



# MARKET REPORT

---

October 2022

# 1. Vegetable Oil Prices Have Rebounded during October

		14/09/2022	19/10/2022	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASYA	3751	4124	MYR/ MT	373	9,9%
Crude Palm Oil (Jan)	CIF RDM	1058	1073	USD/ MT	15	1,4%
CCNO Phil/ Indo (Jan/ Feb)	CIF RDM	1265	1085	USD/ MT	-180	-14,2%
CPKO (Jan/ Feb)	CIF RDM	1280	1020	USD/ MT	-260	-20,3%
Crude Sunflower Oil (JFM)	6 PORTS	1340	1360	USD/ MT	20	1,5%
Crude Rape Oil (FMA)	FOB DUTCH MILL	1310	1330	€/MT	20	1,5%
Crude Soya Oil (Dec)	FOB ARGENTINA	1198	1300	USD/ MT	102	8,5%
EUR/ USD	SPOT	0,9977	0,9771		-0,021	-2,1%
USD/ MYR	SPOT	4,5250	4,7180		0,193	4,3%
Brent Crude	SPOT	94,1	92,41	US \$/ BRL	-1,69	-1,8%
Gas Oils	SPOT	991,5	1075,25	US \$/ MT	83,75	8,4%

Prices of the major vegetable oils recovered sizably in early October after they had fallen to their lowest levels in more than one year during September. These were supported by the significant decrease in Indonesian palm oil stocks, the end of "soybean dollar scheme" in Argentina, lower than expected yield in Canadian Canola, delays in Ukrainian and Russian harvest and the recovery of demand, mainly for palm oil.

SOURCES: REUTERS/OIL WORLD/AGRITEL/STONEX/USDA/GAPKI

# 1. Vegetable Oil Prices Have Rebounded during October



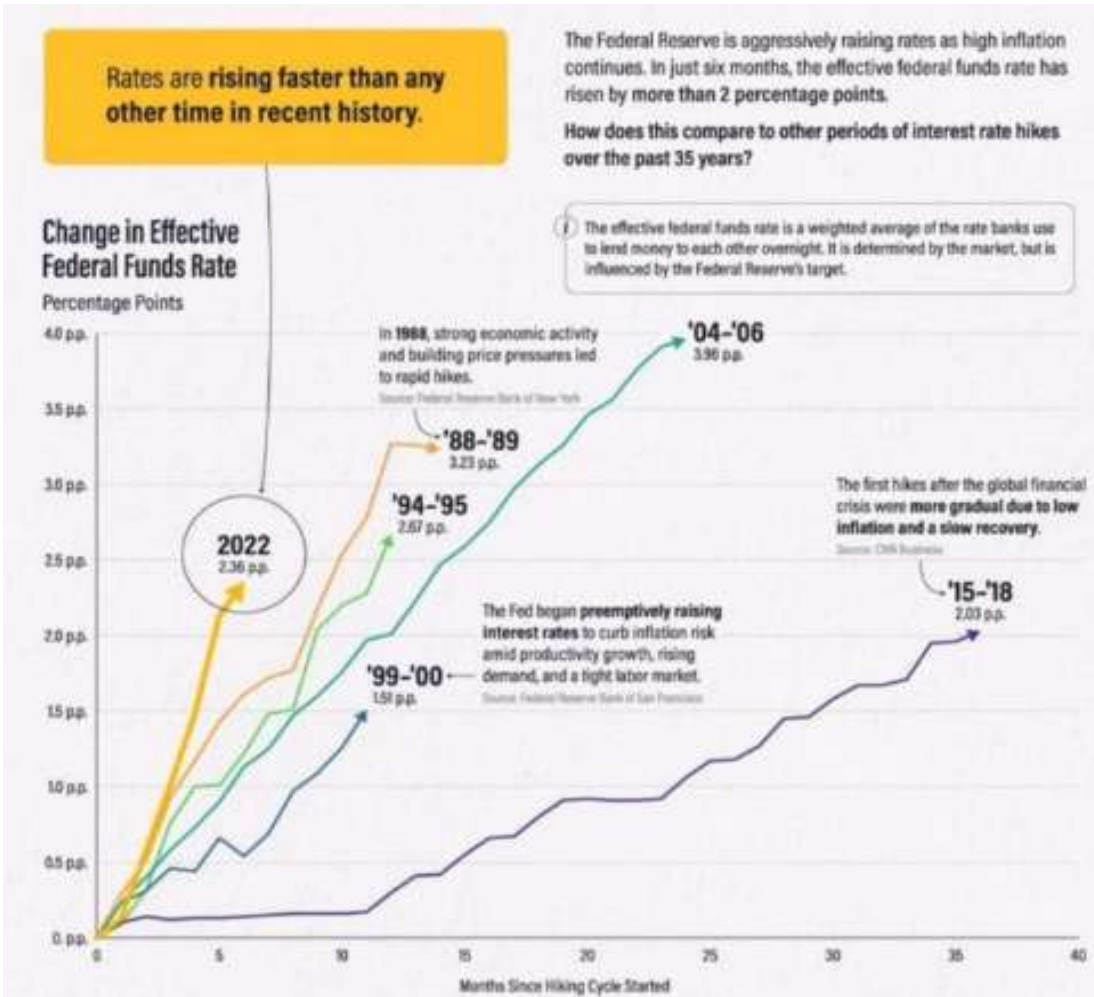
SOURCES: REUTERS

# 1. Vegetable Oil Prices Have Rebounded during October



SOURCES: REUTERS

## 2. EXTERNAL: Economic Situation

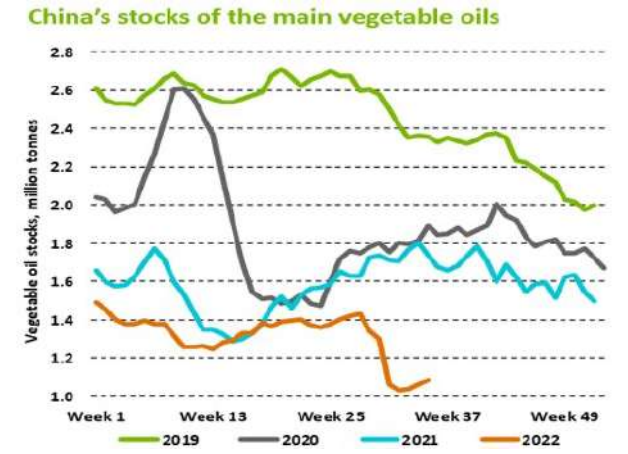
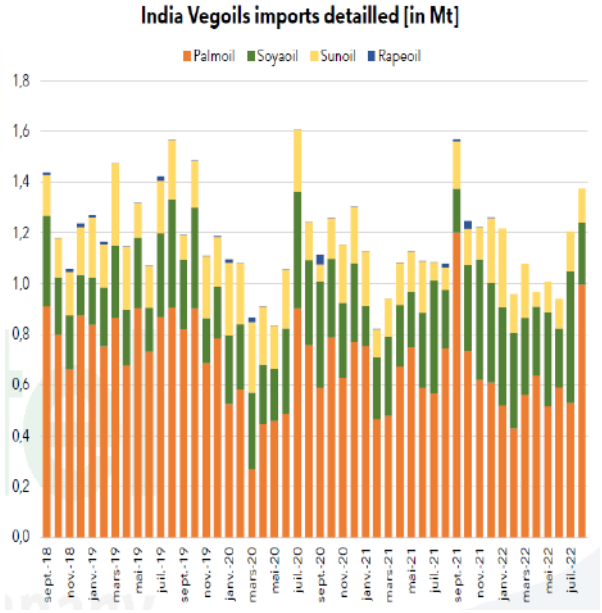
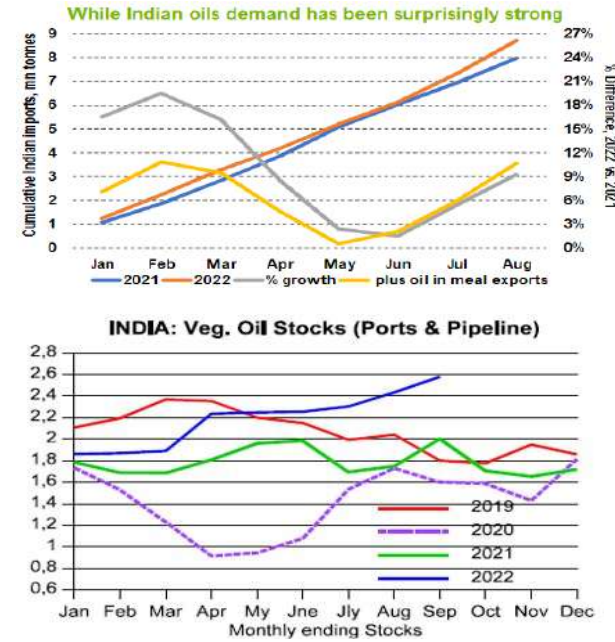
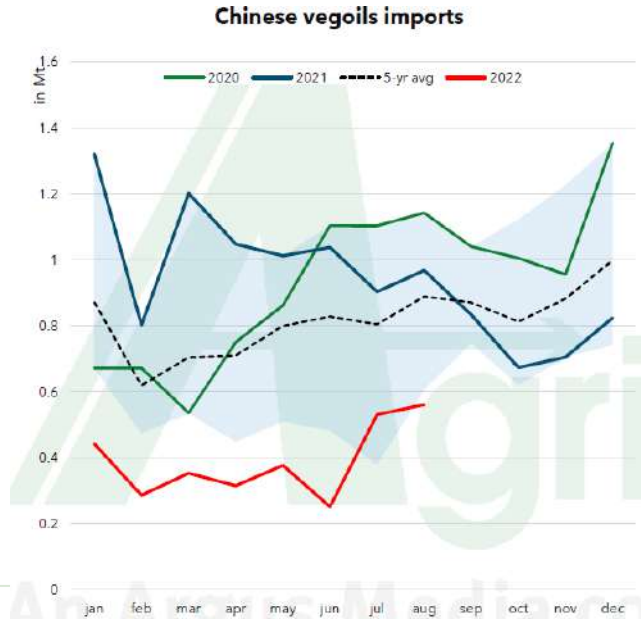
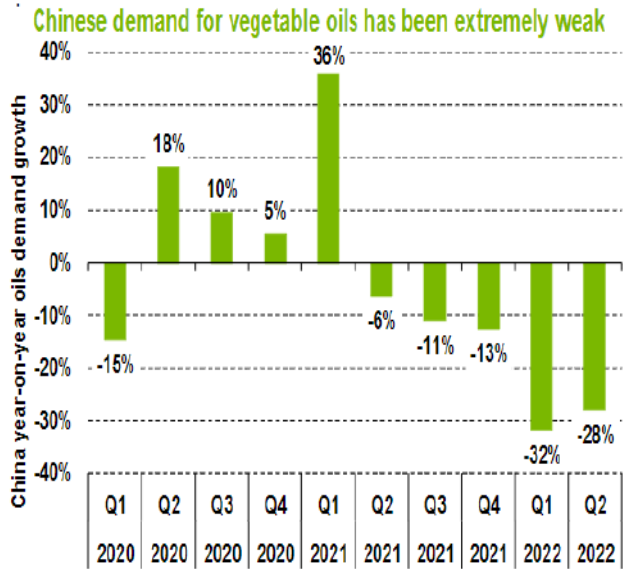


The Federal Reserve is rising rates faster than any other time in recent history: it was very late in understanding and responding to inflation, in a super liquid world.

Very high volatility in energy markets. The premia for vegetable oils over gasoil has significantly reduced. Even in Europe, CPO was traded recently at close to parity with local diesel (gasoil).

SOURCES: VISUAL CAPITALIST/FUTURES FINVIZ/LMC

# 3.1. Still Low Demand from China. India Remain Strong



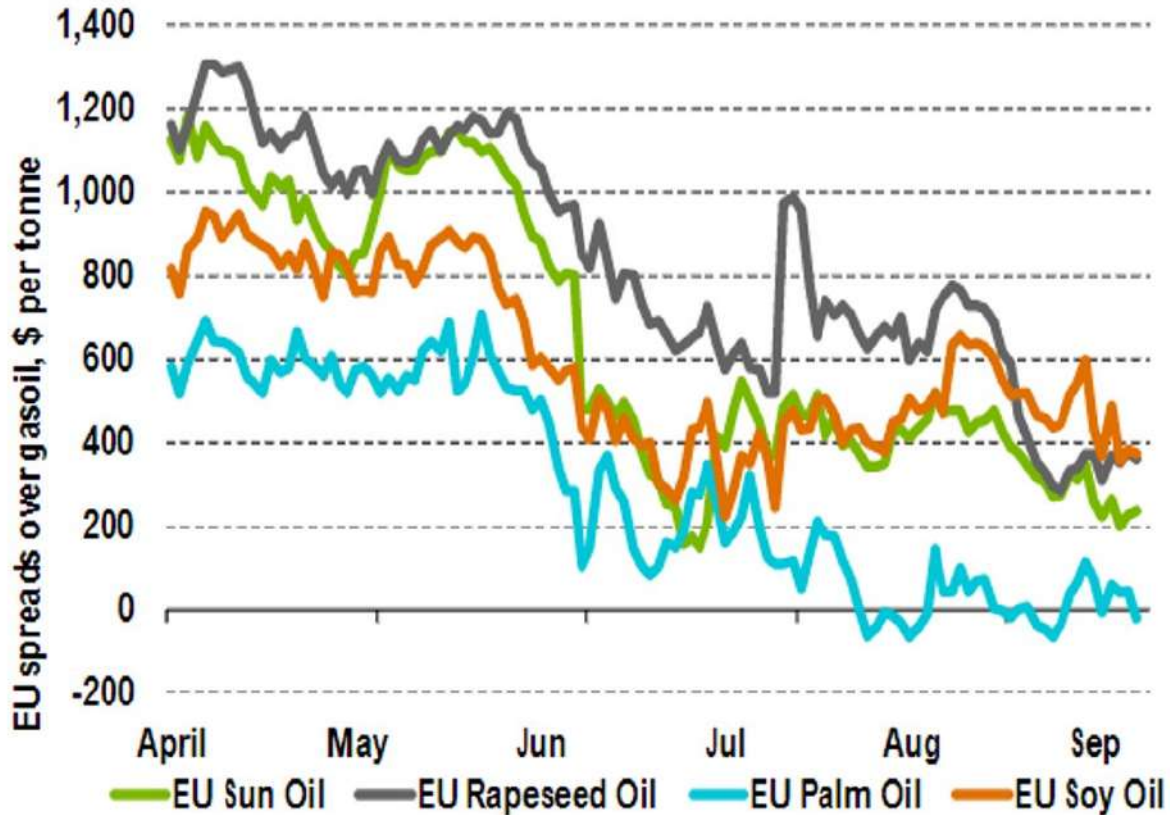
Chinese demand has been extremely weak. It is no surprise after seeing the crushing data. The consumption is lower as well as China is consuming its stocks. Regarding the evolution of stocks and considering that prices have declined sharply, China could potentially be back on the vegoils market on a long-term view. Economic situation will be monitored.

The contrast with India. According to LMC, oil demand is up 9% in the year until August.

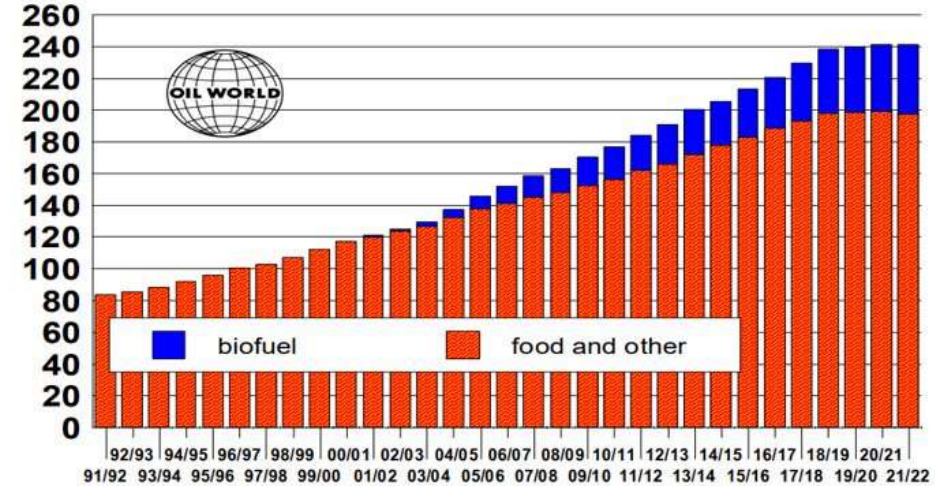
SOURCES: LMC/AGRITEL/OIL WORLD

## 3.2. Biofuels

Rotterdam premia for the four major oils over gasoil



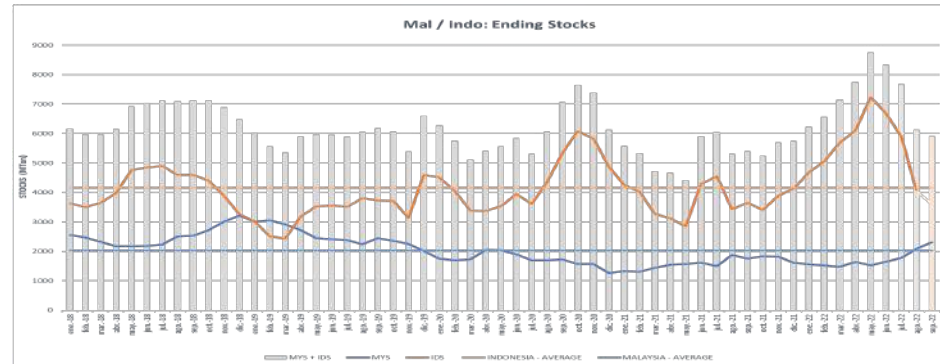
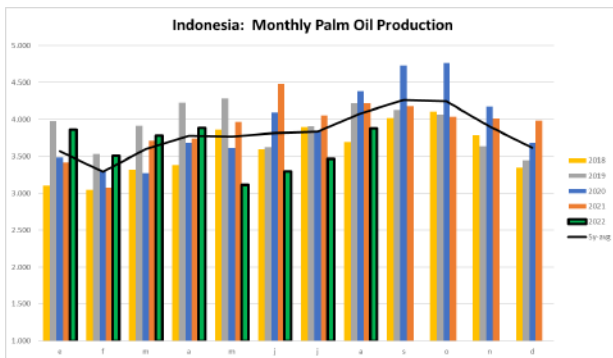
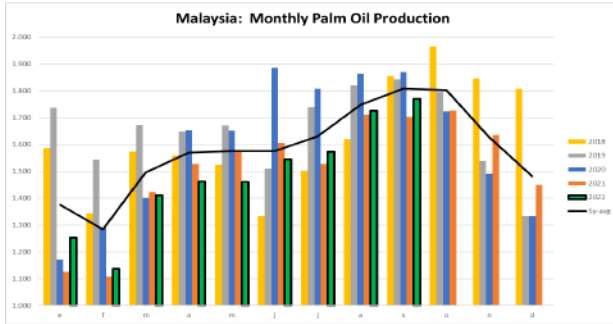
17 Oils & Fats : World Consumption  
Total Usage in Mn T



At current prices, vegetable oils as biofuel feedstock are very competitive. Even in Europe, palm oil has traded at the same level as gas oil.

SOURCES: : LMC/OIL WORLD

# 4.1 PALM OIL (CPO): Indonesian Stocks Are Falling



## INDONESIA : Balance of Palm Oil ( Mn T )

	January/December				
	2022F	2021	2020	2019	2018
Op'g stocks	4.80*	5.00*	4.65*	5.30*	3.88*
<b>Production .</b>	<b>46.55*</b>	<b>44.65*</b>	<b>43.48*</b>	<b>44.30*</b>	<b>43.10*</b>
Imports . . . .	.01*	.01*	.01	.10	.01
Exports . . . .	26.60*	28.09*	27.26	30.12	29.34
<b>Dom. use . .</b>	<b>18.46*</b>	<b>16.77*</b>	<b>15.88*</b>	<b>14.93*</b>	<b>12.35*</b>
<i>Biodiesel . .</i>	<i>8.70*</i>	<i>7.47*</i>	<i>7.35*</i>	<i>7.48*</i>	<i>5.37*</i>
<i>Other use . .</i>	<i>9.76*</i>	<i>9.30*</i>	<i>8.52*</i>	<i>7.45*</i>	<i>6.98*</i>

GAPKI reported August ending stocks in Indonesia down to 4.04 MnT, a whopping 32% decline from July after exports rose by an enormous 60% to 4.3 MnT. Production gained 13% to 4.3 MnT. This stock level is in line with the 5-year average.

MPOB have reported the Supply & Demand for Malaysia at the end of September: Production was 1.77 MnT, 4% about previous year and in line with expectations. Average yield recovered last month. Cumulative production practically the same than in 2021. Production will start to drop due to seasonality; stocks was estimated at 2.3 MnT, it rose to 35 month high and above of previous expectations.

Rising palm oil stocks in Malaysia and in some importing countries (mainly India) are contrasting with the reduction in Indonesia as a result of huge exports, and low stocks in China.

SOURCES: POA/GAPKI/MPOB/OIL WORLD

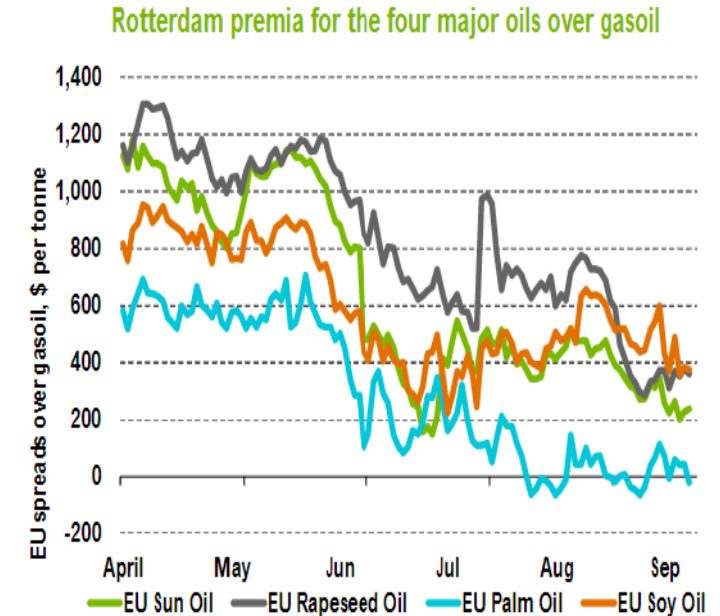
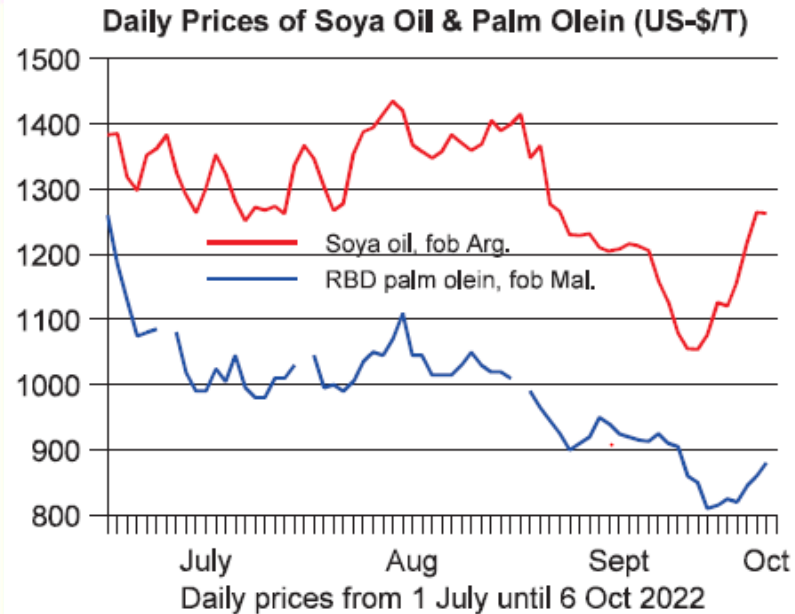


## 4.2 PALM OIL (CPO): World Consumption is increasing



### PALM OIL : World Supply & Demand Balance ( Mn T )

	October/September				
	22/23F	21/22	20/21	19/20	18/19
Op'g stocks . .	14.87*	12.33	12.75	14.97	14.66
<b>Production . . .</b>	<b>80.21*</b>	<b>77.20*</b>	<b>76.06</b>	<b>74.61</b>	<b>78.15</b>
Annual change	+3.9%	+1.5%	+2.0%	-4.5%	+6.0%
Imports. . . . .	51.61*	46.97*	51.63	50.73	55.21
Exports. . . . .	51.90*	47.36*	51.45	50.86	55.32
<b>Disappearance</b>	<b>79.14*</b>	<b>74.27*</b>	<b>76.66</b>	<b>76.70</b>	<b>77.72</b>
Annual change	+6.6%	-3.1%	-0.1%	-1.3%	+11.4%
End'g stocks .	15.65*	14.87*	12.33	12.75	14.97
Stocks/usage	19.8%	20.0%	16.1%	16.6%	19.3%



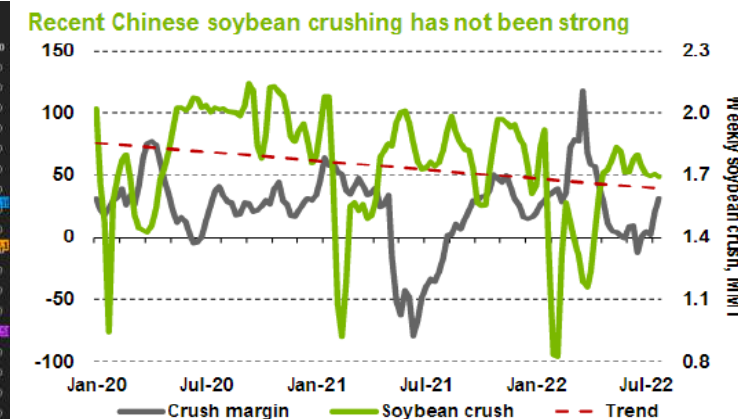
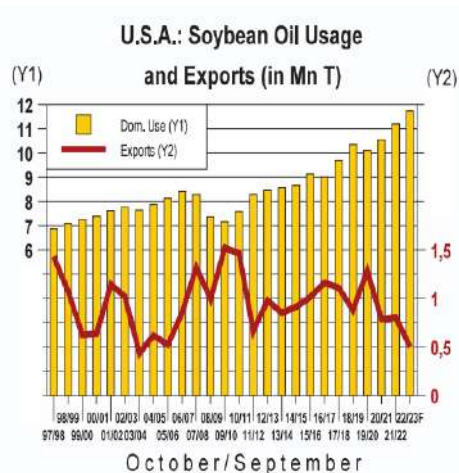
World palm oil consumption is increasing considerably, due to very high price discounts vs soya oil and other vegetable oils. As a result, import demand for palm oil have revived. These huge price discounts of palm oil is unsustainable. Very high exports and resulting in a reduction of stocks.

According to Oil World, the increase in palm oil production during 18/19 – 22/23 will be only 2.6%.

The further developments of Indonesian and Malaysian palm oil production, exports and stocks will be observed closely. Will the critical shortage of foreign labour be eased by appropriate government measures, reducing production losses on oil palm plantations?

SOURCES: OIL WORLD/LMC

# 5. SOYBEAN OIL (SBO): Prices Have Appreciated during Oct



Soybean oil prices were under pressure during September because Argentinian farmers sold more than 12 MnT of soybean as a result the "soybean dollar scheme". However, in October prices appreciated considerably in the United States and on the world market.

Ambitious targets for HVO production will continue to boost domestic demand for veg. oils, tallow and UCO in U.S.A. Soybean crushing are seen increasing by at least 1.2 MnT to 61.2 MnT in Sept/Aug 2022/23. Soy oil exports are expected at a multi-year low of 0.5 MnT in Oct/Sept 2022/23. Chinese crushing has not been strong. Will be important to see whether China can reverse this trend.

Regarding crops, the reduction of 1.8 MnT in the US production issued by USDA in its last report was a surprise. Harvest is done in 63% of the area. The biggest uncertainty is final production in South America: crops conditions in Argentina are poor. However, some area can be switch to soybean due to lack of rains to plant corn. In Brazil planting is done in 24% of the estimated soybean area. La Niña is a risk for South America production. Farmer selling in Brazil is very slow: 19% pf estimated soybean 2023 was sold vs 30% average 5y.

## World Soybean Supply and Use

Item	2021/2022 estimate	2022/2023 forecast	Change from September 12	Change from 2021/2022
----- Million Tons -----				
Beginning stocks	100.0	92.4	2.7	-7.7
Production	355.7	391.0	1.2	35.3
Total Supply	455.7	483.4	3.9	27.6
Crush	314.7	329.4	2.4	14.7
Total use	363.6	380.2	2.6	16.7
Trade	154.2	168.8	1.0	14.7
Ending Stocks	92.4	100.5	1.6	8.1

### Addendum

Beginning stocks				
Argentina plus Brazil	54.5	46.3	1.3	-8.2
Imports*				
China	90.0	98.0	1.0	8.0

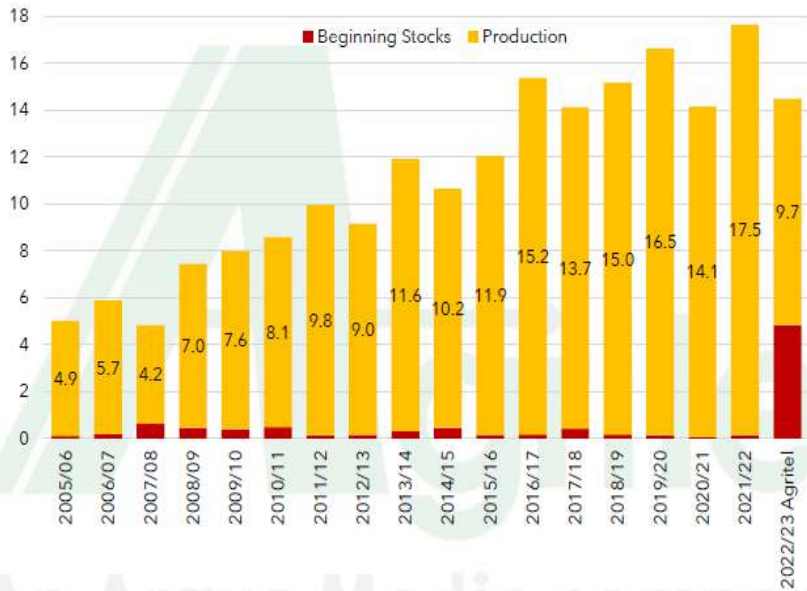
\*From all sources.

SOURCES: OIL WORLD/REUTERS/E MOSCARIELLO/LMC/USDA

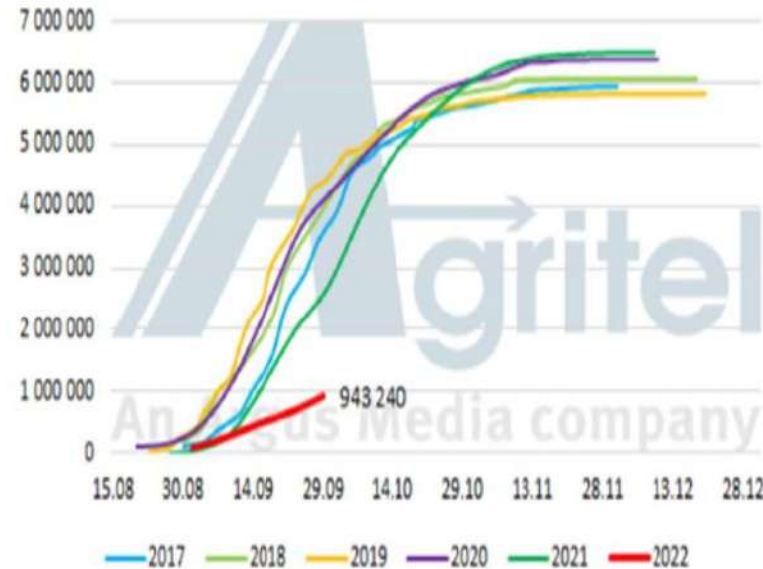
# 6.1. SUNFLOWER OIL (SFO): Slow Start for Ukrainian and Russian Harvest



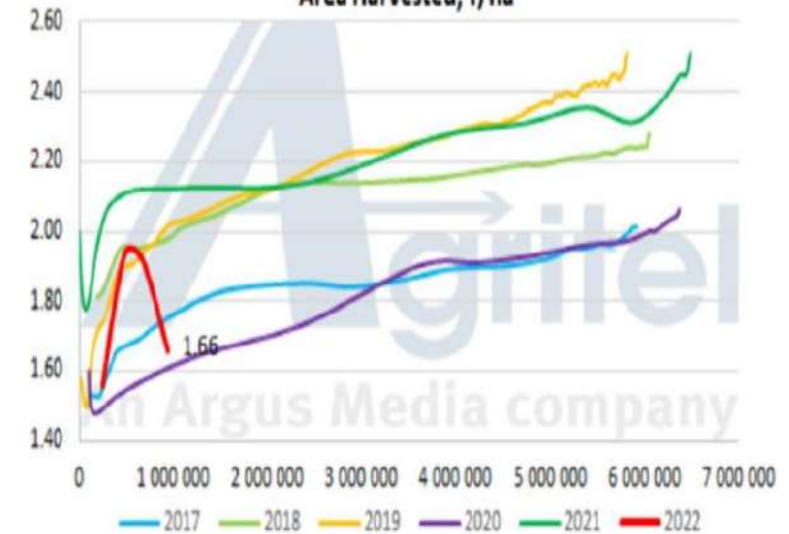
Sunflower supply in Ukraine (Mt)



Sunflower Harvested Area in Ukraine, ha



Sunflower Yield Evolution in Ukraine according to the Same Area Harvested, T/ha



Wet and cold conditions during September in Ukraine and Russia could partly affected yields, and delayed harvesting of oilseeds and grains.

Ukraine have harvested 2,2 Mhas on 14th October (46% intended area). Average yield 2,04 T/Ha last year.

In Russia, the situation is similar. According to Official information, sunflower harvest is severely delayed. Only 1.4 Mn ha or 14% of the area was collected as of Sept 30, which is less than half of last year's pace.

SOURCES: AGRITEL / OIL WORLD

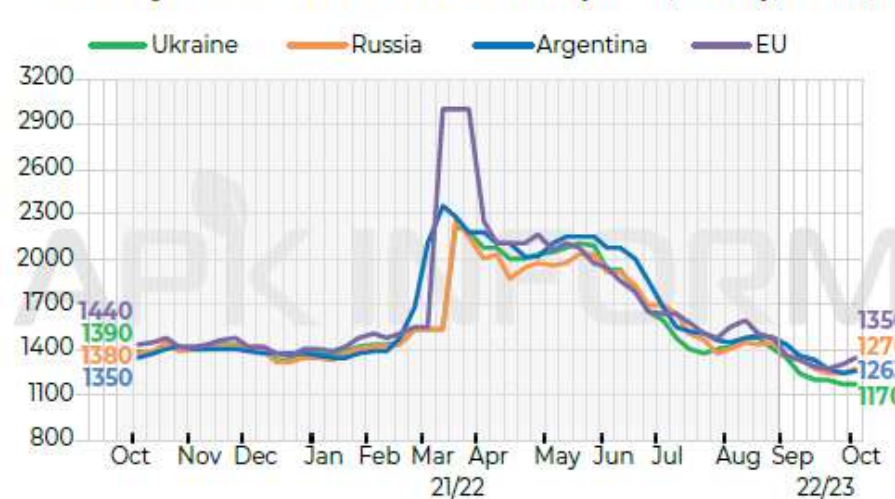
## 6.2. SUNFLOWER OIL (SFO): Prices have appreciated during last weeks



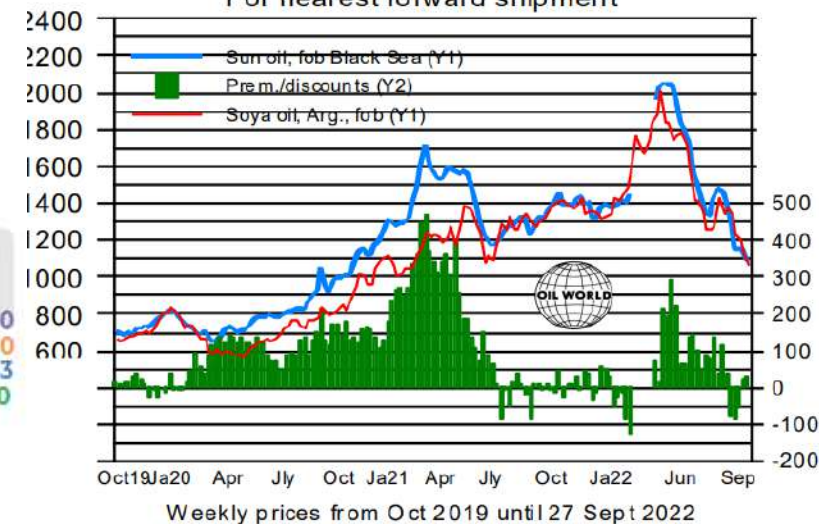
UKRAINE : Exports of Sel. Commodities ( Mn T )

	Sept		August		July	
	2022	2021	2022	2021	2022	2021
Soybeans	.24	.01	.13	.	.11	.03
Sunseed	.20	.	.15	.	.37	.
Rapeseed	.88	.88	.62	.77	.12	.05
Soya oil ..	.03	.02	.02	.02	.02	.02
Sun oil ...	.57	.28	.39	.20	.28	.33
Wheat ...	1.91	4.36	.90	3.61	.41	.96
Corn.....	2.26	.16	1.85	.30	1.18	.96
Barley ...	.40	1.02	.21	1.66	.18	1.10
Total ....	6.48	6.73	4.27	6.56	2.67	3.45

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



Weekly Prices of Sun Oil & Soya Oil (US-\$/T) For nearest forward shipment



Ukrainian sunflower oil exports were high in Jul/Sept. It was putting pressure on prices. However, prices for sunflower oil were supported by increase of price on the global market of vegetable oils during last days.

On the other hand, there is a big concern about the export corridor due to the escalation of tension in the war. The continuation remains under question due to rumors about the Russian side deliberately slowing down inspections of vessels, which face several delays to receive green light. In addition, harvest delays in Ukraine and Russia and slower farmer selling have slowed crushing and reduced export supplies of sun oil.

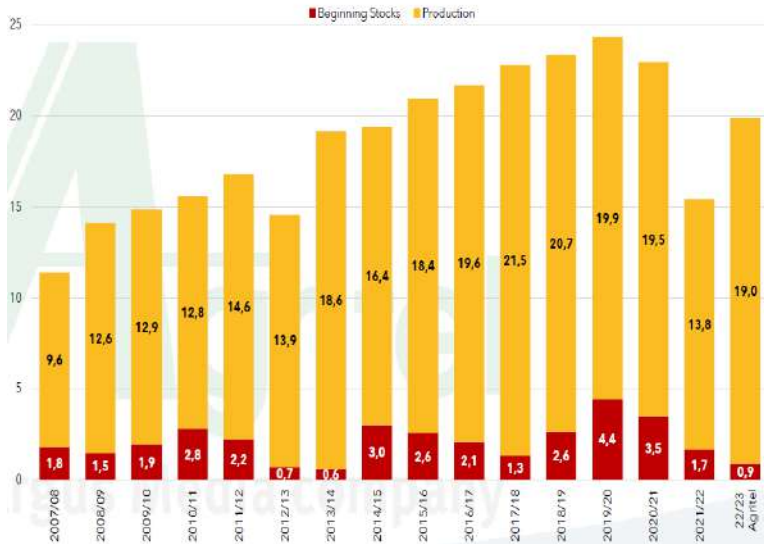
As a result, Black Sea prices have appreciated about 100US\$ last week and the spread between EU and Ukrainian origin was narrowing down a lot.

SOURCES: OIL WORLD/APK INFORM/AGRITEL/EASYTRADE

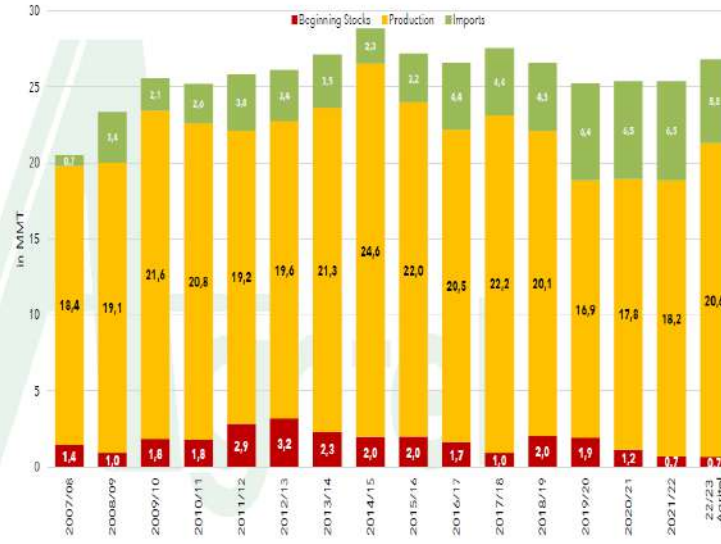
# 7. RAPESEED OIL (RSO): Lower than Expected Production in Canada



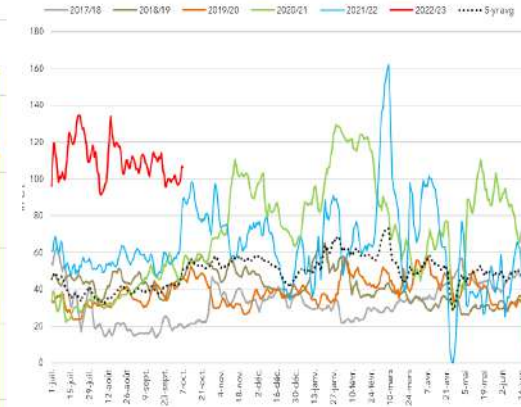
Canada Canola supply [in Mt]



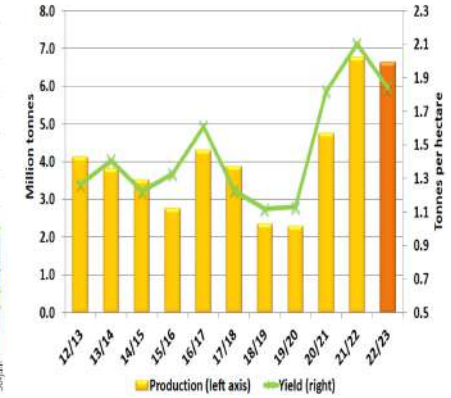
EU Rapeseed Supply (included UK)



Rapeseed crush margin



Australian Canola Production

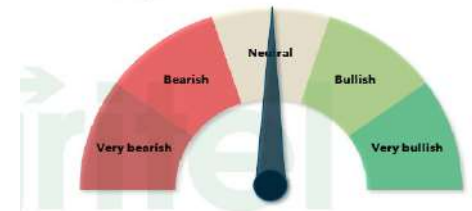


Lower production than expected in Canada, it is likely to finalize close to 19 MnT. Crushing volume is estimated above 10MnT, it could be the 2nd record. Bigger domestic demand can reduce export sales.

The total supply in Europe is a record since 17/18. There are still good margins of crushing. Ban restriction of palm oil and soybean oil for biodiesel can represent 1.4 MnT of feedstocks. Part of this will be replaced by rapeseed oil. Currently 6.6 MnT of rapeseed oil is consumed for biodiesel.

The scenario is a bit firmer than months ago in the rapeseed complex. Comfortable world volume on the paper, however final production in Canada and Australia as well as farmer selling will be monitored.

### 3-Month Outlook



- Record supply in the main exporters
- Rapeseed oil seasonal demand to come
- Energy prices to monitor for the crush activity
- Recession and economic crisis to monitor
- PME and SME ban supportive for the middle

SOURCES: OIL WORLD/AGRICENSUS/USDA/AGRITEL

“A World of  
Vegetable Oils”



**LIPIDOS SANTIGA, S.A.**

Ctra. B-141, Km. 4,3 – 08130 SANTA PERPETUA DE MOGODA (Barcelona) SPAIN

Tel. +34 935 743 186 – Fax +34 935 741 936

info@lipsa.es | www.lipsa.es

*Contact us:*

