State of U.S. Soybean Crushing Industry & U.S. Soybean Meal Export Outlook

2019 S.E. Asia U.S. Agricultural Cooperators Conference

Thomas Hammer, President
National Oilseed Processors Association
Singapore
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Objectives

- Who We Are
- The “New NOPA”
- U.S. Soy Crush Industry
- S.E. Asia Market for Soybean Meal
- U.S. Soy Advantages
- U.S. SBM Export Outlook
- Questions & Comments
About NOPA

- Founded in 1930, the National Oilseed Processors Association is a national trade organization representing the U.S. soybean, canola, flaxseed, safflower seed and sunflower seed crushing industries.
- Our members include 13 companies that operate a total of 65 solvent extraction plants across 21 states and produce meal and oil used in human food, animal feed, fuel and industrial applications.
- Collectively, our members process 95 percent of all soybeans in the United States.
OUR PROMISE

Cultivating a thriving operating environment for the U.S. oilseed industry through advocacy and strategic collaborations
Our Model for Success

A thriving & sustainable U.S. oilseed operating environment

- **Collaboration**
  Develop relationships with other industry players that help strengthen the industry’s operating environment

- **Advocacy**
  Leverage the organization’s trade, legislative, and regulatory expertise to implement strategic actions

- **Organizational Effectiveness**
  Create value for members through agility and efficient operations
Soybean Components

80%

Meal

20%

Oil

Soybean Products

**Meal:**
- 97% feed *(poultry & livestock)*
- 3% food products *(i.e. protein alternatives & soy milk)*

**Oil:**
- 68% food processing *(e.g. for baking and frying; vegetable oil; as ingredients in salad dressing & margarine)*
- 25% fuel *(biodiesel, bioheat oil)*
- 7% industrial *(paints, plastics, cleaners)*

Source: United Soybean Board
NOPA Members’ Annual Soybean Crush
Marketing Years: 2001/02 – 2017/18 (000 BU)

NOPA Annual Soybean Crush (October- September)
NOPA Members’ Annual Softseed Crush

Marketing Year: 2001/02 – 2017/18 (M/T)

Canola, Flaxseed, Safflower & Sunflower Seeds

NOPA Annual Softseed Crush (October - September)

* Estimated Fourth Quarter for 2006/07

* Estimated Fourth Quarter for 2006/07

[Graph showing annual softseed crush from 2001/02 to 2017/18, with linear trend line superimposed]
U.S. Soymeal: Crush & Disappearance

(1,000 short tons)

Source: USDA/WASDE July 2018
U.S. Soybean Oil: Production & Disappearance

(million pounds)

Source: USDA/WASDE July 2019
U.S. Soymeal Usage by Livestock (2018)

- **Poultry**: 18.0 Million Metric Tons
- **Swine**: 8.2 Million Metric Tons
- **Beef**: 2.7 Million Metric Tons
- **Dairy**: 2.3 Million Metric Tons
- **Pet Food**: 0.7 Million Metric Ton
- **Other Feed**: 0.7 Million Metric Tons

**Total**: 32.6 Million Metric Tons

Source: Based on industry estimates, USB 2008 soymeal market study, USDA, NASS – ASA Soystats 2019
NOPA Members’ Annual Soybean Meal Exports
Market Years: 2001/02-2017/18 (M/T)

NOPA Annual Soybean Meal Exports (October-September)
Global Soybean Consumption
2000/01 – 2019/20 & Trend to 2029/30 (M/MT)

If Trend Continues World Will Need 80 to 100 M/MT of Additional Soybeans in a Decade

Source: John C. Baize & Associates
# Top 10 Export Markets for U.S. Soybean Meal
## January – December 2018
(Valued in Thousands)

<table>
<thead>
<tr>
<th>Export Markets</th>
<th>2018 Rank</th>
<th>Value</th>
<th>Quantity (M/T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>1</td>
<td>$887,675</td>
<td>2,164,098</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
<td>$671,423</td>
<td>1,765,982</td>
</tr>
<tr>
<td>Columbia</td>
<td>3</td>
<td>$477,604</td>
<td>1,221,918</td>
</tr>
<tr>
<td>Canada</td>
<td>4</td>
<td>$353,385</td>
<td>978,148</td>
</tr>
<tr>
<td>Vietnam</td>
<td>5</td>
<td>$303,840</td>
<td>760,814</td>
</tr>
<tr>
<td>Morocco</td>
<td>6</td>
<td>$205,014</td>
<td>525,912</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>7</td>
<td>$188,635</td>
<td>494,367</td>
</tr>
<tr>
<td>Guatemala</td>
<td>8</td>
<td>$169,620</td>
<td>430,008</td>
</tr>
<tr>
<td>Japan</td>
<td>9</td>
<td>$147,223</td>
<td>330,632</td>
</tr>
<tr>
<td>Spain</td>
<td>10</td>
<td>$135,940</td>
<td>354,736</td>
</tr>
<tr>
<td><strong>TOTAL EXPORT TOP TEN</strong></td>
<td>-</td>
<td>$3,540,359</td>
<td>9,026,615</td>
</tr>
<tr>
<td><strong>TOTAL EXPORT ALL COUNTRIES</strong></td>
<td>-</td>
<td>$5,121,587</td>
<td>12,935,534</td>
</tr>
</tbody>
</table>

Source: USDA/FAS-3/152019
## Top 10 Export Markets for U.S. Soybean Oil
### January – December 2018
#### (Value in Thousands)

<table>
<thead>
<tr>
<th>Export Markets</th>
<th>2017 Rank</th>
<th>Value</th>
<th>Quantity (M/T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Korea</td>
<td>1</td>
<td>$213,740</td>
<td>287,809</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
<td>$128,740</td>
<td>149,565</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>3</td>
<td>$106,977</td>
<td>142,684</td>
</tr>
<tr>
<td>Columbia</td>
<td>4</td>
<td>$99,983</td>
<td>128,684</td>
</tr>
<tr>
<td>Peru</td>
<td>5</td>
<td>$69,645</td>
<td>93,051</td>
</tr>
<tr>
<td>Guatemala</td>
<td>6</td>
<td>$56,973</td>
<td>75,475</td>
</tr>
<tr>
<td>Venezuela</td>
<td>7</td>
<td>$35,452</td>
<td>48,857</td>
</tr>
<tr>
<td>Canada</td>
<td>8</td>
<td>$24,224</td>
<td>21,802</td>
</tr>
<tr>
<td>Jamaica</td>
<td>9</td>
<td>$20,809</td>
<td>27,013</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>10</td>
<td>$12,182</td>
<td>15,737</td>
</tr>
<tr>
<td><strong>TOTAL EXPORT TOP TEN</strong></td>
<td>-</td>
<td><strong>$768,960</strong></td>
<td><strong>990,376</strong></td>
</tr>
<tr>
<td><strong>TOTAL EXPORT ALL COUNTRIES</strong></td>
<td>-</td>
<td><strong>$883,451</strong></td>
<td><strong>1,116,679</strong></td>
</tr>
</tbody>
</table>

*Source: USDA/FAS – 3/15/2019*
S.E. Asia’s Protein Demand Soars

- S.E. Asia expanding population and increasing incomes, urbanization, and retail sectors contribute to rising meat consumption and growing imports of feedstuffs, including soybean meal.

- Over the next decade, the region is projected to become fastest growing importer of soybean meal for livestock feed and surpass the European Union as the largest importer by 2022.

- Increasing poultry and pork consumption and production are driving the rise in soybean meal imports, along with the region’s limited capacity to crush whole soybeans.

Source: USDA/ERS, Southeast Asia’s Growing Meat Demand and its Implications for Feedstuffs Demand, April 01, 2019
S.E. Asia’s Soybean Meal Imports...

- More than tripled from 2000-2018
- Projected to account for 43% of increase in world soybean meal trade by 2028
- Projected to account for almost one-third of the global soybean meal import market share by 2028

Source: USDA/ERS, Southeast Asia’s Growing Meat Demand and its Implications for Feedstuffs Demand, April 01, 2019
Southeast Asia’s protein demand soars – Soybean meal imports

Million metric tons

Note: 2019 through 2028 data are projections.
Source: USDA, Office of the Chief Economist, USDA Agricultural Projections to 2028
# U.S. Soybean Meal Exports - Key Markets in S.E. Asia

[Million Metric Tons]

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>TOTAL IMPORTS 2017/18</th>
<th>IMPORTS FROM U.S.</th>
<th>U.S. MARKET SHARE</th>
<th>MARKET ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIETNAM*</td>
<td>4.800</td>
<td>0.641</td>
<td>13.0%</td>
<td>GROWING</td>
</tr>
<tr>
<td>INDONESIA*</td>
<td>4.400</td>
<td>0.232</td>
<td>5.5%</td>
<td>GROWING</td>
</tr>
<tr>
<td>THAILAND*</td>
<td>3.191</td>
<td>0.507</td>
<td>18.2%</td>
<td>GROWING</td>
</tr>
<tr>
<td>PHILLIPINES*</td>
<td>2.750</td>
<td>2.152</td>
<td>80.8%</td>
<td>GROWING</td>
</tr>
<tr>
<td>MALAYSIA**</td>
<td>1.525</td>
<td>0.032</td>
<td>2.1%</td>
<td>GROWING</td>
</tr>
</tbody>
</table>

Source: *USSEC: Market Snapshots, February 2019  
** U.S. Census Export Data
U.S. Soy Advantages

- Exceptional Composition
- Unapparelled Nutritional Bundle
- Reliable Supply
- Consistent Delivery
- Transportation Advantages
- Assurance of Product Quality
- Confidence in Claims Process
- Sustainable U.S. Soy (SUSS) Certification

USSEC supports our global purchasers by providing on-the-ground trade servicing and day-to-day technical support

QUALITY

- Excellent
- Good
- Average
Factors Influencing U.S. Soybean Meal Exports

- China, China, China…
- Trade Agreements – USMCA, Japan, European Union, etc.
- 1st & 2nd Rounds of USDA Trade Mitigation Programs (USSEC)
- Record U.S. soybean carry-out this year
- Size, quality & timing of the U.S. Soybean Crop
- African Swine Fever – China, Vietnam, Cambodia,??
  - Keep U.S. free from ASF
  - U.S. exports of meat/poultry products to fill voids
- Additional crush capacity in U.S.
- Developments in Argentina & Brazil
- U.S. Political Landscape leading up to 2020

Never been more significant, unpredictable & uncontrollable factors impacting global soybean markets than today!
USSEC Provides World Class Services to the Customers of U.S. Soy

- NOPA members export soybean meal and soybean oil to our global customers.

- USSEC, our trusted partner, through its international network of 120 expert associates provides our global customers with technical services and trade-servicing support to further enhance the value of our soy products.

- NOPA is engaged in many robust collaborative projects with USSEC.
Questions or Comments...
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