



**NOVEMBER 1H
2020**

MARKET REPORT

 **LIPSA**

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1.1 EVOLUTION OF REFERENCE MARKETS

		30/10/2020	18/11/2020	Unidad	Dif	Dif %
Crude Palm Oil (Feb)	FOB MALASYA	3011	3364	MYR/ MT	353	11,7%
Crude Palm Oil (Feb)	CIF RDM	765	910	USD/ MT	145	19,0%
CCNO Phil/Indo (Feb/Mar)	CIF RDM	1175	1580	USD/ MT	405	34,5%
CPKO (Feb/Mar)	CIF RDM	910	1235	USD/ MT	325	35,7%
Crude Sunflower Oil (Jan/Feb/Mar)	FOB 6 PORTS	1000	1195	USD/ MT	195	19,5%
Crude Rape Oil (Feb/Mar/Apr)	FOB DUTCH MILL	754	860	€/MT	106	14,1%
Crude Soya Oil (Feb/Mar/Apr)	FOB DUTCH MILL	750	830	€/MT	80	10,7%
EUR/USD	SPOT	1,1647	1,1864		0,0217	1,9%
USD/MYR	SPOT	4,151	4,0850		-0,0660	-1,6%
Brent Crude	SPOT	37,46	44,7	US \$/ BRL	7,2	19,3%
Gas Oils	SPOT	305	363	US \$/ MT	58,0	19,0%

Strong rises in prices of all vegetable oils during the first half of November. Productions below expectations, strong demand from China and improved crude and diesel prices as the main reasons. The oil complex is in a very tight situation in the short term

1.2 EVOLUTION OF REFERENCE MARKETS



Tropical oils continued the uptrend during the first fortnight of November. **Lauric oil prices have reacted very strongly to the low supply of coprah.**

1.3 EVOLUTION OF REFERENCE MARKETS



Soybean oil continues very firm, acting as a support of prices of the rest of oils.
Rapeseed oil has only partially accompanied the firmness of sunflower and soybean oils.

2. BIOFUELS



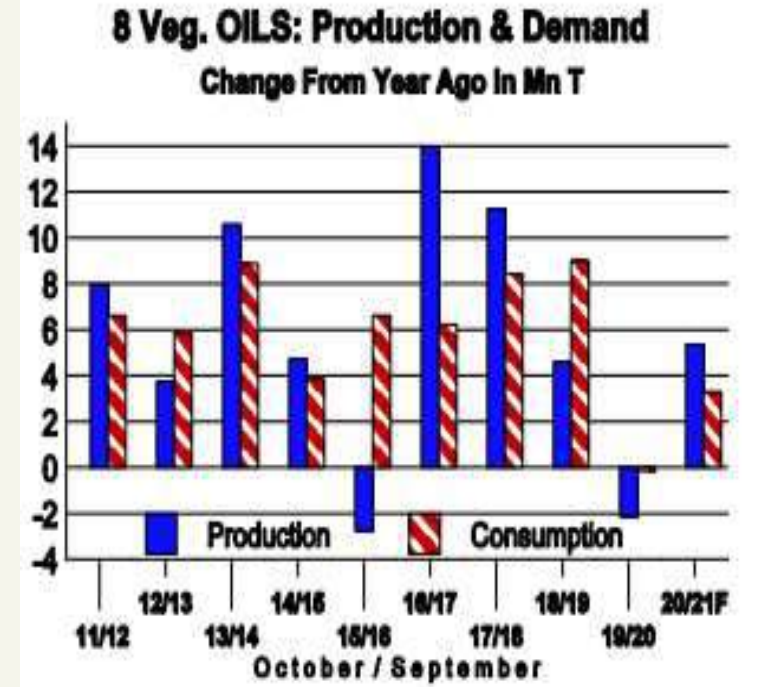
After touching \$36, crude oil reacted to promising news about the effectiveness of some vaccines in the fight against COVID-19.

Rises of more than 23% in the first half of November show market optimism about a recovery in demand, although it still seems premature.

3. OILS AND FATS SUPPLY & DEMAND



8 VEGETABLE OILS: World Balance (Mn T)					
	October / September				
	20/21F	19/20	18/19	17/18	16/17
Op'g stocks	27.58*	28.93	28.91	25.08	24.15
Production	202.40*	197.05*	199.18	194.57	183.29
<i>Change</i>	+2.7%	-0.7%	+2.4%	+6.2%	+8.2%
Imports	89.16*	88.36*	89.52	81.79	81.43
Exports	89.14*	88.06*	89.82	82.68	82.28
Consumption	202.00*	198.70*	198.85	189.86	181.51
<i>Change</i>	+1.7%	-0.1%	+4.7%	+4.6%	+3.5%
End'g stocks	28.00*	27.58*	28.93	28.91	25.08
<i>Stocks/use ratio</i>	13.9%	13.9%	14.5%	15.2%	13.8%



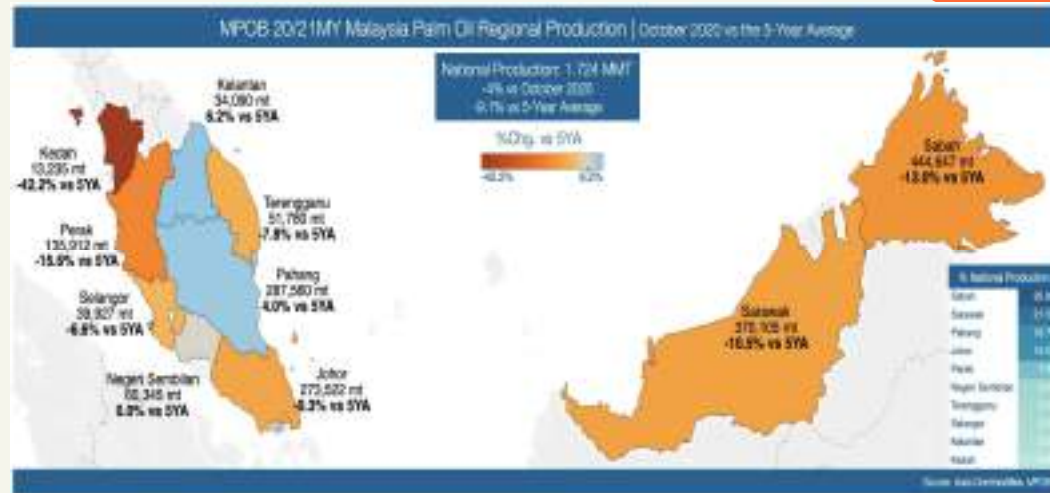
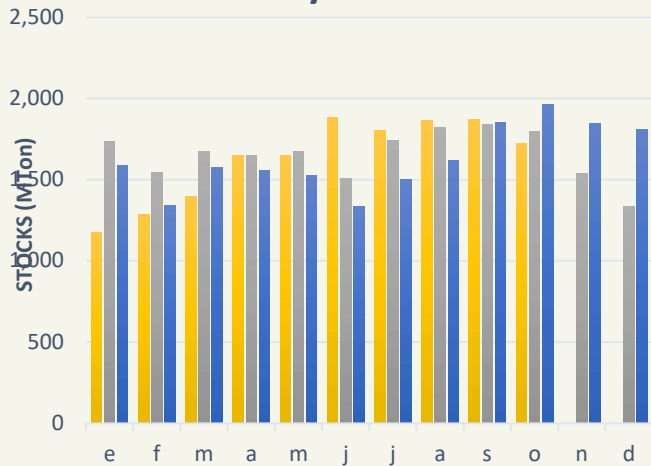
The prices of various oils are at its highest in recent years due to:

- low stock levels
- production that seems insufficient for campaign 20/21
- farmer selling in major producing countries and
- expectations of recovery in oil demand

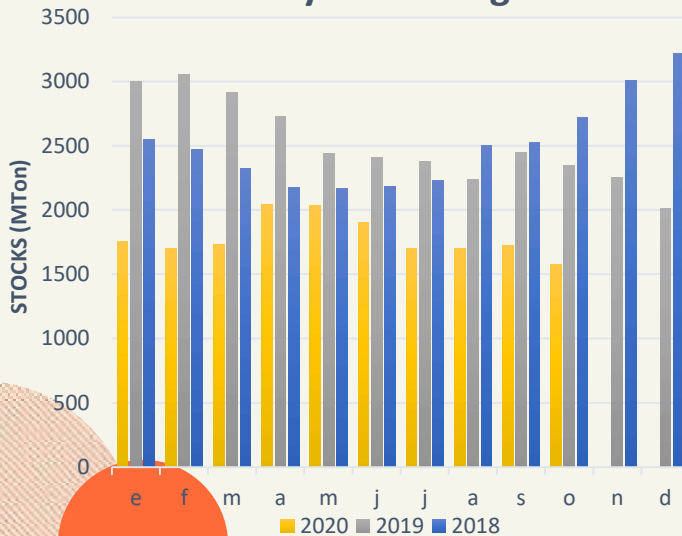
4.1 PALM OIL: Malaysia



Malaysia: Production



Malaysia: Ending Stocks



MPOB: Malaysia October 2020 data ACTUAL

	Oct 2020 (in million tons)	% change from Sept
Production	1.724	-7.75
Palm Oil Imports	0.045	-5.96
Exports	1.673	3.84
Biodiesel Exports	0.023	-42.57
Local Disappearance	0.244	-15.00
End Month Stocks	1.573	-8.63

Production in October suffered a fall of 7.75% vs. September. In Jan-Oct production was 3.97% below the previous year, and 2020 is expected to end between 19.3-19.5 MTs. Stocks in Malaysia were announced at 1.57 MTs, the lowest in 40 months and 33% below the previous year

4.2 PALM OIL: Global balance

	ene-20	feb-20	mar-20	abr-20	may-20	jun-20	jul-20	ago-20	sep-20
Opening stock	4.596	4.516	4.043	3.382	3.372	3.534	3.947	3.618	4.362
Production	3.806	3.606	3.577	4.044	3.969	4.503	4.225	4.804	5.189
Import	4	3	0	0	0	6	3	5	4
Export - CPO	699	524	644	611	535	675	656	510	518
Export - Refined products, lauric oil, oleo-chems and biodiesel	1.695	2.014	2.083	2.039	1.934	2.092	2.472	2.174	2.245
Total Exports (CPO, Lauric oil and Biodiesel)	2.393	2.537	2.727	2.650	2.468	2.767	3.129	2.683	2.764
Domestic consumption	1.434	1.547	1.511	1.403	1.300	1.331	1.428	1.381	1.448
Ending Stock	4.519	4.043	3.382	3.373	3.534	3.946	3.618	4.362	5.344

GAKPI data for Indonesia in September were better than expected, with a strong stock recovery.

The global situation remains very tense. A productive recovery is expected for next year as a result of the good rains that La Niña is causing in Indonesia and Malaysia, although the recovery in demand may neutralize some of this increase.

	20/21F	19/20	18/19
Op'g stocks	12.50*	14.87	14.62
Production	77.89*	73.47	77.93
Indonesia	45.28*	42.05*	44.23
Malaysia	19.70*	19.25	20.81
Imports	53.31*	50.95	55.28
EU-28	8.27*	8.32*	8.68
China, P.R. . . .	6.66*	6.84	6.89
India	8.70*	7.68	10.04
Pakistan	3.27*	3.23	3.09
Exports	53.43*	50.66	55.02
Indonesia	29.83*	27.59	30.15
Malaysia	17.10*	17.21	18.36
Consumption	77.31*	76.14	77.94
Indonesia	15.26*	15.10*	14.65
India	8.84*	8.48*	10.18
EU-28	8.20*	8.35*	8.51
China, P.R. . . .	6.62*	6.96*	6.53
End'g stocks	12.95*	12.50	14.87
Indonesia	5.10*	4.90*	5.52
Malaysia	2.00*	1.72	2.45
China, P.R.70*	.67*	.81
India98*	.84*	1.37
Stocks/usage	16.8%	16.4%	19.1%

5. LAURIC OILS



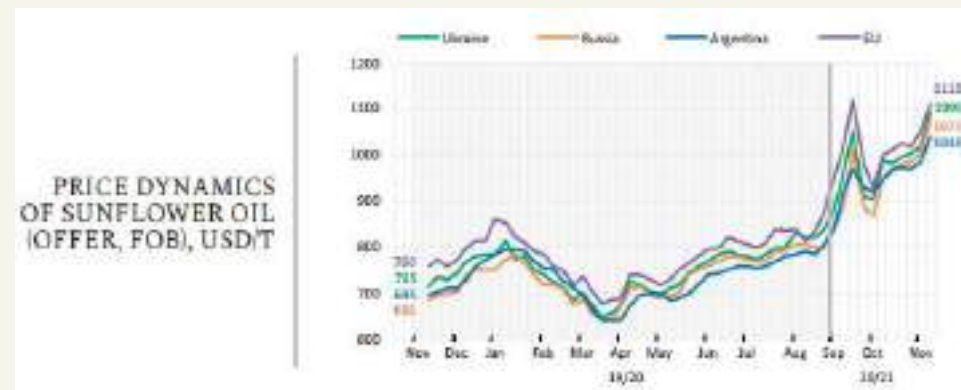
The last typhoons in the Philippines caused a decrease in the already low supply of coprah, especially typhoon Goni of November 1, which affected about 500,000 ha. of production, equivalent to 10-15% of the total.

Strong rises in the last days in coconut oil that palmkernel oil accompanied only partially, so the spread between the two oils continued to rise during November. **We expect a tight supply of coconut for the remainder of the year and first quarter of 2021.**

6. SUNFLOWER OIL

SUNSEED: World Supply & Demand (Mn T)				
	20/21F	19/20	18/19	17/18
Open'g stocks	3.53	3.50	3.33	3.60
Production	50.54*	55.76	52.04	49.10
EU-28	8.87*	9.48	9.48	10.06
Russia	13.00*	15.38	12.76	11.00*
Ukraine	14.50*	16.50*	15.25*	13.40*
Rep. of S. Africa	.79*	.79	.68	.86
U.S.A.	1.27	.89	.96	.97
Argentina	2.90*	3.15*	3.53*	3.40*
Turkey	1.55*	1.70*	1.53*	1.70*
Total supplies	54.07*	59.26	55.37	52.70
Crush (Sept/Aug)	45.71*	50.53	46.85	44.40
Other use	5.26*	5.20	5.02	4.97
End'g stocks	3.10*	3.53	3.50	3.33
EU-28 (July 31)	.74*	.90	.85	.89
Russia & Ukraine	.40*	.48*	.72*	.43*
Argentina (Sep 30)	.95*	1.16*	.98*	.99*
Other countries	1.01*	.99*	.97	1.02
Stocks/usage	6.1%	6.3%	6.7%	6.7%

SUNSEED OIL : World Balance (1000 T)					
	Oct Sept 20/21E	Oct Sept 19/20	Oct Sept 18/19	Oct Sept 17/18	
Stocks/Usage(b)	12.9%	14.4%	14.4%	15.7%	16.8%



World harvest practically made, except for Argentina. More than 5.2 MTs of sunflowerseeds and 2.6 MTs of oil are lost. The Stock/Consumption ratio is at minimums of at least 5 years.

SFO prices in 7-year highs. Rationalization of demand will be inevitable, so the price of sunflower oil should be high enough vs the rest of the oils to switch demand to other oils.

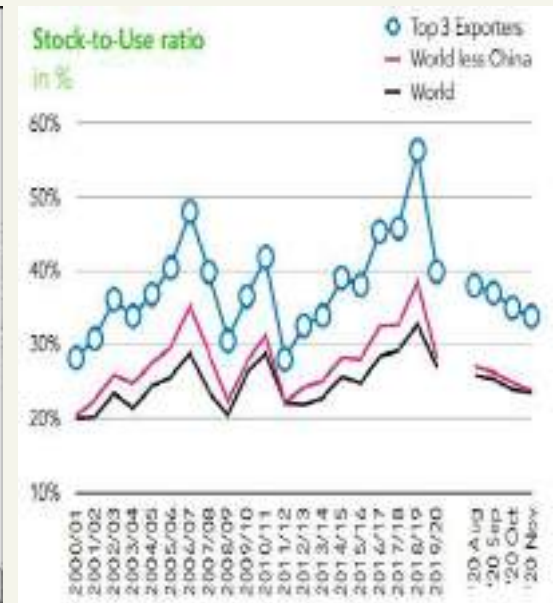
7.1 SOYBEAN OIL



SOYBEANS : World Supply and Demand (Mn T)

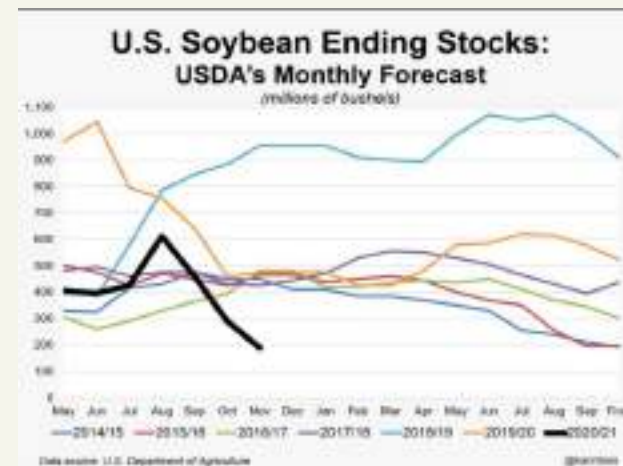
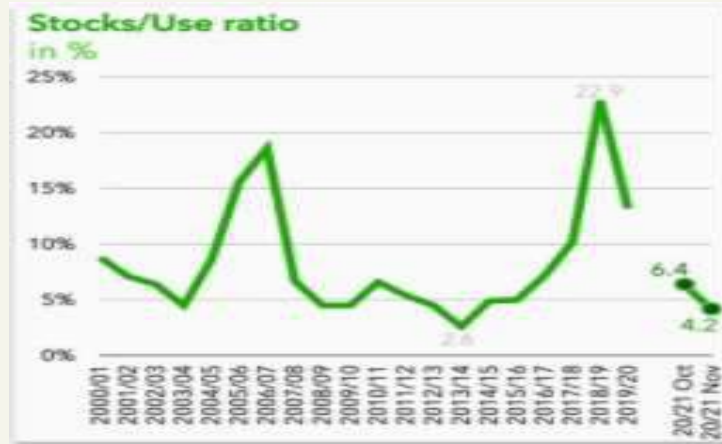
	20/21F	19/20	18/19	17/18
Opening stocks	97.10	111.00	93.42	93.77
Production	361.75*	338.30	360.99	343.25
<i>N. Hemisphere</i>	<i>163.57*</i>	<i>144.53</i>	<i>169.60</i>	<i>168.58</i>
EU-28	2.71*	2.75	2.85	2.68
Russia&Ukraine	8.10*	9.20*	8.83*	8.12*
Canada	6.14	6.15	7.42	7.72
U.S.A.	113.50	96.67	120.51	120.07
China, P.R.	17.90*	15.97	14.34	16.66
India	9.80*	8.50*	10.50*	8.30*
<i>S. Hemisphere</i>	<i>198.18*</i>	<i>193.77</i>	<i>191.39</i>	<i>174.67</i>
Argentina	49.50*	49.60*	54.30*	34.80*
Brazil	131.00*	126.50*	120.75*	123.38*
Paraguay	10.00*	10.55	8.52	9.95*
Uruguay	2.50*	2.35*	2.95*	1.50*
Total supply	458.85*	449.30	454.41	437.02
Crush (Sept/Aug)	321.23*	309.09	301.76	302.89
Other use	44.10*	43.11	41.65*	40.71
Ending stocks	93.52*	97.10	111.00	93.42
U.S.A. Aug 31	5.00*	14.25	24.74	11.92
Argentina Aug 31	36.50*	33.20*	32.90*	23.60*
Brazil Aug 31	24.45*	22.45*	36.08*	35.42*
Other countries	27.57*	27.20*	17.28*	22.48*
Stocks/usage	25.6%	27.6%	32.3%	27.2%

2020/21 in MMT	USDA Nov 2020	Avg estimate	Estimate range	USDA Oct 2020	USDA 2019/21	Nov 20 vs Est. in MMT	Nov 20 vs Est. in %	Nov 20 vs Last Month in MMT	Nov 20 vs Last Month in %	Nov 20 vs Last Year in MMT	Nov 20 vs Last Year in %
Soybeans	86.52	87.44	84.00 - 89.00	88.70	95.34	-0.92	-1.1%	-2.18	-2.5%	-8.82	-9.3%



The latest USDA Report was very bullish: lower bean production than expected in the US. Global Supply&Demand would be the tightest of the last 8 campaigns, even with an optimistic production estimate for South America. In addition, 38% of the world's stocks are in Argentina, where Farmer selling is almost zero.

7.2 SOYBEAN OIL



The S&D in the US for campaign 20/21 is expected to be very tight. In Brazil, Government has eliminated tariffs throughout the soybean complex to alleviate local scarcity until the new harvest.


U.S.A.: Soybean Supply & Demand Balance (Mn T)

	September / August				
	20/21F	19/20	18/19	17/18	16/17
Op. stocks	14.25	24.74	11.92	8.21	5.35
Crop	113.50	96.67	120.51	120.07	116.93
Imports	.57*	.45	.42	.62	.63
Exports	60.50*	45.69	47.83	58.23	59.07
Crushings	59.87*	58.91	56.93	55.93	51.74
Other use	2.94*	3.02	3.35	2.82	3.89
End. stocks	5.00*	14.25	24.74	11.92	8.21
Stocks/usage	4.1%	13.2%	22.9%	10.2%	7.2%

China's demand is very strong and there is a high risk to Argentina's production mainly, but also in southern Brazil, Uruguay and Paraguay due to La Niña, in a year where the oil complex is most dependent on soybeans.

Prices appear to be sustained in the short term

8.1 RAPESEED OIL



Rapeseed (Mt)	2019/20		2020/21		
	July-June	02/10/20	06/11/20	02/10/20	06/11/20
carry-in		9.1	9.1	6.4	6.4
production		69.6	69.6	70.0	70.8
trade		15.8	15.8	16.3	16.0
crush		68.8	68.7	69.6	69.4
other cons.		3.5	3.6	2.5	2.8
carry-out		6.4	6.4	4.3	5.1
stock/use ratio		8.9%	8.9%	6.0%	7.0%

Production in Canada is estimated slightly better than last month, although final stocks for 20/21 might be the lowest in 4 campaigns.

In Ukraine, the total area decreases by about 210,000 ha. The harvest in Australia is in progress. **The global Stock/Consumption ratio looks better than in the previous GS estimate, although it is still very tight**

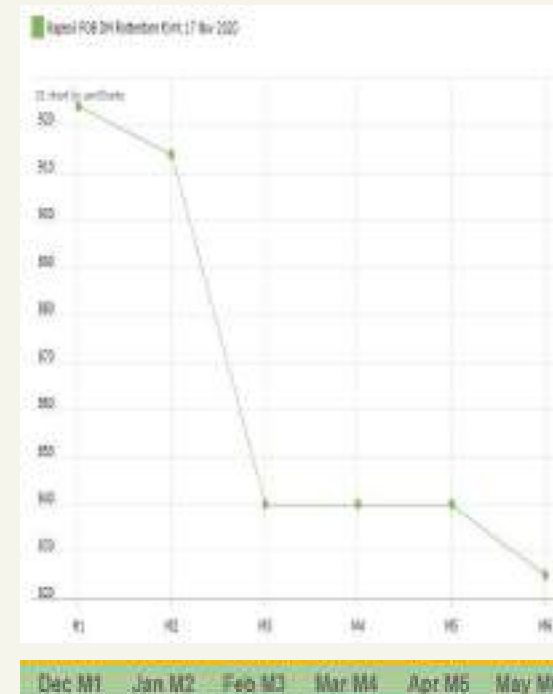
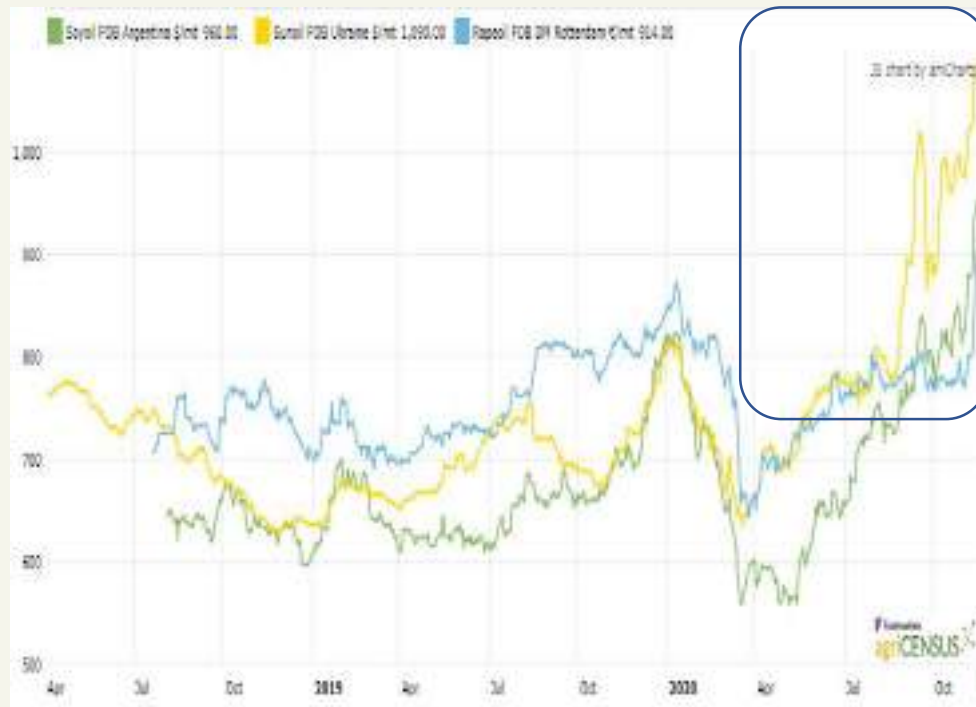
EU- 28 : Rapeseed Supply & Demand (Mn T)

	20/21F	July / June		
		19/20	18/19	17/18
Opening stocks	1.28*	2.05	2.20	1.29
Output	17.00*	17.19	20.06	21.96
Imports	6.33*	5.98	4.29	4.24
<i>thereof: Ukraine</i>	2.17*	2.87	2.17	1.73
<i>Canada</i>	2.06*	2.03	.42	.47
<i>Australia</i>	1.92*	.86	1.44	1.86
Exports	.02*	.03	.06	.13
Crushings	22.83*	23.20*	23.62	24.19
Other use	.71*	.72*	.81	.97
Ending stocks	1.05*	1.28*	2.05	2.20

In Europe, another poor harvest increases import needs. **Again China is buying rapeseed in Europe.**

Relaxation or hardening of confinement measures and their effect on diesel demand will be critical in the short term.

8.2 RAPESEED OIL



To the very tight balance sheet described above, we add the support from the rest of the vegetable oils and the improvements in prices of the energy sector. **Rapeseed has not been able to fully accompany the improvements in the price of soybean and sunflower oils, so today it looks very competitive.**

If demand for diesel improves and there is an expected shift in demand towards rapeseed, the spread could return to values more similar to the historical ones. **80 €/ton reverse shows the lack of offer for the short term.**



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