



LIPSA

November 2021

Agenda

1. Evolution of reference markets
2. External
3. Major Oil balance
4. Palm oil (CPO)
5. Lauric oils (Cpko + Ccno)
6. Soybean oil(SBO)
7. Sunflower oil (SFO)
8. Rapeseed oil (RSO)

1. EVOLUTION OF REFERENCE MARKETS



SOURCES : REUTERS

1.1 EVOLUTION OF REFERENCE MARKETS

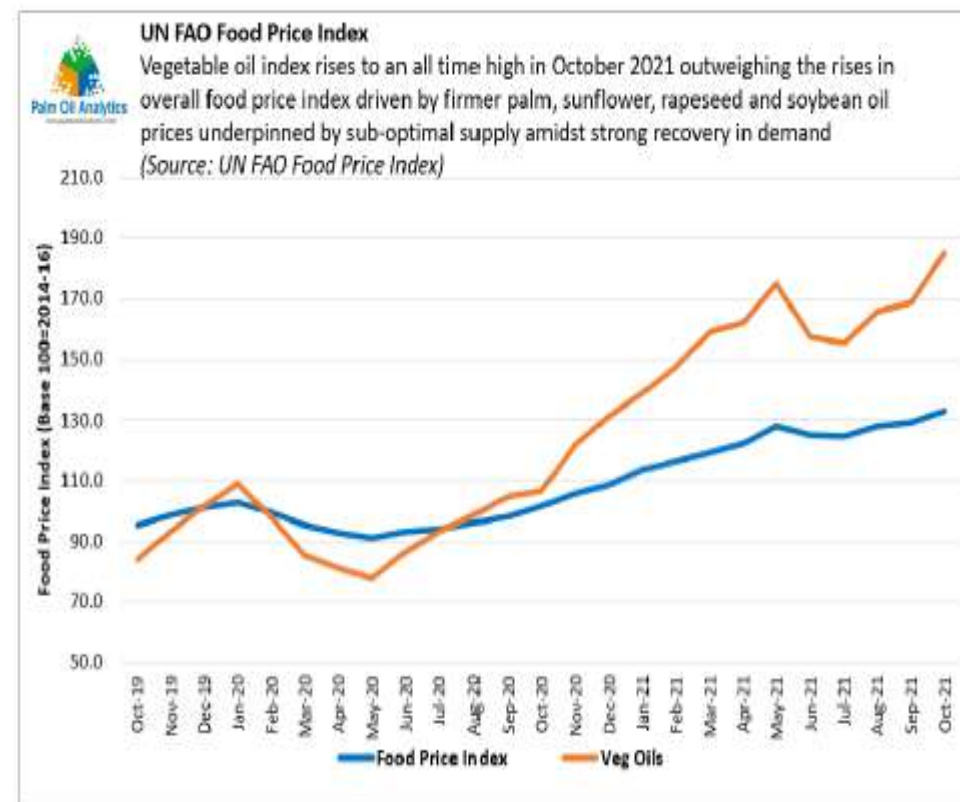


SOURCES : REUTERS

1.2 EVOLUTION OF REFERENCE MARKETS

PRICES in the Nearby (US-\$ per Tonne)

	Oct 21 2021	Oct 20 2021	Sep 20 2021	Averages	
				Oct 1-20 2021	Oct 2020
Soya oil, Arg. fob	1417	1446	1274	1383	+68% 823
Palm oil, crude, Indon.fob . .	1405	1390	1185	1318	+77% 746
Palm olein RBD, Mal. fob . . .	1350	1360	1150	1296	+68% 771
Sun oil, Black Sea, fob	1455	1440	1300	1390	+42% 978
Rape oil, Dutch, fob ex-mill .	1795	1802	1569	1775	+92% 924
Palmkern oil, cif Rotterdam .	2070	2060	1430	1717	+110% 818
Coconut oil, cif Rotterdam . .	2180	2160	1490	1830	+65% 1108
Soybeans, US, cif Rotterdam	550	552	557	548	+21% 454
Rapeseed, EU, cif Hamburg.	801	805	709	777	+66% 469
Soya pellets, 47%, Arg, fob .	389	395	414	386	-11% 435



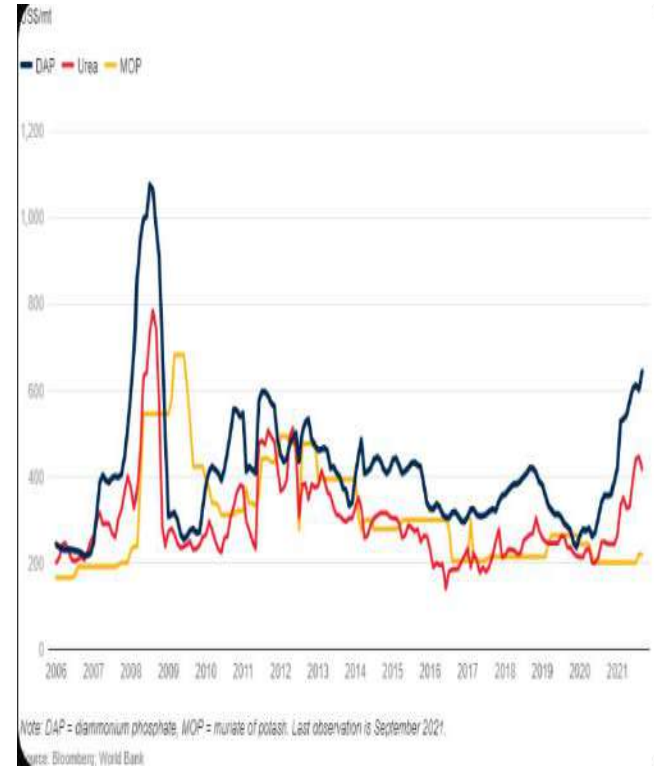
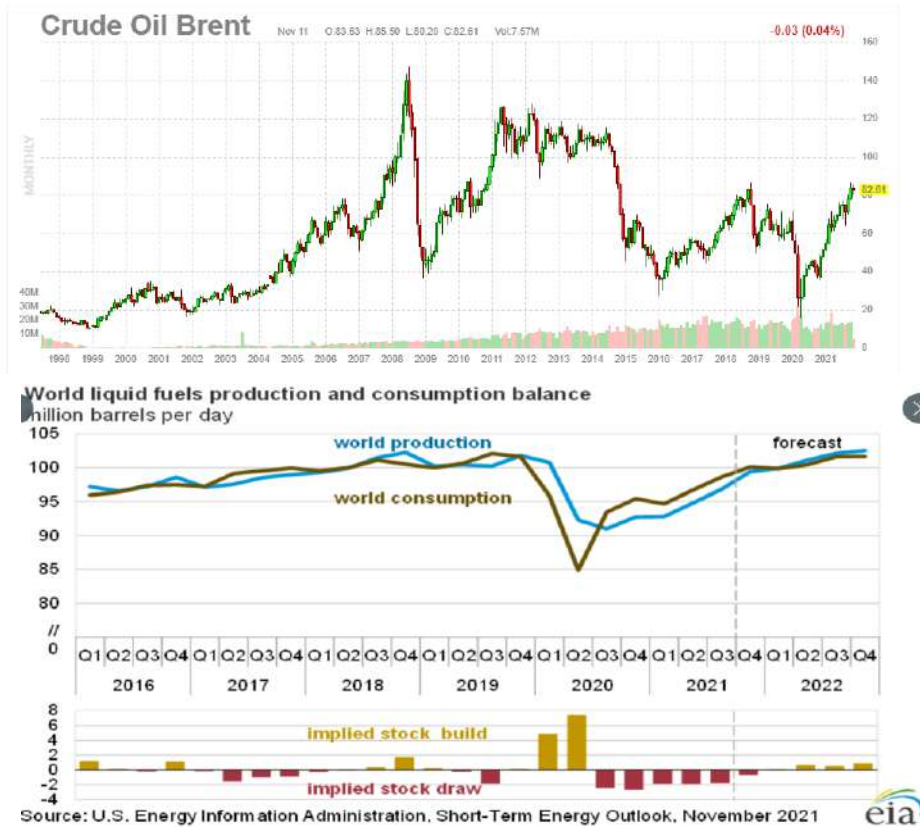
Vegetable oil index hit an all-time high in October.

The recent sharp price increases in vegetable oils have slowed consumption, both in the food and non-food categories.

Governments are more and more concerned about food price inflation

SOURCES : OIL WORLD / POA / FAO

2. EXTERNAL

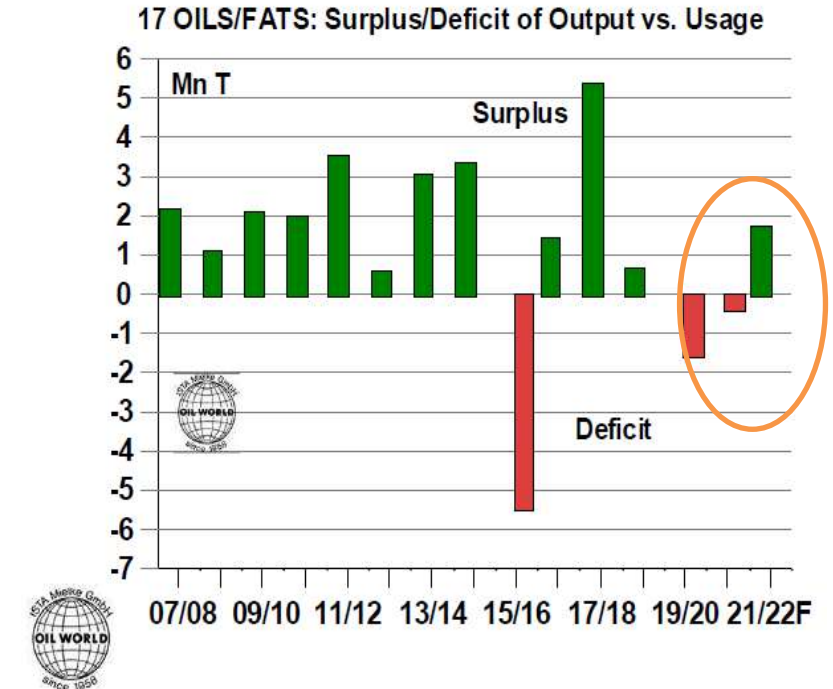
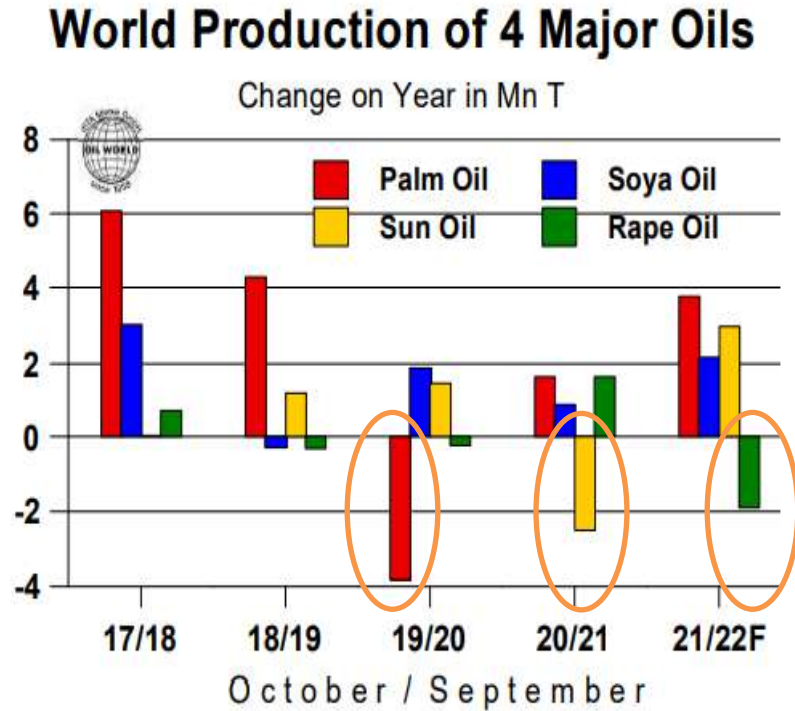
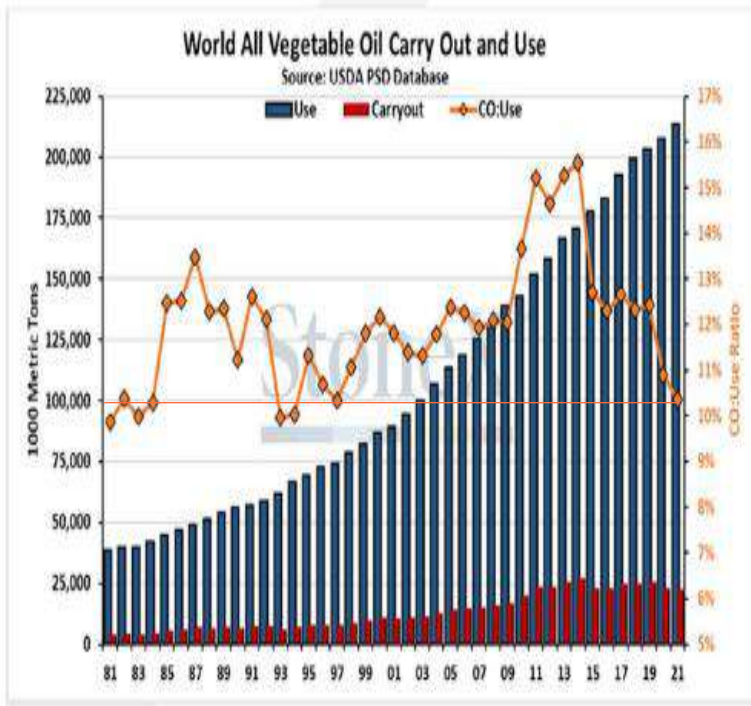


Energy prices remain well above 80 US\$, maximum since end of December 2014. Forecasts for 2022 show world stock growth in each quarter

Relevant increases in fertilizer prices along with natural gas in recent months. The uptrend is fuelled by Chinese export restrictions. As a consequence, higher production costs will probably reduce plantings of those crops which require high levels of fertilizer (like corn) in favour of other crops with less fertilizer requirements (like soybeans). Less use for palm??

SOURCES: FUTURES FINVIZ / OIL WORLD / TI / BLOOMBERG / WORLD BANK

3. MAJOR OILS BALANCE



World production suffered a major failure in palm in 19/20. On top of that, we saw a very poor sunflower production in Ukraine and Russia, as well as in some countries of EU in addition to low recovery in palm production in 20/21 .

In 21/22 Canada will lose around 6 Mts of rapeseed (equivalent to 2,5 million tons of oil). However, the production of the 4 main oils will probably grow by 7 Mts, and after 2 seasons there will be a production surplus, although this situation is not yet reflected in prices.

SOURCES: USDA / STONEX / OIL WORLD

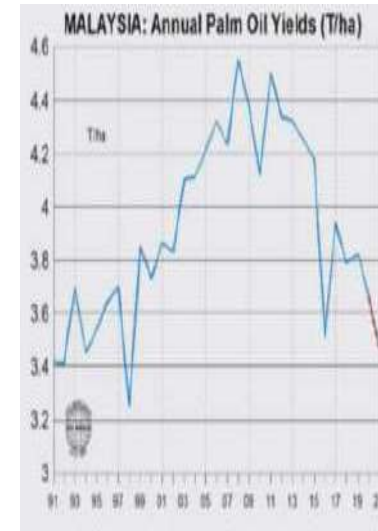
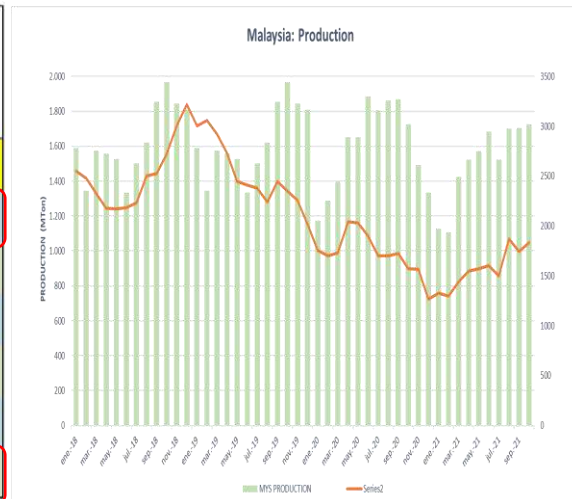
4. PALM OIL(CPO)



MPOB: Malaysia October 2021 data ACTUAL

	Oct 2021 (in million tons)	% change from Sept
Production	1.726	1.30
Palm Oil Imports	0.050	-32.73
Exports	1.418	-12.03
Biodiesel Exports	0.019	-63.29
Local Disappearance	0.281	-2.63
End Month Stocks	1.834	4.42

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

October MPOB (Malaysian Palm Oil Board) report largely in line with market expectations. Ending stocks rose 4.4%, as a result of practically same production (1,7 Mts) but lower exports (1,4 Mts) than September. Attention is now on November exports and production outlook. Early indications show November production is trailing behind October.

Palm oil production losses will remain high until the labor 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. Annual production is estimated at 17,5 – 17,8 Mts.

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 will positively impact yields and production, which is expected to rebound in Malaysia up to 18.75 - 19.30 Mts

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%. This week Gapki will publish data for September.

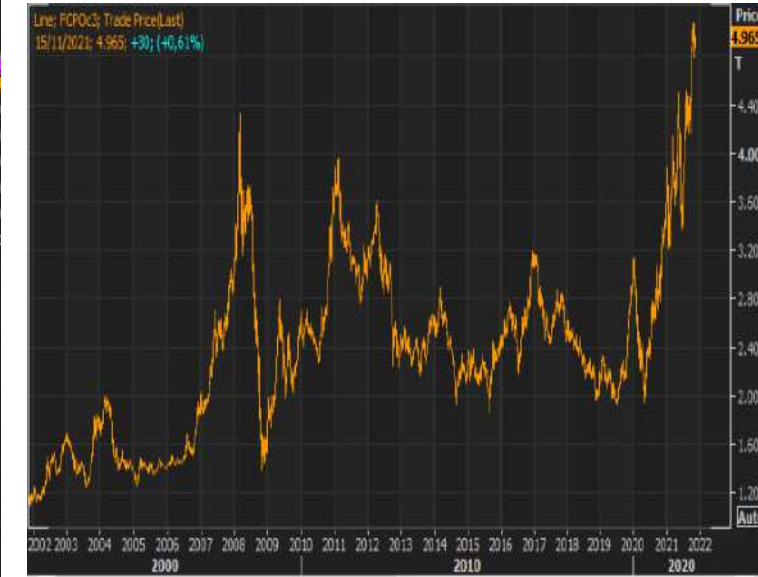
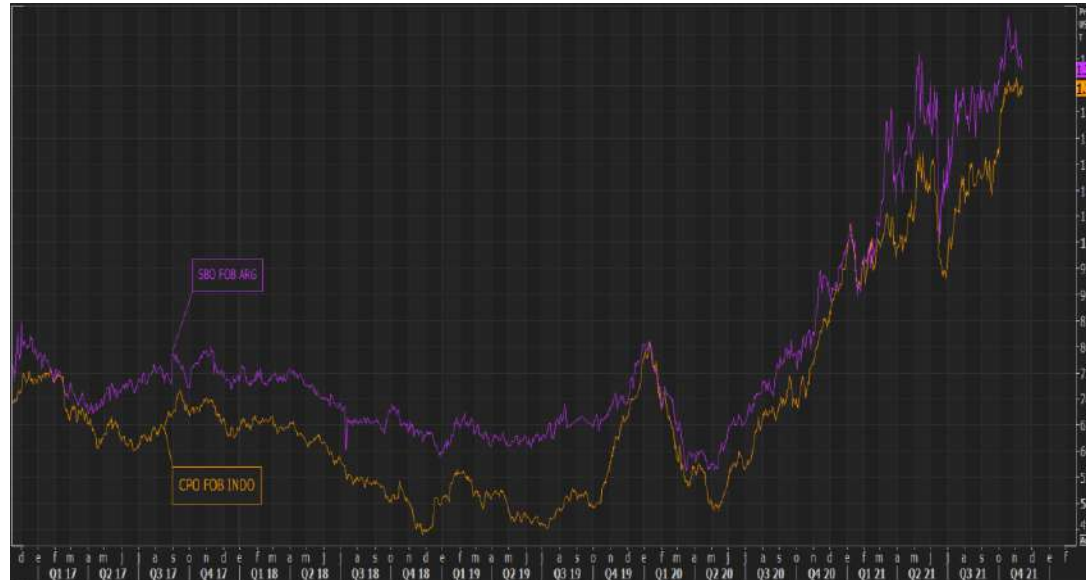
SOURCES: MPOB / POA / OIL WORLD / GAPKI / SPPOMA / ITS / AMSPEC

4.1 PALM OIL (CPO)



PALM OIL : World Supply & Demand (Mn T)

	Forecast	October/September			
	21/22F	20/21	19/20	18/19	17/18
Op'g stocks ...	12.46*	12.61	14.90	14.62	11.70
Production ...	79.43*	75.65*	74.17	77.99	73.68
Imports	52.58*	51.38*	50.73	55.35	50.50
Exports	52.84*	51.19*	50.78	55.25	51.47
Consumption .	77.96*	75.99*	76.40	77.81	69.78
End stocks ...	13.68*	12.46*	12.61	14.90	14.62
Stocks/usage .	17.5%	16.4%	16.5%	19.1%	21.0%



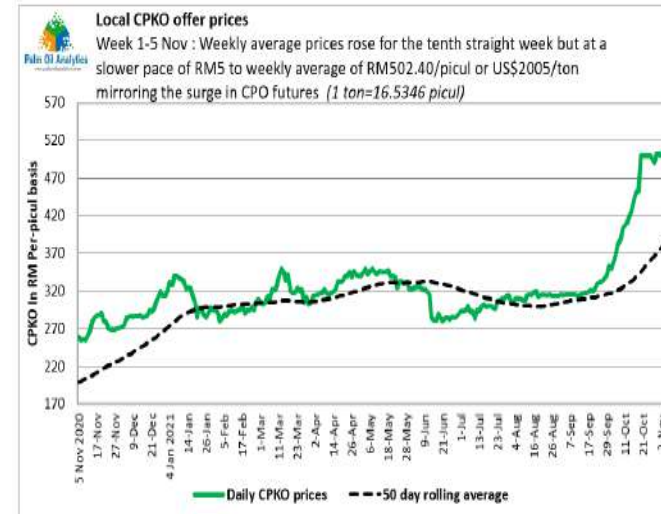
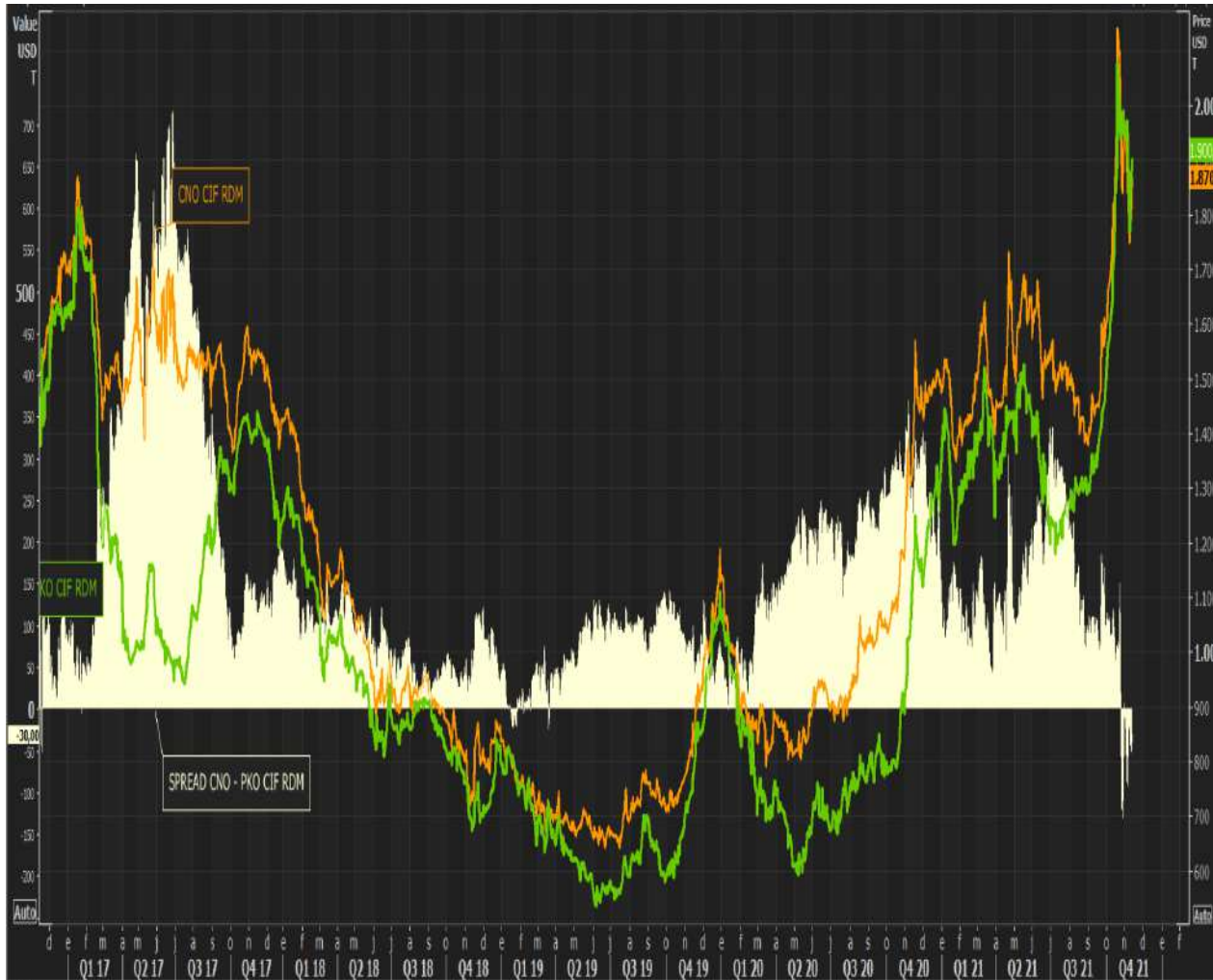
World palm production could increase between 3 and 4 million tons in 2022, mainly in Malaysia and Indonesia. Balance for 21/22 looks better than current season.

Relatively high palm prices to soft oils will be the main risk to palm demand in November and December. Supply remains tight but is showing signs of easing.

According to POA (Palm Oil Analytics), most active CPO futures is expected to trade RM 4.700-4.900 during the rest of the year.

SOURCES: OIL WORLD / REUTERS / POA

5. LAURIC OILS (CPKO + CCNO)



	Oct Sept 21/22F	Oct Sept 20/21	Oct Sept 19/20
Palmkernel oil			
Open'g stocks	1.27	1.34	1.41
Production	8.36	7.94	7.88
Imports	3.57	3.31	3.48
Exports	3.54	3.37	3.44
Disappear.(a)	8.35	7.96	8.00
Ending stocks	1.31	1.27	1.34
Coconut oil			
Open'g stocks	.36	.44	.50
Production	2.96	2.68	2.69
Imports	2.12	1.90	1.94
Exports	2.13	1.84	1.95
Disappear.(a)	2.91	2.82	2.74
Ending stocks	.41	.36	.44

Significant correction in the price of lauric oils since second half of October, when these have reached highest levels since 2011.

CPKO Malaysian production of palmkernel oil during October was flat vs previous month, while domestic usage domestic consumption fell about 30% due to escalating prices in October (mainly by oleo-chemical sector). **However, Malaysian stocks remains 25% lower than in the same month of the previous year, implying supply tightness to last until the year-end. Philippines coconut production is forecast to rise by 5-10% in 2022 from this year (assuming no major typhoon occurs).**

POA considers that PKO prices are unlikely to remain above CNO, they project the spread to widen but to stay below US\$100 for the rest of this year.

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

6. SOYBEAN OIL(SBO)



World Soybean Production

Country or Region	2020/2021		2021/2022		
	Estimate	Change from October 10	Forecast	Change from October 10	Change from 2020/2021
----- Million Tons -----					
World	366.2	1.0	384.0	-1.1	17.8
United States	114.7	--	120.4	-0.6	5.7
Foreign	251.5	1.0	263.6	-0.5	12.1
Argentina	46.2	--	49.5	-1.5	3.3
Brazil	138.0	1.0	144.0	--	6.0
Paraguay	9.9	--	10.5	--	0.6
Canada	6.4	--	5.9	--	-0.5
India	10.5	--	11.9	0.9	1.4
China	19.6	--	19.0	--	-0.6

-- No change.

USDA World Ending Stocks

WASDE November 9, 2021 – millions of tonnes

	2021/22	Trade	USDA Oct.
Corn	304.42	300.82	301.74
Soybeans	103.78	105.48	104.57
Wheat	275.8	276.5	277.18

Data sources: USDA; Reuters @kannbwx

United States Ending Stocks

USDA November 9, 2021 – billions of bushels

	2021/22	Trade Avg	USDA Oct.
Corn	1.493	1.480	1.500
Soybeans	0.340	0.362	0.320
Wheat	0.583	0.581	0.580

Data sources: USDA; Reuters @kannbwx

An unexpected decrease of US yield in the last WASDE issued by USDA. Big surprise for the market.

US Exports are reduced by 1.1 Mts (million metric tons) reflecting reduced global imports, and ending stocks are forecasted with less increase than previous expectations.

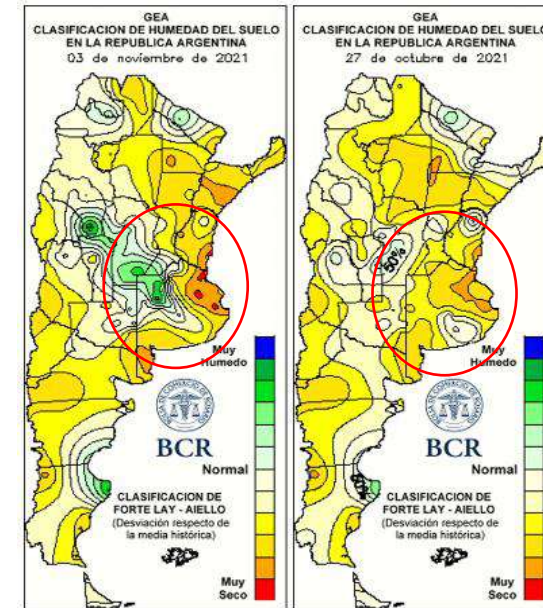
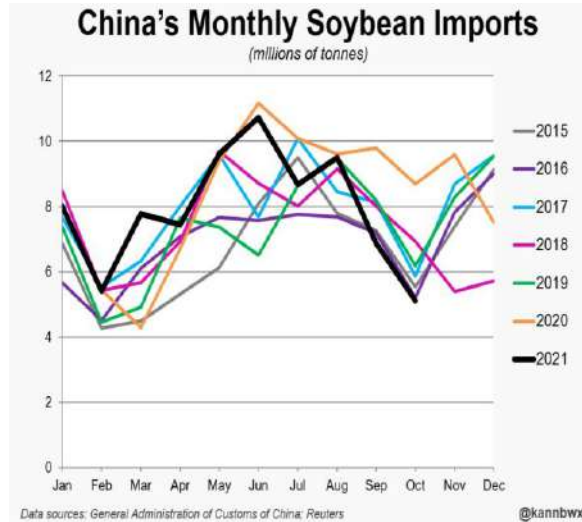
Global exports are lowered 1 Mts mainly due to slower demand from China. Argentine production 21/21 is reduced by 1.5 Mts
Global soybeans stocks decline when market expected an increase.

SOURCES: USDA / K BRAUM / REUTERS

6.1 SOYBEAN OIL(SBO)



SOYBEANS: World Supply and Demand (Mn T)				
	21/22F	20/21	19/20	18/19
Opening stocks	97.80*	96.90	111.75	93.99
Production	379.49*	362.32	339.66	361.81
N. Hemisphere	170.02*	163.80	144.58	169.60
EU-27	2.89*	2.63	2.75	2.85
Russia	4.65*	4.52*	4.51*	4.03
Ukraine	3.41*	3.10*	4.70*	4.80*
Canada	5.89	6.36	6.15	7.42
U.S.A.	121.06	114.75	96.67	120.51
China, P.R.	16.67	17.85	15.97	14.34
India	9.80*	9.30*	8.50*	10.50*
S. Hemisphere	209.47*	198.52	195.08	192.21
Argentina	45.50*	43.80*	49.40*	54.30*
Brazil	145.00*	137.80*	128.40*	121.60*
Paraguay	10.70*	9.40*	10.24	8.52
Uruguay	2.56*	1.90*	2.25*	2.98*
Total supply	477.29*	459.22	451.41	455.80
Crush (Sept/Aug)	325.40*	315.91*	310.73	301.95
Other use	47.49*	45.51*	43.78	42.10
Ending stocks	104.40*	97.80*	96.90	111.75
U.S.A. Aug 31	11.70*	6.97	14.28	24.74
Argentina Aug 31	34.26*	34.10*	32.94*	32.90*
Brazil Aug 31	34.17*	33.14*	24.82*	37.56*
Stocks/usage	28.0%	27.1%	27.3%	32.5%



China has imported 5.11 Mts of soybeans in October, the lowest volume since March 2020 and down 41% vs Oct. 2020, due to poor crush margins and limited U.S. shipments due to hurricane damage. Jan-Oct imports totaled 79.1 Mts, down 5%

Recent rainfall has improved planting conditions in most of Brazil and central area of Argentina. Dry conditions in southern Brazil, Uruguay and eastern Argentina, pattern which is generally associated with "La Niña" conditions. Planting of soybeans in Brazil is 67% done, and 7% in Argentina.

Despite the latest USDA report, the scenario is a bit bearish in the soy complex due to lower demand and the expectation of a record production, implying a recovery in the stock / consumption ratio. The main risk is La Niña and its effect on South American production

SOURCES: OIL WORLD / GACC / K BRAUM / REUTERS / AG RESOURCE / BCR

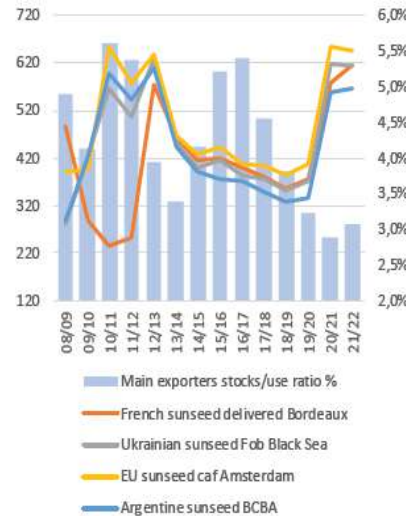
7. SUNFLOWER OIL(SFO)



SUNSEED : World Supply & Demand (Mn T)

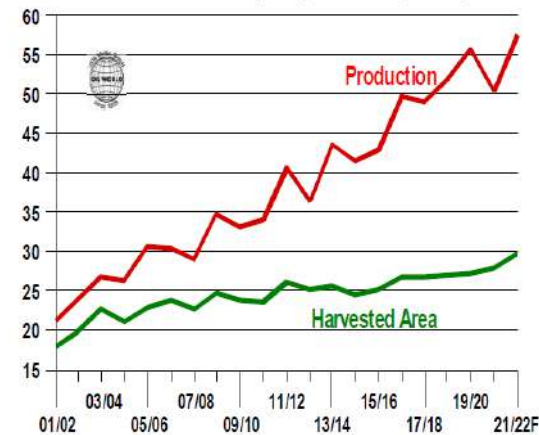
	21/22F	20/21	19/20	18/19
Open'g stocks	2.62*	3.32	3.34	3.27
Production	57.74*	50.42	55.68	51.90
EU-27	10.49*	8.90	9.47	9.48
Russia	15.30*	13.42*	15.38	12.76
Ukraine	17.00*	13.90*	16.50*	15.25*
Rep. of S. Africa . . . . .	.82*	.68	.81*	.68
U.S.A. . . . .	.86	1.35	.89	.96
Argentina	3.10*	2.80*	3.05*	3.50*
China,PR	2.85*	2.75*	2.68*	2.55*
Turkey	1.80*	1.58*	1.70*	1.53*
Total supplies	60.36*	53.74	59.02	55.17
Crush (Sept/Aug) . .	51.68*	45.74*	50.39	46.87
Other use	5.58*	5.38*	5.31	4.96
End'g stocks	3.10*	2.62*	3.32	3.34
EU-27 (July 31) . . . .	.90*	.76*	.87	.83
Russia & Ukraine . . . .	.74*	.38*	.52*	.71*
Argentina (Sep 30) . . . .	.62*	.56*	.98*	.88*
Other countries . . . .	.84*	.92*	.95	.92
Stocks/usage	5.4%	5.1%	6.0%	6.4%

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



SUNFLOWERSEED

World Production (Mn T) and Area (Mn ha)



RUSSIA & UKRAINE : Sunseed Balances (Mn T)

	Russia			Ukraine		
Sept/Aug:	21/22F	20/21	19/20	21/22F	20/21	19/20
Open stocks . . . . .	.17*	.38*	.50*	.21*	.14*	.21*
Production	15.30*	13.42*	15.38	17.00*	13.90*	16.50*
Imports . . . . .	.06*	.06	.06	.03*	.02	.03
Exports . . . . .	.30*	.56	1.25	.25*	.19	.07
Crushings	14.22*	12.62*	13.78*	16.50*	13.45*	16.31*
Other use . . . . .	.53*	.52*	.52*	.23*	.21*	.22*
End stocks . . . . .	.48*	.17*	.38*	.26*	.21*	.14*

World sunflower seed production is expected at 57.7 Mts (+7,3% vs 20/21). UE will finish at 10.5 Mts, Russia with 15.3 Mts and Ukraine with 17.0 Mts. Production in Argentina is estimated at 3.1 MTs, 78% of planting is done.

Harvesting of sunseed largely completed in Eastern Europe, Ukraine and Russia. The farmer selling will now take the key role in pricemaking. Current production of sunflower is below potential so far this season due to slow farmer selling.

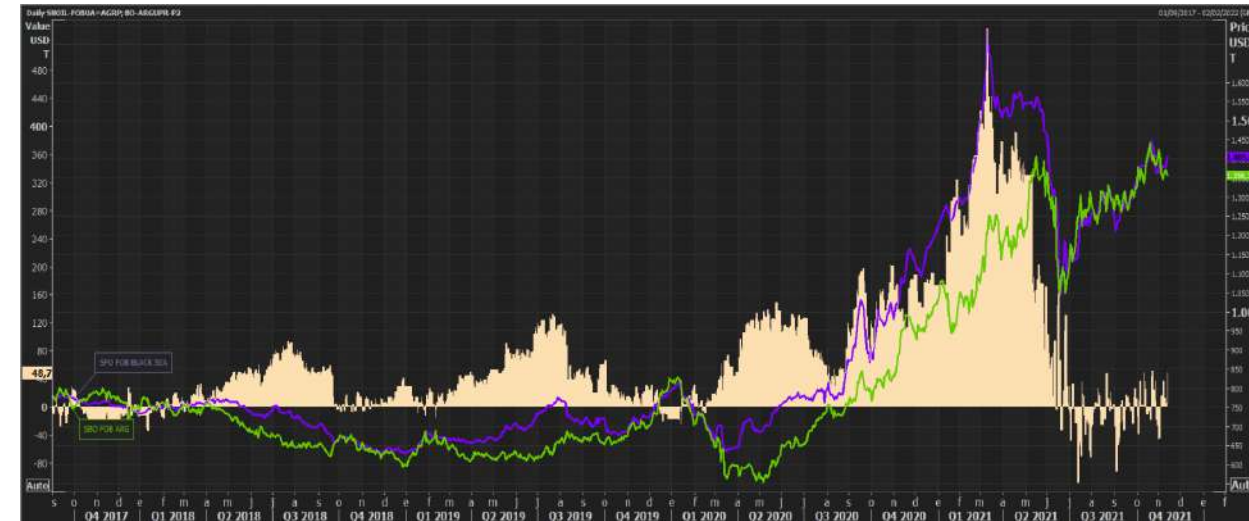
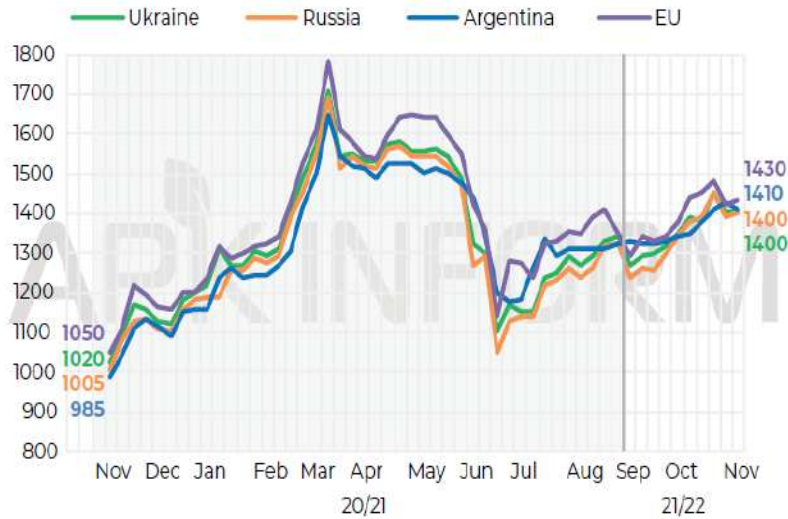
The good financial situation of the farmers is slowing down sales. In some countries with unstable political and economic conditions, keeping grains is a way of saving in foreign currency, so it is not just a question of price.

SOURCES: OIL WORLD / USDA / APK INFORM

7.1 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%
Total	1.369	1.839	2.450	2.151	88%

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
Total	2.474	1.248	1.459	2.095	2.252	1.965

Prices of sunflower oil remains very competitive vs other vegetables oils. This is one of the main drivers supporting its price. Imports in China and India prove it, as well as last Egyptian tenders.

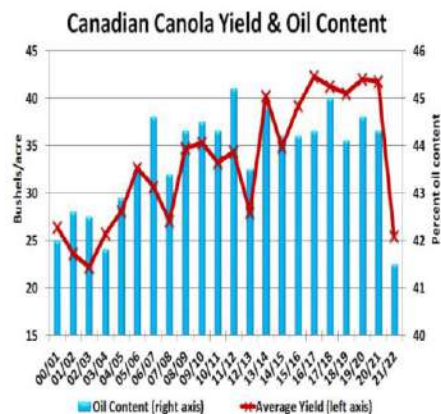
HOSO PREMIUM: The high oleic sunflower oil premium has shown a significant increase in the last month, with limited offers from the main producing countries. The area planted has fallen in the EU by approx. 12%, with significant losses in countries such as France, Romania, Bulgaria and Hungary. Moreover, 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 collected as high oleic. In addition to this, oil content in high oleic sunseed seems to be very low, adding more pressure to prices

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

8. RAPESEED OIL(RSO)

RAPESEED & CANOLA: World Supply & Demand

(Mn T)	21/22F	20/21	19/20	18/19
Open'g stocks..	6.54*	8.60	10.04	9.48
Production	62.15*	66.65	62.89	65.71
EU-27	17.38*	16.96	15.56	18.05
Russia	2.72*	2.57	2.06	1.99
Ukraine	3.02*	2.70*	3.48*	2.88*
Canada	13.40*	19.48	19.91	20.72
U.S.A.	1.20*	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	5.28*	4.52	2.30	2.37
Total supplies	68.69*	75.25	72.93	75.19
Crush (July/June)	61.82*	66.28	61.85	62.64
Other use	2.10*	2.43*	2.48	2.51
End'g stocks ...	4.77*	6.54*	8.60	10.04
EU-27 (Jun 30)	.75*	.96	1.02	1.79
Canada (July31)	.47*	1.77	3.44	4.44
Stocks/usage	7.5%	9.5%	13.4%	15.4%



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

	21/22F	20/21	19/20	18/19	17/18
Opening stocks ..	.96*	1.02	1.79	1.91	1.09
Output	17.38*	16.96	15.56	18.05	19.80
thereof: France ..	3.30	3.38*	3.52	4.98	5.24*
Germany	3.71*	3.61*	2.83	3.68	4.28
Poland	3.22*	3.12*	2.56*	2.26*	2.65*
Czech Rep.	1.03	1.25	1.19	1.41	1.15
Romania	1.13*	.73*	.69*	1.61	1.85*
Imports (a)	5.26*	6.73	6.08	4.29	4.38
Exports (a) .....	.41*	.18	.34	.28	.32
Crushings	21.94*	22.90	21.55	21.65	22.37
Other use .....	.50*	.67	.52	.53	.67
Ending stocks ...	.75*	.96	1.02	1.79	1.91

(a) Intra-EU trade is excluded.



We have not seen major changes in rapeseed complex situation. We only need 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 production failure in Canada. Additional pressure has been received by firm crude oil prices. During the winter months biodiesel must include a relatively high share of RME (rapeseed methyl ester). Therefore, the price development of rapeseed oil is currently having strong effects on the biofuel market.

Prices should be high enough to generate a rationalization of its demand. We continue to expect a high premium between the price of rapeseed oil vs the rest of the oils all through 2021/22 season.

SOURCES: STONEX / AGRICENSUS / OIL WORLD

The LIPSA logo features a stylized 'L' symbol to the left of the word 'LIPSA' in a bold, sans-serif font. The background is a black and white photograph of an industrial facility with large storage tanks and a truck.

LIPSA

A WORLD OF VEGETABLE OILS

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