



# MARKET REPORT

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March 2023

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# 1.1 Vegetable oil prices

		28/02/2023	17/03/2023	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASYA	4141	3920	MYR/ MT	-221	-5,3%
Crude Palm Oil (May)	CIF RDM	1040	1020	USD/ MT	-20	-1,9%
CCNO Phil/Indo (Apr/May)	CIF RDM	1135	1100	USD/ MT	-35	-3,1%
CPKO (Apr/May)	CIF RDM	1060	1030	USD/ MT	-30	-2,8%
Crude Sunflower Oil (AMJ)	6 PORTS	1160	1035	USD/ MT	-125	-10,8%
Crude Rape Oil (MJJ)	FOB DUTCH MILL	1055	895	€/MT	-160	-15,2%
Crude Soya Oil (Mar)	FOB DUTCH MILL	1120	1085	€/MT	-35	-3,1%
EUR/USD		1,0576	1,0666		0,009	0,9%
Brent Crude	SPOT	83,45	72,97	US \$/ BRL	-10,48	-12,6%
Gas Oils	SPOT	833,3	775,5	US \$/ MT	-57,75	-6,9%

SOURCE: REUTERS

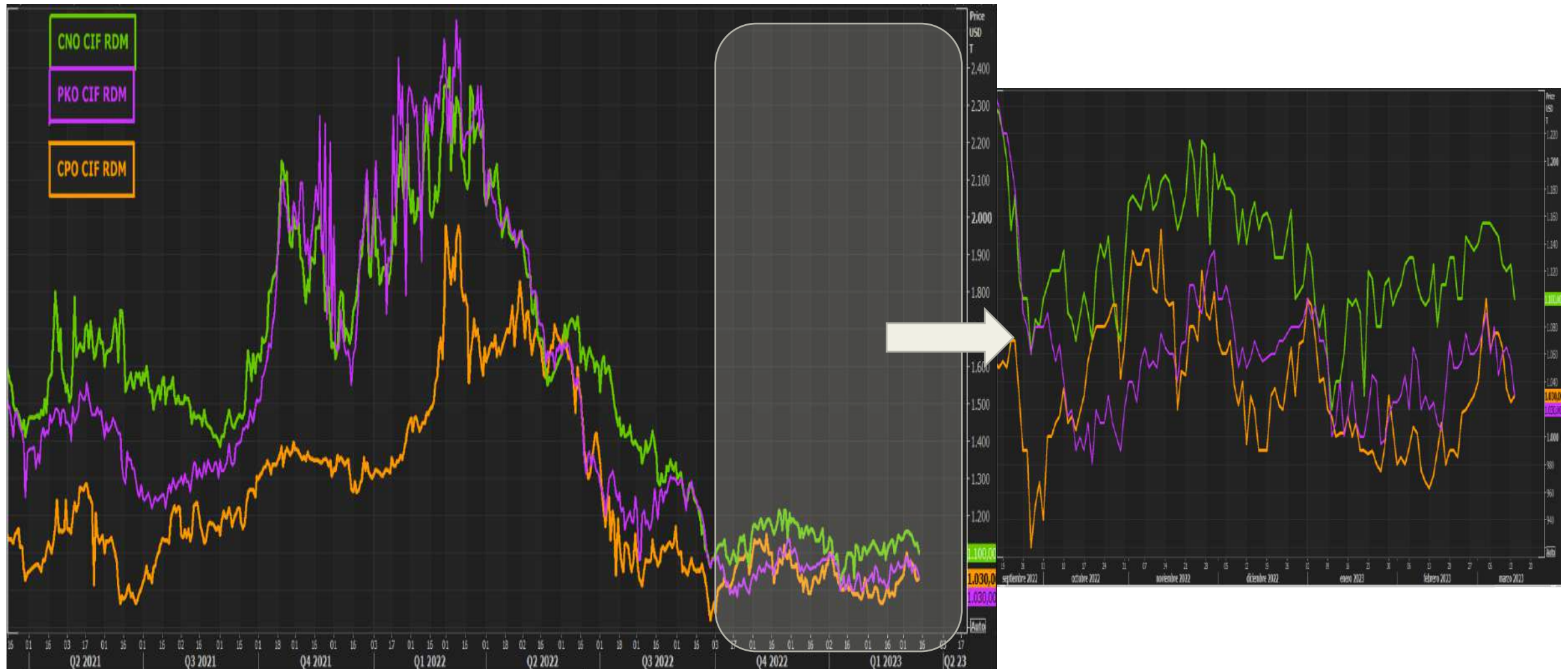


## 1.2 Vegetable oil prices



SOURCES: REUTERS

# 1.3 European vegetable oil prices



SOURCES: REUTERS

## 2. Price Outlook Conference (POC) 2023 main remarks

Thomas Mielke (Oil World) + Dorab Mistry (Godrej)

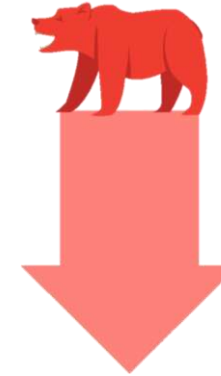


- Argentina lost 20 MnT of soybean.
- World production of biodiesel will increase 4.5 MnT.
- China will increase its vegetable oil imports around 3.5 MnT.
- The growth in world production of sun and rapeseed oils is expected to be rather small in the 2023/2024.
- The forecast growth in palm oil output will be too small to prevent a deficit.

**TM (avg. price July/Dec 2023):** Malaysian RBD palm olein \$1,150 USD; Argentine SBO \$1320 USD; Black Sea SFO \$1300 USD.

**DM:** CPO BMD 3rd position 4000–5000 MYR (assuming El Niño).

James Fry (LMC)



- CPO futures will be RM 3,350 by year-end, pulled down by gasoil.
- EU CPO will be \$850 USD by December BMD 3rd position.

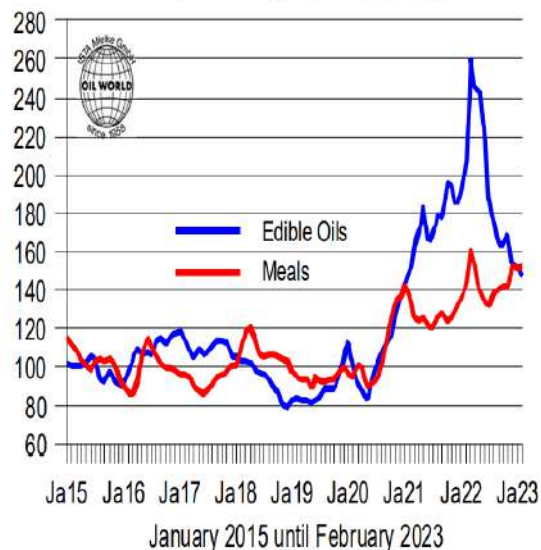
SOURCES: OIL WORLD/GODREJ/LMC



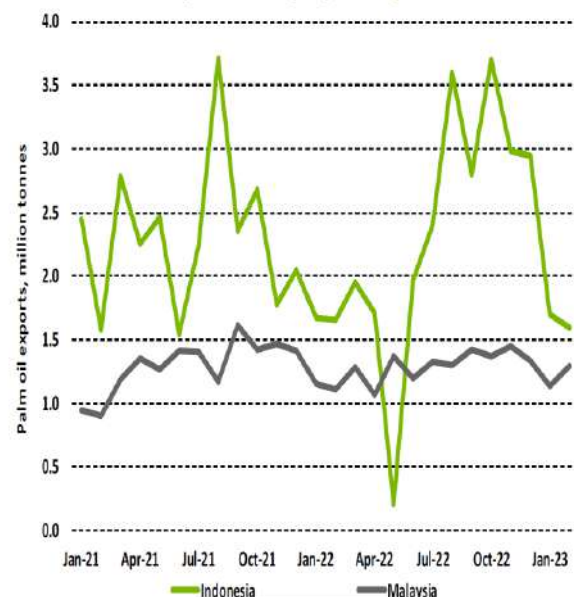
# 3. Vegetable oils: July 22/March 23

Monthly OIL WORLD Price Indices

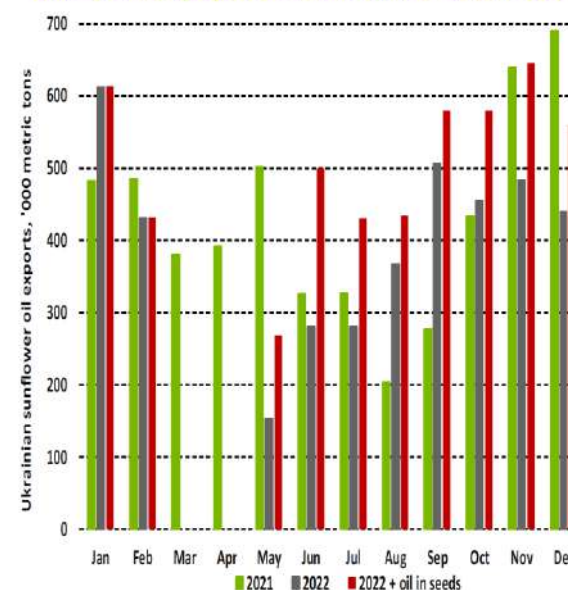
the five-year average 2015-2019 = 100



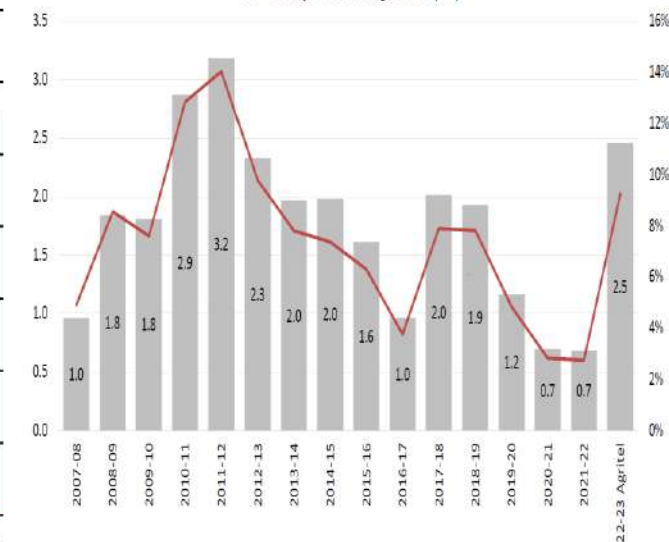
Total Indonesian and Malaysian monthly exports of palm oil, both crude and refined



Ukraine's monthly exports of sunflower oil as oil and oil in seed



EU + UK rapeseed endings stocks (Mt)



Edible oils downtrend led by:

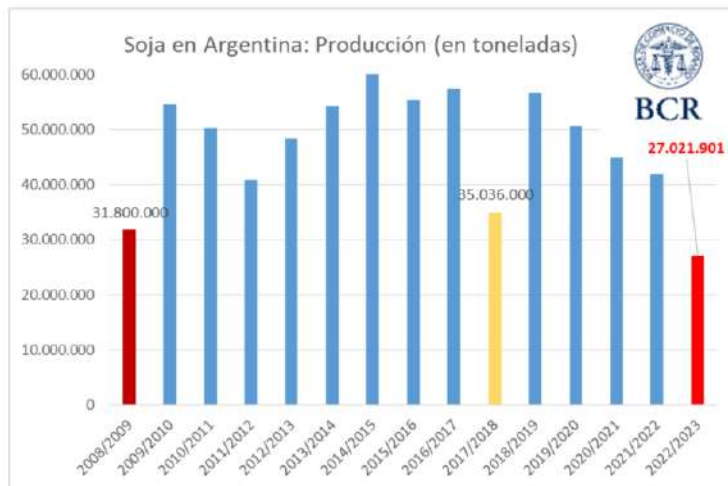
- Palm in June/October 2022.
- Sunflower/rapeseed in November/March.

- Record of CPO exports during July/October 2022
- Bearish price impacts of record output of rapeseed of 78 MnT in 2022/2023 (against 67.2 21/22) + higher than expected exports of SFS/SFO from Ukraine.

Global vegetable oil supplies are currently large with world stocks about 3.0 MnT above a year earlier.

SOURCES: OIL WORLD/LMC/AGRITEL

## 4. Soybean oil (SBO): Argentina loses 20 MnT



Argentine soybean production will be 25/27 MnT in the best scenario, vs. 46 MnT initially expected. Frost events during summer in some parts of the agricultural area, which followed a heatwave and insufficient rainfalls. Moreover, farmers will be reserved sellers during the whole year waiting for national elections.

The record soybean production in Brazil remains a major bearish factor overhanging the market.

At the moment, palm, rapeseed & sun oils can compensate Argentinian losses.

But for how long?

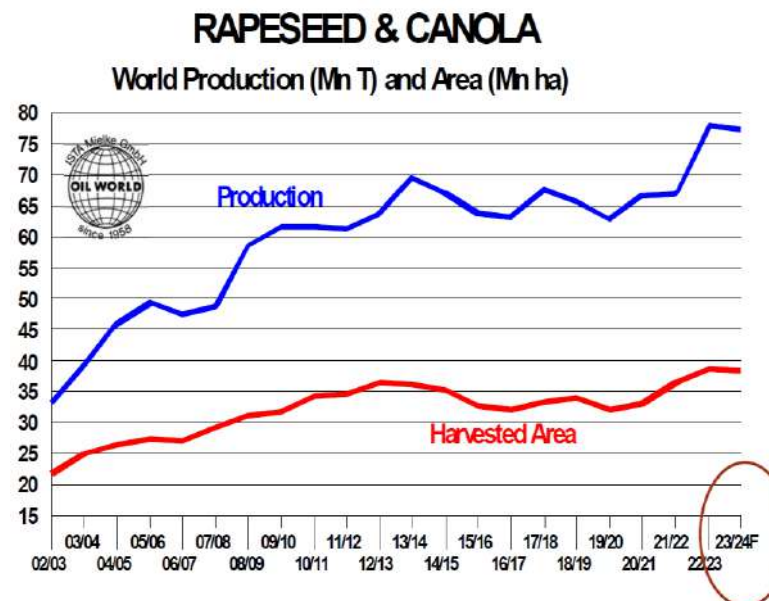
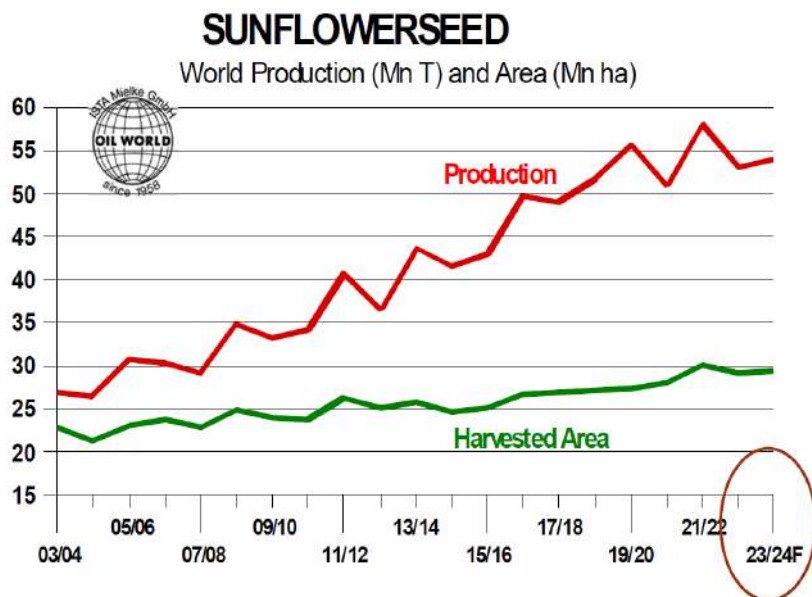
### 7 OILSEEDS: World Supply and Demand (Mn T)

	Forecast 22/23F	Change to 21/22	21/22	20/21
<b>Opening stocks</b> . . . .	<b>105.8</b>	<b>- 7.5</b>	<b>113.3</b>	<b>113.1</b>
<b>Production</b> . . . . .	<b>598.3*</b>	<b>+18.3</b>	<b>580.0</b>	<b>579.5</b>
<i>thereof: Soybeans</i>	370.4*	+15.1	355.3	366.0
<i>Sunseed</i> . . . . .	53.0*	- 5.0	58.0	50.8
<i>Rapeseed</i> . . . . .	77.9*	+10.7	67.2	66.9
<i>Cottonseed</i> . . . . .	40.0*	- 1.1	41.1	40.2
<i>Gdnuts</i> . . . . .	33.1*	- 1.4	34.5	33.1
<i>Palmkern &amp; Copra</i>	23.9*	- 0.1	24.0	22.6
<b>Total supplies</b> . . . . .	<b>704.1*</b>	<b>+10.8</b>	<b>693.3</b>	<b>692.6</b>
<i>thereof: Soybeans</i>	457.7*	+2.2	455.5	463.6
<b>Consumption</b> . . . . .	<b>595.8*</b>	<b>+8.4</b>	<b>587.4</b>	<b>579.4</b>
<i>thereof: Soybeans</i>	367.7*	-0.5	368.2	363.4
<i>Sunseed</i> . . . . .	55.6*	+1.9	53.7	51.3
<i>Rapeseed</i> . . . . .	74.6*	+7.7	66.9	69.1
<b>Ending stocks</b> . . . . .	<b>108.3*</b>	<b>+2.5</b>	<b>105.8</b>	<b>113.3</b>
<i>thereof: Soybeans</i>	90.0*	+2.7	87.3	100.2

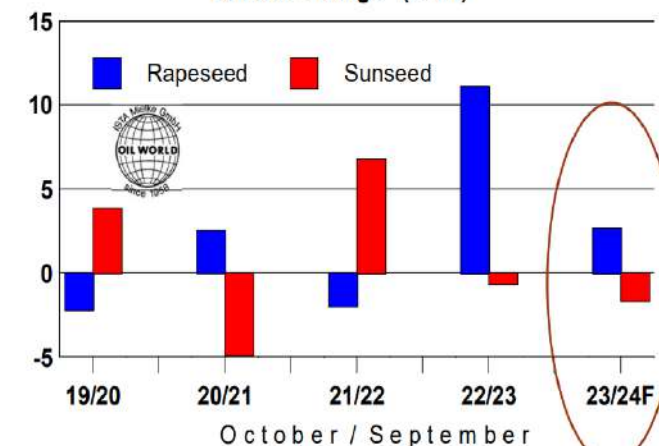
SOURCES: OIL WORLD/BCR/BCBA



# 5. Sunflower oil (SFO) and rapeseed oil (RSO)



**World Supplies of Rapeseed & Sunseed**  
Annual Change (Mn T)



Big uncertainty about the sunflower crop 2023/2024 in Ukraine.

Stagnating production of rapeseed is possible in 2023/2024 in the best-case scenario.

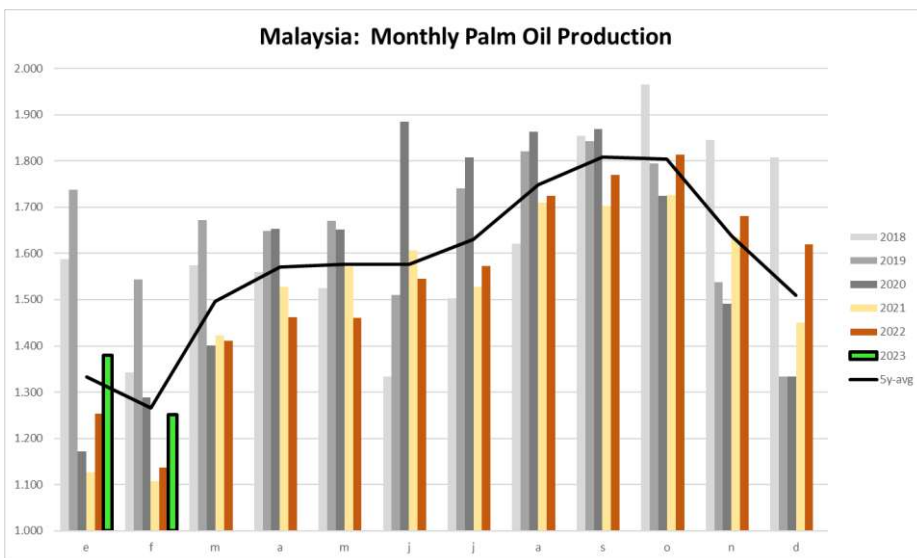
- Supply 2022/2023: 2.65 (Op Stocks) + 11.0 (production) = 13.65 MnT.
- Supply 2023/2024: 0.3 (Op Stocks) + 11.0? (production) = 11.3MnT.

SOURCES: OIL WORLD/STRATEGIE GRAIN

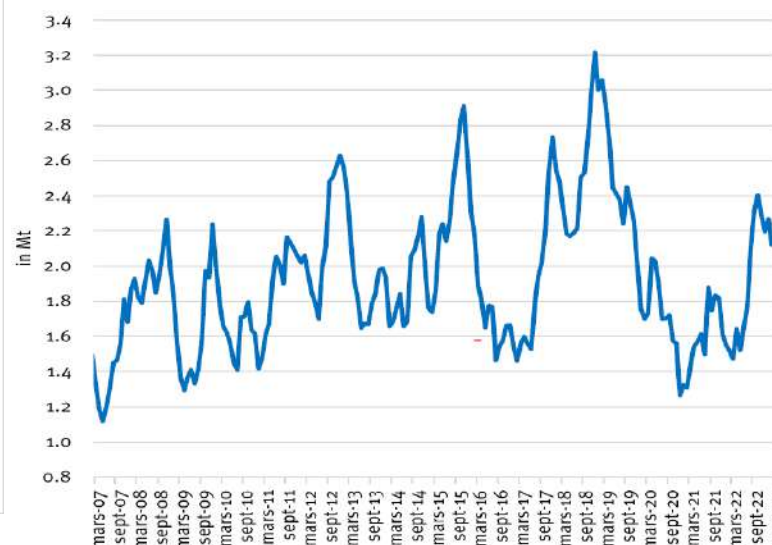
# 6.1 Palm oil (CPO): Small recovery in Malaysian production



Malaysia: Monthly Palm Oil Production



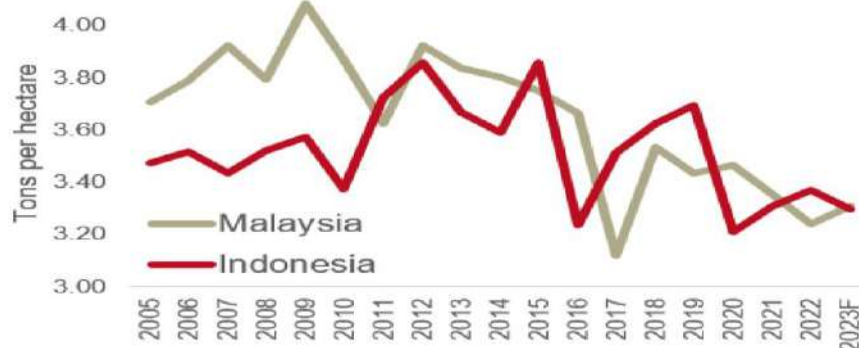
Monthly Malaysian Palm Oil Stocks



**MALAYSIA: Balance of Palm Oil (Mn T)**

	January/December				
	2023F	2022	2021	2020	2019
Op'g stocks	2.20	1.61	1.27	2.01	3.22
<b>Production .</b>	<b>18.90*</b>	<b>18.45</b>	<b>18.12</b>	<b>19.14</b>	<b>19.86</b>
Imports . . . .	.95*	1.14	1.18	.95	.98
Exports . . . .	16.30*	15.73	15.57	17.40	18.47
<b>Dom. use . .</b>	<b>3.45*</b>	<b>3.28</b>	<b>3.38</b>	<b>3.44</b>	<b>3.57</b>
<b>End. stocks .</b>	<b>2.30*</b>	<b>2.20</b>	<b>1.61</b>	<b>1.27</b>	<b>2.01</b>

Malaysia and Indonesia




Despite being the 3rd consecutive year of "La Niña", Malaysian palm oil production is expected with marginal growth and again below 20 MnT (2017–2019).

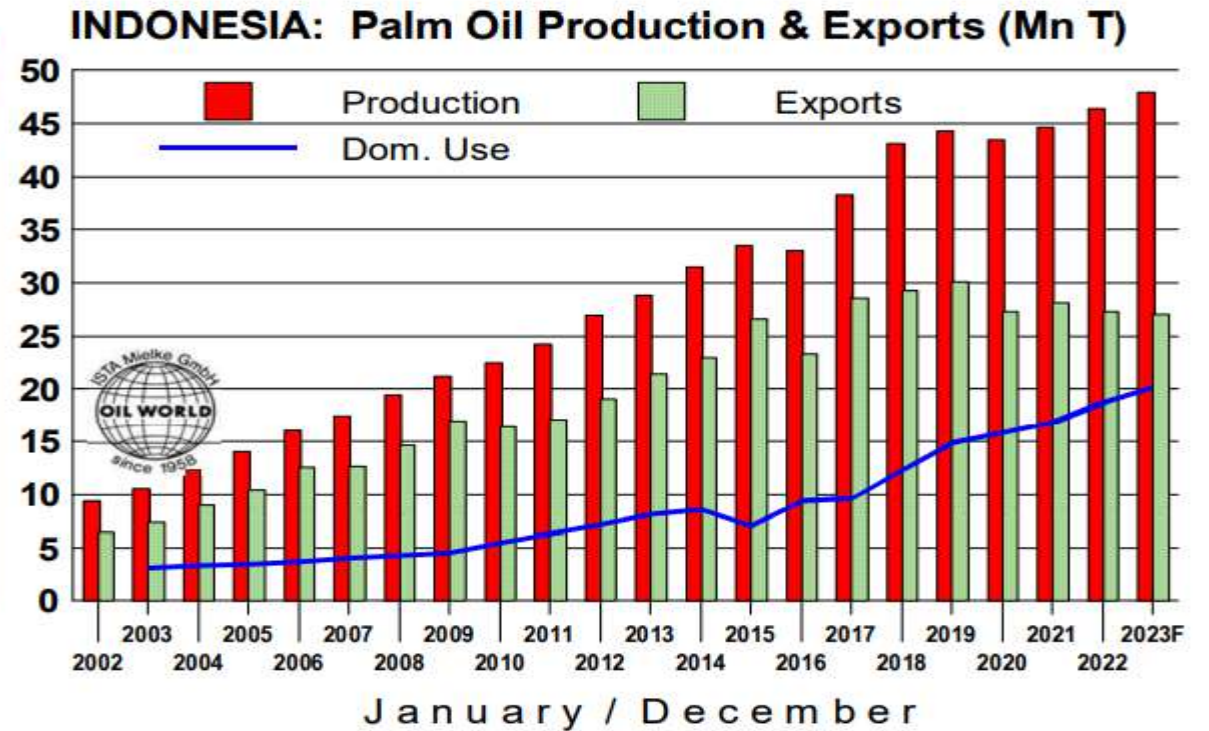
Stocks are forecast at same level than 2022. But if Indonesian palm oil or South American soybean oil exports turn out smaller than expected, Malaysian palm oil producers and exporters will benefit, and their actual exports turn out larger.

SOURCES: POA/GAPKI/AGRITEL/OIL WORLD

## 6.2 Palm oil (CPO): Higher production and lower exports in Indonesia during 2023



INDONESIA : Balance of Palm Oil ( Mn T )					
	January / December				
	2023F	2022	2021	2020	2019
Op'g stocks	5.10*	4.80*	5.00*	4.65*	5.30*
<b>Production .</b>	<b>47.74*</b>	<b>46.50*</b>	<b>44.65*</b>	<b>43.48*</b>	<b>44.30*</b>
Imports . . . .	.01*	.01	.01*	.01	.10
Exports . . . . 	27.00*	27.45	28.09*	27.26	30.12
<b>Dom. use . .</b>	<b>20.20*</b>	<b>18.76*</b>	<b>16.77*</b>	<b>15.88*</b>	<b>14.93*</b>
<i>Biodiesel . .</i>	<i>10.20*</i>	<i>8.90*</i>	<i>7.47*</i>	<i>7.35*</i>	<i>7.48*</i>
<i>Other use .</i>	<i>10.00*</i>	<i>9.86*</i>	<i>9.30*</i>	<i>8.52*</i>	<i>7.45*</i>
End. stocks .	5.65*	5.10*	4.80*	5.00*	4.65*



The growth in Indonesian palm oil production will be more than offset by growth in domestic consumption, basically for biofuels. The increase to B35 implies that the Indonesian exportable balance of CPO will be lower.

Unlikely they can implement B40 in the short term.

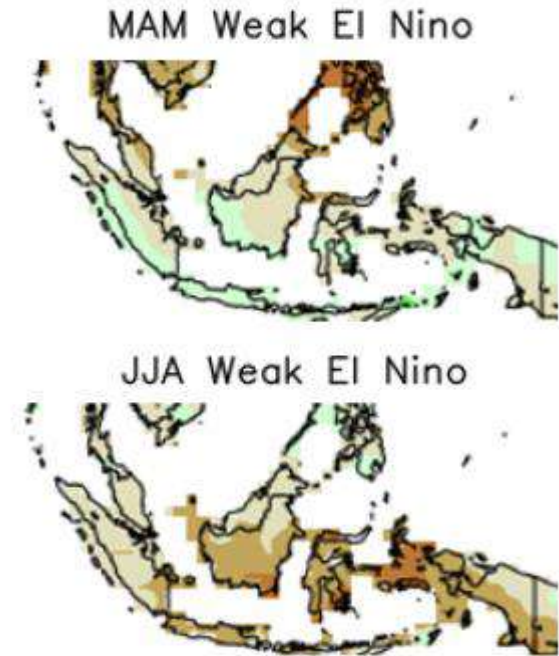
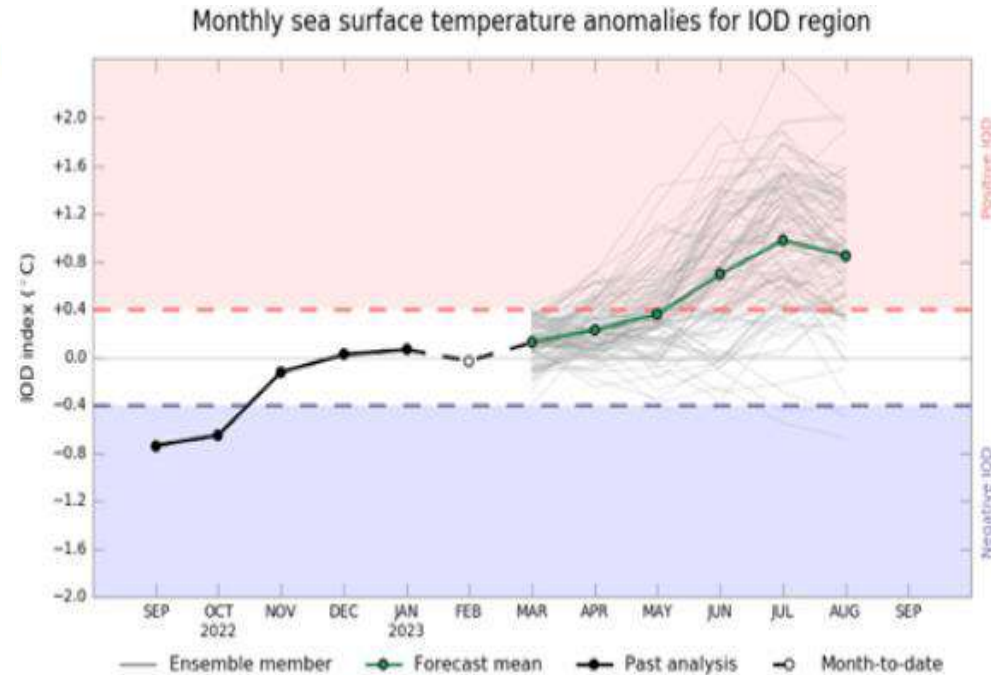
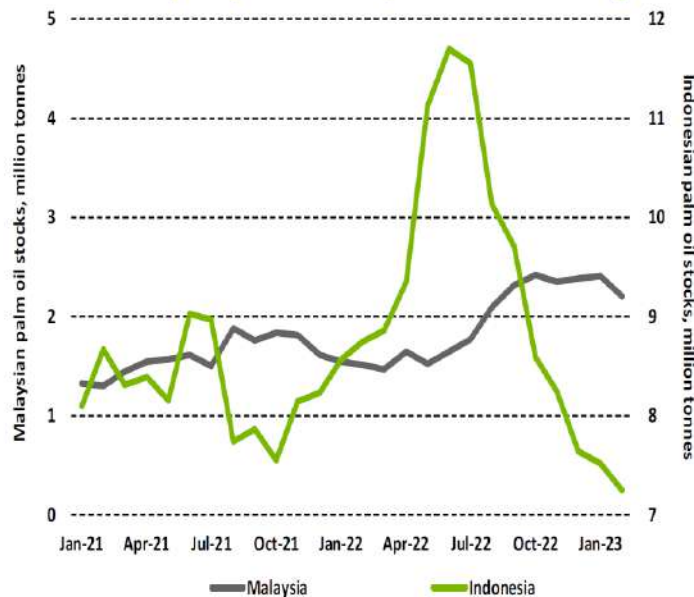
SOURCES: POA/GAPKI/OIL WORLD



## 6.3 Palm oil (CPO): Is El Niño coming?



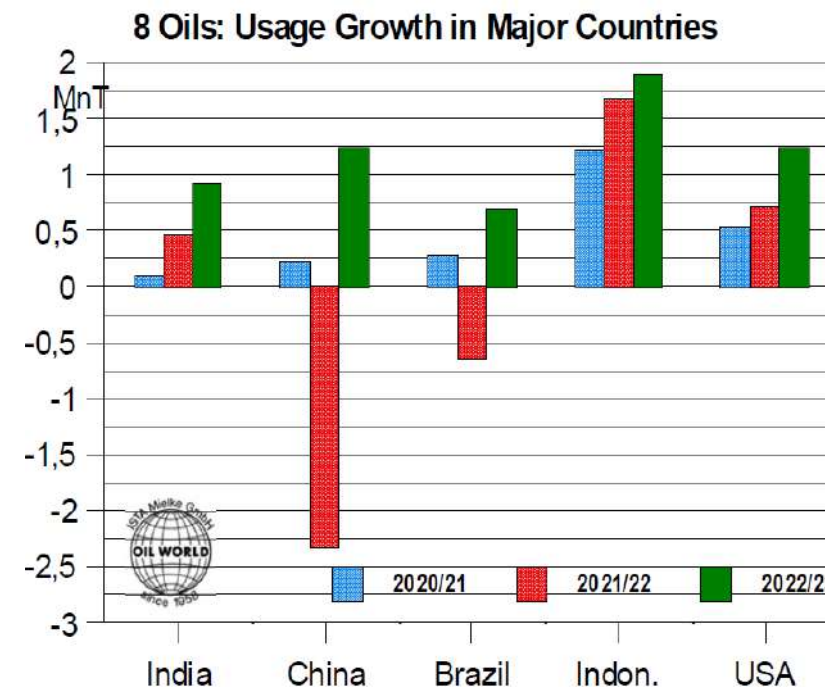
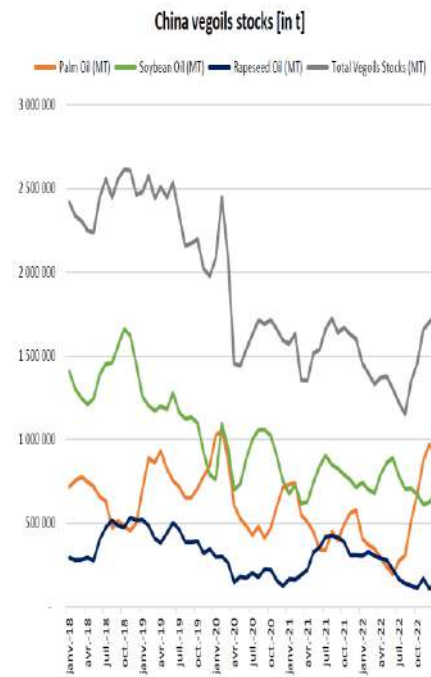
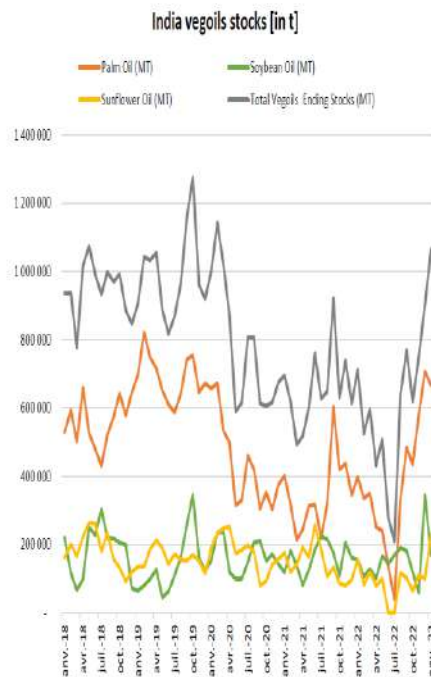
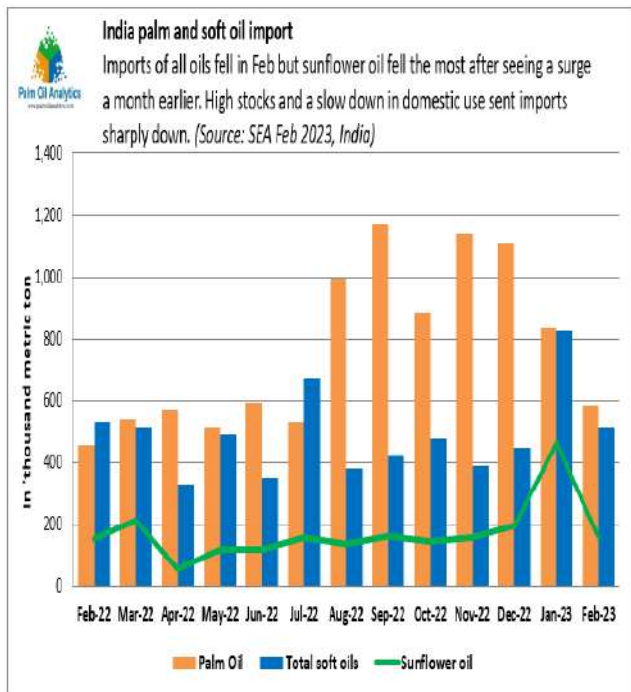
Indonesian and Malaysian palm oil stocks (note the different ranges in the Y axes)



- For 2023, weather is going to be the biggest factor for palm.
- Threat of El Nino in July/December 2023 and/or in January/June 2024.
- The market will react and anticipate before the effects materialize.

SOURCES: LMC/BOM

# 7. Vegetable oil demand: Large growth for food and energy



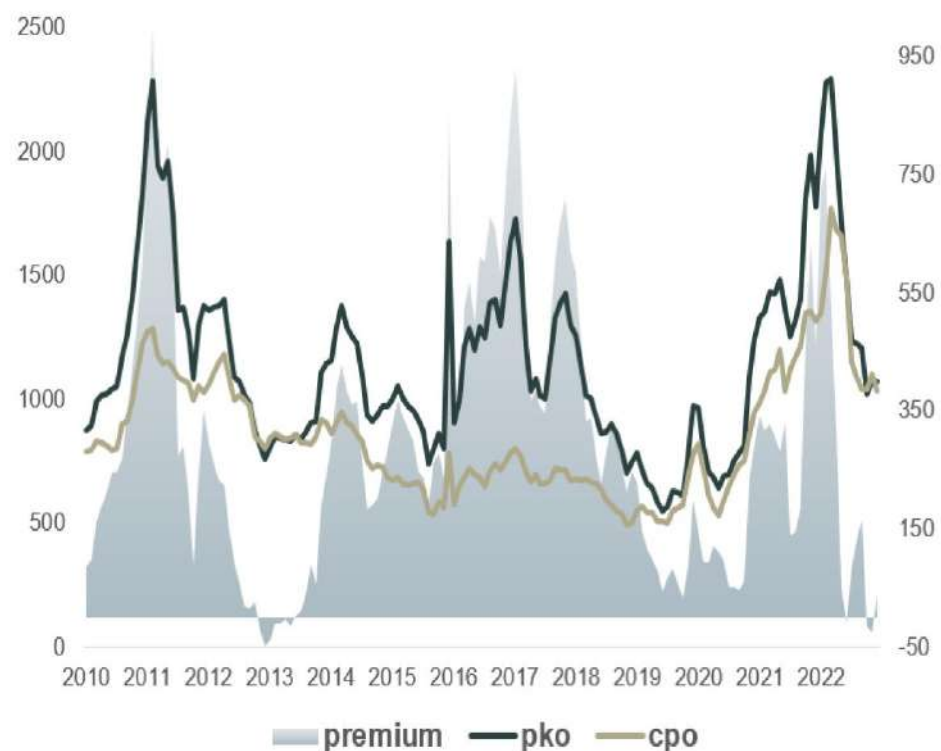
Chinese imports are expected +3.5 MnT from a very low-level last year, partly to replenish stocks and partly to satisfy a recovery of domestic consumption. India is well-covered.

SOURCES: AGRITEL/OIL WORLD

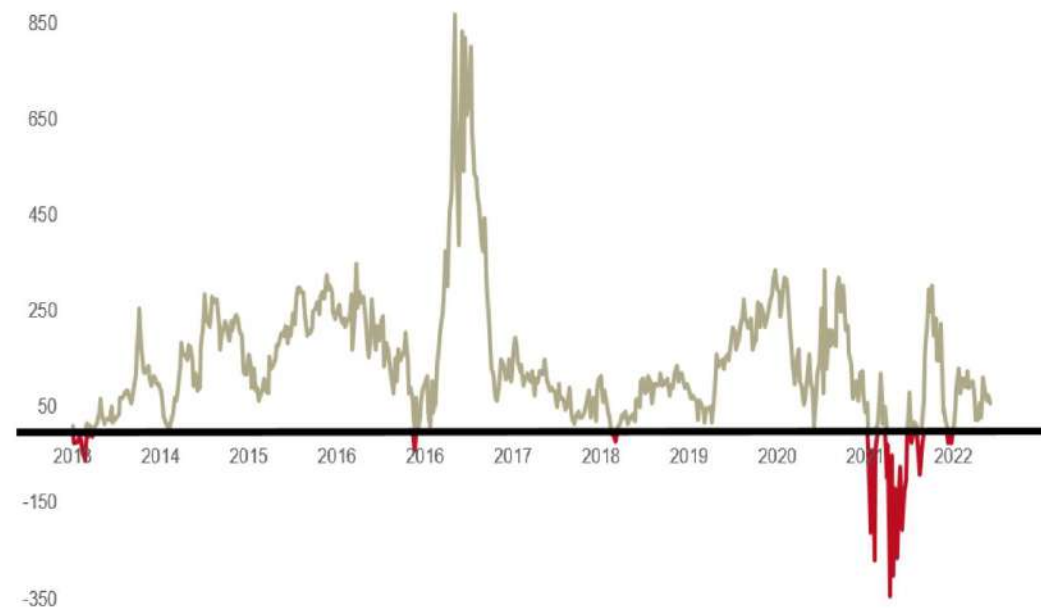
# 8.1 Lauric oils (CPKO + CCNO)



PKO Premium over CPO. CPO sets the Price Floor for PKO



CNO Premium over PKO. It determines CNO Demand Share



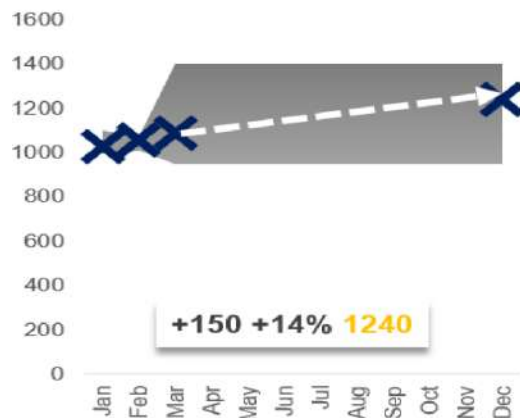
SOURCE: BARRY CALLEBAUT



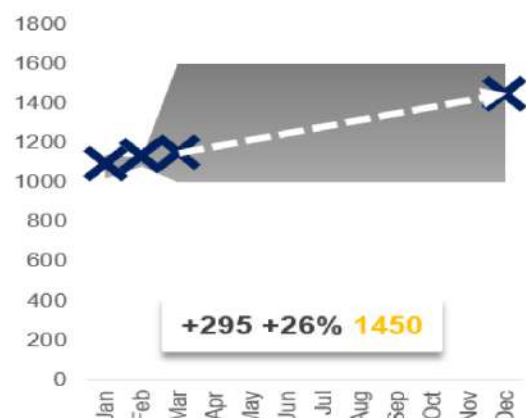
## 8.2 Lauric oils (CPKO + CCNO)



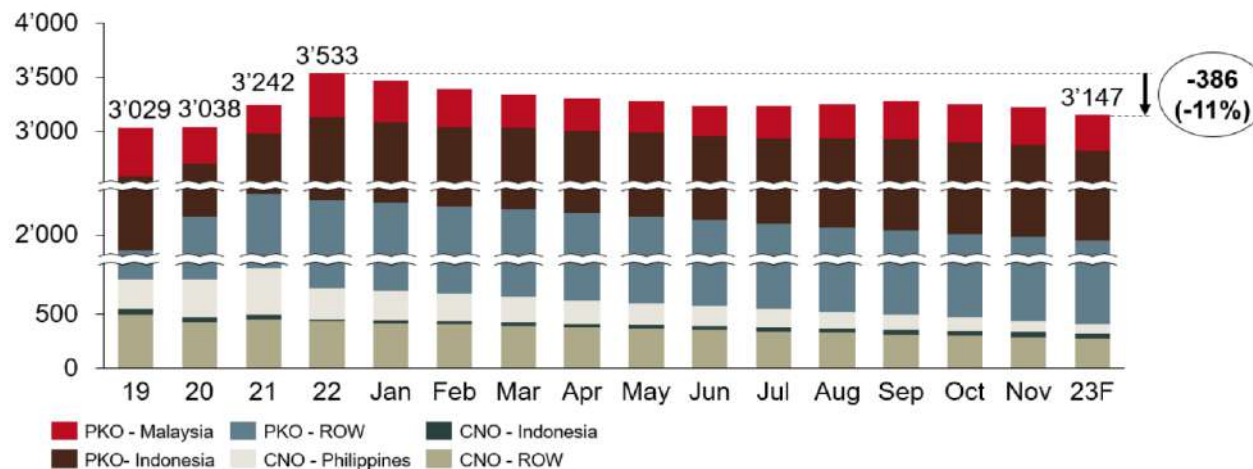
**PKO - \$1240**



**CNO - \$1450**



**Laurics Stocks 2019-2023F**



### Executive Summary Supply & Demand 2023

	2017-2022	2022	2023F	2023F vs. 2022	
Production					
PKO	6'686	6'896	6'935	39	1%
CNO	2'125	2'384	2'025	-359	-15%
LAURICS	8'811	9'279	8'960	-320	-3%
Demand					
PKO	6'591	6'614	7'232	618	9%
CNO	2'189	2'720	2'499	-221	-8%
LAURICS	8'780	9'334	9'731	397	4%
Global Stocks					
PKO	2'085	2'794	2'737	-57	-2%
CNO	749	739	409	-330	-45%
LAURICS	2'834	3'533	3'147	-386	-11%



SOURCE: BARRY CALLEBAUT

# *“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:*

