

Soybean Oil Market Update

Prepared for USSEC

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Soybean Oil Market Update

New-crop US soybean export sales up sharply July 1st

Soybeans:

- Net soybean export sales for the 2020/21 marketing year during the week ended June 24 totaled 92.800 tonnes. The result was within the market expectations.
- Total commitments for the 2020/21 marketing year were increased to 61.8 million tonnes (2,272 million bushels).
- Soybean export sales for the 2021/22 marketing year totaled 1,670,056 tonnes. The result was within the 1,000,000- to 2,000,000-tonne range of market expectations. Top destinations were China at 1,147,000 tonnes and unknown destinations at 511,600 tonnes.

• Soybean products:

- Net soybean meal sales of 232,800 tonnes for 2020/21 delivery were within the market expectations for 125,000 to 400,000 tonnes.
- Net soybean oil sales of 2,300 tonnes for 2020/21 delivery were within the range of market expectations from zero to 15,000 tonnes.

Soybean Oil Market Update

Lower Brazilian soybean exports in June; lower market share to China, July 1st

According to Brazil's Ministry of Economy, after three consecutive monthly records, soybean exports slowed to 11.1 million tonnes in June, down 26% from the previous month and 13% below June 2020.

- The reduction can be partially attributed to reduced shipments to China, which slowed to near seven million tonnes. China's share of Brazilian exports dropped to 63.7% in June, the lowest level in more than 12 years. Cumulative exports to China at 39.8 million tonnes in 2021 were about 2.3 million tonnes less than the same period a year ago.
- The outlook suggests a more modest presence of China in the Brazilian soybean market for the remainder of the marketing year as Brazil FOB basis strengthens, Brazil's farmer selling pace retreats from seasonal highs, and crushers are paying above export parity given attractive crush margins.
- In this context and considering the imminent arrival of US soybeans at attractive prices, IHS Markit reduced its forecast for Brazil 2021 soybean exports by one million tonnes to 85 million.

What if scenario for US new-crop ending stocks versus China Imports

- IHS Markit fundamental outlook points to an extremely tight US new-crop soybean carryout of 98 million bushels, that assumes further usage rationing.
 - If favorable weather prevails in the Corn Belt through July and August could result in a carryout near 230 million bushels.
 - On the other hand, A modest 2% decline in soybean yields would place ending stocks near 50 million bushels, even if China reduces import to 102 million tonnes.

Price direction, July 9

IHS Markit has pared back its soybean price expectations given the recent decline and uncertainties about China Soybean demand and the US export program.

- We lowered our soybean price range forecasts 40 cents. **Soybean meal and soybean oil prices also were lowered proportionally.**
- Despite the adjustments, prices are trading near the bottom of our forecast ranges, which implies a more upside than downside risk, given the outlook for ending stocks to be tight again in 2021/22.

Soybean Oil Market Update

World Agriculture Supply and Demand Estimates (WASDE) report, July 12.

- The past July 12 WASDE report was released, some of the highlights are:
 - U.S. oilseed production for 2021/22 is projected at 130.5 million tons, up 0.2 million from last month, with increases for sunflowerseed, peanuts, and cottonseed partly offset with a reduction for canola.
 - Soybean production is projected at 4.4 billion bushels, unchanged from last month.
 - The soybean yield forecast is unchanged at 50.8 bushels per acre. Soybean supply and use forecasts are unchanged from last month.
 - Soybean changes for 2020/21 include lower imports, crush, and exports.
 - The U.S. season-average soybean price for 2020/21 is forecast at \$11.05 per bushel, down \$0.20 as early-season sales at lower prices continue to weigh on the season-average forecast.
 - The soybean oil price is forecast at 57.5 cents per pound, down 1.5 cents.
 - The 2021/22 global soybean ending stocks are increased 1.9 million tons to 94.5 million as higher stocks for Brazil and Argentina are partly offset by lower Chinese stocks.
 - Exports for Brazil and Argentina for 2020/21 are reduced as high prices lead to lower shipments to China. China's imports are reduced 2 million tons to 98 million and 1 million tons to 102 million for 2020/21 and 2021/22.

Soybean Oil Market Update

Uncertainty about RFS volume obligation for biodiesel impacting prices

- Uncertainty regarding the future of US Renewable Fuel Standard (RFS) mandated volume remains a headwind for US soybean oil prices despite North American oilseed production concerns.
- The Petroleum industry has labeled the 2021 and 2022 volume levels in law as “unachievable” and want EPA to use its general waiver authority. EPA is still developing its proposed RFS levels for 2021 and 2022 biofuel. Uncertainty about soybean demand and prices until the RFS volumes are set by the end of July.
- On the other hand, in Latin America, lower house lawmakers in Argentina recently approved a bill that establishes a new framework for biofuels, which overhauls rules from 2006. The bill now goes to the senate for debate.
- Under the proposed new framework, the minimum proportion of biodiesel in the finished diesel mix is set at 5%, down from 10% currently. The minimum proportion of bioethanol in the finished gasoline mix is held steady at 12%.

Soybean Oil Balance Tables for US and Argentina

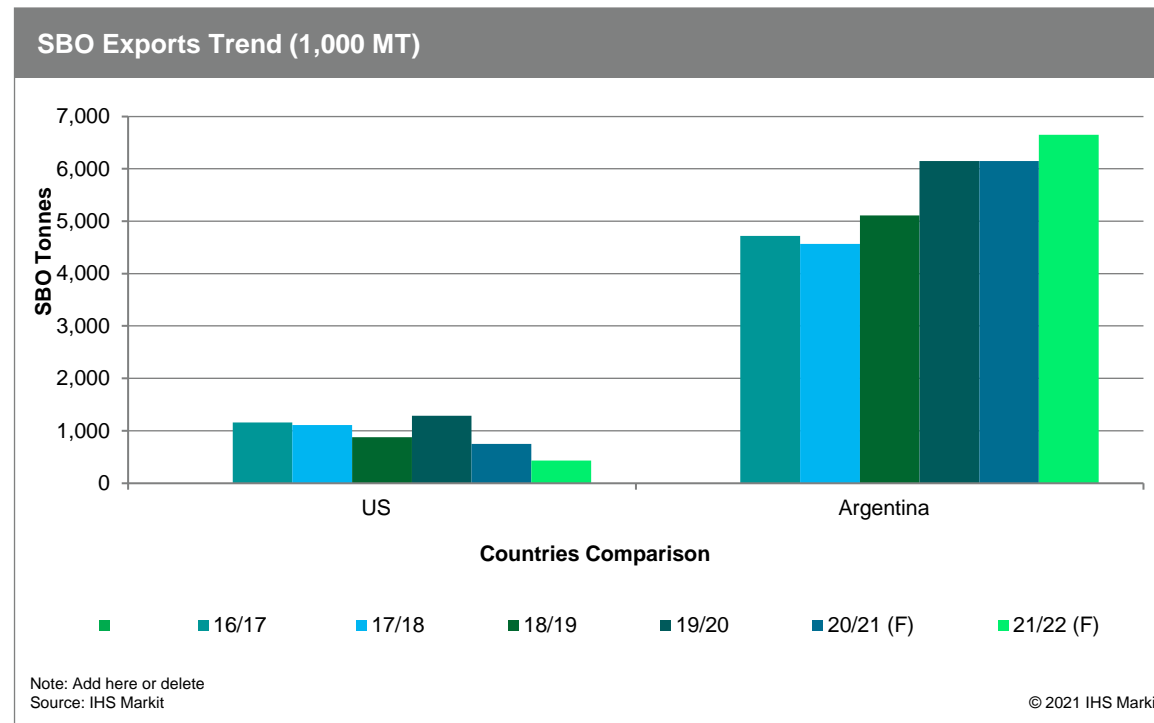
US Soybean Oil Supply and Demand (1,000 MT)						
	16/17	17/18	18/19	19/20	20/21 (F)	21/22 (F)
Carryin (Oct 1)	765	776	905	805	841	864
Production	10,035	10,783	10,975	11,300	11,499	11,714
Imports	145	152	180	145	113	159
Total Supply	10,945	11,711	12,060	12,250	12,453	12,736
Domestic Use	9,009	9,698	10,375	10,122	10,841	11,612
Biodiesel	2,812	3,236	3,567	3,564	4,037	4,853
Non-Biodiesel	6,197	6,462	6,808	6,557	6,804	6,759
Exports	1,159	1,108	880	1,288	748	431
Total Use	10,169	10,806	11,255	11,409	11,589	12,043
Carryout (Sep 30)	776	905	805	841	864	693

(F) = IHS Markit Forecast

*Cells marked in green changed from our last report.

Argentina Soybean Oil Supply and Demand (1,000 MT)						
	16/17	17/18	18/19	19/20	20/21 (F)	21/22 (F)
Carryin (Apr 1)	259	310	170	316	227	208
Production	7,923	7,195	8,041	7,601	8,128	8,931
Imports	0	0	0	0	0	0
Total Supply	8,182	7,505	8,211	7,917	8,355	9,139
Food use	180	511	507	517	505	580
Biodiesel	2,972	2,258	2,274	1,023	1,421	1,624
Exports	4,721	4,566	5,113	6,150	6,150	6,650
Total Use	7,872	7,335	7,894	7,690	8,146	8,854
Carryout (Mar 31)	310	170	316	227	208	285

(F) = IHS Markit Forecast



Source: IHS FACE, July 14 2021.

Raw data available [here](#)

United States: Soybean Oil Exports

US Annual Soybean Oil Exports

(1,000 MT)

Country	18/19	19/20	20/21	21/22 (F)
EU-27	0	0	1	1
China	0	20	11	0
South Korea	303	353	240	260
Rest of Asia/Oceania	35	31	43	0
Africa	17	161	0	28
Colombia	67	137	45	60
Dominican Republic	139	151	85	100
Mexico	126	130	70	70
Other West Hemis.	192	305	253	193
Total	879	1,287	748	712

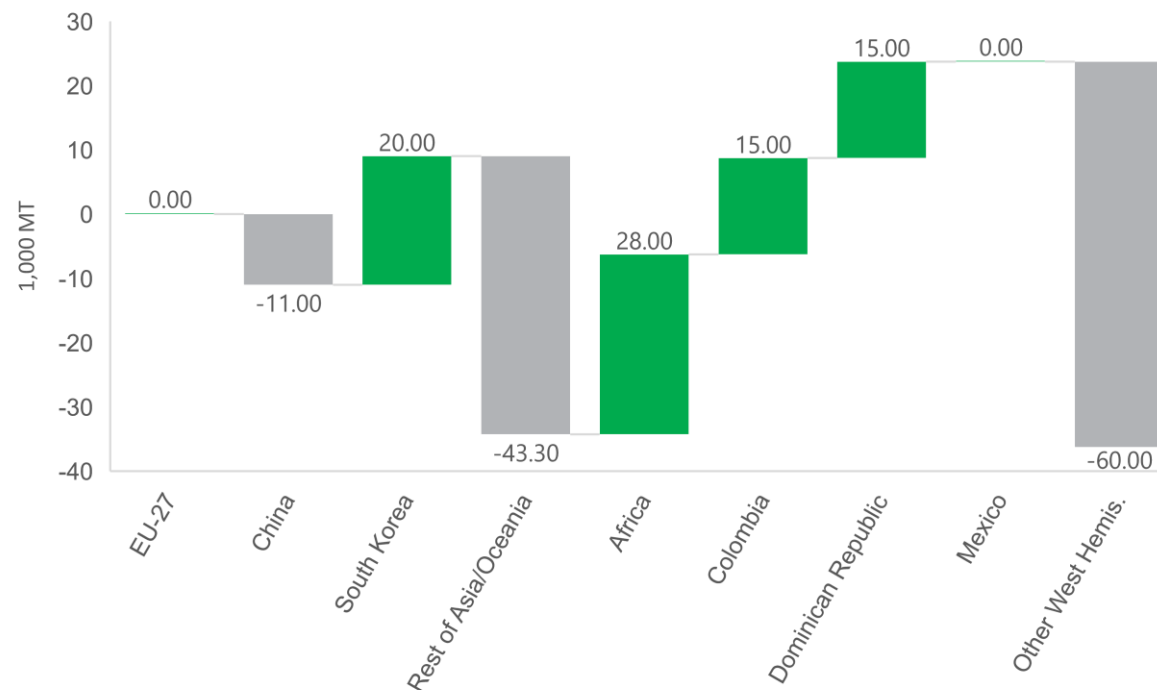
(F) = IHS Markit Forecast

US Monthly Soybean Oil Exports

(1000 MT)

Country	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
EU28	0	0	0	0	0	0
China	0	0	0	0	1	0
South Korea	17,367	56,731	25,015	13,266	33,020	0
Rest of Asia/Oceania	37,785	1,969	6,549	3,662	453	1,093
Africa	145	18,099	2	2	2	2
Colombia	3,260	12,088	15,505	0	5	0
Dominican Republic	14,271	8,246	19,417	4,236	4,021	7,725
Mexico	7,065	5,224	5,986	6,558	4,065	2,365
Other West Hemis.	26,722	46,350	43,641	42,952	17,223	21,122
Total	106,614	148,708	116,115	70,677	58,790	32,307

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

(1,000 MT)

Country	17/18	18/19	19/20	20/21 (F)
EU27	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

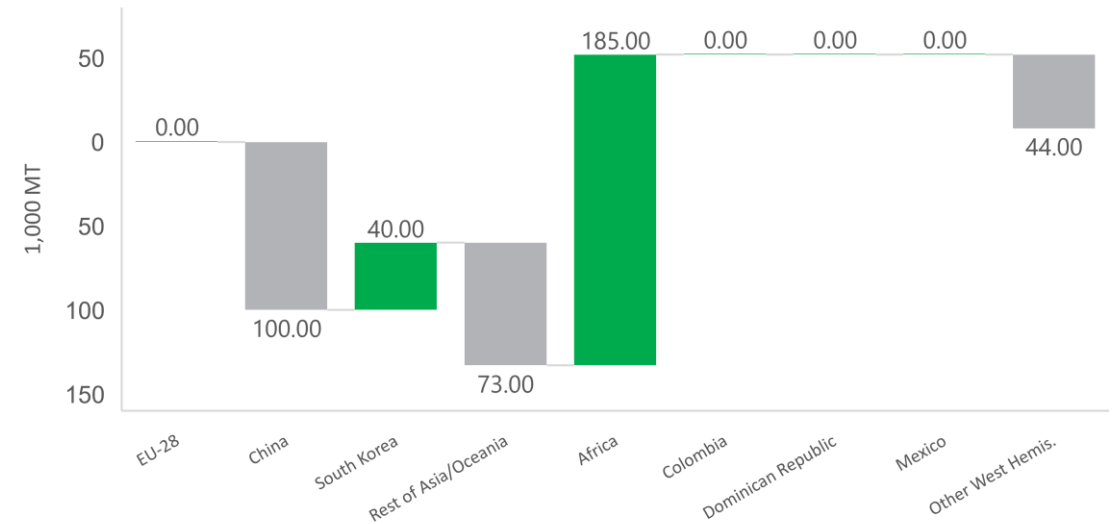
(F) = IHS Markit Forecast

Argentina Monthly Soybean Oil Exports

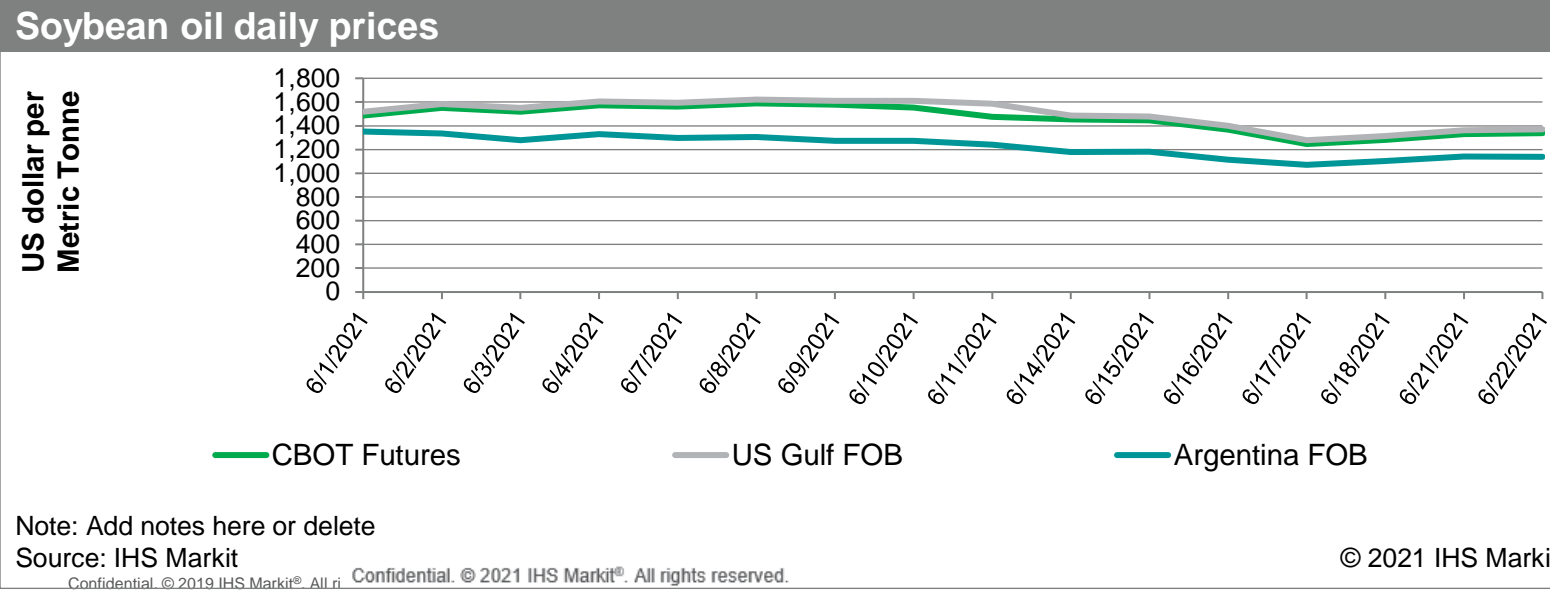
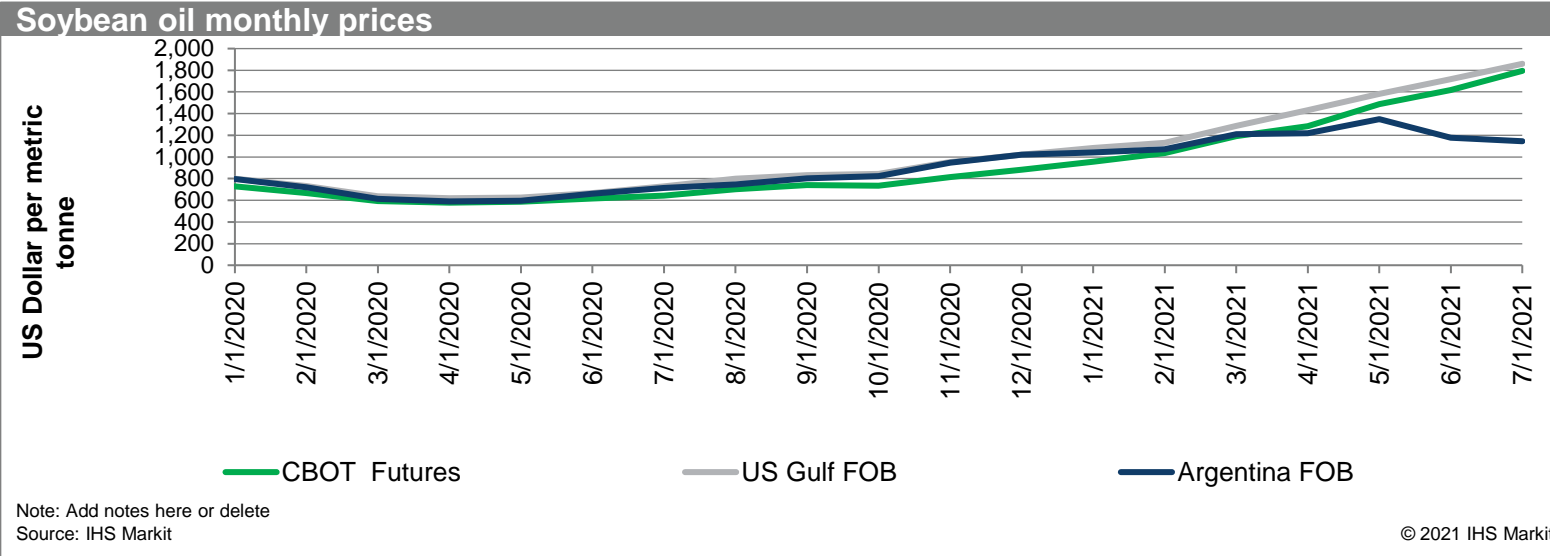
(1,000 MT) Dec-20 Jan-21 Feb-21 Mar-21 Apr-21

	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 Prices Trends



Date	SBO Nearby Futures Settlement	Soybean oil, US, fob Gulf	Soybean oil, Argentina, fob
Jan-20	728	798	795
Feb-20	667	730	719
Mar-20	593	637	614
Apr-20	578	619	589
May-20	585	625	595
Jun-20	615	667	660
Jul-20	643	729	714
Aug-20	701	800	747
Sep-20	741	833	801
Oct-20	735	844	823
Nov-20	813	954	947
Dec-20	881	1021	1022
Jan-21	957	1084	1042
Feb-21	1035	1131	1070
Mar-21	1192	1287	1209
Apr-21	1284	1430	1220
May-21	1488	1583	1348
Jun-21	1618	1718	1177
Jul-21	1795	1860	1145

Source: IHS Markit, July 2021.
Cells in green are IHS forecasts.

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	STATUS	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA NORTH BERTH	NAVIG8 AZOTIC	ETA REC	15-Jul	16,000	SBO	BUNGE	INDI
SAN LORENZO	RENOVA NORTH BERTH	NORD VANQUISH	ETA REC	11-Jul	10,000	SBO	ADM AGRO	EGYPT
SAN LORENZO	RENOVA NORTH BERTH	ARAMON	ETR CAMP	16-Jul	30,000	SBO	VITERRA	IRAN
SAN LORENZO	DREYFUS TIMBUES	NAVE TITAN	ETA REC	13-Jul	15,500	SBO	LDC	INDIA
SAN LORENZO	DREYFUS TIMBUES	NAVE TITAN	ETA REC	13-Jul	10,450	SBO	LDC	BANGLADESH
SAN LORENZO	COFCO INTL. NORTH BERTH (EX	ATHLOS	ETA REC	14-Jul	10,000	SBO	BUNGE	INDIA
SAN LORENZO	MINERA ALUMBRERA	LUCKY LADY	ETA REC	15-Jul	35,000	SBO	BUNGE	IRAN
SAN LORENZO	MINERA ALUMBRERA	NAVIG8 AZOTIC	ETA REC	15-Jul	4,950	SBO	BUNGE	KOREA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SEA DOLPHIN	ETA SLZ	12-Jul	5,900	SBO	COFCO	INDIA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SEA DOLPHIN	ETA SLZ	12-Jul	3,050	SBO	COFCO	PAKISTAN
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO PARANA)	BEECH GALAXY	AT ROADS	Not tracked	4,200	SBO	BUNGE	DOMINICAN REP
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BEECH GALAXY	AT ROADS	Not tracked	1,700	SBO	BUNGE	MEXICO
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	ATHLOS	ETA REC	12-Jul	17,000	SBO	BUNGE	KOREA
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BOW PRECISION	ETA REC	13-Jul	8,500	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	NAVIG8 SPARK	ETA REC	15-Jul	15,000	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	CELSIUS MALAGA	ETA REC	16-Jul	1,900	SBO	BUNGE	
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	BOURBONI	ETA REC	17-Jul	7,000	SBO	CARGILL	PERU
SAN LORENZO	COFCO INTL PGSM NORTH	SEA DOLPHIN	ETA SLZ	12-Jul	2,700	SBO	COFCO	INDIA
SAN LORENZO	EL TRANSITO (ADM AGRO)	NORD VANQUISH	ETA REC	15-Jul	10,000	SBO (P)	ADM AGRO	EGYPT
SAN LORENZO	DEMPA	BEECH GALAXY	AT ROADS	Not tracked	1,000	SBO	BUNGE	DOMINICAN REP
SAN LORENZO	DEMPA	BEECH GALAXY	AT ROADS	Not tracked	9,150	SBO	BUNGE	GUATEMALA
SAN LORENZO	VICENTIN	CELSIUS MALAGA	ETA REC	16-Jul	5,000	SBO	BUNGE	PERU
SAN LORENZO	SAN BENITO	PACIFIC JADE	AT REC	9-Jul	20,000	SBO	BUNGE	CHINA
ROSARIO	CARGILL VILLA GOBERNADOR	AMFITRION	ETF	12-Jul	31,500	SBO	CARGILL	EGYPT
ROSARIO	CARGILL VILLA GOBERNADOR	LARGO EVOLUTION	AT REC	Not tracked	21,980	SBO	CARGILL	INDIA
ROSARIO	DREYFUS VEGOIL TERMINAL	NAVE TITAN	AT REC	Not tracked	4,550	SBO (P)	LDC	BANGLADESH

Source: Agencia Maritima Nabsa S.A.
Prior Dates July 14, 2021.

*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	Ultimate Country	Vessel Name	Cargo	Shipper	Carrier	Date
NEW YORK	JEDDAH	SAUDI ARABIA	CMA CGM IVANHOE	SBO	GULF AMERICAN LINES	OCEAN NETWORK EXPRESS	6/17/2021
OAKLAND	BUSAN	REPUBLIC OF KOREA	GEORG MAERSK	SBO	ADAMS VEGETABLE OILS	MEDITERRANEAN SHIPPING COMPANY	6/18/2021
NEW YORK	SHUWAIKH	KUWAIT	MSC PARIS	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	6/14/2021
NEW YORK	HAKATA	JAPAN	ONE HAWK	SBO	TRANSCONTAINER USA	OCEAN NETWORK EXPRESS	6/18/2021
NEW YORK	SOHAR	OMAN	MSC PARIS	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	6/14/2021
MIAMI	BANJUL	THE GAMBIA	OOCL EUROPE	SBO	EVEREST RE GROUP	CMA-CGM	6/18/2021
NORFOLK	TOKYO	JAPAN	HUMEN BRIDGE	SBO	ARCHER DANIELS MIDLAND	HAPAG LLOYD	6/17/2021
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	MSC PARIS	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	6/14/2021
JACKSONVILLE	PNT LISAS	TRINIDAD AND TOBAGO	ZIM ROTTERDAM	SBO	BRAID LOGISTICS	ZIM CONTAINER	6/28/2021
PT EVERGLADES	COLON	PANAMA	SPIRIT OF HAMBURG	SBO	NEXT LOGISTICS	HAPAG LLOYD	6/16/2021
NEW YORK	SOHAR	OMAN	MSC PARIS	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	6/14/2021
JACKSONVILLE	PNT LISAS	TRINIDAD AND TOBAGO	KOTA PAHLAWAN	SBO	BRAID LOGISTICS	ZIM CONTAINER	6/16/2021
NEW YORK	JEDDAH	SAUDI ARABIA	CMA CGM IVANHOE	SBO	GULF AMERICAN LINES	OCEAN NETWORK EXPRESS	6/17/2021
NEW YORK	SHUWAIKH	KUWAIT	ONE HOUSTON	SBO	GULF AMERICAN LINE	OCEAN NETWORK EXPRESS	6/25/2021
NEW YORK	JEDDAH	SAUDI ARABIA	CMA CGM IVANHOE	SBO	GULF AMERICAN LINES	OCEAN NETWORK EXPRESS	6/17/2021
NEW YORK	BAHRAIN	BAHRAIN	MSC VALENCIA	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	6/21/2021
NEW YORK	SOHAR	OMAN	MSC VALENCIA	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	6/21/2021

Source: IHS Markit's PIERS

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