



LIPSA

January 2022

1. Evolution of reference markets

2. External

3. Palm Oil (CPO)

4. Soybean oil (SBO)

5. Sunflower oil (SFO)

6. Rapeseed oil (RSO)

1.1 EVOLUTION OF REFERENCE MARKETS

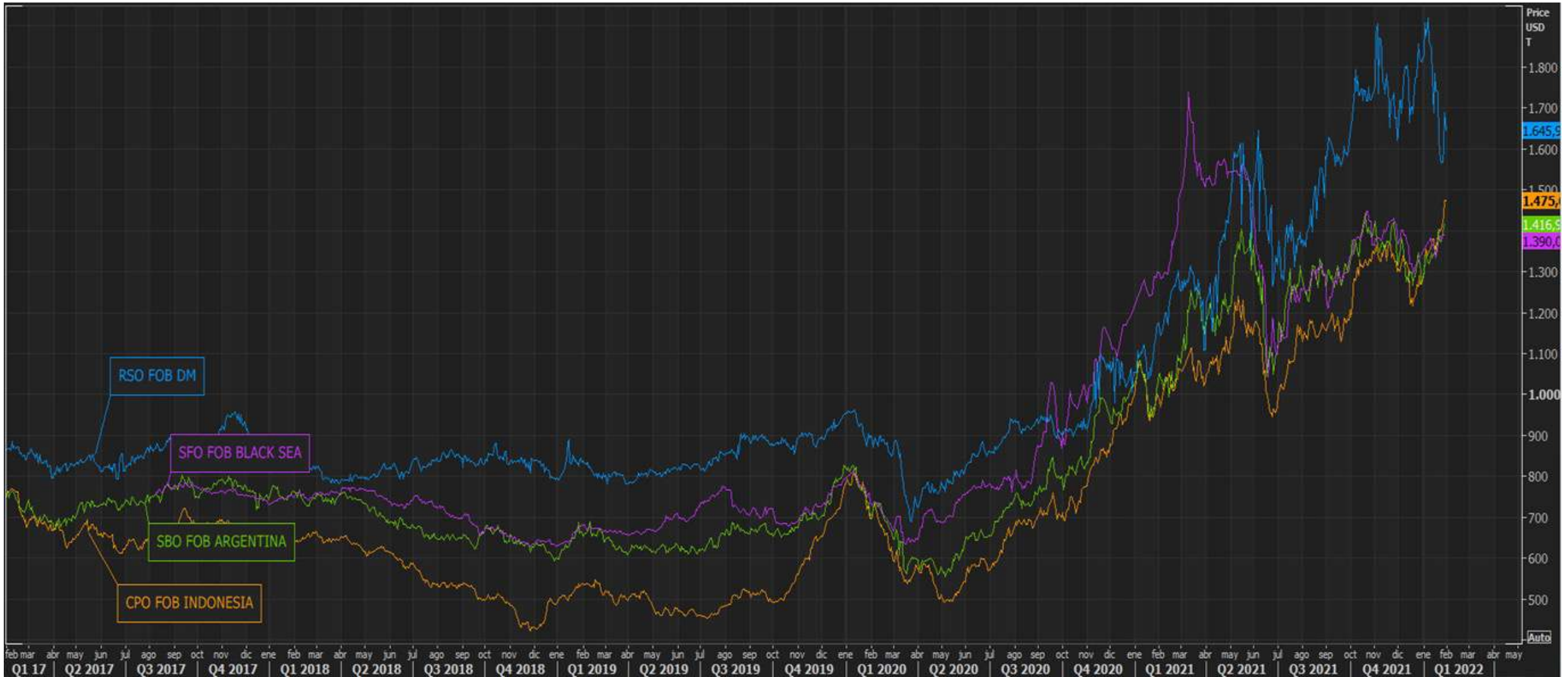
		14/12/2022	31/01/2022	Unidad	Dif	Dif %
Crude Palm Oil (Apr)	FOB MALASYA	4699	5628	MYR/ MT	929	19,8%
Crude Palm Oil (Apr)	CIF RDM	1182	1448	USD/ MT	266	22,5%
CCNO Phil/ Indo (Apr/ May)	CIF RDM	1630	2075	USD/ MT	445	27,3%
CPKO (Apr/ May)	CIF RDM	1530	2300	USD/ MT	770	50,3%
Crude Sunflower Oil (Abr/ May/ Jun)	FOB 6 PORTS	1330	1510	USD/ MT	180	13,5%
Crude Rape Oil (May/ Jun/ Jul)	FOB DUTCH MILL	1414	1465	€/MT	51	3,6%
Crude Soya Oil (May)	FOB ARGENTINA	1133	1346	USD/ MT	213	18,8%
EUR/ USD	SPOT	1,1257	1,1233		-0,002	-0,2%
USD/ MYR	SPOT	4,2300	4,1840		-0,046	-1,1%
Brent Crude	SPOT	73,7	89,26	US \$/ BRL	15,56	21,1%
Gas Oils	SPOT	642,25	796,25	US \$/ MT	154,00	24,0%

Vegetable Oils Prices continue historically high.

Low stocks and smaller than expected production of CPO in Southeast Asia. Palm oil exports regulation announced by local Government had a bullish impact. Global soybean stocks now seen declining in 2021/22 despite weak Chinese demand.

SOURCES : REUTERS / OIL WORLD

1.2 EVOLUTION OF REFERENCE MARKETS



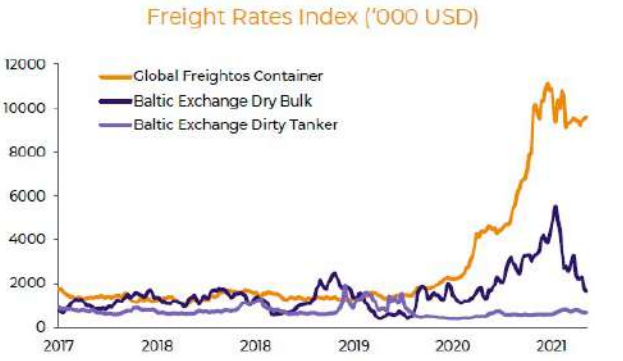
SOURCES : REUTERS

1.3 EVOLUTION OF REFERENCE MARKETS

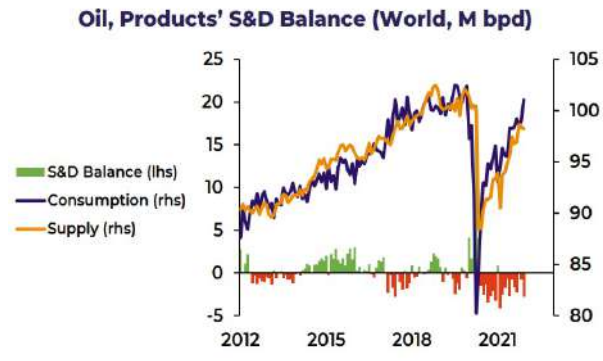


SOURCES : REUTERS

2. EXTERNAL



Source: Refinitiv, The Baltic Exchange



Source: EIA

Crude oil reached 7-years highs, due to recovering energy demand and geopolitical tensions, which give support to vegetable oils prices.

Inflation Heatmap (YoY)

		Dec-21	Nov-21	Oct-21	Sep-21	Aug-21	Jul-21
Developed Nations	Australia	7.04	6.81	6.22	5.39	5.25	5.37
	France	2.75	2.78	2.62	2.16	1.87	1.15
	Germany	5.31	5.24	4.53	4.06	3.87	3.77
	US	7.04	6.81	6.22	5.39	5.25	5.37
	Japan		0.60	0.10	0.20	-0.40	-0.30
	South Korea	3.70	3.70	3.20	2.40	2.60	2.60
Underdeveloped Nations	Brazil	10.06	10.74	10.67	10.25	9.68	8.99
	China	1.44	2.48	1.43	0.46	0.64	1.91
	India	5.59	4.91	4.48	4.35	5.30	5.59
	Mexico	7.36	7.37	6.24	6.00	5.59	5.81
	Russia	8.40	8.39	8.12	7.38	6.67	6.46
	Turkey	36.08	21.31	19.89	19.58	19.25	18.95

Inflation rate is increasing in US and many other countries. On the opposite, the inflation has been under control in China. Export controls add pressure on prices.

SOURCES: FUTURES FINVIZ / HEDGE POINT / REFINITIV / THE BALTIC EXCHANGE

3.1 PALM OIL (CPO)



CPO prices in BMD historically high, and CPO FOB Indonesia prices practically same as SBO Argentina. Palm oil will continue to lose market share as long as the current price differentials remains.

Uncertainty after recent announcements made by Indonesia Government regarding introduction of exports permits to monitor supplies, available for domestic markets, in order to control the increases in raw materials and food inflation. The restrictions would apply for 6 months. Apparently, government is not analyzing to reduce biodiesel target.

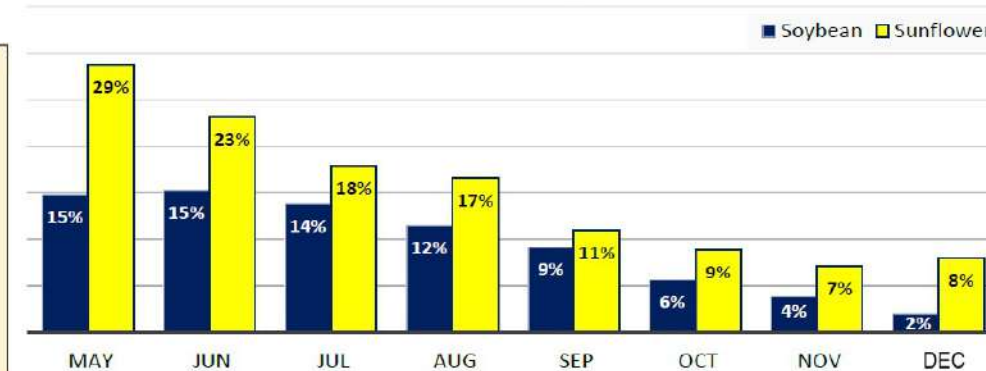
The combined effect of flooding and labor shortages may curb Malaysian palm oil output this month to the point of further reduction of stocks, despite a serious setback in exports. Human Resources Minister from Malaysia said that Indonesia agreed to provide 10.000 plantation workers.

Impact on production will be felt from May 2022.



Palm Oil Discounts Evaporate as Prices Rise

Discounts for Palm Oil Relative to Soybean and Sunflowerseed Oil

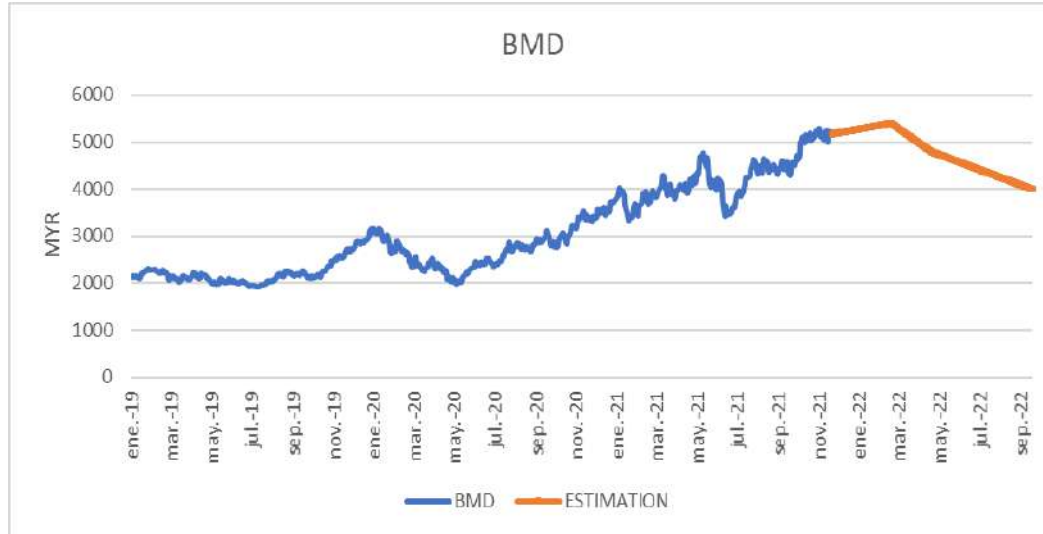


SOURCES: REUTERS / USDA / POA / STONEX

MPOA CPO production 1-20 Jan 2022 vs. 1-20 Dec 2021	
Peninsular Malaysia	: -16.82%
Sabah	: -9.22%
Sarawak	: -13.70%
East Malaysia	: -10.40%
Overall Malaysia	: -14.35%

Malaysia 1-25 Jan 2022 vs. 1-25 Dec 2021 export (in mt)	
ITS	: 876,056 vs. 1,306,408 (-430,352 or down 32.94%)
Amspec	: 829,022 vs. 1,242,761 (-413,739 or down 33.29%)
SGS	: 847,520 vs 1,338,255 (-490,735 or down 36.67%)

3.2 PALM OIL (CPO)



Feeling remains as in our previous report:

- (Now – March 22): BMD prices will remain high (5,000 – 5,400 MYR) due to current tight situation. Futures, historically high until Feb and slightly lower in March.
- (April 22 – Sept 22): BMD futures will decrease from 4,800

Key factors to follow in 2022:

Production, weather outlook, worker's shortage problem, fertilizer cost, Palm discount to Soybean oil, trade policies (Indonesia + India) and Biodiesel.

	PRODUCTION (MLN T)		PRICE (RINGGIT)
	MALAYSIA	INDONESIA	
MEDIAN	18.8	48.5	4,000
HIGH	19.2	54	
LOW	18.6	47	
CONTRIBUTORS			
Malaysian Palm Oil Board	19	-	3,800
Malaysian Palm Oil Council	18.8	48	4,200
LMC International	18.6	47	-
Palm Oil Analytics	19.2	49	4,100
Pelindung Bestari	18.8	47.5	-
Phillip Futures	18.75	48.75	4,000
Refinitiv Agriculture Research	19.2	48	3,600
UOB Kay Hian	18.7	44.8	3,800
RaboResearch Food & Agribusiness	19	51.2	4,425
DBS Vickers Securities	18.8	54	4,400
The Farm Trade	19	48.5	4,250
Agronomist at a Malaysian plantation	18.8	49.39	4,500
Malaysian planter	18.8	47.89	-
Kuala Lumpur-based research firm	19	50	3,500
Kuala Lumpur-based analyst	-	-	4,000
Kuala Lumpur-based brokerage	18.7	-	4,600
MIDF Research	-	-	3,300
CGS-CIMB	-	-	3,600
2021 DATA	18.1	46.89*	4,142
2020 DATA	19.14	47.03	2,689

SOURCES: REUTERS / GODREJ INT

4.1 SOYBEAN OIL (SBO)



SOUTH AMERICA: Soybean Area (Mn ha) & Crop (Mn T)

Harvest. Area	21/22F	20/21	19/20	18/19	17/18
Argentina...	15.60*	16.04*	16.40*	16.58	16.32
Brazil.....	43.30*	41.40*	38.77*	37.38*	36.30*
Paraguay...	3.68*	3.63*	3.63	3.57	3.45*
Uruguay....	.97*	.93*	.91	1.03*	1.10
Total.....	63.55*	62.00	59.71	58.55	57.17

Yields (T/ha)

Argentina...	2.69*	2.73*	3.01*	3.28*	2.13*
Brazil.....	3.12*	3.35*	3.31*	3.25*	3.40*
Paraguay...	1.90*	2.63*	2.82	2.39	2.88*
Uruguay....	2.37*	1.99*	2.48*	2.90*	1.37*
Total.....	2.93*	3.12	3.19	3.20	2.97

Crop (Mn T)

Argentina...	42.00*	43.80*	49.40*	54.30*	34.80*
Brazil.....	135.00*	138.50*	128.40*	121.60*	123.26
Paraguay...	7.00*	9.54*	10.24	8.52	9.95*
Uruguay....	2.30*	1.85*	2.25*	2.98*	1.50*
Total.....	186.30*	193.69	190.29	187.40	169.51

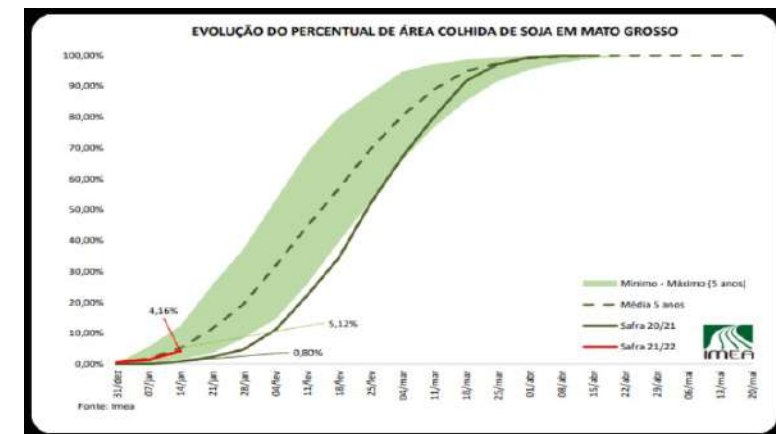
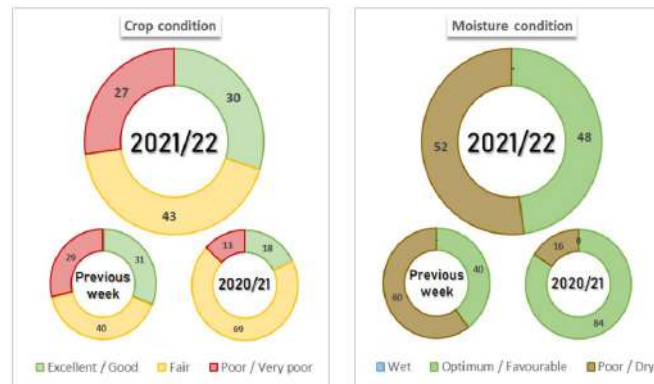
SOURCES: OIL WORLD / BCBA / IMEA / CONAB

Soybean crop conditions in South America have been sharply deteriorated due to high temperatures and lack of rain during 2H of December and 1H of January, mainly in southern Brazil, Paraguay and the central and southern regions of Argentina. As a result, Oil World has reduced significantly its South American estimation. Current estimation is the lowest in the last 4 seasons and more than 15 Mts below the previous month:

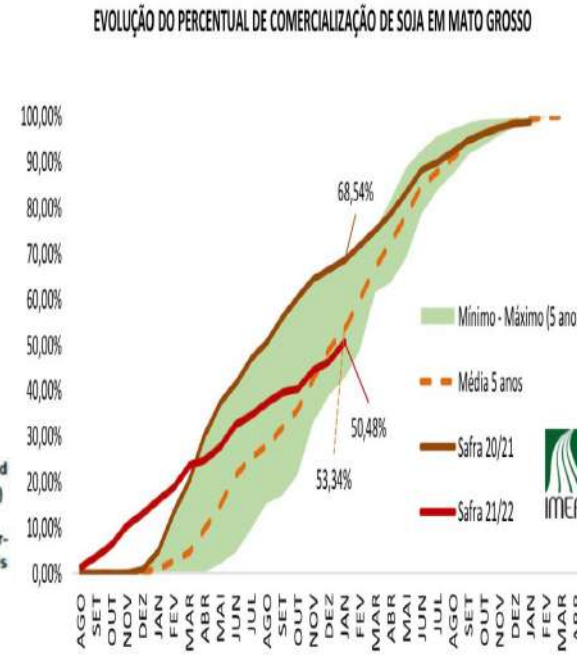
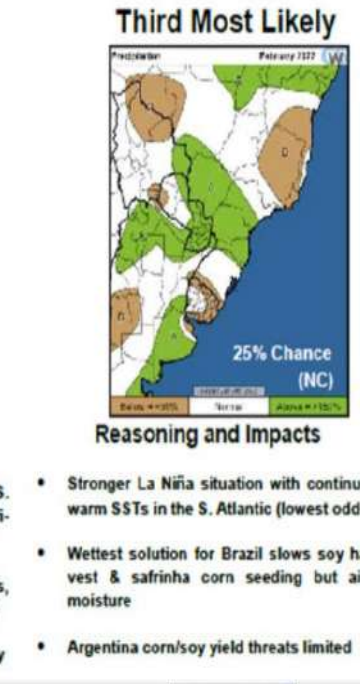
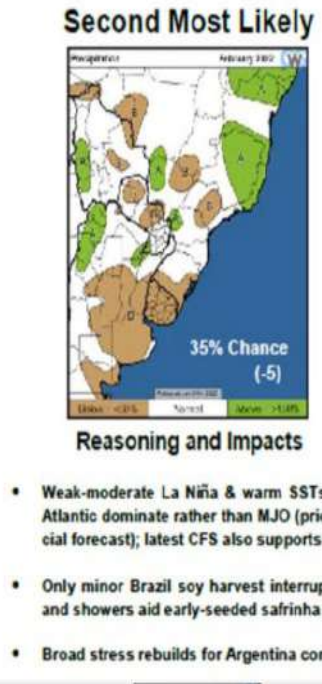
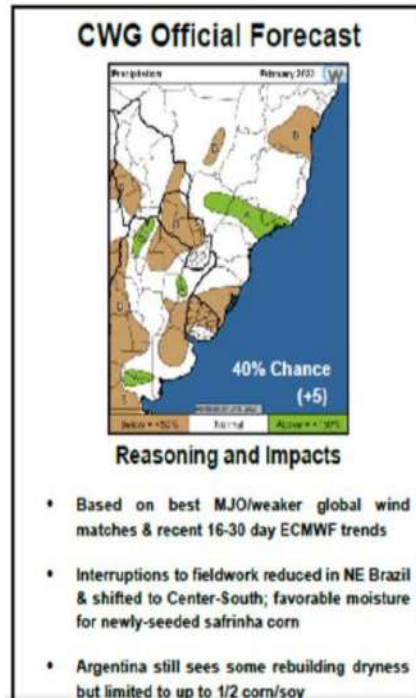
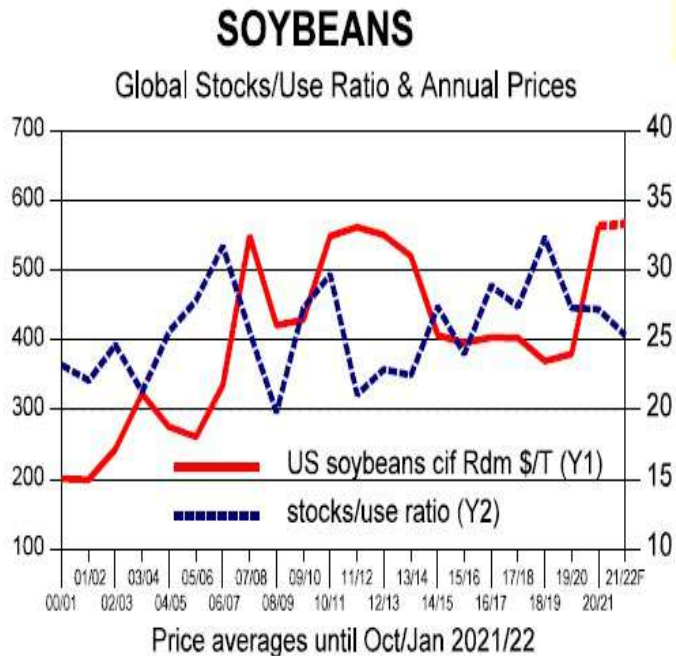
- Brazil: 135 Mts vs 144 Mts previous month (-9 Mts)
- Argentina: 42 Mts vs 45 Mts previous month (-3 Mts)
- Paraguay: 7 Mts vs 10 Mts previous month (-3Mts)

Beneficial rains in some parts of Brazil and Argentina during last days. However, for early-planted soybeans, rains came too late. In Brazil, according to CONAB harvest is done on 5,5% of the area and yield is within expected, but private analyst increase the probability of even lower than expected production in Rio Grande do Sul and Parana. In Paraguay, current yields below expectations.

SOYBEAN 2021/22



4.2 SOYBEAN OIL (SBO)

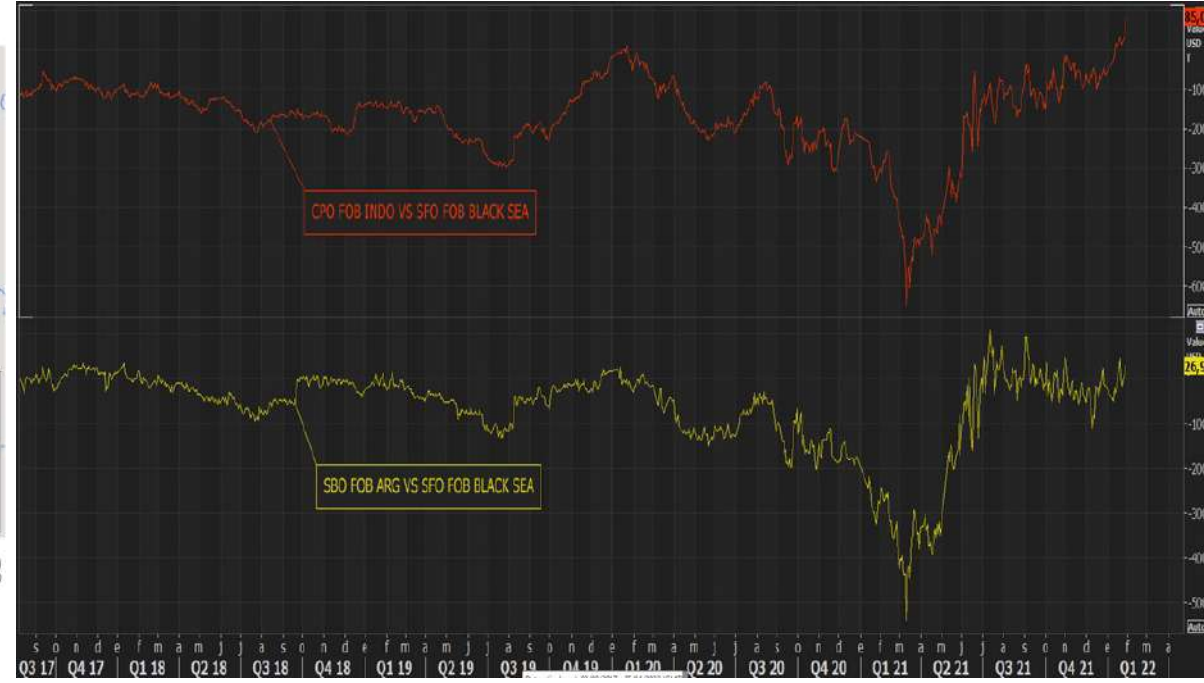


As a result, global Stock/Use ratio may decline to a 6-year low in 2021/22, contrasting with initial expectations of a pronounced increase.

Focus on weather and crop developments in South America; development of Chinese soybean crushing and imports, after slower than expected demand in recent weeks; farmer selling and energy prices.

SOURCES: OIL WORLD / IMEA

5.1 SUNFLOWER OIL (SFO)



Prices of SFO were supported by high cost of sunflower seed, higher importers' demand caused by smaller spread vs SBO and upward price tendency on the global market of edible oils. Concern about Ukraine/Russia tensions and its possible consequences (Ukraine is the N°1 sunflower oil exporter). In a war scenario, reaction on prices will be huge.

SFO Price is very competitive vs other oils. Due to relative prices, world demand will shift, at least partly, to sunflower oil.

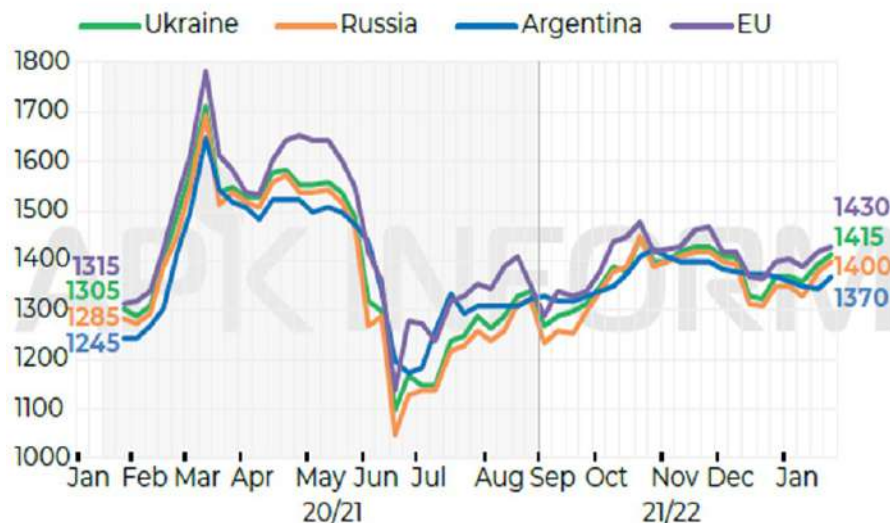
SOURCES: USDA / REUTERS / OIL WORLD / APK INFORM / ESAYTRADE

5.2 SUNFLOWER OIL (SFO)



SUNSEED: World Supply & Demand (Mn T)					
	Jan / August			Sept / Dec	
	2022F	2021	2020	2021	2020
Open'g stocks	35.34*	28.64*	33.42*	2.62	3.30
Production					
N. Hemisphere				51.92*	45.15
EU-27	-	-	-	10.57*	8.90
Russia	-	-	-	15.40*	13.42*
Ukraine	-	-	-	16.80*	13.90*
U.S.A.	-	-	-	.86	1.35
China,P.R.	-	-	-	2.85*	2.75*
Turkey	-	-	-	1.75*	1.58*
S. Hemisphere	5.82*	5.29	5.52		
Rep. of S. Africa	.82*	.68	.81*	-	-
Argentina	3.15*	2.86*	3.02*	-	-
Total supplies	41.16*	33.93*	38.94*	54.54*	48.45
Crush	33.46*	27.79	32.11	17.32*	18.05
EU-27	5.80*	4.96	5.34	3.25*	3.13
Russia	9.47*	7.78	9.11	4.28*	4.84
Ukraine	10.52*	7.35	10.14	5.70*	6.10
Argentina	2.20*	2.48	2.06	.62*	.43
Other use	3.74*	3.52*	3.53*	1.88*	1.76*
End'g stocks	3.96*	2.62	3.30	35.34*	28.64*

Price dynamics of sunflower oil (offer, FOB), USD/t



OUR OPINION: The geopolitical uncertainties in the Black Sea, coupled with the sustained demand for sunflower oil, are contributing to the firmness of prices. However, the high supplies limit the market's potential for growth. For the 2022 crop, operators will pay attention to the significant increase of the surfaces expected in the Black Sea and in Europe.

- Geo-political tensions in the Black Sea support prices
- The sunflower oil demand remains very strong thanks to its competitiveness
- The high availability limits the market's upside potential
- Significant increase of the surfaces expected in the Black Sea and in Europe



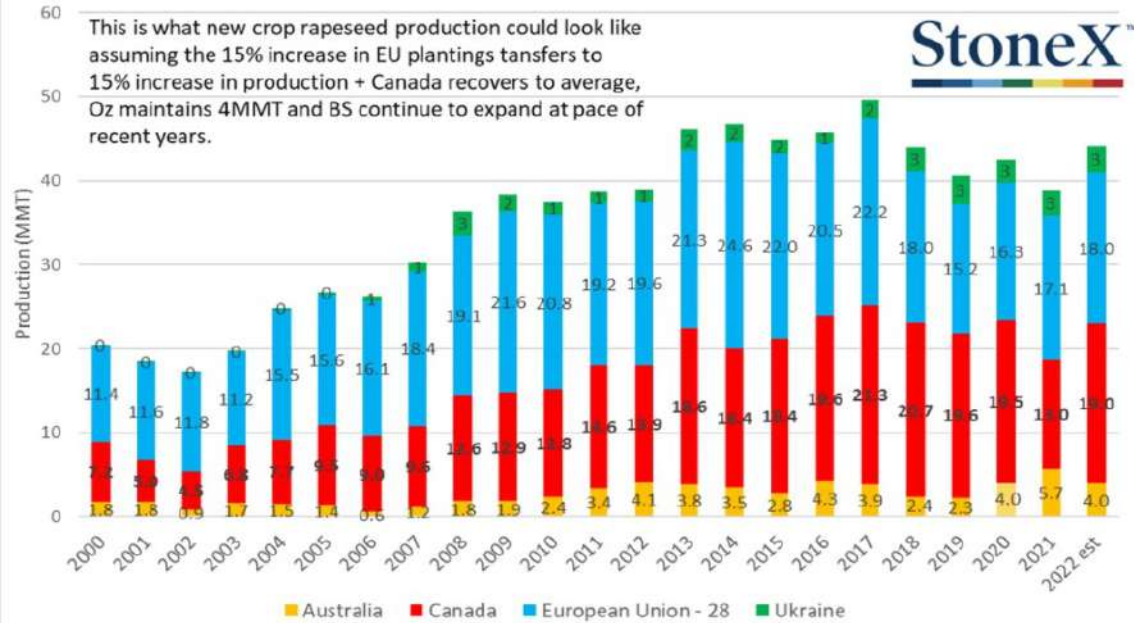
During Jan/Aug, Oil World expects and an increase of 7,2 Mts or 21% in sunflower seeds world supplies. On the firsts 4 month of this season commercialization was very low. However, Farmers' selling was pretty good both in Ukraine and Russia during last weeks. Ukrainian port stocks have increased from 90 ktn up to 401 kton with Jan line-up 592 kton. Famer selling and situation in Ukraine/Russia like main factors to follow.

Premium for HOSO quoted 180-210 USD/ton. According to market operators, oil supplies are limited. Prices for HO sunflower seeds did not change significantly. Premium for the oilseed still quoted 10-30 USD/ton.

SOURCES: OIL WORLD / APK INFORM / AGRITEL

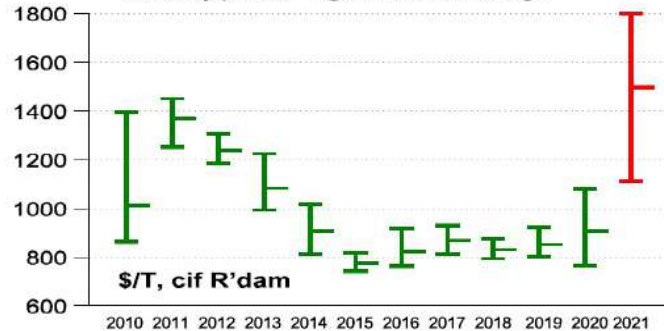
6. RAPESEED OIL (RSO)

Selected rapeseed origin production by season (MMT)



Rapeseed Oil Price Range

Monthly prices - highs, lows & average



Analysts expect an increase about 15% in rapeseed EU area for 2022/23. A rise in canola sowing is also expected in Canada. Black Sea countries likely continue to expand area as in previous years. On the other hand, larger than expected arrivals from Australia will ease tightness in EU. As a result, the spread between RSO and SFO has been reduced during last days.

However, fundamentals in rapeseed & canola remain tight and additional demand-rationing will still be required in the next 3 month. We also expect a difficult transition between old and new crop.

SOURCES: STONEX / OIL WORL / REUTERS

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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