



Soybean Oil Market Update

Prepared for



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Soybean Oil Market Update

Soybean oil volatility continues with US federal biofuel policy uncertainty (IEG Vantage)

- > Soybean oil futures have demonstrated record volatility thus far in 2021.
- > Much of this can be explained by planned and actual expansion the US renewable diesel (RD) industry in response to carbon reduction programs and related feedstock supply and demand concerns.
- > More recently, market uncertainty around US Renewable Fuels Standards (RFS) program policy direction has also been a driver.
- > This week, EPA finally sent their proposed rule for the RFS levels to the Office of Management and Budget (OMB), launching the interagency review process that will unfold in coming weeks.
- > *A retroactive reduction for the 2020 RFS levels was implemented in response to the pandemic and 2022 levels have not yet been decided.*

US export sales in line with expectations but uncertainties about China soybean demand remain (IEG Vantage)

- > The shift of demand to US soybeans is adding support to the market since early August as Brazil's old crop availability decreases and FOB prices are now above US levels until February 2022.
- > US Soybean export sales for the 2021/22 marketing year totaled 1,750,000 MT. The result was within the 1,300,000- to 2,000,000 MT range of market expectations. Top destinations were China at 934,000 MT and unknown destinations at 587,900 MT. The total volume included
- > Prospects for another record crop in 2022 has driven lower Brazil FOB values lower for first quarter of 2022 and if confirmed could offset some of the bullish impact of US sales and shipments to China
- > *US soybeans remain favorable to exporters; however, the question remains, how much will China and other buyers need and how quickly will they switch to Brazil if a big crop and large inverse emerges in February.*

Soybean Oil Market Update

Brazil's 2021/22 production prospects increased (IEG Vantage)

- > Brazil's old crop supply has tightened, and FOB prices are well above US levels, but for the new crop, high international prices and the persistently weak Brazilian real continues to create a very attractive environment for prices in Brazilian currency and farming margins.
- > This is leading to more expanded area and prospects for record production.
- > This also raises questions about the potential for US soybean exports to China after January 2022 as the timing of Brazilian planting and total production will play a big role total US exports and when the transition from North America to South America occurs.
- > Historically, Brazil's strongest soybean area increases were related to a sequence of years with good profitability margins, and prospects for the new crop are favorable again this year in Brazil.
- > *It is not case this year as profit margins projected to be lower than last year, due to escalating production costs, especially fertilizers costs, margins continue to be very attractive for farmers expand area in 2021/22.*

India cuts import taxes on soy and sunflower oil

- > India's Central Bureau of Indirect Taxes and Customs (CBIC) recently announced it will reduce the basic customs duty on crude soybean and sunflower oils to 7.5% from 15%, while duty on refined soybean and sunflower oils have been reduced to 37.5% from 45%.
- > The decision comes at a time when domestic supply is low, and prices are at an all-time high.
- > The new customs duties came into force on August 20th and will end on September 30, 2021. The move could raise imports in September, although volumes are expected to be moderate, as the decree is only applicable for a short period, according to industry officials.
- > India usually purchases soy oil and sunflower oil from Argentina, Brazil, Ukraine and Russia.
- > *The tax cut is in response to current market conditions but as the situation evolves, it is probable the taxes will be raised again.*

Soybean Oil Market Update

Malaysian palm oil exports remain sluggish, output expected to rebound (IEG Vantage)

- > Latest cargo surveyor data out of Malaysia maintained a sluggish shipment pace of palm oil late in August, with the decline attributed to a shift in demand to Indonesia ahead of higher export taxes set to begin September 1.
- > Latest figures point to an increase of 13.8% in the first 20 days of August when compared with the same period in July. This suggests that recent efforts to increase productivity at plantations may be improving offtake of fresh fruit bunches.
- > *The situation is fluid, but indications point to a slight increase in production in coming months.*

Argentina's crush pace slows pointing to challenges ahead (IEG Vantage)

- > According to the Argentine Ministry of Agriculture (MAGyP), the country crushed 3.85 million MT of soybeans in July, 10% above July 2020 but down 6% from June 2021.
- > According to the Chamber of Port and Maritime Activities (CAPyM), vessels have been loaded with 18% to 25% less cargo due to the lower depth of the river that increases deadweight loss costs or top-off in other oceanic ports in the region.
- > Arrivals from Paraguayan soybeans that traditionally are crushed in the Rosario regions are also slower. Barges are loading at around half capacity with extended travel times, which translates into a direct increase in costs.
- > *These factors explain reductions in soybean exports, as well as a reduction in crushing margins which have led to reduced crush activity.*

World's Top Canola Grower Anticipates Smallest Crop in 9 Years

- > Canada is expecting the smallest rapeseed crop in 9 years at 14.7 million MT as a result of high temperatures and droughts which reduced yields across the nation.
- > Early in the growing season, a large crop was expected as planted acreage was high as a result of a favorable price environment.
- > *Oilseed and vegetable oil prices remain high across the board; however, they are down from peaks earlier in 2021.*

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	1	0
China	0	20	11	0
South Korea	303	353	247	100
Rest of Asia/Oceania	35	31	43	0
Africa	17	161	0	28
Colombia	67	137	45	10
Dominican Republic	139	151	86	30
Mexico	126	130	60	25
Other West Hemis.	192	305	268	108
Total	880	1,287	760	301

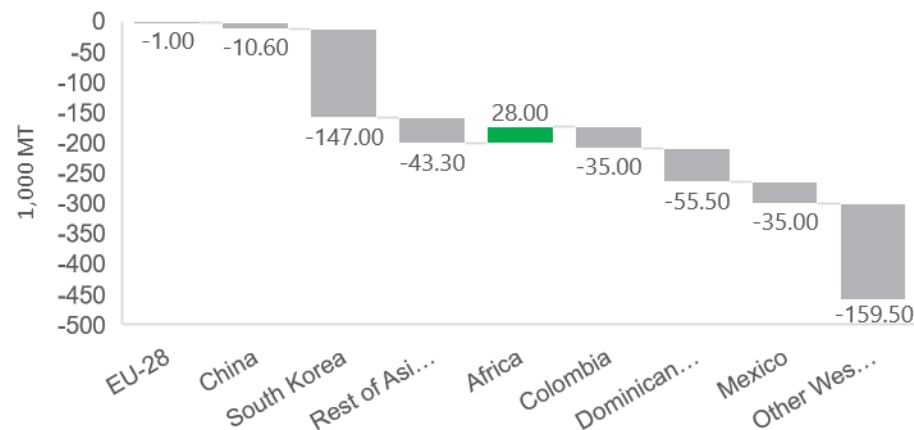
(F) = IHS Markit Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Jan-21	Feb-21	Mar-21	Apr-21	May-21
EU-28	0	0	10	0	30
China	0	0	0	1	0
South Korea	56,731	25,015	13,266	33,020	0
Rest of	1,969	6,549	3,662	453	1,093
Africa	18,099	2	2	2	2
Colombia	12,088	15,505	0	5	0
Dominican	8,246	19,417	4,236	4,021	7,725
Mexico	5,224	5,986	6,558	4,065	2,365
Other West Hemis.	46,350	43,641	42,952	17,223	21,122
Total	148,708	116,115	70,686	58,790	32,337

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

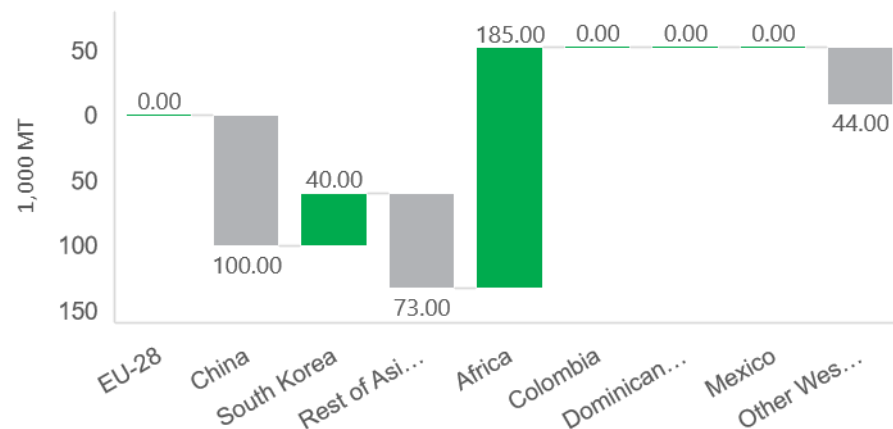
	(1,000 MT)			
	18/19	19/20	20/21	21/22 (F)
EU-28	0	0	0	0
China	143	134	220	230
South Korea	0	0	60	120
Rest of Asia/Oceania	3,589	3,766	4,180	4,147
Africa	754	777	700	705
Colombia	0	14	75	90
Dominican Republic	0	0	60	75
Mexico	0	0	50	75
Other West Hemis.	747	687	1,000	920
Total	5,233	5,377	6,345	6,362

(F) = IHS Markit Forecast

Argentina Monthly Soybean Oil Exports

	(1,000 MT)				
	Jan-21	Feb-21	Mar-21	Apr-21	May-21
EU-28	0	0	0	0	0
China	30	0	73	88	83
South Korea	0	0	0	0	0
Rest of Asia/Oceania	609	441	423	454	488
Africa	23	0	0	97	16
Colombia	0	14	0	0	0
Dominican Republic	0	0	0	0	0
Mexico	0	0	0	0	0
Other West Hemis.	58	9	10	49	15
Total	662	455	496	639	602

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)

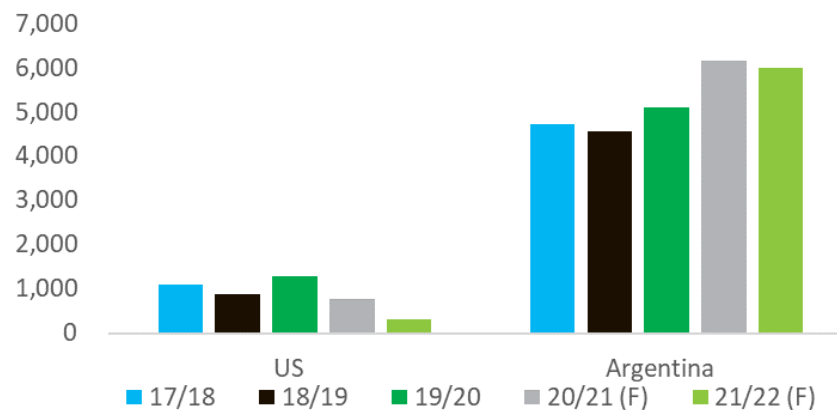
	17/18	18/19	19/20	20/21 (F)	21/22 (F)
Carryin (Oct 1)	776	905	805	841	822
Production	10,783	10,975	11,300	11,321	11,749
Imports	152	180	145	120	159
Total Supply	11,711	12,060	12,250	12,282	12,730
Domestic Use	9,698	10,375	10,123	10,700	11,725
Biodiesel	3,236	3,567	3,564	3,992	4,967
Non-Biodiesel	6,462	6,808	6,558	6,709	6,759
Exports	1,108	880	1,287	760	301
Total Use	10,806	11,255	11,410	11,460	12,026
Carryout (Sep 30)	905	805	841	822	733

(F) = IHS Markit Forecast

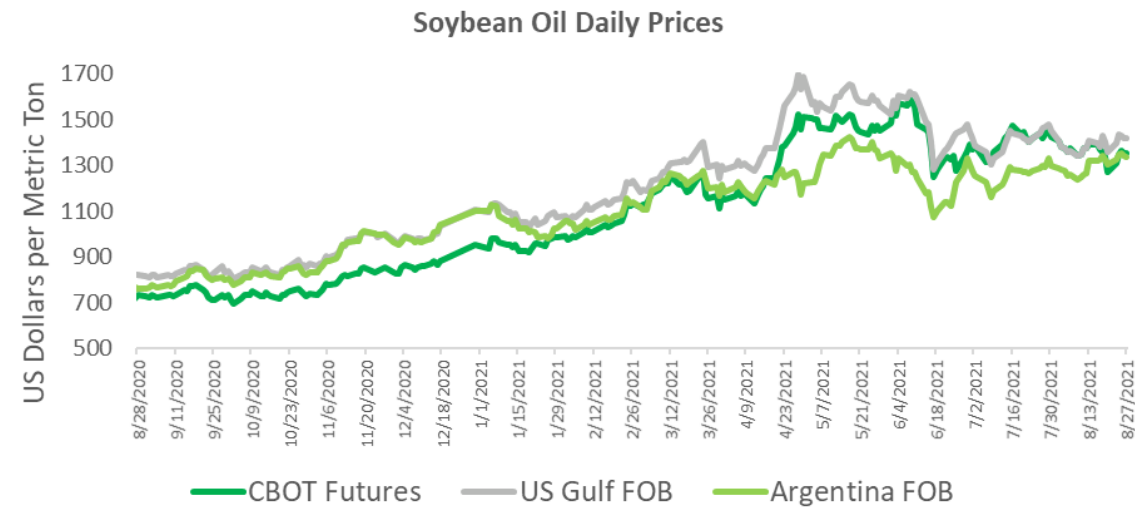
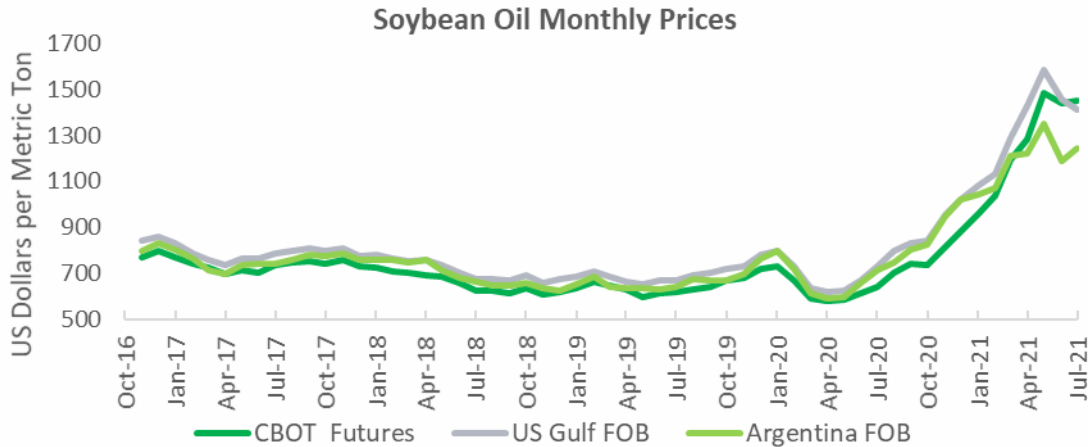
Argentina Soybean Oil Supply and Demand (1,000 MT)

	17/18	18/19	19/20	20/21 (F)	21/22 (F)
Carryin (Apr 1)	310	170	316	227	219
Production	7,195	8,041	7,601	7,963	8,538
Imports	0	0	0	0	0
Total Supply	7,505	8,211	7,917	8,190	8,757
Domestic Use	2,769	2,781	1,540	1,971	2,002
Biodiesel	2,259	2,275	1,023	1,371	1,472
Non-Biodiesel	509	507	517	600	530
Exports	4,566	5,113	6,150	6,000	6,350
Total Use	7,335	7,894	7,690	7,971	8,352
Carryout (Mar 31)	170	316	227	219	405

SBO Exports Trend (1,000 MT)



Soybean Oil Prices Trends



	CBOT Futures	US Gulf FOB	Argentina FOB
7/29/2021	1460	1476	1328
7/30/2021	1420	1451	1299
8/2/2021	1405	1405	1288
8/3/2021	1377	1377	1280
8/5/2021	1355	1355	1256
8/6/2021	1373	1363	1258
8/9/2021	1339	1339	1239
8/10/2021	1349	1349	1250
8/11/2021	1372	1372	1261
8/12/2021	1372	1372	1265
8/13/2021	1389	1405	1317
8/16/2021	1388	1395	1317
8/17/2021	1369	1379	1324
8/18/2021	1355	1431	1343
8/19/2021	1336	1402	1327
8/20/2021	1267	1356	1300
8/23/2021	1306	1394	1322
8/24/2021	1347	1435	1346
8/25/2021	1364	1431	1350
8/26/2021	1352	1418	1342

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	Status	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA (NORTH BERTH)	ARDMORE SEAVENTURE	ETF	27-Aug	22,000	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA (NORTH BERTH)	CLEAROCEAN MATHILDE	ETA SLZ	28-Aug	18,000	SBO	VITERRA	MOROCCO
SAN LORENZO	RENOVA (NORTH BERTH)	CLEAROCEAN MATHILDE	ETA SLZ	28-Aug	3,500	SBO	VITERRA	SENEGAL
SAN LORENZO	RENOVA (NORTH BERTH)	ALKAIOS	ETR RAM	27-Aug	30,000	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA (NORTH BERTH)	EVA TOKYO	ETA REC	28-Aug	30,000	SBO	CARGILL	PERU
SAN LORENZO	RENOVA (NORTH BERTH)	STENA IMPRIMIS	ETA REC	31-Aug	11,900	SBO	BUNGE	TUNISIA
SAN LORENZO	RENOVA (NORTH BERTH)	ELAIA	ETA REC	5-Sep	30,000	SBO	VITERRA	IRAN
SAN LORENZO		STI BOSPHOROUS	ETF	27-Aug	6,600	SBO	VITERRA	MOZAMBIQUE
SAN LORENZO	COFCO INTL. NORTH BERTH (EX	STI BOSPHOROUS	ETF	27-Aug	7,500	SBO	VITERRA	INDIA
SAN LORENZO	MINERA ALUMBRERA	FOREST PARK	ETA REC	30-Aug	22,000	SBO	WILMAR	INDIA
SAN LORENZO	MINERA ALUMBRERA	FOREST PARK	ETA REC	30-Aug	8,000	SBO	WILMAR	BANGLADESH
SAN LORENZO	MINERA ALUMBRERA	STI MARSHALL	AT REC	30-Aug	4,000	SBO	CARGILL	INDIA
SAN LORENZO	MINERA ALUMBRERA	GOTLAND SOFIA	ETA REC	4-Sep	19,800	SBO	AVERE	NIGERIA
SAN LORENZO	PARANA)	CELSIUS MESSINA	ETF	27-Aug	18,000	SBO	CARGILL	PERU
SAN LORENZO		NORD STEADY	ETA SLZ	27-Aug	25,000	SBO	CARGILL	PERU
SAN LORENZO		LINCOLN PARK	ETA REC	27-Aug	13,450	SBO (P)	BUNGE	EL SALVADOR
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	GWEN	ETA REC	27-Aug	7,000	SBO	CARGILL	PERU
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SHAMROCK JUPITER	ETA REC	10-Sep	7,000	SBO	CARGILL	DOM REP
SAN LORENZO	ARAUCO ARGENTINA (EX ALTO	SHAMROCK JUPITER	ETA REC	10-Sep	5,000	SBO	CARGILL	GUATEMALA
SAN LORENZO	VICENTIN	XENA	ETA REC	28-Aug	12,000	SBO	ADM AGRO	GUATEMALA
SAN LORENZO	VICENTIN	ARGENT SUNRISE	ETA REC	29-Aug	8,000	SBO	FR WARING	INDIA
SAN LORENZO	SAN BENITO	GOLDENGATE PARK	ETA REC	28-Aug	5,000	SBO	CARGILL	PERU
SAN LORENZO	SAN BENITO	NAVIG8 GUARD	ETR SP	1-Sep	25,000	SBO	BUNGE	INDIA
ROSARIO	CARGILL VILLA GOBERNADOR	SILVER LONDON	AT SLZO		7,300	SBO		NETHERLANDS
ROSARIO		LIAN XIN HU	ETA REC	28-Aug	25,000	SBO	LDC	KOREA
ROSARIO	CARGILL VILLA GOBERNADOR	PETALOUA	ETA REC	4-Sep	25,000	SBO	CARGILL	INDIA
ROSARIO		SHAMROCK JUPITER	ETA REC	10-Sep	4,500	SBO		GUATEMALA
ROSARIO		SHAMROCK JUPITER	ETA REC	10-Sep	1,500	SBO		MEXICO
ROSARIO	CARGILL VILLA GOBERNADOR	SHAMROCK JUPITER	ETA REC	10-Sep	7,500	SBO		DOMINICAN REP

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
NEW YORK	BUSAN	REPUBLIC OF KOREA	MAERSK SIRAC	SBO	BERKELEY HEIGHTS	MEDITERRANEAN SHIPPING COMPANY	19-Aug
SAVANNAH	HAMAD	QATAR	VIENNA EXPRESS	SBO	MARIETTA	CMA-CGM	17-Aug
SAVANNAH	JEBEL ALI	UNITED ARAB EMIRATES	EXPRESS ATHENS	SBO	MARIETTA	CMA-CGM	15-Aug
SAVANNAH	JEDDAH	SAUDI ARABIA	EXPRESS ATHENS	SBO	MARIETTA	CMA-CGM	15-Aug
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	CONTI ANNA PURNA	SBO	BERKELEY HEIGHTS	YANG MING LINE	14-Aug
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	CONTI ANNA PURNA PRESIDENT FD ROOSEVELT	SBO	BERKELEY HEIGHTS	YANG MING LINE	14-Aug
LOS ANGELES	GUAM	GUAM	ROOSEVELT	SBO	ROCKLIN	AMERICAN PRESIDENT LINES	4-Aug
JACKSONVILLE	SAN JUAN	PUERTO RICO	EL COQUI	SBO	JACKSONVILLE	CROWLEY LINER SERVICES	23-Jul
NEW YORK	LIVERPOOL	UNITED KINGDOM	MAERSK SERANGOON	SBO	NORTH OLMSTED	MEDITERRANEAN SHIPPING COMPANY	22-Jul
JACKSONVILLE	SAN JUAN	PUERTO RICO	EL COQUI	SBO	JACKSONVILLE	CROWLEY LINER SERVICES	16-Jul
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	ARISTOMENIS	SBO	BERKELEY HEIGHTS	YANG MING LINE	15-Jul
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	ARISTOMENIS	SBO	BERKELEY HEIGHTS	YANG MING LINE	15-Jul
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	ARISTOMENIS	SBO	BERKELEY HEIGHTS	YANG MING LINE	15-Jul
NEW YORK	JEBEL ALI	UNITED ARAB EMIRATES	ARISTOMENIS	SBO	BERKELEY HEIGHTS	YANG MING LINE	15-Jul
OAKLAND	PITI	GUAM	PRESIDENT KENNEDY	SBO	ROCKLIN	AMERICAN PRESIDENT LINES	10-Jul
JACKSONVILLE	SAN JUAN	PUERTO RICO	EL COQUI	SBO	JACKSONVILLE	CROWLEY LINER SERVICES	9-Jul
JACKSONVILLE	SAN JUAN	PUERTO RICO	TAINO	SBO	JACKSONVILLE	CROWLEY LINER SERVICES	6-Jul
NEW YORK	QINGDAO	PEOPLES REP OF CHINA	APL SOUTHAMPTON	SBO	HOUSTON	CMA-CGM	5-Jul
SAVANNAH	SYDNEY	AUSTRALIA	MAERSK NIAMEY	SBO	DECATUR	HAMBURG SUD	2-Jul
SAVANNAH	SYDNEY	AUSTRALIA	MAERSK NIAMEY	SBO	DECATUR	HAMBURG SUD	2-Jul

Questions

+1 901 766 4669

Juan.Sacoto@ihsmarkit.com

IHS Markit Customer Care

CustomerCare@ihsmarkit.com

Americas: +1 800 IHS CARE (+1 800 447 2273)

Europe, Middle East, and Africa: +44 (0) 1344 328 300

Asia and the Pacific Rim: +604 291 3600

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