



MARKET REPORT

JANUARY 2021

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1.1 Evolution of reference markets

		31/12/2021	02/03/2021	Unidad	Dif	Dif %
Crude Palm Oil (Abril)	FOB MALASYA	3600	3335	MYR/ MT	-265	-7,4%
Crude Palm Oil (AMJ)	CIF RDM	925	865	USD/ MT	-60	-6,5%
CCNO Phil/Indo (May/Jun)	CIF RDM	1490	1390	USD/ MT	-100	-6,7%
CPKO (May/Jun)	CIF RDM	1360	1263	USD/ MT	-98	-7,2%
Crude Sunflower Oil (Mar)	FOB BLACK SEA	1220	1290	USD/ MT	70	5,7%
Crude Rape Oil (May/Jun/Jul)	FOB DUTCH MILL	821	885	€/MT	64	7,8%
Crude Soya Oil (May)	FOB ARGENTINA	940	942	USD/ MT	2	0,2%

- Tropical oils have started the year with a significant correction in prices, after ending 2020 at multi-year highs.
- Seed oils, especially sunflower and rapeseed continued the upward trend that began in the second quarter of the previous year.

SOURCE: REUTERS

1.2 Evolution of reference markets



Continued strength in sunflower and canola, despite the "break" in CPO price. Soybeans made a price correction following the end of the strikes in Argentina, but in spite of better weather in Argentina over the last few days, the delayed harvest in Brazil, the tight situation expected for the US until the new season and the slow Farmer selling of producers in Argentina have influenced prices to remain firm. CPO prices are heavily influenced by fiscal and trade policies in Indonesia and India.

SOURCE : REUTERS

1.3 Evolution of reference markets



Tropical oils, palm, palm kernel and coconut, have seen their values correct so far this year, after ending 2020 at record highs. The spread between CNO - PKO has narrowed sharply. Like CPO, the PKO market is in a strong inverse, a situation that doesn't happen in CNO.

SOURCE: REUTERS

2. Crude oil and USD

Bloomberg Commodity Index and Dollar Index

Source: S&P



Despite some temporary profit taking, the dollar has continued to weaken against other currencies, favoring commodities in general.

Crude Oil Brent

Feb 1 0:57:05 H:58.94 L:57.58 C:58.70 V:145.80K

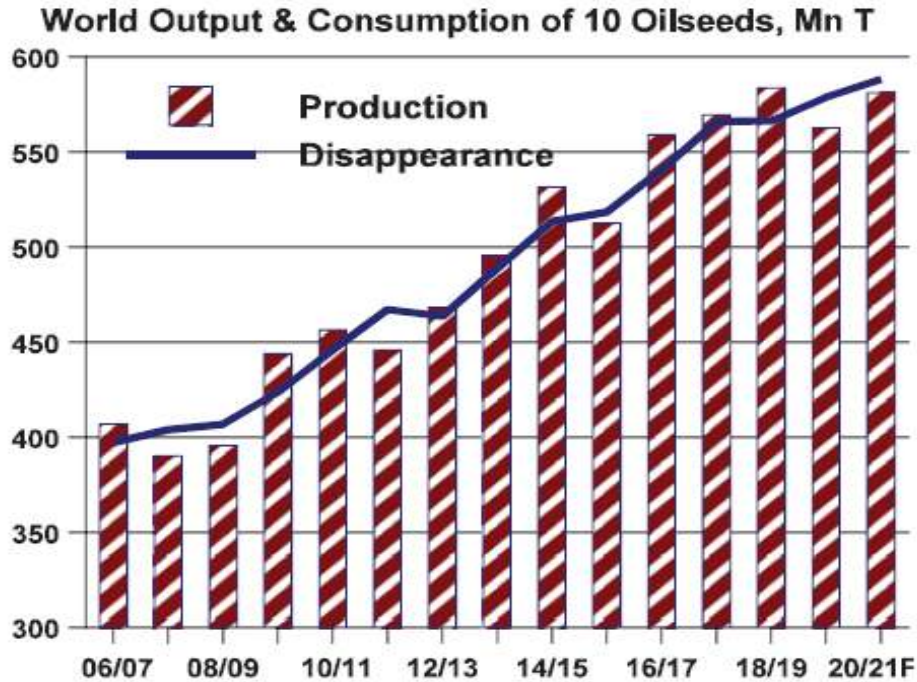
+1.24 (2.16%)



Oil at 11-month highs supports vegetable oils in their use for biodiesel production.

SOURCE: FINVIZ

3. Oilseeds and oils balance



Oilseed stocks are at 5-year lows, due to a production deficit for the second consecutive year.

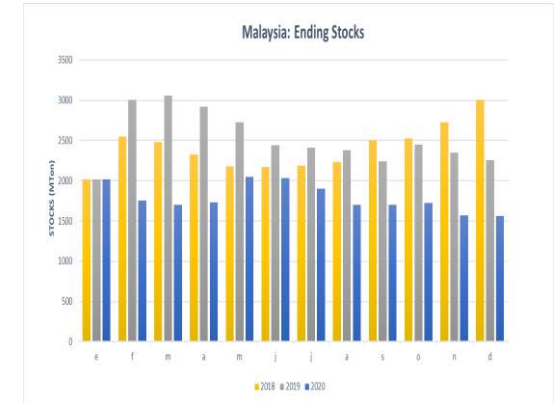
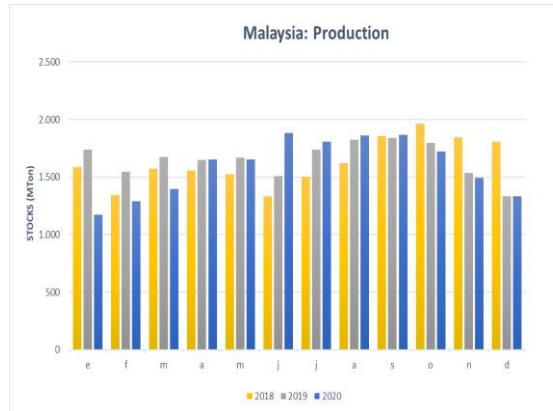
8 VEGETABLE OILS: World Balance (Mn T)

	October / September				
	20/21F	19/20	18/19	17/18	16/17
Op'g stocks	27.34*	29.09	28.93	25.11	24.15
Production	201.80*	197.13*	199.33	194.52	183.29
<i>Change</i>	+2.4%	-1.1%	+2.5%	+6.2%	+8.2%
Imports	88.14*	87.76*	89.46	81.75	81.43
Exports	88.22*	87.68*	89.83	82.69	82.28
Consumption	201.33*	198.97*	198.81	189.76	181.48
<i>Change</i>	+1.2%	+0.1%	+4.8%	+4.6%	+3.5%
End'g stocks	27.73*	27.34*	29.09	28.93	25.11
<i>Stocks/use ratio</i>	13.8%	13.7%	14.6%	15.2%	13.8%

The vegetable oil situation is expected to be tight again for the 20/21 season, despite a slow recovery in demand. Low initial stocks coupled with 2 years of higher growth in consumption than in production prevent a clear recovery.

SOURCE: OILWORLD

4.1 Palm oil



SPPOMA 1-31 Jan 2021 vs. 1-31 Dec 2020

FFB yield	: -10.09%
OER	: -0.89%
Production	: -14.00%

Malaysia 1-31 Jan 2021 vs. 1-31 Dec 2020 export (in mt)

ITS	: 1,059,222 vs. 1,685,958 (-626,733 or down 37.17%)
AMSPEC	: 1,089,702 vs. 1,709,084 (-619,382 or down 36.24%)
SGS	: 1,103,618 vs. 1,624,757 (-521,139 or down 32.07%)

INDONESIA: Export Taxes and Levies (US-\$ per Tonne)

CPO ref. price	Feb 2021			Jan 2021			Dec 2020		
	Tax	Levy	Total	Tax	Levy	Total	Tax	Levy	Total
Crude palm oil	93.0	255.0	348.0	74.0	225.0	299.0	33.0	180.0	213.0
RBD palm olein	40.0	202.5	242.5	26.0	177.5	203.5	2.0	140.0	142.0
RBD palm stearin	25.0	192.5	217.5	15.0	167.5	182.5	0.0	130.0	130.0
PFAD	28.0	212.5	240.5	13.0	187.5	200.5	0.0	150.0	150.0
Crude palm kernel	116.0	255.0	371.0	95.0	225.0	320.0	49.0	180.0	229.0
Biodiesel	1.0	192.5	193.5	0.0	167.5	167.5	0.0	130.0	130.0



Average daily prices on the Malaysian Stock Exchange (BMD) in 2020 have been the highest in the last 3 years, despite sharp declines in the first few months due to the COVID crisis. The situation in Malaysia is very tight. Production in December has been weak and estimates for January estimate a 14% drop, while exports have fallen by more than 36% due to strong shipments during the last month without export tariffs in that country.

In Indonesia the situation is better, but the sharp increase in export tariffs is making Indonesia's palm more expensive.

SOURCES: POA / BMD / MPOB / SPPOMA / ITS / AMSPEC / SGS / OIL WORLD

4.2 Palm oil

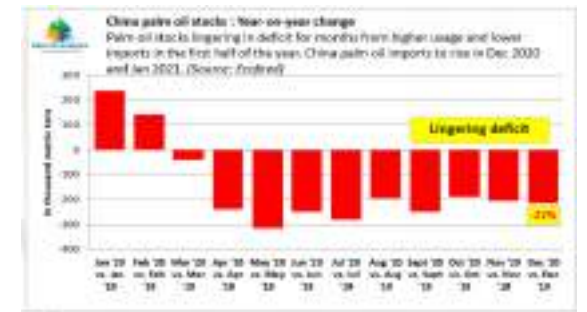
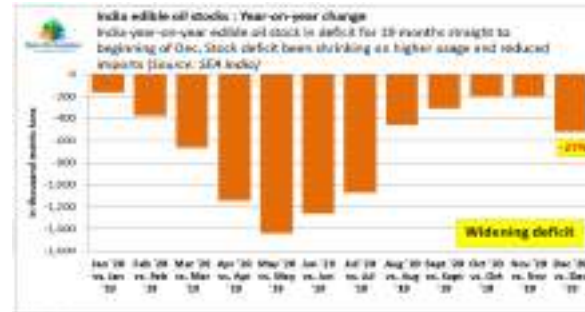


PALM OIL : World Supply & Demand (Mn T)

	Oct / Sept			Jan/Sept		Oct/Dec	
	20/21F	19/20	18/19	2021F	2020	2020	2019
Op'g stocks	12.26	14.93	14.60	11.63	13.64	12.26	14.93
Production	77.58*	73.50	78.00	58.68*	54.76	18.90*	18.74
Indonesia ...	45.43*	42.00*	44.23	33.88*	30.65	11.55*	11.35
Malaysia ...	19.34*	19.25	20.81	14.79*	14.59	4.55	4.67
Imports	52.83*	50.75	55.21	39.55*	36.66	13.28*	14.09
EU-28	8.30*	8.36*	8.68	6.32*	6.40	1.98*	1.96
China, P.R.	6.60*	6.84	6.89	4.68*	4.44	1.92*	2.40
India	8.70*	7.68	10.04	6.49*	5.26	2.21*	2.42
Pakistan ...	3.18*	3.23	3.09	2.47*	2.39	.71*	.84
Exports	52.93*	50.66	55.02	38.98*	36.48	13.95*	14.18
Indonesia ..	29.70*	27.59	30.15	21.79*	19.29	7.91*	8.30
Malaysia ...	17.00*	17.21	18.36	12.40*	12.77	4.60	4.45
Consumption	77.32*	76.26	77.86	58.45*	56.32	18.86*	19.94
Indonesia ...	15.52*	15.17*	14.65	11.71*	11.31	3.81*	3.85
India	8.89*	8.48*	10.18	6.81*	5.93	2.08*	2.55
EU-28	8.19*	8.42*	8.51	6.21*	6.36	1.98*	2.06
China, P.R.	6.57*	6.98*	6.53	4.87*	5.01	1.70*	1.97
End'g stocks	12.43*	12.26	14.93	12.43*	12.26	11.63	13.64
Indonesia ..	5.00*	4.78*	5.52	5.00*	4.78	4.62*	4.73
Malaysia ...	1.85*	1.72	2.45	1.85*	1.72	1.26	2.01
China, P.R.	.67*	.65*	.81	.67*	.65	.87*	1.23
India93*	.84*	1.37	.93*	.84	1.05*	1.32
Stocks/usage	16.1%	16.1%	19.2%	15.9%	16.3%	15.4%	17.1%

PALM OIL : World Production (Mn T), Yields (T/ha) and Mature Area (Mn ha)

	Production					Yields				Mature Area			
	2021F	2020	2019	2018	2017	2021F	2020	2019	2018	2021F	2020	2019	2018
Indonesia	45.80*	42.20*	44.30*	43.10*	38.27*	3.38*	3.18*	3.44*	3.53*	13.55*	13.25*	12.88*	12.20*
Malaysia	19.77*	19.14	19.86	19.52	19.92	3.76*	3.66*	3.82*	3.79*	5.26*	5.24*	5.20*	5.15*
Thailand	3.12*	2.79*	3.04	2.78	2.60	3.26*	2.97*	3.30*	3.23*	.96*	.94*	.92*	.86*
C&S Am.	5.10*	4.79*	4.90	4.98	4.79	3.04*	2.93*	3.08*	3.22*	1.68*	1.64*	1.59*	1.55*
Africa	3.41*	3.25*	3.13	2.93	2.74	1.92*	1.89*	1.87*	1.82*	1.78*	1.72*	1.67*	1.61*
Oth ctrs.	1.56*	1.49*	1.44*	1.48*	1.39*	2.19*	2.16*	2.14*	2.27*	.71*	.68*	.68*	.65*
WORLD	78.76*	73.66*	76.67	74.79	69.71	3.29*	3.14*	3.34	3.40	23.94*	23.47*	22.94	22.02

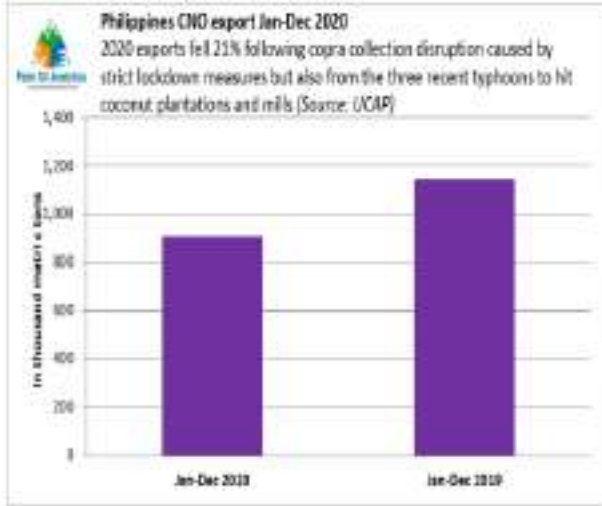


India has increased import duties on CPO from 30.25% to 35.75% and left unchanged those on seed oil at 38.50%. The market has reacted with sharp declines. Oils stocks are again low, as is the case in China, although not yet at the levels we saw during May-20.

We do not expect an improvement in CPO S&D at least until the end of Q1. In the medium term we could see a less tight situation, helped by improved production in Asia and South America and new planting intentions for the rest of the commodities, so prices could be better than they are now. The market with strong inverse reflects this situation.

SOURCES: OIL WORLD / STRATEGIE GRAINS / POA / SEA INDIA / ECOFEED

5. Lauric fats



Due to weather problems and health restrictions imposed in the Philippines during 2020, coconut exports fell 21% in 2020. CNO supply could continue to be limited during the first months of 2021. However, lauric oils have corrected their prices so far in 2021.

CNO seems to have found a "ceiling" at US\$ 1550 CIF RDM. PKO, after a very strong December, has held up better and the spread between the two products that reached over US\$ 300 / MT during the end of last year, is now around US\$ 80 / MT. The reaction of demand to this new pricing scheme and the behavior of the oil complex in general will be fundamental in the short term.

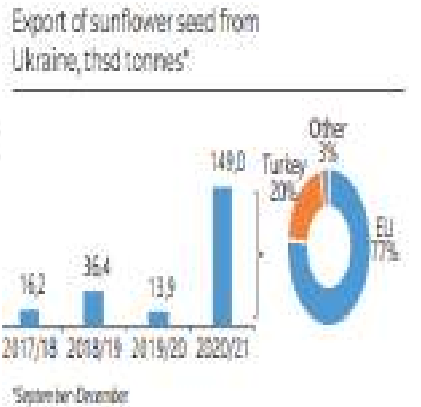
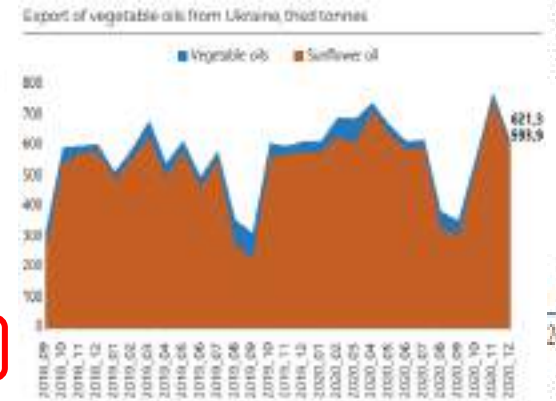
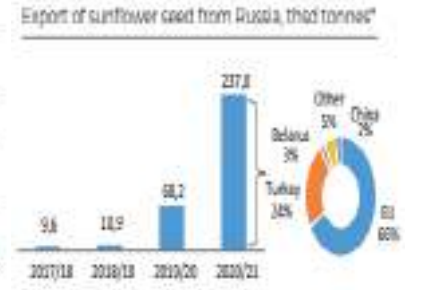
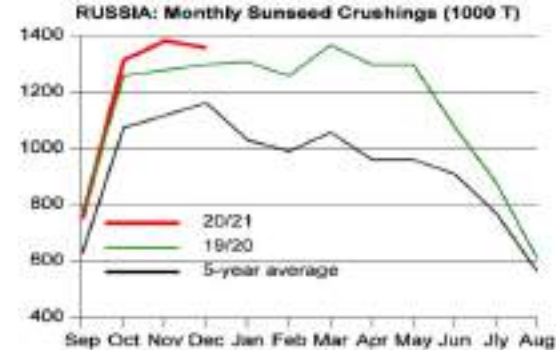
SOURCES: POA / UCAP / REUTERS / OIL WORLD

6.1 Sunflower oil



SUNSEED: World Supply & Demand (Mn T)				
	20/21F	19/20	18/19	17/18
Open'g stocks	3.55	3.37	3.28	3.60
Production	50.53*	55.88	51.99	49.04
EU-28	8.64*	9.48	9.48	10.06
Russia	13.28	15.38	12.76	11.00*
Ukraine	14.30*	16.50*	15.25*	13.40*
Argentina	2.83*	3.15*	3.50*	3.35*
Turkey	1.55*	1.70*	1.53*	1.70*
Total supplies	54.08*	59.25	55.27	52.64
Crush (Sept/Aug)	45.37*	50.38	46.84	44.39
Other use	5.42*	5.32	5.06	4.97
End'g stocks	3.29*	3.55	3.37	3.28

	Oct Sept 20/21F	Oct Sept 19/20	Oct Sept 18/19	Oct Sept 17/18
Sunfloweroil				
Open'g stocks	2.92	2.85	2.54	2.58
Production	18.88	21.52	20.05	18.89
Imports	11.03	12.84	11.40	10.20
Exports	10.91	12.99	11.59	9.99
Disappear.(a)	19.40	21.30	19.55	19.14
Ending stocks	2.51	2.92	2.85	2.54
Stocks/Usage(b)	12.9%	13.7%	14.6%	

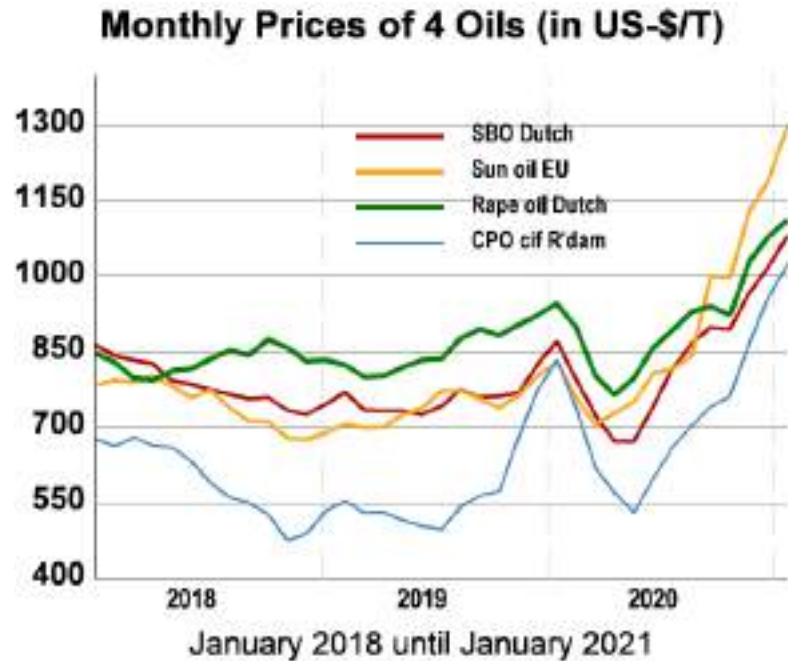


Record seed exports and crushing in Russia during Sept/Dec, a situation that is mirrored in Ukraine. Despite current prices and the strong spread of SFO over other oils, demand looks firm.

In Argentina, harvest begins, with production expected at 2.8 / 2.9 Mton of seeds.

SOURCES: OIL WORD / BCBA / APK

6.2 Sunflower oil



Sunflower oil (and seed) price looks firm for the short term, even though some of the excess high oleic oil is flowing out as conventional sunflower. As we saw in the S&D, we will get to September with very little oil.

The topics to follow will be soybean production in South America, planting intentions in the Black Sea (sunflower) and USA (soybean), and palm production in Asia.

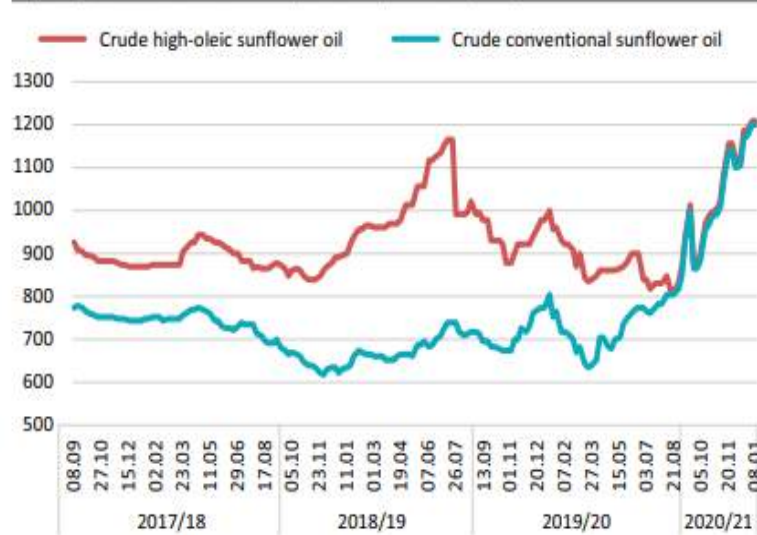
Sunflower oil in Europe is trading at the beginning of February at US\$ 1312.50 for Jul/Aug/Sept delivery and US\$ 1050 for Oct/Nov/Dec delivery, which shows the expectation of a strong improvement in availability once the new Northern Hemisphere crop comes in.

SOURCES: OIL WORD / REUTERS / APK

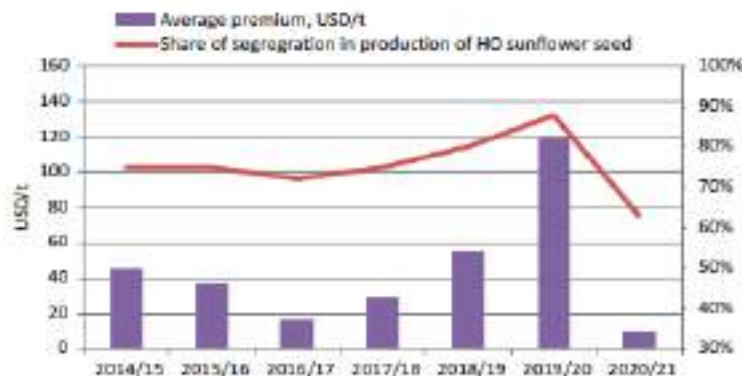
7. High oleic sunflower oil



Export prices of sunflower oil, Ukraine, bid FOB, USD/t



Share of segregation in production of HO sunflower seed in Ukraine directly depends on premium size



Despite a world area growth of about 30%, HOSO production will not increase as much as expected:

- Yields and oil content have been weak.
- In Russia, between 50% - 60% of the area planted as HO will go as conventional (usually: 40%). In Ukraine, between 25% - 40% of the area planted as HO will go as conventional (usually: 32%). This situation is occurring in many other countries where segregation is historically stronger.
- All mid oleic this season will be conventional sunflower.

A drop in global planted area is expected by 2021 due to low initial premiums, partly offset by the expected increase in overall sunflower area.

HIGH OLEIC PREMIUMS

We do not see strong movements in the short term, but we do see a recovery in the medium term when the excess of high oleic sunflower oil will be alleviated and the drop in acreage will materialize.

SOURCES: APK / LC ALONSO

8. Soybean and Rapeseed oil



CBOT soybean prices at the highest since 2013.

The situation in Argentina has resumed, but there is a risk of strikes in Brazil, where the harvest is quite delayed. In Argentina there was good weather in the last 2 weeks, which will favor second planting crops although it is somewhat late for first planting crops. We expect the US to have very little soybean availability for the new crop in November and it would not be unreasonable to see imports from South America towards the end of the cycle. The only thing that could strongly favor availability would be an aggressive increase in Argentina's Farmer selling to boost crushing, something that now seems unlikely due to the difference between the official and unofficial exchange rates.

	Rape oil		Δ/prev. report
	2020/21	2021/22	
Carry-in stocks	1.9	2.1	
Production	29.1	29.3	
Trade	5.6	5.9	
Industrial use	8.1	8.3	
Food use	20.8	20.8	
Animal uses	0.1	0.1	
Total demand	29.0	29.2	
Carry-out stocks	2.1	2.2	
stocks-to-use	7.1%	7.5%	

Rapeseed (Mt)	2020/21		2021/22	
	04/12/20	29/01/21	04/12/20	29/01/21
July-June				
carry-in	6.9	6.9		4.7
production	71.3	71.5		74.5
trade	16.5	17.4		17.6
crush	70.2	71.0		71.5
other cons.	2.9	2.7		2.6
carry-out	5.1	4.7		5.1
stock/use ratio	7.0%	6.4%		6.9%

L.82: RAPESEED PRODUCTION IN MAIN COUNTRIES

	Area (Mha)			Yield (t/ha)			Production (Mt)		
	2020/21	2021/22	Δ/prev. report	2020/21	2021/22	Δ/prev. report	2020/21	2021/22	Δ/prev. report
Canada	8.23	8.84		2.31	2.43		19.26	21.41	
China	6.88	8.88		2.02	2.84		13.99	24.92	
Egypt	5.06	8.32		3.17	3.29		16.13	27.34	
Ind. King.	0.36	8.32		2.63	3.45		1.04	1.12	
India	7.53	7.38		1.10	1.87		8.29	7.87	
Australia	2.33	2.80		1.70	1.40		3.97	4.06	
Russia	1.43	1.55		1.77	1.52		2.52	2.37	
Ukraine	1.11	8.87		2.45	2.71		2.72	2.37	
USA	0.74	8.80		1.97	2.86		1.46	1.94	
Belarus	0.28	8.39		1.90	1.79		0.73	8.76	
Others	1.27	1.83		2.03	1.48		2.58	2.73	
World	33.28	38.32		2.03	2.85		71.45	74.92	

Canola (seed) prices are at the highest since 2013. The production recovery expected for 21/22 will be partly offset by lower initial stocks.

Demand for biodiesel, which shows signs of recovery, will be important in Europe.

SOURCES: FUTURES FINVIZ / STRATEGIE GRAINS / OIL WORLD



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