



Soybean Oil Market Update

Prepared for



September 15, 2021

Soybean Oil Market Update

CBOT soy nudging 2021 lows

- > Growing faith in a US crop rebound and jitters over potential export hold-ups this week propelled nearby CBOT soybean futures to some of their cheapest levels of the year early in September.
- > Soybean exporters are concerned over damage to Gulf port facilities sustained during Hurricane Ida.
- > Analysts there also noted a possible La Nina risk of dryness for the South American producers as well as political strife threatening Brazil's currency – a further incentive for farmers to hold on to physical commodities.
- > Some downward pressure came from lower US crush figures, implying slowing meal use alongside persistent questions about US soy oil consumption in biodiesel.
- > A bearish trend was also encouraged by forecasts of larger plantings in Brazil this autumn, albeit potentially offset by shipping hindrance and crop threats from dry weather in key soy product exporter Argentina.
- > *Soybean prices have still remained comfortably above the \$12/bushel level, above break-even prices.*

High palm cost continues to fuel demand doubts

- > A renewed attempt by Malay palm oil prices to break out into higher ground met some headwinds this week from fresh doubts about demand.
- > Indonesia is expected to struggle to meet its palm biodiesel blending targets as the high cost of the oil cut profitability to a backdrop of still erratic energy markets.
- > A higher Indonesian export tax on palm oil is expected to shift more business to Malaysia.
- > Labor shortages arising from Covid are still impacting production.
- > *Indonesia originally planned to enforce a B40 mandate in 2021 which means its diesel fuel would consist of 40% biodiesel, but high prices and market conditions have prevented this from coming into fruition as of yet.*

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MPOB reports several factors combined to produce a bearish stocks estimate (IEG Vantage)

- > Malaysian Palm Oil Board (MPOB) data that showed the country's end-of-August palm oil stocks jumped 25.3% to the highest level since June 2020.
- > Palm oil production reached 1.702 million MT - the highest total since October t - while exports of 1.163 million MT represented the lowest monthly total since February and was short of market expectations.
- > *Analysts generally had expected stocks to increase by 12% to 16% but the export result, combined with higher imports and apparent lower domestic use amid COVID-19 restrictions, caused stocks to rise.*

Statistics Canada reports higher-than-anticipated 2020/21 ending stocks (IEG Vantage)

- > Statistics Canada estimated Canadian marketing year-end (July 31) canola stocks at 1.77 million MT - significantly above the 1.2-million-MT average market expectation that appeared to not fully include consideration of the agency's 2019 and 2021 upward production revisions introduced along with the agency's earlier August 2021 crop production update that added 1.07 million MT to the Canadian canola balance sheet.
- > End-of July stocks were reported at the lowest level since 2017
- > Higher-than-anticipated stocks estimate likely demonstrated the effects of price rationing that slowed the pace of Canadian canola seed exports to below previous year levels during the last five months of the Canadian marketing year.
- > The monthly average crush was maintained above the previous year level.
- > *Much of the price strength that caused seed rationing was not driven completely by tight canola seed fundamentals but rather by the strength in closely related vegetable oil markets, including the rally in CME soybean oil futures*

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WASDE report lowers US soybean oil supply, demand (IEG Vantage)

- > The USDA September World Agricultural Supply and Demand Estimates (WASDE) included lower old- and new crop crush forecasts for a second straight month.
- > The agency's forecast for 2020/21 was reduced by 15 million bushels to 2,140 million bushels.
- > New-crop crush was forecast 25 million bushels lower to 2,180 million bushels, which would remain a record.
- > USDA cited weaker-than-expected meal demand as the rationale for reducing crush.
- > USDA's meal-driven crush reduction also implies a softer outlook for soybean oil demand.
- > *Oil share of total product remains elevated but has shown some vulnerability after the US Energy Information Administration (EIA) reported lower biofuel industry soybean oil use in June.*

Uncertainties about US export program remain (IEG Vantage)

- > The disruptions at the US Gulf related to the Hurricane Ida continued to weigh on the soybean markets, with dismal export inspections volume and with several terminals still closed.
- > Damaged grain terminals and higher logistical costs depressed US domestic prices while firmer premiums for prompt delivery were reported in South America.
- > *While export commitments are in line with historical levels, this does not diminish the uncertainties about the US 2021/22 export program, given the recent US export disruptions, lower Chinese demand and competition with Brazil in early 2022.*

Soybean Oil Market Update

China's soybean imports recover on greater feed use

- > China's soybean imports are forecast to recover in 2021/22 at 101 million MT, up 3 million MT from the previous year, due to growing soybean meal feed use, lower soybean production, and limited imports of rapeseed, USDA reported.
- > China's soybean meal use is expected to rise by 3% y/y to 75.3 million MT in 2021/22, while soybean output is projected at 19 million MT, down 600,000 MT, as farmers switched to planting corn which recorded a significant price hike in 2020/21. In addition, the estimated per unit yield of corn is 3.5 times that of soybeans. Increased corn subsidies in the Northeast provinces also partly contributed to less soybean area in 2021/22.
- > Meanwhile, rapeseed imports should decline marginally to 2.8 million MT in 2021/22 against 3 million MT in 2020/21. Rapeseed imports have been hindered by trade tensions with Canada, which supplies the bulk of China's rapeseed imports, and in turn boosted soybean imports.
- > *On the other hand, decreased pork and poultry profitability are predicted to reduce China's soybean imports to 98 million MT in 2020/21, a slight fall of 533,000 MT y/y.*

Corn planting takes precedence over soy in Argentina

- > Argentine farmers are forecast to sow more corn than soybeans in 2021/22, due to the high export duty on soybean, and the absence of a Seeds law, according to a local news report.
- > The planted area to soybean has been falling due to the slow promulgation of the Seeds Law which guarantee the payment of royalties for the use of genetically modified soy, essential for productivity. In the absence of a Seeds law, access to modified soy to withstand the risk of drought has been affected. In addition, the export duty on soybeans is set at 33% and at 31% for soy flour and soy oil, while it is only at 12% for corn.
- > *Despite the increased corn plantings, Argentina's forecasted production for the upcoming crop year is 51 million MT, above the 49.7 million MT and 46 million MT the past two crop years.*

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WASDE reports higher US soybean production, lower crush

- > USDA's WASDE reported US soybean production at 4.4 billion bushels for 2021/22, up 35 million bushels, as a higher yield forecast of 50.6 bushels per acre more than offset lower harvested area, down 0.3 million bushels from the August forecast of 86.7 million acres.
- > US soybean crush was reduced again by 25 million bushels to 2.18 billion bushels for 2021/22, reflecting a lower forecast for domestic soybean meal disappearance. On the other hand, projections for soybean exports were raised by 35 million bushels to 2.09 billion bushels, on increased supplies and lower prices, while ending stocks are estimated at 185 million bushels, up 30 million from last month.
- > The average US soybean price is forecast at USD12.90 per bushel, down 80 cents, while the soybean meal price is predicted at USD360 per short ton, down USD25.00, and the soybean oil price forecast is unchanged at 65 cents per pound.
- > Global oilseed production was lowered again by 1.5 million MT to 500 million MT for 2021/22 on limited rapeseed output in Canada and the EU. Canada's rapeseed harvest was reduced by 2 million MT to 14 million MT in 2021/22, which will result in declining exports to the EU, China, and the US.
- > India will allow shipments of soybean meal made from genetically modified soybeans through October 31, 2021.
- > *In the wake of the reports release on Friday September 10th, soybean prices regained prices losses as the expected increase in US production was minimal and offered no unexpected information, giving traders confidence that the market will remain stable for the near future at least.*

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	0
Colombia	67	137	42	10
Dominican Republic	139	151	85	30
Mexico	126	130	60	25
Other West Hemis.	192	305	272	108
Total	880	1,287	760	273

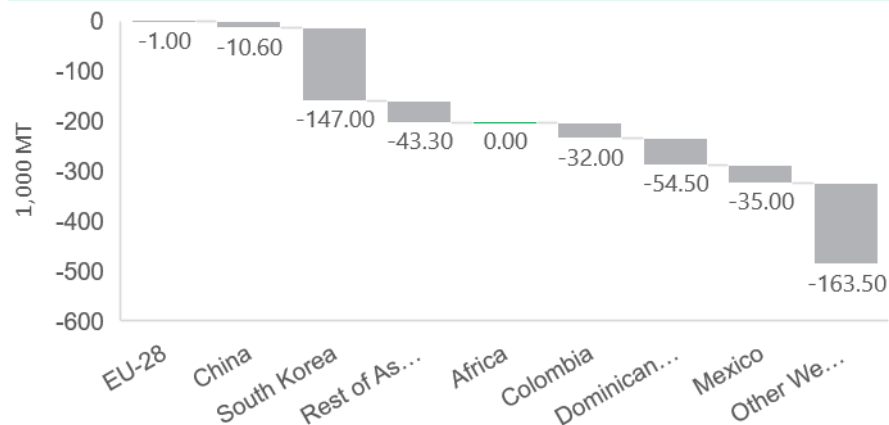
(F) = IHS Markit Forecast

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

US Monthly Soybean Oil Exports

	(MT)				
	Mar-21	Apr-21	May-21	Jun-21	Jul-21
EU-28	19	0	30	5	61
China	0	1	0	0	0
South Korea	13,266	33,020	0	15,007	0
Rest of	3,678	476	1,093	455	2,748
Africa	2	2	2	282	0
Colombia	0	5	0	0	0
Dominican	4,236	4,021	7,725	16	78
Mexico	6,558	4,065	2,365	6,162	6,105
Other West Hemis.	42,994	17,231	21,122	19,630	7,251
Total	70,754	58,821	32,337	41,556	16,243

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



Argentina: Soybean Oil Exports Update

Argentina Annual Soybean Oil Exports

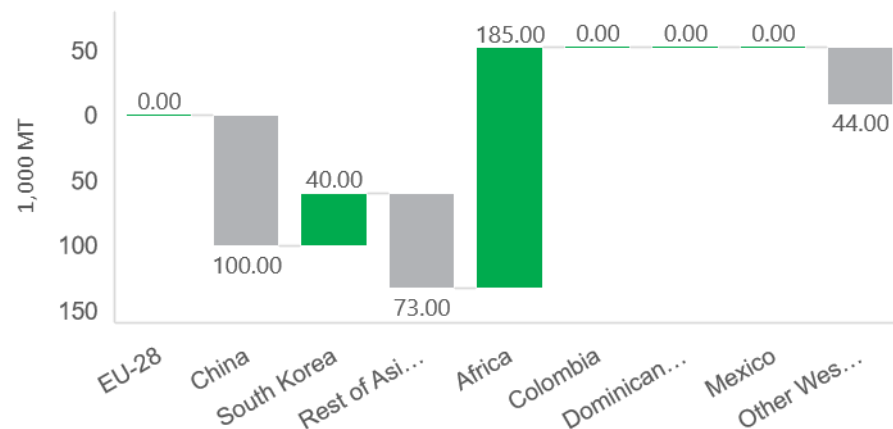
	(1,000 MT)			
	18/19	19/20	20/21	21/22 (F)
EU-28	0	0	0	0
China	143	134	220	230
South Korea	0	0	60	120
Rest of Asia/Oceania	3,589	3,766	4,180	4,147
Africa	754	777	700	705
Colombia	0	14	75	90
Dominican Republic	0	0	60	75
Mexico	0	0	50	75
Other West Hemis.	747	687	1,000	920
Total	5,233	5,377	6,345	6,362

(F) = IHS Markit Forecast

Argentina Monthly Soybean Oil Exports

	(1,000 MT)	Mar-21	Apr-21	May-21	Jun-21	Jul-21
EU-28		0	0	0	0	0
China		73	88	83	0	0
South Korea		0	0	0	41	18
Rest of Asia/Oceania		423	454	488	438	421
Africa		0	97	16	36	0
Colombia		0	0	0	0	0
Dominican Republic		0	0	0	9	0
Mexico		0	0	0	0	0
Other West Hemis.		10	49	15	46	13
Total		496	639	602	570	452

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)

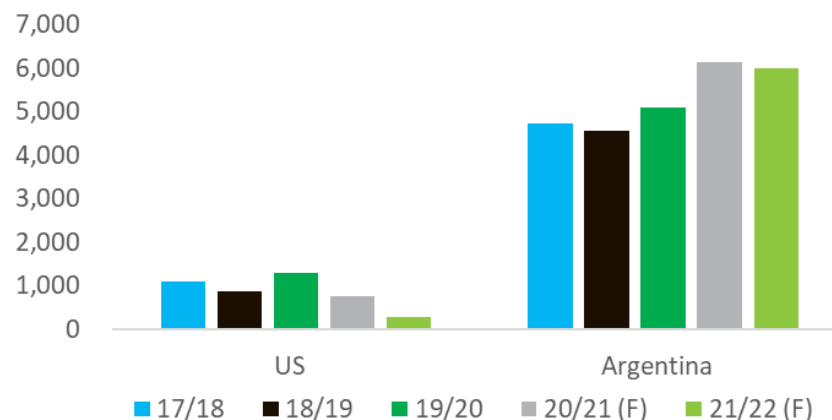
	17/18	18/19	19/20	20/21 (F)	21/22 (F)
Carryin (Oct 1)	776	905	805	841	878
Production	10,783	10,975	11,300	11,325	11,691
Imports	152	180	145	120	159
Total Supply	11,711	12,060	12,250	12,286	12,728
Domestic Use	9,697	10,374	10,122	10,637	11,680
Biodiesel	3,236	3,567	3,564	3,855	4,899
Non-Biodiesel	6,461	6,807	6,558	6,781	6,781
Exports	1,110	881	1,288	760	273
Total Use	10,806	11,255	11,410	11,408	11,953
Carryout (Sep 30)	905	805	841	878	776

(F) = IHS Markit Forecast

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

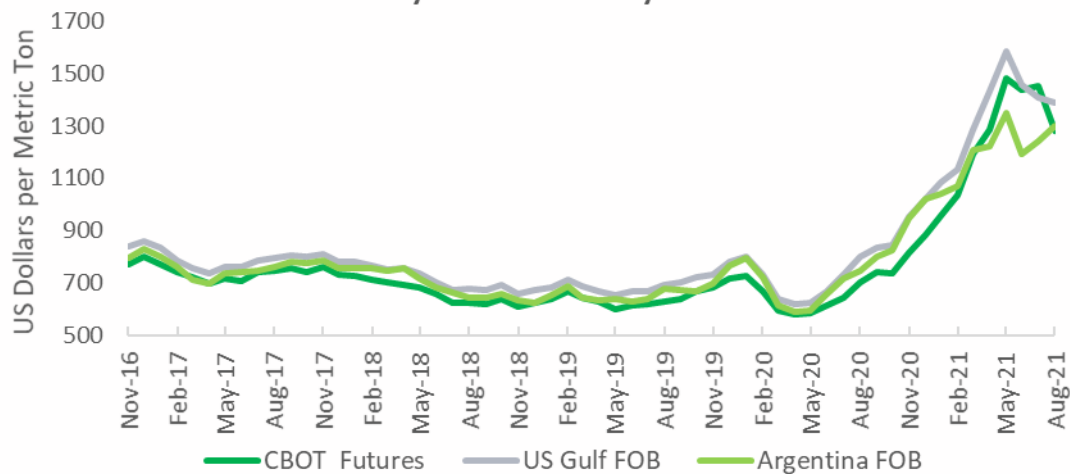
	17/18	18/19	19/20	20/21 (F)	21/22 (F)
Carryin (Apr 1)	310	170	316	227	219
Production	7,195	8,041	7,601	7,963	8,538
Imports	0	0	0	0	0
Total Supply	7,505	8,211	7,917	8,190	8,757
Domestic Use	2,769	2,781	1,540	1,971	2,002
Biodiesel	2,259	2,275	1,023	1,371	1,472
Non-Biodiesel	509	507	517	600	530
Exports	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)

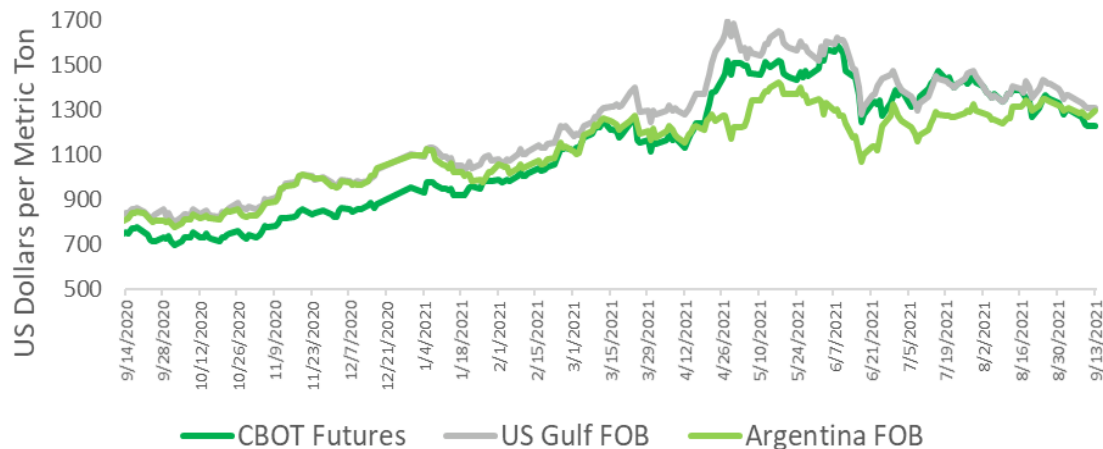


Soybean Oil Prices Trends

Soybean Oil Monthly Prices



Soybean Oil Daily Prices



	CBOT Futures	US Gulf FOB	Argentina FOB
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
8/27/2021	1351	1416	1338
8/30/2021	1329	1395	1318
8/31/2021	1309	1375	1314
9/1/2021	1281	1347	1295
9/2/2021	1298	1364	1304
9/3/2021	1301	1367	1307
9/7/2021	1272	1339	1285
9/8/2021	1267	1333	1292
9/9/2021	1236	1313	1275
9/10/2021	1230	1307	1270
9/13/2021	1230	1307	1296

Soybean Oil Lineup Data - Argentina

PORT	TERMINAL	VESSEL	Status	DATE	TONS	CARGO	SHIPPER AND/OR CHARTERER	DESTINATION
SAN LORENZO	RENOVA (NORTH BERTH)	ELAIA	AT REC	5-Sep	30,000	SBO	VITERRA	IRAN
SAN LORENZO	RENOVA (NORTH BERTH)	CLEAROCEAN MELODY	AT REC	10-Sep	8,800	SBO	BUNGE	INDIA
SAN LORENZO	RENOVA (NORTH BERTH)	NORD VANGUARD	ETA REC	11-Sep	25,000	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA (NORTH BERTH)	NAVIG8 ALABASTER	ETA REC	14-Sep	7,370	SBO	LDC	KOREA
SAN LORENZO	RENOVA (NORTH BERTH)	NAVE AQUILA	ETA REC	16-Sep	25,000	SBO	VITERRA	INDIA
SAN LORENZO	RENOVA (NORTH BERTH)	ARDMORE ENDURANCE	ETA REC	20-Sep	25,000	SBO	VITERRA	INDIA
SAN LORENZO	DREYFUS TIMBUES	GW DOLPHIN	ETA REC	13-Sep	10,704	SBO	LDC	
SAN LORENZO	COFCO INTL. NORTH BERTH	NAVIG8 ALABASTER	ETA REC	14-Sep	5,100	SBO	LDC	KOREA
SAN LORENZO	COFCO INTL. NORTH BERTH	GWEN	ETA REC	15-Sep	5,000	SBO	AVERE	COLOMBIA
SAN LORENZO	MINERA ALUMBRERA	GOTLAND SOFIA	ETA SLZ	11-Sep	19,800	SBO	AVERE	NIGERIA
SAN LORENZO	MINERA ALUMBRERA	ARCHON	ETA REC	15-Sep	19,000	SBO	BUNGE	INDIA
SAN LORENZO	PARANA)	NCC SAMA	AT REC	9-Sep	1,650	SBO	COFCO	COLOMBIA
SAN LORENZO		GWEN	ETA REC	15-Sep	5,300	SBO	BUNGE	GUATEMALA
SAN LORENZO		SOLAR SUZANNE	ETA REC	22-Sep	5,778	SBO	BUNGE	GUATEMALA
SAN LORENZO	(EX NIDERA FERTILIZANTES)	NCC SAMA	ETA SLZ	11-Sep	12,000	SBO	COFCO	MOZAMBIQUE
SAN LORENZO		NCC SAMA	ETA SLZ	11-Sep	5,000	SBO	COFCO	INDIA
SAN LORENZO	VICENTIN	ESSIE C	ETA REC	14-Sep	5,000	SBO		
SAN LORENZO	VICENTIN	ARDMORE SEAWOLF	ETA REC	18-Sep	5,000	SBO	ACROCRARE	BRAZIL
SAN LORENZO	SAN BENITO	NAVIG8 VIOLETTE	AT REC	10-Sep	18,000	SBO	ADM AGRO	BANGLADESH
NECOCHEA	PIER 1 BERTH 0	ELAIA	ETA NEC	18-Sep	15,000	SFO/SBO	OMHSA	IRAN

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	HAIFA	ISRAEL	ZIM YOKOHAMA	SBO	AYA IMPORTS	SETH SHIPPING CORP	1-Sep
PT EVERGLADES	PT OF SPAIN	TRINIDAD AND TOBAGO	AS FLORETTA	SBO	GLOBAL FREIGHT SYSTEMS	KING OCEAN SERVICES	31-Aug
LONG BEACH	LAEM CHABANG	THAILAND	MSC BEATRICE	SBO	ORDER	MEDITERRANEAN SHIPPING COMPANY	31-Aug
PT EVERGLADES	PT OF SPAIN	TRINIDAD AND TOBAGO	AS FLORETTA	SBO	GLOBAL FREIGHT SYSTEMS	KING OCEAN SERVICES	31-Aug
SAVANNAH	LE HAVRE	FRANCE	EVER LASTING	SBO	BUDGET FOODS	CMA-CGM	30-Aug
HOUSTON	SANTOS	BRAZIL	ESTEEM SANGO	SBO	ORDER	ULTRAGAS (EUROPE) APS	30-Aug
NEW YORK	YANTIAN	CHINA (MAINLAND)	YM WARMTH	SBO	ORDER	OCEAN NETWORK EXPRESS	28-Aug
SAVANNAH	JAKARTA	INDONESIA	ADRIAN MAERSK	SBO	STRATAS FOODS	MEDITERRANEAN SHIPPING COMPANY	28-Aug
SEATTLE	LEGHORN	ITALY	SEOUL EXPRESS	SBO	STONEGATE FOODS	HAPAG LLOYD	26-Aug
LONG BEACH	SHEKOU	CHINA (MAINLAND)	COSCO SPAIN	SBO	ORDER	ORIENT OVERSEAS CONTAINER LINE	26-Aug
SEATTLE	LEGHORN	ITALY	SEOUL EXPRESS	SBO	STONEGATE FOODS	HAPAG LLOYD	26-Aug
NEW YORK	LIVERPOOL	UNITED KINGDOM	ATLANTIC SEA	SBO	BGA GROUP OF COMPANIES	ATLANTIC CONTAINER LINE	26-Aug
MIAMI	HAINA	DOMINICAN REPUBLIC	SARA EXPRESS	SBO	AMERICAN RIVER NUTRITION	ANTILLEAN LINES	20-Aug
SAVANNAH	CARTAGENA	COLOMBIA	YM WARRANTY	SBO	STRATAS FOODS	HAPAG LLOYD	19-Aug
PT EVERGLADES	PT OF SPAIN	TRINIDAD AND TOBAGO	CONTSHP AIR	SBO	MARINA FOODS	KING OCEAN SERVICES	19-Aug
PT EVERGLADES	PT OF SPAIN	TRINIDAD AND TOBAGO	CONTSHP AIR	SBO	MARINA FOODS	KING OCEAN SERVICES	19-Aug
NEW YORK	BUSAN	REPUBLIC OF KOREA	MAERSK SIRAC	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	17-Aug
LONG BEACH	YANTIAN	CHINA (MAINLAND)	YM WELLNESS	SBO	CLIPPER	OCEAN NETWORK EXPRESS	17-Aug
LONG BEACH	DA NANG	VIETNAM	YM WELLNESS	SBO	ORDER	OCEAN NETWORK EXPRESS	17-Aug
W PALM BCH	PHILIPSBURG	SINT MAARTEN (DUTCH)	TROPIC CARIB	SBO	VLAUN MICHAEL	TROPICAL SHIPPING	17-Aug
SAVANNAH	HAMAD	QATAR	VIENNA EXPRESS	SBO	AGRI INTERNATIONAL	CMA-CGM	17-Aug
LONG BEACH	YANTIAN	CHINA (MAINLAND)	YM WELLNESS	SBO	CLIPPER	OCEAN NETWORK EXPRESS	17-Aug
HOUSTON	SANTOS	BRAZIL	TEMPANOS	SBO	FACI USA INDUSTRIAL 1912 KURTH	ZIM CONTAINER	16-Aug
NEW YORK	HAMAD	QATAR	MSC QINGDAO	SBO	GULF AMERICAN LINES	MEDITERRANEAN SHIPPING COMPANY	16-Aug
HOUSTON	SANTOS	BRAZIL	TEMPANOS	SBO	FACI USA INDUSTRIAL 1912 KURTH	ZIM CONTAINER	16-Aug
HOUSTON	SANTOS	BRAZIL	TEMPANOS	SBO	FACI USA INDUSTRIAL 1912 KURTH	ZIM CONTAINER	16-Aug

Questions

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