



MARKET REPORT

January 2023

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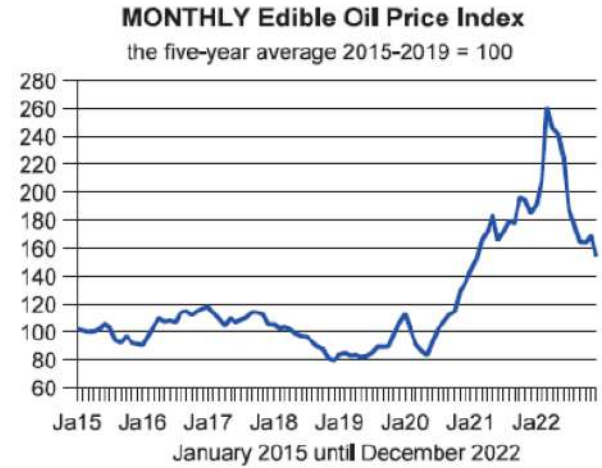
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1.1 VEGETABLE OIL PRICES

		13/12/2023	18/01/2023	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASYA	3886	3867	MYR/ MT	-19	-0,5%
Crude Palm Oil (Mar)	CIF RDM	1090	1030	USD/ MT	-60	-5,5%
CCNO Phil/Indo (Apr/May)	CIF RDM	1180	1115	USD/ MT	-65	-5,5%
CPKO (Apr/May)	CIF RDM	1075	1020	USD/ MT	-55	-5,1%
Crude Sunflower Oil (AMJ)	6 PORTS	1240	1215	USD/ MT	-25	-2,0%
Crude Rape Oil (MJJ)	FOB DUTCH MILL	1180	1120	€/MT	-60	-5,1%
Crude Soya Oil (Mar)	FOB ARGENTINA	1232	1189	USD/ MT	-43	-3,5%
EUR/USD	SPOT	1,0622	1,0790		0,017	1,6%
Brent Crude	SPOT	80,68	84,59	US \$/ BRL	3,91	4,8%
Gas Oils	SPOT	883,5	929	US \$/ MT	45,50	5,1%

SOURCE: REUTERS/AGROSUD

1.2 EUROPEAN VEGETABLE OIL PRICES



SOURCES: REUTERS/OIL WORLD

1.3 EUROPEAN VEGETABLE OIL PRICES



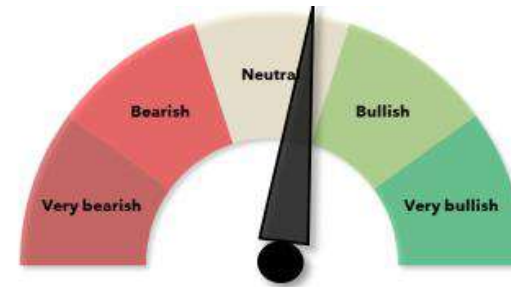
SOURCES: REUTERS/OIL WORLD

2. MACROECONOMICS



Exchange Rate EUR-USD

3 month trend



The strengthening of the euro makes exports from Europe less competitive.

Short revival of market optimism at the beginning of the year because the reopening of the **Chinese economy**. However, there is a major concern about the number of infections.

The latest official data shows **China's economy expanded 3% in 2022, one of its slowest rates in decades**. In an even more worrisome sign for the economy's long-term prospects, **the country's population shrank last year for the first time since the early 1960, falling by 850,000 to 1.412 billion**.

SOURCES: FUTURES FINVIZ/VESPER/STONEX

3. DEMAND: China

CHINA, P.R.: Imports of Oils/Fats

	17 Oils & Fats		
	2022	2021	2020
Jan.	621	1550	1035
Feb.	408	934	725
Mar.	486	1006	623
Apr.	430	1257	858
May.	533	1185	970
June.	418	1199	1278
July.	721	1057	1288
Aug.	743	1123	1338
Sept.	1022	986	1234
Oct.	1096	832	1157
Nov.	1497	871	1163
Dec.		1015	1605
Jan/Dec		13015	13274
Jan/Nov	7974	12001	11670

CHINA, P.R. : Imports of 10 Oilseeds (1000 T)

	Nov		Oct		Sept	
	2022	2021	2022	2021	2022	2021
Soybeans.	7350	8570	4136	5109	7715	6876
Cottonseed ..	75	28	80	21	83	26
Groundnuts(a)	27	8	39	10	35	32
Rapeseed ...	477	168	77	275	63	229
Sesameseed	72	95	70	74	101	88
Linseed	66	31	35	13	33	32
Other seeds..	22	8	18	7	12	10
Total	8089	8908	4455	5509	8042	7293

(a) Shelled basis.

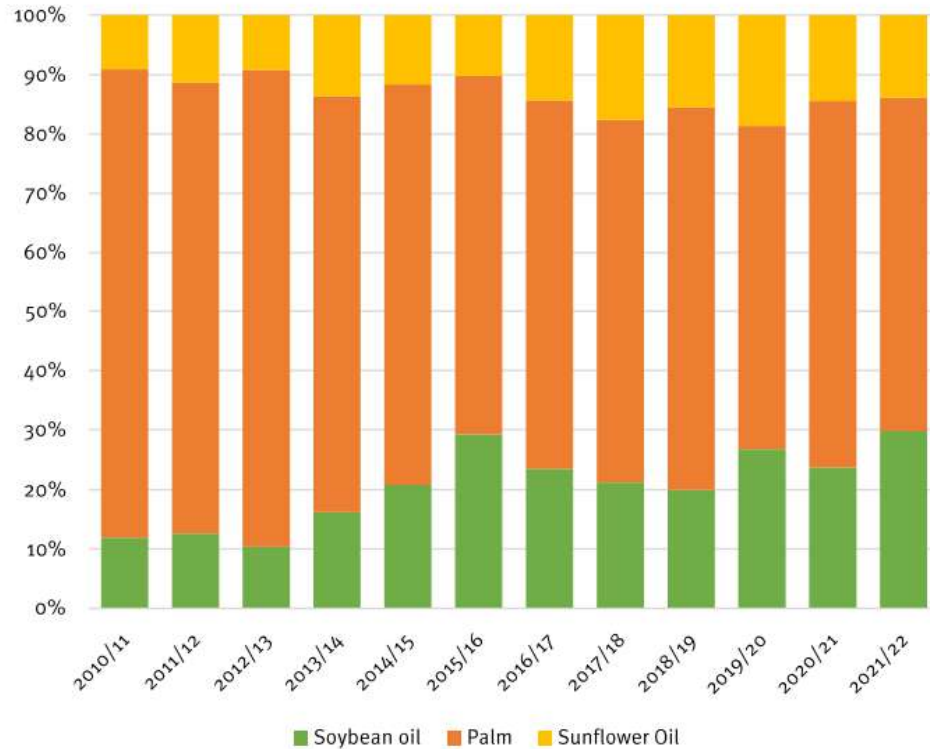
Chinese November imports of oils and meals increased sharply for the third consecutive month. Biggest increases occurred in palm oil and rapeseed oil.

Stocks which had been depleted are now being partly replenished since September. Part of the larger imports were consumed and part of them used for replenishing stocks

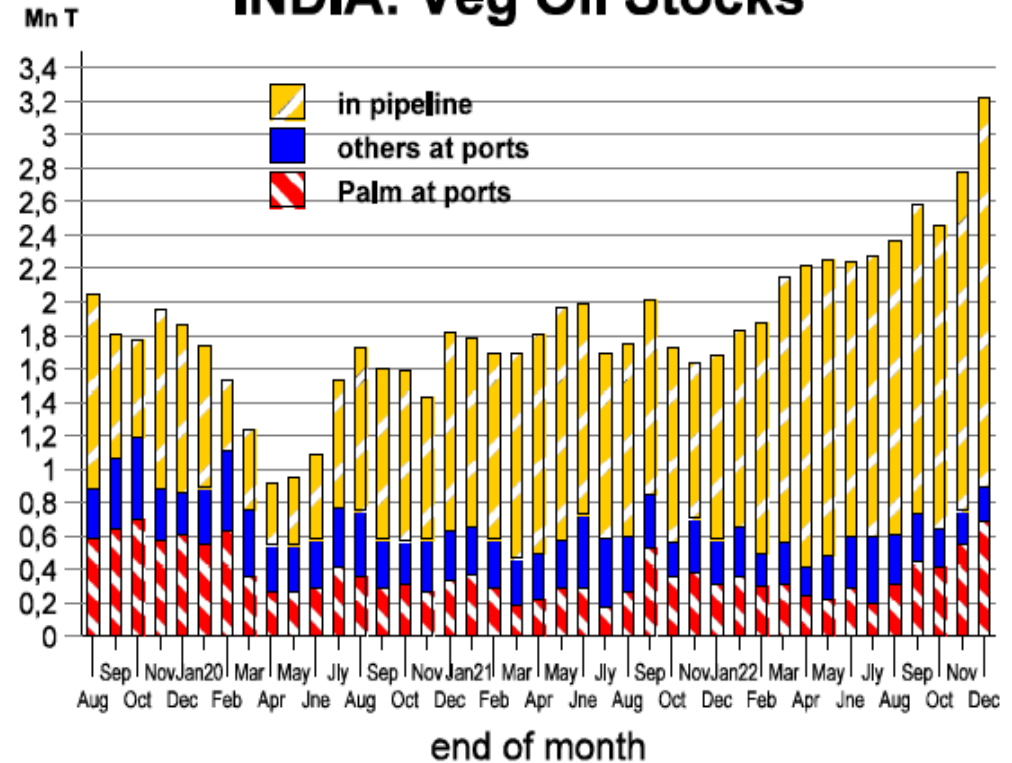
SOURCES: OIL WORLD/AGRITEL

3. DEMAND: India

Distribution of Vegoils imports in India



INDIA: Veg Oil Stocks



Large arrivals of soya oil and sunflower oil expected this month will keep inventories in India elevated. Thereafter, **import requirements are expected to be squeezed by ample stocks and the approaching large Indian rapeseed crop.**

SOURCES: OIL WORLD/AGRITEL

4.1 PALM OIL (CPO): stocks in Indonesia back to normal



GAPKI October 2022 Indonesia palm oil S&D

	Oct-22	Sep-22	Change		% Change
Production - CPO+CPKO	5.000	4.987	0.013	▲	0.26
Import	0.005	0.005	0.000	=	0.00
Export	3.654	3.183	0.471	▲	14.80
Domestic consumption	2.000	1.821	0.179	▲	9.83
Stocks	3.376	4.025	-0.649	▼	-16.12

In millions of ton

Indonesian CPO ending month stocks fell by **16%** to 3.376 MnT in October, the lowest level in 17 months after exports posted a solid **14.8%** growth. Domestic use was also up by a staggering **9.8%** to 2 MnT boosted by higher use of biodiesel (**15.3%**). Food and oleochemicals use rose by **7%** and **2.6%** respectively.

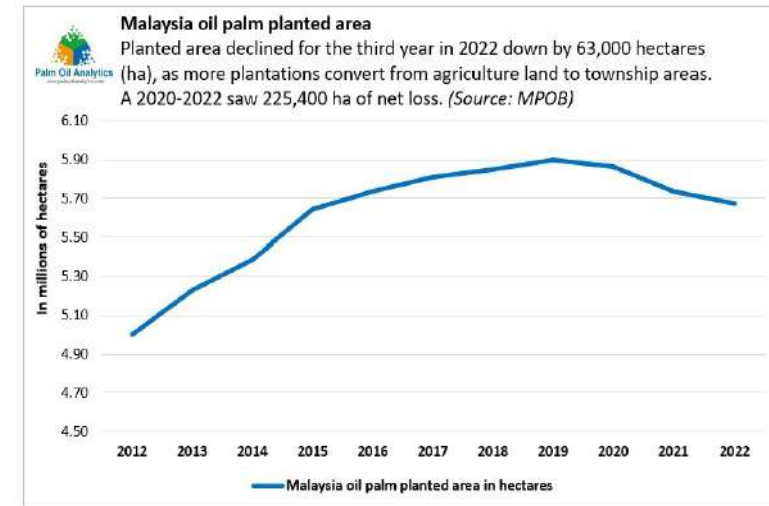
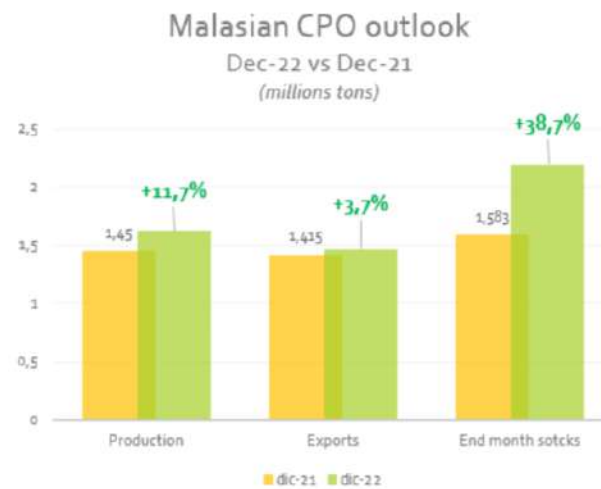
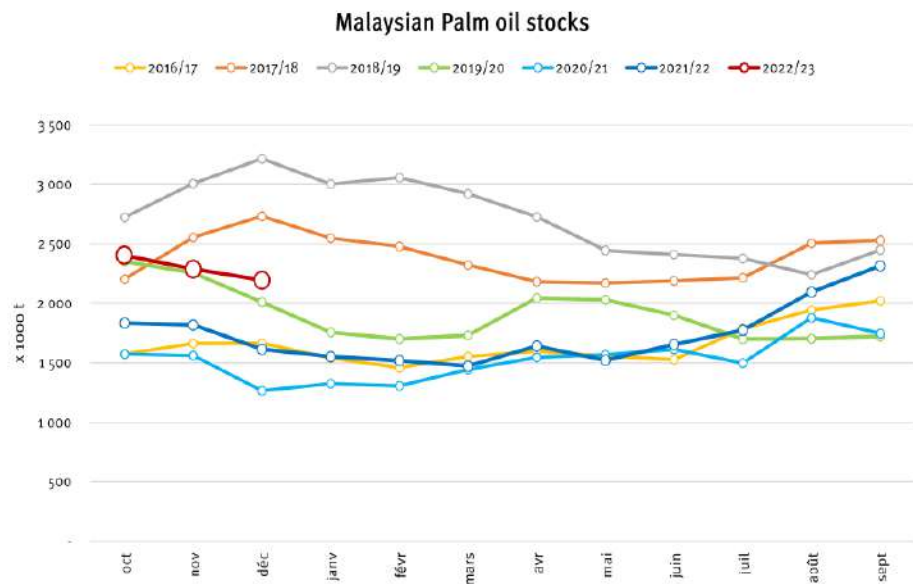
Production of CPO and CPKO inched up 0.26% to touch 5 MnT, the highest in just over 2 years.

Indonesian government has postponed the start of B35 until February. Domestic Market Obligation was changed from 1:8 to 1:6.



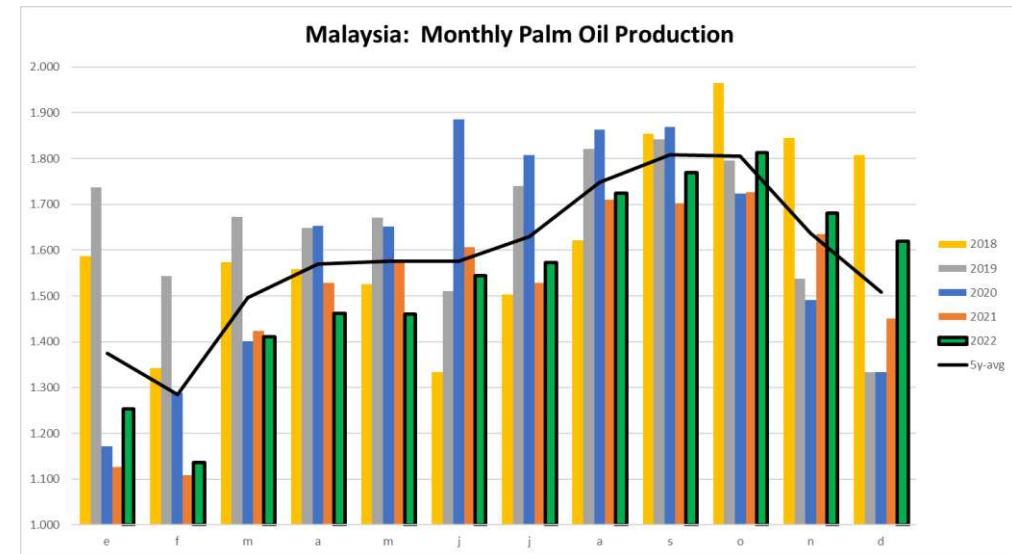
SOURCES: POA/GAPKI/OIL WORLD

4.2 PALM OIL (CPO): Malaysian palm oil stocks +38% vs. last year



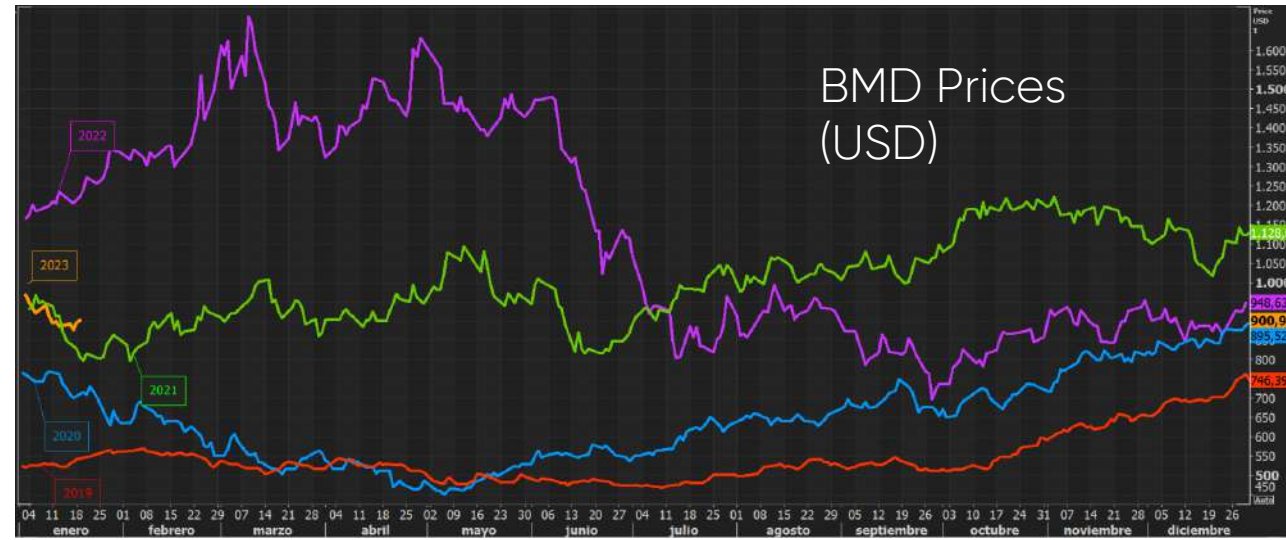
Malaysia's ending stock declined by **4.3%** to finish the year at 2.195 MnT (4 months low), but still **38%** above the same time last year, within market expectation.

Monthly production decline **3%** at 1.630 MnT or 18.464 MnT for the full year, **+1.95%** to the previous year, despite the industry facing labour shortage problems, declining long term yields and excessive rains disrupting harvesting activities.

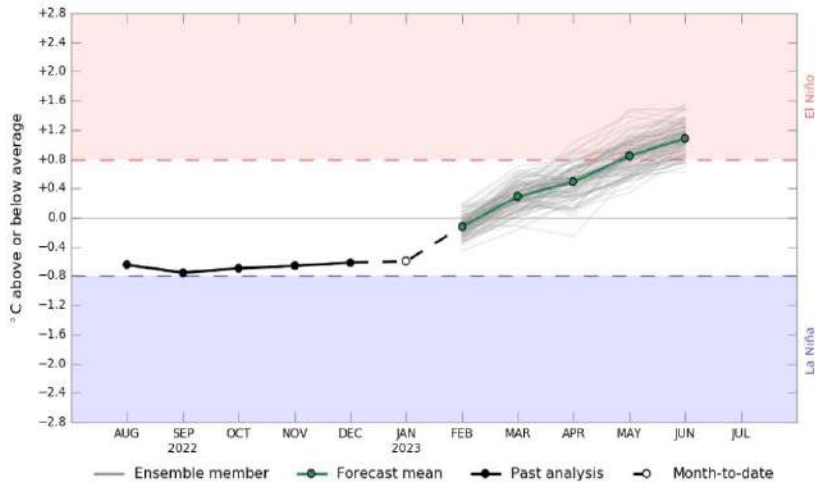


SOURCES: POA/MPOB/GAPKI

4.3 PALM OIL (CPO): global demand will increase in 2023



Monthly sea surface temperature anomalies for NINO3.4 region



Indonesian palm oil stocks declined 3.5 MnT since Jul until Nov and are currently close to normal 5-6 weeks of total consumption. The huge discounts and record exports are now accumulating stocks in India and other importing countries. It is likely to see less palm oil demand in coming month. However, global demand of CPO will increase in 2023. **As a result, we expect price to stabilize and a reduction in the discount of palm oil vs. other oils.**

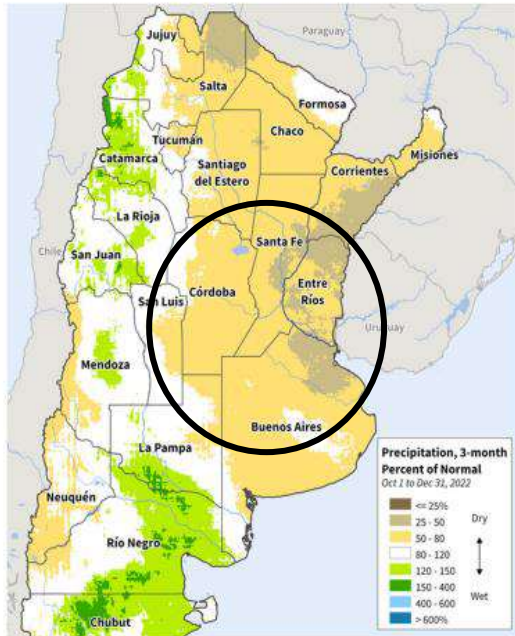
The anticipated shift from the currently weakening La Niña to a possibly strong El Niño can affect production of palm oil in the long term. On the other hand, Malaysia has suggested that it could halt palm exports to the EU after the latter imposed additional import restrictions on edible oil due to the Deforestation Regulation from the EC.

SOURCES: POA/BOM/REUTERS/OIL WORLD

5.1 SOYBEAN OIL (SBO): critical situation in Argentina

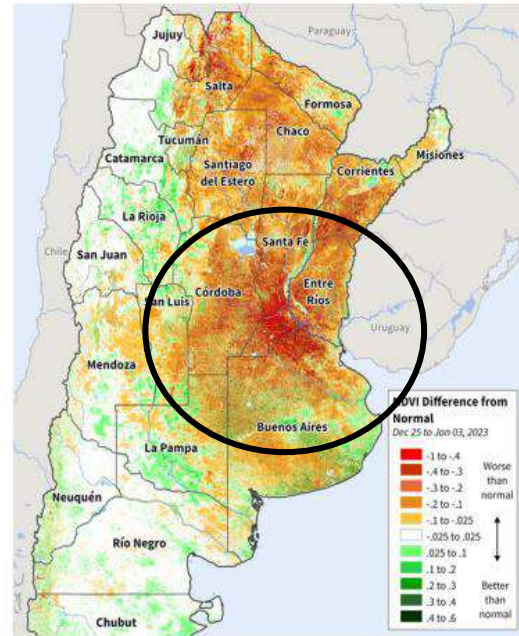


Argentina: Percent of Normal Precipitation 3-Month (CHIRPS)

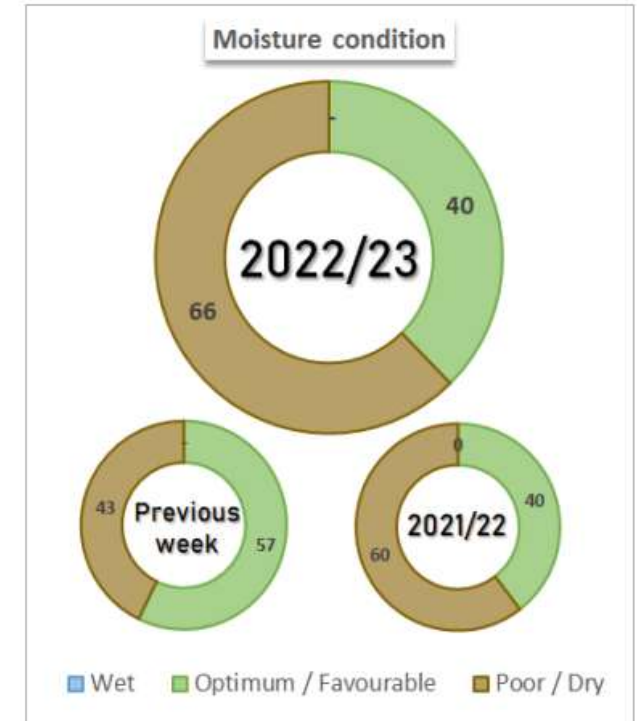
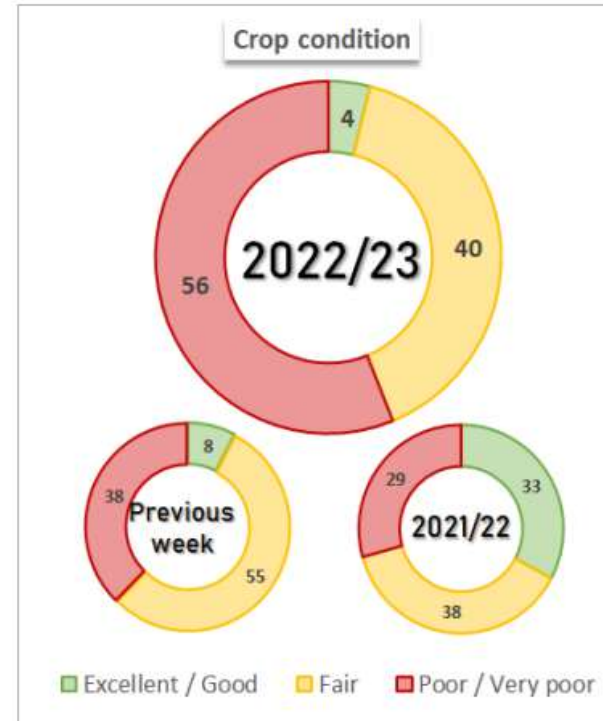


Source: USCB CHIRPS
<https://www.chc.ucsb.edu/data/chirps>

Argentina NDVI Difference from Normal



Source: USDA/NASA, MODIS NDVI Anomaly imagery
<https://modis-land.gsfc.nasa.gov/>

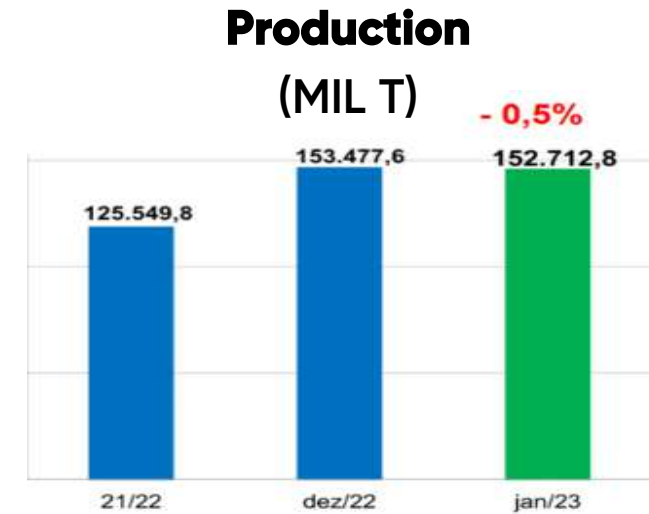
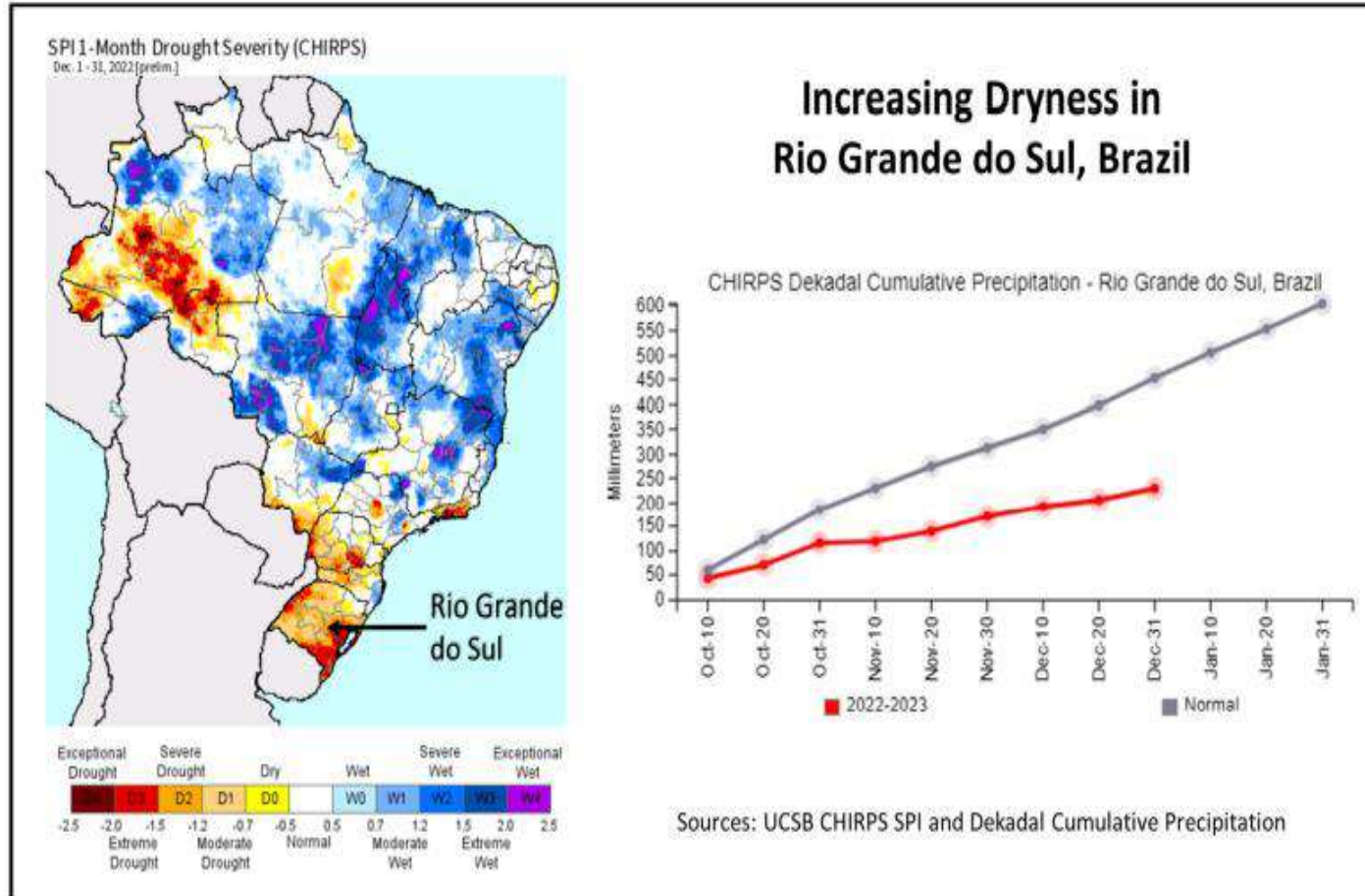


Irreversible damage has already occurred in Argentina. Plantings were completed roughly 1.0 Mn ha below intentions, and area available to harvest to fall to an 18-year low. 56% of crop is "poor/very poor" vs. 29% last year.

Oil World reduced its soybean production estimate to 34 MnT, vs. earlier estimates of 45-47 MnT and 42.5 MnT last year. It's likely to see imports of soybean from Brazil and Paraguay to Argentina.

SOURCES: USDA/BCBA/BCR/USCB

5.2 SOYBEAN OIL (SBO): good conditions in Brazil



Crops in Brazil are in good conditions. However, we consider that will be hard for Brazilian production to reach more than 150 MnT.

Heavy rainfall raised concern about quality in Mato Grosso and Parana. In contrast, dry condition remains to stress crops in Rio Grande do Sul.

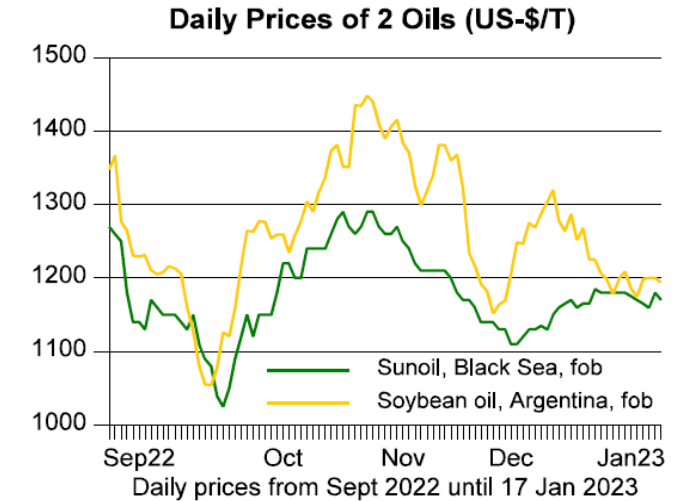
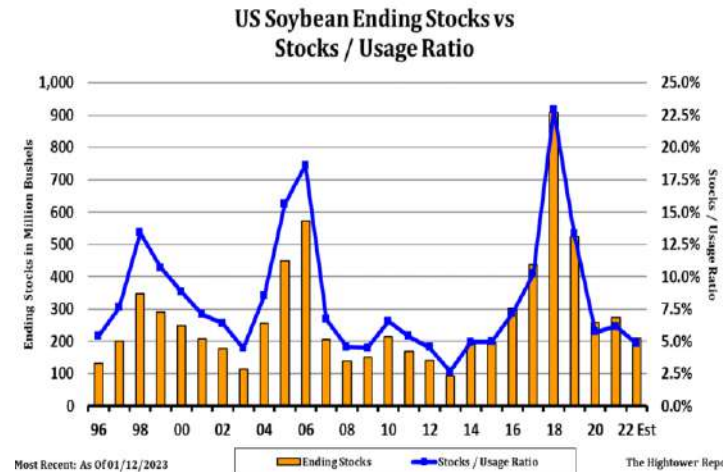
SOURCES: USDA/BCBA/BCR/UCSB

5.3 SOYBEAN OIL (SBO): strengthening of prices is expected



SOYBEANS : Production in South America (Mn T)

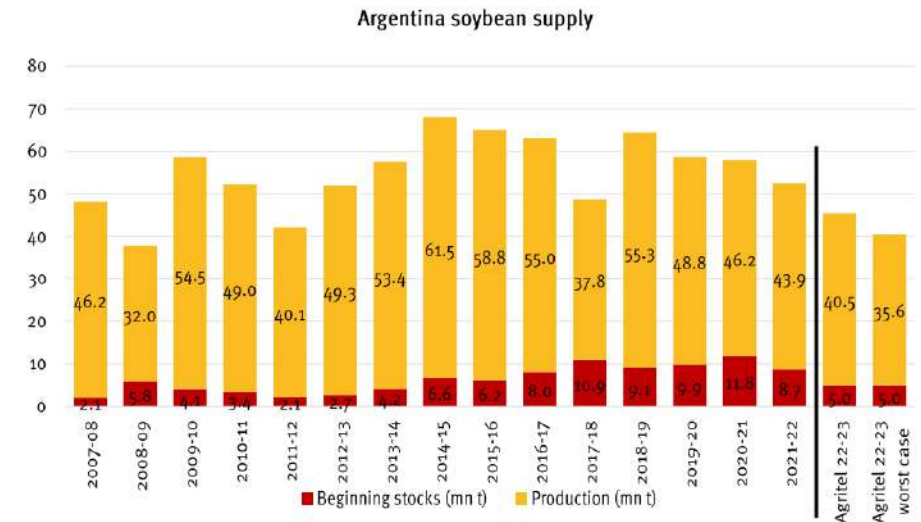
	2023F	2022	2021	2020	2019
Brazil	152.00*	127.80*	140.20*	129.30*	121.90*
Argentina . . .	34.00*	42.50*	43.80*	49.30*	54.30*
Paraguay . . .	9.00*	4.10*	9.80*	10.24	8.52
Uruguay	3.00*	3.25*	1.85*	2.25*	2.98*
Bolivia	3.30*	3.30*	3.35*	3.32	2.83
Total	201.30*	180.95	199.00	194.41	190.53



Unexpected downward revisions of 1.9 MnT to 116.4 MnT done by USDA of this season's US soybean. Production in South America becomes even more important.

As a result of recent price weakness, SBO temporarily was at even of SFO. Pressure comes from competitiveness of European biodiesel market, with RSO dominating the feedstock market.

Due to growing consumption in US biodiesel industry, poor Argentina soybean crop prospect and low crushing because of very low farming seller, prices of SBO can find support.



SOURCES: OIL WORLD/CME/THE HIGHTOWER/AGRITEL/CONAB

6.1 SUNFLOWER OIL (SFO): high stocks in Europe

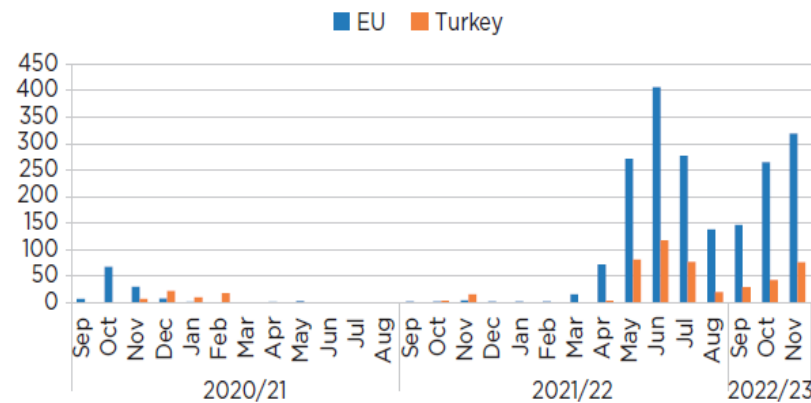


EU-27 : Sunflowerseed Supply & Demand (Mn T)

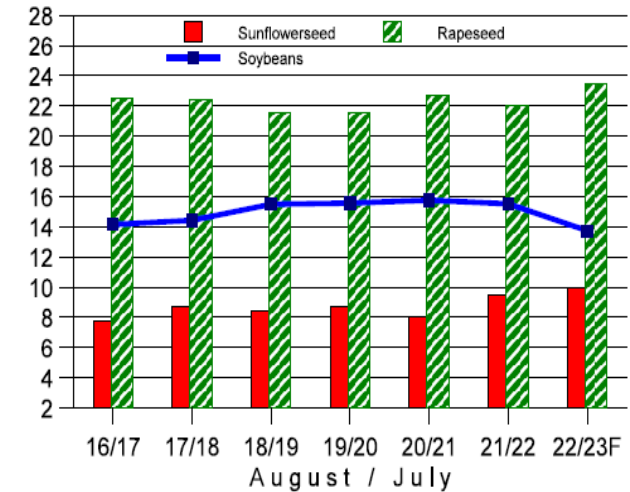
	August / July				
	22/23F	21/22	20/21	19/20	18/19
Opening stocks ...	1.53	.76	.88	.83	.88
Output	9.53*	10.47	8.97	9.47	9.48
Imports (a)	1.98*	1.47	.85	1.05	.54
Exports (a) .....	.41*	.40	.66	.57	.56
Crushings	9.92*	9.49	8.06	8.73	8.38
Other use	1.33*	1.28	1.22	1.17	1.13
Ending stocks ...	1.37*	1.53	.76	.88	.83

(a) Intra-EU trade is excluded.

Export of Ukrainian sunflower seed to the EU and Turkey, thsd tonnes



EU-27 : Crushings of 3 Oilseeds (Mn T)



Sunflower seeds crushing increased in the second half of 2022, with most of the year-on-year growth registered in Bulgaria, Romania and Hungary, reflecting large imports from Ukraine.

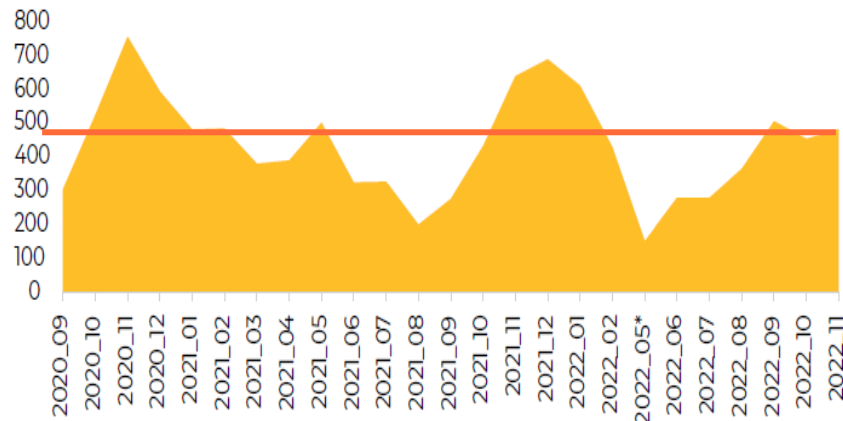
Supplies of sunflower seed & oil are currently in surplus in the European Union. Stocks are unusually large. Demand is very slow.

SOURCES: APK INFORM/OIL WORLD

6.2 SUNFLOWER OIL (SFO): huge SFS exports from Ukraine



Export of sunflower oil from Ukraine, thsd tonnes



2022_05* contains data for 1-25 May

Dynamics of sunflower seed processing in Ukrain thsd tonnes



UKRAINE : Sunseed Supply & Demand (Mn T)

	Sept / Aug			Sept/Dec	
	22/23F	21/22	20/21	2022	2021
Op. stocks . .	2.75*	.21*	.14*	2.75*	.21*
Output	10.90*	16.80*	13.90*	10.90*	16.80*
Imports . . . .	.01*	.02	.02	.01	.01
Exports	2.43*	1.61	.19	1.19	.04
Crushings . .	10.60*	12.14*	13.45*	4.14*	5.72*
Other use . . .	.26*	.53*	.21*	.10*	.07*
End Stocks	.37*	2.75*	.21*	8.24*	11.19*

Sunflower seed export from Ukraine, thsd tonnes



Production in Ukraine was better than expected: 10.9 MnT. Some large plants are energy-independent in Ukraine. However, energy crisis affected ports slowing down transshipment process, increasing queues of road and rail transport near ports. SFS processing decreased **20%** y/y during Sept/Nov.

High export of sunflower seed also significantly affects the market. In Sep/Nov, Ukraine exported almost 0.9 MnT of sunflower seed that is the record for this period. Exports of SFO decreased just marginally despite the slowing crushing and record exports of SFS.

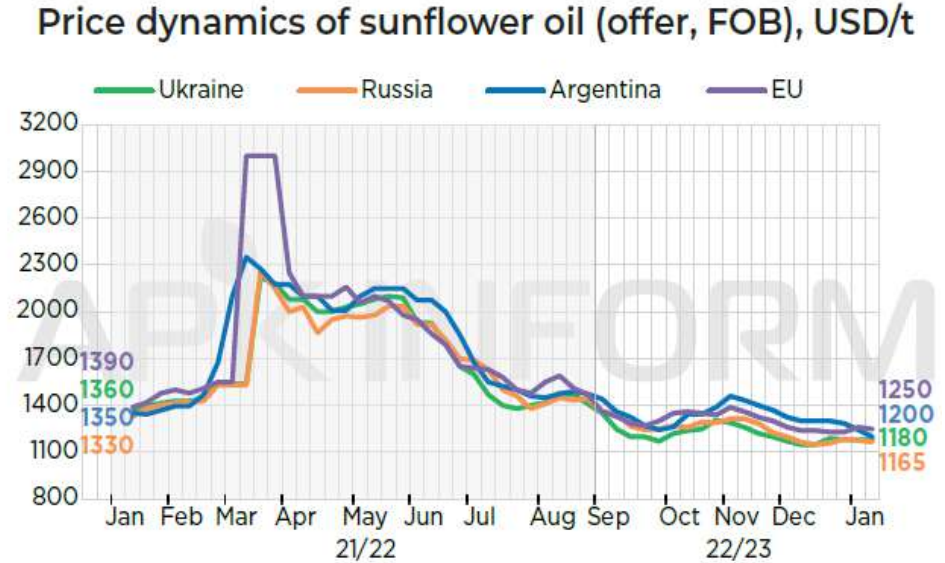
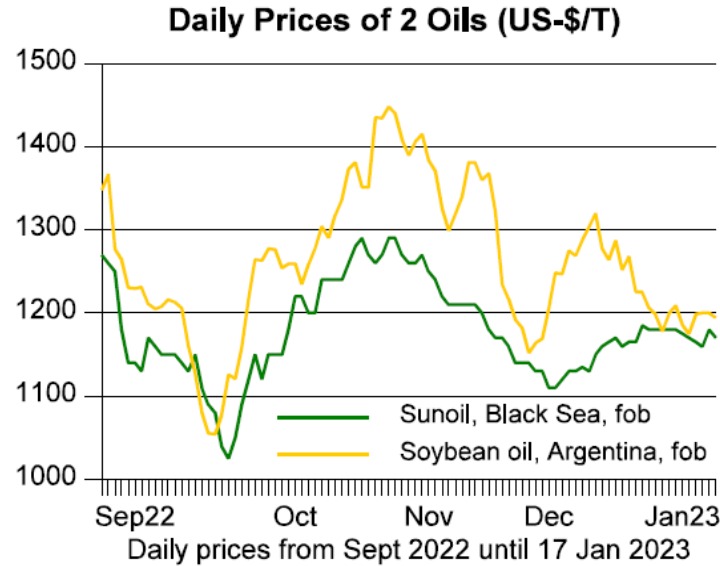
SOURCES: APK INFORM/DINESH KUMAR/OIL WORLD



6.3 SUNFLOWER OIL (SFO): prices were under pressure

RUSSIA: Sunseed Supply & Demand (Mn T)

	September / August				
	22/23F	21/22	20/21	19/20	18/19
Op. stocks	98*	17*	.38*	.50*	.24*
Crop	15.80*	15.40*	13.42*	15.38	12.76
Imports	.07*	.08*	.06	.06	.05
Exports	25*	28*	.56	1.25	.34
Crushings	15.36*	13.83*	12.62*	13.78*	11.71*
Other use	.57*	.56*	.51*	.52*	.51*
End. stocks	.67*	.98*	.17*	.38*	.50*



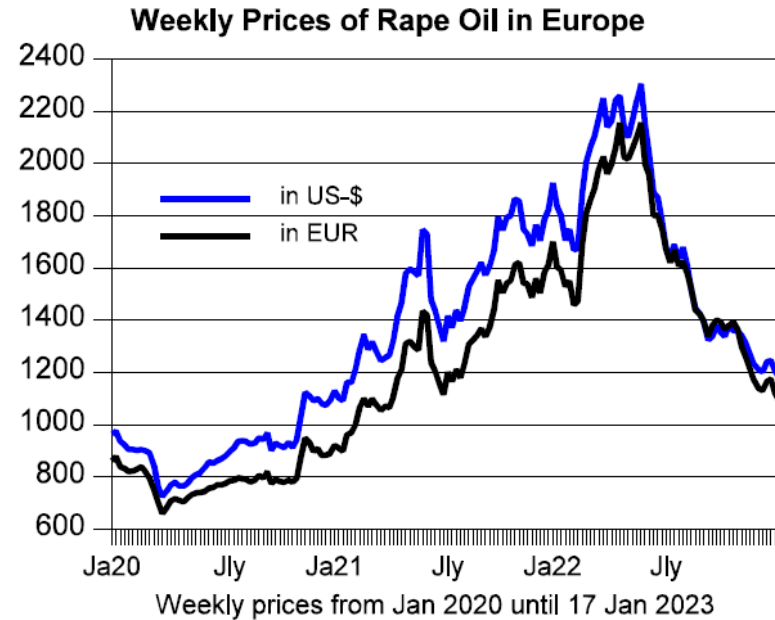
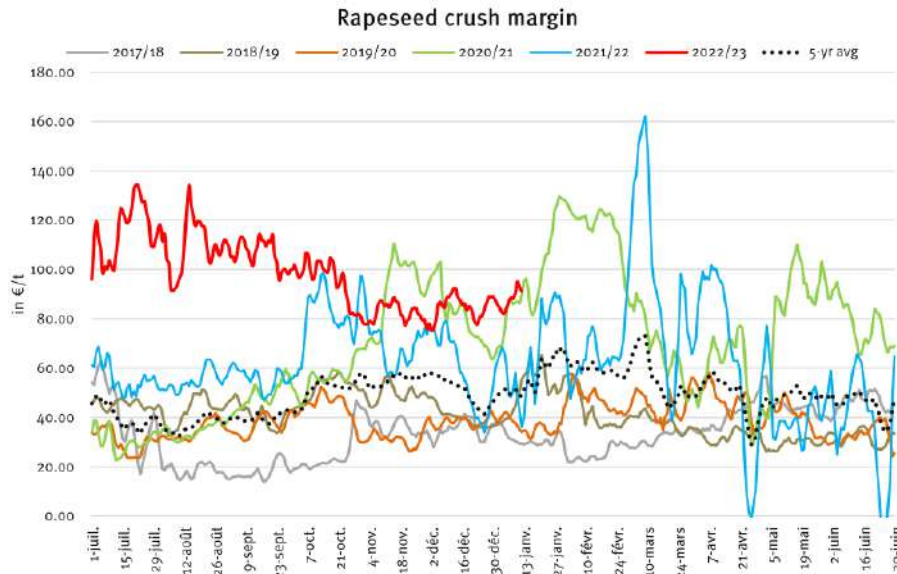
On the market of sunflower oil (classic and high oleic), prices were declining due to lower buyers' activity, especially from Europe, caused by market saturation with both sunflower oil and seeds.

Due to ample supplies of sunflower seed and oil in Europe, as well as the large Russian crop, prices could remain under pressure in the near term, and at discount vs soya oil.

Planting in Ukraine 23/24 will be very important. By the end of the season (July/September) stocks will be tighter.

SOURCES: APK INFORM/DINESH KUMAR/OIL WORLD

7. RAPESEED OIL (RSO): prices under pressure



EU-27 : Rapeseed Area, Yields and Production

	2023F	2022	2021	2020	2019
Area (Mn ha)	5.94*	5.85	5.35	5.30	5.04
Germany	1.15*	1.08	1.00	.96	.86
France	1.31*	1.23	.98	1.11	1.11
3 Baltics (a)	.56*	.60	.54	.50	.45
Czech Rep...	.37*	.34	.34	.37	.38
Romania	.46*	.45*	.48*	.34	.25*
Yields (T/ha)	3.30*	3.27	3.24	3.21	3.09
Crop (Mn T)	19.60*	19.10	17.33	16.98	15.56
Germany	4.40*	4.28	3.55	3.62*	2.83
France	4.55*	4.51	3.38*	3.42*	3.52
3 Baltics (a)	1.74*	1.59	1.57	1.76	1.29
Czech Rep...	1.23*	1.16	1.05*	1.25	1.19
Romania	1.17*	1.12*	1.43*	.73	.69*

(a) Estonia, Latvia and Lithuania.

EU rapeseed oil prices continue pressured by large domestic supplies, 36% below the year-ago level, and it is currently pulling down prices of other vegetable oils.

Rapeseed oil demand from European biodiesel producers is increasing. The share of rapeseed oil for biofuel production is rising to partly replace reduced volumes of palm oil and low imports of Argentinian SME. However, crushing is increasing sharply, and stock levels remain high.

Australia nearly finished its record-high production. The EU sowed winter rapeseed area is reported to be around 6 million hectares, which will be the largest area in 5 years. Prices are likely to stay under pressure.

SOURCES: OIL WORLD/STRATEGIE GRAINS/AGRITEL

“A World of
Vegetable Oils”



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