



MARKET REPORT

JULY 2023



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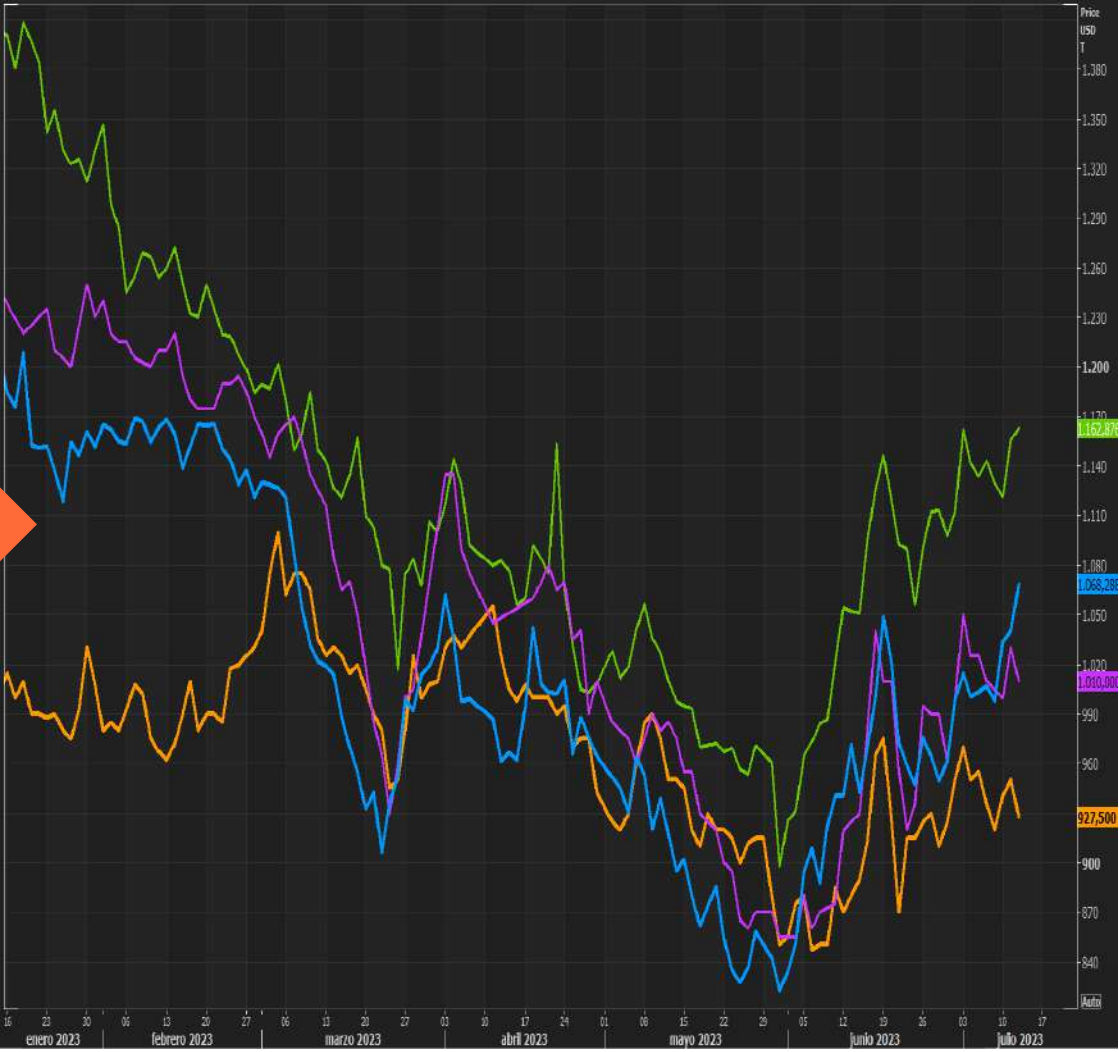
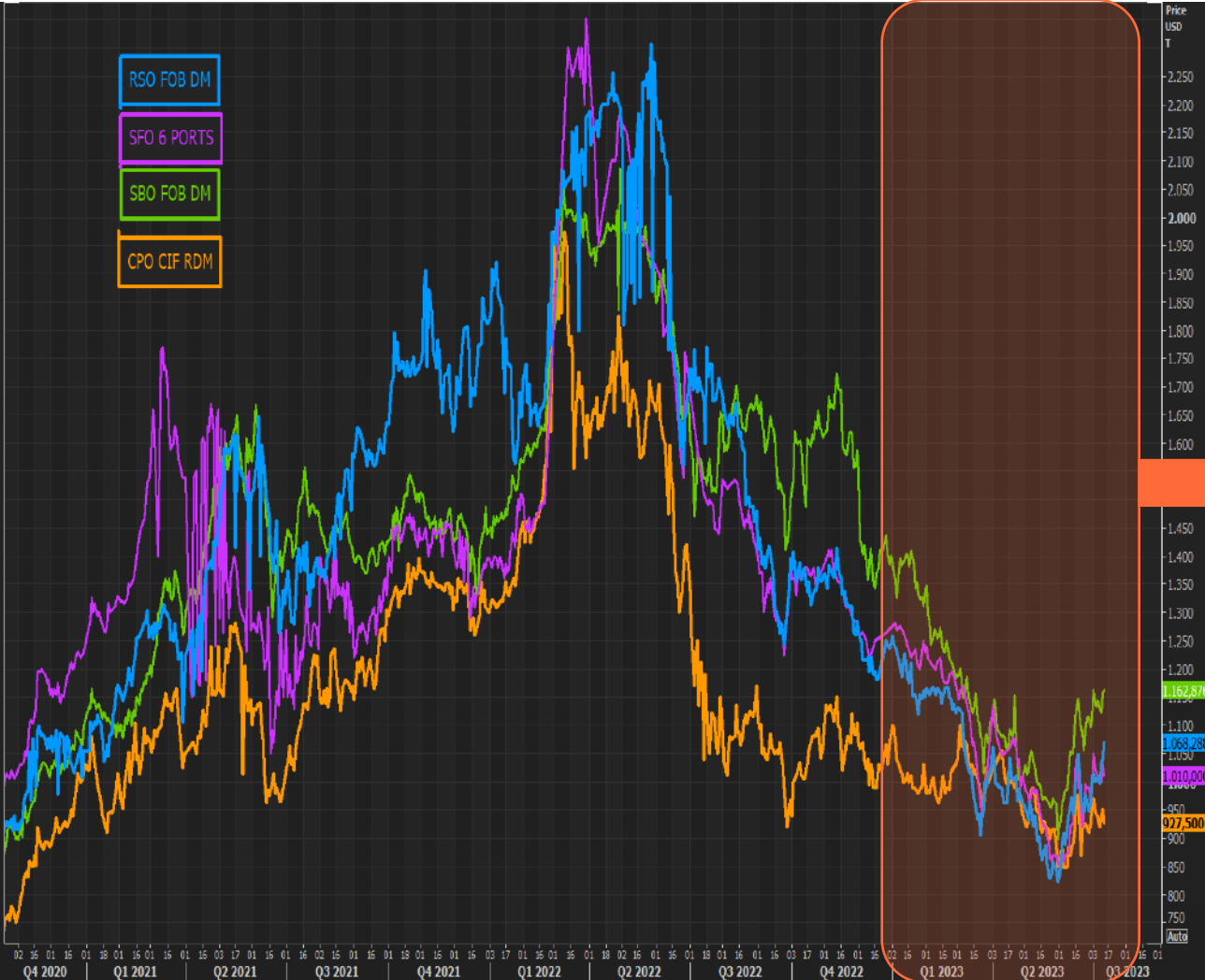
1.1. VEGETABLE OIL PRICES

		12/06/2023	12/07/2023	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALAYSIA	3349	3841	MYR/ MT	492	14,7%
Soya Oil (2nd Pos)	CBOT	53,07	61,93	USD/ MT	9	16,7%
Crude Palm Oil (Sept)	CIF RDM	865	940	USD/ MT	75	8,7%
CCNO Phil/ Indo (Sept/ Oct)	CIF RDM	1005	1050	USD/ MT	45	4,5%
CPKO (Sept/ Oct)	CIF RDM	905	935	USD/ MT	30	3,3%
Crude Sunflower Oil (OND)	6 PORTS	920	1010	USD/ MT	90	9,8%
Crude Rape Oil (ASO)	FOB DUTCH MILL	875	960	€/MT	85	9,7%
Crude Soya Oil (ASO)	FOB DUTCH MILL	980	1045	€/MT	65	6,6%
EUR/ USD						
	SPOT	1,0747	1,1128		0,038	3,5%
Brent Crude						
	SPOT	71,48	80,11	US \$/ BRL	8,63	12,1%
Gas Oils						
	SPOT	708,00	754,25	US \$/ MT	46,25	6,5%

- Pronounced increases occurred last month in SBO, SFO and RSO, due to unfavorable weather for oilseeds.
- CPO became more competitive on the world market.
- July's weather in North Hemisphere will be critical for prices.

SOURCE: REUTERS/OIL WORLD

1.2. EUROPEAN VEGETABLE OIL PRICES



SOURCE: REUTERS

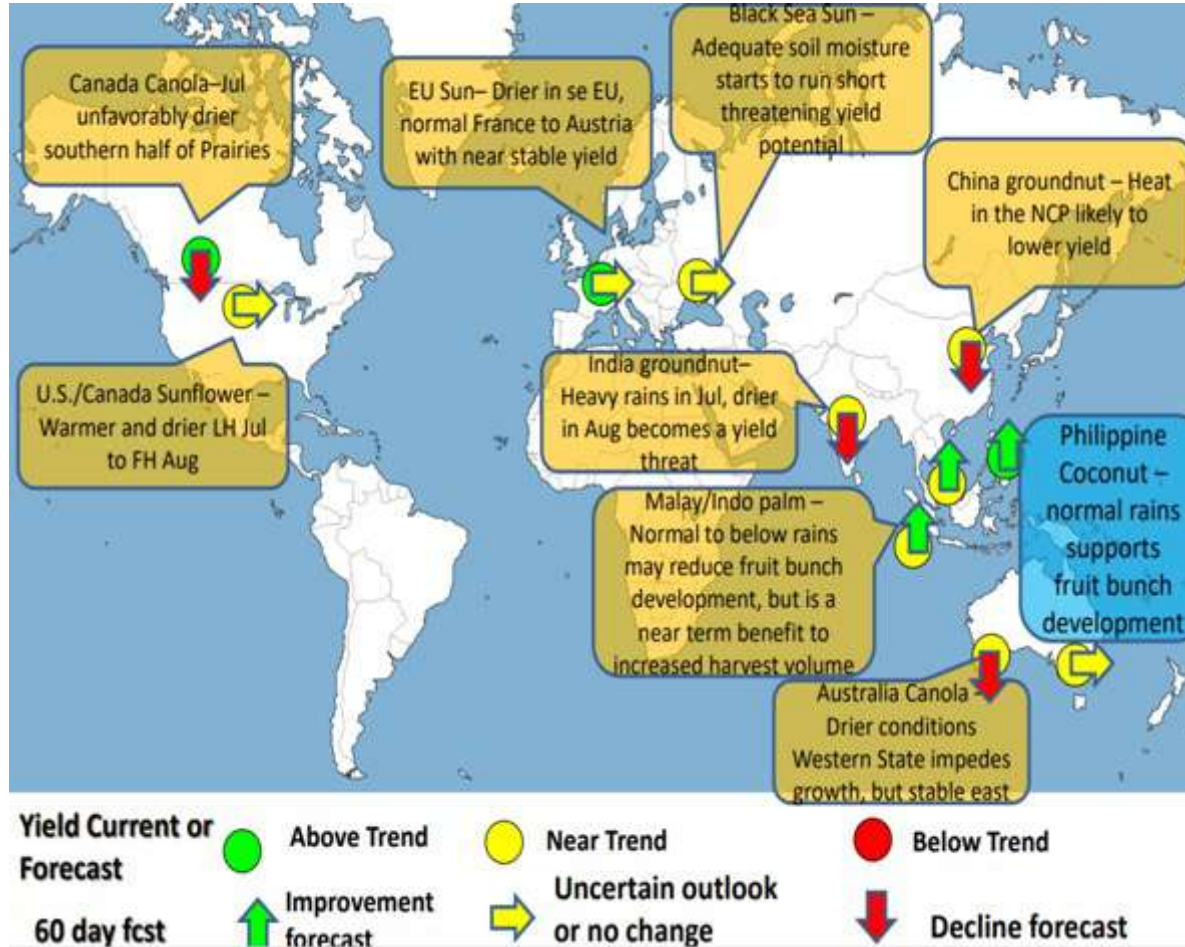
1.3. EUROPEAN VEGETABLE OIL PRICES



SOURCE: REUTERS

2. OILSEEDS + VEGETABLE OILS: A More Complex Situation

Overview / Jul-Aug Wx Risk Outlook:



Since the beginning of June:

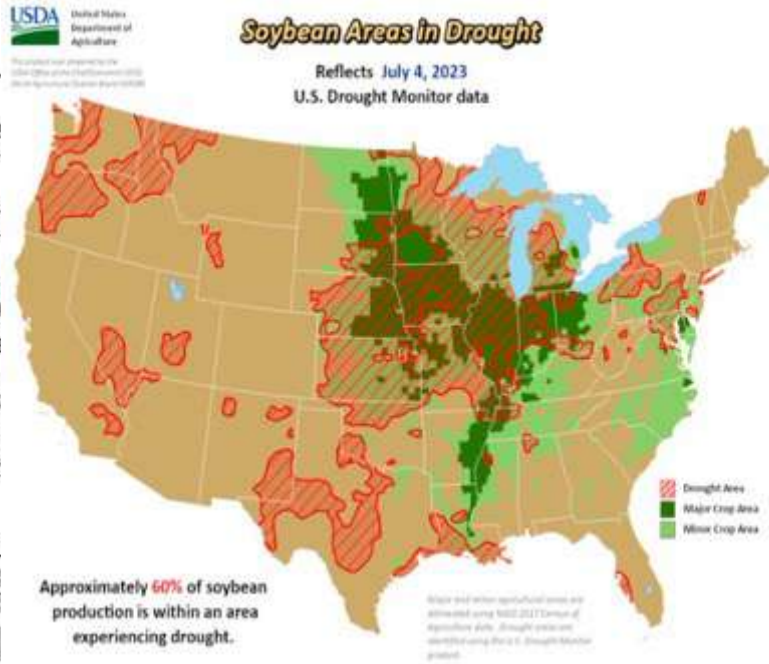
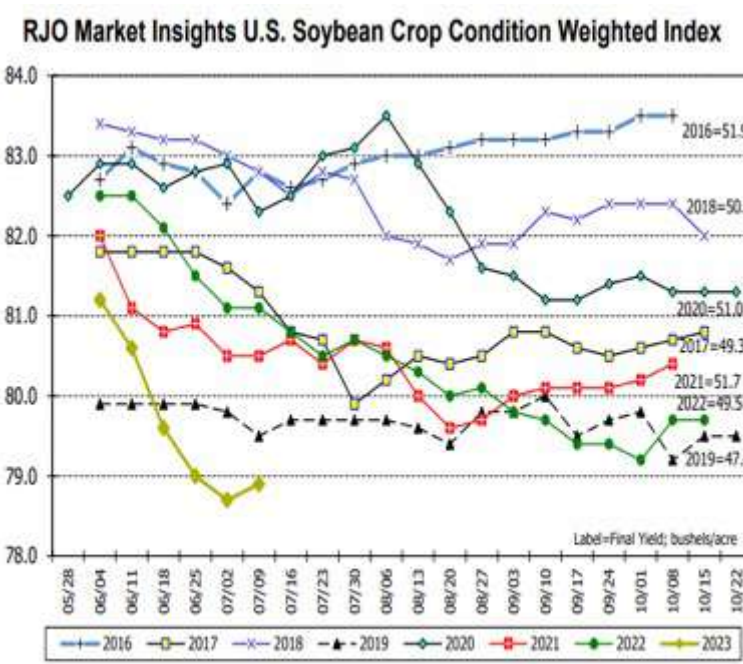
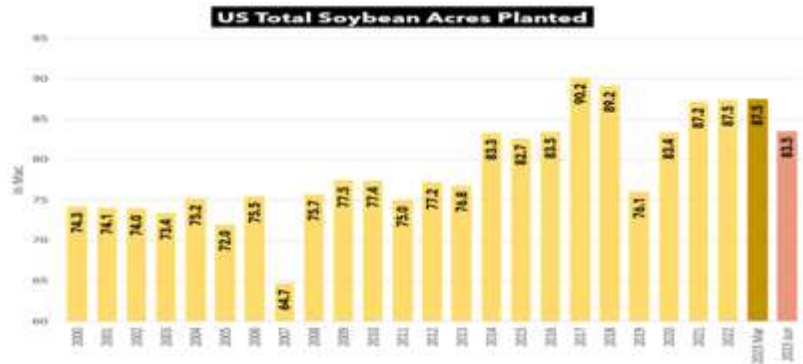
- Significantly lower than expected area of soybean in the US.
- Soybean crops are not great in US.
- Unfavorable weather in Canada and Western Europe.
- Lower than anticipated production of CPO in Asia.
- Concerns about production in Australia.



Price reaction

SOURCE: ETG/OIL WORLD

3.1. SOYBEAN OIL (SBO): US Soybean Area Lower than Expected



	2022/23		2023/24 F		Change	
	Plant. Int.	Acr. Report	Plant. Int.	Acr. Report	vs Plant. Int.	vs 2022/23
Corn	35,847	37,230	37,230	38,079	↑	+6%
Soybeans	35,390	35,412	35,412	33,793	↓	-5%
Wheat (all classes)	18,510	20,176	20,176	20,084	↓	+9%
Durum Wheat	660	720	720	600	↓	-9%
Peanuts	587	626	626	639	↑	+9%

Big surprise on the USDA acreage report: the soybean area in US was estimated **5%** lower than previous report on March-23. 1.6 Mhas less is equivalent to a loss of **5 MnT** based on average yield.

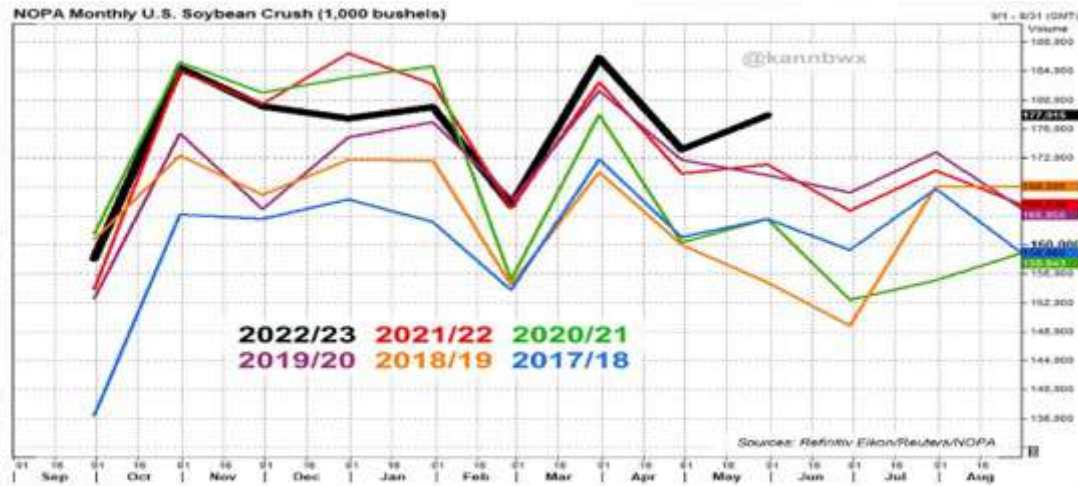
Moisture supplies have improved, and additional rainfall is anticipated in coming days. However, only **51%** of the crops are rated "Good/Excellent" vs 62% a year earlier → **RISK for yields.**



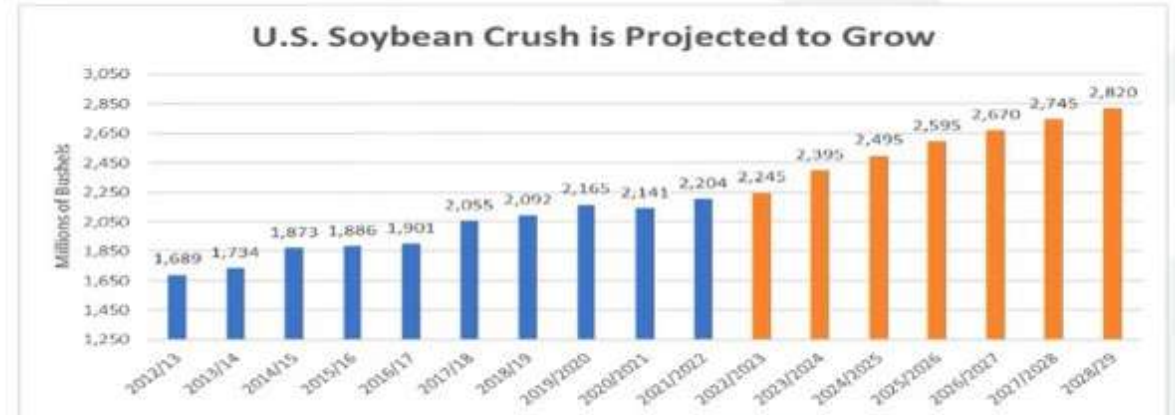
Next season's US soybean supplies will be tighter than expected. Strong reaction on prices, fueled by the expected increase on the domestic demand for biodiesel.

SOURCES: ETG/ARETE PRO/RJO OBRIEN/USDA

3.2. SOYBEAN OIL (SBO): Domestic Demand in the US, A Quick Look



Renewable Diesel / Sustainable Aviation Fuel



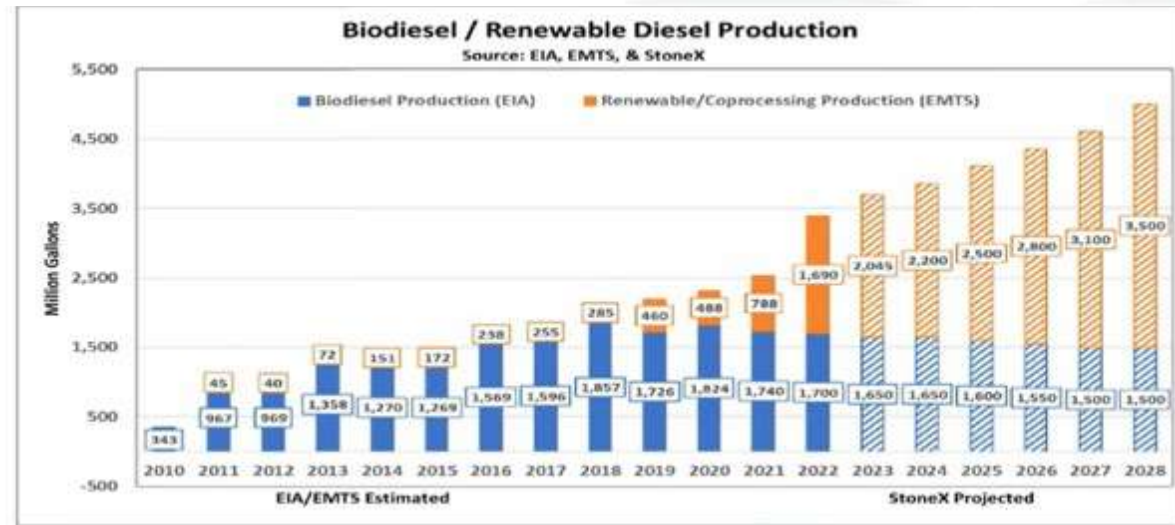
U.S.A.: Feedstock Used for Biodiesel (a) (1000 T)

Feedstock	April		March		Jan / April	
	2023	2022	2023	2022	2023	2022
Canola oil	117	46	146	34	449	143
Soya oil	420	381	432	412	1692	1487
Corn oil	134	96	100	96	459	390
Tallow/Greases	127	94	137	89	500	363
Used/waste oil	296	210	287	183	1008	753
Total	1094	827	1102	814	4108	3136

(a) Incl. HVO. Source: EIA (partly estimated)

- Soybean crushing remains very strong in the US. SBO stocks have grown by **5.5%** compared to May 2022.
- The consumption of oils and fats for biodiesel continues to grow rapidly.

StoneX



StoneX

SOURCES: K BRAUM/NOPA/OIL WORLD/STONEX

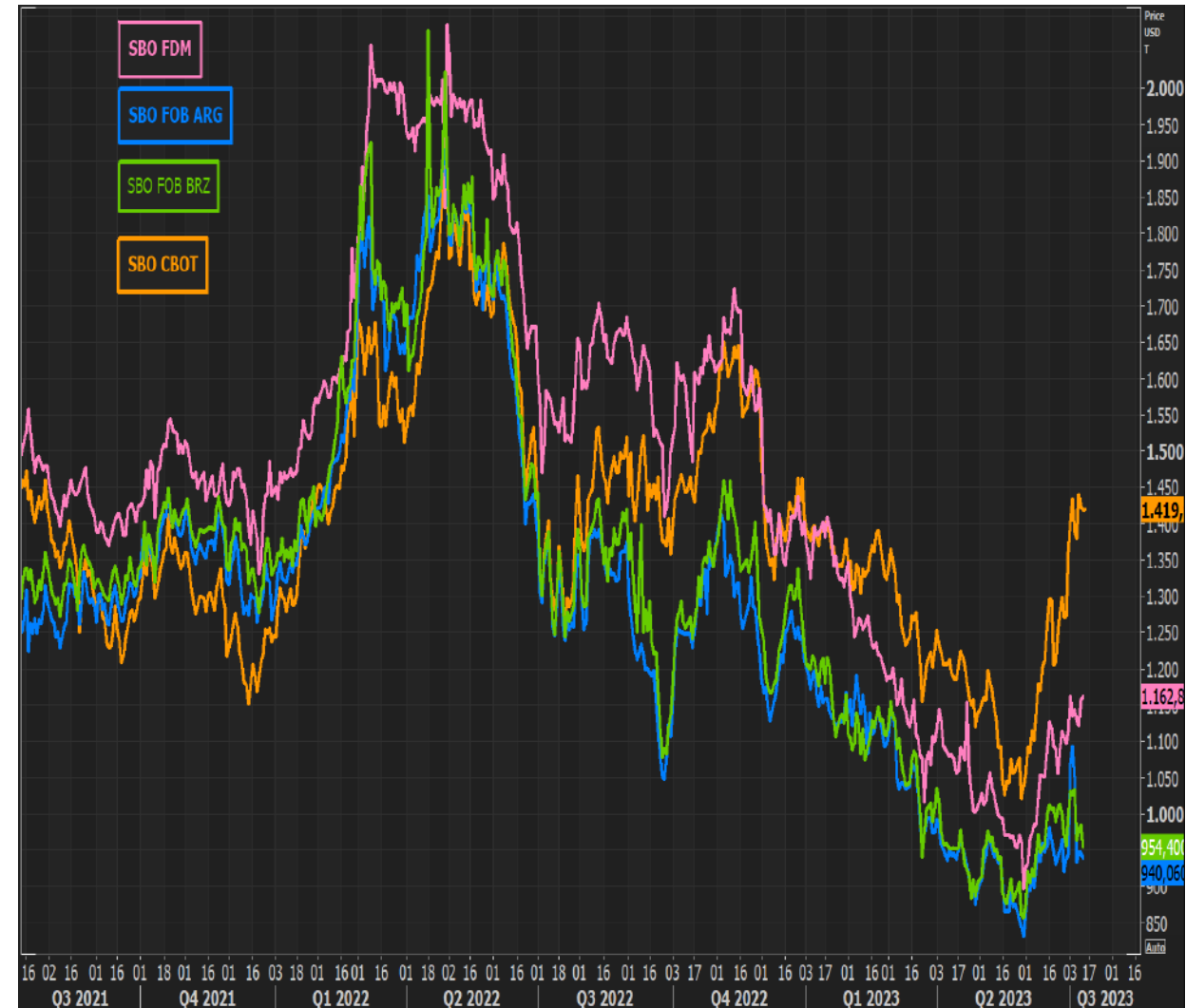
3.2. SOYBEAN OIL (SBO): Recovery in Prices

Tighter US soybean supplies contrast with prospective large South American production and export supplies in 2023/24 where, in general, El Niño has positive effects in the yields. It is reasonable to expect that production in Argentina will recovery.

Brazilian farmer selling has picked up lately. The opposite situation is experienced in Argentina. Due to the upcoming elections this year, the possibility of a change in government and a narrowing of the official and unofficial exchange rate gap, leads to increased grain retention by farmers.

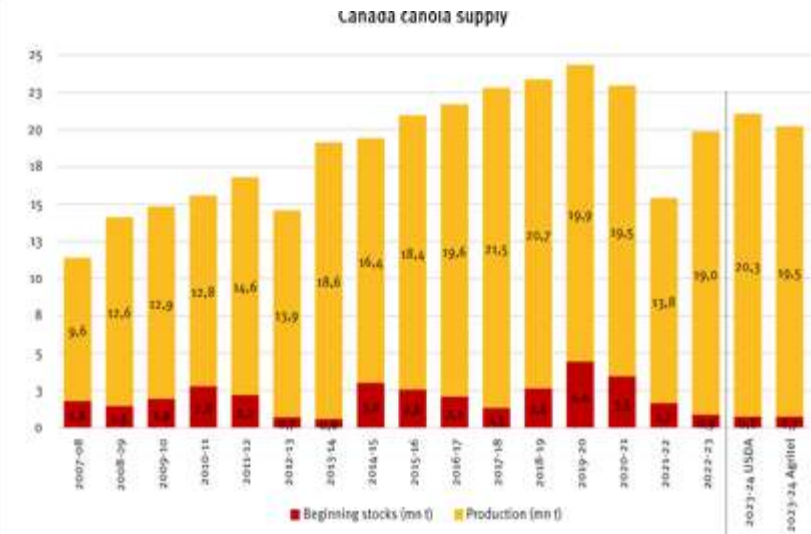
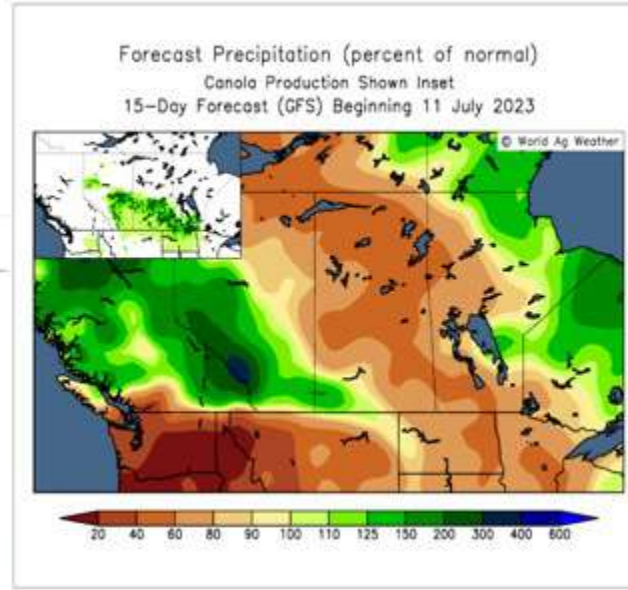
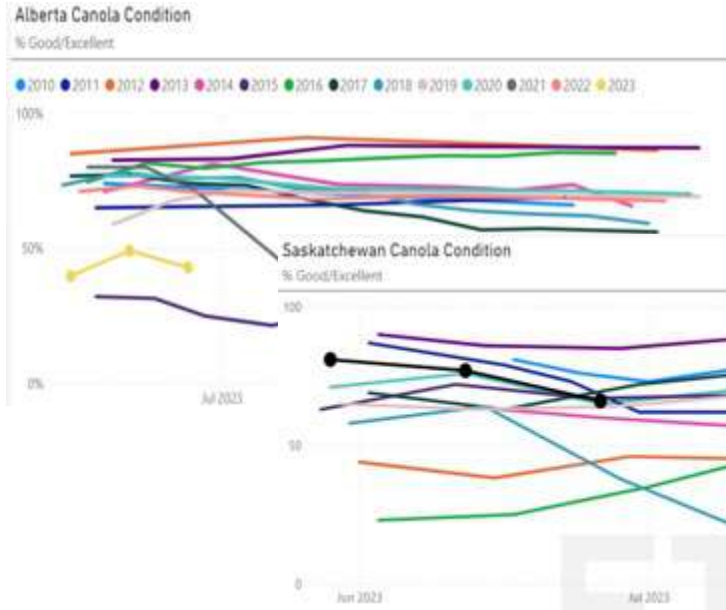
Market players will be largely focused on weather in the US. New season supply remains a key market mover, especially after Argentinean failure and tight US old season stocks.

On the demand side, we have not only focus on China and India, but also closely monitor the evolution of domestic consumption in the US. We expect that physical and futures prices for SBO will continue with a different dynamics since CBOT is now reflecting local situation in US, and funds are adding volatility to this market.



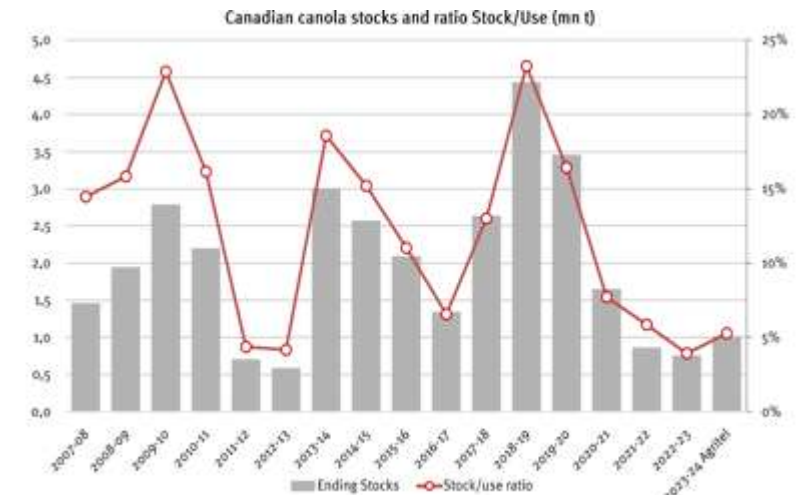
SOURCES: OIL WORLD / VESPER / REUTERS / AGRITEL

4.1. RAPESEED OIL (RSO): Canada Production Will be Lower than Expected



Despite Statcan estimates that the total area will be higher than expected, **there is concern about dryness and crop deterioration in parts of the Canadian Prairies.** Temperatures are expected to remain above/well above normal in the West when crops are in the key yield determination period. As of June 27, **only 43%** of the canola crop was rated “good/ excellent” in Alberta (vs. 47% a week before and 71% a year earlier). **Private analyst are cutting forecast of production about 1 Mnt to 19 Mnt. We believe that it could be even lower.**

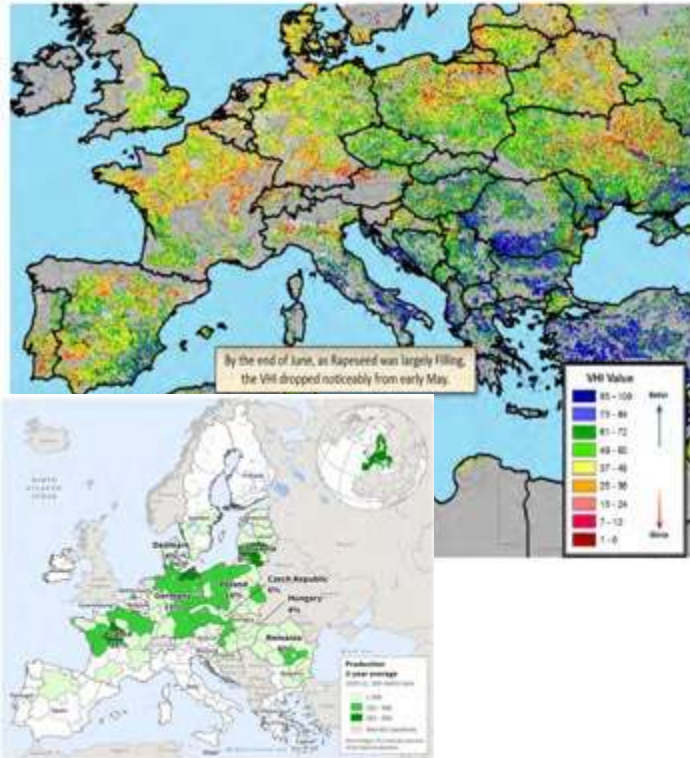
The increase in the EIA’s biodiesel blend targets for 2024 has led to an upward revision of the demand for canola in the USA, which has tightened the US and Canadian canola oil balances.



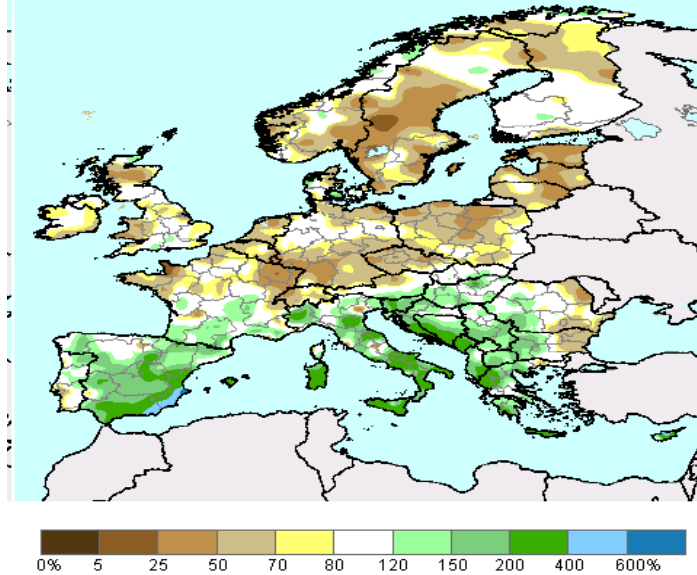
SOURCES: ETG/USDA/STATCAN/WAGW/AGRITEL/STRATEGIE GRAINS

4.2. RAPESEED OIL (RSO): Deterioration in European Crops

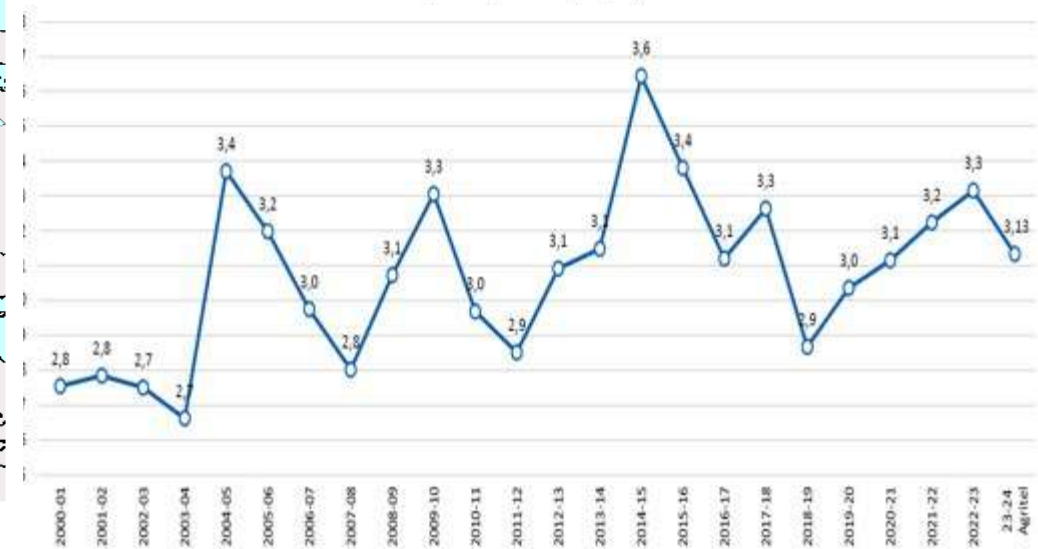
Vegetative Health Index June 25, 2023



Percent of Normal Precipitation 2-Month (CPC)
May, 6 - Jul, 5, 2023



Rapeseed yield in Europe (t/ha)



EU-28 Rapeseed production in mmt depending on yield						
	20-yr min	-10%	-5%	Olympic avg	USDA	20-yr max
	2.66	2.82	2.99	3.15	3.32	3.48
Acreage in Mha	6.49	17.3	18.3	19.4	20.5	21.5
		22.6				23.7

EU yield could be very variable this year. Overly dry weather has affected rapeseed crops in north EU countries and in some of Russia's production zones. In particular, the Northern Europe remained extremely dry over the past 45 days together with comparatively high temperatures, resulting in a crop deterioration in France, Germany and Poland. **EU production could loose 1 or 2 Mt from the previous expectations around 20,5 / 21 Mt.**

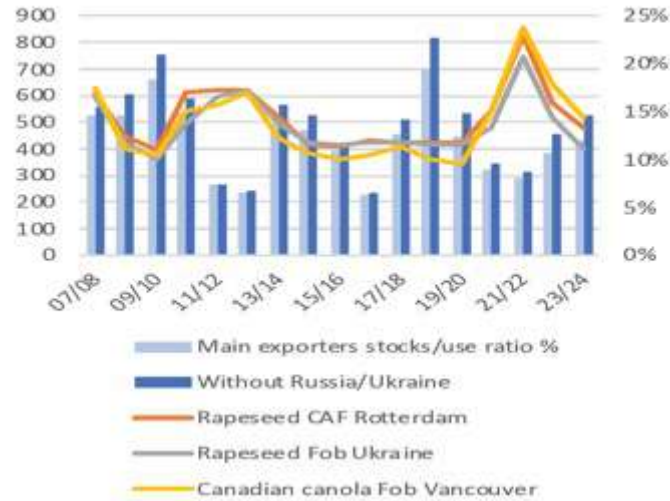
SOURCES: USDA / AGRITEL

4.3. RAPESEED OIL (RSO): World Rapeseed Balance 2023/24 looks heavy

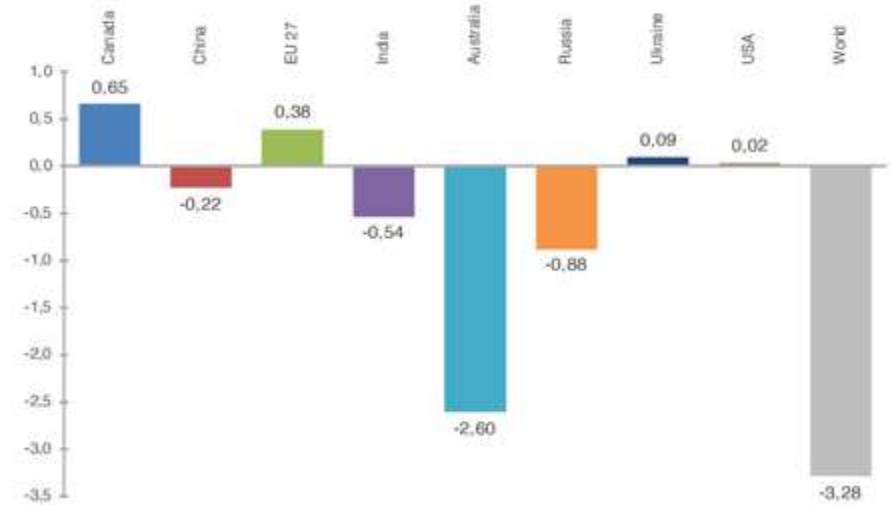


Rapeseed (Mt)	2022/23		2023/24	
	02/06/23	30/06/23	02/06/23	30/06/23
July-June				
carry-in	5.1	5.1	9.1	9.0
production	88.2	88.1	86.1	84.8
trade	20.0	20.0	17.5	17.6
crush	80.5	80.6	81.1	80.7
other cons.	3.6	3.6	3.8	3.8
carry-out	9.1	9.0	10.3	9.4
stock/use ratio	10.8%	10.7%	12.1%	11.2%

1.20. STOCK-TO-USE RATIO FOR RAPESEED AND CANOLA AND WORLD PRICES (\$/T)



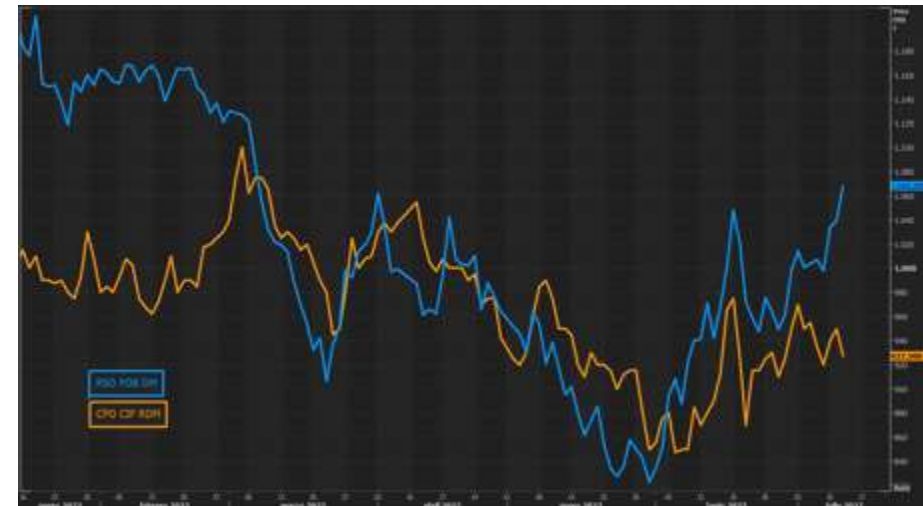
1.13. MAIN YEAR-ON-YEAR CHANGES FOR RAPESEED PRODUCTION IN 2023 COMPARED TO PREVIOUS MARKETING YEAR (MT)



Strategie Grains, as other analysts, has revised down their estimation of global production 2023/24 by 1.3 MTns vs last month. Forecast down by **3.3 Mt** vs. 2022/23, with acreage and yield down after very good year (Australia, India and Russia).

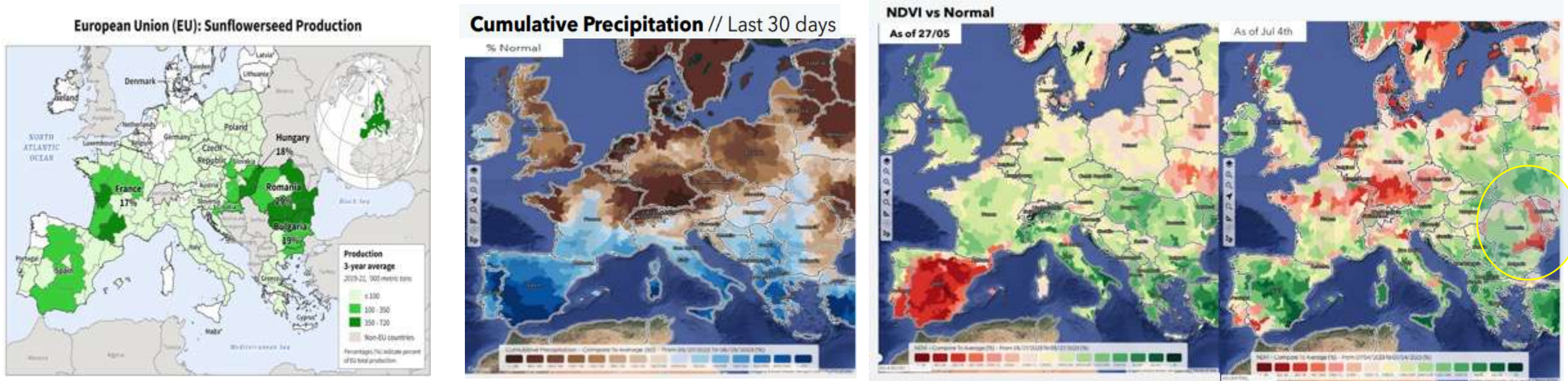
World stocks forecast for 2023/24 amount to 9.4 Mt. World rapeseed balance still heavy at end of June 2024, but **0.9 MnT** less than previous month.

According to Strategie Grains, world prices have downward potential in coming months if harvest reaches expected levels; but we need to follow very carefully the final yields in Europe and if summer oilseed harvest or Canadian or Australian canola suffer losses. In this case, prices could rebound.

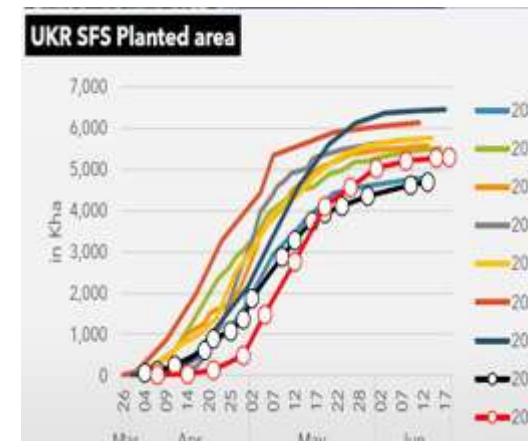


SOURCES: STRATEGIE GRAINS/REUTERS

5.1. SUNFLOWER OIL (SFO): Crops in good conditions



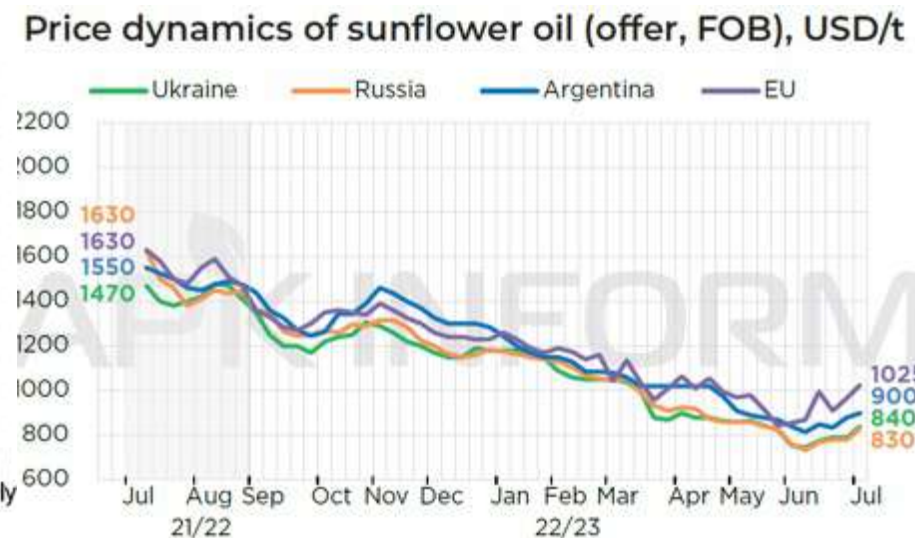
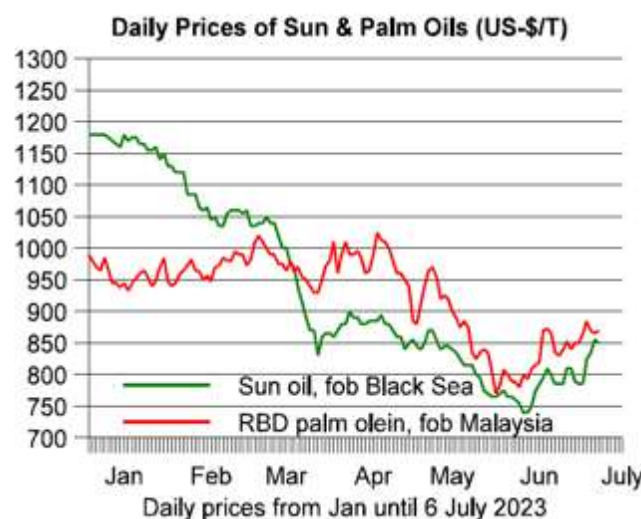
- **Europe:** Overall good conditions so far but the critical period is still ahead. Improvement across the key SFS producing area. Production is expected approximately at 11,0 MnT.
- **Russia:** weather conditions were not the most favourable during planting, but it has improved since end of June.
- **Ukraine:** overall decent conditions so far, although more rain in the East is needed. Sunflower is still in the vegetative growth stage and the key yield formation window is August. Production is forecast at approx. 13 MnT.



SOURCE: ETG/USDA/APK INFORM/STRATEGIE GRAINS

5.2. SUNFLOWER OIL (SFO): Prices Have Rebounded

Sunseed (Mt)	2022/23		2023/24	
	02/06/23	30/06/23	02/06/23	30/06/23
August-July				
carry-in	8.2	8.2	6.2	5.9
production	53.6	53.5	57.8	57.5
trade	4.7	4.5	3.9	3.6
crush	50.1	50.2	52.1	52.0
other cons.	5.5	5.5	5.7	5.7
carry-out	6.2	5.9	6.2	5.7
stock/use ratio	11.1%	10.6%	10.7%	9.9%



A significant increase in SBO prices on the global market supported the SFO market during the last 4 weeks.

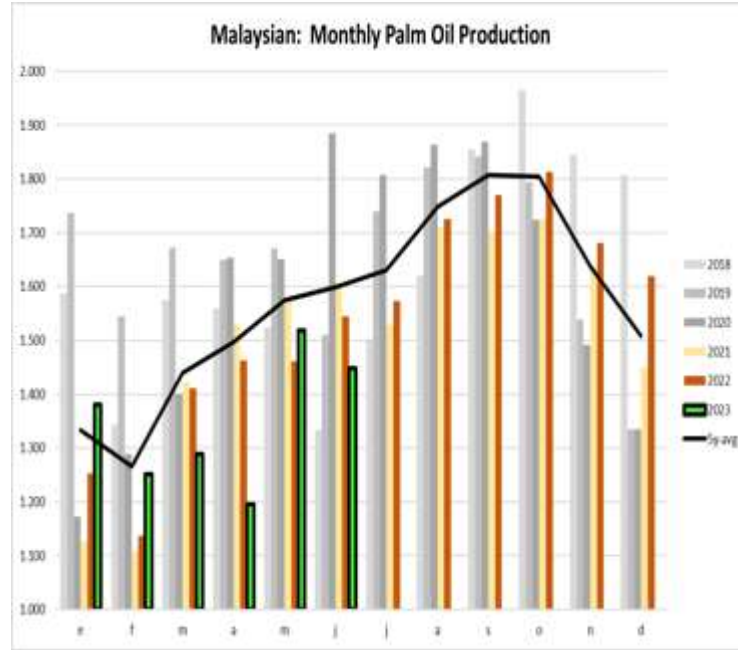
However, the improvement of weather conditions in the main regions of cultivation of this crop in the USA and July USDA Report contributed to a certain relax in prices for vegetable oils during this week, including SFO.

The spread between CPO and SFO prices on nearby contracts has widened. However, SFO remained competitively priced and at discounts to its main competitors, which kept sun oil exports from Ukraine and Russia elevated also in June. Cumulative Russian sunflower seed crushing reached a record 11.8 Mn T in Sept/May 2022/23 (up **0.9 MnT** or **8%** from a year earlier). These are the main supports for prices. The spread between sunflower and soybean oils maintains the attractiveness of the SFO for buyers in the Indian market.

Regarding to S&D for 2023/24, although it is slightly tighter than the previous season, it continues to be ample.

SOURCE: STRATEGIE GRAINS/APK INFORM/OIL WORLD

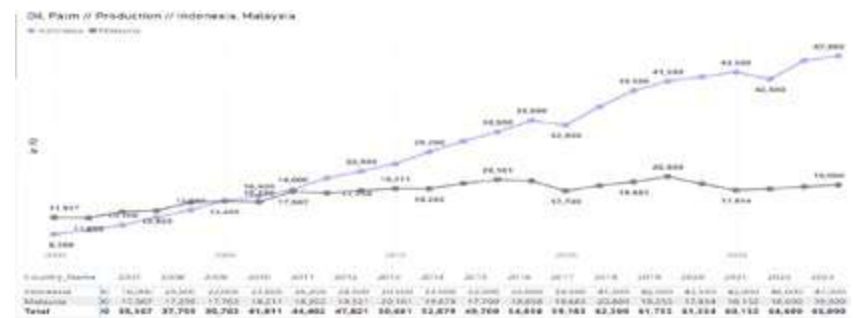
6.1 PALM OIL (CPO): Malaysian Stocks Lower than expected



Malaysia palm oil end-month stock - Jun 2023 (Actual & Estimates)		
	Jun 2023 (in million tons)	% change from May
Reuters	1.864	10.53
Bloomberg	1.870	11.00
Average	1.867	10.77
ACTUAL - MPOB	1.721	1.92



INDONESIA : Balance of Palm Oil (Mn T) January / December					
	2023F	2022	2021	2020	2019
Op'g stocks	5.10*	4.80*	5.05*	4.65*	5.30*
Production	47.80*	46.73*	44.98*	43.50*	44.30*
Imports	.01*	.01	.01*	.01	.10
Exports	28.90*	27.45	28.09*	27.28	30.12
Dom. use	20.30*	18.99*	17.15*	15.85*	14.93*
Biodiesel	10.80*	9.90*	8.44*	7.48	7.31
Other use	9.50*	9.09*	8.71*	8.37*	7.62*
End. stocks	5.71*	5.10*	4.80*	5.05*	4.65*



MPOB bullish Report: Palm oil stocks in Malaysia up on the month, but considerable below trade estimates. Stronger than expected export data and domestic use resulted in a slower than anticipated rise in stocks.

Jan / Jun 2023 accumulated production was **8.1 MnT** vs 8,3 MnT last year. **It is a 7-year low.**

For Oct/Sept 2023/24 Oil World forecast world palm oil production to rise by only 1.3 Mn T to 82.0 Mn T, mainly on account of Indonesia, while we currently expect production to virtually stagnate in Malaysia and Thailand.

They are considering the impact of El Niño in Malaysia and Indonesia production only from April 2024 onward.

SOURCES: POA/MPOB/MPOA/GAPKI/AGRITEL/OIL WORLD/USDA/ETG

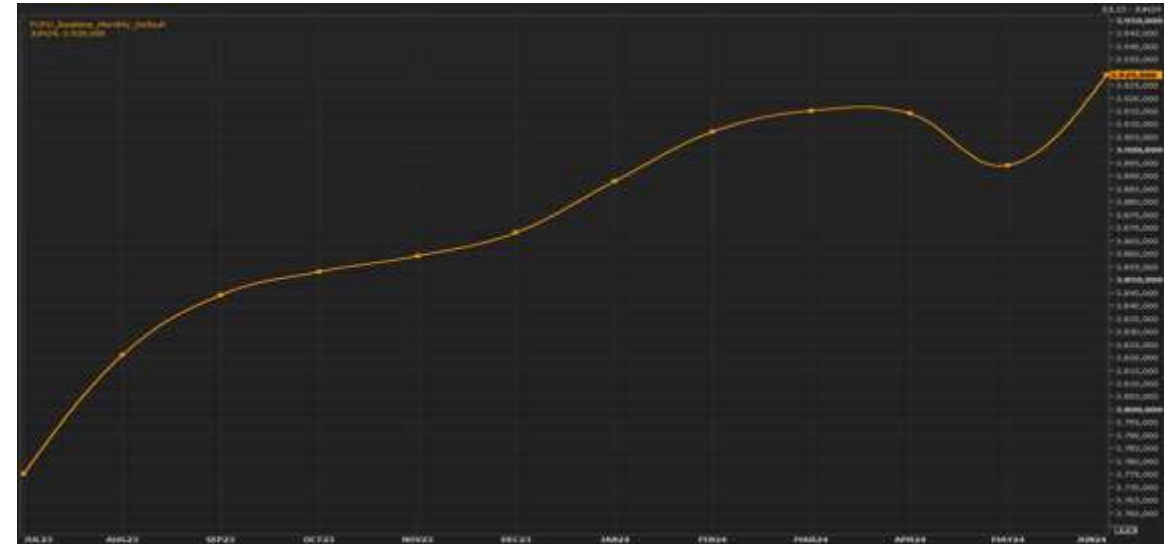
6.2 PALM OIL (CPO): El Niño is the main risk



BMD prices were supported by CBOT rally on SBO and bullish MPOB report.

There are opposing views on the effect of El Niño on production: MPOB forecast the peak of El Niño to impact in early 2024 and considers that it is unlikely to see an impact on Malaysian palm oil production during second half of the year. However, others market participants attribute lower palm oil production in Malaysia to water stress caused by early signs of an El Niño event in Sabah.

Market players are carefully looking for changes in the weather pattern. If the expected increase in Asia production materializes in coming months, **CPO prices could be a bit more competitive vs rest of the oils in the short / medium term.**



SOURCES: POA/REUTERS/OIL WORLD/STONEX

“A World of
Vegetable Oils”



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