



MARKET REPORT

September 2022

1.1 Vegetable oils prices under pressure, lead by palm oil

		18/08/2022	14/09/2022	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASIA	4043	3751	MYR/ MT	-292	-7,2%
Crude Palm Oil (Nov)	CIF RDM	1075	1065	USD/ MT	-10	-0,9%
CCNO Phil/ Indo (Nov/ Dec)	CIF RDM	1280	1260	USD/ MT	-20	-1,6%
CPKO (Nov/ Dec)	CIF RDM	1260	1280	USD/ MT	20	1,6%
Crude Sunflower Oil (OND)	6 PORTS	1465	1330	USD/ MT	-135	-9,2%
Crude Rape Oil (NDJ)	FOB DUTCH MILL	1455	1355	€/MT	-100	-6,9%
Crude Soya Oil (Nov)	FOB ARGENTINA	1333	1210	USD/ MT	-123	-9,2%
EUR/ USD		1,0088	0,9977		-0,011	-1,1%
USD/ MYR		4,4720	4,5250		0,053	1,2%
Brent Crude		96,59	94,1	US \$/ BRL	-2,49	-2,6%
Gas Oils		1018	991,5	US \$/ MT	-26,50	-2,6%

Bearish factors have gained influence in oilseed complex lately, resulting in declining prices mainly of oilseeds and vegetable oils. Price pressure from the rapeseed and sunflower seed complexes is intensified by the current weakness in palm oil. Renewed lockdowns in several large cities of China add concern about the economy. Better growing conditions in Canada (rapeseed), USA (soybean) and Russia (sunflower). Argentinian Government improved 42% exchange rate for sales during September. However, vegetable oil consumption has started to recover in response to the sharp reduction in prices.

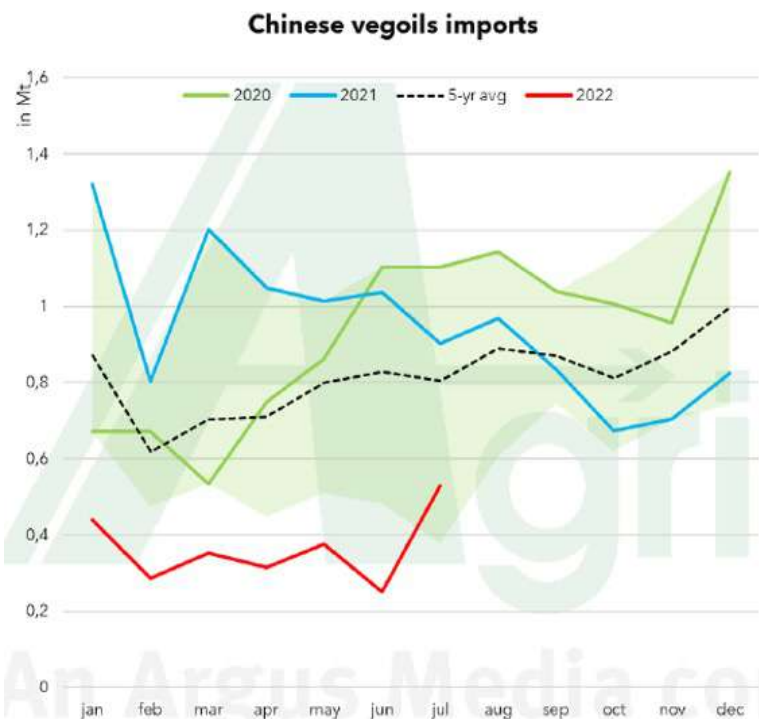
SOURCES: REUTERS/OIL WORLD

1.2 Vegetable oils prices under pressure, lead by palm oil



SOURCES: REUTERS

2. Vegetable oil imports recover but remain slow

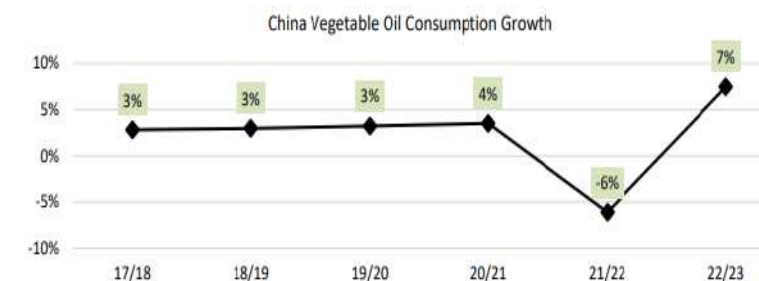


CHINA, P.R. : Imports of 17 Oils & Fats (1000 T)

	July		Jan/July		Oct/July	
	2022	2021	2022	2021	21/22	20/21
Soya oil	55	194	184	856	256	1038
Groundnut oil . .	22	13	86	227	114	320
Sunflower oil . .	7	68	249	976	460	1544
Rapeseed oil . .	67	152	615	1650	874	2121
Palm oil	450	508	1735	3572	3479	5700
Palmkern oil. . .	35	27	218	289	443	525
Coconut oil . . .	25	9	148	99	199	148
Castor oil	29	39	192	232	255	318
Tallow&Grease	6	14	22	70	37	106
Other oils/fats	25	33	167	218	217	293
Total	721	1057	3616	8189	6334	12113

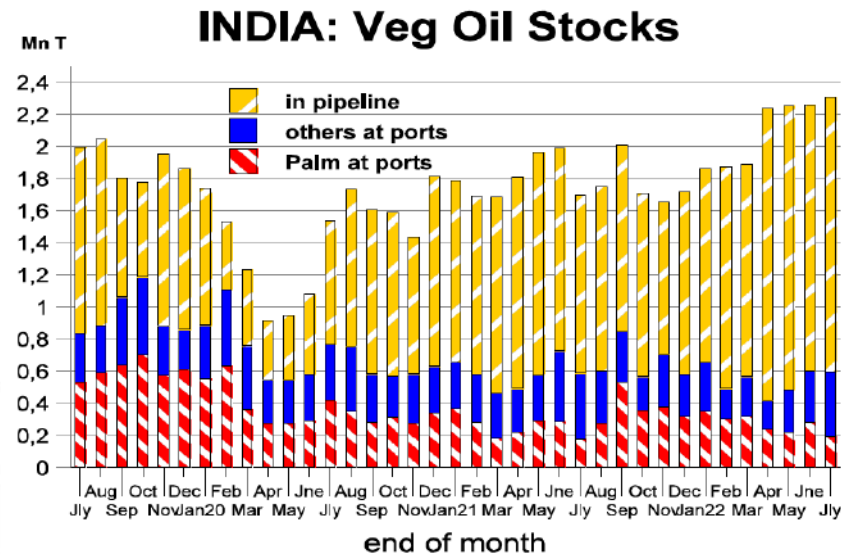
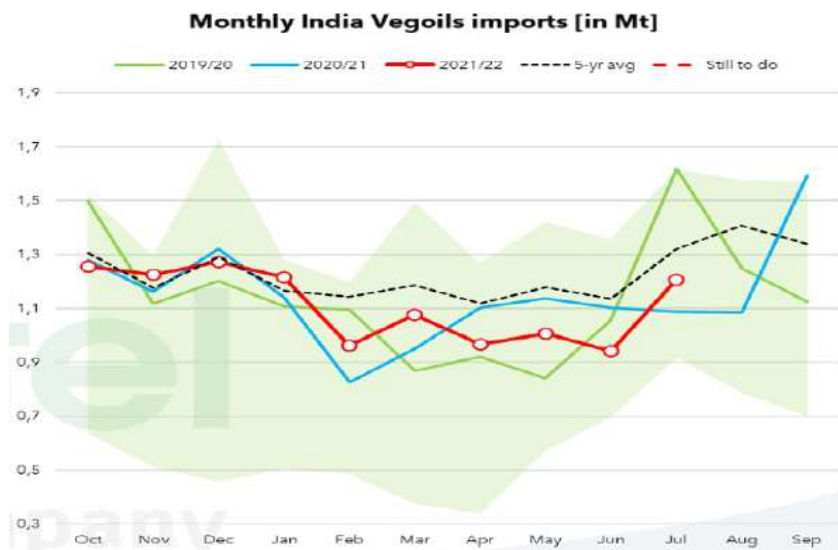
Official July trade statistics confirm a recovery in vegetable oils Chinese import demand.

Imports of oils & fats reached a 7-month high of 700 kt in July, up 72% on the month but remain 32% below the previous year.



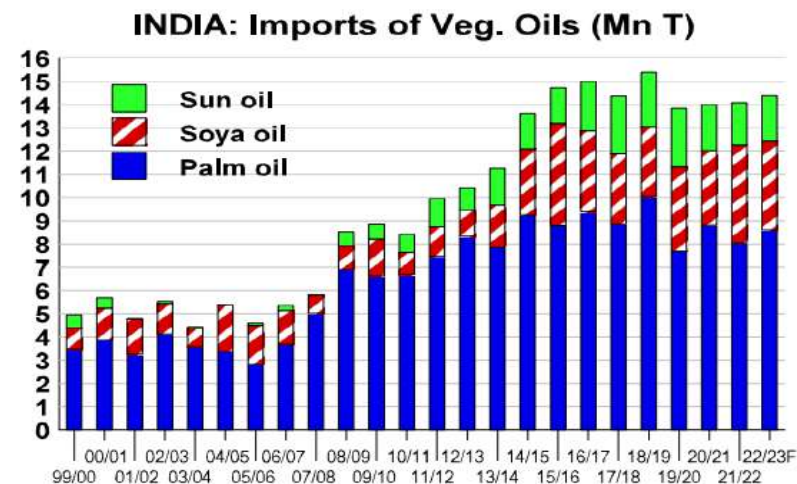
SOURCES: AGRITEL/OIL WORLD/USDA

2. Vegetable oil imports recover but remain slow



Stocks of vegetable oils recovered in India in July, primarily reflecting large arrivals of soybean oil and sunflower oil.

Stocks were pegged at 2.3 Mts at the end of July, the highest level in more than three years and up sharply from 1.7 Mts a year ago.



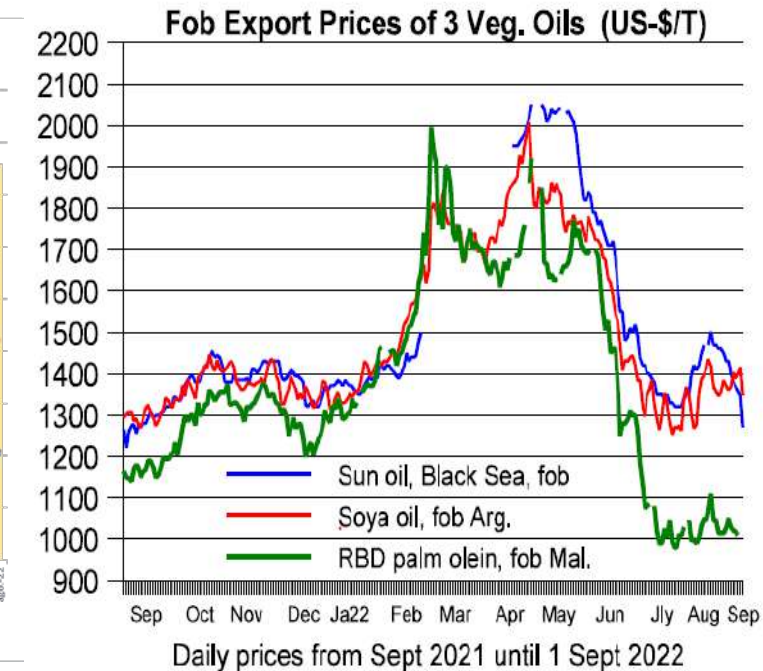
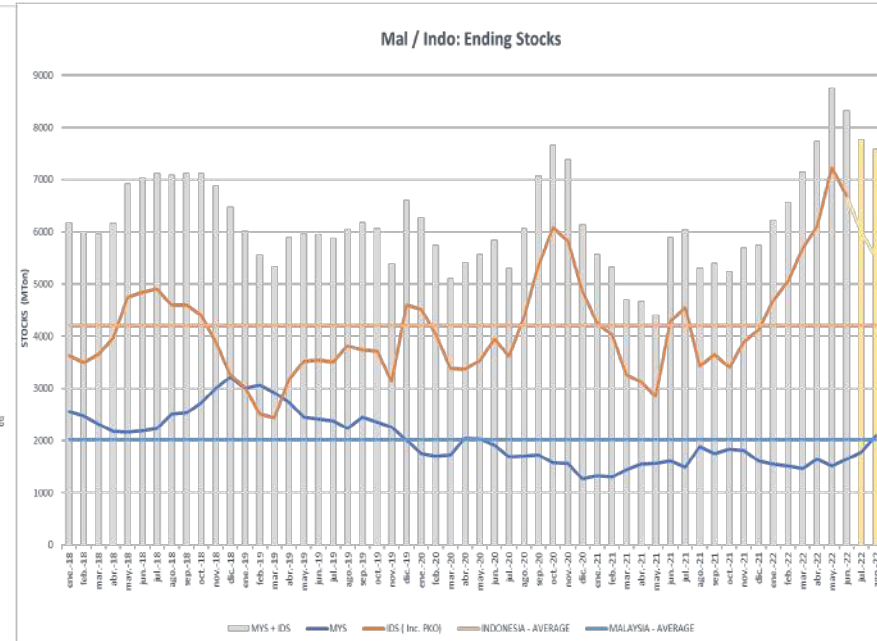
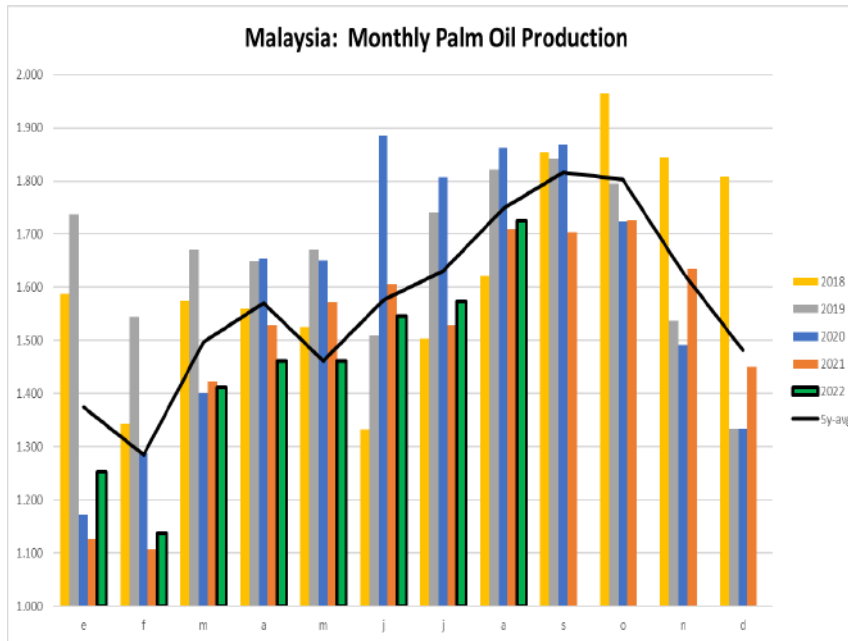
INDIA: Imports of 5 Major Veg. Oils (1000 T)

	July		Oct/July		
	2022p	2021	21/22p	20/21	19/20
Soya oil	520	446	3691	2837	2859
Sunflower oil	155	70	1663	1688	2299
Rapeseed oil	-	.	33	5	38
Palm oil	533	631	6043	6757	6267
Palmkern oil . .	6	4	56	133	109
Total	1214	1151	11486	11420	11572

Veg. oil consumption is seen picking up in 2022/23, with an estimated increase of 0.9 Mts.

SOURCES: AGRITEL/OIL WORLD/USDA

3.1 Palm oil (CPO): historically high stocks in Indonesia



Indonesian palm oil stocks rose to a record high in May following export restrictions and ban. However, both palm oil usage for biodiesel production and exports are currently rising pronouncedly, favoured by recent policy adjustments. This will help absorb the record supply surplus. Once this materializes, the still unsolved labour problem in Malaysia may regain influence on palm oil price, reducing price discounts.

In Malaysia, production is recovering due to the seasonal period of peak production, while exports are growing more slowly due to the competitiveness of Indonesia. As a result, ending stocks in August finished 11.5% above at the same time last year.

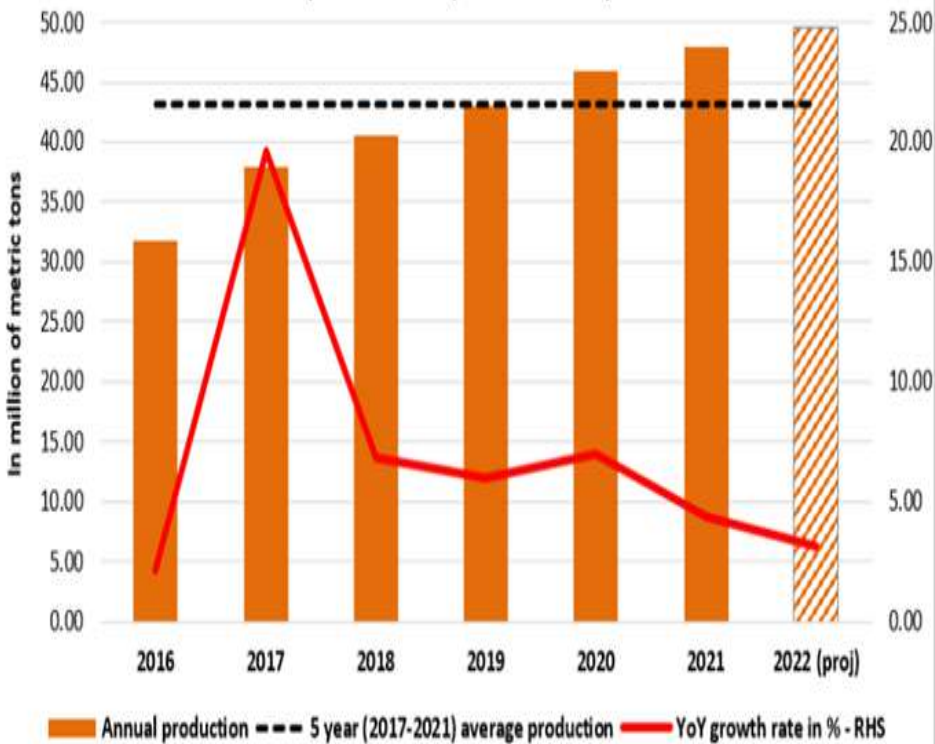
SOURCES: POA/GAPKI/MPOB/AGRITEL

3.2 Palm oil (CPO): Mal/Indo Production in 2022



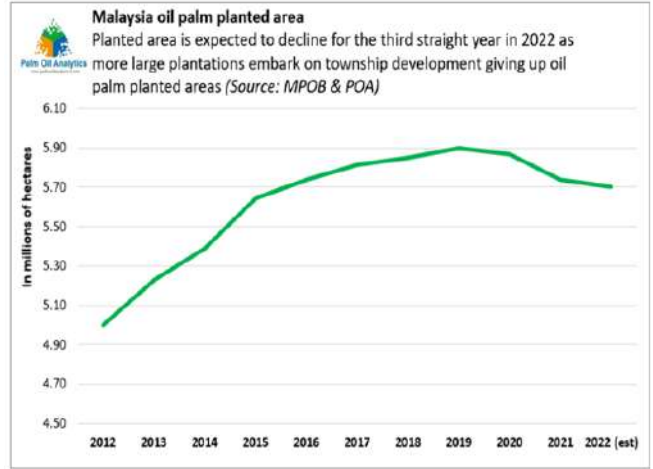
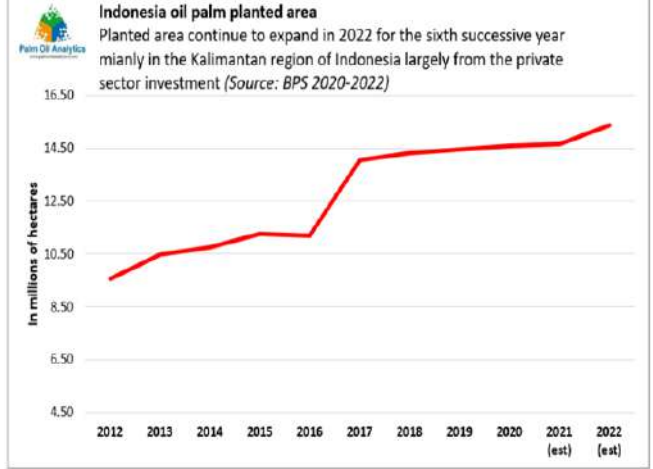
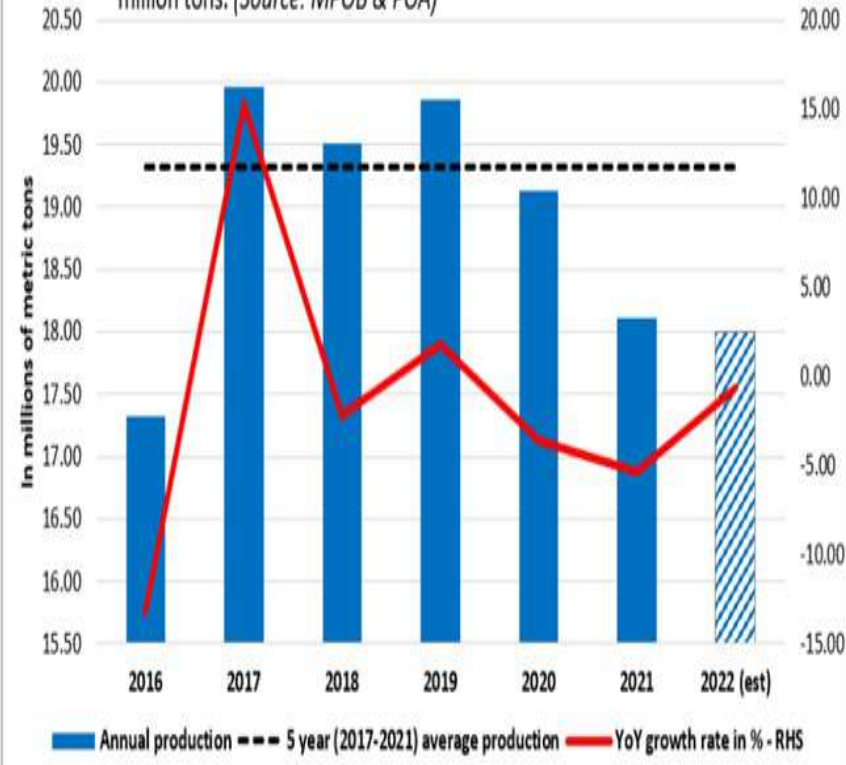
Indonesia CPO production

2022 production is projected to rise by 3.00% to 49.50 mil tons on favourable weather conditions extending to raise yield rates in key palm areas in Kalimantan (Source: GAPKI, BPS and IOPRI)



Malaysia CPO production

2022 production to stay unchanged to lower 18.00-18.10 million tons at the lowest in 5 years and linger below the historical average of 19.32 million tons. (Source: MPOB & POA)



SOURCES: POA/GAPKI/BPS/IOPRI/MPOB/MPOA

4. Lauric oils: better prospect for PKO than CNO



COCONUT OIL: Exports of 2 Key Countries (1000 T)

Exports of	June/July		Jan/July		
	2022	2021	2022	2021	2020
Indonesia . . .	140	120	414	371	352
Philippines . . .	158p	153	729p	461	541
Total	298	273	1142	831	894
of which to:					
EU-27	59	113	388	274	358
Russia	6	4	18	15	12
U.S.A	87	43	222	165	197
China	22	28	132	93	95
Japan	7	5	23	19	20
S. Korea	11	10	33	31	27
Malaysia	75	32	224	97	108
Sri Lanka	18	2	45	16



World palm kernel oil production is forecasted to increase by 200 kt to 8.34 Mts next season, meaning ample world supplies. World exports are expected to rebound pronouncedly, benefiting from the removal of Indonesian export restrictions and less competition of coconut oil.

We have seen unusually large coconut oil production so far this year. However, Oil World estimates a decline of global production of 100–150 kt to 2.9 Mts next season, also curbing export supplies. World consumption is currently expected to decline only marginally, assuming a reduction of stocks.

However, the premium of CNO vs PKO has almost disappeared in recent days, while it had been around 150 US\$/MT on average for the past five years. Coconut oil prices are expected to strengthen in relation to palm kernel oil and palm oil next season.

SOURCES: : REUTERS/OIL WORLD

5.1 Sunflower oil (SFO): lowest production since 15/16 in Europe



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5-yr avg	22/23 Agritel	% vs 5-yr avg
France	1 640	1 885	1 573	1 537	1 579	1 186	1 190	1 599	1 240	1 298	1 607	2 005	1 585	1 550	1 768	14%
Romania	1 270	1 790	1 480	2 150	2 000	1 750	2 032	2 700	2 700	2 900	2 071	2 800	2 720	2 634	1 890	-28%
Bulgaria	1 536	1 510	1 398	1 974	2 011	1 700	1 853	2 084	1 944	1 937	1 734	2 002	2 100	1 940	1 820	-6%
Hungaria	990	1 375	1 302	1 484	1 597	1 557	1 875	2 022	1 830	1 707	1 698	1 761	1 525	1 804	1 355	-25%
Spain	846	1 084	642	1 038	953	745	772	842	950	788	883	767	775	846	667	-21%
Italy	250	274	192	286	250	248	268	244	249	294	298	280	260	273	246	-10%
Others	427	537	501	585	584	535	661	637	592	550	606	726	735	622	735	18%
Total EU	6 959	8 455	7 088	9 054	8 974	7 721	8 651	10 128	9 505	9 474	8 897	10 341	9 700	9 669	8 482	-12%

As expected, the production estimate by Agritel for Europe 22/23 has been reduced due to severe impact of heatwaves in yields: 8.5 Mts vs 11.0 Mts expected at the beginning of the season and 9.6 Mts a month ago. Oil World is more optimistic: 9.6 Mts. On the other hand, weather conditions in key Russian growing regions were reportedly better and production is expected to reach a record high.

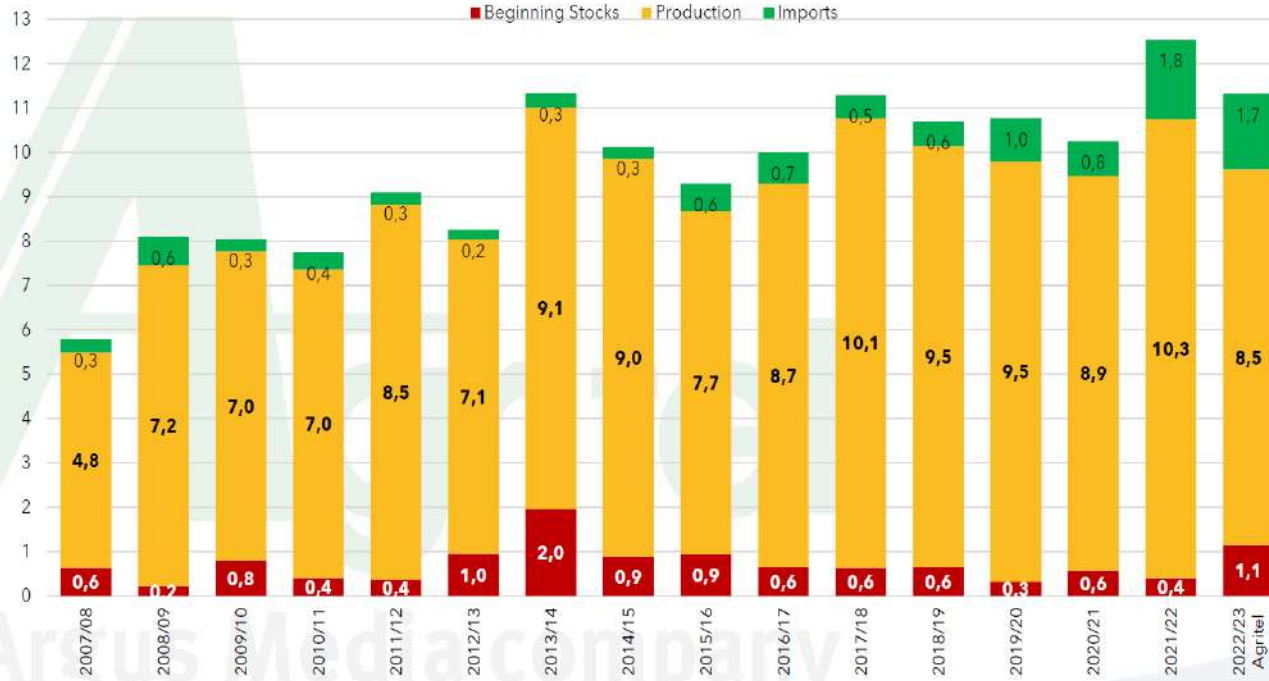
The most significant reductions in the last update were Romania 1.90 Mts (vs 2.40) and Hungary 1.4 Mts (vs 1.8). Spain is likely to see the worst harvest since 2012. In Bulgaria 33% of the area has been harvested, in Ukraine 4% and in Russia harvesting is starting. In Argentina 20% of the intended area has been seeded.

SOURCES: OIL WORLD/AGRITEL/BCBA

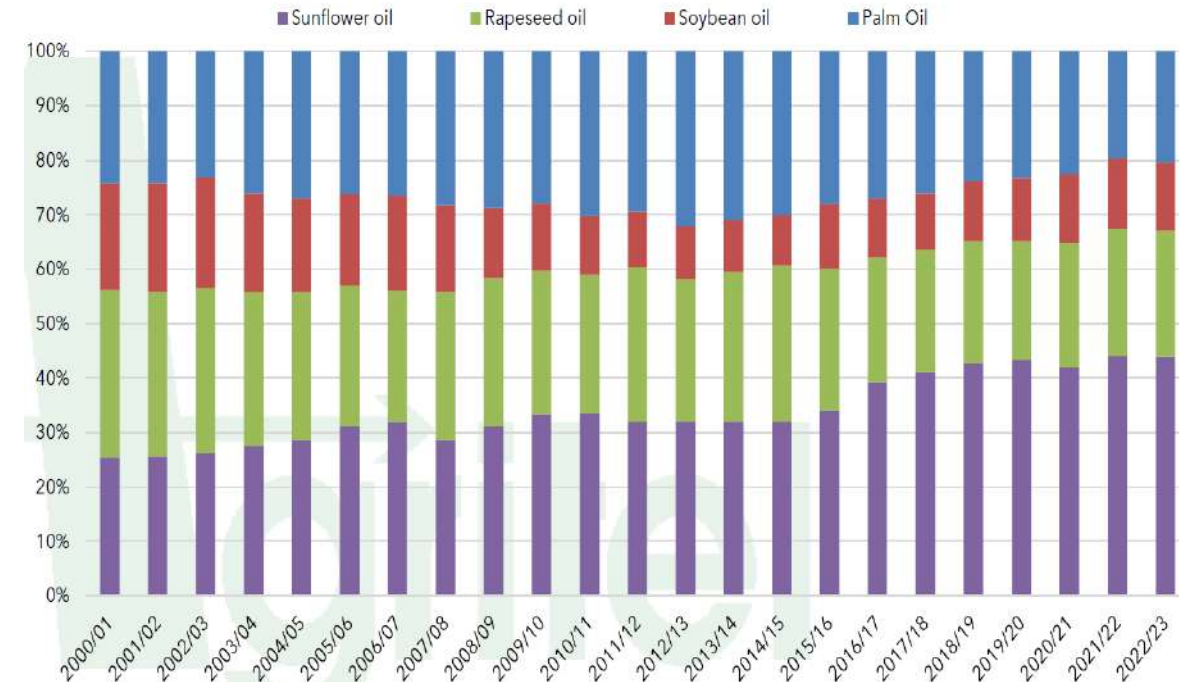
5.2 Sunflower oil (SFO): bigger dependence of imports in Europe



Sunflower seed disponibility in the EU (Mt)



EU Vegoils Human consumption



Imports have become more important due to low production.

It is difficult to replace the lack of sunflower oil for human consumption in Europe.

SOURCES: AGRITEL

5.3 Sunflower oil (SFO): prices under pressure

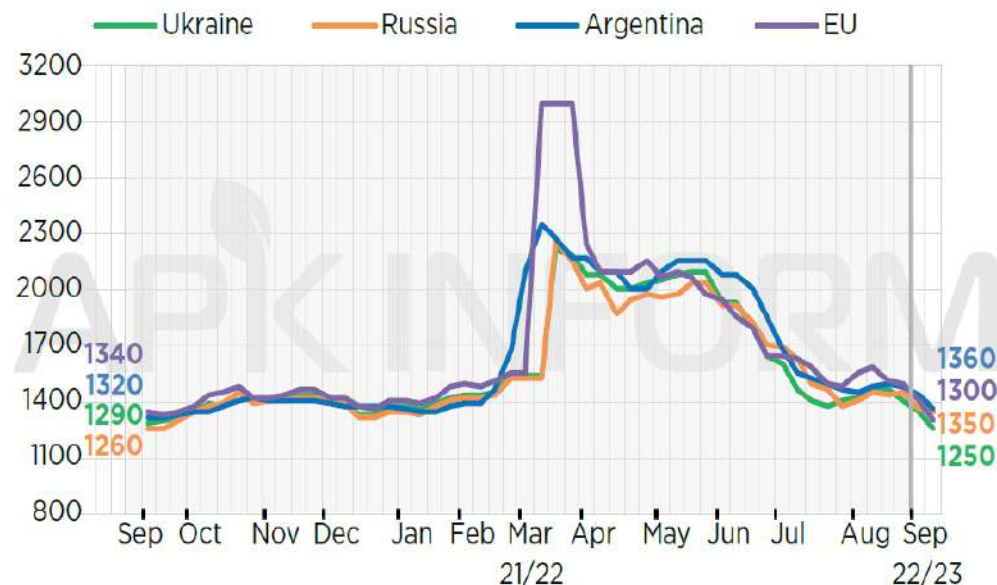


SUNSEED: World Supply & Demand (Mn T)				
	22/23F	21/22	20/21	19/20
Open'g stocks....	7.79*	2.60	3.35	3.34
Production.....	53.44*	57.94	50.50	55.67
Bulgaria.....	2.06*	2.01*	1.73	1.91
France.....	1.60*	1.91	1.61	1.30
Romania.....	2.60*	2.96*	2.09*	2.90*
Other EU.....	3.42*	3.62	3.53	3.36
Russia.....	16.50*	15.40*	13.42*	15.38
Ukraine.....	10.60*	16.80*	13.90*	16.50*
U.S.A.....	1.20*	.86	1.35	.89
Argentina.....	3.70*	3.40*	2.86*	3.02*
Turkey.....	2.00*	1.75*	1.58*	1.70*
Total supplies....	61.23*	60.54	53.85	59.01
Crush (Sept/Aug) ..	49.02*	47.15*	45.94	50.45
Other use.....	5.66*	5.60*	5.31	5.21
End'g stocks.....	6.55*	7.79*	2.60	3.35
EU-27 (July 31)...	1.22*	1.50*	.77	.88
Russia (Aug 31)...	1.30*	.96*	.17*	.38*
Ukraine (Aug 31) ..	2.18*	3.70*	.21*	.14*
Argentina (Sep 30)	.75*	.55*	.60*	.95*
Other countries ...	1.10*	1.08*	.85*	1.00
Stocks/usage.....	12.0%	14.8%	5.1%	6.0%

Despite the continuing war, sunflower seed crushing volumes have recovered in Ukraine and exceeded expectations. Prices have come under pressure. Consumers have reacted: import demand (China, India, Iran, Iraq, Pakistan, etc.) is picking up. Many sunflower oil consumers in Europe seem to be well covered until December.

The key point is Ukrainian exports: if the grain corridor closes, there will be tension again. Russia may be considering to limit it only to low-income countries. Sunflower oil was offered at discounts vs. South American soybean oil, but it was not sustainable.

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



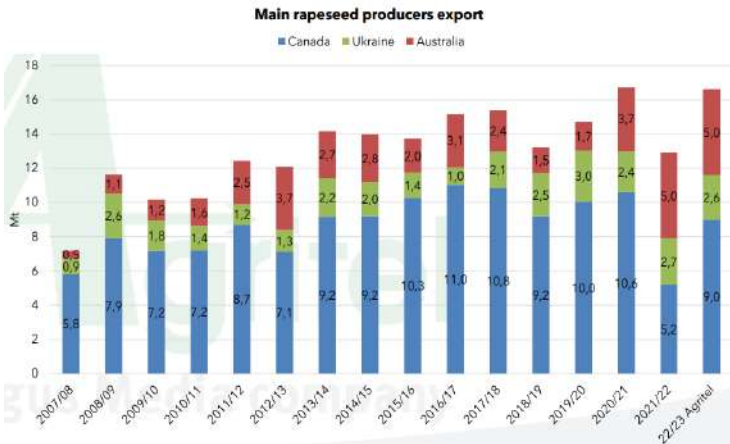
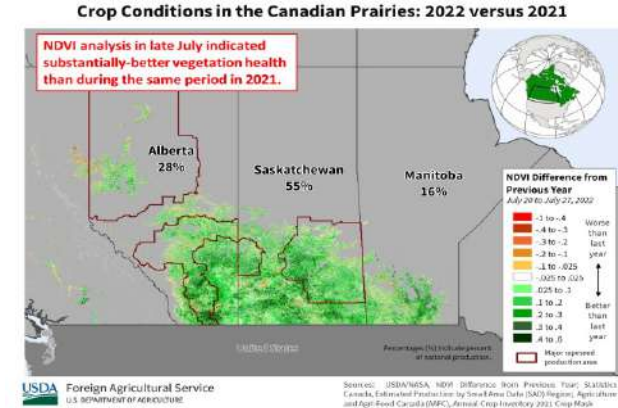
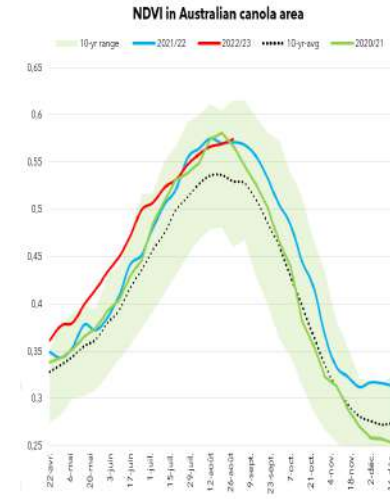
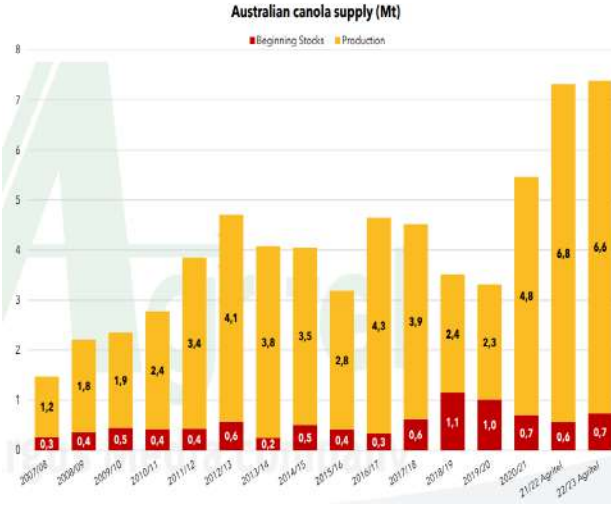
We remain very cautious about the situation of High Oleic sunflower oil in 2023.

SOURCES: OIL WORLD/APK INFORM

6. Rapeseed oil (RSO): significant increase in production



RAPESEED & CANOLA: World Production (Mn T)					
	22/23F	21/22	20/21	19/20	18/19
EU-27	19.43*	17.30	16.98	15.56	18.05
U.K.	1.14*	.98	1.04	1.75	2.01
Russia	2.75*	2.88*	2.57	2.06	1.99
Ukraine . . .	3.10*	3.14*	2.70*	3.48*	2.88*
Canada . . .	19.90*	13.76	19.48	19.91	20.72
U.S.A.	1.60*	1.29*	1.63*	1.55	1.64
S. America. .	.77*	.67	.46	.40	.42
China, PR . .	6.10*	6.30*	6.00*	5.70*	5.30*
India	10.10*	10.30*	8.55*	7.40*	7.55*
Australia . .	6.50*	7.00*	4.52	2.30	2.37
Oth. ctrs. . .	2.96*	2.87*	2.77*	2.84*	2.78*
WORLD . . .	74.35*	66.49	66.70	62.95	65.71

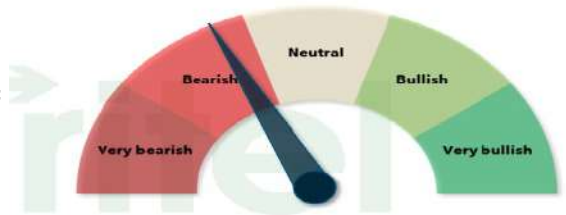
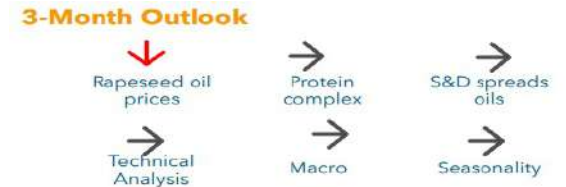


Oil World has increased their estimation for world rapeseed production in 900 kt vs last month. Upward revisions for the EU-27, Canada, Belarus and Ukraine. As a result, they expect world production to reach a new high of 74.4 Mts in 2022/23, almost 8 Mts above previous season.

The first official German crop report confirmed initial field reports of exceptionally high rapeseed yields this season. Ukrainian rapeseed production is also exceeding initial expectations. In Australia, we have seen favourable growing conditions in most important regions.

European spot crush margins at good level but fixed costs look worrying. Forward Crush margin are not so good.

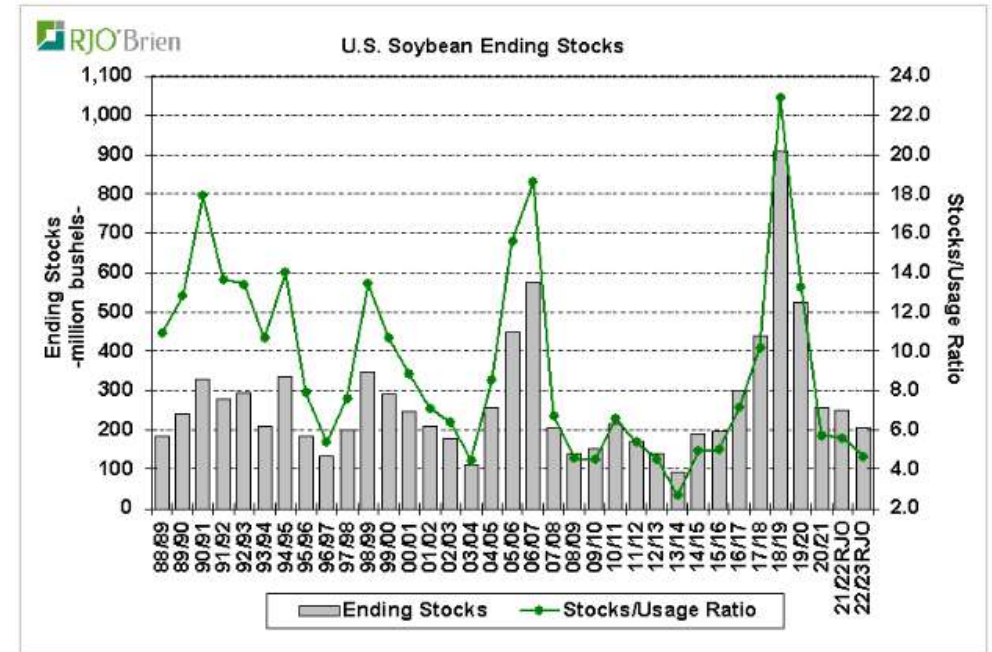
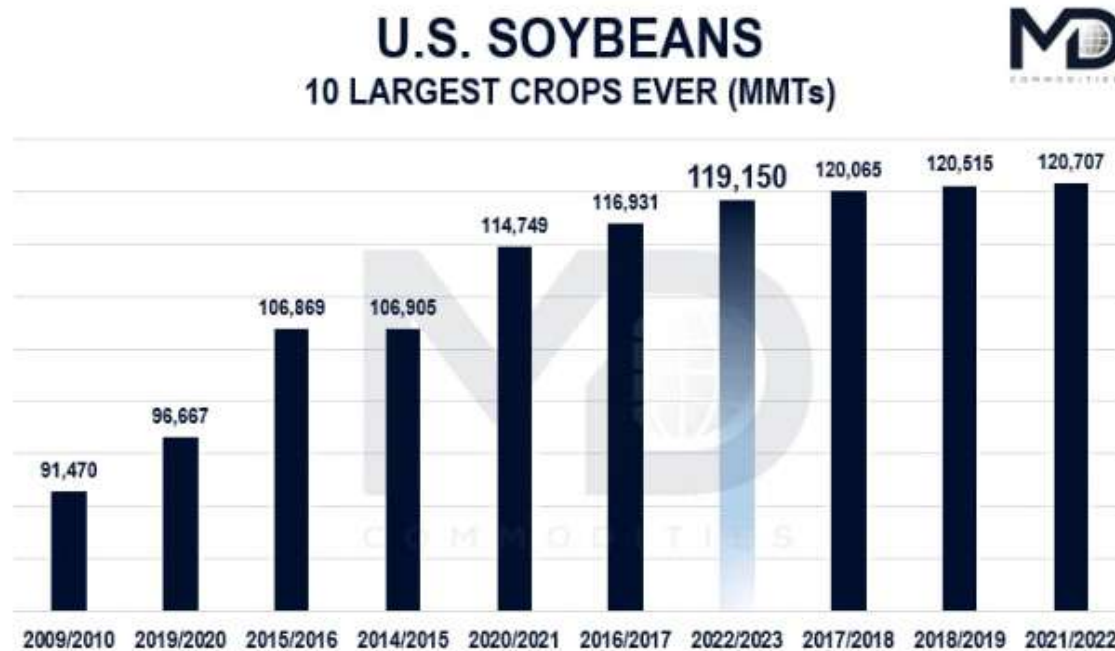
Rapeseed oil will have to be competitive enough to attract more demand to absorb the increase in production



- Record supply in Australia
- High spread with palmoil could pressure the market
- Energy prices to monitor for the crush activity
- Recession and economic crisis to monitor

SOURCES: OIL WORLD/AGRICENSUS/USDA/AGRITEL

7. Soybean oil (SBO): US weather market and Argentinian policies



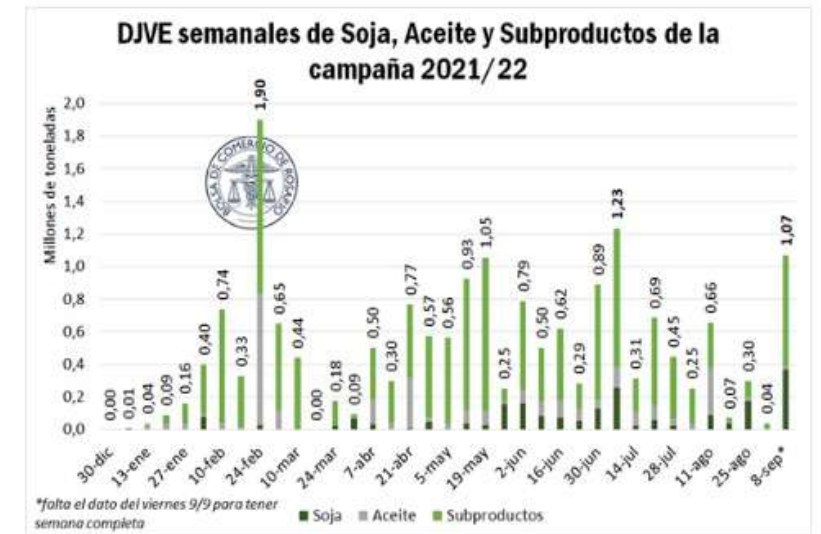
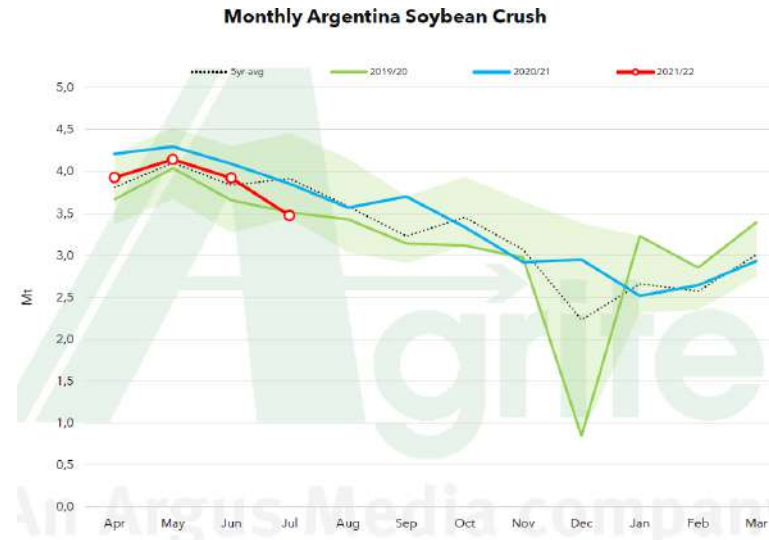
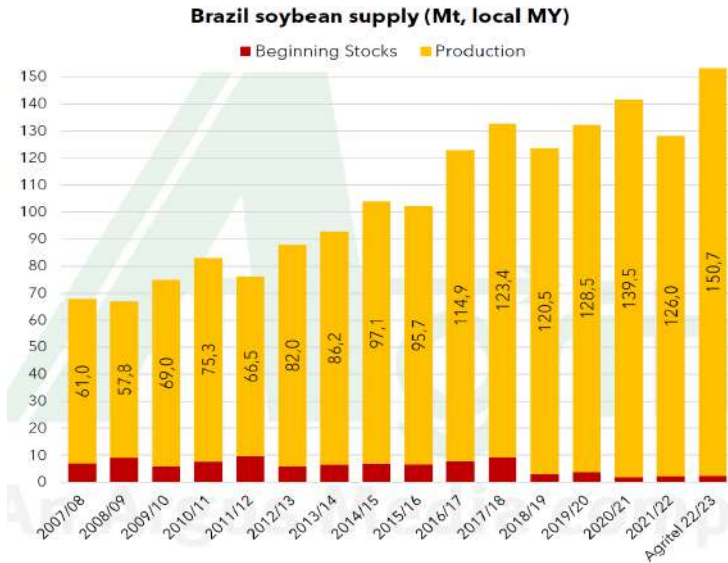
The soybean market has focused mainly on its own fundamentals in recent weeks, mainly the weather in the US and Farmer Selling in Argentina.

Despite favourable conditions at the end of the growing season in USA, USDA has reduced US soybean yields and planted area more than expected in its last report.

Ending stocks were estimated at 5.4 Mts vs 6.7 Mts the previous month, when the market expected a slight increase.

SOURCES: RJO OBRIEN/MINAGRI/AGRITEL/CONAB/BCBA

7. Soybean oil (SBO): US weather market and Argentinian policies



New increase in Brazilian soybean area. This means more than 95 Mts potentially exportable if finally 150 Mts of production materialize.

A further decline of soybean prices may be prevented only by weather problems in South America in coming months. Argentina is facing dry conditions and La Niña is a risk. In Brazil, the increase in area is mainly in center region, generally less affected by La Niña.

On the other hand, the Argentinian government has established a new exchange rate for sales of soybean during September at \$200 vs. \$140 to increase farmer selling. It is creating a significant improvement (4 Mts in a week), with a bearish impact in the market.

SOURCES: RJO OBRIEN/MINAGRI/AGRITEL/CONAB/BCBA

“A World of
Vegetable Oils”



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