



LIPSA

June 2022

1. Evolution of reference markets
2. Macroeconomic context
3. Balance of oils and oilseeds 22/23
4. Vegetable oils demand: China and India
5. Palm Oil (CPO)
6. Sunflower Oil (SFO)
7. Soybean Oil (SBO)
8. Rapeseed Oil (RSO)

1.1 Sharp fall in vegetable oil prices

		13/05/2022	21/06/2022	Unidad	Dif	Dif %
Crude Palm Oil (Sept)	FOB MALASYA	6133	4664	MYR/ MT	-1.469	-24,0%
Crude Palm Oil (Sept)	CIF RDM	1570	1290	USD/ MT	-280	-17,8%
CCNO Phil/ Indo (Sept/ Oct)	CIF RDM	1670	1570	USD/ MT	-100	-6,0%
CPKO (Sept/ Oct)	CIF RDM	1640	1325	USD/ MT	-315	-19,2%
Crude Sunflower Oil (Jul)	FOB ARGENTINA	2150	1850	USD/ MT	-300	-14,0%
Crude Rape Oil (Ago/ Sept/ Oct)	FOB DUTCH MILL	1810	1550	€/MT	-260	-14,4%
Crude Soya Oil (Sept)	FOB ARGENTINA	1843	1415	USD/ MT	-428	-23,2%
EUR/ USD	SPOT	1,0411	1,0554		0,014	1,4%
USD/ MYR	SPOT	4,3960	4,4000		0,004	0,1%
Brent Crude	SPOT	111,55	113,12	US \$/ BRL	1,57	1,4%
Gas Oils	SPOT	1107	1302	US \$/ MT	195,00	17,6%

Vegetable oil prices have fallen sharply, especially in the last 3 weeks. After breaking historical records continuously for a long time, the reopening of palm oil exports in Indonesia and the surprising exports of sunflower seeds from Ukraine, coupled with the complex macroeconomic scenario, have generated strong downward pressure on oil prices.

SOURCES: REUTERS/OIL WORLD/APK INFORM

1.2 Prices fall to pre-war levels



SOURCE: REUTERS

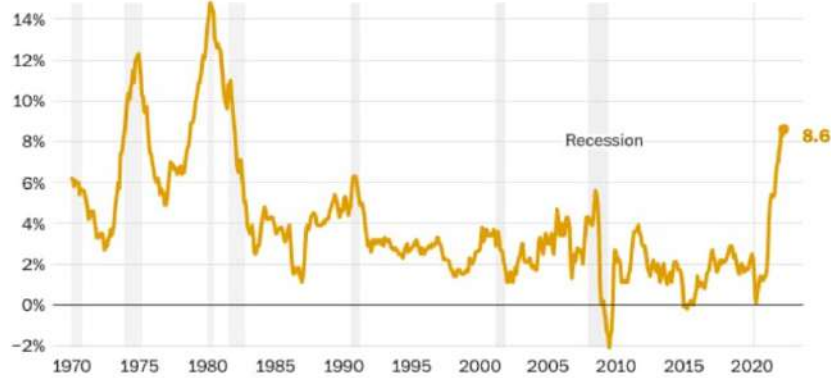
1.3 Prices fall to pre-war levels



SOURCE: REUTERS

2. Rising interest rates → Fall of commodities

Inflation remains at 40-year high



Source: Bureau of Labor Statistics

THE WASHINGTON POST



Euro area: Inflation rate y/y



THE FED DECIDES

Biggest rate hike since 1994

- Fed hikes rates by 75 basis points
- Sees rates at 3.4% by end of 2022
- 'Strongly committed' to returning inflation to 2%

Interests Rates Vs. Commodities

When interest rates increase, commodities prices decrease; when interest rates decrease, commodities prices increase. This is because of the cost of carry—the costs associated with holding inventory.



Chart: The Balance • Source: St. Louis Fed

SOURCES : BLS/THE WASHINGTON POST/AGRITEL/ST LOUIS FED

2. Rising interest rates → Fall of commodities

Faced with the generalised rise in inflation, the main Central Banks, which flooded the market with liquidity for years, are beginning to react.

The biggest interest rate hike since 1994 was announced by the FED, in response to the worst inflation data in 40 years, with a strong effect on commodities in general.

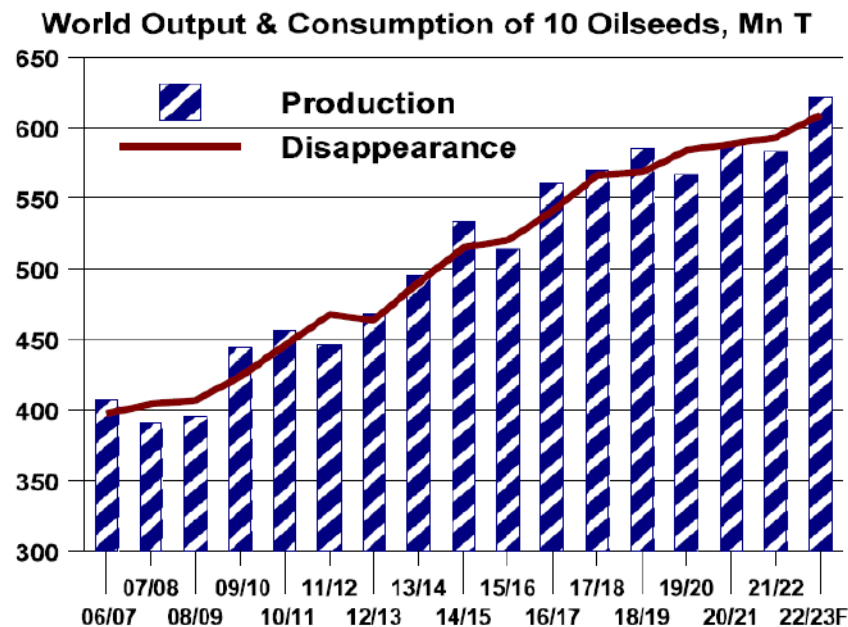
SOURCES : BLS/THE WASHINGTON POST/AGRITEL/ST LOUIS FED

3. Big recovery in oilseed production in 2022/23?

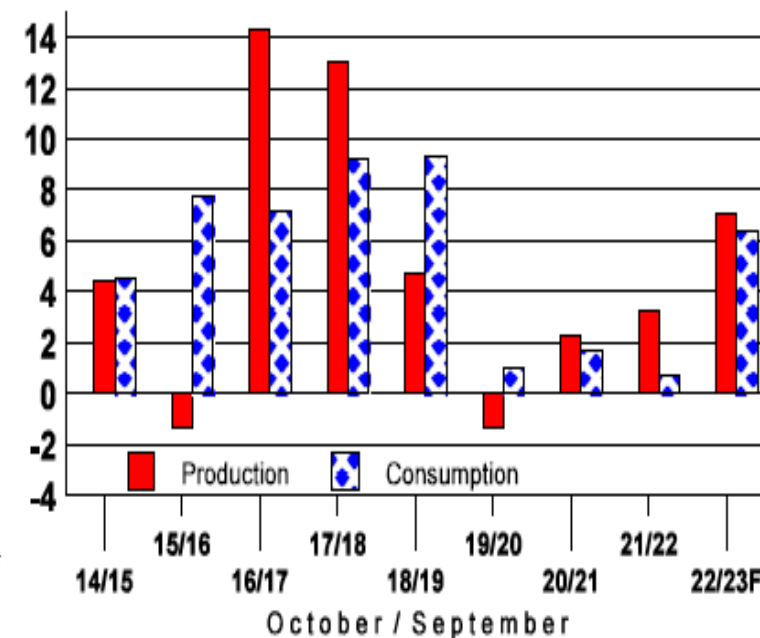
10 OILSEEDS: World Supply and Demand (Mn T)

	Forecast 2022/23F	Change to 21/22	21/22	20/21
Opening stocks	104.4*	-9.0	113.4	113.7
Production	620.5*	+35.8	584.7	588.3
<i>thereof Soybeans</i>	385.1*	+33.8	351.3	364.4
<i>Sunseed</i>	51.9*	-6.0	57.8	50.5
<i>Rapeseed</i>	72.8*	+7.4	65.4	66.7
<i>Cottonseed</i>	42.1*	+0.3	41.8	40.2
<i>Groundnuts (b)</i>	33.5*	-0.9	34.4	33.1
<i>Palmkern & Copra</i>	24.1*	+0.4	23.7	22.5
<i>Sesame, Lin & Castor</i>	11.0*	+0.6	10.4	10.6
Total supplies	724.9*	+26.8	698.1	702.0
Disappearance	608.3*	+14.6	593.7*	588.6
<i>thereof Soybeans</i>	372.8*	+7.1	365.7*	362.2
<i>Sunseed</i>	53.7*	+1.6	52.1*	51.3
<i>Rapeseed</i>	70.6*	+4.1	66.5*	68.6
Ending stocks	116.7*	+12.3	104.4*	113.4
<i>thereof Soybeans</i>	98.0*	+12.3	85.7*	100.1
<i>Sunseed</i>	6.5*	-1.8	8.3*	2.6
<i>Rapeseed</i>	7.6*	+2.3	5.3*	6.4
Stocks/usage (a)	19.2%		17.6%	19.3%
<i>thereof Soybeans</i>	26.3%		23.4%	27.6%

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



17 OILS & FATS: Production & Use
Change From Year Ago in Mn T



World oilseed production in the 22/23 season is estimated at 620.5 Mts (+35.8 Mts vs. 21/22): practically all the growth comes from soybean, while the expected increase in rapeseed offsets the losses in sunflower.

SOURCES : OIL WORLD/HIGHTOWER/CME GROUP

3. Big recovery in oilseed production in 2022/23?

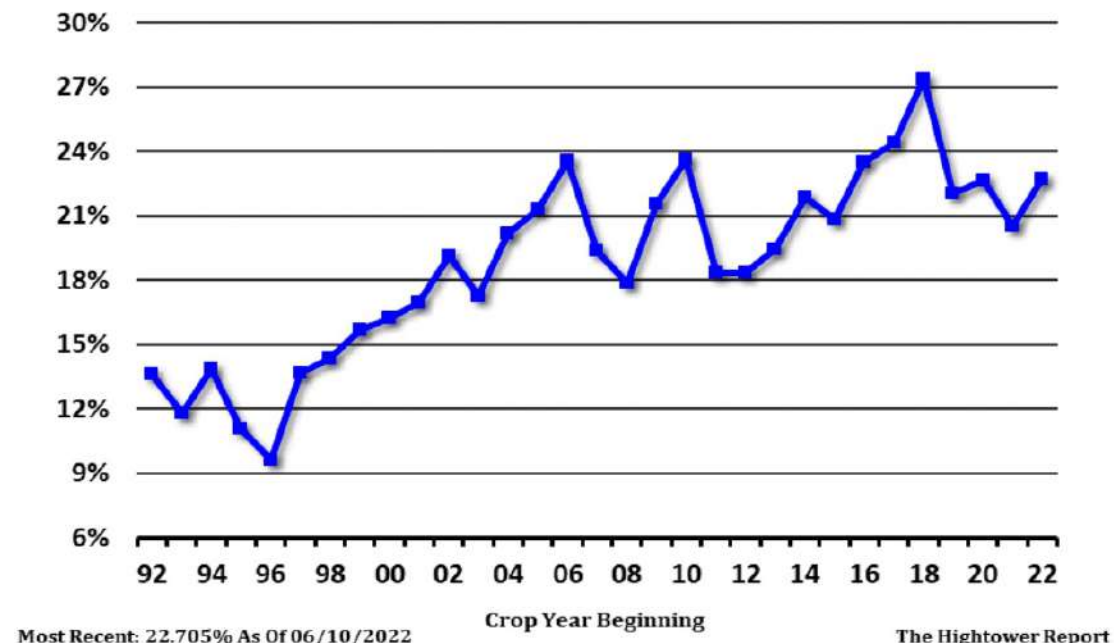
Stocks are expected to grow by 12.3 Mts: the big question is how much of this production will be available for the market.

World production of the 11 main oils is expected to grow by 6.9 Mts, in an environment of uncertainty in the oil sector:

- Northern Hemisphere Weather (Jul/Aug)
- Weather in South America (Nov/Feb)
- War in Ukraine and its effects on world trade
- Palm exports
- Macroeconomic Context

	<u>22/23F</u>	October/September		
		<u>21/22</u>	<u>20/21</u>	<u>19/20</u>
Production of 11 Oils				
10 Seed oils	132.21*	128.36*	127.43	127.39
Change	+3.0%	+0.7%	+0.1%	+2.4%
Palm oil.	80.47*	77.44*	75.93	74.54
Change	+3.9%	+2.0%	+1.9%	-4.6%
Total 11 Oils	212.68*	205.80*	203.36	201.93
Change	+3.3%	+1.2%	+0.7%	-0.3%

World Oilseed - Ending Stocks / Usage Ratio



SOURCES : BLS/THE WASHINGTON POST/AGRITEL/ST LOUIS FED

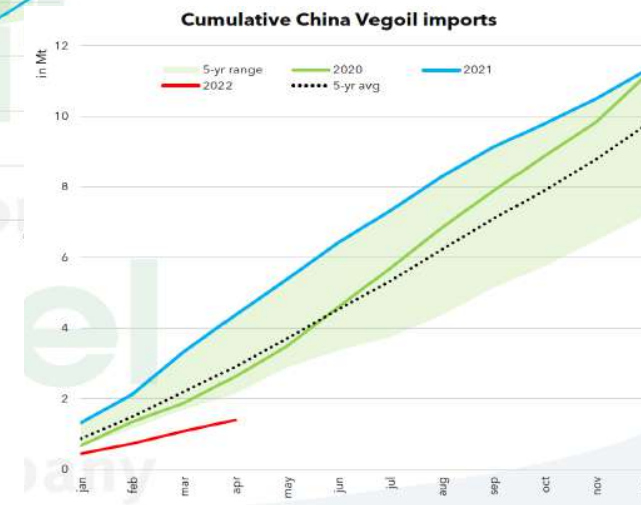
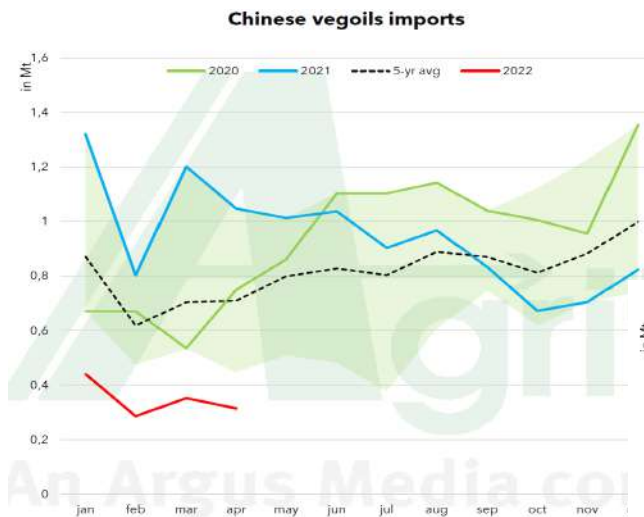
4. Demand hit hard by high prices

CHINA, P.R. : Imports of 17 Oils & Fats (1000 T)

	May		Jan/May		Oct/May	
	2022	2021	2022	2021	21/22	20/21
Soya oil	9	130	94	448	166	630
Groundnut oil	11	25	49	197	76	290
Sunflower oil	16	126	240	816	451	1384
Rapeseed oil	117	216	476	1245	734	1717
Palm oil	258	559	1102	2575	2847	4703
Palmkern oil	32	32	160	216	386	452
Coconut oil	25	19	94	77	146	126
Castor oil	38	37	129	154	192	241
Tallow&Grease	3	5	12	53	27	88
Other oils/fats	24	36	121	152	170	226
Total	533	1185	2477	5933	5195	9857

INDIA: Imports of 5 Major Veg. Oils (1000 T)

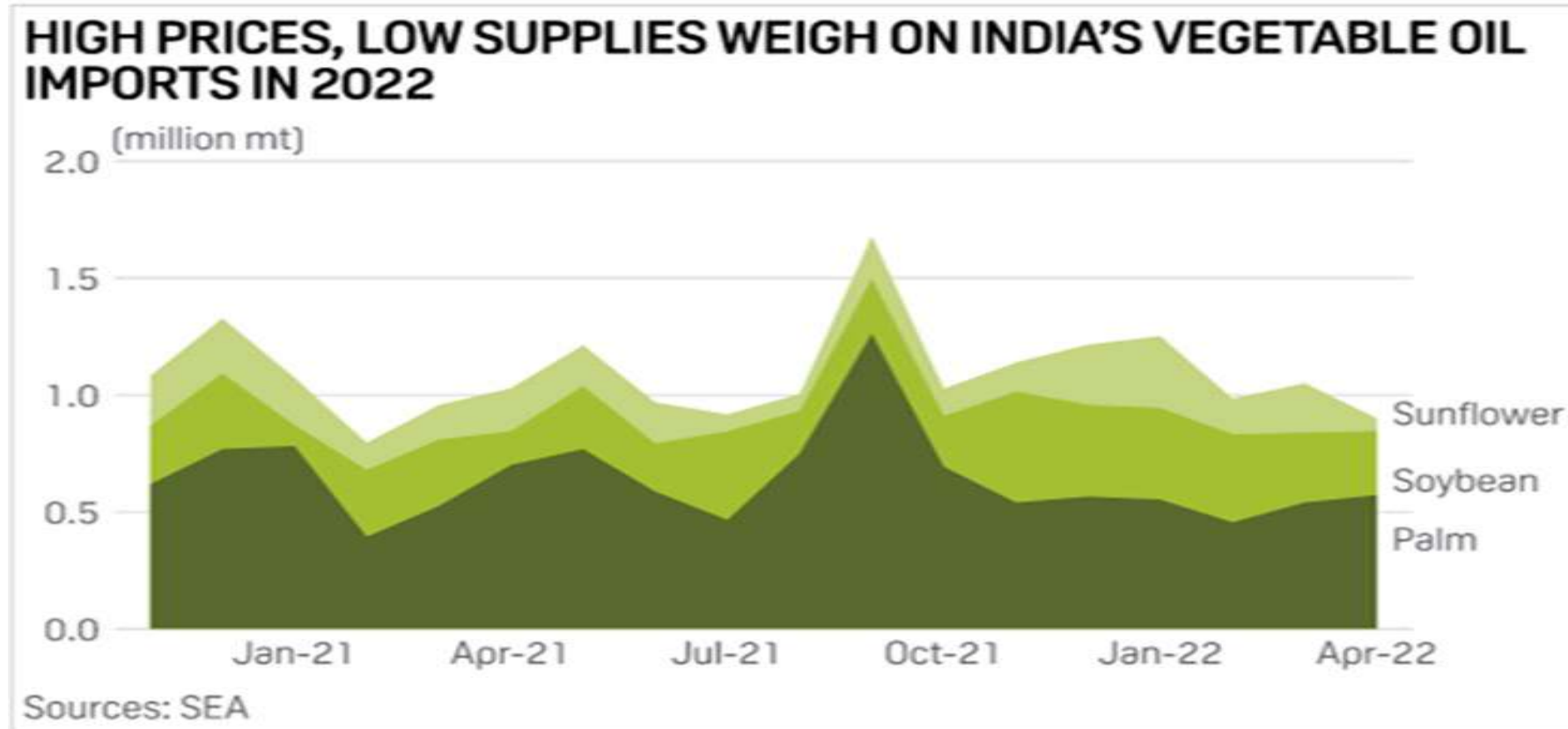
	May		Oct / May		
	2022p	2021	21/22p	20/21	19/20
Soya oil	373	218	2918	2092	2060
Sunflower oil	118	159	1376	1416	1823
Rapeseed oil	-	-	33	4	38
Palm oil	565	783	4814	5513	4808
Palmkern oil	5	10	48	117	95
Total	1061	1170	9188	9142	8824



Imports of the two main global oil consumers have been seriously affected by prices. While stocks have fallen, the main reason is demand destruction, primarily in the human consumption sector.

SOURCES : OIL WORLD/AGRITEL/SEA

4. Demand hit hard by high prices



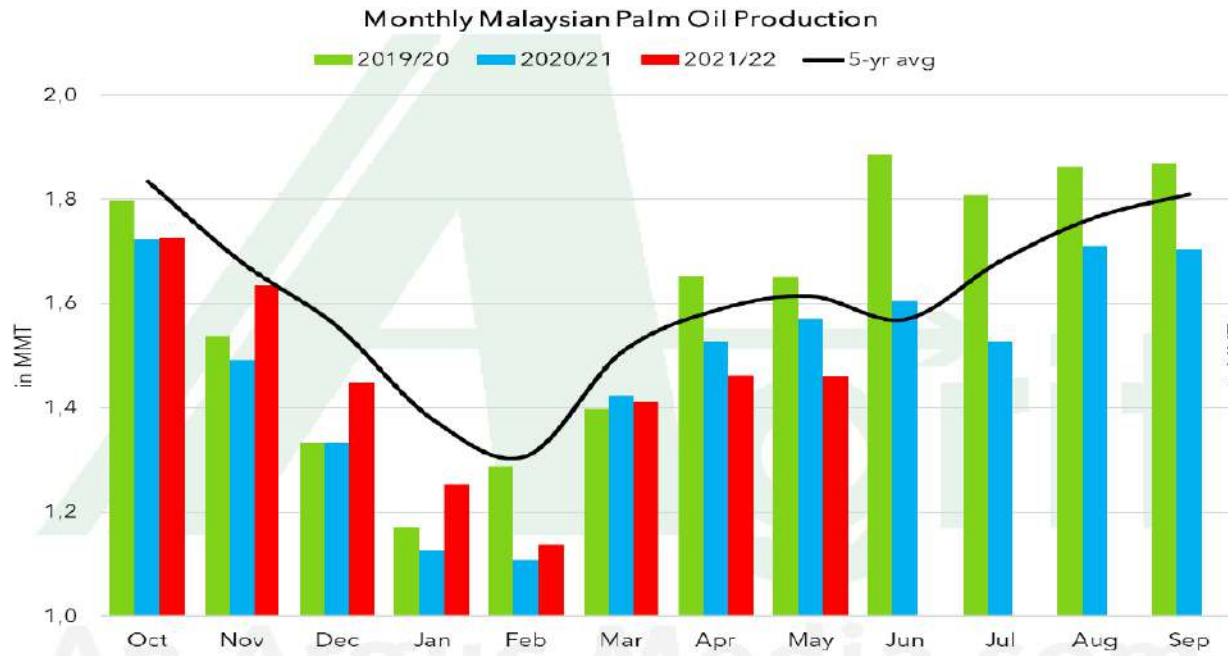
With prices falling in recent weeks, it would be reasonable to see renewed buying interest.

SOURCES : OIL WORLD/AGRITEL/SEA

5.1 PALM OIL (CPO)



Indonesia's historically high stocks put pressure on the market



MPOA CPO production 1-20 Jun 2022 vs. 1-20 May 2022

Pen. Malaysia	:+19.38%
Sabah	:+10.16%
Sarawak	:+8.21%
East Malaysia	:+9.64%
Overall Malaysia	:+15.90%

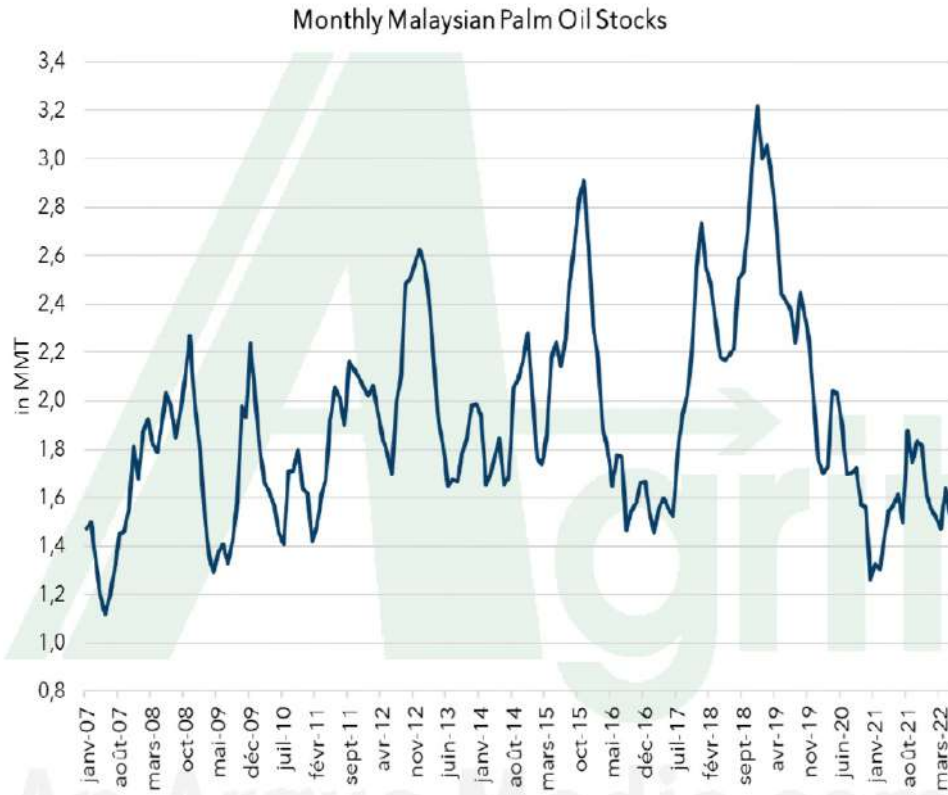
Production in Malaysia has been disappointing in the last 3 months, well below the historical average. So far this year, the cumulative is similar to that of 2021. In June, production is recovering to 16%, which the market expected due to the seasonal factor.

SOURCES: AGRITEL/MPOB/MPOA/POA/GAPKI

5.1 PALM OIL (CPO)



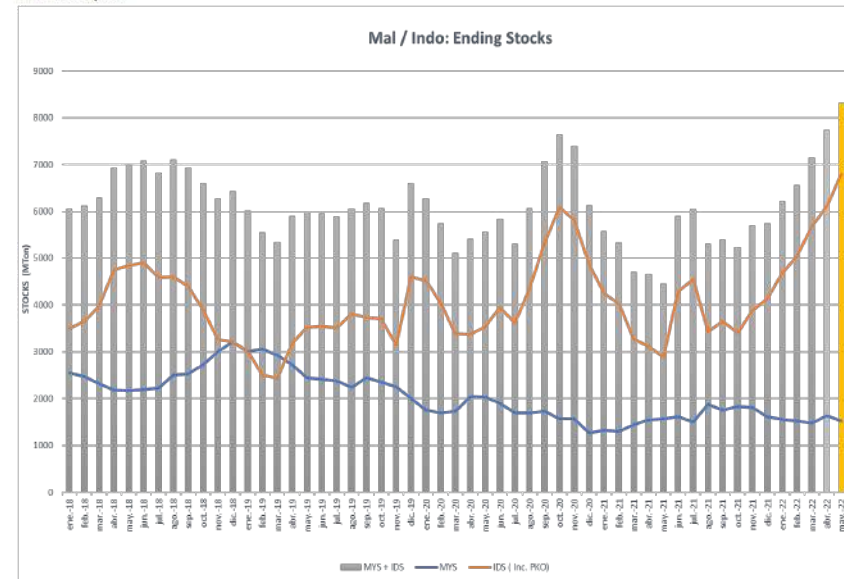
Indonesia's historically high stocks put pressure on the market



GAPKI April 2022 Indonesia palm oil S&D

	Apr-22	Mar-22	Change		% Change
Production - CPO+CPKO	4.255	4.150	0.105	▲	2.53
Import	0.005	0.007	-0.002	▼	-28.57
Export	2.088	2.018	0.070	▲	3.47
Domestic consumption	1.751	1.507	0.244	▲	16.19
Stocks	6.104	5.683	0.421	▲	7.41

In millions of ton



As a result of the country's trade policy, stocks in Indonesia in April are estimated at 6.1 Mts, which is an all-time high. May's numbers would be even higher.

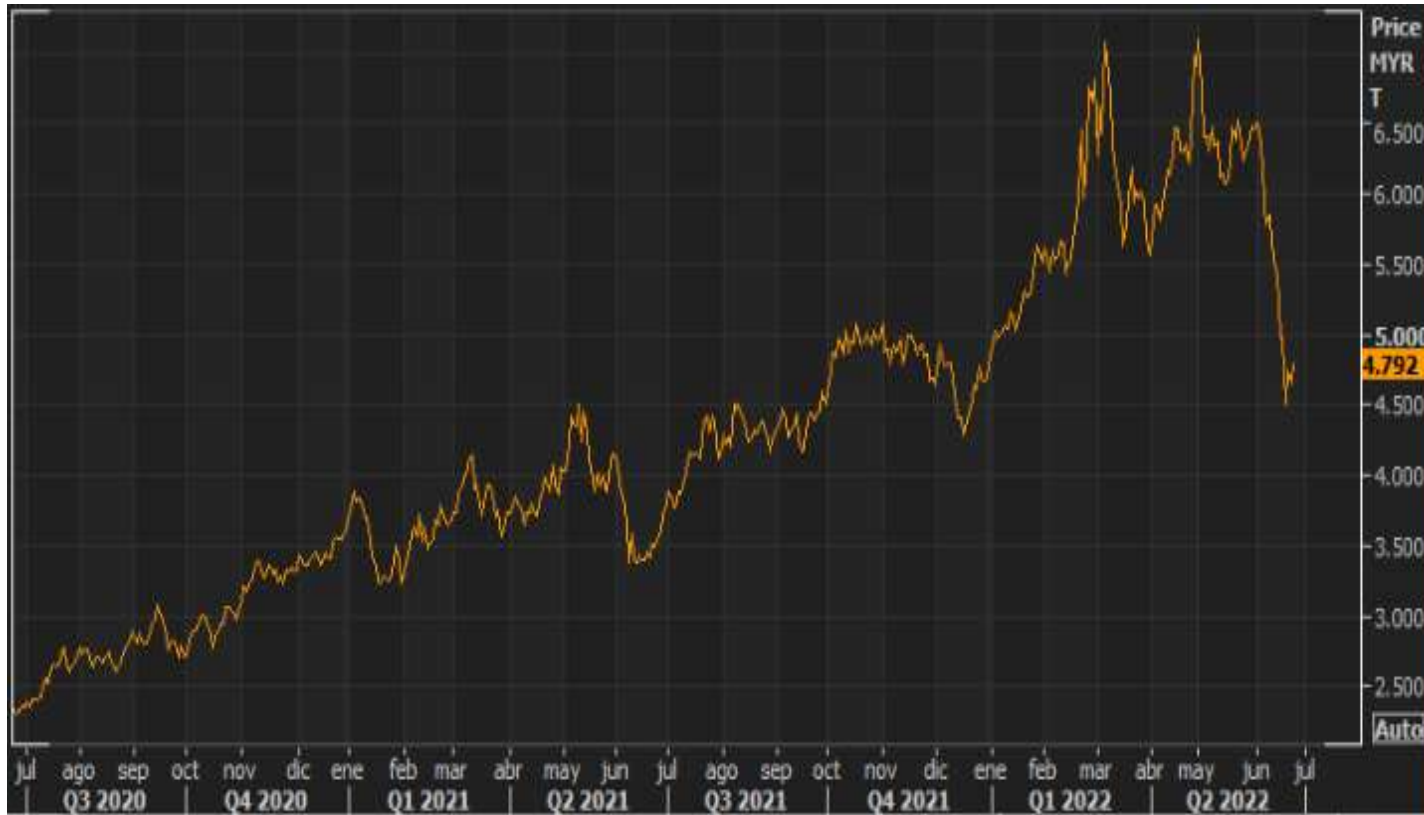
This is putting strong pressure on the market, not only because they will be available for the market at some point, but also because of the scarce storage capacity in the country, which is causing serious problems.

SOURCES: AGRITEL/MPOB/MPOA/POA/ GAPKI

5.2 PALM OIL (CPO)



Sharp drop in prices, could revive demand



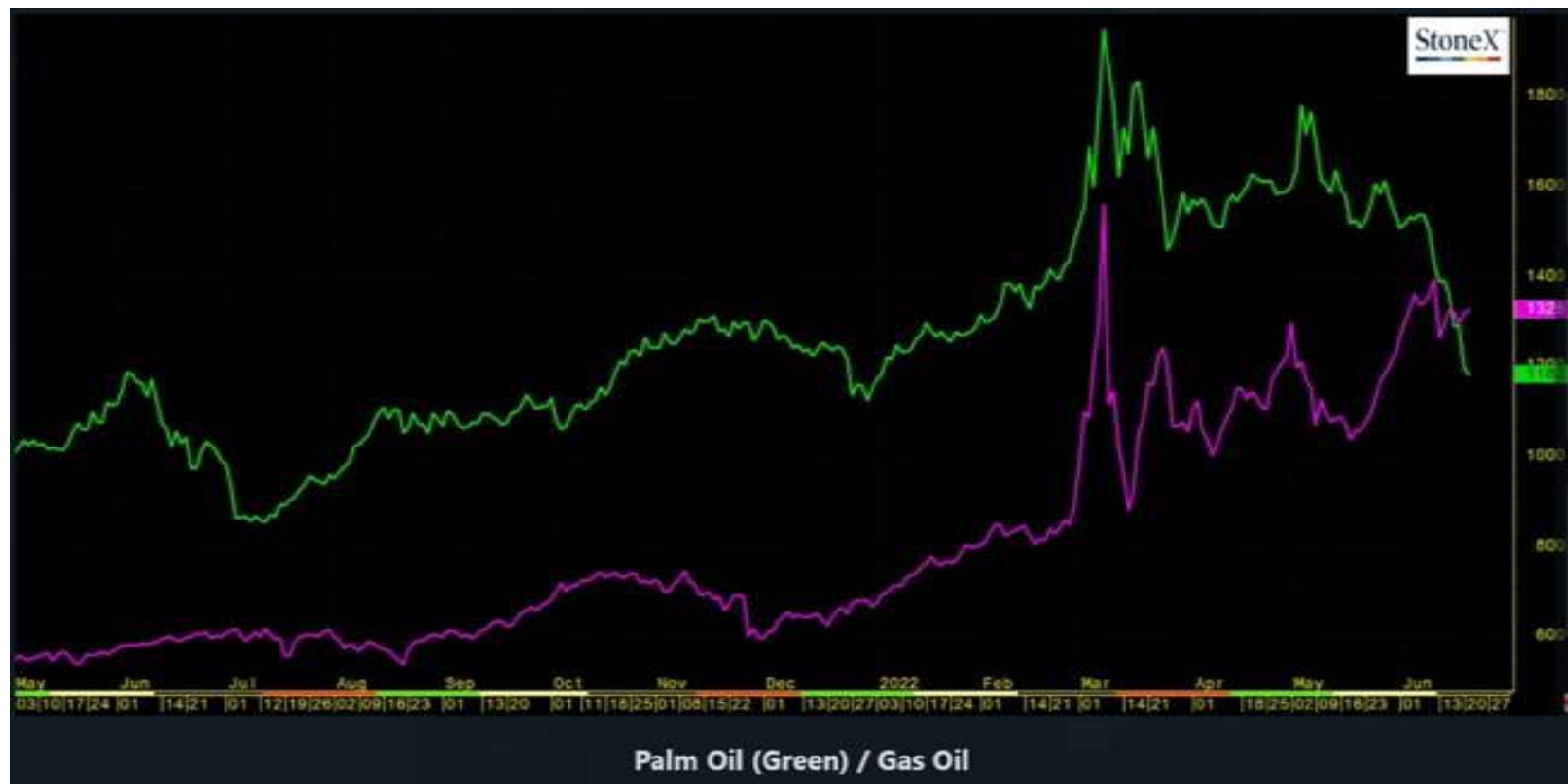
Very sharp fall in palm prices, given global macroeconomic weakness and high stocks in Indonesia. The market's inverse has been sharply reduced, a sign of relief from the tight situation we were experiencing. The market expects Indonesia to further relax export policy.

SOURCES: REUTERS/STONEX/BMD/OIL WORLD

5.2 PALM OIL (CPO)



Sharp drop in prices, could revive demand



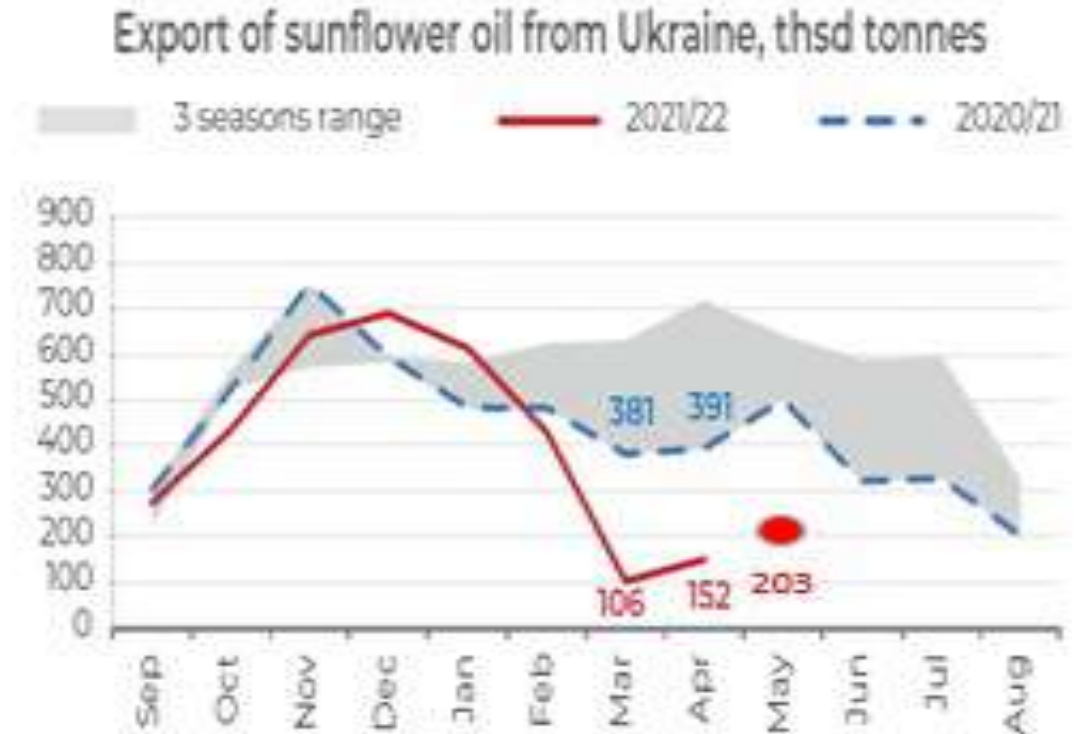
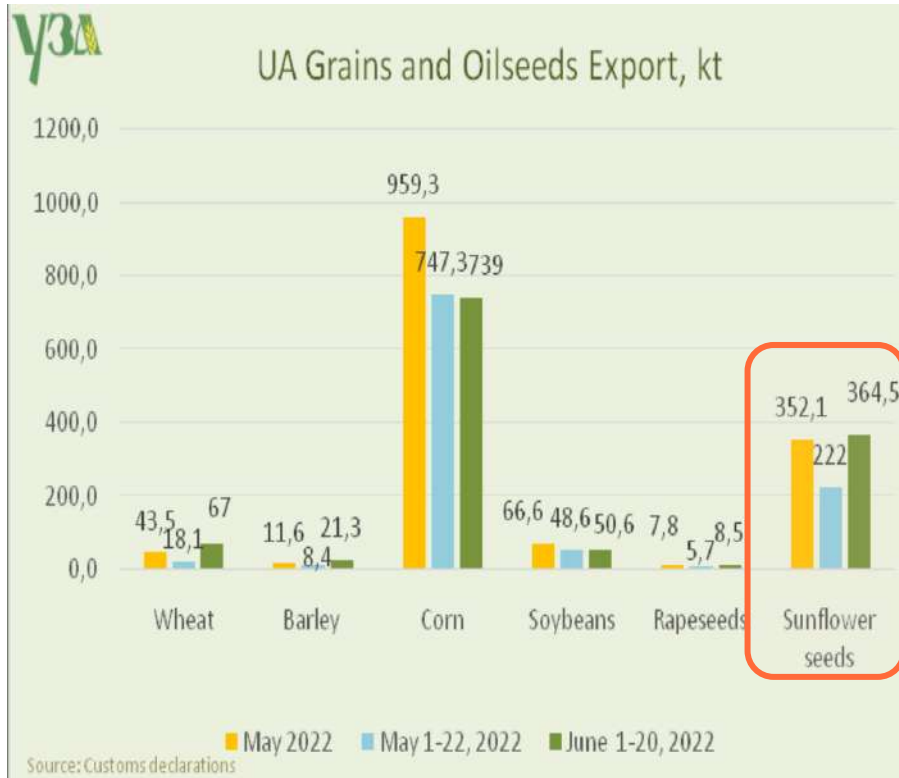
For the first time in a long time, palm oil is positioned below gas oil, so demand from the energy sector could increase in the coming months.

SOURCES: REUTERS/STONEX/BMD/OIL WORLD

6.1 SUNFLOWER OIL (SFO)



Sunflower seed exports from Ukraine are a surprise



Exports of sunflower seeds from Ukraine, practically all of them to Europe, have reached surprisingly high levels: 352 kton in May, the highest in more than 20 years, and already surpassed so far in June. This factor has come as a surprise and is putting pressure on prices. Oil exports continue at low levels.

SOURCES: MAPFU/APK INFORM/EF NEROBA/EUC/OIL WORLD

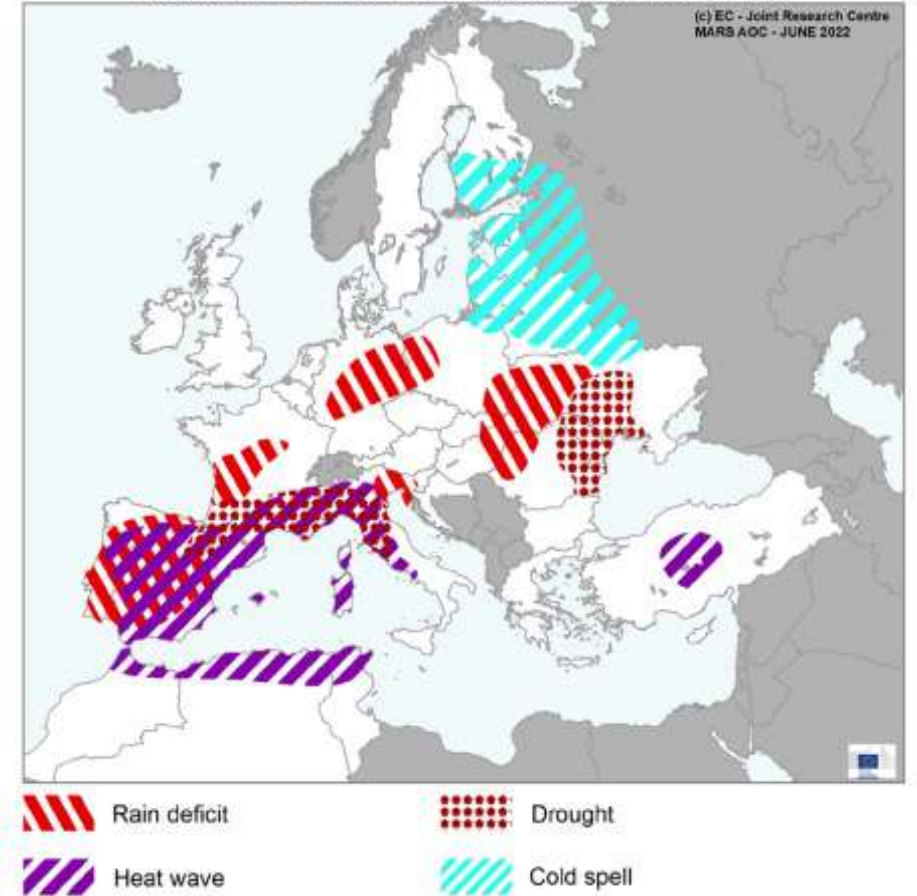
6.1 SUNFLOWER OIL (SFO)



Sunflower seed exports from Ukraine are a surprise



AREAS OF CONCERN - EXTREME WEATHER EVENTS
Based on weather data from 1 May 2022 until 17 June 2022



Sowing in Ukraine ended with 4.7 million ha, which represents a 27% drop compared to the previous season. The weather continues to be somewhat dry, and there are concerns not only about the lack of basic inputs and fuel, but also about the storage capacity needed with the arrival of the new crop.

SOURCES: MAPFU/APK INFORM/EF NEROBA/EUC/OIL WORLD

6.1 SUNFLOWER OIL (SFO)



Sunflower seed exports from Ukraine are a surprise

5 EU Countries : Imports of Sunflowerseed (a)					
(1000 T)	Apr	Mar	Apr	Jan/Apr	
of:	2022	2022	2021	2022	2021
Bulgaria	28	24	1	82	13
Czech Rep.	1	1	.	2	2
Hungary	26	8	.	35	3
Poland	5	2	1	11	3
Romania	26	55	4	108	31
Total	87	89	6	238	52
of which from:					
Moldova	27	72	4	140	17
Russia . . . . .	.	.	-	1	3
Ukraine	56	13	1	85	5
Turkey	1	2	1	6	4

(a) Intra-trade is excluded.

AretéPro Advanced Agri Commodities Management					
EU COMM. MARS BULLETIN - June					
SUNFLOWER 2022 Yield F.cast (t/ha)					
	2021	2022 F.cast		Change vs.	
		May	Jun	2021	May
EU-27	2.38	2.39	2.37	-0.4%	-0.8%
Romania	2.54	2.66	2.69	+5.9%	+1.1%
Bulgaria	2.38	2.34	2.43	+2.1%	+3.8%
Hungary	2.70	2.97	2.97	+10.0%	=
France	2.74	2.32	2.32	-15.3%	=

In Europe, for the fourth consecutive month, yield estimates are reduced due to dry weather and high temperatures. However, due to the growth of the area, we continue to work with a production of around 10.8 Mts vs. 10.5 Mts of the previous season.

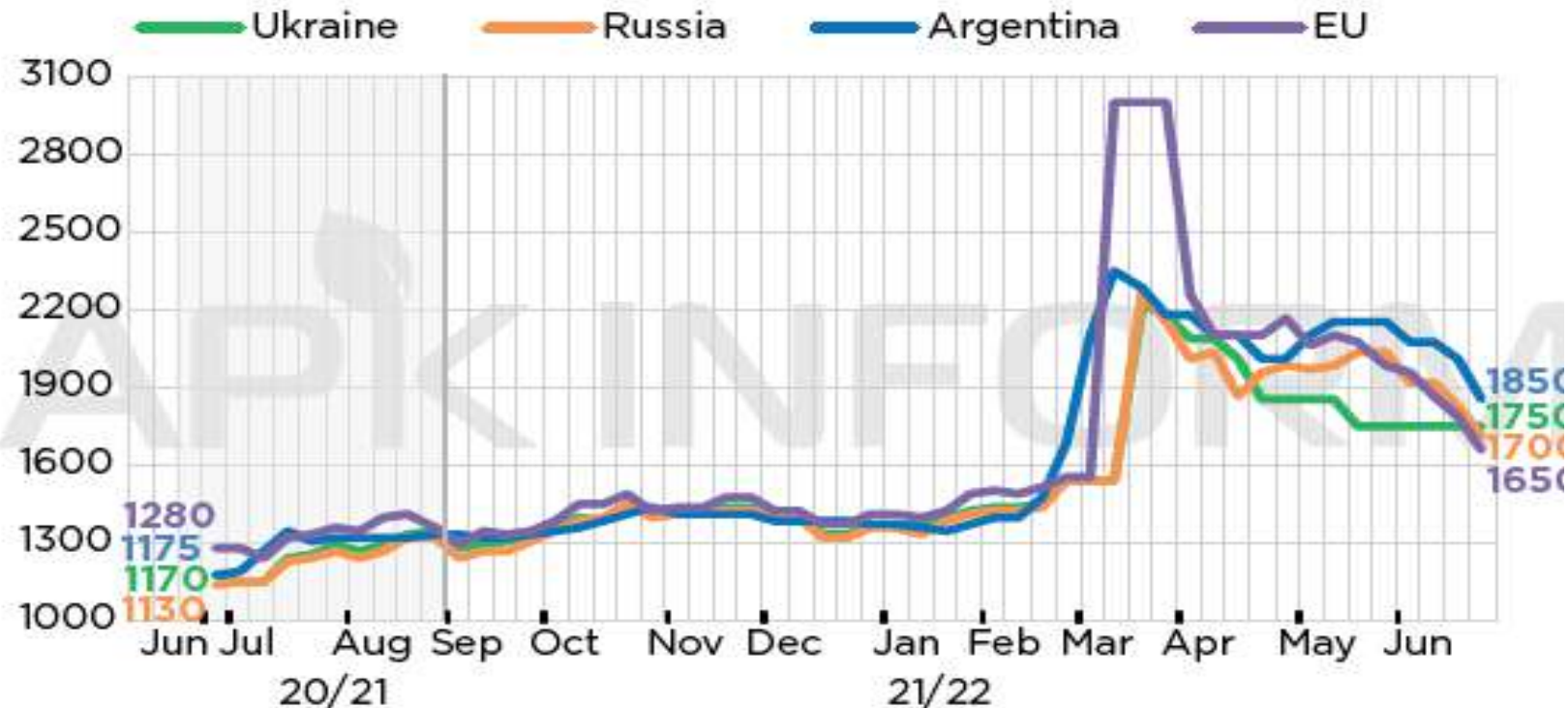
SOURCES: MAPFU/APK INFORM/EF NEROBA/EUC/OIL WORLD

6.2 SUNFLOWER OIL (SFO)



The pressure from other oils is transferred to sunflower oil

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



With palm olein prices FOB Malaysia falling 27% and soybean oil FOB Argentina 21% in the last 3 weeks, sunflower oil prices have been under heavy pressure.

As mentioned above, the pace of sunflower seed exports is surprising, which partly compensates for the lack of oil.

SOURCES: OIL WORLD/APK INFORM

6.2 SUNFLOWER OIL (SFO)



The pressure from other oils is transferred to sunflower oil

Supply for 22/23 is expected to be similar to that of 21/22: the fall in Ukraine's production is compensated by the increase in initial stocks. However, uncertainty is high: in addition to the weather in Europe, Russia and Ukraine...

- Is there sufficient capacity to store Ukraine's new harvest?
- When will it be able to move?
- Will exports through the Black Sea ever resume on a large scale?
- Will the 4.6 Mts of stock ever be mobilised in time?

SUNSEED : World Supply & Demand (Mn T)				
	22/23F	21/22	20/21	19/20
Open'g stocks	8.33*	2.60	3.35	3.34
Production	51.87*	57.84	50.50	55.67
<i>EU-27</i>	10.86*	10.50	8.96	9.47
<i>Russia</i>	14.70*	15.40*	13.42*	15.38
<i>Ukraine</i>	9.70*	16.80*	13.90*	16.50*
<i>Rep. of S. Africa</i>	.90*	.96	.68	.81*
<i>U.S.A.</i>	1.07*	.86	1.35	.89
<i>Argentina</i>	4.00*	3.25*	2.86*	3.02*
<i>Turkey</i>	1.86*	1.75*	1.58*	1.70*
Total supplies	60.20*	60.44	53.85	59.01
Crush (Sept/Aug) . . .	48.20*	46.43*	45.94	50.45
Other use	5.50*	5.68*	5.31	5.21
End'g stocks	6.50*	8.33*	2.60	3.35
<i>EU-27 (July 31)</i>	1.05*	1.14*	.77	.88
<i>Russia (Aug 31)</i>	.90*	.97*	.17*	.38*
<i>Ukraine (Aug 31)</i>	2.70*	4.65*	.21*	.14*
<i>Argentina (Sep 30)</i>	.85*	.55*	.60*	.95*
<i>Other countries</i>	1.00*	1.02*	.85*	1.00
Stocks/usage	12.1%	16.0%	5.1%	6.0%

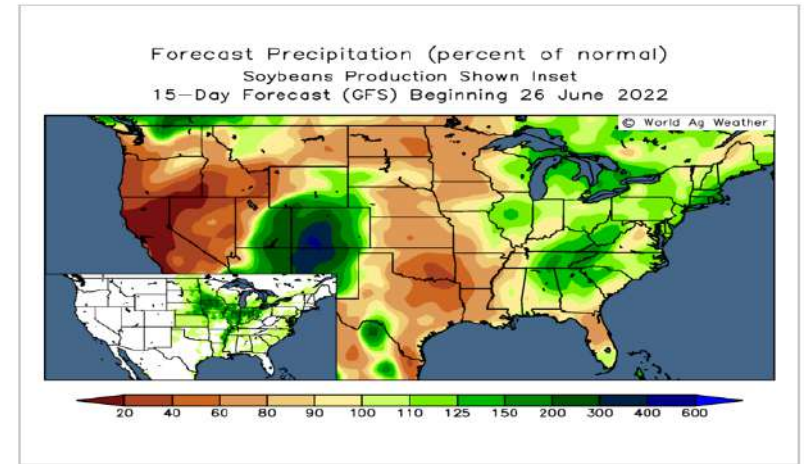
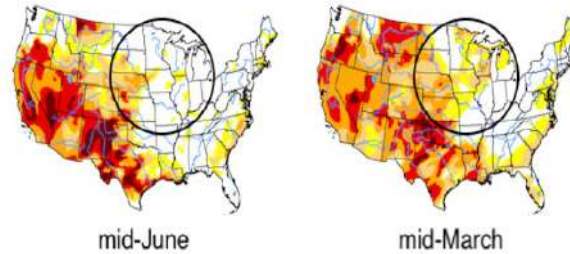
SOURCES: OIL WORLD/APK INFORM

6. SOYBEAN OIL (SBO)

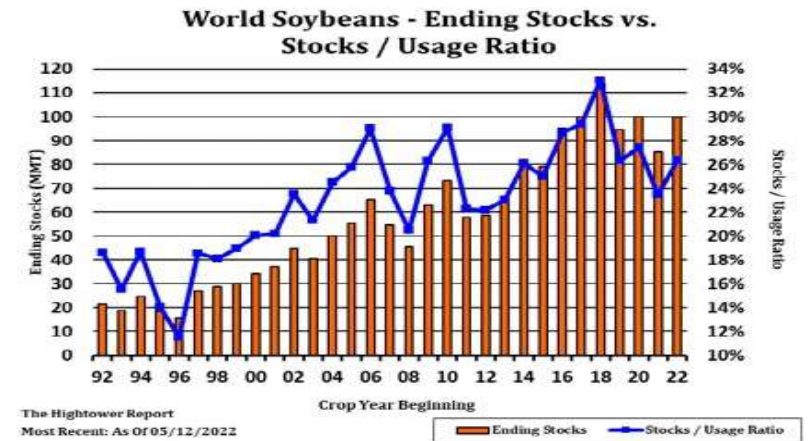
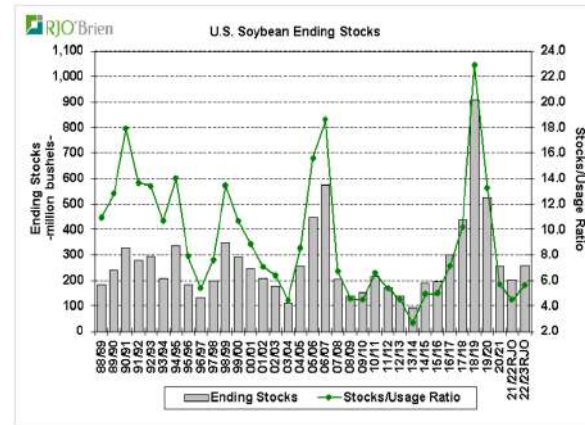
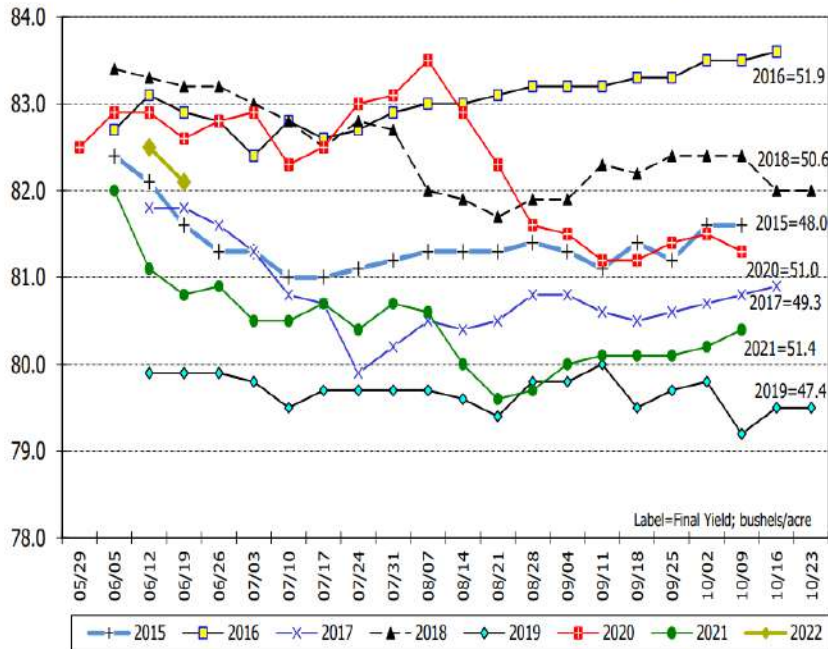


Soybean market in the middle of the US weather market

US Drought Map 90-Day Comparison



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



Soybean conditions in the US deteriorated in the last week but have improved noticeably over the last 3 months. The weather will have to be monitored: low rainfall and above normal temperatures are forecast for the next 15 days. The future of oilseeds in the medium term is at stake here: the expected production growth for 22/23 is basically soybeans.

SOURCES: RJO OBRIEN/USDA/WAGW/HIGHTOWER/OIL WORLD

6. SOYBEAN OIL (SBO)



Soybean market in the middle of the US weather market

We expect area growth in South America, mainly in Argentina after several years of decline, given the lower investment cost compared mainly to maize.

The weather in South America during November 2022 to February 2023 will be critical for the long-awaited production recovery to ease tight balance sheets.

SOYBEANS : World Supply and Demand (Mn T)				
	<u>22/23F</u>	<u>21/22</u>	<u>20/21</u>	<u>19/20</u>
Opening stocks	85.70*	100.08	97.83	112.53
Production	385.10*	351.28	364.41	340.19
N. Hemisphere	177.43*	170.88	164.37	144.93
EU-27	3.07*	2.90	2.61	2.74
Russia	5.25*	4.90*	4.54*	4.51*
Ukraine	2.40*	3.20*	3.10*	4.70*
Canada	6.25*	6.27	6.36	6.15
U.S.A.	125.70*	120.71	114.75	96.67
China, P.R.	18.20*	16.40	17.85	15.97
India	10.20*	10.50*	9.30*	8.50*
S. Hemisphere	207.67*	180.40	200.04	195.26
Argentina	45.00*	41.80*	43.80*	49.40*
Brazil	144.00*	126.00*	138.86*	128.60*
Paraguay	10.00*	4.00*	9.54*	10.24
Uruguay	2.75*	2.80*	1.85*	2.25*
Total supply	470.80*	451.36	462.24	452.72
Crush (Sept/Aug) .	323.80*	318.26*	316.39	310.95
Other use	49.00*	47.40*	45.77	43.94
Ending stocks	98.00*	85.70*	100.08	97.83
U.S.A. Aug 31	9.00*	6.70*	6.99	14.28
Argentina Aug 31	33.30*	32.40*	34.10*	32.94*
Brazil Aug 31	33.80*	27.20*	34.93*	25.92*
Other countries	21.90*	19.40*	24.06*	24.69*
Stocks/usage	26.3%	23.4%	27.6%	27.6%

SOURCES: RJO OBRIEN/USDA/WAGW/HIGHTOWER/OIL WORLD

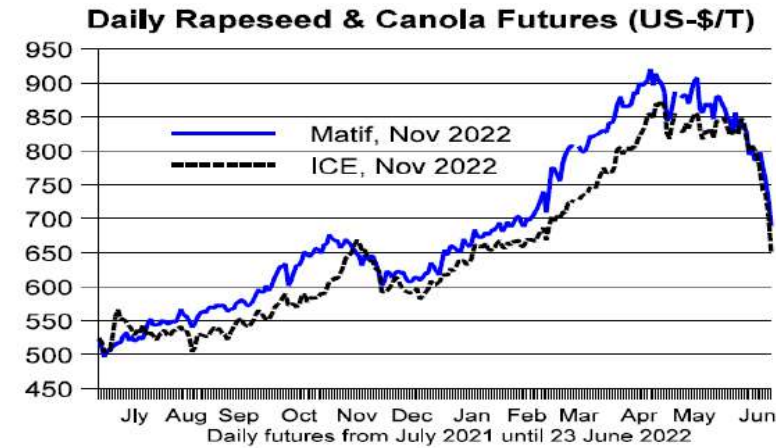
3. RAPESEED OIL (RSO)



Good rapeseed production prospects

EU-27 : Rapeseed Supply & Demand (Mn T)						RAPESEED & CANOLA : World Supply & Demand				
	July / June					(Mn T)	22/23F	21/22	20/21	19/20
Opening stocks ..	22/23F	21/22	20/21	19/20	18/19	Open'g stocks..	5.33*	6.40	8.58	10.04
	.77*	.90	.99	1.78	1.90	Production	72.83*	65.43	66.65	62.95
Output	18.62*	17.39	16.94	15.56	18.05	EU-27	18.62*	17.39	16.94	15.56
Imports (a).....	5.95*	5.74*	6.73	6.08	4.29	Russia	2.70*	2.88*	2.57	2.06
Exports (a).....	.32*	.41*	.17	.34	.27	Ukraine	2.00*	3.13*	2.70*	3.48*
Crushings	23.20*	22.24*	22.92	21.55	21.65	Canada	19.60*	12.59	19.48	19.91
Other use .....	.67*	.61*	.67	.54	.53	U.S.A.	1.76*	1.34*	1.63*	1.55
Ending stocks ...	1.15*	.77*	.90	.99	1.78	China	6.10*	6.30*	6.00*	5.70*
						India	10.10*	10.30*	8.55*	7.40*
						Australia	6.50*	7.00*	4.52	2.30
						Total supplies	78.16*	71.83	75.23	72.99
						Crush (July/June)	68.10*	64.04*	66.42	61.91
						Other use	2.51*	2.46*	2.41	2.50
						End'g stocks ...	7.55*	5.33*	6.40	8.58
						EU-27 (Jun 30)	1.15*	.77*	.90	.99
						Canada (Julv31)	1.82*	.52*	1.72	3.43
						Stocks/usage	10.7%	8.0%	9.3%	13.3%

(a) Intra-EU trade is excluded.



Planting in Canada was very delayed in important regions, with very varied weather: lack of rain in the west and excess rain in the east. This situation has improved in recent weeks. Oil World estimates production at 19.6 Mts, which implies a growth of 7 Mts. In Europe, yield potential has been affected by the heat wave that affected important producing countries, as well as the lack of rain. However, production is expected to improve by around 1.2 Mts.

SOURCES: OIL WORLD/AGRICENSUS/AGRITEL

3. ACEITE DE COLZA (RSO)

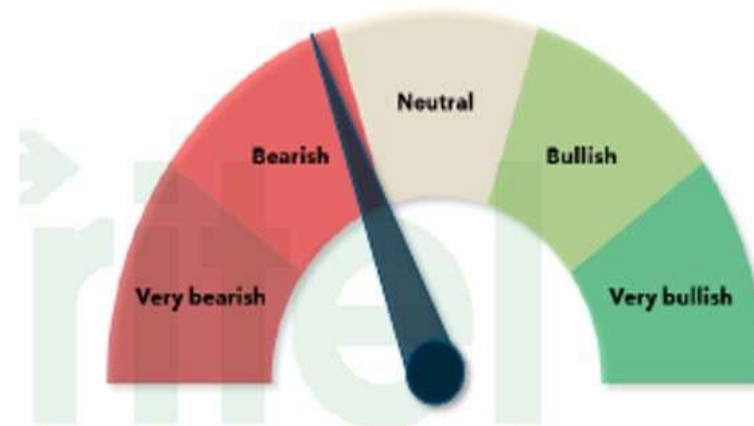
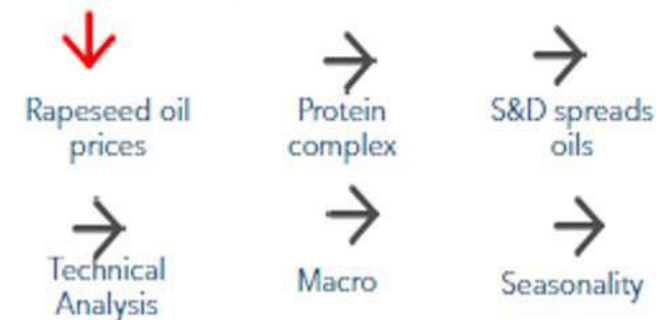


Good rapeseed production prospects

Another large crop is expected in Australia, given the growing area.

Downward pressure on other oils as well as improving conditions in Canada have put pressure on rapeseed prices, which are still at historically high levels.

3-Month Outlook



- Record areas in Australia
- Good soil moisture in Canada
- Higher supply compare to last year
- EU mandate for biodiesel to monitor
- Higher crop in Europe

SOURCES: OIL WORLD/AGRICENSUS/AGRITEL

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

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