Global soybean and vegetable oil market: volatility and climate redefine strategies in 2026

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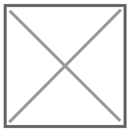
The global soybean and vegetable oil market is a critical sector in the agricultural and food industries, playing a pivotal role in global trade, nutrition, and economic development. Soybean oil, a key product in this market, is widely used in cooking, food processing, and as a biofuel, while other vegetable oils like palm, sunflower, and canola oil also contribute significantly to the market's diversity and demand.

The market is influenced by various factors, including global production levels, trade policies, consumer preferences, and environmental concerns. With the growing demand for healthier and sustainable food options, the market has seen a shift towards non-GMO and organic soybean oil, as well as the development of alternative vegetable oils. Additionally, the market is impacted by fluctuating weather patterns, which affect crop yields, and geopolitical tensions, which can disrupt supply chains.

As countries strive to meet the increasing demand for vegetable oils while addressing sustainability challenges, innovations in agricultural practices, biotechnology, and supply chain management are becoming increasingly important. This dynamic and evolving market continues to shape global food security, economic growth, and environmental sustainability, making it a vital area for both industry stakeholders and policymakers. **Hedgepoint Global Markets** specializing in providing tailored solutions for global markets and investment strategies shares its strategic observations.

Brazil: record harvest and climate risks

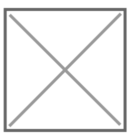
Brazil is heading for a record harvest of 178 million tons, despite the initial delay in planting and the climate risk associated with La NiÃ±a (approximately 69% probability of being active by January). Exports should close 2024/25 at 109 million tons, supported by Chinese demand.



Low domestic margins limit crushing and put pressure on premiums, while marketing remains slow (only 25% of the new crop sold). The delay in planting could shift Chinese demand to the US by the end of January. "Brazil has the potential to consolidate its leadership, but the weather and slow marketing require strategic attention," says Luiz Fernando Roque, Market Intelligence Coordinator at Hedgepoint Global Markets.

Argentina: leading role in derivatives

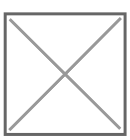
Argentina surprised with high exports in 2024/25 (estimated at 12 million tons), benefiting from Chinese demand and temporary tax cuts. For 2025/26, a smaller area and lower production (48.5 million tons) are expected, but the country should maintain its leading position in exports of bran (around 30 million tons) and oil (around 7 million tons).



"Argentina is strengthening its position in the derivatives market, even with lower grain production. Competition with Brazil and the US will be intense," says Luiz Fernando Roque.

China: robust demand, but tight margins

China continues to drive global demand, projecting record imports of 112 million tons and an increase in crushing to 108 million tons. However, the strategy of high stocks (approximately 44 million tons, guaranteeing four months of consumption) reduces the urgency of purchases. Negative crushing margins and port stocks at historic highs limit the pace of demand. Recent purchases of American soy indicate a political rather than an economic movement, since US soy remains less competitive than Brazilian and Argentinian soy.



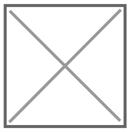
"China remains a key player in the global balance, but its policy of tight stocks and margins could change the pace of purchases, impacting prices and premiums," he says.Â

United States: lower production, but record crushing

The US harvested a smaller crop than expected, revised to 115.8 million tons, due to a reduction in the area planted, despite record productivity. Exports fell to 44.5 million tons, around 7 million below the previous year, reflecting the absence of China until October. On the other hand, crushing remains strong, supported by bran and oil exports and the expectation of changes in biofuels policy (EPA proposal).

If approved, this could reduce oil stocks and raise domestic prices. Chicago broke through the US$ 11.30-11.40/bu range, with room to reach US$ 12/bu. "The US market is showing resilience in crushing, but depends on China to sustain exports. The EPA's proposal could be a watershed for prices and margins," he says.

Soybeans - USA - Production (M ton), Harvested Area (M ha) and Productivity (ton/ha)



Palm Oil - Indonesia and Malaysia: stability with logistical risks

Indonesia and Malaysia continue to be global leaders, with a tendency to increase production and exports in 2025/26. India and China should increase imports, while La NiÃ±a could affect logistics in Southeast Asia (possible above-average rainfall). The spread between soybean oil and palm oil has narrowed again, reducing the competitiveness of the palm by-product. Any logistical disruption can generate volatility in prices and spreads. "The palm oil market appears stable, but logistical risks and changes in spreads could generate global volatility," says the analyst.