



Soybean Oil Market Update

Prepared for



June 30, 2021

Soybean Oil Market Update

USDA surprises market with low soybean acreage, June 1 stocks estimates

- > USDA's long-awaited Grain Stocks and Acreage reports were released today and provided a market surprise by showing lower soybean acreage and lower stocks than anticipated.
- > USDA estimated US soybean area at 87.55 million acres, which was slightly lower than USDA's March Prospective Plantings report but, if realized, would be 4.7 million bushels above last year.
- > In its quarterly Grain Stocks report, USDA estimated June 1 soybean stocks at 767 million bushels compared with 1,381 million a year ago. This was smaller than the IHS Markit estimate of 802 million bushels and the average trade estimate of 787 million.
- > *Soybean and soybean meal futures rose about 4 to 7% through the end of next marketing year while soybean oil futures did not increase as much with across the board increases in the 1 to 2% range.*

Brazil lower biodiesel blend mandate expected to remain in place at least until November (IEG Vantage)

- > According to the Brazilian Vegetable Oil Industries Association (ABIOVE), Brazil crushed the second highest monthly soybean volume in April. Members of ABIOVE, which represent 85% of Brazilian soybean crushing plants, estimated their April crushing activity at 3.73 million MT, which implies a total crush of 4.4 million MT of soybeans in the month, up 2.3% from a year ago, and just 100,000 MT below the IHS Markit forecast.
- > The near-record crush resulted in the second-highest monthly soybean oil output of 890,000 MT amid profitable crush margins during the high price oil environment.
- > A reduction of the biofuel blending mandate from 13% to 10% announced in April with the effect on sales for May and June is unlikely to significantly influence the crush pace going forward given the already strong crush margins and export demand.
- > The Brazilian government biodiesel auction number 80 that took place in early June was the second with a reduced blending mandate from 13% to 10%. It regulates the Brazilian biodiesel market from July to August.
- > *IHS Markit reduced its forecast for Brazil biodiesel production by 305 billion liters to 6.59 billion liters.*

Soybean Oil Market Update

Big US crop hopes weigh on soy

- > Improving US weather and ideas the USDA might raise its planted area forecast at the end of this month, have recently helped propel CBOT nearby futures below USD14/bushel (about USD514/MT) to their cheapest levels since April.
- > Values remained under pressure despite a decline in crop ratings (now 10% worse than at this time last year) and a spate of export sales including some big ones to China, which had retreated recently to avail itself of cheaper newly harvested Brazilian beans instead.
- > Brazilian new crop soy is now moving rapidly to market after an earlier delay but the Chinese and others are being tempted to book more by the unexpected price drop. That was underlined by near CBOT delivery trading as much as 18% below its early June peaks.
- > *Soy has also been under pressure from a lower than expected offtake by US domestic crushers last month and by uncertainty over US ambitions to use more soy oil in biodiesel.*

Palm oil price at four-month low

- > News that Indonesia planned to cut export levies to shore up falling trade played into a more bearish mix on the palm oil futures market.
- > The top producer's April exports were reported to have dropped by a hefty 18% in April versus March as consumers backed away from the multi-year high prices prevailing earlier in the year. Second largest supplier Malaysia would be under pressure to follow any price drop to protect its market share. The Malay market had already been under pressure from its own uninspiring June exports to date. A temporary lift from ideas that India would cut its import taxes on edible oils faded when the government there reportedly backed away from the proposal. The mooted tax move would reportedly have favored palm over soy.
- > On the plus side, there was talk that prices – down by 23% in dollar terms since May – were likely to stir fresh demand from another large buyer, China.
- > *However, with Malay production rising faster than expected this month and with its summer peak production months ahead, more export demand will be needed to prevent stock build-ups that could leave still-higher than usual prices looking too expensive.*

Soybean Oil Market Update

Rapeseed price bounces after 25% drop since May

- > Several factors had combined to undermine previously firm rapeseed markets.
- > Rains in Canada lifted some of the threat of dry weather stress – although that crop there is not completely out of the woods yet.
- > To these factors might be added a possibly improving EU crop picture after yield-saving rains in some key areas. German coops recently raised their national crop forecast, now 5% over last year's.
- > But there have also been reminders that medium/longer term availability remains anything but ample. Agriculture Canada underlined that late last week, maintaining end-season carryovers at the unusually low levels of 700/750,000 for the current and the next season, versus the starting stock of 3.13 million.
- > Key EU supplier Ukraine's analysts have meanwhile been trimming back their crop estimates for 2021, APK Inform forecasting under 2.5 million MT – about 6% down on the year. Along with the need for more Canadian rain that helped lift prices off the lows from mid-week onward.
- > *Other vegetable oil markets had also been declining in value amid hopes of improving soy, palm and sunflower oil supplies. The latter trend has also been fed by emerging doubts over the strength of demand for food oils in covid-affected food outlets and in the bio-fuel sector, where there have been signs of some governments thinking twice about earlier expansionary plans.*

Indonesia reduces palm oil export levy

- > Indonesia announced it will cut the maximum export levy on crude palm oil (CPO) by USD80 to USD175/MT when palm prices exceed USD1,000/MT, according to a local news report.
- > The export levy on CPO is currently at USD255/MT, and was introduced to subsidize the country's internal biodiesel program.
- > CPO exports will be subject to levies when the price hits USD750/MT. Every USD50 increase will be subject to two tariffs, at USD20/MT for CPO and USD16/MT for its derivative products.
- > *The new move is expected to mitigate the loss in palm oil exports especially towards India which has ramped up its purchases of Malaysian palm oil currently more competitive.*

Soybean Oil Market Update

Indian vegetable oil imports still trending upward

- > Indian vegetable oil imports (edible and non-edible) continue to rise reaching 1.2 million MT in May, up 19% m/m, and up by 68% y/y, the Solvent Extractors' Association of India (SEA) stated. Volumes of edible oil stood at 1.2 million MT, while non-edible oil reached 36,506 MT.
- > The monthly hike was due to a lower stock in pipeline and an increase in demand due to the lifting of the lockdown. In particular, palm oil increased by 10% to 770,000 MT in May, while soy oil imports soared by 86% to 268,000 MT. Conversely, sunflower oil imports fell by 5% to 176,000 MT, due to high prices. No imports of rapeseed oil were reported in the country.
- > Meanwhile, stocks continued to increase reaching 1.9 million MT as of June 1, 2021 compared to 1.8 million MT as of May 1, 2021. This includes stocks of edible oils at various ports of 570,000 MT (285,000 MT of CPO, 1,000 MT of RDB Palmolein, 125,000 MT of degummed soybean oil, and 160,000 MT of crude sunflower oil) and a pipeline stock of 1.4 million MT.
- > *Average prices of vegetable oils continued to increase in May 2021 reaching USD1,220/MT for RBD Palmolein compared to USD1,115/MT in the previous month, while crude palm oil prices rose to USD1,250/MT against USD1,173/MT previously.*

EPA data shows growing renewable industry, while court raises RFS program doubts (IEG Vantage)

- > US EPA data showed 1.71 billion renewable identification numbers (RINs) were generated under the Renewable Fuel Standard (RFS) in May, up from 1.58 billion in April and 1.26 billion in May 2020 when fuel demand declined because of COVID-19 lockdown measures.
- > RIN credit markets recovered after a sharp drop along with soybean oil prices last week under pressure from indications the Biden administration could weaken the Renewable Fuel Standard (RFS) compliance obligations. The price of D4 RINs recovered 24% while soybean futures increased 8% prior to a sharp drop to end the week after a US Supreme Court decision again focused attention on RFS compliance.
- > A June 25th court ruling in favor of refiners and against biofuel interests on the issue of Small Refiner Exemptions (SREs) under the RFS immediately caused CME soybean oil futures to plummet with only modest recovery toward the end of the session.
- > The court's decision raises questions about the current US administration's stance on the RFS and potential for diminished volume obligations going forward.

United States: Soybean Oil Exports

US Annual Soybean Oil Exports

	(1,000 MT)			
	18/19	19/20	20/21	21/22 (F)
EU-28	0	0	0	1
China	1	0	20	11
South Korea	301	303	353	240
Rest of Asia/Oceania	23	35	31	43
Africa	28	17	161	28
Colombia	108	67	137	45
Dominican Republic	152	139	151	85
Mexico	167	126	130	75
Other West Hemis.	327	192	305	248
Total	1,108	880	1,287	776

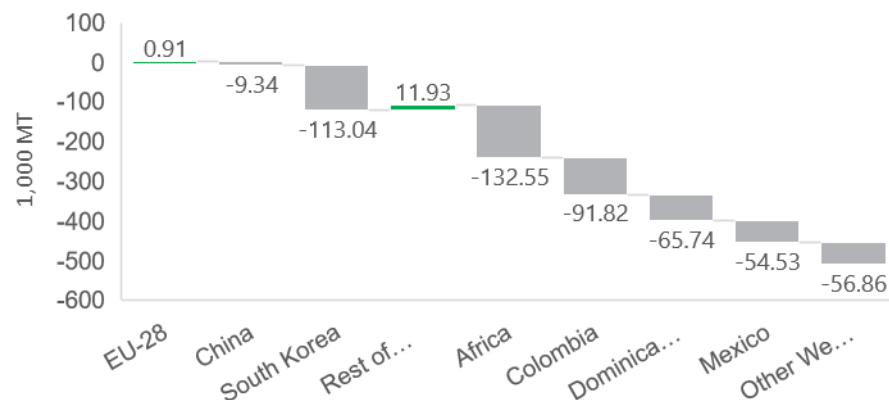
(F) = IHS Markit Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
EU-28	0	0	0	10	0
China	0	0	0	0	1
South Korea	17,367	56,731	25,015	13,266	33,020
Rest of	37,785	1,969	6,549	3,662	453
Africa	145	18,099	2	2	2
Colombia	3,260	12,088	15,505	0	5
Dominican	14,271	8,246	19,417	4,236	4,021
Mexico	7,065	5,224	5,986	6,558	4,065
Other West Hemis.	26,722	46,350	43,641	42,952	17,223
Total	106,614	148,708	116,115	70,686	58,790

YTD Change in Exports (20/21 to 21/22)



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

(1,000 MT)

	18/19	19/20	20/21	21/22 (F)
EU-28	0	0	0	0
China	143	134	250	150
South Korea	0	0	0	40
Rest of Asia/Oceania	3,589	3,766	4,290	4,217
Africa	754	777	740	925
Colombia	0	14	15	15
Dominican Republic	0	0	0	0
Mexico	0	0	0	0
Other West Hemis.	747	687	864	820
Total	5,233	5,377	6,159	6,167

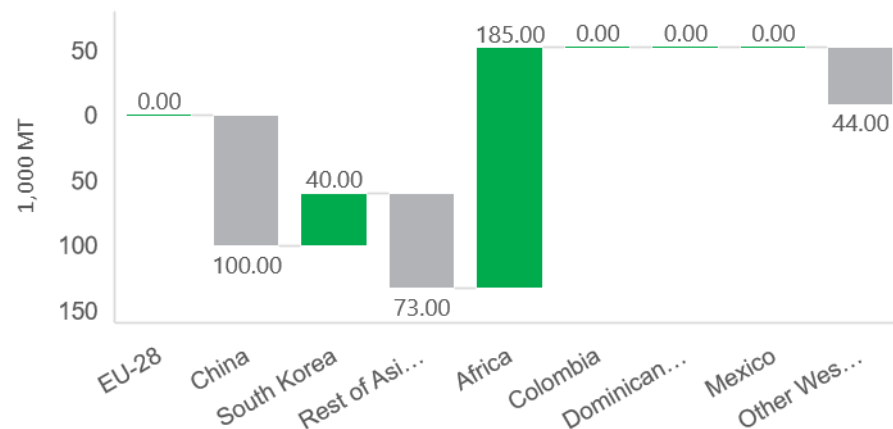
(F) = IHS Markit Forecast

Argentina Monthly Soybean Oil Exports

(1,000 MT) Dec-20 Jan-21 Feb-21 Mar-21 Apr-21

	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
EU-28	0	0	0	0	0
China	27	30	0	73	88
South Korea	0	0	0	0	0
Rest of Asia/Oceania	109	609	441	423	452
Africa	0	23	0	0	97
Colombia	0	0	14	0	0
Dominican Republic	0	0	0	0	0
Mexico	0	0	0	0	0
Other West Hemis.	3	58	9	10	49
Total	136	662	455	496	637

YTD Change in Exports (20/21 to 21/22)



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	11,495
Imports	145	152	180	145	125
Total Supply	10,945	11,711	12,060	12,250	12,460
Domestic Use	9,009	9,698	10,375	10,122	10,841
Biodiesel	2,812	3,236	3,567	3,564	4,037
Non-Biodiesel	6,197	6,462	6,808	6,557	6,804
Exports	1,159	1,108	880	1,288	776
Total Use	10,169	10,806	11,255	11,409	11,589
Carryout (Sep 30)	776	905	805	841	871

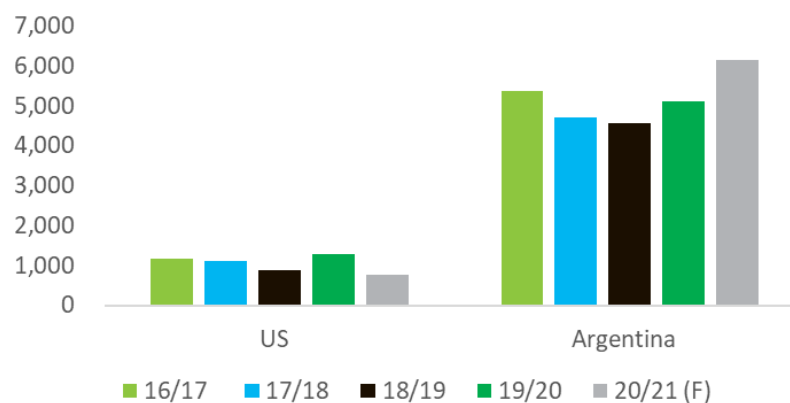
(F) = IHS Markit Forecast

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	3,073	3,151	2,769	2,781	1,540
Biodiesel	2,826	2,972	2,258	2,274	1,023
Non-Biodiesel	247	180	511	507	517
Exports	5,386	4,721	4,566	5,113	6,150
Total Use	8,459	7,872	7,335	7,894	7,690
Carryout (Mar 31)	259	310	170	316	227

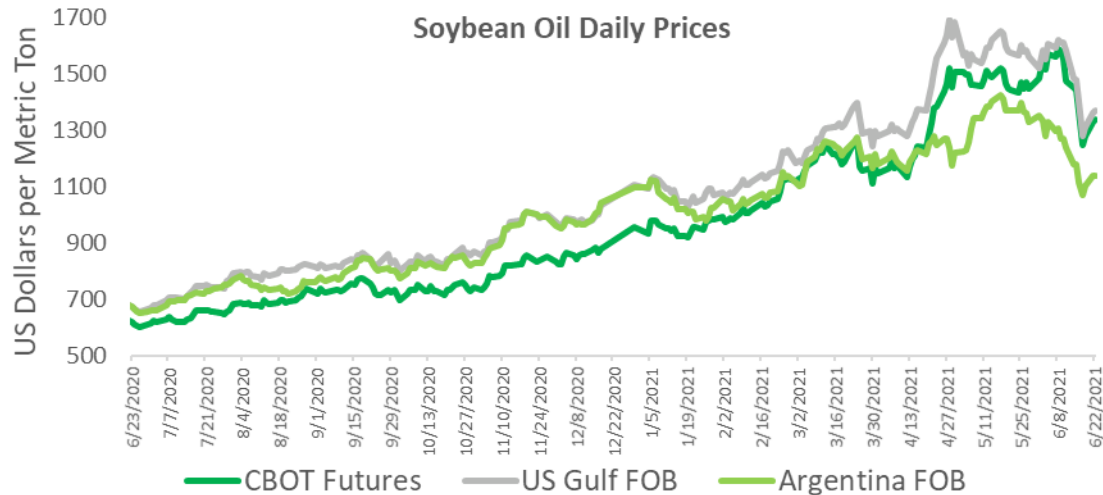
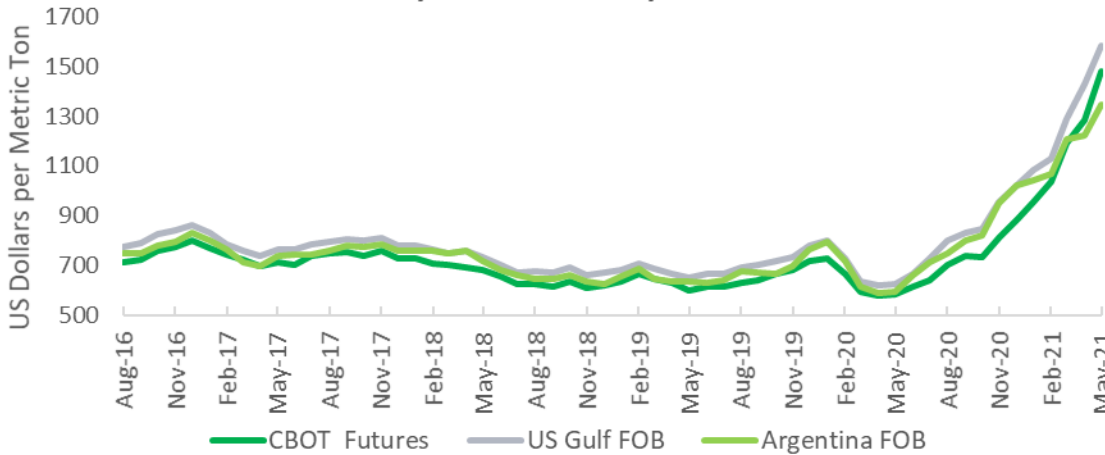
(F) = IHS Markit Forecast

SBO Exports Trend (1,000 MT)



Soybean Oil Prices Trends

Soybean Oil Monthly Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
5/25/2021	1470	1603	1400
5/26/2021	1448	1580	1368
5/27/2021	1473	1583	1363
5/28/2021	1450	1561	1329
6/1/2021	1486	1519	1351
6/2/2021	1552	1584	1335
6/3/2021	1518	1551	1278
6/4/2021	1573	1606	1330
6/7/2021	1562	1595	1297
6/8/2021	1589	1622	1305
6/9/2021	1578	1611	1272
6/11/2021	1477	1586	1240
6/14/2021	1454	1487	1179
6/15/2021	1446	1479	1181
6/16/2021	1368	1401	1115
6/17/2021	1247	1280	1071
6/18/2021	1281	1314	1103
6/21/2021	1330	1363	1140
6/22/2021	1338	1371	1139

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	Status	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	FAIRCHEM ENDURANCE	AT ROADS		24,000	SBO	VITERRA	KOREA
SAN LORENZO	RENOVA NORTH BERTH	MTM COLORADO	AT ROS ROADS		12,234	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA NORTH BERTH	STI MYSTERY	ETA SLZ	28-Jun	15,000	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA NORTH BERTH	NS STELLA	AT VC		3,000	SBO	COFCO	INDIA
SAN LORENZO	RENOVA NORTH BERTH	VINJERAC	ETA REC	29-Jun	30,000	SBO	VITERRA	INDIA
SAN LORENZO		NS STELLA	AT VC		2,500	SBO	COFCO	INDIA
SAN LORENZO		NS STELLA	AT VC		2,500	SBO	COFCO	MAURITIUS
SAN LORENZO	DEMPA	CELSIUS MANILA	ETA REC	1-Jul	1,000	RSBO	BUNGE	DOMINICAN REP
SAN LORENZO	DEMPA	CELSIUS MANILA	ETA REC	1-Jul	10,500	SBO	BUNGE	GUATEMALA
SAN LORENZO	VICENTIN	NORIENT SOLAR	ETF	30-Jun	27,000	SBO	LDC	MOROCCO
SAN LORENZO	VICENTIN	YUFU CROWN	AT ARAUCO		2,400	SBO	COFCO	INDIA
SAN LORENZO	VICENTIN	HAFNIA LIBRA	AT REC	24-Jun	26,924	SBO		INDIA
SAN LORENZO	VICENTIN	NS STELLA	AT VC		4,100	SBO	COFCO	INDIA
SAN LORENZO	SAN BENITO	PACIFIC JADE	ETA REC	11-Jul	20,000	SBO	BUNGE	CHINA
ROSARIO	CARGILL VILLA GOBERNADOR	FAIRCHEM TRIUMPH	ETA REC	30-Jun	3,500	SBO	CARGILL	MEXICO
ROSARIO	CARGILL VILLA GOBERNADOR	FAIRCHEM TRIUMPH	ETA REC	30-Jun	3,500	SBO	CARGILL	GUATEMALA
ROSARIO	GALVEZ	FAIRCHEM TRIUMPH	ETA REC	30-Jun	9,000	SBO	CARGILL	DOMINICAN REP
ROSARIO	GALVEZ	AMFITRION	ETA REC	3-Jul	31,500	SBO	CARGILL	EGYPT
ROSARIO		LARGO EVOLUTION	ETA REC	4-Jul	21,980	SBO	CARGILL	INDIA

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	VESSEL NAME	CARGO	SHIPPER	CARRIER	DATE
NORFOLK	JEDDAH	SAUDI ARABIA	EXPRESS ATHENS	SBO	CH ROBINSON WORLDWIDE	EXPRESS ATHENS	9-Jun
NEW YORK	CARTAGENA	COLOMBIA	SPIRIT OF HAMBURG	SBO	TANK CONTAINERS	SPIRIT OF HAMBURG	10-Jun
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	ONE MAGNIFICENCE	SBO	GULF AMERICAN LINES	ONE MAGNIFICENCE	10-Jun
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	MSC PARIS	SBO	GULF AMERICAN LINES	MSC PARIS	10-Jun
NORFOLK	ROTTERDAM	NETHERLANDS	CMA CGM TOSCA	SBO	ARCHER DANIELS MIDLAND	CMA CGM TOSCA	6-Jun
NORFOLK	ROTTERDAM	NETHERLANDS	CMA CGM TOSCA	SBO	ARCHER DANIELS MIDLAND	CMA CGM TOSCA	6-Jun
NEW YORK	BAHRAIN	BAHRAIN	ONE MAGNIFICENCE	SBO	GULF AMERICAN LINES	ONE MAGNIFICENCE	4-Jun
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	ONE MAGNIFICENCE	SBO	GULF AMERICAN LINES	ONE MAGNIFICENCE	4-Jun
NEW YORK	SHUWAIKH	KUWAIT	MSC QINGDAO	SBO	BLUE EAGLE CONSOLIDATION SERVICES	MSC QINGDAO	1-Jun
NEW YORK	SHUWAIKH	KUWAIT	MSC QINGDAO	SBO	BLUE EAGLE CONSOLIDATION SERVICES	MSC QINGDAO	1-Jun
NEW YORK	SOHAR	OMAN	MSC PARIS	SBO	GULF AMERICAN LINES	MSC PARIS	14-Jun
NEW YORK	SOHAR	OMAN	MSC PARIS	SBO	GULF AMERICAN LINES	MSC PARIS	14-Jun
JACKSONVILLE	PNT LISAS	TRINIDAD AND TOBAGO	CAPE KORTIA	SBO	BRAID LOGISTICS	CAPE KORTIA	4-Jun
JACKSONVILLE	PNT LISAS	TRINIDAD AND TOBAGO	SANTA LINEA	SBO	BRAID LOGISTICS	SANTA LINEA	4-Jun
NEW YORK	SHUWAIKH	KUWAIT	MSC PARIS	SBO	GULF AMERICAN LINES	MSC PARIS	1-Jun
NEW YORK	AQABA	JORDAN	MSC QINGDAO	SBO	GULF AMERICAN LINES	MSC QINGDAO	1-Jun

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