

China cutting soybean oil purchases from the Black Sea region

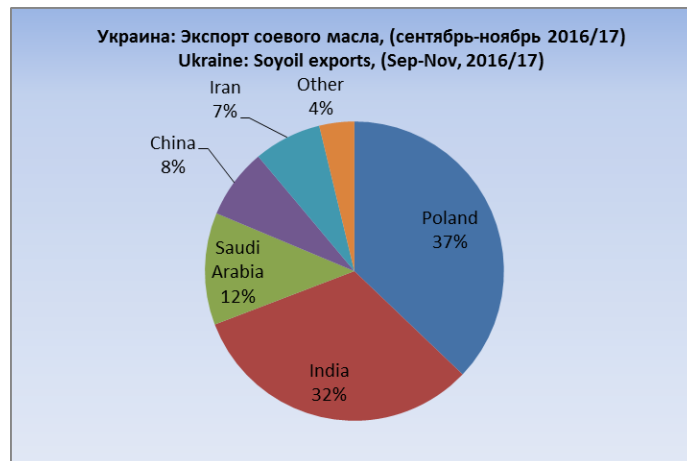
According to forecasts for MY 2016/17, China – the world’s top soybean oil consumer – will increase domestic use of this product. Apart from growth of own production, imports are also expected to rise. Now the Black Sea region does not play any key role in providing this country with soybeans. The first months of the current marketing year 2016/17 shows that China’s interest in Black Sea soybean oil has declined in favor of major South American and US suppliers.

Ukraine. Soybean oil exports from Ukraine reached 20.2 KMT in November 2016 against 7.6 KMT in September 2016 and 14.3 KMT in November 2015. This volume of exports is record high for the given time of year. Remarkably, only March 2015 exports (22.1 KMT) were greater than in November 2016.

Having built up outlet market capacity, Ukraine managed to export a record 41.5 KMT of soybean oil in the first three months of 2016/17 that is up 10% from the same period last year (37.8 KMT).



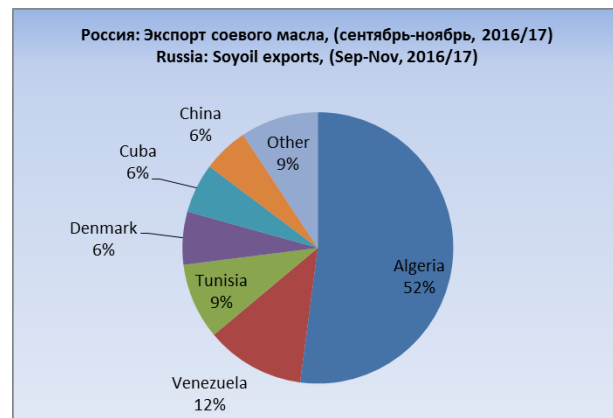
Poland remains the top importer of Ukrainian soybean oil this season. The country boosted purchases to 14.7 KMT (37% of total exports). At the same time, considerable gains are observed in supplies to India (12.7 KMT or 32%), Saudi Arabia (4.8 KMT or 12%) and Iran (2.9 KMT or 7%). These countries have become key importers now. China slashed soybean oil imports from Ukraine to 3.0 KMT against 22.3 KMT a year ago.



Russia. Russia exported roughly 24 KMT of soybean oil in November 2016 against 63.2 KMT in October 2016 and 13.3 KMT in November 2015. Although the pace of exports slowed down in November of the current season, foreign trade in the first three months of MY 2016/17 still showed an unprecedented result for this time of year: 126.7 KMT, or up more than 38% from last year. Strong demand from international consumers maintains the interest of crushers in soybeans and that of exporters in boosting foreign sales of soybean oil.

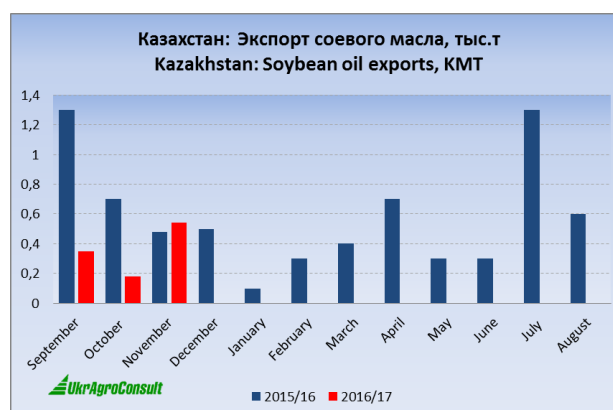


As before, the top importers of Russian soybean oil in September-November 2016/17 included Algeria (66 KMT or 52% of total exports), Venezuela (15 KMT or 12%) and Tunisia (11.5 KMT or 9%). It is worth noting that China almost halved soybean oil purchases from Russia (7 KMT or 6%). At the same time, Saudi Arabia joined the ranks of importers in November 2016: the first parcel of soybean oil was shipped to the country.



Kazakhstan. Kazakhstan, being an import-dependent country in the vegetable oils market, nevertheless supplies own products abroad. So, 0.54 KMT of soybean oil was exported in November 2016 against 0.18 KMT in October 2016. At the same time, November's exports were slightly higher than a year ago (0.48 KMT). Export shipments in the three months of 2016/17 (September-November) were more than halved to 1.07 KMT against 2.47 KMT in the fall of 2015.

The bulk of Kazakh soybean oil is supplied to neighboring Asian countries. The outlet market has narrowed this season: all the product was bought by Uzbekistan. Noteworthy is that China refused to purchase soybean oil from Kazakhstan in the current marketing year 2016/17.



UkrAgroConsult expects that growth of soybean production and crushing in the Black Sea countries will be able to restore China's interest in these markets in the future.

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