



# LIPSA

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Market report, June 2021

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# 1.1 EVOLUTION OF REFERENCE MARKETS

		03/06/2021	18/06/2021	Unidad	Dif	Dif %
Crude Palm Oil (Ago)	FOB MALASYA	4158	3503	MYR/ MT	-1003	-22,3%
Crude Palm Oil (Ago)	CIF RDM	1100	990	USD/ MT	-110	-10,0%
CCNO Phil/Indo (Jul/Ago)	CIF RDM	1640	1550	USD/ MT	-90	-5,5%
CPKO (Jul/Ago)	CIF RDM	1425	1360	USD/ MT	-65	-4,6%
Crude Sunflower Oil (Jul/Ago/Sept)	FOB 6 PORTS	1410	1150	USD/ MT	-260	-18,4%
Crude Rape Oil (Ago/Sept/Oct)	FOB DUTCH MILL	1045	1025	€/MT	-20	-1,9%
Crude Soya Oil (Ago/Sept/Oct)	FOB DUTCH MILL	1275	1085	€/MT	-190	-14,9%
EUR/USD	SPOT	1,2124	1,186		-0,0264	-2,2%
USD/MYR	SPOT	4,12	4,1460		0,0260	0,6%
Brent Crude	SPOT	71,31	73,51	US \$/ BRL	2,2	3,1%
Gas Oils	SPOT	576,25	593,5	US \$/ MT	17,3	3,0%

First time since May 2020, we have seen a real drop in vegetables oils prices.

Drastic decrease of US soybean oil due to: possible lift of demands to biodiesel content in the fuel and improving weather conditions in the US, prospect of a sharp increase in world production of oil next season, better supplies of palm oil and heavy activity of funds.

SOURCES: REUTERS / OIL WORLD / APK INFORM

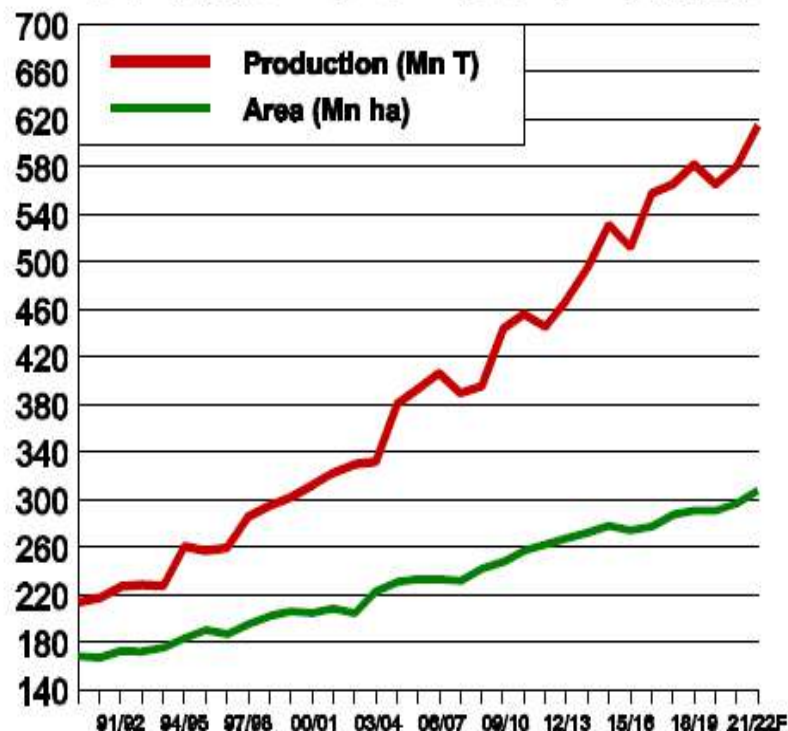
# 1.2 EVOLUTION OF REFERENCE MARKETS



SOURCES : REUTERS

# 2.1 OILSEEDS AND OILS BALANCE

10 Oilseeds: World Area and Production



Farmers around the world have increased plantings (oilseeds and grains) as well as investment as a result of high prices. The increase of 10.7 Mn ha is higher than average annual growth of 4.0 Mn ha in the past 10 years

10 OILSEEDS: World Supply and Demand ( Mn T )

	Forecast Change		20/21	19/20	18/19	17/18	16/17	15/16	14/15	13/14
	2021/22F	to 20/21								
Opening stocks	105.6	-7.8	113.4	129.8	112.7	109.1	90.1	96.0	77.7	72.4
Production	615.2	+34.0	581.2	565.7*	584.9	569.9	560.4	514.3	496.1	468.3
<i>thereof Soybeans</i>	378.1	+19.7	358.4	339.7*	361.3	343.3	345.9	311.1	320.2	279.3
<i>Sunseed</i>	58.0	+7.6	50.4	55.6*	51.9	49.0	49.8	43.0	41.7	43.8
<i>Rapeseed</i>	66.4	+1.6	64.8	61.9*	65.2	67.3	63.1	64.1	67.0	69.5
<i>Cottonseed</i>	42.5	+2.3	40.2	43.5*	42.5	44.8	39.1	37.8	45.3	44.5
<i>Groundnuts (b)</i>	34.4	+1.4	33.0	31.9*	30.1	32.7	31.7	29.1	29.3	29.6
<i>Palmkern &amp; Copra</i>	24.2	+1.0	23.2	21.9*	23.1	22.6	20.7	18.5	20.1	19.6
<i>Sesame, Lin &amp; Castor</i>	11.5	+0.3	11.2	11.1*	9.8	10.1	10.1	10.6	10.1	9.4
Total supplies	720.8	+26.2	694.6	695.4*	697.7	678.9	650.5	610.3	611.4	568.4
Disappearance	607.9*	+18.9	589.0*	582.0*	567.9	566.2	541.4	520.3	515.4	490.8
<i>thereof Soybeans</i>	371.9*	+8.0	363.9*	353.6*	343.7	343.5	327.5	317.1	300.4	277.1
<i>Sunseed</i>	57.1*	+6.1	51.0*	55.7*	51.8	49.3	49.5	42.8	41.6	43.0
<i>Rapeseed</i>	66.6*	-0.1	66.7*	63.7*	64.7	64.1	63.1	63.8	68.5	67.2
Ending stocks	112.9*	+7.3	105.6*	113.4*	129.8	112.7	109.1	90.1	96.0	77.7
<i>thereof Soybeans</i>	98.7*	+6.2	92.5*	98.1*	112.0	94.4	94.7	76.3	82.3	62.4
<i>Sunseed</i>	3.6*	+0.9	2.7*	3.3*	3.4	3.3	3.6	3.3	3.1	2.9
<i>Rapeseed</i>	6.1*	-0.2	6.3*	8.2*	10.0	9.5	6.3	6.3	6.1	7.5
Stocks/usage (a)	18.6%		17.9%	19.5%	22.9%	19.9%	20.1%	17.3%	18.6%	15.8%
<i>thereof Soybeans</i>	26.5%		25.4%	27.7%	32.6%	27.5%	28.9%	24.1%	27.4%	22.5%

(a) Stocks in % of annual disappearance. (b) Shelled basis.

Assuming normal weather conditions, Oil World estimates world production of 10 oilseeds 21/22 to increase by 34 MTs from past year to 615,2 MTs, mainly in soybean and sunflower. The ending stocks would increase by 7 - 8 MTs.

SOURCES : OIL WORLD

## 2.2 OILSEEDS AND OILS BALANCE

<b>10 OILSEEDS: World Crushings &amp; Product Output</b>				
<b>Crushings (Mn T)</b>	<b>21/22F</b>	<b>October/September</b>		
		<b>20/21</b>	<b>19/20</b>	<b>18/19</b>
Soybeans. ....	327.80*	320.19*	312.28	301.22
Cottonseed. ....	31.90*	30.85*	32.67	32.06
Grdnuts, shelled ..	11.25*	10.61*	10.28	9.95
Sunflowerseed	51.57*	45.52*	50.32	47.26
Rapeseed. ....	64.20*	63.95*	61.20	61.58
Sesameseed. ....	2.15*	2.09*	2.05	2.03
Palmkernels. ....	18.90*	18.05*	17.53	18.19
Copra. ....	4.87*	4.36*	4.33	4.74
Linseed. ....	2.70*	2.61*	2.49	2.49
Castorseed. ....	1.93*	1.98*	1.86	1.62
<b>Total. ....</b>	<b>517.27*</b>	<b>500.20*</b>	<b>495.00</b>	<b>481.15</b>
Change. ....	+3.4%	+1.1%	+2.9%	-0.4%
<b>Production of 11 Oils (Mn T)</b>				
<b>10 Seed oils</b>	<b>133.15*</b>	<b>127.48*</b>	<b>126.95</b>	<b>124.09</b>
Change. ....	+4.4%	+0.4%	+2.3%	+0.5%
<b>Palm oil. ....</b>	<b>80.60*</b>	<b>76.77*</b>	<b>73.92</b>	<b>77.99</b>
Change. ....	+5.0%	+3.9%	-5.2%	+5.8%
<b>Total 11 Oils. ....</b>	<b>213.75*</b>	<b>204.25*</b>	<b>200.87</b>	<b>202.08</b>
Change. ....	+4.7%	+1.7%	-0.6%	+2.5%

World crushings of 10 oilseeds are estimated to increase by 17 MTs (3,4%) to 517,3 MTs, led by soybeans and sunflower. Palm oil production is expected to increase by 3.8 MTs (5 %)

If this estimation materialize, world production of vegetable oils and oilmeals will increase remarkably in the new season.



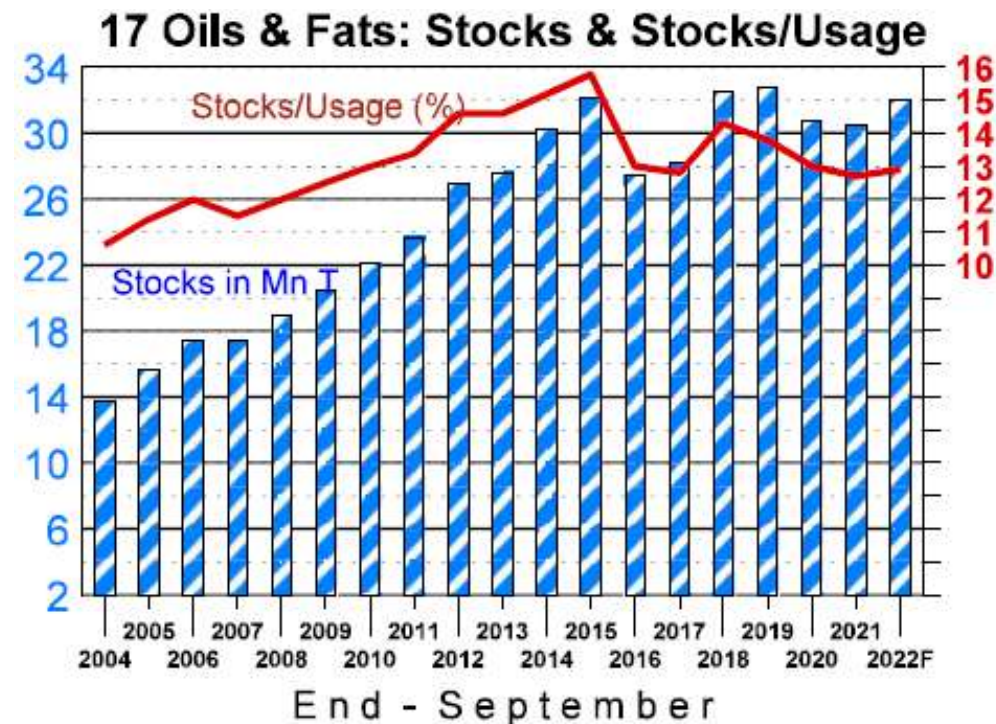
While the production failure in sun oil has been a major bullish factor in Oct/May 2020/21 for oilseeds, the prospective recovery and the boost in export supplies is likely to become a key bearish factor in 2021/22.

SOURCES: OIL WORLD

## 2.3 OILSEEDS AND OILS BALANCE

**17 OILS & FATS : World Supply & Demand ( Mn T )**

	Forecast	October/September			
	<u>21/22F</u>	<u>20/21</u>	<u>19/20</u>	<u>18/19</u>	<u>17/18</u>
Op'g stocks . . . . .	30.53*	30.79	32.72	32.56	28.21
<b>Production . . . . .</b>	<b>250.37*</b>	<b>240.12*</b>	<b>235.83</b>	<b>237.68</b>	<b>233.19</b>
<i>Annual change</i>	<b>+4.3%</b>	<b>+1.8%</b>	-0.8%	+1.9%	+5.9%
Imports . . . . .	101.11*	95.48*	96.19	97.05	89.34
Exports . . . . .	101.50*	95.49*	96.35	97.52	90.32
<b>Consumption . . . . .</b>	<b>248.47*</b>	<b>240.36*</b>	<b>237.61</b>	<b>237.05</b>	<b>227.86</b>
<i>Annual change</i>	<b>+3.4%</b>	<b>+1.2%</b>	+0.2%	+4.0%	+4.1%
End stocks . . . . .	32.04*	30.53*	30.79	32.72	32.56
<i>Stocks/usage . . . . .</i>	<b>12.9%</b>	<b>12.7%</b>	13.0%	13.8%	14.3%



**Total production of 17 Oils & Facts is estimated by Oil World at 250.37 MTs, +4,3% vs 20/21.** The most important increases are expected in **palm oil** (+3,8 MTs) and **sunflower oil** (+2,9 MTs). A stagnant production is seen in case of **rapeseed oil**, and for **soya oil** the year-on-year growth will probably slow down. **Increasing requirements for energy sector, food and other uses are also expected. As a result, the stock/usage ratio is likely to increase to 12.9%.**

Uncertainty about the demand in US in biodiesel market and Indonesian biodiesel real blending ratio.

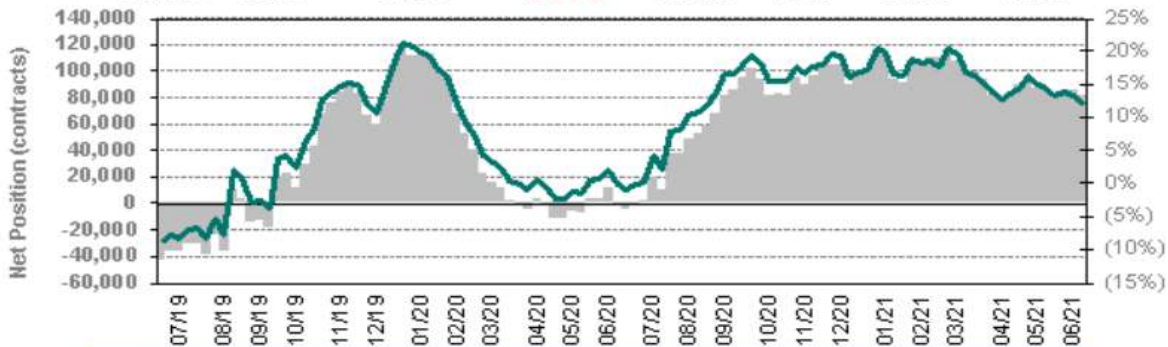
SOURCES : OIL WORLD

# 3.1 SOYBEAN OIL (SBO)



CBOT Bean Oil Disaggregated Futures & Options Combined

Managed Money	Contracts	Change	Open Int.	% of OI	Record	Record
1-Jun-21 LONG	86,084	757	650,311	13.2%	Long	Short
8-Jun-21 LONG	81,320	(4,764)	667,461	12.2%	24.7%	17.2%



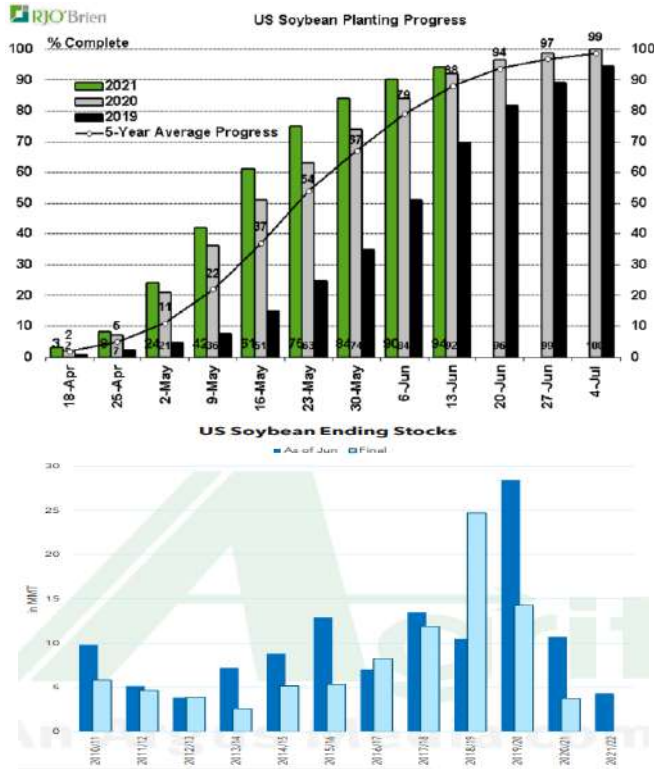
Drastic decrease of US soybean oil. It has shown in 10 days a range of prices higher than between 2015-2020.

Apparently, funds have done heavy liquidation of long positions due to rumours about a possible relief in favor of oil refiners by US administration. It could be done by giving them financial support or by exempting them from some obligations under the renewable fuel standard. Moreover, the inflation rate in US is increasing, which could force to FED to increase interest rate.

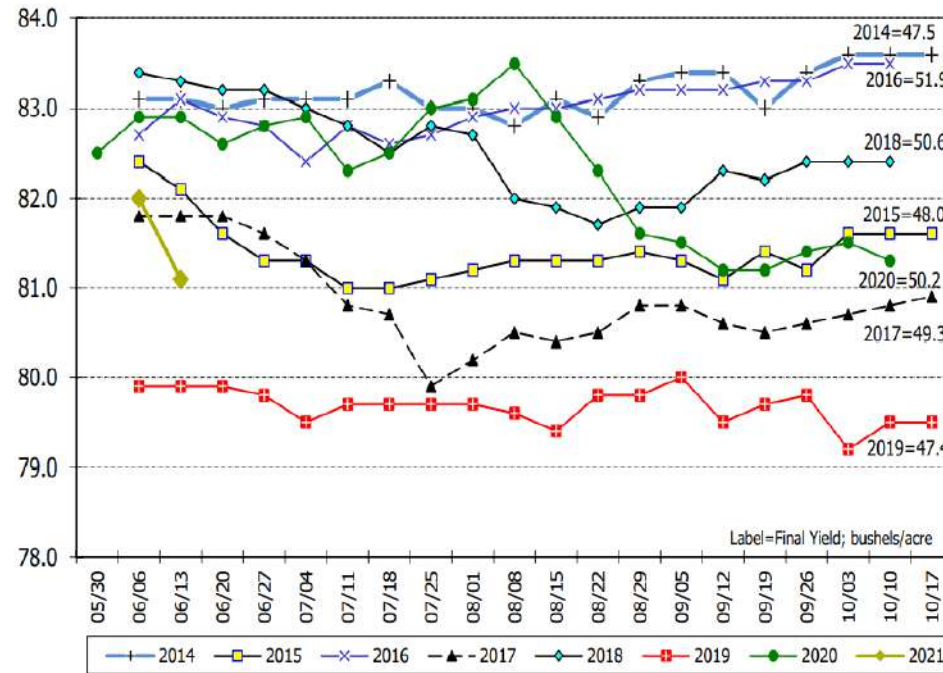
SOURCES: FUTURES FINVIZ / REUTERS / RJO OBRIEN



# 3.2 SOYBEAN OIL (SBO)

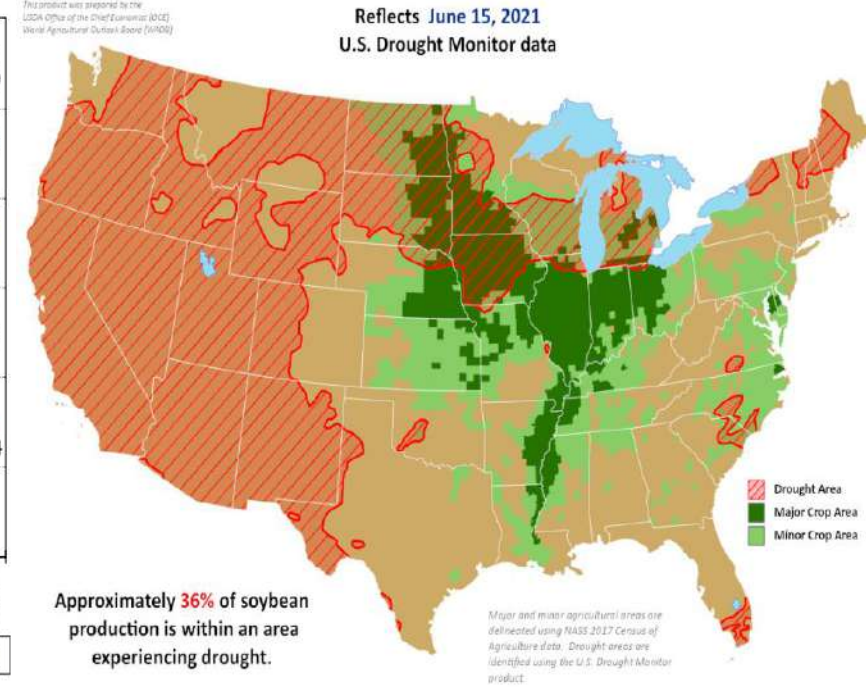


RJO Market Insights U.S. Soybean Crop Condition Weighted Index



This product was prepared by the USDA Office of the Chief Economist (OCE) World Agricultural Outlook Board (WAOB)

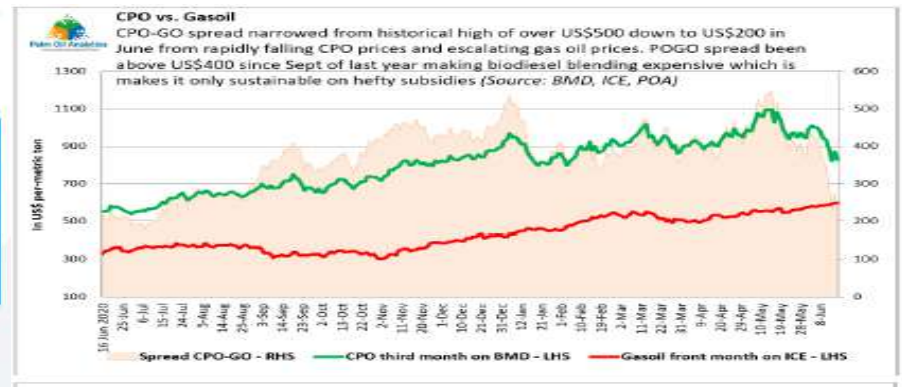
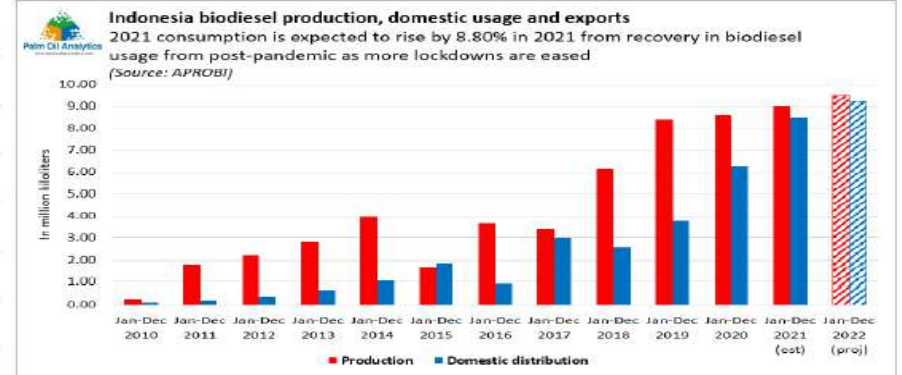
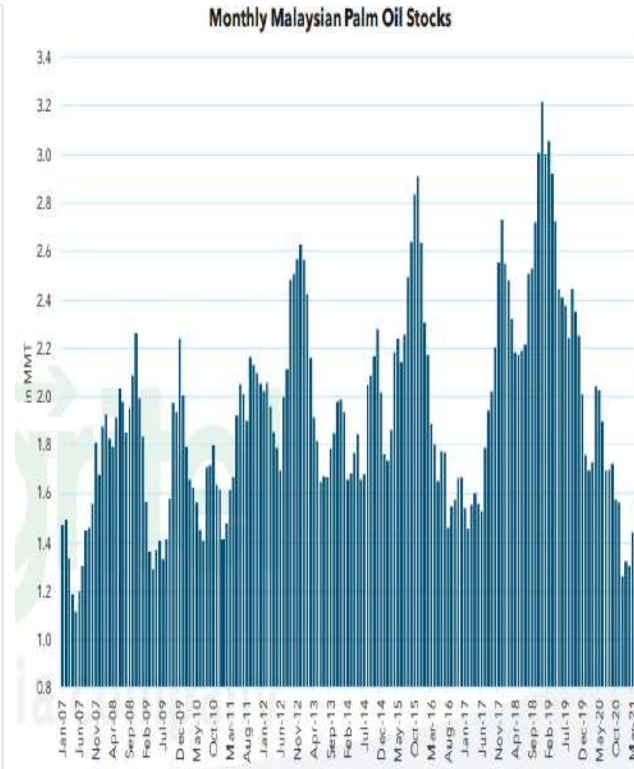
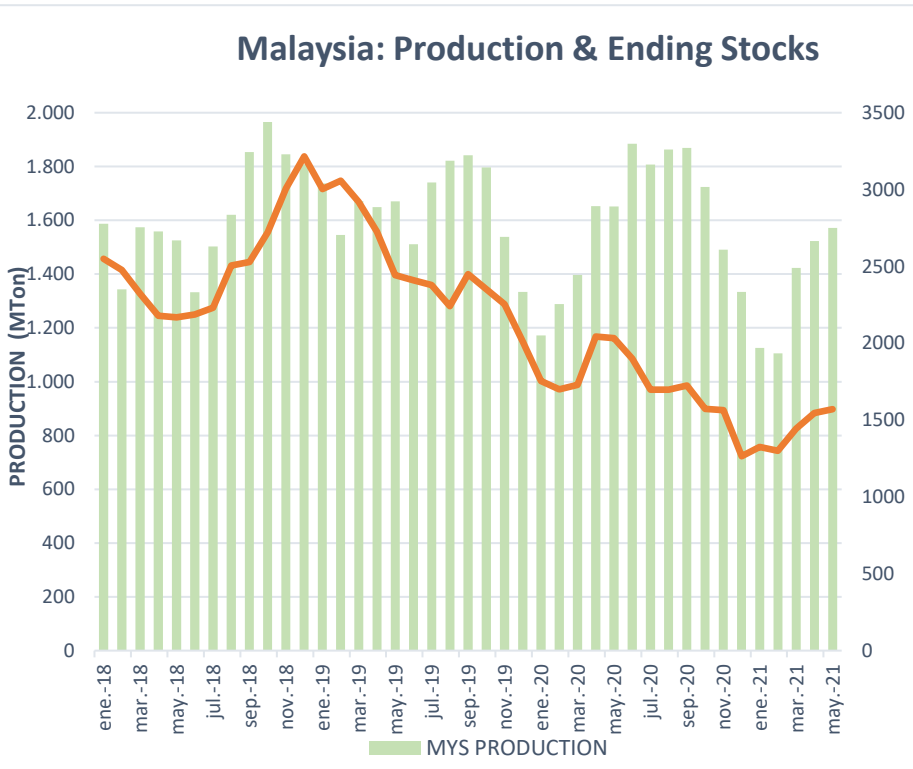
Soybean Areas in Drought



Soybean planting 94% completed in US vs 90% last week, 92% last year, 88% average. Soybean conditions 62% good/excellent vs 65% expected, 67% last week and 72% last year. There are forecast of beneficial rains in US for next 10 days, but the crops are not yet made. 36% of total production is suffering dry conditions. The weather in July will be a key factor for markets and US biofuel policy one of the many uncertainties in the vegetable oil market.

SOURCES: RJO OBRIEN / USDA / AGRITEL

# 4.1 PALM OIL (CPO)



Malaysian CPO production continues to recover, reaching 1.57 MTs during May (+2.8 % vs. April), while the **productive peak period is starting**. Production during first 20 days of June is rising over 15%. In Indonesia, the production is also improving.

In Indonesia is still uncertain if and when biodiesel admixture will be increased from the current 30%, and if change in levy will be applied. Biodiesel consumption during Jan/Apr was 4.14% lower than 2020. However, it is expected to pick-up pace as more lockdown measures are eased in the country. **Total consumption in 2021 is expected to rise by 8.80%. POGO (palm oil – gas oil) spread fell to 11 month low.**

SOURCES: MPOB / AGRITEL / POA / APROBI / OILWORLD

## 4.2 PALM OIL (CPO)



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

	Production					Yields				Mature Area			
	2022F	2021F	2020	2019	2018	2022F	2021F	2020	2019	2022F	2021F	2020	2019
Indonesia	47.80*	45.80*	42.70*	44.30*	43.10*	3.46*	3.38*	3.22*	3.44*	13.80*	13.55*	13.25*	12.88*
Malaysia	19.70*	18.84*	19.14	19.86	19.52	3.74*	3.60*	3.66*	3.82*	5.27*	5.24*	5.25*	5.20*
Thailand	3.15*	3.06*	2.69*	3.04	2.77	3.25*	3.22*	2.88*	3.32*	.97*	.95*	.93*	.92*
C&S Am.	5.46*	5.12*	4.91*	4.90	4.99	3.11*	3.04*	3.00*	3.08*	1.75*	1.69*	1.64*	1.59*
Africa (a)	3.56*	3.40*	3.23*	3.13	2.92	1.92*	1.90*	1.88*	1.87*	1.86*	1.79*	1.72*	1.67*
Oth ctrs.	1.69*	1.61*	1.53*	1.44*	1.49*	2.32*	2.26*	2.21*	2.15*	.73*	.70*	.66*	.67*
<b>WORLD</b>	<b>81.36*</b>	<b>77.83*</b>	<b>74.20*</b>	<b>76.67</b>	<b>74.79</b>	<b>3.34*</b>	<b>3.25*</b>	<b>3.16*</b>	<b>3.34</b>	<b>24.38*</b>	<b>23.92*</b>	<b>23.45*</b>	<b>22.93</b>

(a) 11 countries.

World palm oil production is estimated by Oil World 81,36 Mts for 2022 (+3,53 MTs).

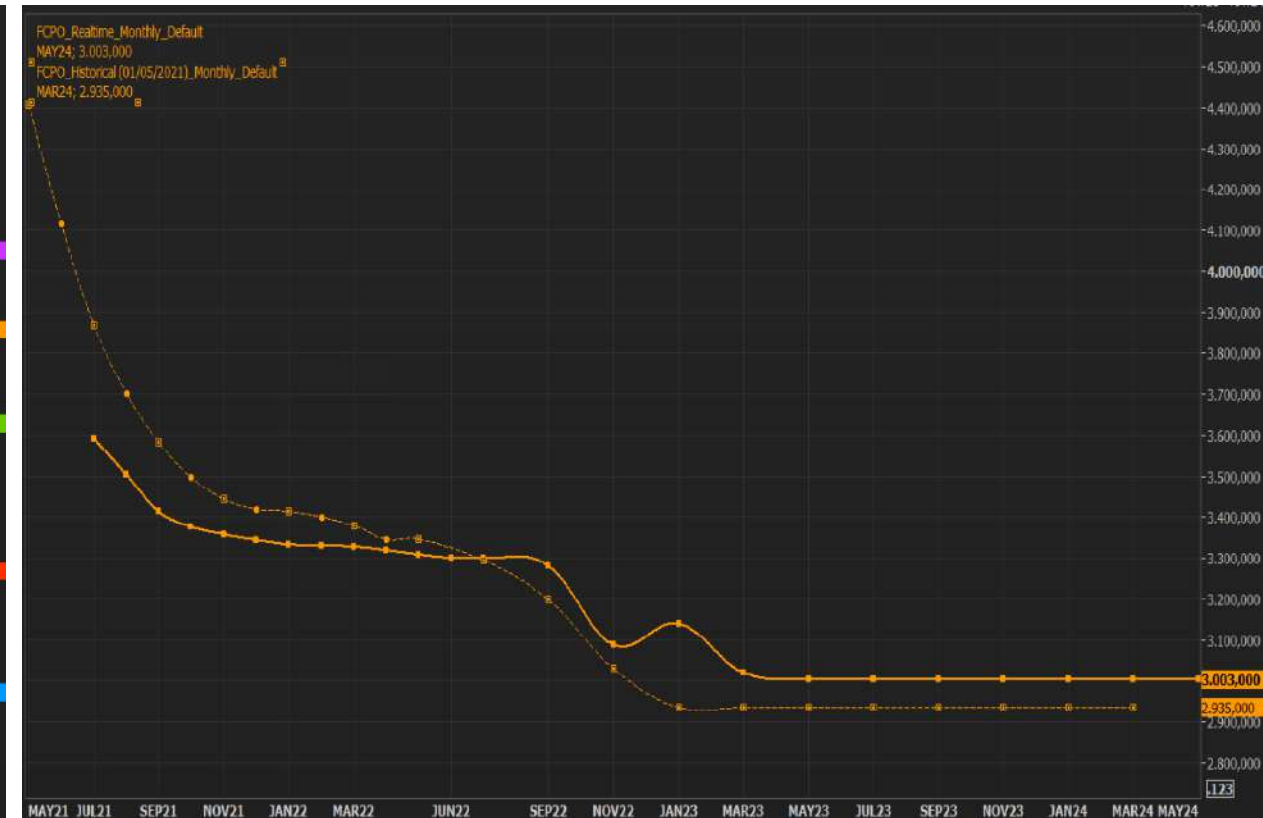
Malaysian production will reverse the decline in 2020 and 2021 if the COVID pandemic can be brought under control and foreign workers in early 2022 have the possibility to enter in Malaysia to work in plantations.

Indonesia is likely to slow down its productive growth since government has become more restrictive in authorizing new area for palm oil cultivation.

Next season is likely to see a global production surplus close to 0,8 MTs. If this forecast materialize, stock/consumption ratio will increase to 16.7%

SOURCES: OIL WORLD

## 4.3 PALM OIL (CPO)



Important losses in CPO prices tracking losses in CBOT. However, palm physical market still tight globally.

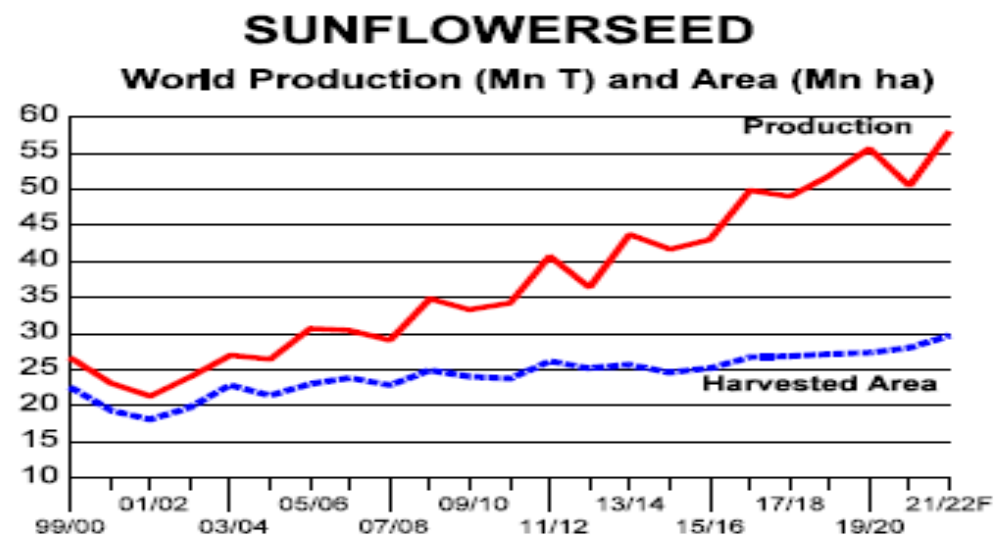
The inverse has reduced as a result of better prospect in the short-term production and rumours about a reduction in export taxes in Indonesia.

SOURCES: REUTERS

# 5.1 SUNFLOWER OIL (SFO)



<b>SUNSEED : World Supply &amp; Demand ( Mn T )</b>				
	<b>21/22F</b>	<b>20/21</b>	<b>19/20</b>	<b>18/19</b>
<b>Open'g stocks</b> . . . . .	<b>2.75</b>	<b>3.30</b>	<b>3.36</b>	<b>3.28</b>
<b>Production</b> . . . . .	<b>58.03*</b>	<b>50.44</b>	<b>55.63</b>	<b>51.90</b>
<i>EU-27</i> . . . . .	10.20*	8.83*	9.47	9.48
<i>Russia</i> . . . . .	15.70*	13.31	15.38	12.76
<i>Ukraine</i> . . . . .	16.70*	14.10*	16.50*	15.25*
<i>Rep. of S. Africa</i> . . . . .	.74*	.70	.81*	.68
<i>U.S.A.</i> . . . . .	.90*	1.35	.89	.96
<i>Argentina</i> . . . . .	3.50*	2.70*	3.00*	3.50*
<i>China,PR</i> . . . . .	2.85*	2.75*	2.68*	2.55*
<i>Turkey</i> . . . . .	1.80*	1.55*	1.70*	1.53*
<b>Total supplies</b> . . . . .	<b>60.78*</b>	<b>53.74</b>	<b>58.99</b>	<b>55.18</b>
<b>Crush (Sept/Aug)</b> . . . . .	<b>51.50*</b>	<b>45.54*</b>	<b>50.41</b>	<b>46.87</b>
<b>Other use</b> . . . . .	<b>5.66*</b>	<b>5.45*</b>	<b>5.28</b>	<b>4.95</b>
<b>End'g stocks</b> . . . . .	<b>3.62*</b>	<b>2.75*</b>	<b>3.30</b>	<b>3.36</b>
<i>EU-27 (July 31)</i> . . . . .	.89*	.74*	.90	.85
<i>Russia &amp; Ukraine</i> . . . . .	.77*	.36*	.52*	.71*
<i>Argentina (Sep 30)</i> . . . . .	.94*	.75*	.93*	.88*
<i>Other countries</i> . . . . .	1.02*	.90*	.95	.92
<b>Stocks/usage</b> . . . . .	<b>6.3%</b>	<b>5.4%</b>	<b>5.9%</b>	<b>6.5%</b>



**An important increase in world production of sunflower is expected. Oil World has increased their estimation to 58 MTs of sunseed.** This implies a very important recovery from last season (50.4 MTs). Total world area is increasing 1.7 Mhas and above our previous expectations, mainly in former Soviet Union republics. Unlike the sunseed area in the European Union fell short of expectations, mainly because France and Spain.

**In Russia and Ukraine, weather conditions have been favourable so far.** However, it will be very important the next 2 months.

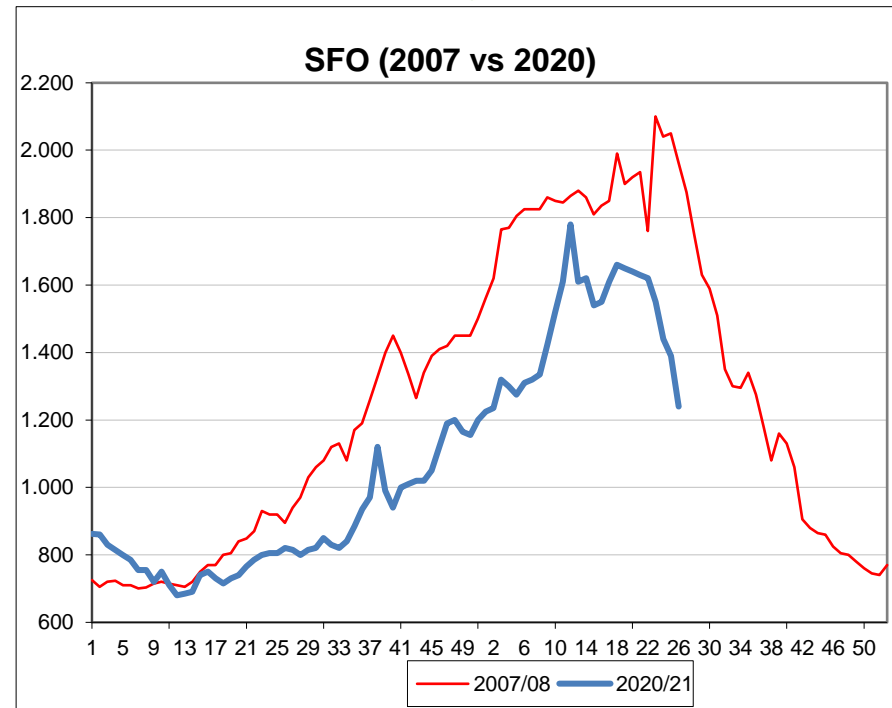
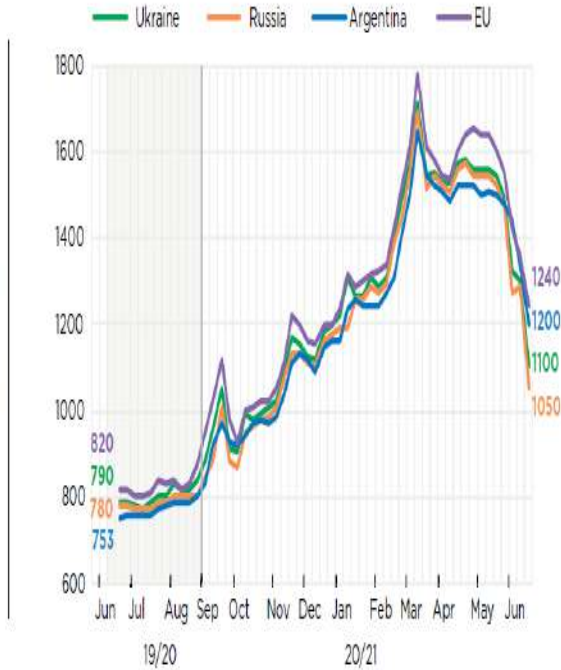
**If this production materialize and assuming an improve in the oil yield, global sunflower oil output will increase 15%. Stocks/Usage ratio at 6.3% would be comfortable.** Moreover, the huge different between sunflower and soybean prices that we saw in previous month has stronger effect than expected. As a result, **ending stocks in 20/21 will be higher than our previous expectations.**

SOURCES: OIL WORD / STRATEGIE GRAINS / APK INFORM

# 5.2 SUNFLOWER OIL (SFO)



PRICE DYNAMICS OF SUNFLOWER OIL (OFFER, FOB), USD/T



Prices for sunflower oil continued declining for both old and new season. However, the inverse has fallen sharply from US\$ 400 to around US\$ 50. This trend was caused by a very good condition in crops, extremely low buyers' demand and drastic decrease of US soybean oil.

The anticipated boost in sunflower oil production by 2.9 MTs will become an important bearish factor. In order to revive demand, sun oil prices have moved into a discount to soya oil for Oct/Dec 2021 and in early 2022.

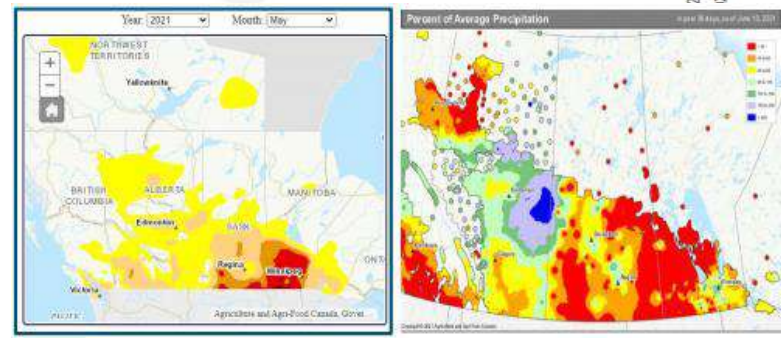
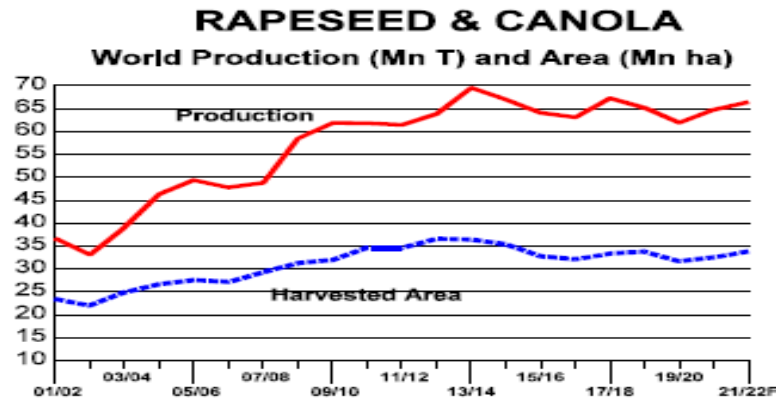
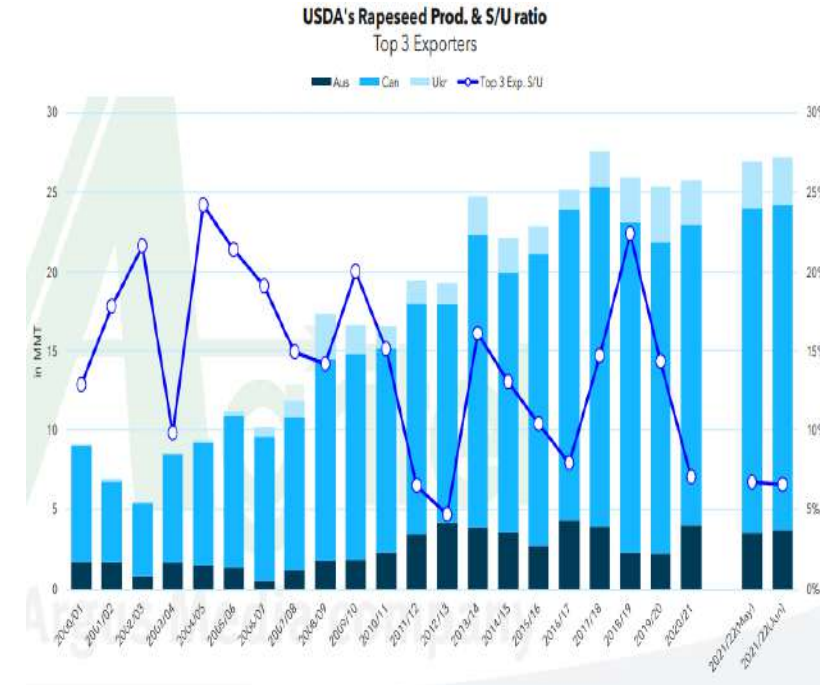
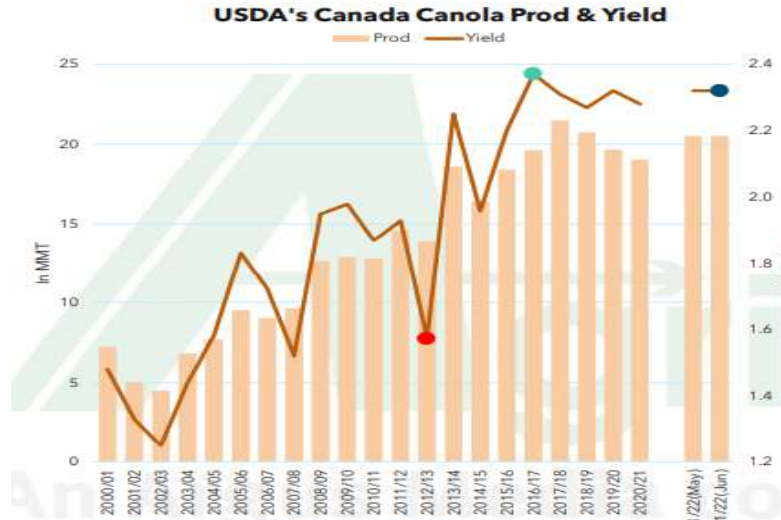
High Oleic sunflower area in France, Spain and a few other members fell below expectations, due to low premium in 2020 / 21. As a result, it is possible to see a stronger premium in 2021/22.

SOURCES: APK INFOR / OIL WORLD / AGRICENSUS

# 6.1 RAPESEED OIL (RSO)

## RAPESEED & CANOLA: World Supply & Demand

(Mn T)	21/22F	20/21	19/20	18/19
Open'g stocks	6.30*	8.20	10.00	9.47
<b>Production</b>	<b>66.44*</b>	<b>64.78</b>	<b>61.92</b>	<b>65.21</b>
EU-27	16.67*	16.35	15.56	18.04
Russia&Ukraine	5.30	5.27	5.54*	4.87*
Canada	20.20*	19.10*	19.61	20.72
U.S.A.	1.68*	1.58	1.55	1.64
China	5.35*	5.10*	5.00*	4.80*
India	8.25*	8.50*	7.40*	7.55*
Australia	4.41*	4.52*	2.33	2.37
<b>Total supplies</b>	<b>72.74*</b>	<b>72.98</b>	<b>71.92</b>	<b>74.68</b>
Crush (July/June)	64.15*	64.13*	61.12	62.06
Other use	2.49*	2.55*	2.60	2.62
<b>End'g stocks</b>	<b>6.10*</b>	<b>6.30*</b>	<b>8.20</b>	<b>10.00</b>
EU-27 (Jun 30)	.83*	.81*	.97	1.77
Canada (July31)	1.10*	.87*	3.13	4.44
<b>Stocks/usage</b>	<b>9.2%</b>	<b>9.4%</b>	<b>12.9%</b>	<b>15.5%</b>



Top Exporters ' stocks at very low levels

High prices promote a recovery in total area for rapeseed. Oil World estimates an increase of 1,7 MTs assuming normal weather conditions. However, due to very low opening stocks total supplies in 21/22 will be lower than 20/21,

A recovery is expected in Australia and Canada production. The weather has slightly improved but regular rainfalls are still required.

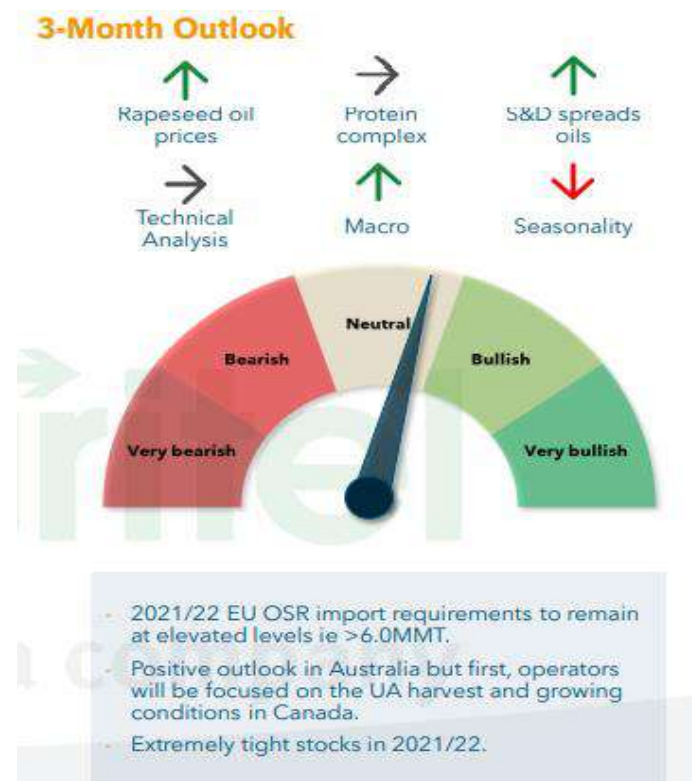
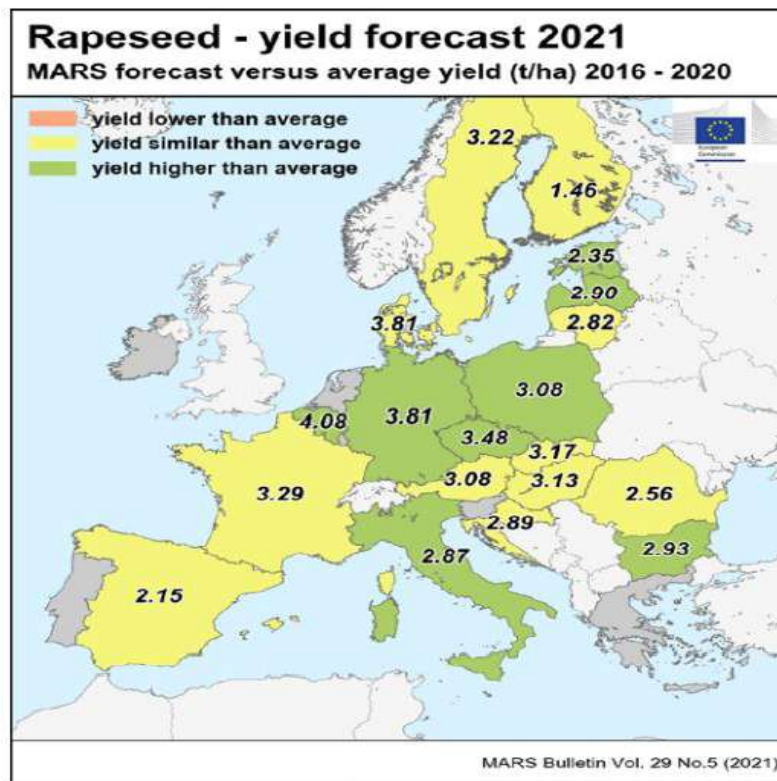
SOURCES: OIL WORLD / WAGW / USDA / AGRITEL

# 6.2 RAPESEED OIL (RSO)

**EU-27 : Rapeseed Supply & Demand (Mn T)**

	21/22F	July / June			
	20/21	19/20	18/19	17/18	
Opening stocks . . .	.81*	.97	1.77	1.90	1.09
Output . . . . .	16.67*	16.35	15.56	18.04	19.80
Imports (a) . . . . .	6.64*	6.68*	6.08	4.29	4.38
from: Australia . . .	3.00*	2.27*	.99	1.34	1.86
Ukraine . . . . .	2.00*	2.02*	2.75	2.17	1.73
Canada . . . . .	1.25*	2.03*	2.03	.42	.47
Exports (a) . . . . .	.28*	.23*	.34	.28	.32
Crushings . . . . .	22.47*	22.44*	21.55	21.65	22.37
Other use . . . . .	.54*	.53*	.54	.54	.68
Ending stocks . . .	.83*	.81*	.97	1.77	1.90

(a) Intra-EU trade is excluded.



Excellent weather conditions across key producing areas (Romania, Bulgaria, Denmark and Germany) more than offsetting the reduction in French crop estimated to 3 MTs (a 20 year-low).

However, due to very low opening stocks balance looks tight in Europe.

European biodiesel industry will continue to have difficulties to cover its requirements. **Rapeseed oil is likely to have a higher premium over sunflower oil for next season.**

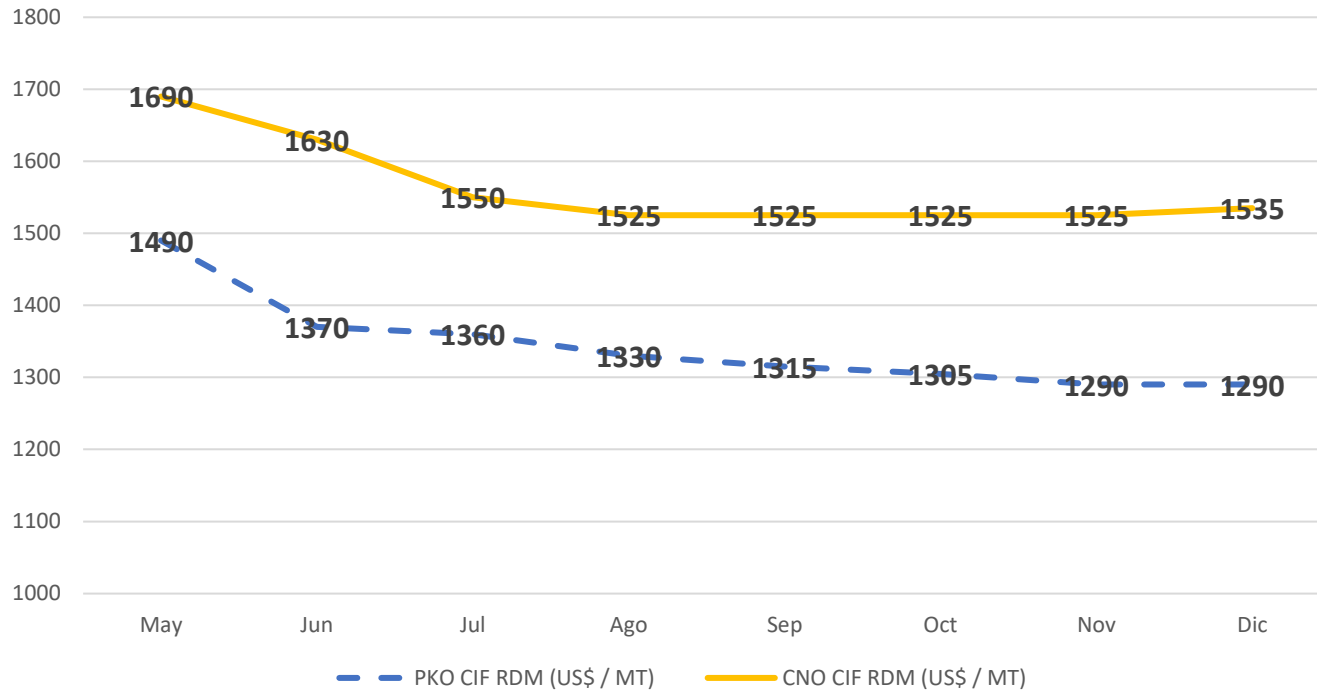
SOURCES: OIL WORLD / EU COMMISSION / AGRITEL



# 7.1 LAURIC OILS (PKO + CNO)



PRICES CIF ROTTERDAM



Lauric oil prices have suffered as well as the rest of the oil complex.

CNO prices firmer than PKO, the spread between both 150 US\$ - 220 US\$ depending on month of delivery. **The current estimations looks better for PKO than CNO.**



SOURCES: REUTERS / HENDRIX / OZINGA & POELMAN T / TSL / OIL WORLD

The logo for LIPSA, featuring a stylized 'L' symbol followed by the word 'LIPSA' in a bold, sans-serif font.

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