



# LIPSA market report

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October 2021 (2<sup>nd</sup>)

1. Evolution of reference markets

2. External

3. Sunflower oil (SFO)

4. Rapeseed oil (RSO)

5. Palm Oil (CPO)

6. Lauric Oils (PKO + CNO)

7. Soybean oil (SBO)

# 1.1 EVOLUTION OF REFERENCE MARKETS

		04/10/2021	22/10/2021	Unidad	Dif	Dif %
Crude Palm Oil (Jan)	FOB MALASYA	4583	4971	MYR/ MT	388	8,5%
Crude Palm Oil (Dic)	CIF RDM	1255	1360	USD/ MT	105	8,4%
CCNO Phil/Indo (Jan/Feb)	CIF RDM	1610	2050	USD/ MT	440	27,3%
CPKO (Jan/Feb)	CIF RDM	1495	2000	USD/ MT	505	33,8%
Crude Sunflower Oil (Jan/Feb/Mar)	FOB 6 PORTS	1350	1445	USD/ MT	95	7,0%
Crude Rape Oil (Nov/Dec/Jan)	FOB DUTCH MILL	1440	1500	€/MT	60	4,2%
Crude Soya Oil (Dec)	FOB ARGENTINA	1315	1398	USD/ MT	83	6,3%
EUR/USD	SPOT	1,1604	1,1647		0,0043	0,4%
USD/MYR	SPOT	4,1780	4,1480		-0,0300	-0,7%
Brent Crude	SPOT	81,26	85,53	US \$/ BRL	4,3	5,3%
Gas Oils	SPOT	697,5	732,25	US \$/ MT	34,8	5,0%

Palm oil production problems continue resulting in low stocks; farmers are reluctant to sell (mainly in Black Sea and Argentina), poor demand coverage and strength from energy prices keep prices of vegetal oils historically high.

Despite problems in canola, world production of 4 major vegetables oils is likely to rise around 7 Mts (million tons) in Oct/Sept 2021/22 according to Oil World.

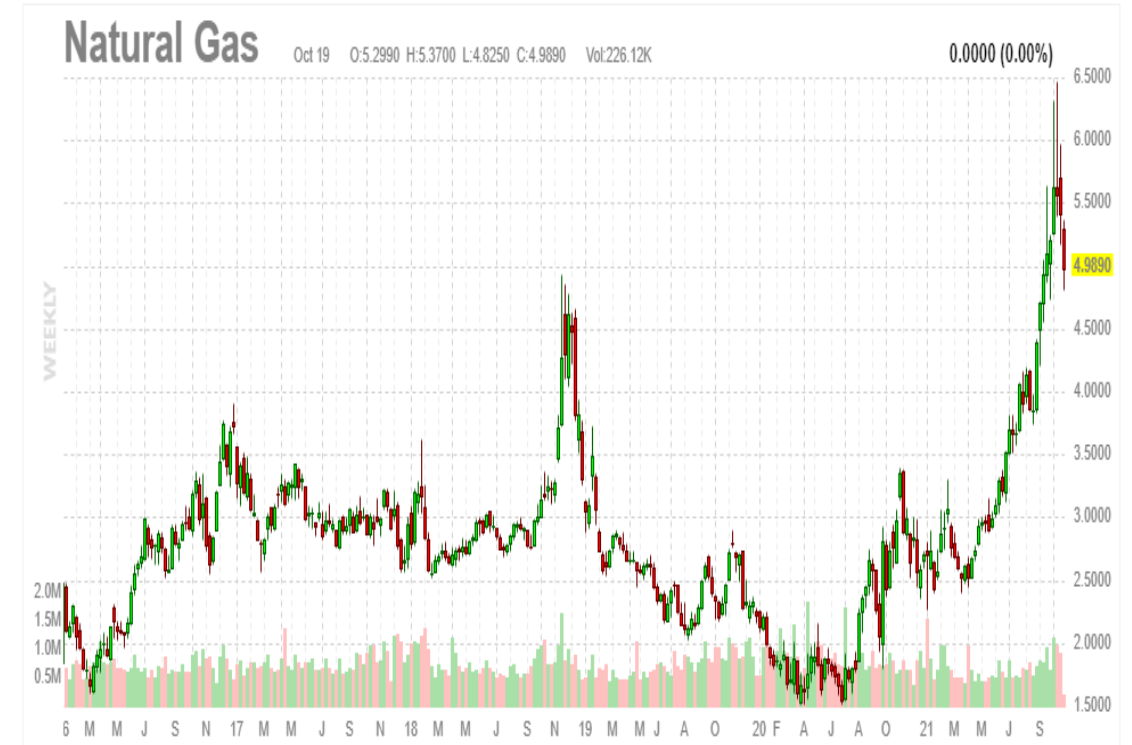
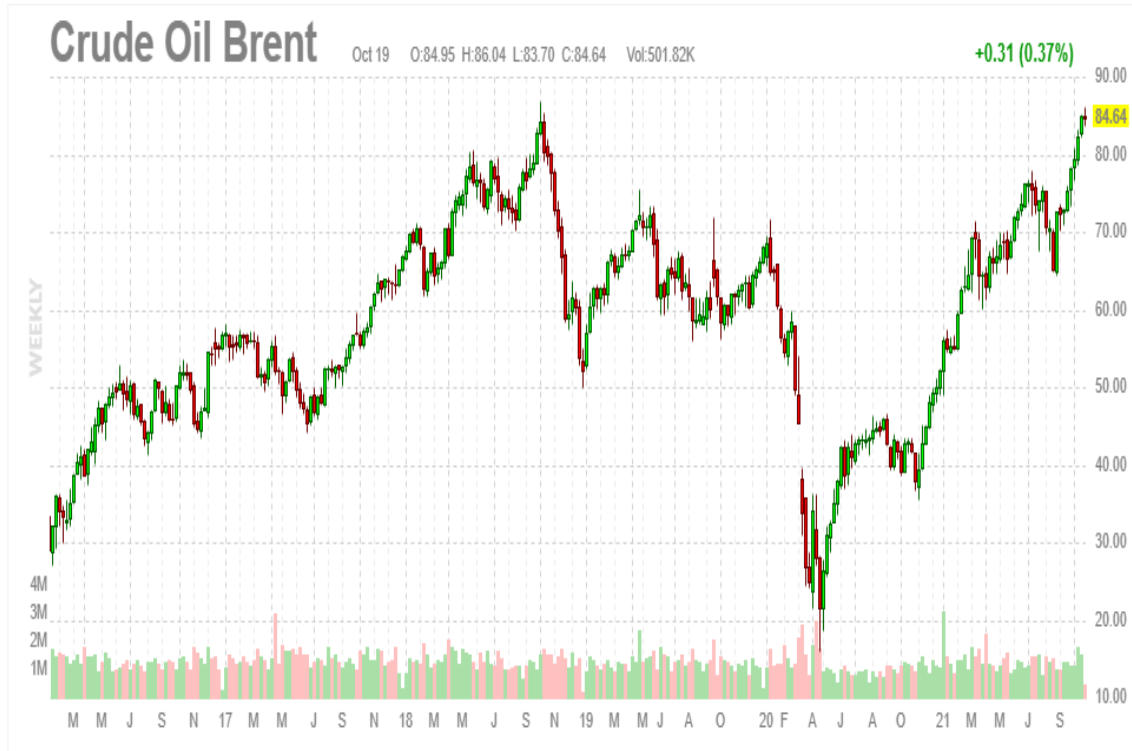
SOURCES : REUTERS / OIL WORLD

# 1.2 EVOLUTION OF REFERENCE MARKETS



SOURCES : REUTERS / OIL WORLD

## 2. EXTERNAL



**Strength from energy prices feeds the rises in prices of vegetable oils.  
Crude oil price is the highest in long time, well above prices before pandemic and have more than double during the past 12 months.  
Ocean freight prices are reacting to this situation**

SOURCES: FUTURES FINVIZ

# 3.1 SUNFLOWER OIL(SFO)



## EU-27 : Sunflowerseed Supply & Demand ( Mn T )

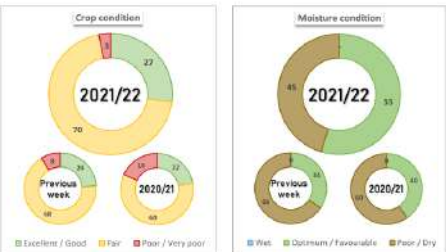
	August / July				
	21/22F	20/21	19/20	18/19	17/18
Op. stocks	.76*	.87	.83	.88	.77
<b>Output</b>	<b>10.49*</b>	<b>8.90</b>	<b>9.47</b>	<b>9.48</b>	<b>10.06</b>
Bulgaria	2.01*	1.73	1.91	1.93	2.18
France	1.90	1.61	1.30	1.24	1.60
Hungary	1.80*	1.67	1.71	1.83	2.02
Romania	2.96*	2.07*	2.90*	2.60*	2.50
Spain	.82	.88	.77	.95	.84
Imports (a)	.62*	.85	1.05	.54	.56
Exports(a)	.75*	.66	.57	.56	.72
<b>Crushings</b>	<b>8.99*</b>	<b>8.01*</b>	<b>8.74</b>	<b>8.38</b>	<b>8.74</b>
Other use	1.24*	1.19*	1.17	1.13	1.04
End'g stocks	.90*	.76*	.87	.83	.88

(a) Intra-EU trade is excluded.

## ARGENTINA : Sunflowerseed Balance ( Mn T )

	January / December				
	2022F	2021	2020	2019	2018
Open stocks	.14*	.66*	.38*	.40*	.24*
<b>Output</b>	<b>3.10*</b>	<b>2.80*</b>	<b>3.05*</b>	<b>3.50*</b>	<b>3.35*</b>
Imports	.00*	.00*	.00*	.00*	.00*
Exports	.17*	.17*	.21	.15	.05
Crushings	2.80*	3.08*	2.49	3.31	3.07
Other use	.07*	.07*	.07*	.06*	.06*
Ending stocks	.20*	.14*	.66*	.38*	.40*

### SUNFLOWER 2021/22



## Supply and demand balances of sunflower seed in Ukraine

	2019/20	2020/21	2021/22	Changes, %	
	000 tonnes	000 tonnes	000 tonnes	2020/21-2019/20	2021/22-2020/21
Beginning stocks	31,3	15,0	42,9	-52,1%	up 2,9 t
Planted areas, '000 ha	6 000,0	6 457,2	6 830,0	+7,6%	+5,8%
Harvested areas, '000 ha	5 958,9	6 480,9	6 761,7	+8,8%	+4,3%
Yield in clean weight (APK-Inform), t/ha	2,70	2,12	2,46	-21,5%	+15,9%
Production in clean weight (APK-Inform)	16 104,1	13 750,4	16 633,8	-14,6%	+21,0%
Imports	27,2	23,9	26,0	-12,0%	+8,8%
<b>Total supply</b>	<b>16 162,6</b>	<b>13 789,3</b>	<b>16 702,7</b>	<b>-14,7%</b>	<b>+21,1%</b>
Consumption	16 094,7	13 555,6	16 388,2	-15,6%	+20,9%
processing for oil	15 872,9	13 351,6	16 162,0	-15,9%	+21,0%
seeds	32,3	34,2	33,8	+5,9%	-1,2%
others	60,1	59,5	58,8	-1,1%	-1,1%
losses	129,3	110,3	133,6	-14,7%	+21,1%
Exports	52,9	190,8	263,0	up 3,6 t	+37,6%
<b>General distribution</b>	<b>16 147,6</b>	<b>13 746,4</b>	<b>16 651,2</b>	<b>-14,9%</b>	<b>+21,1%</b>
Ending stocks	15,0	42,9	51,5	up 2,9 t	+20,0%
Stocks-to-distribution ratio	0,1%	0,3%	0,3%		

In Argentina, almost 40% of the 1,65 Mha projected for current season have been planted. Condition have improved and they are relative good at the moment

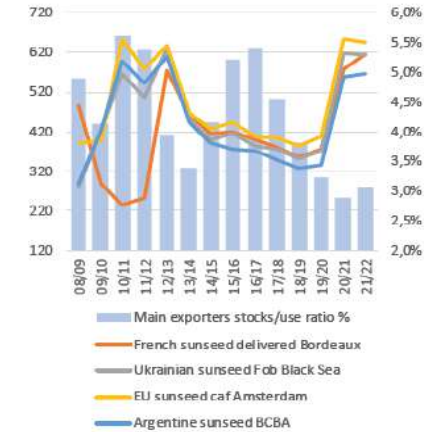
4,73 Mha (73% of intended area) were harvested in Ukraine until Oct 13<sup>th</sup>, according to official information. Yields are reported at 2,31 MT/ha vs 1,90 MT/ha last year at this time. Final crop will be around 16,6 / 17,0 Mts according to APK Inform, Strategie Grains, USDA and Oil World.



Largest than initially expected crop in UE. France 1,9 Mts (vs 1,72 Mts last month); Spain 0,82 Mts (vs 0,79 Mts) and Italy 0,29 Mts (vs 0,27 Mts). In Bulgaria sunflower seed harvesting is practically done. Production will be the highest in the last 4 years. Similar situation in Romania.

However, the higher production are not yet reflected in the international prices because farmer selling is very slow.

## 2.21: SUNSEED STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)



## SUNFLOWER OIL : World Supply & Demand ( Mn T )

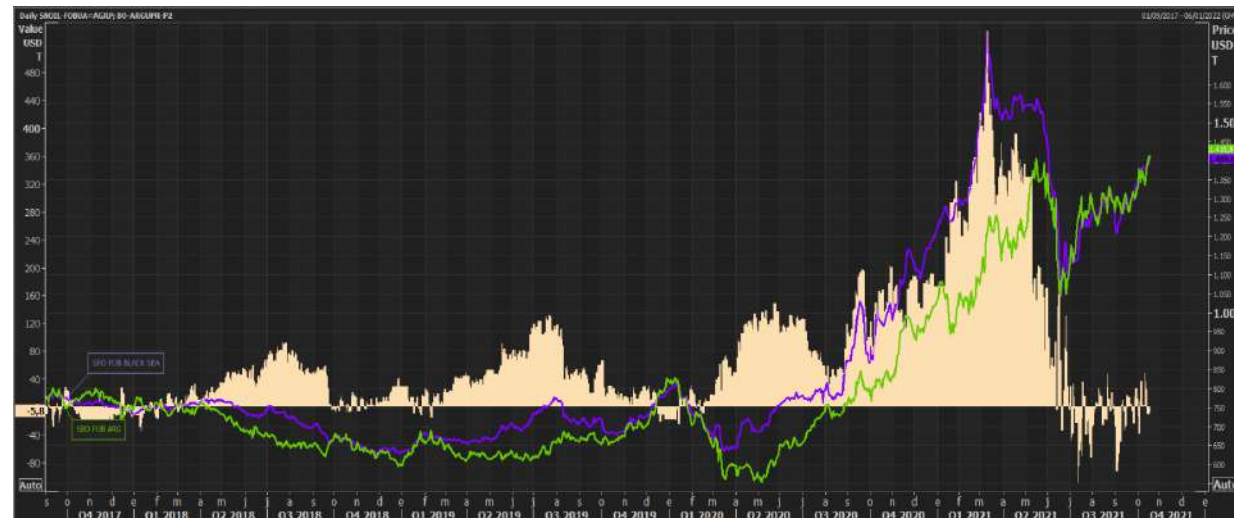
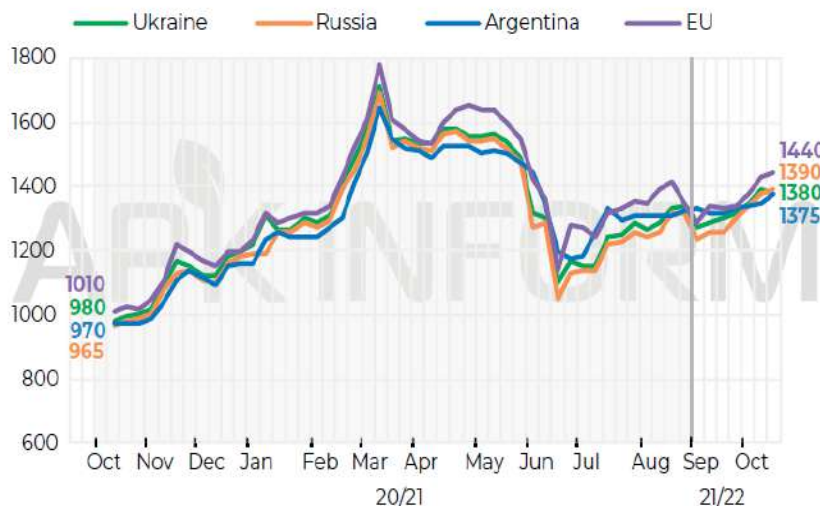
	October / September				
	21/22F	20/21	19/20	18/19	17/18
Opening stocks	2.41	2.83	2.84	2.54	2.56
<b>Production</b>	<b>21.98*</b>	<b>18.98</b>	<b>21.53</b>	<b>20.06</b>	<b>18.88</b>
EU-27	3.75*	3.27*	3.71*	3.57	3.76
Ukraine	7.21*	5.74*	7.17*	6.56	5.82
Russia	6.17*	5.27*	5.98*	5.13	4.58
Argentina	1.23*	1.28*	1.14	1.43	1.25
Imports	13.79*	11.17*	13.57	11.64	10.46
EU-27	2.50*	1.70*	2.48	2.04	1.57
China, PR	1.86*	1.65*	1.75	1.03	.78
India	2.50*	1.91*	2.51	2.33	2.48
Exports	13.87*	11.07*	13.70	11.83	10.24
Russia	3.82*	3.07*	3.71	2.77	2.26
Ukraine	6.73*	5.22*	6.76	6.04	5.28
Argentina	.75*	.80*	.68	.97	.74
Disappearance	21.43*	19.50*	21.41	19.58	19.12
<b>Ending stocks</b>	<b>2.89*</b>	<b>2.41</b>	<b>2.83</b>	<b>2.84</b>	<b>2.54</b>

SOURCES: OIL WORLD / USDA / APK INFORM / BCBA / STRATEGIE GRAINS

# 3.2 SUNFLOWER OIL(SFO)



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



Estimated 2018-2021 HO area planted per country x1000 Ha

Country	2018	2019	2020	2021F	Increase %
Russia	110	150	170	140	82%
Ukraine	300	350	517	540	104%
France	345	450	640	544	85%
SEE(RO+Bul+Hu)	264	502	633	452	71%
Spain	197	198	280	265	95%
Others UE(Port+It+Gre)	118	144	146	160	115%
Others	35	45	64	50	78%
<b>Total</b>	<b>1.369</b>	<b>1.839</b>	<b>2.450</b>	<b>2.151</b>	<b>88%</b>

HO sunflower area x 1000 Ha harvested as HO in main Europe countries + Argentina

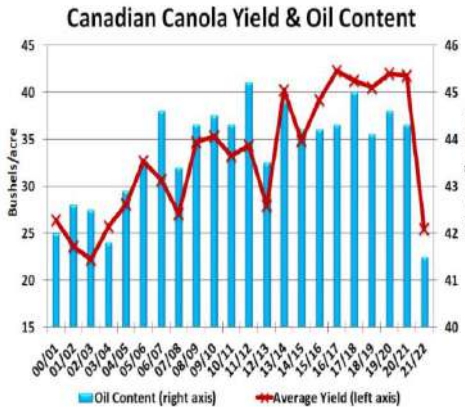
Country/Region	2016	2017	2018	2019	2020	2021F
Ukraine (Net HO)	126	108	222	322	372	324
Russia (Net HO)	110	133	128	157	85	56
Argentina	1.355	134	244	308	240	240
Europe-CIS	873	861	852	1.263	1.491	1.305
Others	10	12	13	45	64	40
<b>Total</b>	<b>2.474</b>	<b>1.248</b>	<b>1.459</b>	<b>2.095</b>	<b>2.252</b>	<b>1.965</b>

Farmers are reluctant to sell sunflower seed in Black Sea. The financial condition is good, and farmers are selling other crops instead of sunflower seed. As a result, crushers face limited supply of raw material. Despite production is good, current availability is poor. On the other hand, prices of sunflower oils remains very competitive vs other vegetable oils.

**HOSO PREMIUM:** The high oleic sunflower oil market has shown tension in the last month, with scarce offers from the main producing countries. The area has fallen in the EU by approx 12%, with significant losses in countries such as France, Romania, Bulgaria and Hungary. Moreover, low premiums offered to farmers have resulted in less segregation than expected, mainly in Black Sea countries. There is an increase in HO area planted in Ukraine but large proportion will not be segregated as HO

SOURCES: OIL WORLD / APK INFORM / LC ALONSO / REUTERS

# 4. RAPESEED OIL (RSO)

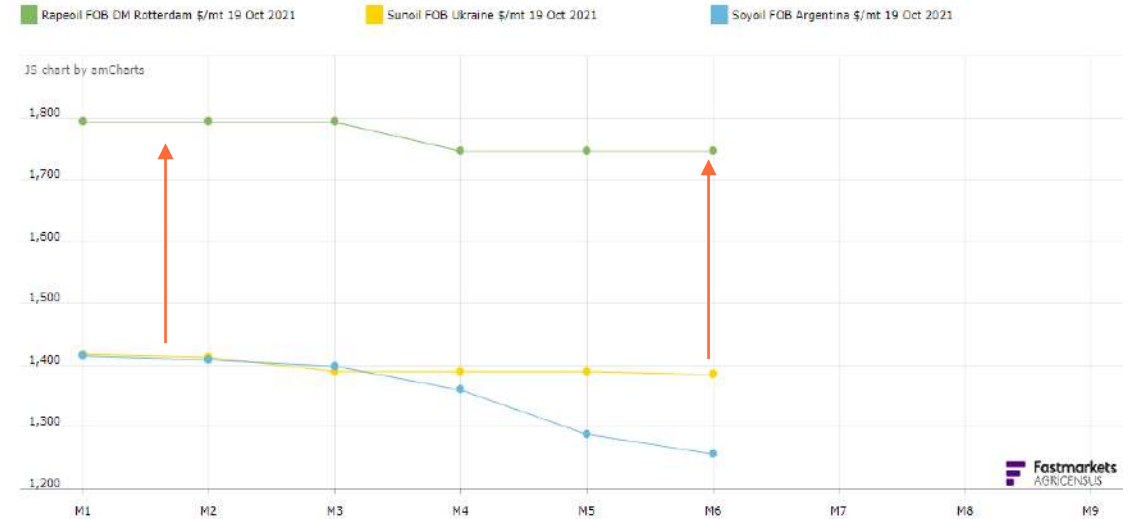


**CANADA : Supply & Demand of Canola ( Mn T )**

	21/22F	20/21	19/20	18/19	17/18
Op. stocks	1.77	3.43	4.43	2.64	1.34
Output . . . . .	13.40*	19.48	19.91	20.72	21.46
Imports . . . . .	.16*	.13	.16	.15	.11
Exports . . . . .	6.10*	10.53	10.36	9.39	10.74
Crushings . . . . .	8.57*	10.41	10.13	9.30	9.27
Other use . . . . .	.24*	.33	.58	.39	.26
End.stocks . . . . .	.42*	1.77	3.43	4.43	2.64

**RAPESEED & CANOLA: World Supply & Demand**

(Mn T)	21/22F	20/21	19/20	18/19
Open'g stocks . . . . .	6.79*	8.59	10.04	9.48
<b>Production . . . . .</b>	<b>62.08*</b>	<b>66.67</b>	<b>62.89</b>	<b>65.71</b>
EU-27 . . . . .	17.45*	16.93	15.56	18.05
Russia . . . . .	2.64*	2.57	2.06	1.99
Ukraine . . . . .	2.90*	2.70*	3.48*	2.88*
Canada . . . . .	13.40*	19.48	19.91	20.72
U.S.A. . . . .	1.42*	1.63*	1.55	1.64
China . . . . .	6.20*	6.00*	5.70*	5.30*
India . . . . .	8.50*	8.50*	7.40*	7.55*
Australia . . . . .	5.04	4.52	2.30	2.37
<b>Total supplies</b>	<b>68.87*</b>	<b>75.26</b>	<b>72.93</b>	<b>75.19</b>
Crush (July/June)	62.07*	66.01	61.85	62.63
Other use . . . . .	2.10*	2.46*	2.49	2.52
<b>End'g stocks . . . . .</b>	<b>4.70*</b>	<b>6.79*</b>	<b>8.59</b>	<b>10.04</b>
EU-27 (Jun 30)	.75*	.88*	1.04	1.79
Canada (July31)	.42*	1.77	3.44	4.44
<b>Stocks/usage</b>	<b>7.3%</b>	<b>9.9%</b>	<b>13.4%</b>	<b>15.4%</b>



We have not seen major changes in rapeseed complex situation. It only remains to know the final production in Australia, which is expected to be a record. However, the global balance will be very tight for 2021/22 due to the very low production in Canada. Additional pressure comes from firm crude oil prices.

As a result, fundamentals in the rapeseed market are still bullish. Prices should be high enough to generate a rationalization of demand. We continue to expect a high differential between the price of rapeseed oil vs the rest of the oils, because it is not possible for part of the demand to switch to other vegetable oils, mainly because of labeling requirements.

SOURCES: STONEX / AGRICENSUS / OIL WORLD



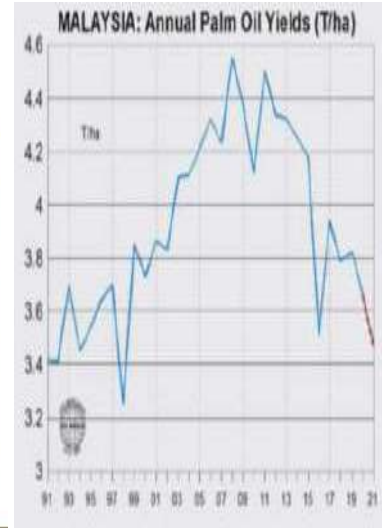
# 5.1 PALM OIL (CPO)



**MPOB: Malaysia September 2021 data ACTUAL**

	Sept 2021 (in million tons)	% change from Aug
Production	1.703	-0.39
Palm Oil Imports	0.075	-17.96
Exports	1.597	36.83
Biodiesel Exports	0.052	-8.05
Local Disappearance	0.313	23.54
End Month Stocks	1.746	-6.99

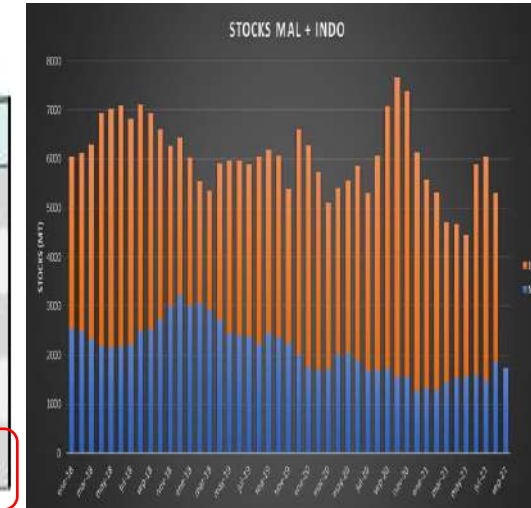
*In millions of tons*



## GAPKI August 2021 Indonesia palm oil S&D

	Aug-21	Jul-21	Change	% Change
Production - CPO+CPKO	4.618	4.441	0.177	▲ 3.99
Import	0.005	0.003	0.002	▲ 66.67
Export	4.274	2.742	1.532	▲ 55.87
Domestic consumption	1.462	1.444	0.018	▲ 1.25
Stocks	3.433	4.549	-1.116	▼ -24.53

*In millions of ton*



The September MPOB report showed an important decrease in ending stocks. Final stocks fell by 7%, as a result of practically same production (1,7 Mts) but higher exports (1,6 Mts) than August. October production seems flat to marginally higher.

Palm oil production losses will remain high until the labour shortage is solved. According to Oil World, Malaysian production has remained at least 10% below potential in the past four months. Yields in 2020 will be the lowest in 20 years.

In 2022, the improvement in the labor situation in Malaysia with the new government target of facilitating immigration of 32,000 foreign workers, in addition to better weather conditions than in 2021 will positively affect the yields of next year. Production is expected to increase 1 million MT vs 2021.

According to Gapki, production increased 4% in Indonesia during August.

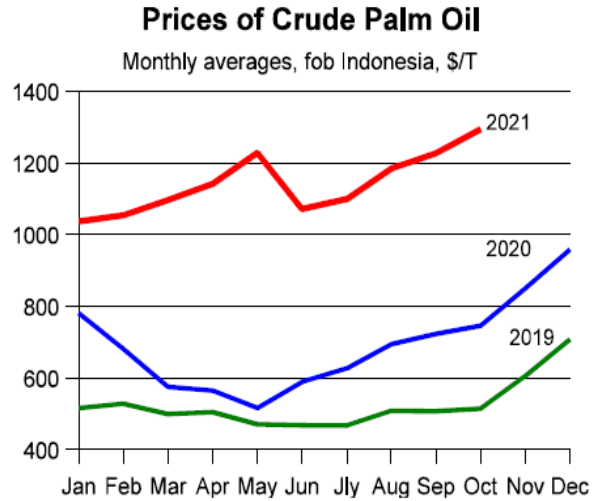
However, final stocks have shown a significant drop due to an increase in exports above 55%.

SOURCES: MPOB / POA / OIL WORLD / GAPKI / SPPOMA / ITS / AMSPEC

# 5.2 PALM OIL(CPO)



	Forecast	October/September			
	21/22F	20/21	19/20	18/19	17/18
Op'g stocks .....	12.67*	12.63	14.91	14.62	11.70
Production .....	79.76*	75.83*	74.16	77.99	73.68
Imports .....	52.72*	50.88*	50.74	55.35	50.50
Exports .....	53.03*	50.69*	50.78	55.25	51.47
Consumption ...	78.45*	75.98*	76.38	77.81	69.78
End stocks .....	13.66*	12.67*	12.63	14.91	14.62
Stocks/usage ...	17.4%	16.7%	16.5%	19.2%	21.0%



World palm production could increase between 3 and 4 million metric ton in 2022, mainly because Malaysia and Indonesia.

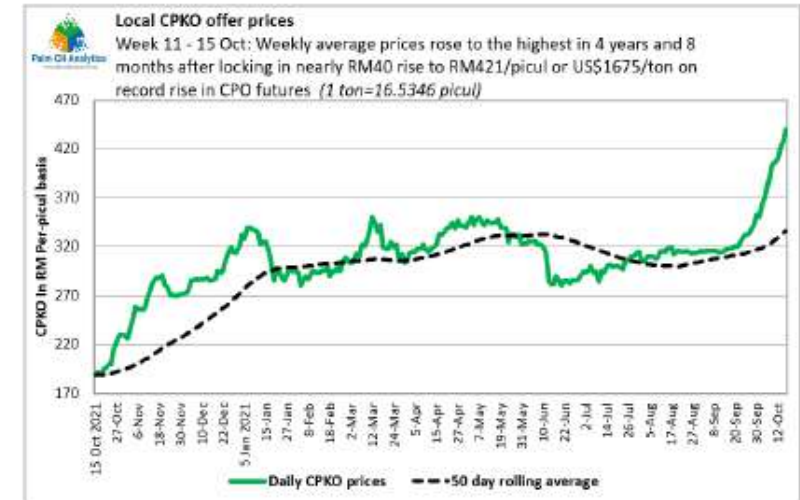
Balance for 21/22 looks a bit better than current season.

Bursa Malaysia crude palm oil futures made new highs. Prices for 3<sup>rd</sup> position above 5,000 MYR. FOB exports prices of Indonesia crude palm oil above 1,300 US\$ / MT vs 746 US\$ average of Oct 2020 and 606 US\$ average 2015 – 2019.

The situation is likely to remain very tight for the remainder of the year and we may see prices showing only a gradual correction until the end of the year. Main analysts expect a drop in prices for Q2 2022.

SOURCES: OIL WORLD / REUTERS / GODREJ INT / IPOA / LMC INT

# 6. LAURIC OILS (PKO + CNO)



**Impressive rise in the price of lauric oils during the last month, reaching highest levels in the last 5 years.** Reduced supply amidst higher demand continued to dominate pricing dynamics.

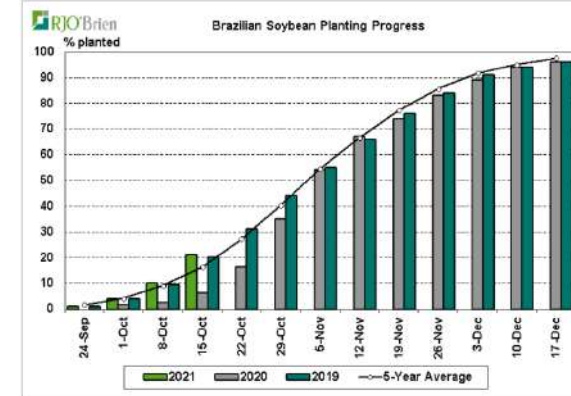
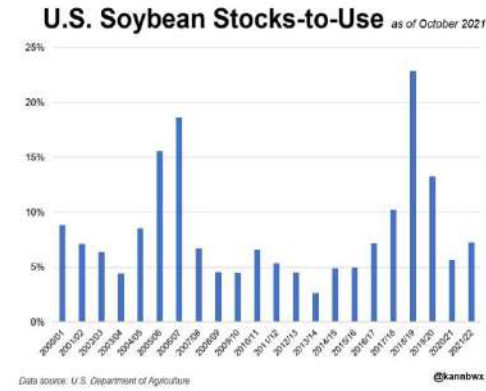
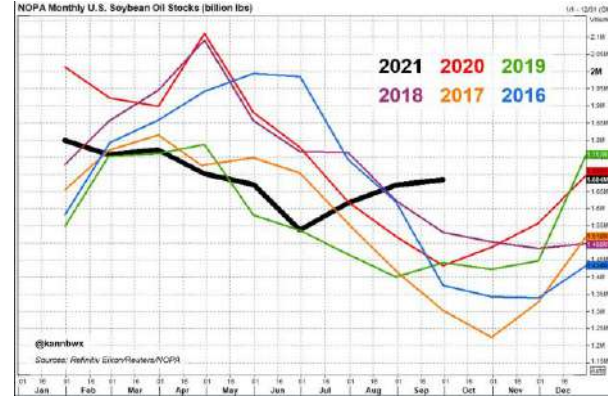
**Malaysian supplies of palmkernel oil are still comparatively tight, with production still below the year ago level and stocks 33% below Sept 20.**

SOURCES: REUTERS / POA / OZINGA & POELMAN TRAFFIC / TSL / HENDRIX

# 7. SOYBEAN OIL(SBO)



SOYBEANS : World Supply and Demand ( Mn T )				
	21/22F	20/21	19/20	18/19
Opening stocks	98.73*	97.16	111.75	93.99
<b>Production</b>	<b>379.00*</b>	<b>362.32</b>	<b>339.65</b>	<b>361.81</b>
U.S.A. ....	121.06	114.75	96.67	120.51
Brazil .....	145.00*	137.80*	128.40*	121.60*
Other countries .	112.94*	109.77	114.58	119.70
<b>Total supply</b>	<b>477.73*</b>	<b>459.48</b>	<b>451.40</b>	<b>455.80</b>
<b>Crush (Sept/Aug) .</b>	<b>325.80*</b>	<b>315.74*</b>	<b>310.73</b>	<b>301.95</b>
<b>Other use .....</b>	<b>46.43*</b>	<b>45.01*</b>	<b>43.51</b>	<b>42.10</b>
<b>Ending stocks</b>	<b>105.50*</b>	<b>98.73*</b>	<b>97.16</b>	<b>111.75</b>
U.S.A. Aug 31	11.70*	6.97	14.28	24.74
Argentina Aug 31	35.26*	34.12*	32.94*	32.90*
Brazil Aug 31	34.20*	33.14*	24.82*	37.56*
Other countries	24.34*	24.50*	25.12*	16.55*
<b>Stocks/usage</b>	<b>28.3%</b>	<b>27.4%</b>	<b>27.4%</b>	<b>32.5%</b>

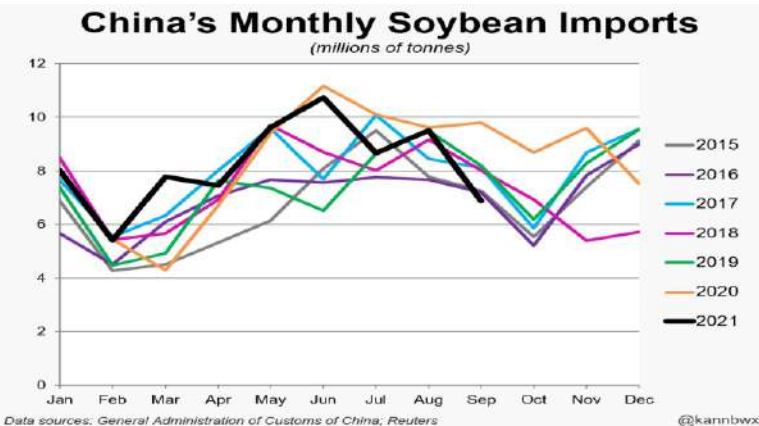


US production is likely to finish better than expected. Oil World and USDA estimate 121 Mts, when harvest is 60% done. Stock/use ratio for USA is seen at 7,3%, about the same as in 2016/17. If this projection materialize, USA would have a confortable level of soybean stocks. Oil stocks were reported by NOPA at highest level since last March.

Planting of soybeans in Brazil is favorably quick so far. At the moment, Brazilian crop prospects are favourable. Same situation for Argentina. However, current forecasts indicate “La Niña” for next 2-3 months, implying a risk for South America production.

China imported 6,88 Mts of soybeans in September, the lowest volume in 7 years, due to poor crush margin and subdued meal demand from the Chinese pork industry. Jan-Sept 2021 imports totaled 74 Mts, slightly below last year’s 74,5 Mts.

Chinese soybean purchases and news about mandates, mainly in USA may be key swing factors to watch.



SOURCES: OIL WORLD / USDA / NOPA / RJO OBRIEN / K BRAUM

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

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