,923	7,195	8,041	7,601
Imports	0	0	0	0	0
Total Supply	8,718	8,182	7,505	8,211	7,917
Domestic Use	2,995	3,202	2,628	2,781	1,552
Biodiesel	2,826	2,972	2,258	2,274	1,066
Non-Biodiesel	247	183	511	507	486
Exports	5,386	4,721	4,566	5,113	6,139
Total Use	8,459	7,872	7,335	7,894	7,690
Carryout (Mar 31)	259	310	170	316	227

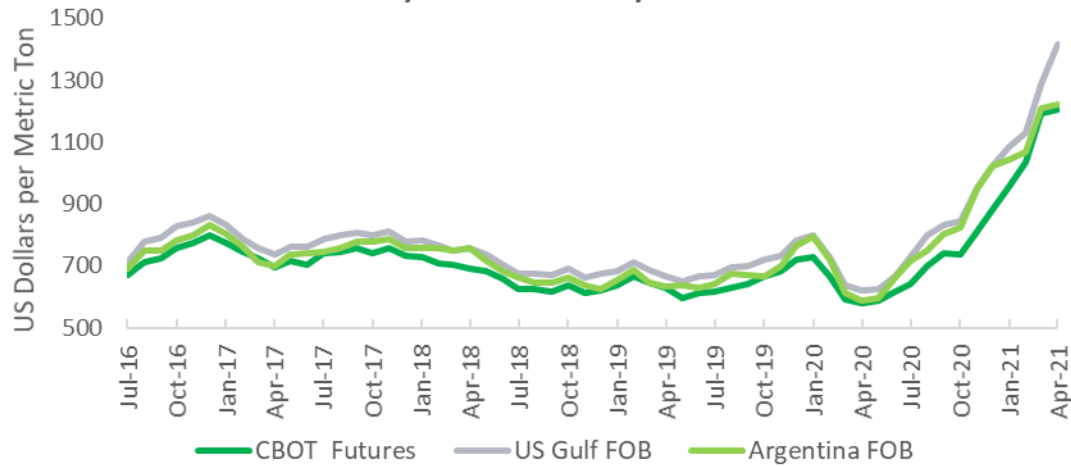
(F) = IHS Markit Forecast

SBO Exports Trend (1,000 MT)

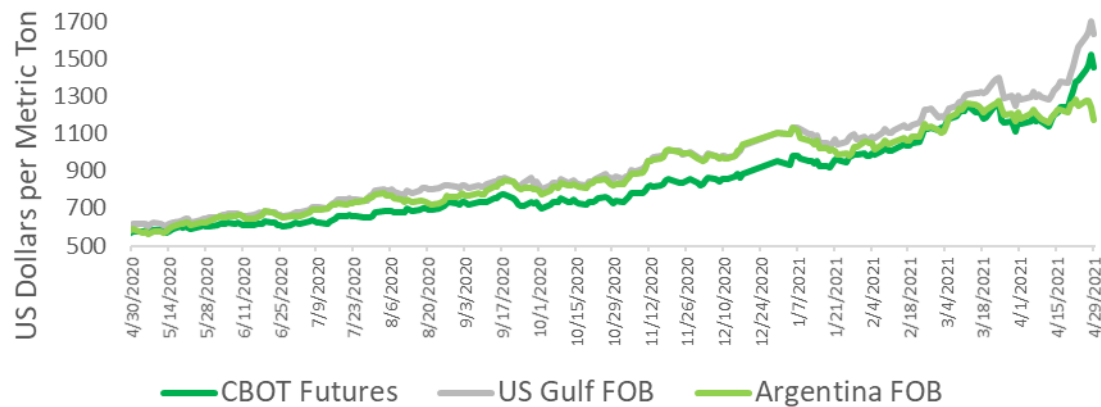


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
4/1/2021	1149	1282	1180
4/5/2021	1164	1297	1204
4/6/2021	1189	1321	1226
4/7/2021	1165	1297	1209
4/8/2021	1177	1309	1190
4/9/2021	1165	1297	1178
4/12/2021	1134	1278	1156
4/13/2021	1169	1301	1187
4/14/2021	1196	1328	1202
4/15/2021	1210	1348	1223
4/16/2021	1242	1374	1229
4/20/2021	1286	1418	1253
4/21/2021	1327	1459	1263
4/22/2021	1378	1511	1279
4/23/2021	1383	1559	1250
4/26/2021	1438	1614	1272
4/27/2021	1465	1641	1272
4/28/2021	1520	1696	1237
4/29/2021	1455	1631	1173

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	Status	DATE	TONS	CARGO	SHIPPER AND/OR	
							CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	MAERSK MEDITERRANEAN	ETA SLZ	28-Apr	15,000	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA NORTH BERTH	MAERSK MEDITERRANEAN	ETA SLZ	28-Apr	15,000	SBO	VITERRA	BANGLADESH
SAN LORENZO	RENOVA NORTH BERTH	NORD HARMONY	ETA REC	28-Apr	11,000	SBO	COFCO	CHINA
SAN LORENZO	RENOVA NORTH BERTH	MTM SINGAPORE	ETA REC	30-Apr	19,000	SBO	MERA INTL	INDIA
SAN LORENZO	RENOVA NORTH BERTH	ALPINE LIBERTY	ETA REC	4-May	30,000	SBO	VITERRA	IRAN
SAN LORENZO	RENOVA NORTH BERTH	ALKAIOS	ETA REC	13-May	8,000	SBO	BUNGE	INDIA
SAN LORENZO	DREYFUS TIMBUES	NAVIG8 AMAZONITE	AT SAN BENITO		2,680	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	NAVIG8 AMAZONITE	AT SAN BENITO		4,820	SBO	LDC	INDIA
SAN LORENZO	DREYFUS TIMBUES	APOSTOLOS	AT REC		11,000	SBO	LDC	BANGLADESH
SAN LORENZO	DREYFUS TIMBUES	APOSTOLOS	AT REC		1,000	SBO	LDC	INDIA
SAN LORENZO		NORD HARMONY	ETA REC	28-Apr	19,500	SBO	COFCO	CHINA
SAN LORENZO	MINERA ALUMBRERA	TORM HORIZON	ETA REC	2-May	4,000	SBO	BUNGE	BANGLADESH
SAN LORENZO	MINERA ALUMBRERA	TORM HORIZON	ETA REC	2-May	3,400	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	NAVE LUMINOSITY	ETA REC	4-May	23,000	SBO	LDC	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	ATLANTIC BAY	AT ROADS		20,300	SBO	CARGILL	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	NORD HARMONY	ETA REC	28-Apr	11,000	SBO	COFCO	CHINA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	CELSIUS MANHATTAN	ETA REC	2-May	4,500	SBO	BUNGE	DOMINICAN REP
SAN LORENZO	PARANA)	CONDOR TRADER	ETA REC	7-May	15,500	SBO	CARGILL	PERU
SAN LORENZO	PARANA)	CONDOR TRADER	ETA REC	7-May	2,500	SBO (B)	CARGILL	PERU
SAN LORENZO		LINCOLN PARK	ETA REC	8-May	12,000	SBO	CARGILL	PERU
SAN LORENZO	COFCO INTL PGSM NORTH BERTH	NORD HARMONY	ETA REC	28-Apr	10,500	SBO	COFCO	CHINA
SAN LORENZO	COFCO INTL PGSM NORTH BERTH	MED TUNCER	ETR VC	30-Apr	6,000	SBO	LUZAR	VENEZUELA
SAN LORENZO	EL TRANSITO (ADM AGRO)	STOLT STRENGTH	ETR CAMP	11-May	42,000	SBO (P)	ADM AGRO	MALAYSIA
SAN LORENZO	DEMPEA	TORM HORIZON	ETA REC	4-May	5,600	SBO	BUNGE	SOUTH AFRICA
SAN LORENZO	DEMPEA	TENACITY	ETA REC	4-May	9,000	SBO	BUNGE	IRAN
SAN LORENZO	DEMPEA	CELSIUS MANHATTAN	ETA REC	2-May	500	SBO	CARGILL	DOMINICAN REP
SAN LORENZO	VICENTIN	ATLANTIC BAY	AT ROADS		13,500	SBO	COFCO	MOZAMBIQUE
SAN LORENZO	VICENTIN	APOSTOLOS	AT REC		9,000	SBO	LDC	INDIA
SAN LORENZO	SAN BENITO	NAVIG8 AMAZONITE	ETF	28-Apr	10,000	SBO	LDC	INDIA
SAN LORENZO	SAN BENITO	NAVIG8 AMAZONITE	ETF	28-Apr	1,000	SBO	LDC	BANGLADESH
SAN LORENZO	SAN BENITO	TORM HORIZON	ETA REC	2-May	5,600	SBO	BUNGE	SOUTH AFRICA
SAN LORENZO	SAN BENITO	VERIGE	ETR CAMP	6-May	20,000	SBO	VITERRA	IRAQ
ROSARIO	VILLA GOBERNADOR GALVEZ	TORM AGNETE	ETA SLZ	28-Apr	21,000	SBO	CARGILL	INDIA
ROSARIO	VILLA GOBERNADOR GALVEZ	GREEN SKY	ETA REC	1-May	32,800	SBO	CARGILL	INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	APOSTOLOS	AT REC	27-Apr	6,000	SBO (P)	LDC	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)

Soybean Oil Lineup Data – US

ORIGIN PORT	DESTINATION PORT	DESTINATION COUNTRY	WEIGHT IN KG	VESSEL NAME	CARGO	SHIPPER	CARRIER	DATE
JACKSONVILLE	PNT LISAS	TRINIDAD AND TOBAGO	45,359	CAPE SOUNIO	SBO	BRAID LOGISTICS	ZIM CONTAINER	25-Apr
JACKSONVILLE	PNT LISAS	TRINIDAD AND TOBAGO	45,473	CAPE SOUNIO	SBO	BRAID LOGISTICS	ZIM CONTAINER	25-Apr
W PALM BCH	ARAWAK CAY	BAHAMAS	20,140	TROPIC NIGHT	SBO	SYSCO INTERNATIONAL FOOD	TROPICAL SHIPPING	25-Apr
NEW YORK	VISAKHAPATNAM	INDIA	14,795	YM WIND	SBO	HELLMANN WORLDWIDE LOGISTICS	HAPAG LLOYD	22-Apr
SAVANNAH	PNT LISAS	TRINIDAD AND TOBAGO	22,725	VARAMO	SBO	BRAID LOGISTICS	CMA-CGM	22-Apr
SAVANNAH	PNT LISAS	TRINIDAD AND TOBAGO	45,450	VARAMO	SBO	BRAID LOGISTICS	CMA-CGM	22-Apr
SAVANNAH	KINGSTON	JAMAICA	25,752	CAPE SOUNIO	SBO	STRATAS FOODS	MSC	19-Apr
NORFOLK	MANZANILLO	MEXICO	9,952	ONE COMPETENCE	SBO	CARGO CELESTE LOGISTICS	YANG MING LINE	16-Apr
NORFOLK	BREMERHAVEN	GERMANY	7,439	COSCO PHILIPPINES	SBO	ARCHER DANIELS MIDLAND	CMA-CGM	16-Apr
PT EVERGLADES	PTO CABELLO	VENEZUELA	14,606	FS IPANEMA	SBO	BITCORP	KING OCEAN SERVICES	10-Apr
SAVANNAH	SHUWAIKH	KUWAIT	25,752	MSC PARIS	SBO	STRATAS FOODS	MSC	08-Apr
MIAMI	PNT LISAS	TRINIDAD AND TOBAGO	72,993	JANINA	SBO	TRUJILLO AND SONS	CMA-CGM	08-Apr
NEW YORK	BEIRUT	LEBANON	23,742	CMA CGM DALILA	SBO	GULF AMERICAN LINES	HAPAG LLOYD	08-Apr
NEW YORK	BAHRAIN	BAHRAIN	23,742	MSC RANIA	SBO	GULF AMERICAN LINES	MSC	07-Apr
W PALM BCH	ARAWAK CAY	BAHAMAS	15,957	TROPIC EXPRESS	SBO	CONSOLIDATED WATER	TROPICAL SHIPPING	06-Apr
LOS ANGELES	PT KELANG	MALAYSIA	19,658	YM UBIQUITY	SBO	SES INTERNATIONAL EXPRESS	OCEAN NETWORK EXPRESS	05-Apr
NORFOLK	BREMERHAVEN	GERMANY	7,439	OOCL ATLANTA	SBO	ARCHER DANIELS MIDLAND	CMA-CGM	05-Apr
NORFOLK	ROTTERDAM	NETHERLANDS	7,439	OOCL ATLANTA	SBO	ARCHER DANIELS MIDLAND	CMA-CGM	05-Apr
W PALM BCH	ARAWAK CAY	BAHAMAS	20,140	TROPIC NIGHT	SBO	SYSCO INTERNATIONAL FOOD	TROPICAL SHIPPING	04-Apr

Source: IHS Markit's PIERS

Questions

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