

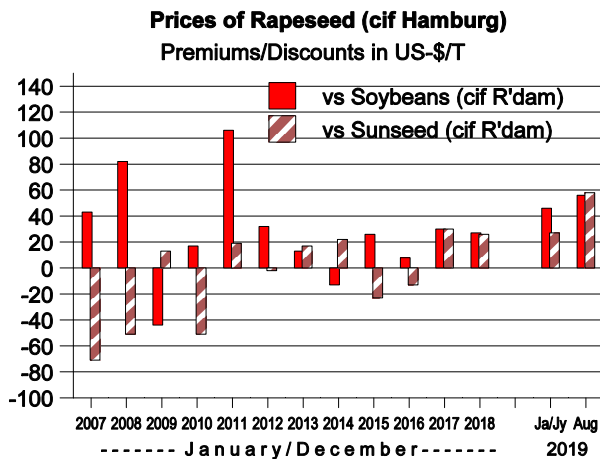
## MARKET DEVELOPMENTS

Market participants are increasingly frustrated by the frequent ups and downs in the US/China trade conflict. It is therefore not surprising that the price upswing in US soybeans induced on August 26 by some positive remarks regarding future negotiations quickly faltered yesterday.

There are currently diverging trends between a fundamentally bearish US soybean market and a rather bullish market scenario in South America. Shortly before the start of the new marketing year, US soybean export sales are currently at the lowest level in many years. US soybean prices are attractive for importing countries other than China, but in recent weeks most buyers were hesitant and waited for further declining prices, which has been the right strategy so far.

In contrast, farmers and exporters in South America are benefiting from large sales to China. Weak currencies have inflated domestic soybean prices both in Brazil and Argentina in recent weeks, setting the stage for larger plantings for the 2020 soybean crops. In Brazil plantings will start in a few weeks if the required rainfall arrives in time.

In Argentina it is generally expected that the looming change of government may result in a reintroduction of higher export taxes and export quotas for grains, possibly promoting some reshifting of acreage from grains to oilseeds.



Rapeseed prices in Europe have already developed unusually large premiums versus other oilseeds as a result of this year's poor crop and the looming rapeseed supply deficit in the EU.

The current premiums for rapeseed in northern Europe are the biggest since 2011, when a setback of the EU crop by 1.4 Mn T resulted in independent price strength. At that time the dependence of the EU biodiesel industry on rapeseed oil was still stronger than today, probably curbing the price premium somewhat at present.

The price strength on the European rapeseed market is justified by the need to maximize rapeseed imports from all available origins. Indeed, rapeseed exports from Ukraine to Europe were unusually large in July and August.

### FUTURES: Closes Chicago, Minneapolis & Winnipeg

<u>Chicago B.o.T.</u>		Aug 27	Aug 26	Aug 20
<b>Soybeans</b> (c / bu)	Sep 2019	846.25	853.75	855.75
	Nov 2019	859.25	867.25	868.25
	Jan 2020	873.00	880.50	882.00
<b>Soya oil</b> (c / lb)	Sep 2019	28.01	28.33	28.43
	Oct 2019	28.14	28.45	28.54
	Dec 2019	28.35	28.69	28.79
<b>Soya meal</b> (\$ / ST)	Sep 2019	291.50	293.00	294.00
	Oct 2019	293.60	295.00	295.90
	Dec 2019	297.00	298.60	299.50
<b>Corn</b> (c / bu)	Sep 2019	357.00	358.50	359.50
	Dec 2019	366.25	368.25	368.75
	Mar 2020	377.75	380.50	381.25
<b>Winter wheat (a)</b> (c / bu)	Sep 2019	473.75	473.00	460.00
	Dec 2019	476.75	475.25	466.50
	Mar 2020	481.75	481.50	474.25
<b>Minneapolis</b>				
<b>Spring wheat (b)</b> (c / bu)	Sep 2019	494.25	492.75	504.00
	Dec 2019	511.00	511.75	516.00
	Mar 2020	524.25	525.25	530.25

### Price ratios on the CBoT:

Nov 2019 soybeans vs. Dec corn	2.35	2.36	2.35
Nov 2019 soybeans vs. Dec wheat	1.80	1.82	1.86

### S.American basis vs. nearby CBoT soya oil futures (c/lb)

Brazil fob	+2.34	+2.42	+2.19
Argentina fob	+2.02	+2.11	+1.78

### ICE Winnipeg

<b>Canola</b>	Nov 2019	446.40	448.40	451.40
(Can\$ / T)	Jan 2020	454.30	456.20	458.90

(a) Soft red variety. (b) Hard red variety.

### FUTURES: Closes in Europe, Kuala Lumpur & New York

<u>Euronext ( Matif ) Paris</u>		Aug 27	Aug 26	Aug 20
<b>Rapeseed</b> (Euro/T)	Nov 2019	379.00	378.50	380.75
	Feb 2020	379.50	379.00	381.25
<b>Wheat</b> (Euro/T)	Sept 2019	167.00	166.25	165.50
	Dec 2019	170.75	170.25	170.25

### Palm oil on the Bursa Malaysia Derivatives ( BMD )

Ringgit	Sept 2019	2184	2213	2129
per Tonne	Oct 2019	2218	2247	2153
	Nov 2019	2239	2269	2177

### Crude mineral oil ( US-\$ per barrel )

<b>Brent, ICE</b>	Oct 2019	59.51	58.70	60.03
<b>WTI, NYMEX</b>	Oct 2019	54.93	53.64	56.13

### Exchange Rate, ECB

US-\$ per 1 Euro spot	1.1104	1.1116	1.1076
Euro per 1 US-\$ spot	0.9006	0.8996	0.9029
Can-\$ per 1 US-\$ spot	1.3229	1.3303	1.3328
Mal. Ringgit per 1 US-\$ spot	4.2030	4.2055	4.1769
CN-Yuan per 1 US-\$ spot	7.1613	7.1455	7.0585
CN-Yuan per 1 Euro spot	7.9519	7.9429	7.8180

Palm oil prices suffered a setback yesterday in Southeast Asia and in Europe, following a steep rally in preceding weeks.

Malaysian palm oil exports continued to increase sharply in August, mainly driven by large exports to India. Particularly shipments of RBD palm olein kept rising in anticipation of a possible removal of the preferential Indian import duty on processed palm oil.

Given indications of a slowing production growth, Malaysian palm oil stocks will probably decline below the year-ago level in August for the first time in more than two years.

#### CHINA, P.R.: Imports of Selected Commodities

(1000 T)	July		Oct / July		
	2019	2018	18/19	17/18	16/17
<b>10 oilseeds</b> ....	<b>8940</b>	<b>8546</b>	<b>69735</b>	<b>82340</b>	<b>82211</b>
<b>17 oils &amp; fats</b> ...	<b>1179</b>	<b>783</b>	<b>9712</b>	<b>7601</b>	<b>7038</b>
<b>12 oilmeals</b> ....	<b>415</b>	<b>432</b>	<b>4015</b>	<b>2803</b>	<b>2624</b>
<b>Soybeans</b> .....	<b>8640</b>	<b>7974</b>	<b>64932</b>	<b>76933</b>	<b>76934</b>
USA .....	912	308	6949	28284	35722
Argentina .....	1073	297	3734	2584	4547
Brazil .....	6421	7044	49706	42639	33325
Other countries .	234	325	4543	3426	3340
<b>Soya oil</b> .....	<b>132</b>	<b>37</b>	<b>568</b>	<b>320</b>	<b>602</b>
Russia &					
Ukraine. ....	33	28	133	178	81
Argentina .....	21	-	268	2	.
Brazil .....	73	-	150	111	317
<b>Soya meal</b> .....	<b>1</b>	<b>.</b>	<b>15</b>	<b>18</b>	<b>54</b>
<b>Sunflowerseed</b> .	<b>14</b>	<b>1</b>	<b>215</b>	<b>117</b>	<b>93</b>
<b>Sun oil</b> .....	<b>108</b>	<b>40</b>	<b>820</b>	<b>635</b>	<b>624</b>
Russia. ....	26	29	156	165	83
Ukraine .....	80	2	635	429	510
<b>Sun meal</b> .....	<b>62</b>	<b>23</b>	<b>949</b>	<b>181</b>	<b>-</b>
Ukraine .....	<b>62</b>	<b>23</b>	<b>946</b>	<b>169</b>	<b>-</b>
<b>Rape/Canola</b>	<b>129</b>	<b>469</b>	<b>3191</b>	<b>3878</b>	<b>3646</b>
Russia .....	4	14	201	157	33
Canada .....	118	446	2899	3593	3426
<b>Rape oil</b> .....	<b>152</b>	<b>167</b>	<b>1267</b>	<b>869</b>	<b>728</b>
Russia &					
Ukraine. ....	16	13	163	53	8
Canada .....	106	149	903	776	688
U.A.E. ....	3	-	73	3	-
EU-28. ....	19	.	28	5	4
<b>Rape meal</b> .....	<b>99</b>	<b>88</b>	<b>1117</b>	<b>1012</b>	<b>734</b>
<b>Groundnut oil</b> ..	<b>19</b>	<b>27</b>	<b>136</b>	<b>87</b>	<b>96</b>
<b>Sesameseed</b> ...	<b>52</b>	<b>26</b>	<b>652</b>	<b>711</b>	<b>605</b>
<b>Palm oil</b> .....	<b>644</b>	<b>374</b>	<b>5541</b>	<b>4475</b>	<b>3895</b>
Indonesia .....	546	232	3863	2882	2467
Malaysia .....	92	142	1668	1589	1424
<b>Palmkernel oil</b> ..	<b>64</b>	<b>67</b>	<b>728</b>	<b>564</b>	<b>503</b>
<b>Coconut oil</b> ....	<b>13</b>	<b>12</b>	<b>144</b>	<b>111</b>	<b>112</b>
<b>Palmkern meal</b>	<b>89</b>	<b>78</b>	<b>562</b>	<b>426</b>	<b>419</b>
<b>Fish meal</b> .....	<b>150</b>	<b>221</b>	<b>1179</b>	<b>1016</b>	<b>1156</b>

#### DAILY WORLD MARKET PRICES (US-\$/T)

	Aug 27 2019	Aug 26 2019	July 2019	Jun 2019
Soybeans,Bra,cif Rdm	378 F	381 F	..	..
Soybeans,US,cif Rdm	357 O	362 O	374	371
Soyaoil,US, fob Gulf	684 S	691 S	669	667
Soyaoil,fob Decat,pt	640	647	633	625
Soyaoil,Dutch,exmill	760 O	756 O	742	726
Soyaoil, Brazil, fob	669 O	678 O	643	634
Soyaoil, Arg, fob	662 S	671 S	640	629
Soypell,48%,Braz,fob	305 O	307 S/O	318	332
Soyapell,47%,Arg,fob	302 S	304 S	317	330
Soyameal,Arg,cif Rdm	341 S	342 S	353	366
Soyapell,Bra,cif Rdm	335 S	334 S	349	362
Sunseed fob BlackSea	332 S/O	..	341	350
Sun oil, EU, fob	755 O	755 O	772	738
Sun oil, Arg., fob	725 S/O	730 S/O	729	701
Sunoil,fob Black Sea	730 O	..	754	709
Sunmeal,Ukraine,DAF	218 O	..	226	228
Rapeseed,EU,cif Hbg	420 S	422 S	417	417
Rape oil,Dutch, fob	905 O	912 S/O	836	833
Rapemeal,Hbg,exmill	210 S	211 S	225	237
PalmoilCrude,cif Rdm	568 S	590 S	497	503
PalmoilCrude fobIndo	528 S	535 S	468	469
PalmOleinRBD fob Mal	550 S	560 S	501	508
PalmStearinRBD fobMa	564 S	568 S	481	473
Palmkern oil,cif Rdm	655 S/O	655 S/O	554	551
Palmkern exp. 21/23%	145 O	146 O	145	151
Coconut oil, cif Rdm	745 S/O	745 S/O	665	643
Fishmeal,64/65%,Brem	1400 S	1423 S	1496	1521

#### CHINA, P.R.

**Imports** of 12 oilmeals declined by 4% from a year earlier to 0.4 Mn T in July. This was contrary to the boost by roughly 50% registered in the imports of 17 oils & fats to 1.2 Mn T. Imports of oilseeds increased by 5% from a year earlier, mainly on account of soybeans.

During Oct/July 2018/19 reduced crushings of soybeans and rapeseed & canola enforced sizably higher imports of vegetable oils as well as of oilmeals, with biggest increases occurring in palm oil, rapeseed oil, sunflower oil, soya oil, sunflower meal, palmkernel meal, rapeseed meal and fish meal.

**Exports of soya meal** were comparatively high at 110 Thd T in July, of which 87 Thd T to Japan. In Oct/July China still exported 747 Thd T of soya meal (against 900 a year earlier), of which 447 Thd T to Japan (against 530), 233 to the European Union (250), 17 to Vietnam and 15 Thd T to North Korea. More information about the July trade data will be given in the OIL WORLD WEEKLY of Aug 30.

#### CENTRAL & SOUTH AMERICA

**Combined palm oil exports** are now expected to fall short of a year earlier in April/Sept 2019 in Colombia, Ecuador, Guatemala, Honduras and Costa Rica.

There was a slight decline in total exports of these countries from a year earlier in April/June in contrast to an increase by roughly

100 Thd T in Oct/March. The decline occurred mainly in Ecuador and Colombia. Production has been lower than expected in June in Colombia and remained comparatively low also in July.

In Ecuador palm oil production is falling rapidly as a result of the bud-rot disease which has affected a large number of the oil palms in the country. For Ecuador we forecast palm oil production to plunge by approximately 160 Thd T or almost 30% from a year earlier in calendar year 2019. But in Guatemala, Honduras and Costa Rica palm oil exports continued to increase from a year earlier in April/June 2019.

#### Central & South America: Palm Oil Output (1000 T)

	Apr/June		Oct / June		
	2019	2018	18/19	17/18	16/17
Costa Rica ..	83*	77*	200*	182*	160*
Guatemala ..	215*	170*	689*	577*	539*
Honduras ...	165*	137*	529*	466*	442*
Colombia ...	412	401	1293	1195	1145
Ecuador ....	103*	162*	337*	450*	474*
Total .....	978	947	3048	2870	2760

#### Central & South America: Exports of Palm Oil

(1000 T)	April/June		Oct / June		
	2019	2018	18/19	17/18	16/17
<b>From :</b>					
Costa Rica .	69	59	168	146	113
Guatemala .	202	164	623	525	481
Honduras ..	126	94	425	336	331
Colombia ..	234*	268*	624*	651*	373*
Ecuador ...	35	86	143	232	262
Total .....	666	671	1983	1890	1559
<b>Thereof to:</b>					
EU-28 .....	397	331	1135	962	720
El Salvador .	24	25	79	77	75
Mexico ....	110	128	345	381	374
Nicaragua ..	11	14	33	34	35
Brazil .....	23	37	56	90	44
Venezuela .	13	15	73	52	65

For July/Sept 2019 we estimate palm oil exports of the five countries to decline to around 600 Thd T compared with 654 in comparable 2018.

## RUSSIA & UKRAINE

Frequent rainfall in August has supported overall good to excellent **sunflowerseed** crop prospects in many parts of Russia and Ukraine, raising chances that their combined production will match the 2018 record level or even slightly exceed it. Harvesting is still in its very early stages with only 1-2% collected as of Aug 27 in Russia and Ukraine.

Russian farmers have also already started **soybean** harvesting with 3% of the area done and 175 Thd T collected, implying an average yield of 1.9 T/ha (vs. 1.3 T/ha a year before). At the same time, harvesting of **rapeseed** progressed to 17% with 0.63 Mn T collected with an average yield of 2.3 T/ha (vs. 1.8).

In Ukraine most of this year's **rapeseed** crop is already harvested and a large part of it is presumably already marketed. Although yields fell short of the year-ago level owing to dryness and above-normal temperatures in June, production is estimated to have reached a new high in 2019.

Rapeseed shipments have progressed at a record pace so far this season, fuelled by strong EU import demand. In Aug 1-26 they reportedly reached around 750 Thd T, already exceeding any volume ever achieved in the full month of August, with 730-740 Thd T earmarked for crushings in the European Union.

**Ukrainian sun oil exports**, on the contrary, slowed down sharply to only around 300 Thd T during Aug 1-26 as recent very high prices have hurt demand. India, China and the EU reportedly took 80-90 Thd T each.

## REPUBLIC OF SOUTH AFRICA

This year's sunseed production estimate was raised further to 681 Thd T according to the 7<sup>th</sup> official crop estimate released on Aug 27, up from only 564 Thd T expected in February. The supply shortage is thus not as severe as assumed but the production decline of 21% from last year is still significant.

Processing of sunseed plunged by 123 Thd T or 40% on the year in April/July 2019. Given a supply decline of 180-190 Thd T, much of the required demand rationing has already been accomplished. We estimate crushings at a 4-year low of 720 Thd T in April/March 2019/20, assuming some imports and a significant reduction of stocks.

In contrast, soybean crushings increased by 23% since the start of the season in March. The net effect was a pronounced setback of South African veg. oil production.

Declining domestic production boosted South African sunflower oil imports to roughly 150 Thd T in Jan/July 2019, up from 69 Thd T a year ago. About 38 Thd T were imported from Bulgaria and 10-15 Thd T from Argentina in June/July.

#### REP. OF S. AFRICA : Sunseed Balance (1000 T)

	April / March				
	19/20F	18/19	17/18	16/17	15/16
Open'g stocks	95*	100*	135*	62*	83*
Crop .....	681	862	874	755	663
Imports .....	25*	3	2	72	36
Exports .....	1*	1	1	1	1
Crushings ...	720*	853	896	738	705
Other use ...	15*	16*	14*	15*	14*
Ending stocks	65*	95*	100*	135*	62*