



MARKET REPORT MAY 2023

LIPIDOS SANTIGA, S.A. (LIPSA)



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1.1. VEGETABLE OIL PRICES

		25/04/2023	10/05/2023	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALAYSIA	3606	3807	MYR/ MT	201	5,6%
Crude Palm Oil (Jun)	CIF RDM	970	990	USD/ MT	20	2,1%
CCNO Phil/Indo (Jun/Jul)	CIF RDM	1070	1065	USD/ MT	-5	-0,5%
CPKO (Jun/Jul)	CIF RDM	980	990	USD/ MT	10	1,0%
Crude Sunflower Oil (JAS)	6 PORTS	1035	1000	USD/ MT	-35	-3,4%
Crude Rape Oil (ASO)	FOB DUTCH MILL	890	845	€/MT	-45	-5,1%
Crude Soya Oil (Jun)	FOB DUTCH MILL	940	945	€/MT	5	0,5%
EUR/USD						
	SPOT	1,0972	1,0960		-0,001	-0,1%
Brent Crude						
	SPOT	80,77	77,44	US \$/ BRL	-3,33	-4,1%
Gas Oils						
	SPOT	716,00	675,25	US \$/ MT	-40,75	-5,7%

Vegetable oil prices have recovered from recent lows.

Critical period is starting in the Northern Hemisphere for oilseed production.

Latest climate modelling from various agencies peg the possibility of El Niño occurring from around June this year. If El Niño occurs, it is likely to have a bullish effect on vegetable oil prices.

SOURCE: REUTERS / OILWORLD

1.2. VEGETABLE OIL PRICES



SOURCE: REUTERS / OILWORLD

1.3. VEGETABLE OIL PRICES

PRICE PREMIUMS (+) or DISCOUNTS (-) for Crude Palm Oil (in \$ per T)

	Apr 2023	Jan 2023	Oct 2022	July 2022	Apr 2022	Jan 2022	Jan 2022	Jan 2022
		Mar 2023	Dec 2022	Sept 2022	Jun 2022	Mar 2022	Dec 13-22	Dec 03-12
Palm oil crude, cif Rott vis-a-vis:	1023	1017	1059	1115	1669	1564	814	725
Palm olein RBD, Mal, fob	34+	49+	117+	118+	52+	6+	34+	0±
Soybean oil, Argentina, fob	70+	119-	243-	178-	75-	14+	68-	73-
Sunoil, EU, fob N.W.Eur.	22-	131-	252-	347-	317-	264-	181-	244-
Rape oil, Dutch, fob ex-mill	23+	109-	258-	452-	492-	330-	214-	228-
Palmkern oil, cif Rott	15+	23-	7+	119-	111-	761-	289-	173-

PRICE PRESSURE in April 2023 (US-\$ per T)

	Apr 27 2023	Apr 18 2023	Apr 27 2022
CBOT			
Soybeans (1 st pos.)	524	558	634
Soya oil (1 st pos.) . . . 22 mth low	1120	1220	1936
Soya meal (1 st pos.) 14 mth low	472	508	497
Corn (1 st position) . . .	247	267	321
BMD			
Palm oil (1 st pos.) . . .	906	934	1779
Cash markets			
Black Sea sun oil . . . 32 mth low	840	885	2000
Arg. soya oil 29 mth low	882	976	1985
Braz. soya meal 5 mth low	468	502	497
Rott. soybeans (Brz) 17 mth low	518	556	730

SOURCE: REUTERS

1.4. VEGETABLE OIL PRICES

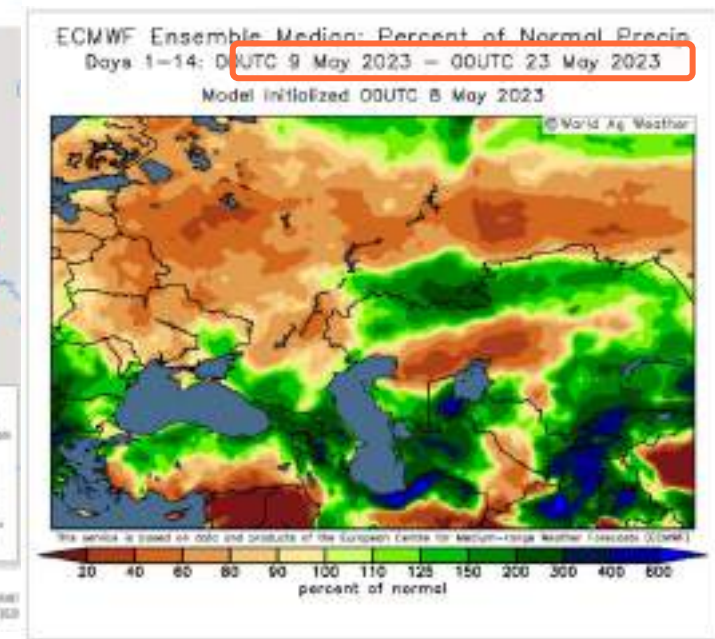
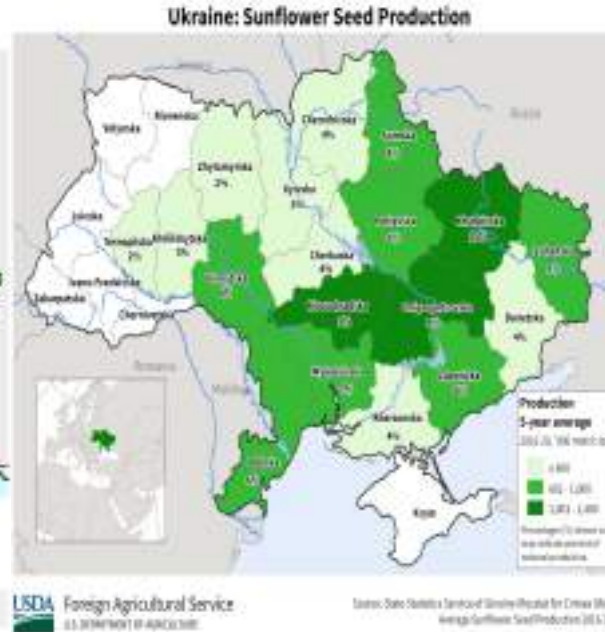
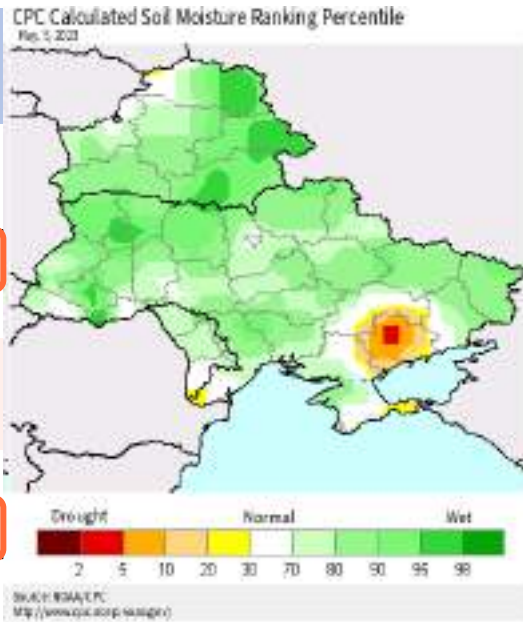


SOURCE: REUTERS

2.1. SUNFLOWER OIL (SFO): crops in good conditions in Ukraine



UKRAINE (MnT) - Strategie Grains			
(Aug-Jul)	2023/24	2022/23	2021/22
Carry-in	0,27	3,24	0,36
Production	14,13	11,7	16,9
Total Supply	14,4	14,94	17,26
Imports	0,02	0,02	0,02
Exports	1,44	2,81	1,86
Crush	12,25	11,7	11,6
Other Cons.	0,19	0,19	0,59
Carry-out	0,54	0,27	3,24



In Ukraine, sunflower crop conditions are improving. General conditions are favourable.

Planting progress is behind normal due to rainfall at the beginning of the period: as of May 4, 1,485 MHas was planted in Ukraine, approx **26%** of intended area of **5,6 MHas, +13% vs 2021/22.**

Production is expected between 13 / 14 MT vs 11,2 MT last year.

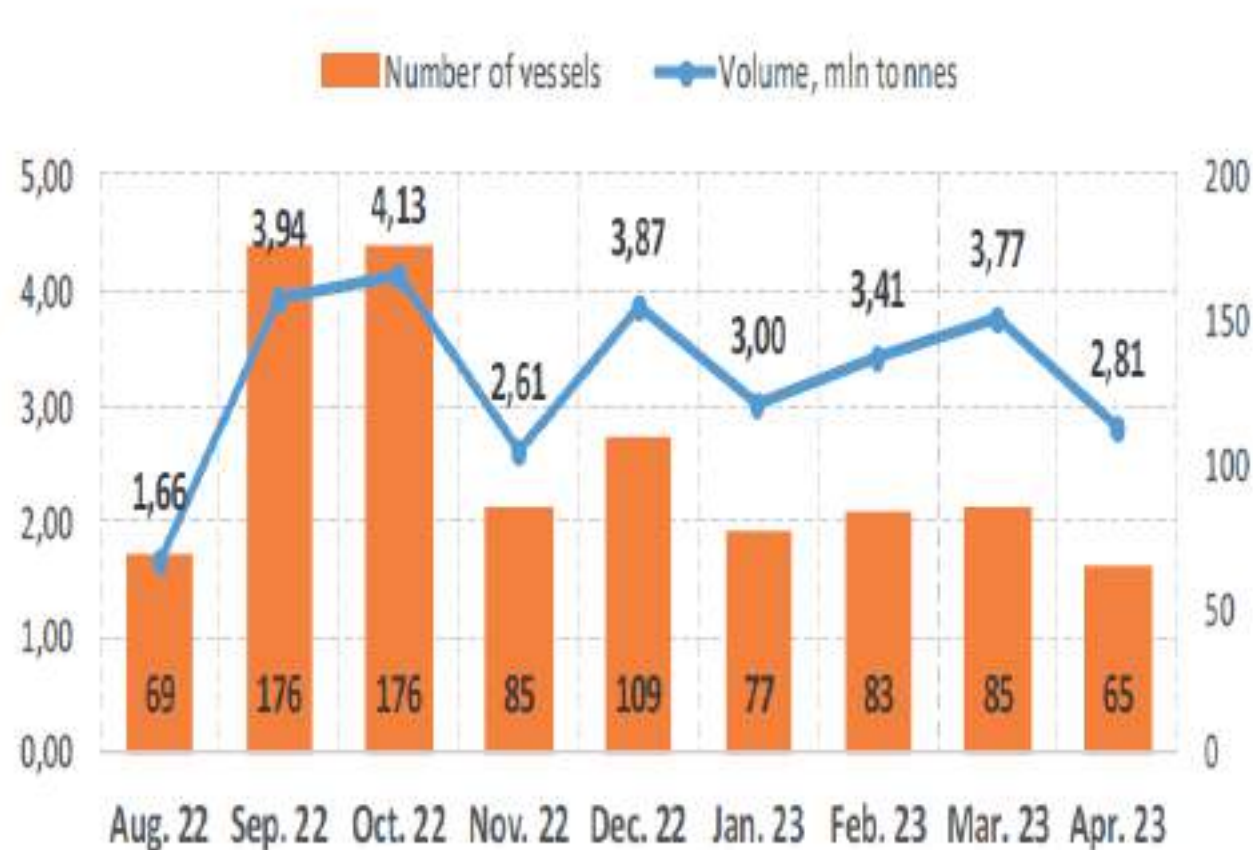
The planting progress and weather in the Black Sea countries will have a significant impact on prices in coming months.

SOURCE: STRATEGIE GRAINS / USDA / WAGW/ EUC / APK INFORM / ETG

2.2. SUNFLOWER OIL (SFO): Concern about Black Sea Grain Deal



Dynamics of Ukrainian agricultural products shipments through the grain corridor



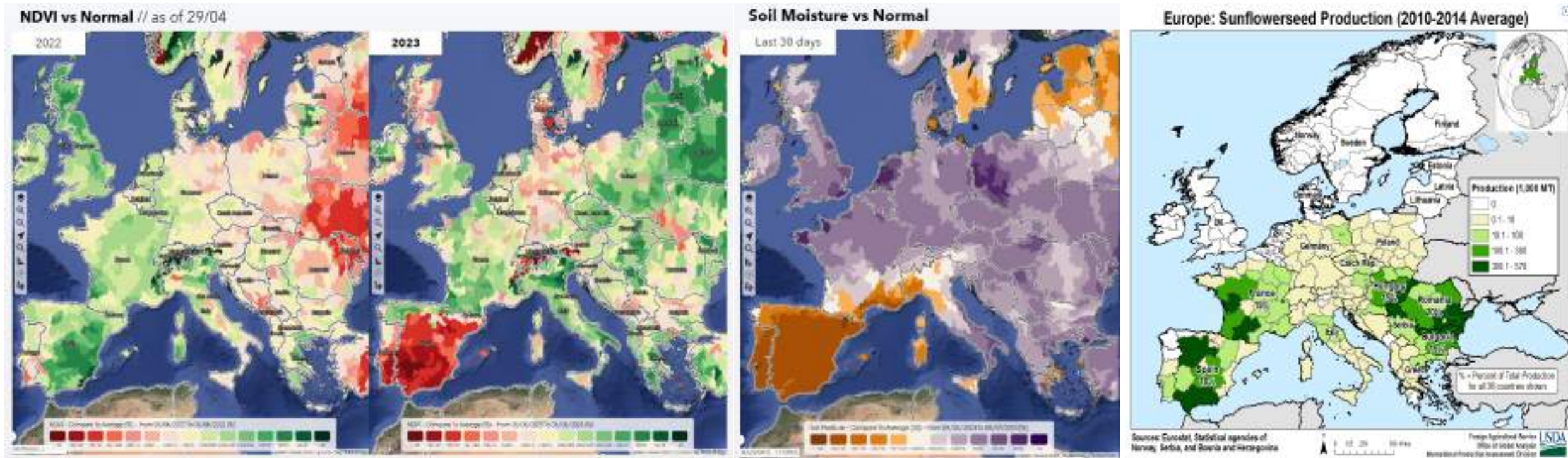
There is concern about "Grain Corridor".

No ship were inspected last Sunday or Monday to export Ukrainian grain and oilseeds under Black Sea grain deal. Ukraine says that at least 62 vessels are waiting to travel to its ports, due to the delay and limitation of inspections by the Russian side.

Discussions about a new extension are still ongoing.

SOURCE: APK INFORM / K BRAUM / ARETÉ

2.3. SUNFLOWER OIL (SFO): Mostly Favourable Conditions in Europe



Crop conditions in Europe are currently favourable, except for Spain, which is suffering a severe drought.

According to Strategie Grain, **EU sunseed production could reach an all-time high in 2023/24** due to significant higher yield expected and an acreage close to the record reached in 2022/23.

Production is estimated at **11,2 MT vs 9,2 MT last year.**

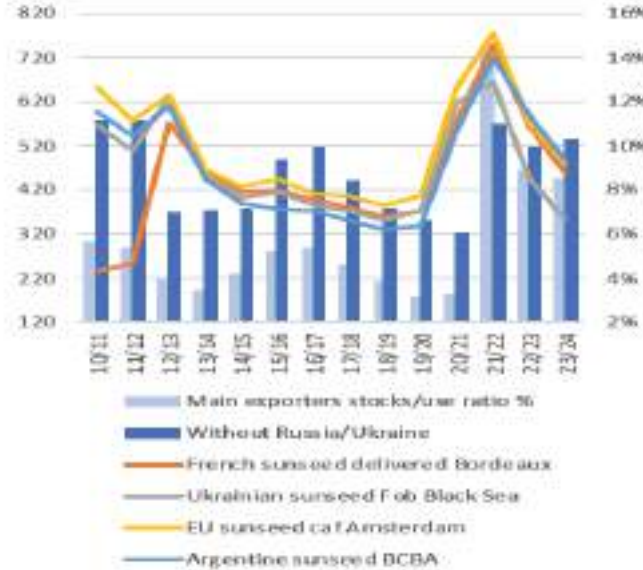
2.4. SUNFLOWER OIL (SFO): Prices still under Pressure



2.22. WORLD SUNSEED BALANCE

Sunseed (Mt)	2022/23		2023/24	
	31/03/23	28/04/23	31/03/23	28/04/23
August-July				
carry-in	8.1	8.3	4.9	6.0
production	52.6	53.4	56.5	57.8
trade	4.3	4.9	3.4	3.9
crush	49.9	50.2	51.6	51.9
other cons.	5.8	5.5	5.3	5.7
carry-out	4.9	6.0	4.5	6.1
stock/use ratio	8.8%	10.7%	7.9%	10.6%

2.23. SUNSEED STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)



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

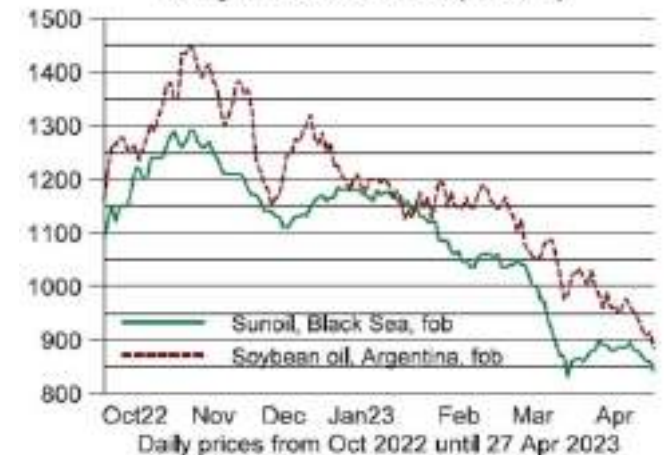


In 2023/24, the world situation is expected to be heavy in the major producing/consuming countries. The **expected large surplus in the EU as well as high ending stocks in Russia, Turkey and Argentina could keep prices under pressure.**

However, importers in India have shifted massively from palm to seed oils recently, because of the strong price competitiveness.

SFO prices are likely to stay under pressure if the crops evolution in Europe and the Black Sea remains favourable. The progress of negotiations regarding the corridor and relative prices vs other vegetable oils are additional factor to watch in coming months.

Daily Prices of 2 Oils (US-\$/T)

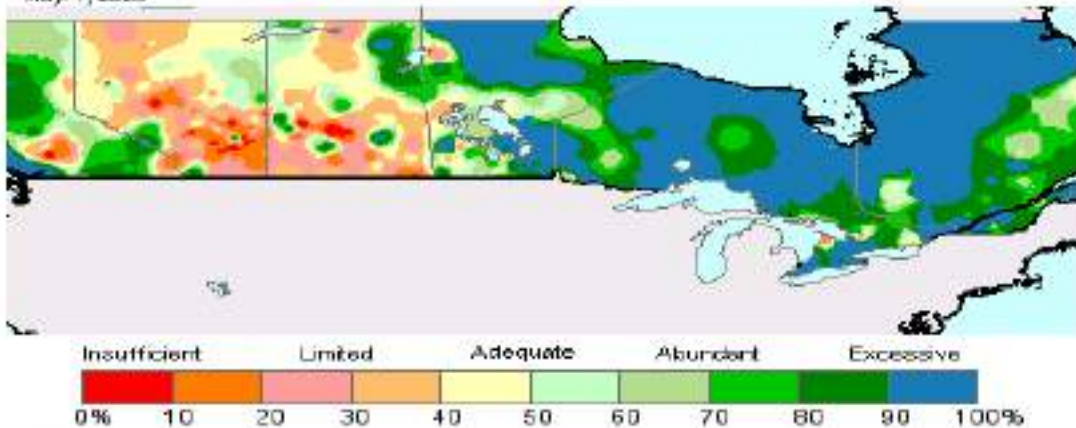


SOURCE: STRATEGIE GRAINS / APK INFORM

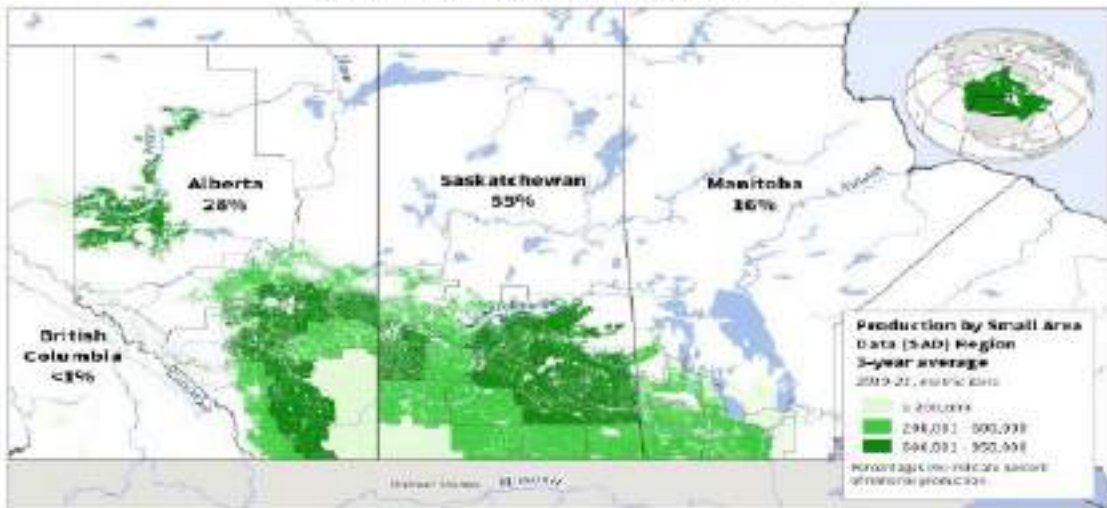
3.1. RAPESEED OIL (RSO): sowing Is Starting in Canada



Percent Soil Moisture (WMO)
May 7, 2023



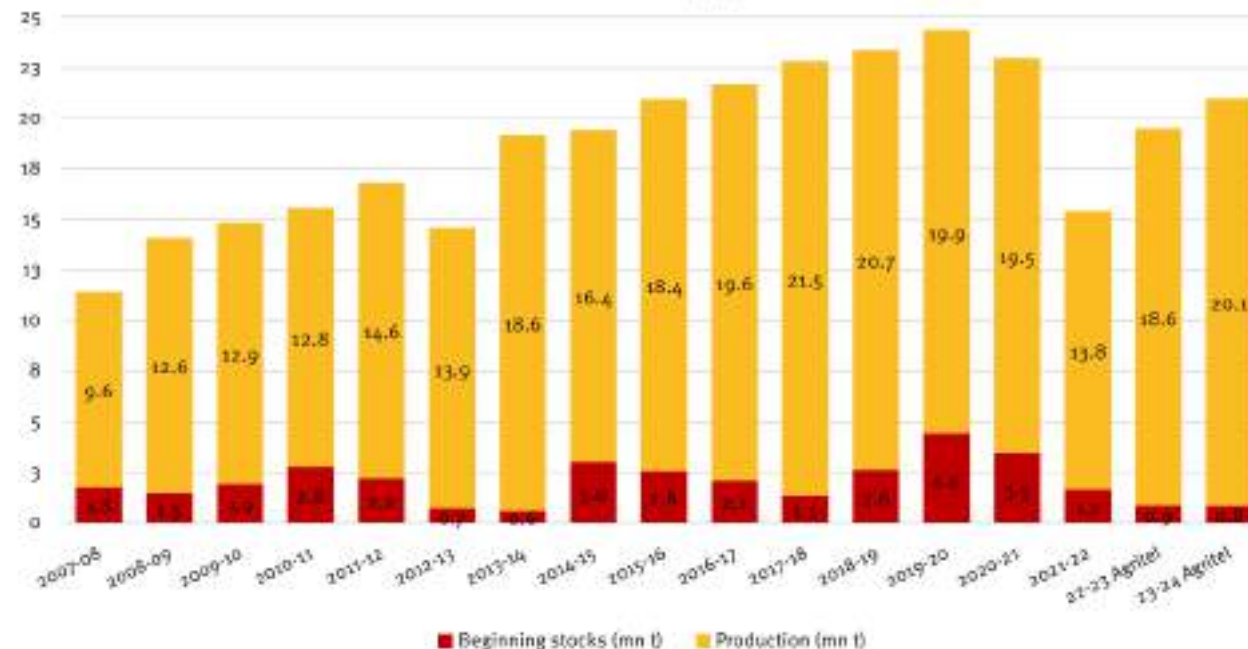
Canada: Rapeseed Production



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Sources: Statistics Canada, Estimated production by Small Area Data (SAD) Region; Agriculture and Agri-Food Canada (AAFC), Annual Crop Inventory 2021 Crop Year

Canada canola supply

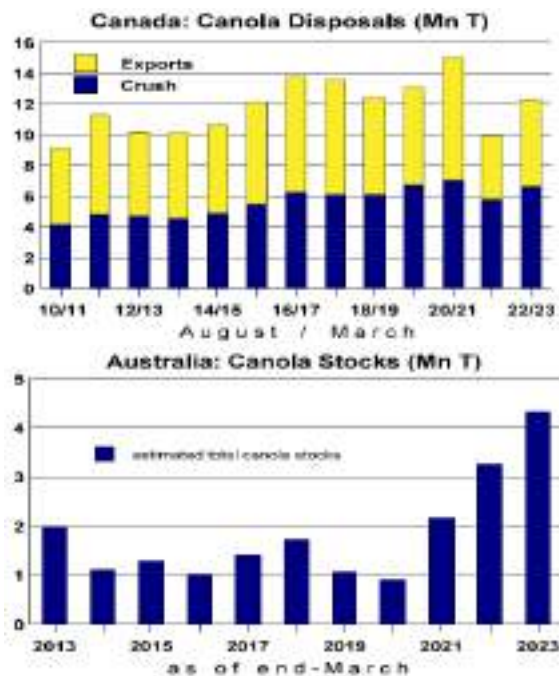
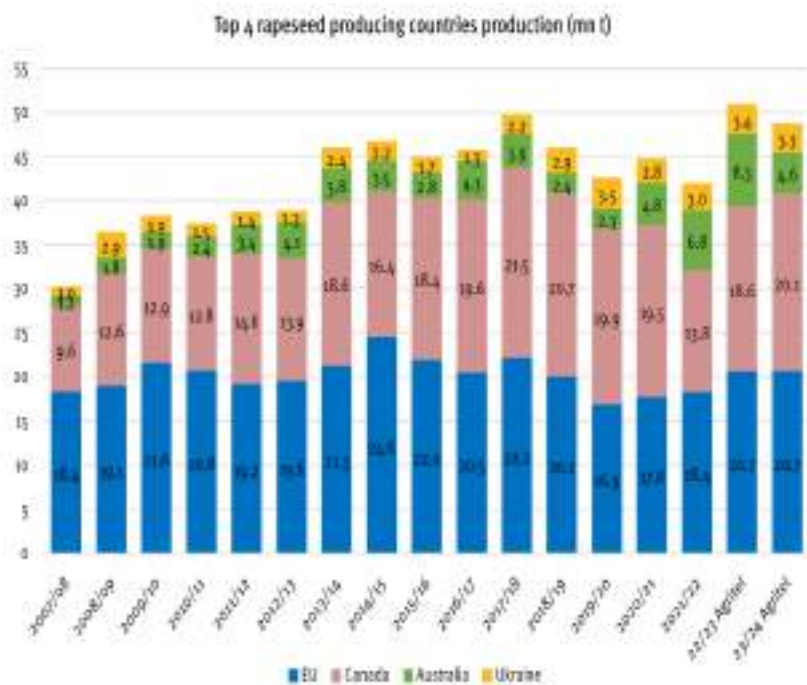


Planting is starting in Canada.

Conditions are not so favourable, due to hot and dry weather across the Prairies. **Rainfalls will be required** by the end of the month.

SOURCE: STATCAN / USDA / AGRITEL

3.2. RAPESEED OIL (RSO): Prices still under Pressure



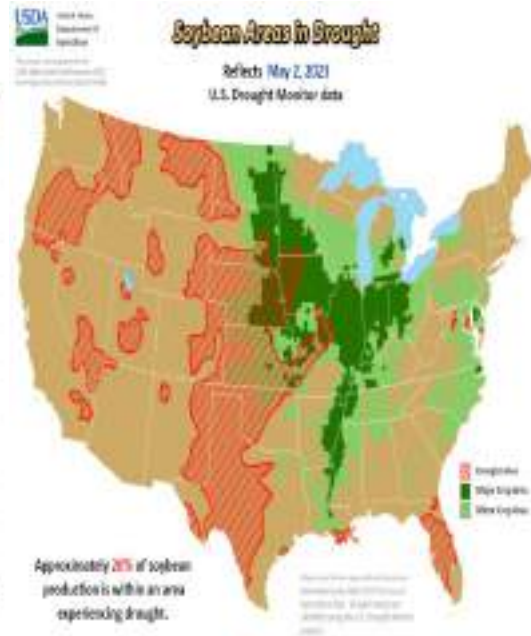
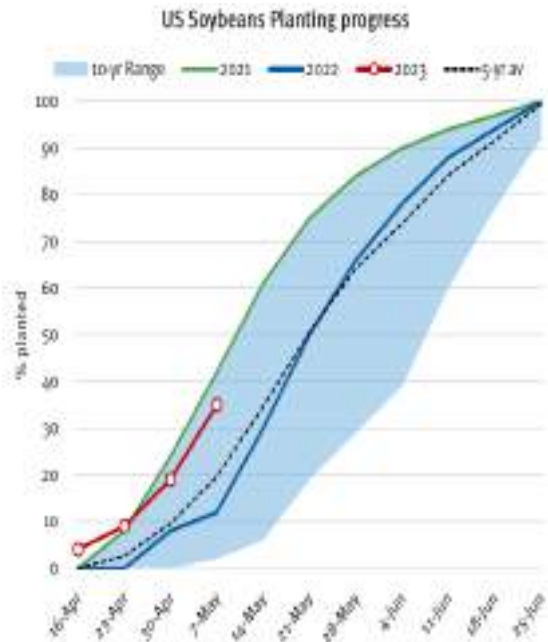
Combined crushings of rapeseed and sunseed have increased to a record so far this year, creating **ample supplies of RSO and SFO primarily in Europe and Black Sea regions.**

In addition, European RSO prices have been under pressure due to large imports of biodiesel. Australia has been very competitive in world rapeseed & canola market, due to high stocks.

Main analyst raised its forecast for 2023 EU rapeseed production, citing favourable crop conditions in most parts of Europe. **Good panorama so far for Ukrainian production,** and still **decent planting condition in Australia,** where El Niño is a risk. Weather in **Canada will be also closely monitored by the market.**

The increasing harvest outlook in rapeseed could add further supply pressure as large stocks are already expected at the end of this season.

4.1. SOYBEAN OIL (SBO): US Exports Are Declining



U.S.A.: Rising Net Imports of 17 Oils & Fats (1000 T)

	March		Oct / March		
	2023	2022	22/23	21/22	20/21
Imports					
17 oils & fats ..	614	509	3703	2964	2423
Soya oil	15	10	77	73	58
Sunflower oil ..	15	28	81	107	62
Canola oil	259	181	1318	980	836
Olive oil	38	32	196	175	189
Palm oil	150	132	1083	848	662
Palmkern oil...	28	22	204	181	196
Coconut oil ...	20	26	224	260	198
Tallow & Grease	67	39	351	202	124
Exports					
17 oils & fats ..	79	227	554	1290	1475
Soya oil	6	121	62	563	607
Sunflower oil ..	4	7	24	34	30
Canola oil	4	14	42	77	77
Corn oil	23	19	87	95	149
Tallow & Grease	11	30	156	294	464
Net imports ...	535	282	3149	1674	948

Plantings of soybean in US have progressed rapidly so far. Some areas require rainfall soon. US ending stocks are estimated at a comfortable level for new crop, but **there is no room for disrupted weather events in the USA after significant Argentine crop looses.**

US Net imports of 17 oils & fats were boosted by 1,5 MT or 88% from a year earlier in Oct/Mar 2022/23 to satisfy rapid domestic consumption increasement, primarily in the energy sector.

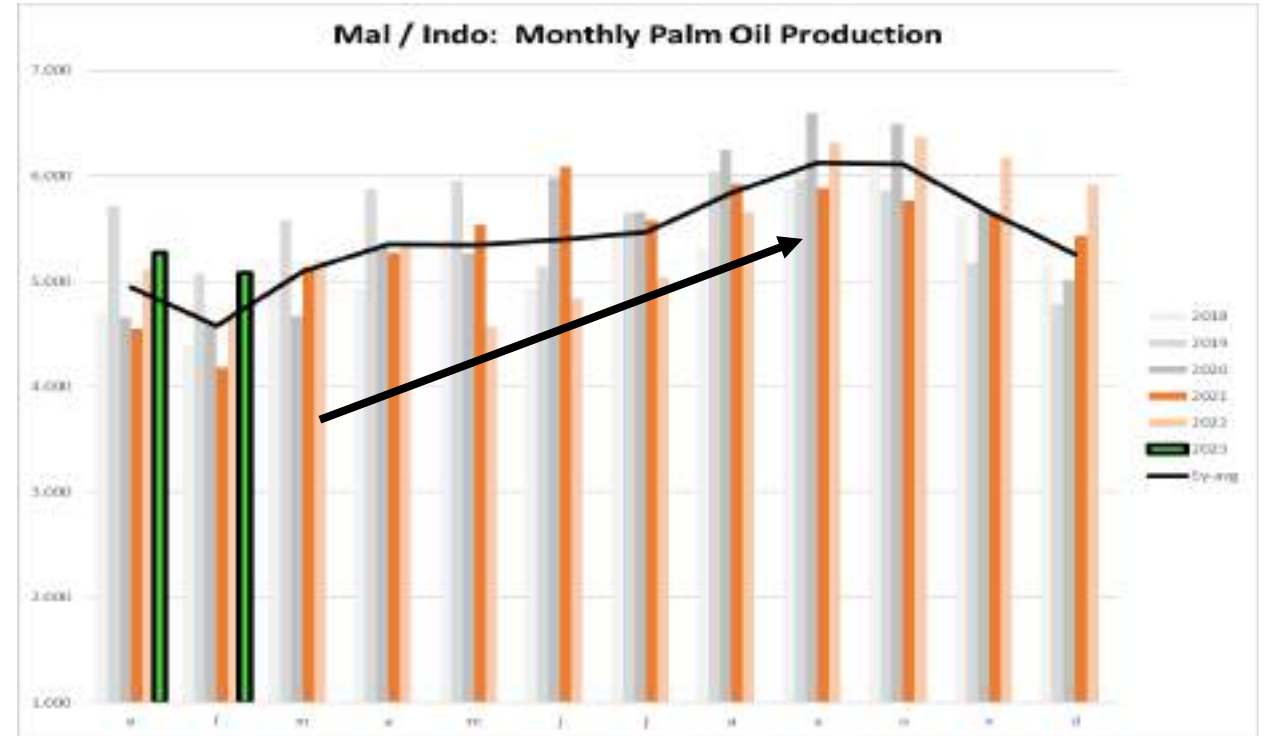
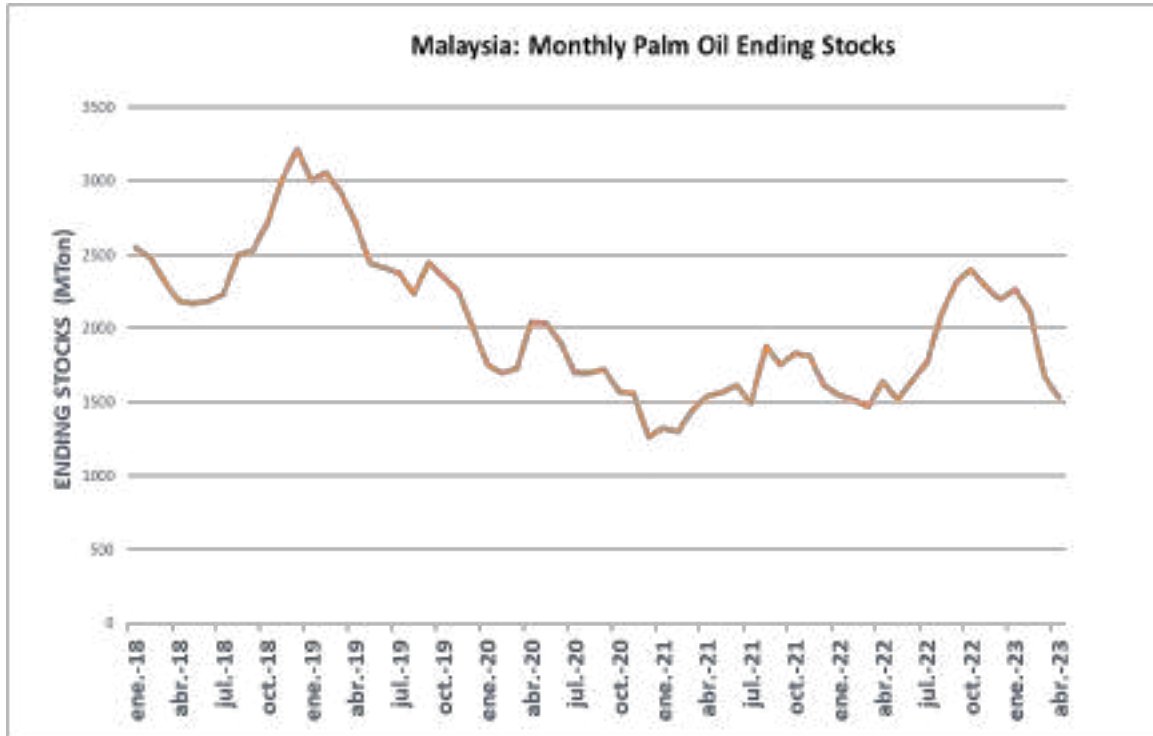
SOURCES: AGRITEL / USDA / OIL WORLD / K BRAUM

4.2. SOYBEAN OIL (SBO): Brazilian crop has kept prices under pressure



- **Soybean oil futures on CBOT** were firm in the nearby position despite declining fossil fuel prices, **supported by US domestic demand**. In USA, the renewable diesel production capacity is currently growing faster than the soybean crush capacity.
- **South American prices at historical negative premium** over CBOT as a result of a **huge production in Brazil** and **despite the failure of the Argentinian crop**.
- World soybean crushing could slow down more than expected to avoid an oversupply of soya meal. **US prices will find support in growing requirements of the domestic biofuel industry. The crop failure in Argentina has been more than offset (until now) by a huge crop and very high farmer selling in Brazil.** The volume of Chinese purchases is also a major potential driver of change.

5.1. PALM OIL (CPO): Prices Remain relatively Expensive

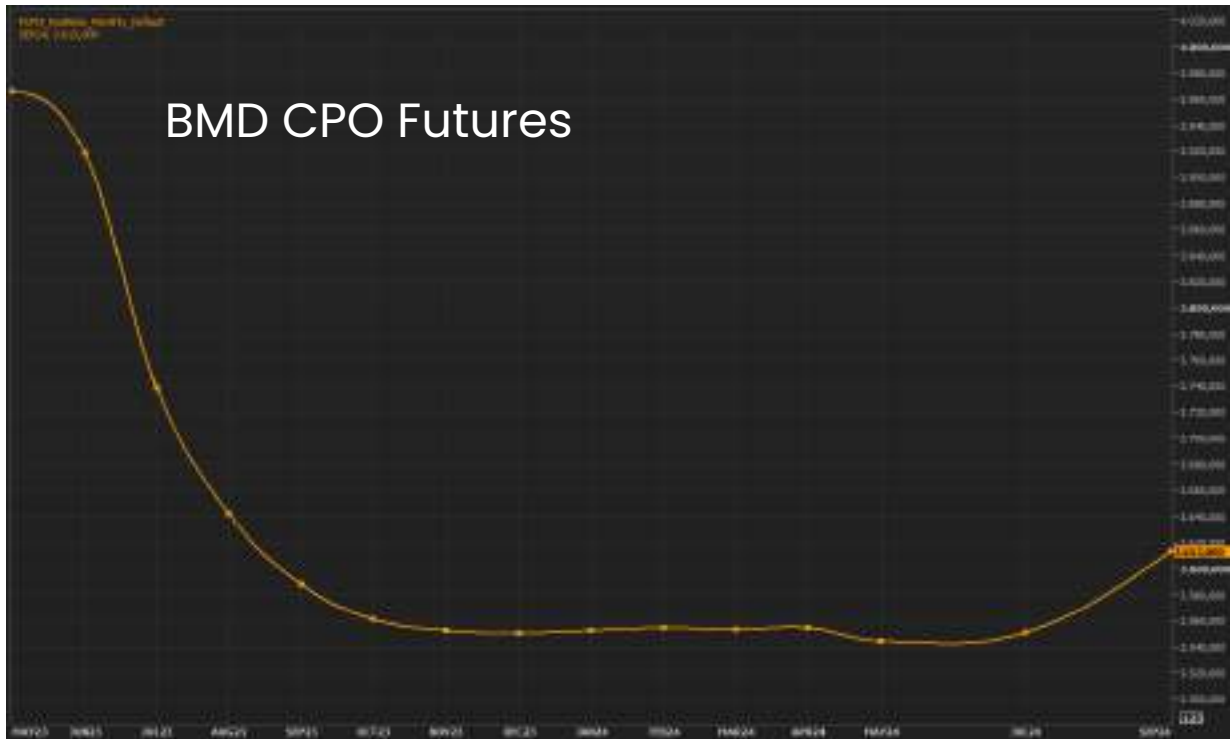


Malaysian CPO stocks reported with a sharp drop again this month: **-10,5% vs March** and 13-months low. **Production was -7% vs last month**, well below of previous expectation.

Last report issued by **GAPKI for Feb-23** showed Indonesian **CPO stocks close to a 4-year low**, 14% lower compared to January, and 47% less compared to levels in Feb 2022.

The market is still in inverse. The deferred months are currently under pressure from seasonally rising production.

5.2. PALM OIL (CPO): Prices Remain relatively Expensive



Poor price competitiveness in early 2022 (Indonesian export ban) was followed by unusual high price discount in Jul/Dec 2022.

This year the competitiveness of CPO vs seed oils has deteriorated as stocks in Asia fell and sunflower and rapeseed crushing remained high.

Prices of CPO could remain relatively expensive due to new warnings of an 'El Niño' occurrence from various meteorological agencies.

SOURCES: POA / GAPKI / MPOB / AGRITEL / OIL WORLD

5.3. PALM OIL (CPO): El Niño is coming?

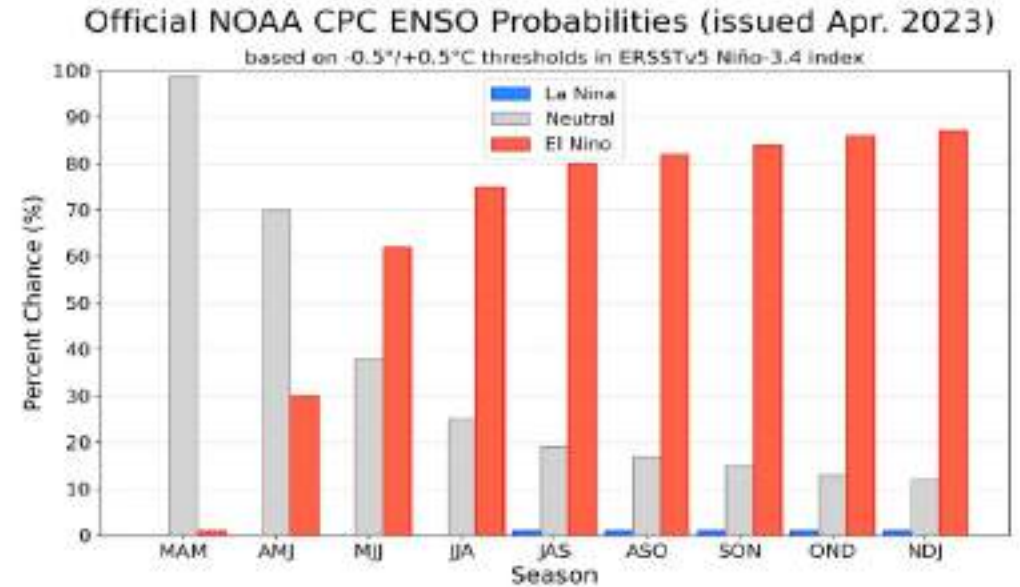
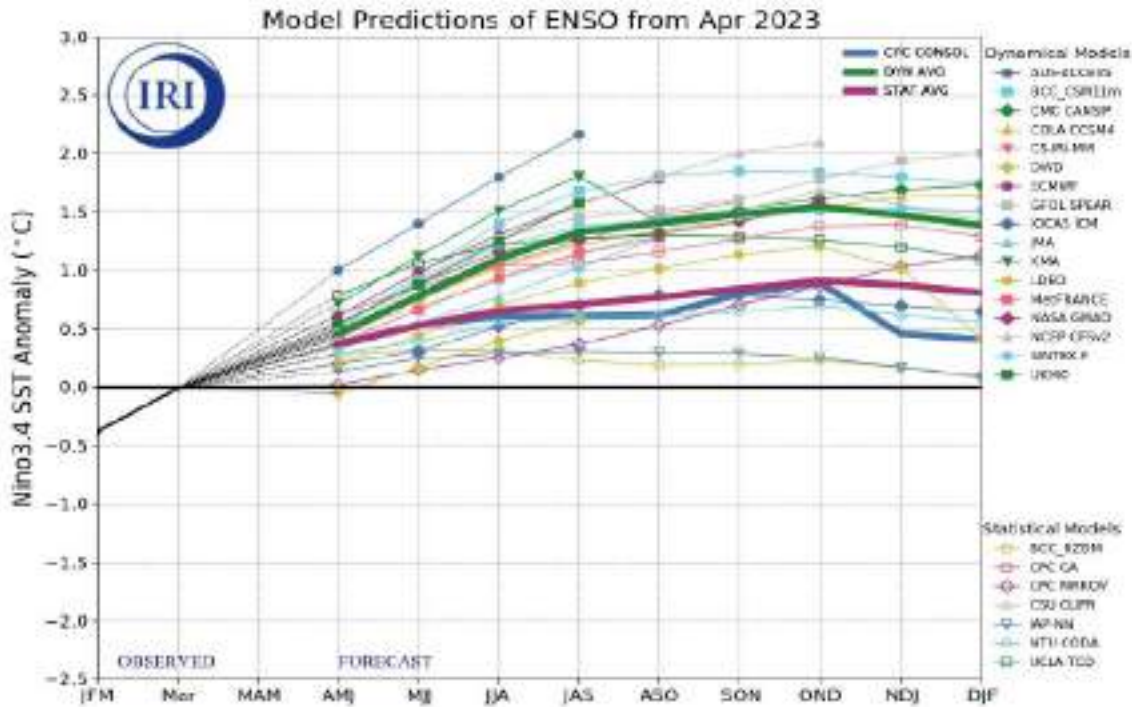


Figure 7. Official ENSO probabilities for the Niño 3.4 sea surface temperature index (5°N-5°S, 120°W-170°W). Figure updated 13 April 2023.

Latest climate modelling from various agencies peg **the possibility of El-Niño occurring from around June this year**. El Niño comes as Indonesia and Malaysia are facing challenges in raising production due to stagnant planting area sizes

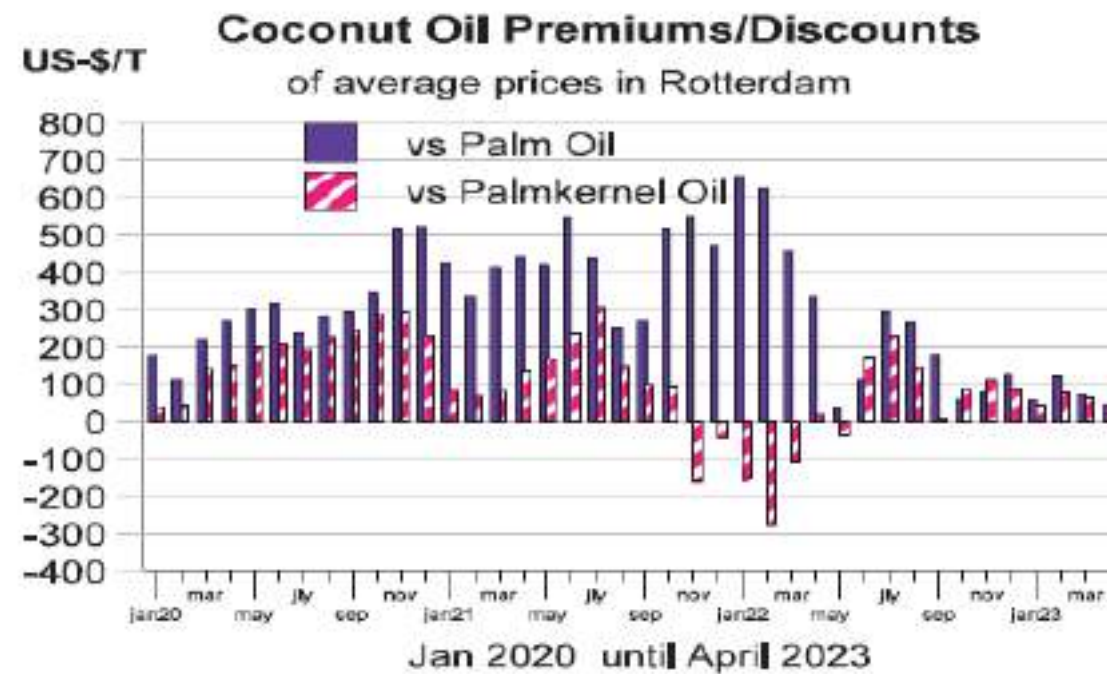
Further developments in Malaysian and Indonesian palm oil production and export supplies will have to be monitored

The arrival of El Niño, which some weather agencies are already terming to be a **'super' El-Niño, are likely to lend support to price sentiment for palm oil**, though production is only expected to see the full effects of the climate pattern in 2024

6. LAURIC OILS:



- **World CPKO trade is on an increasing trend, buyers are reacting to attractive prices.** CPKO exports of Indonesia, Malaysia and Thailand were up 25% in Q1 2023 vs same period last year.
- Despite the strong price competitiveness that have promoted export demand, **PKO stocks in Malaysia are still ample.** The pickup of Chinese demand has been insufficient to absorb the surplus on the global market.



- **CNO prices in Rotterdam stayed at a premium of 60–70 USD vs PKO in March and April.** Preliminary data shows Philippines exports in Jan/March 2023 roughly 30% below the high year-ago level, due to a **reduction in copra yields and production.**
- Prices are torn between low demand and diminishing production.

“A World of
Vegetable Oils”



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