



# MARKET REPORT

2nd Half of OCTOBER 2023



# CONTENT

1. VEGETABLE OIL PRICES

2. PRODUCTION HIGHLIGHTS IN OILSEEDS  
AND VEGETABLE OILS

3. PALM OIL (CPO)

4. SOYBEAN OIL (SBO)

5. SUNFLOWER OIL (SFO)

6. RAPESEED OIL (RSO)

# 1.1. VEGETABLE OIL PRICES

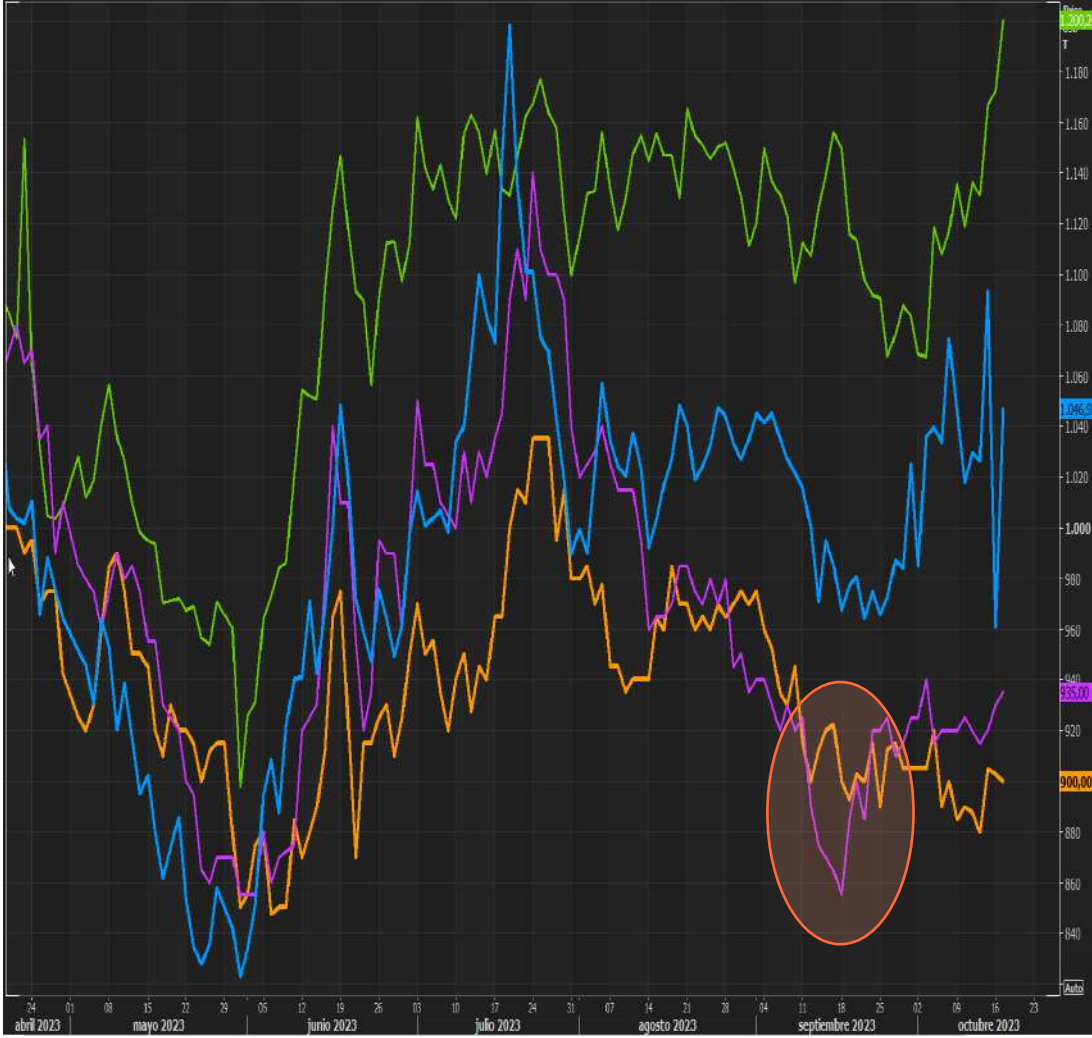
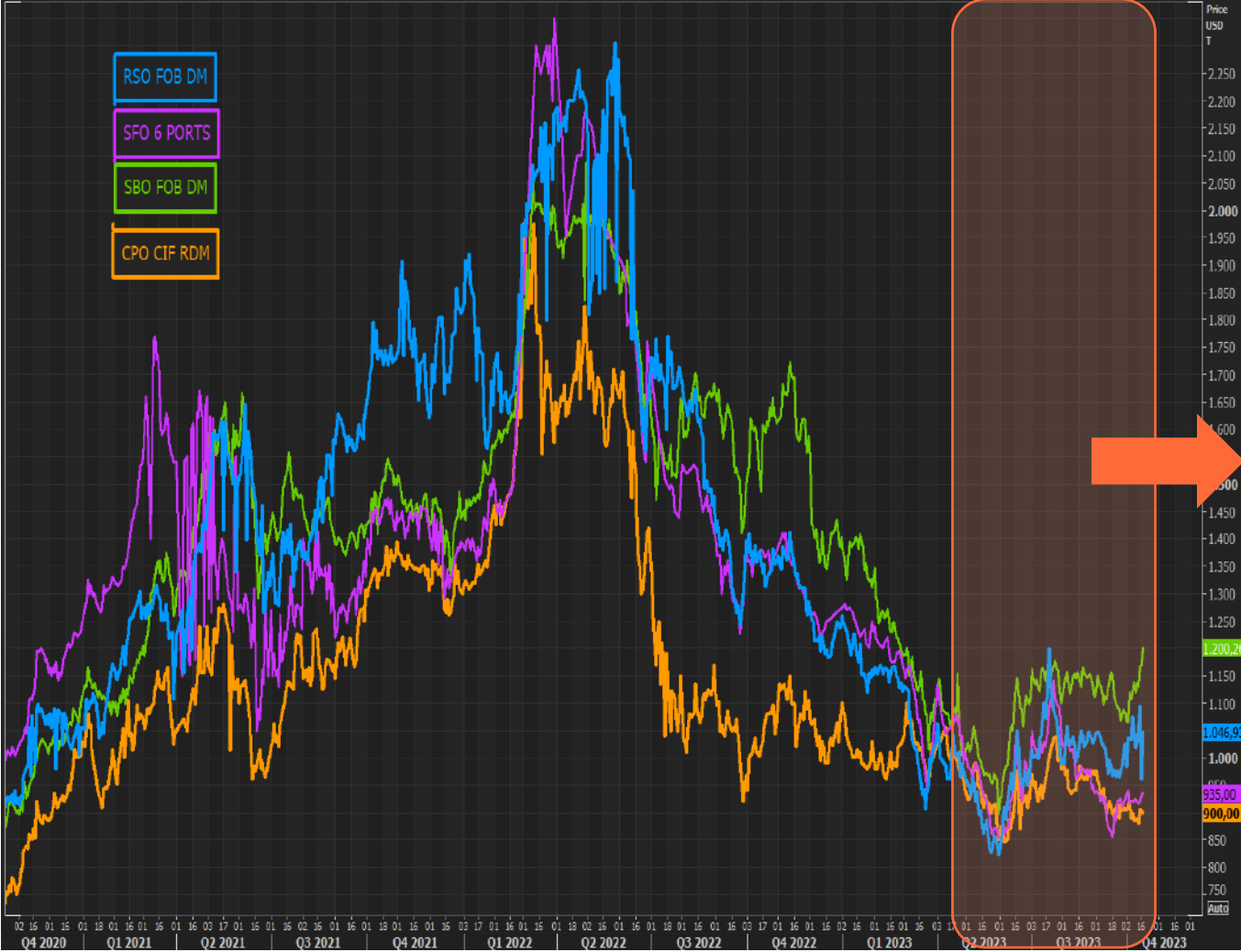
		29/09/2023	30/10/2023	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASYA	3704	3737	MYR/ MT	33	0,9%
Soya Oil (2nd Pos)	CBOT	56	52	USD/ MT	-4	-7,3%
Crude Palm Oil (Nov)	CIF RDM	915	910	USD/ MT	-5	-0,5%
CCNO Phil/Indo (Nov/Dec)	CIF RDM	1070	1080	USD/ MT	10	0,9%
CPKO (Nov/Dec)	CIF RDM	915	915	USD/ MT	0	0,0%
Crude Sunflower Oil (OND)	6 PORTS	905	900	€/MT	-5	-0,6%
Crude Rape Oil (NDJ)	FOB DUTCH MILL	970	955	USD/ MT	-15	-1,5%
Crude Soya Oil (NDJ)	FOB DUTCH MILL	1025	1090	USD/ MT	65	6,3%
EUR/USD						
	SPOT	1,0570	1,0576		0,001	0,1%
Brent Crude						
	SPOT	92,2	89,5	US \$/ BRL	-2,70	-2,9%
Gas Oils						
	SPOT	1001,5	878	US \$/ MT	-123,50	-12,3%

Vegetable oil prices were affected by larger-than-expected supply pressure in sunflower oil, primarily from Russia, as well as weakening global demand. Currently, stocks of sunflower oil, rapeseed oil, and palm oil remain high, but they are anticipated to decrease during the 2023/24 season. Weather risks are also elevated due to recent dry conditions in South America, Southeast Asia, and Australia.

US dollar and energy prices are supported by worries about the escalation of tension in Gaza and Israel, as well as the potential for it to spread to other countries.

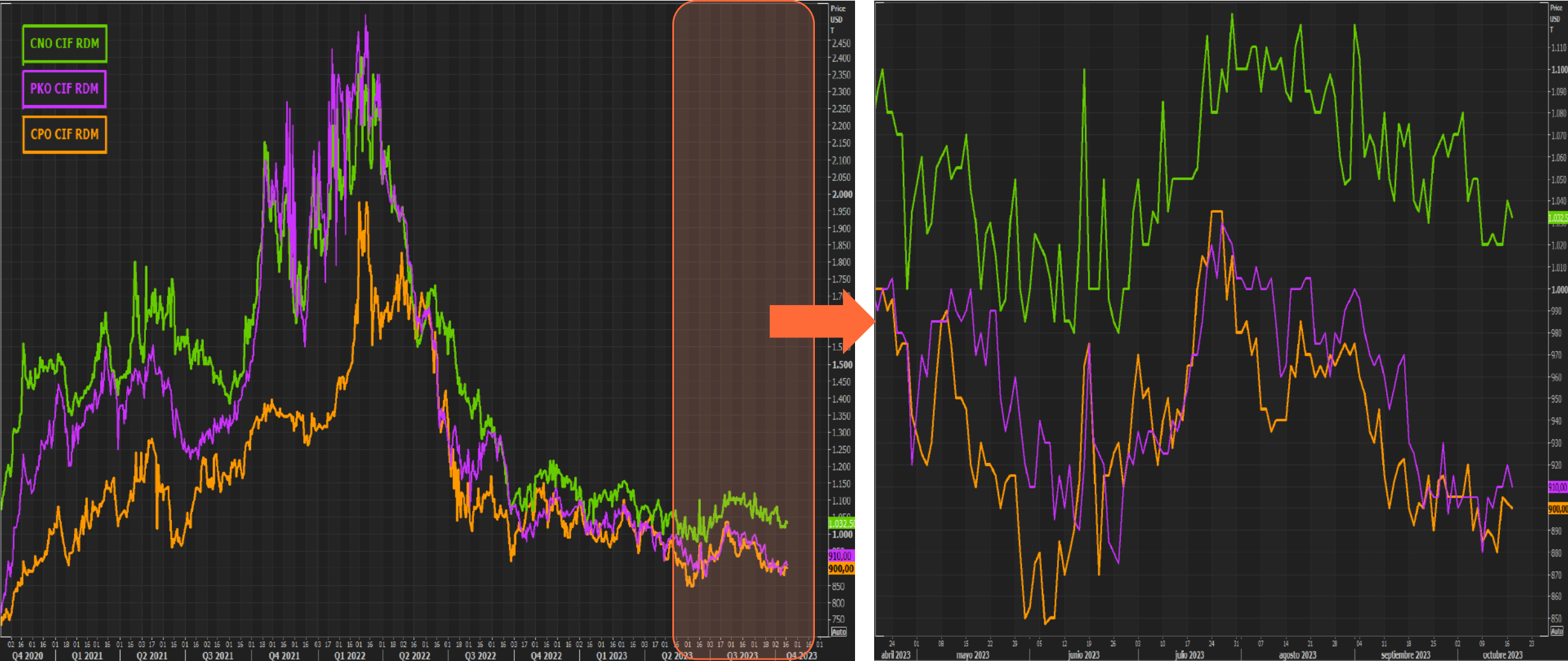
SOURCE: APK INFORM / ARGUS / OIL WORLD / POA / REUTERS

# 1.2. EUROPEAN VEGETABLE OIL PRICES



SOURCE: REUTERS

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SOURCE: REUTERS

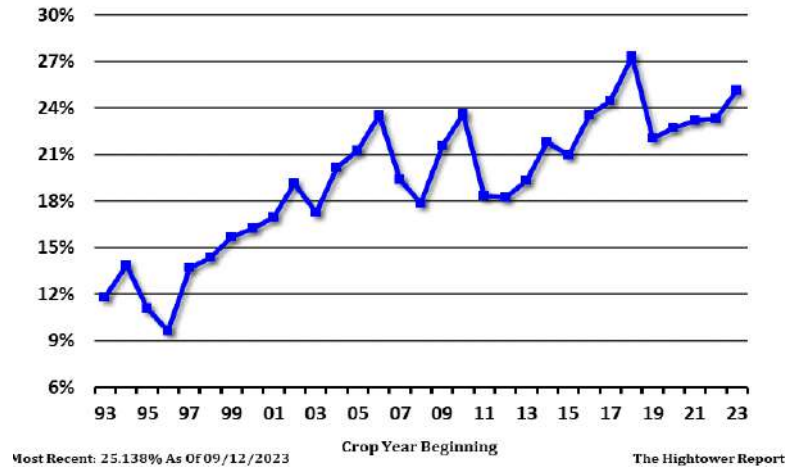
## 2. OILSEEDS + VEGETABLE OILS: Production highlights

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

	Forecast 23/24F	Change to 22/23	22/23	21/22	20/21
Opening stocks . . . .	115.4*	+4.7	110.7	115.3	114.7
Production . . . . .	623.7*	+22.5	601.2	582.9	580.1
<i>thereof: Soybeans</i>	394.9*	+25.0	369.9	357.5	366.1
<i>Sunseed</i> . . . . .	56.7*	+1.9	54.8	58.3	50.8
<i>Rapeseed</i> . . . . .	75.0*	-4.0	79.0	67.4	67.0
<i>Cottonseed</i> . . . . .	39.3*	-1.0	40.3	41.1	40.2
<i>Groundnuts (b)</i> . . . .	33.6*	+0.3	33.3	34.7	33.5
<i>Palmkern &amp; Copra</i>	24.2*	+0.2	24.0	23.9	22.5
<b>Total supplies</b> . . . . .	<b>739.1*</b>	<b>+27.2</b>	<b>711.9</b>	<b>698.2</b>	<b>694.8</b>
<i>thereof: Soybeans</i>	486.3*	+28.1	458.2	457.1	463.3
<b>Consumption</b> . . . . .	<b>609.2*</b>	<b>+12.7</b>	<b>596.5*</b>	<b>587.5</b>	<b>579.5</b>
<i>thereof: Soybeans</i>	377.3*	+10.5	366.8*	368.8	363.7
<i>Sunseed</i> . . . . .	57.2*	-0.4	57.6*	53.4	51.3
<i>Rapeseed</i> . . . . .	77.2*	+3.2	74.0*	66.7	68.6
Ending stocks . . . . .	129.9*	+14.5	115.4*	110.7	115.3
<i>thereof: Soybeans</i>	109.0*	+17.6	91.4*	88.3	99.6
<i>Sunseed</i> . . . . .	4.5*	-0.5	5.0*	7.8	2.8
<i>Rapeseed</i> . . . . .	12.6*	-2.3	14.9*	9.8	9.2
<b>Stocks/usage (a)</b> . . . .	<b>21.3%</b>		<b>19.3%</b>	<b>18.9%</b>	<b>19.9%</b>
<i>thereof: Soybeans</i>	28.9%		24.9%	24.0%	27.4%

(a) Stocks in % of annual disappearance. (b) Shelled basis.

### World Oilseed - Ending Stocks / Usage Ratio



### 8 VEGETABLE OILS: World Balance (Mn T)

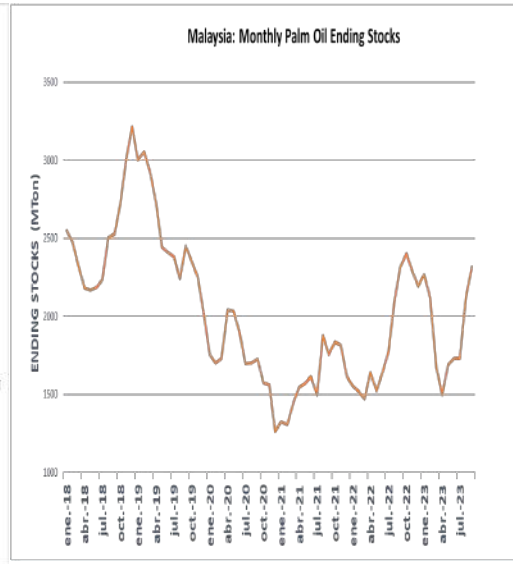
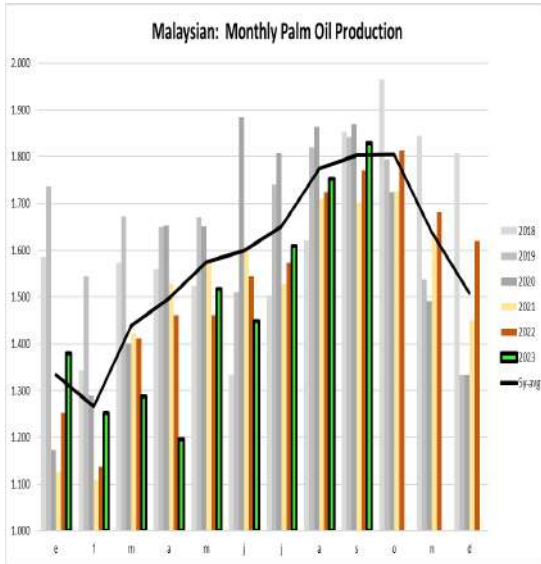
	October / September				
	23/24F	22/23	21/22	20/21	19/20
Op'g stocks	32.75*	29.97	27.40	27.62	29.20
<b>Production</b>	<b>215.02*</b>	<b>212.46*</b>	<b>204.11</b>	<b>201.22</b>	<b>199.59</b>
<i>Change</i>	<i>+1.2%</i>	<i>+4.1%</i>	<i>+1.4%</i>	<i>+0.8%</i>	<i>-0.3%</i>
Imports . . . . .	90.08*	91.33*	82.80	88.57	89.15
Exports . . . . .	90.19*	91.44*	83.52	88.52	89.52
<b>Consumption</b>	<b>216.05*</b>	<b>209.58*</b>	<b>200.82</b>	<b>201.50</b>	<b>200.81</b>
<i>Change</i>	<i>+3.1%</i>	<i>+4.4%</i>	<i>-0.3%</i>	<i>+0.3%</i>	<i>+0.8%</i>
End'g stocks	31.61*	32.75*	29.97	27.40	27.62
Stocks/use ratio	14.6%	15.6%	14.9%	13.6%	13.8%

According to Oil World, during Sept-23 / Oct-24 we can anticipate a modest increase of only **1.2%** in global vegetable oil production. The existing surplus will gradually transition to tightening supplies over the course of this season.

Regarding the 7 Oilseeds, current forecasts show a large global production surplus, with growing dependence on soybean. Market participants are closely monitoring the dry conditions in Australia, Southeast Asia, and South America, which represent the main risk factor for production.

SOURCES: HIGHTOWER REPORT / OIL WORLD / USDA

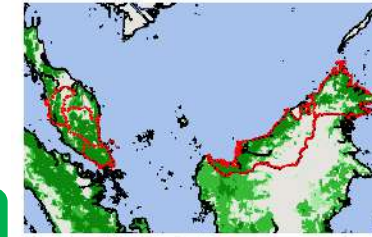
# 3.1. PALM OIL (CPO): Peak Period of Asian Production



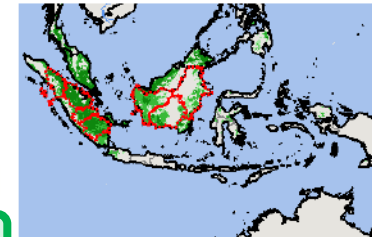
**INDONESIA : Balance of Palm Oil ( Mn T )**

January/December

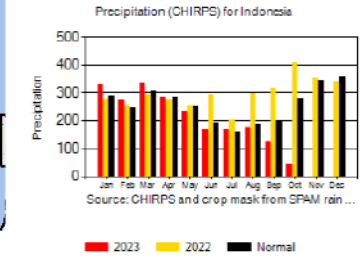
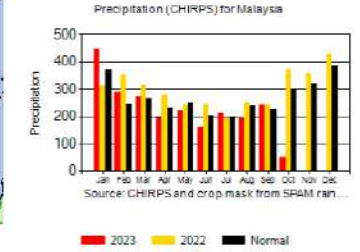
	2023F	2022	2021	2020	2019
Op'g stocks	5.15*	4.80*	5.05*	4.65*	5.30*
<b>Production</b>	<b>47.51*</b>	<b>46.73*</b>	<b>44.98*</b>	<b>43.50*</b>	<b>44.30*</b>
Imports	.01*	.01	.01*	.01	.10
Exports	27.70*	27.45	28.09*	27.26	30.12
Dom. use	29.60*	18.94*	17.15*	15.85*	14.93*
Biodiesel	10.50*	9.90*	8.44*	7.48	7.31
Other use	9.10*	9.04*	8.71*	8.37*	7.62*
<b>End. stocks</b>	<b>5.37*</b>	<b>5.15*</b>	<b>4.80*</b>	<b>5.05*</b>	<b>4.65*</b>



Primary Production in Malaysia (~80% of total palm oil production)



Primary Production in Indonesia (~80% of total palm oil production)



Malaysian palm oil ending-month stocks rose by **9.6%** from August, reaching an eleven-month high of **2.3 Mnt**, but lower than expectations. The surprise has come from local consumption, which is estimated with an **80%** increase from August. Current stocks are nearly at the same level as last year.

Monthly production increased by **4.3%** to 1.8 Mnt, the highest output since Sept-20, thanks to favorable weather conditions and increased harvesting rounds during the high crop season.

In most of Malaysia, rainfall has been close to normal during the past three months, despite the established El Niño. However, since the end of September, below-normal rainfall has been reported in some important areas. Further developments should be monitored.

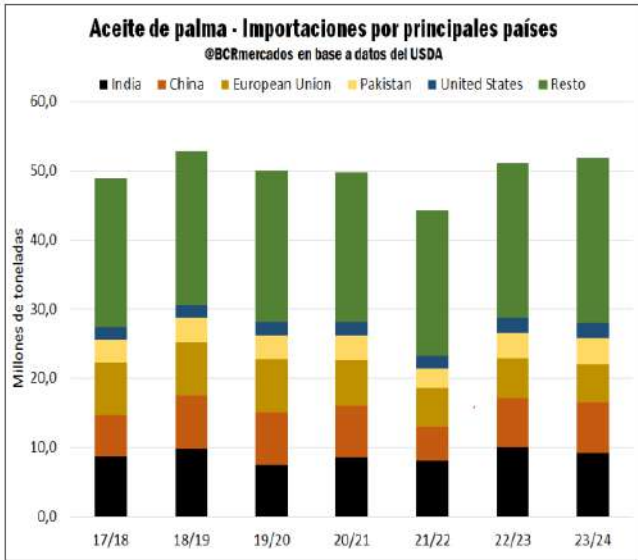
Indonesia's July ending stocks have fallen to a **5-month low** due to surging exports. Export supplies are expected to decrease significantly for three main reasons:

- 1) Stocks as of early Oct 2023 are estimated to be down **1.7Mnt**
- 2) Indonesian palm oil production is projected to grow only slightly below average
- 3) A further increase in domestic consumption of palm oil in 2023/24 is expected, primarily for biofuel but also for food.

Moisture deficits were reported from several part of the country during August, September, and early October, which could potentially impact yields in the medium term.

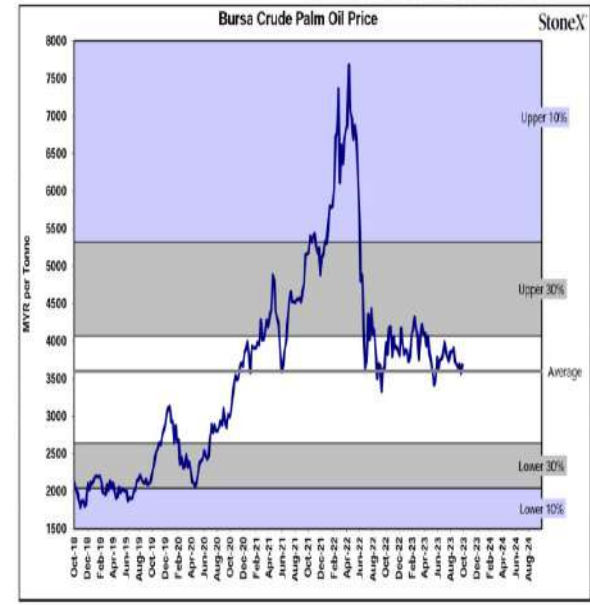
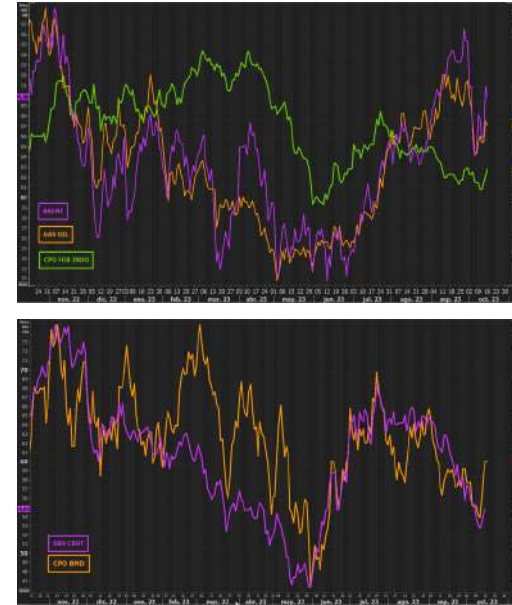
SOURCES: MPOA / MPOB / OIL WORLD / POA

# 3.2. PALM OIL (CPO): Oil World forecast a Global deficit for 2023/24



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

	October/September				
	23/24F	22/23	21/22	20/21	19/20
Op'g stocks . .	15.22*	14.69	12.44	12.84	14.98
Production . . .	81.32*	81.11*	77.27	76.23	74.67
Imports. . . .	51.45*	52.53*	47.41	51.68	50.74
Exports. . . .	51.65*	52.69*	47.83	51.57	50.95
Disappearance	82.03*	80.42*	74.60	76.75	76.60
End'g stocks	14.31*	15.22*	14.69	12.44	12.84
Stocks/usage	17.4%	18.9%	19.7%	16.2%	16.8%



As expected, Indian vegetable oil imports fell approx. **19%** to 1.55 MnT during September from the high base recorded during August: palm oil imports **-26%**, sunflower oil **-18%** and soybean oil at same level than Aug-23.

Energy prices have been appreciating during last 2 weeks, due to the escalation of the armed conflict in the Middle East.

World consumption of 8 vegetable oils increased by **8.8 MnT** in Oct/Sept 2022/23. Roughly 40% of this increase was attributed to the USA, Brazil and Indonesia, primarily due to expanding biodiesel production.

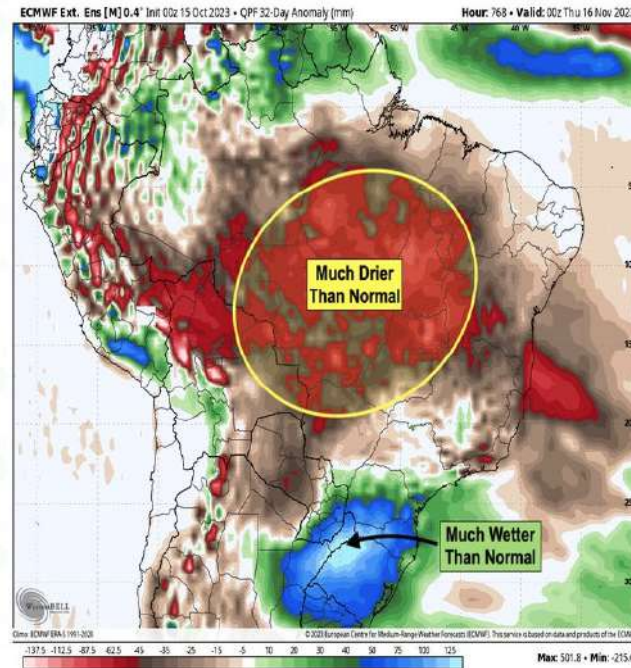
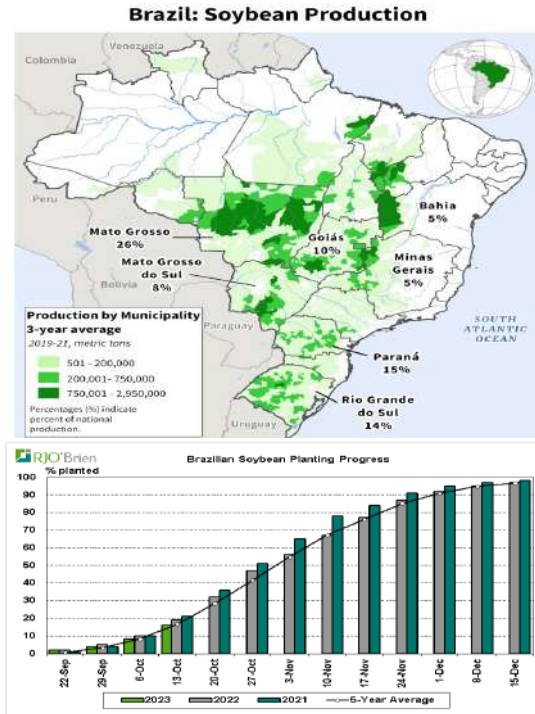
Currently world palm oil stocks remain high. The substantial increases in China and India more than offset the significant decline in palm oil stocks in Indonesia.

However, according to Oil World, a global production deficit is anticipated in Jan/Sept 2024, with stocks expected to decrease by **0.9 MnT**, primarily in Malaysia, Indonesia and India. The major risk factor that may additionally curb supplies is the uncertain effects of El Niño on production of palm oil and lauric oils, and this situation should be closely monitored.

SOURCES: APK INFORM / BCR / GAPKI / OIL WORLD / REUTERS / STONEX

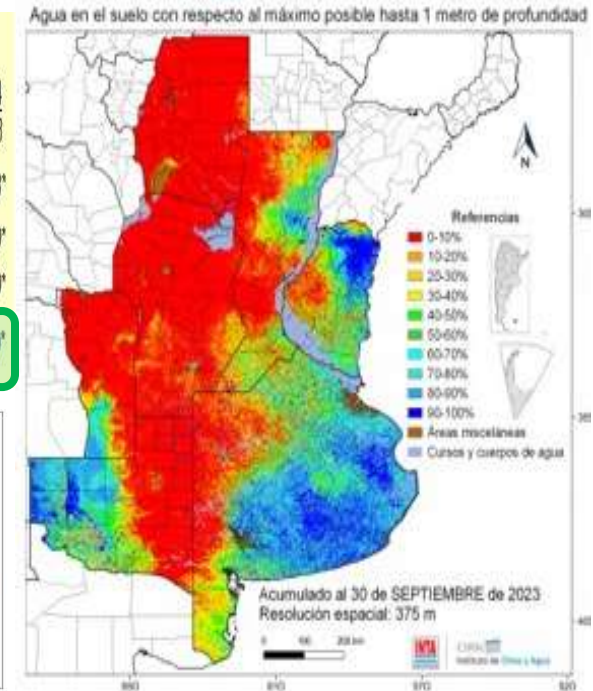


# 4.1 SOYBEAN OIL (SBO): Unfavorable weather conditions in South America



**ARGENTINA: Soybean Area (Mn ha), Yields (T/ha) and Production (Mn T)**

	2024F	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Planted area	17.00*	15.80*	16.09	16.65	16.91	17.01	17.26	19.10*	20.30*	19.90*	19.78
Lost area	.70*	2.40*	.59*	.61	.51*	.43	.94	1.40*	1.70*	.50*	.58*
Harvest area	16.30*	13.40*	15.50*	16.04*	16.40*	16.58	16.32	17.70*	18.60*	19.40*	19.20*
Yields (T/ha)	2.82*	1.61*	2.70*	2.73*	2.99*	3.28*	2.13*	2.93*	2.92*	3.09*	2.80*
Production	46.00*	21.60*	41.80*	43.80*	49.00*	54.30*	34.80*	51.80*	54.40*	60.00*	50.00*



Dry and warm conditions prevailed across Northern and Central Brazil, leading to poor soil moisture levels. In contrast, there is ample soil moisture in most part of Parana and Rio Grande do Sul. Soybean planting is 16% complete. Currently, CONAB estimates a record harvest of 162 MnT.

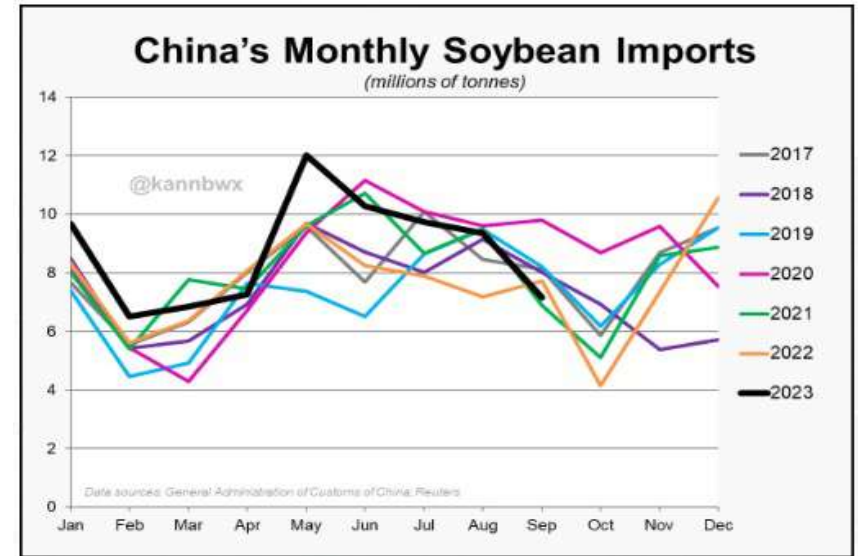
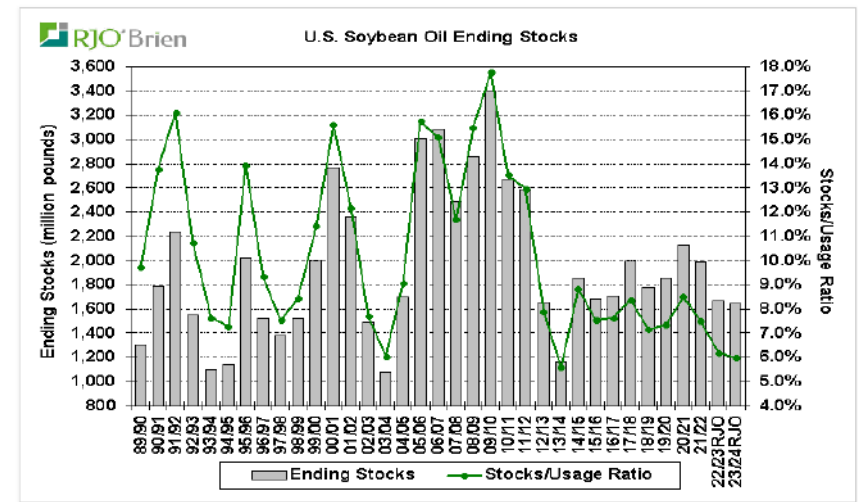
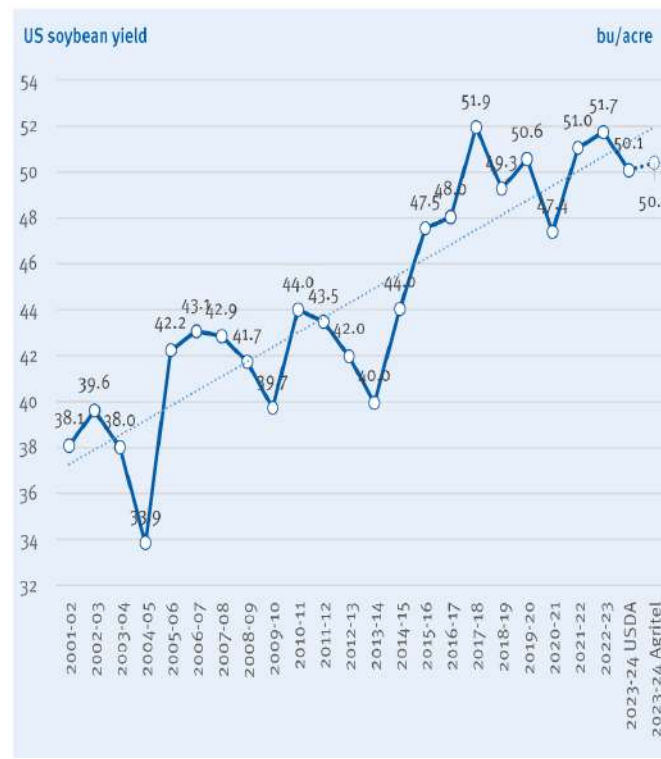
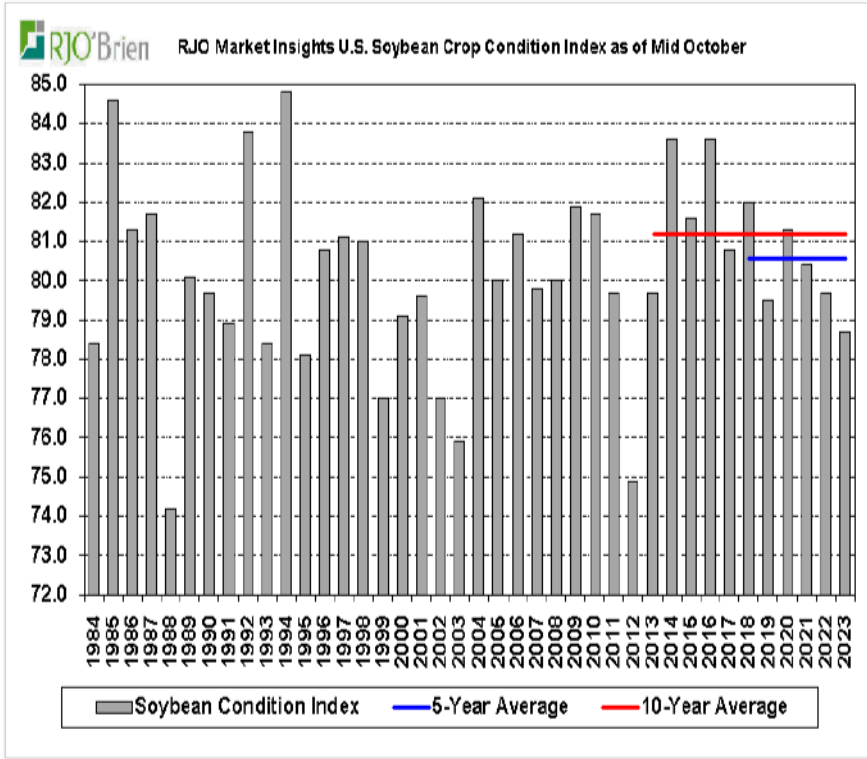
In Argentina, corn planting intention cannot be completed due to unusually low soil moisture levels. A shift in acreage from corn to soybeans may result in an even larger increase in next year's soybean plantings and production, provided that adequate rainfall improves from November or December onward.

Argentina's soybean average daily sales dropped by **85%** in October compared to the levels seen in September, according to Rosario Grain Exchange (BCR). This decline is due to a significant increase in unofficial dollar exchange rate, which occurred just before to the national elections.

The global dependence of soybean is expected to increase, and the development of crops in South America will be crucial in determining oilseed and oil prices.

SOURCES: BCR / EMPIRE WEATHER / INTA / OILWORLD / RJO OBIEN / USDA

# 4.2. SOYBEAN OIL (SBO): Worst conditions in US soybean crops

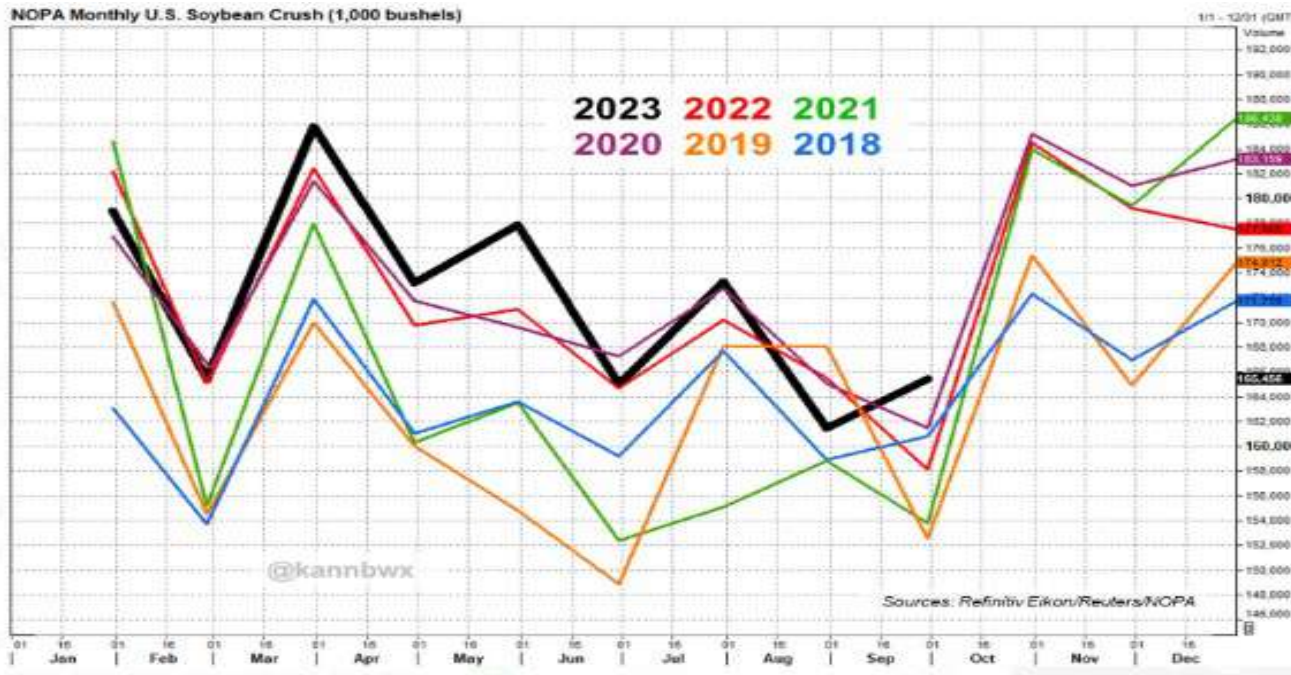


US soybean harvest is 62% completed. The conditions have notably worsened since September, with only 52% of crops rated as “good/excellent” compared to 57% last year. The USDA has adjusted its estimate downward by **1.1 Mnt** to 111.7 Mnt, marking the lowest since 2019/20.

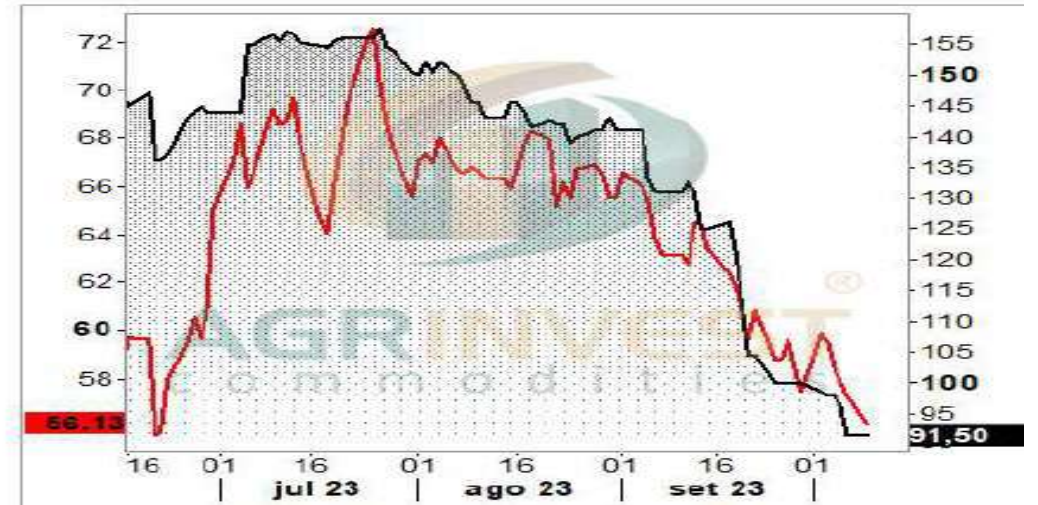
The absence of international demand for US soybean has played a role in the recent bearish trend. China demand is being affected by poor crush margins, slim profit for pig producers and a bearish soy price outlook.

SOURCES: AGRINVEST / ARGUS / K BRAUM / OIL WORLD / RJO / STONEX / USDA

# 4.3. SOYBEAN OIL (SBO): significant Drop in RIN Values

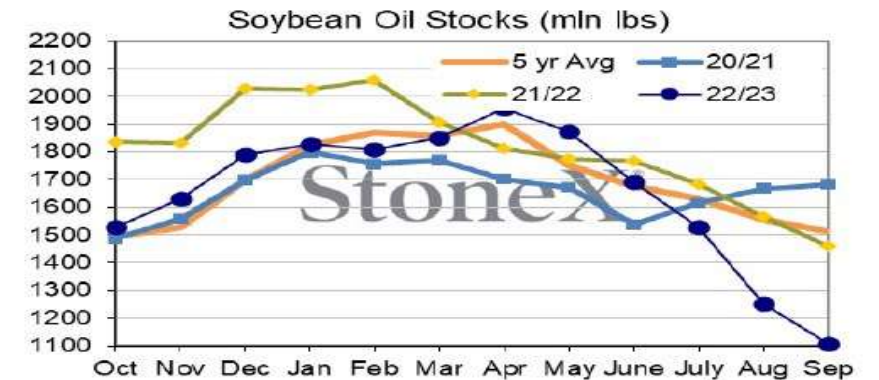


**RIN VS. ÓLEO DE SOJA CBOT**  
**O CRÉDITO DE BIODIESEL (RIN) PRESSIONA O ÓLEO DE SOJA NA CBOT.**  
**ÓLEO DE SOJA (LINHA VERMELHA) EM U\$C/LB - RIN BIODIESEL (LINHA PRETA) EM U\$C/GLN**



Despite US NOPA reporting record crushing volumes during September, there are signs that the booming US biodiesel/HVO production may temporarily lose momentum. It has recently been exacerbating the bearish repercussions of subdued demand growth in the food sector.

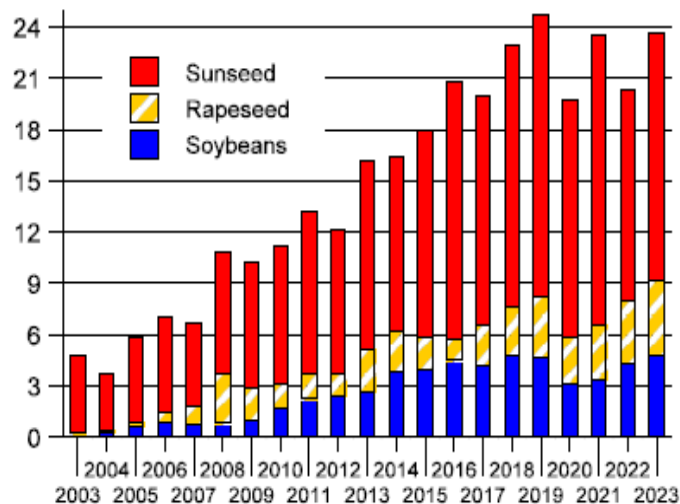
In fact, SBO prices have been under severe pressure in recent weeks, especially in the USA. Obligated parties, such as refiners and importers, are using RINs to confirm their compliance with Renewable Volume Obligations. The decline in D4 RIN values (down 35% since September) suggest an overproduction of biodiesel/HVO in the USA, which is putting pressure on SBO and other feedstocks.



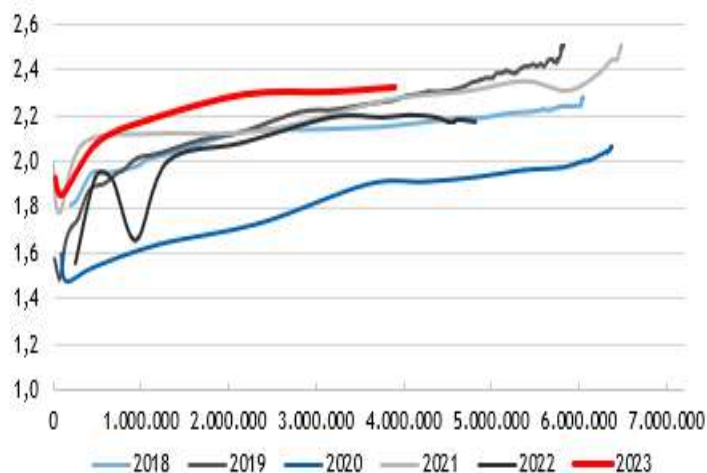
SOURCES: AGRINVEST / ARGUS / K BRAUM / OIL WORLD / RJO / STONEX / USDA

# 5.1. SUNFLOWER OIL (SFO): Ample SFO Supply in the Black Sea Region

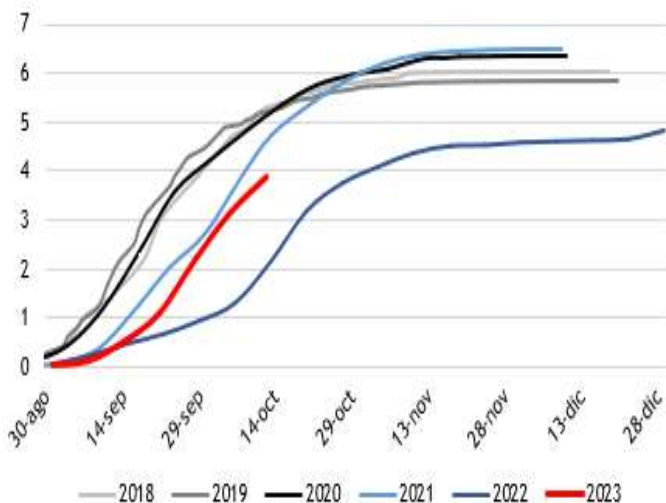
UKRAINE: Production of Oilseeds (Mn T)



Ukraine sunflower yields for same harvested area (t/ha)



Sunflower harvested area in Ukraine (mn ha)



UKRAINE : Sunseed Supply & Demand ( Mn T )

September / August

23/24F 22/23 21/22 20/21 19/20

Op. stocks ... .12\* 3.04\* .21\* .14\* .21\*

Output ... 14.40\* 12.30\* 16.90\* 13.90\* 16.50\*

Imports ... .02\* .03 .02 .02 .03

Exports ... 1.24\* 1.86 1.61 .19 .07

Crushings ... 12.90\* 13.17\* 12.14\* 13.45\* 16.31\*

Other use. ... .24\* .22\* .34\* .21\* .22\*

End Stocks .. .16\* .12\* 3.04\* .21\* .14\*

Supply and demand balance of sunflower seed in Russia

	2021/22	2022/23	2023/24	Changes, %	
				2022/23-2021/22	2023/24-2022/23
Beginning stocks	26,1	889,9	735,5	up 34,1 t.	-17,4%
Planted areas, '000 ha	9 740,0	10 150,0	9 940,0	+4,2%	-2,1%
Harvested areas, '000 ha	9 642,6	9 439,5	9 741,2	-2,1%	+3,2%
Yield in clean weight, t/ha	1,62	1,81	1,75	+11,7%	-3,3%
Production in clean weight	15 621,0	17 085,5	17 047,1	+9,4%	-0,2%
Imports	77,0	65,1	60,0	-15,5%	-7,9%
<b>Total supply</b>	<b>15 724,2</b>	<b>18 040,5</b>	<b>17 842,6</b>	<b>+14,7%</b>	<b>-1,1%</b>
Consumption:	14 500,0	16 900,0	16 800,0	+16,6%	-0,6%
processing for oil	14 193,6	16 646,5	16 464,0	+17,3%	-1,1%
seeds	50,8	49,7	49,0	-2,2%	-1,4%
others	98,4	23,4	108,6	-76,2%	up 4,6 t
losses	157,2	180,4	178,4	+14,8%	-1,1%
Exports	334,3	405,0	400,0	+21,2%	-1,2%
<b>General distribution</b>	<b>14 834,3</b>	<b>17 305,0</b>	<b>17 200,0</b>	<b>+16,7%</b>	<b>-0,6%</b>
Ending stocks	889,9	735,5	642,6	-17,4%	-12,6%
Stocks-to-distribution ratio	6,0%	4,2%	3,7%		

In **Russia**, favorable weather during most of the growing season facilitated above-average yields. APK Inform estimates Russian production at 17 MnT, slightly below last year's level.

In **Ukraine**, oilseed production is expected to reach a 4-year high of 23.6 Mn T in 2023, an increase of 3.3 Mn T. Sunflower harvesting progressed rapidly in September, thanks to favorably dry weather, with yields comparatively high.

SOURCES: APK INFORM / ARGUS / BCBA / EUC / OIL WORLD / STRATEGIE GRAINS / UGA

## 5.2. SUNFLOWER OIL (SFO): Ample SFO Supply in the Black Sea Region

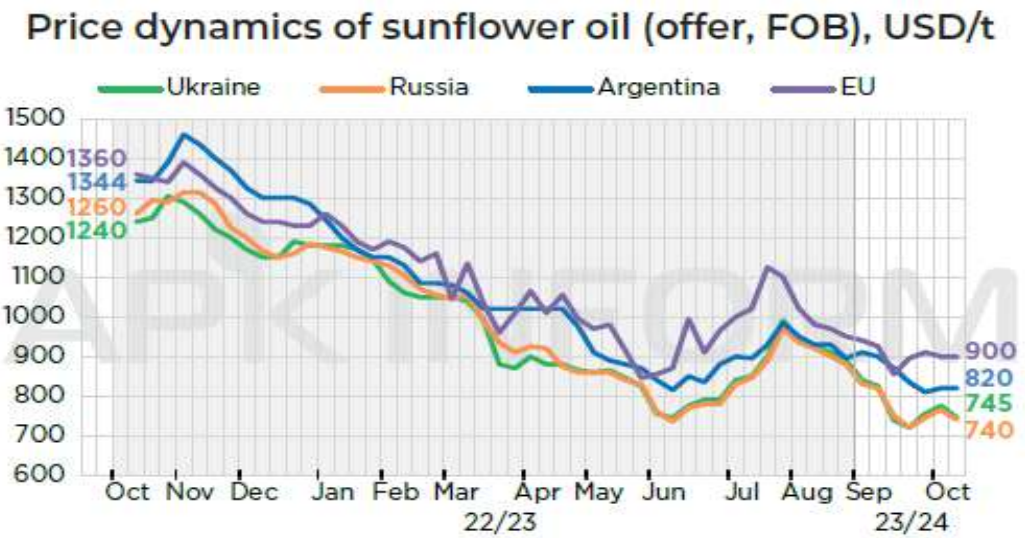
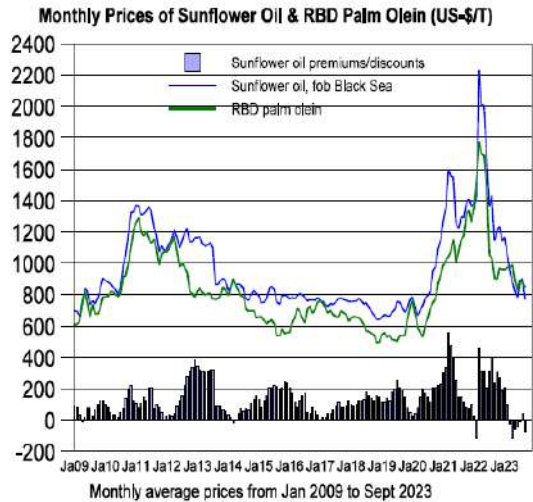
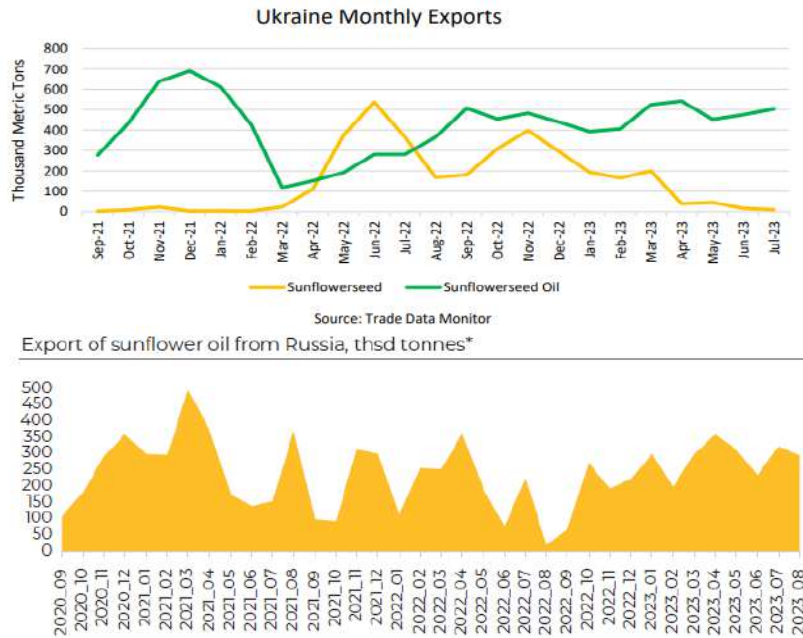
### EU- 27 : Sunflowerseed Balance (Mn T)

	August / July				
	23/24F	22/23	21/22	20/21	19/20
Opening stocks . .	1.35	1.43	.71	.85	.81
<b>Output. . . . .</b>	<b>9.83*</b>	<b>9.51</b>	<b>10.38</b>	<b>8.98</b>	<b>9.47</b>
<i>thereof: Bulgaria .</i>	<i>1.74*</i>	<i>2.13*</i>	<i>2.02</i>	<i>1.73</i>	<i>1.91</i>
<i>France . . . . .</i>	<i>2.17</i>	<i>1.78</i>	<i>1.91</i>	<i>1.61</i>	<i>1.30</i>
<i>Hungary. . . . .</i>	<i>1.76*</i>	<i>1.29</i>	<i>1.76</i>	<i>1.70</i>	<i>1.71</i>
<i>Romania. . . . .</i>	<i>2.30*</i>	<i>2.31*</i>	<i>2.84</i>	<i>2.09*</i>	<i>2.90*</i>
Imports (a) . . . . .	1.20*	1.80	1.47	.85	1.05
Exports (a) . . . . .	.48*	.58	.40	.66	.57
<b>Crushings. . . . .</b>	<b>9.52*</b>	<b>9.58</b>	<b>9.49</b>	<b>8.11</b>	<b>8.78</b>
Other use (b) . . . . .	1.28*	1.24	1.25	1.20	1.12
Ending stocks . . .	1.10*	1.35	1.43	.71	.85

(a) EU intra-trade is excluded. (b) Residual.

Regarding the **EU**, drought conditions reduced this year's sunflower seed crops in Bulgaria, Romania, and Spain. However, France and Hungary experienced favorable conditions during the growing period.

# 5.3. SUNFLOWER OIL (SFO): Relative Prices as Main Support



Feb 2022 - Jan 2023 do not include data for the Customs Union countries

The fast progress of the harvesting in the northern hemisphere has resulted in a higher supply of oilseeds, leading to price pressure. Also, Ukrainian farmers have been active sellers over the past 6-8 weeks to mitigate potential losses from the ongoing war.

Due to Russia's significant increase in crushing, there is now a large export supply of sunflower oil and meal in the market. In Ukraine, sunflower seed crushing may initially fall short of expectations due to logistical challenges and reduced crush margins caused by Russian competition. However, there is an anticipated increase in demand for Ukrainian sunflower seeds from October onwards, especially for processing in Bulgaria and other EU member countries.

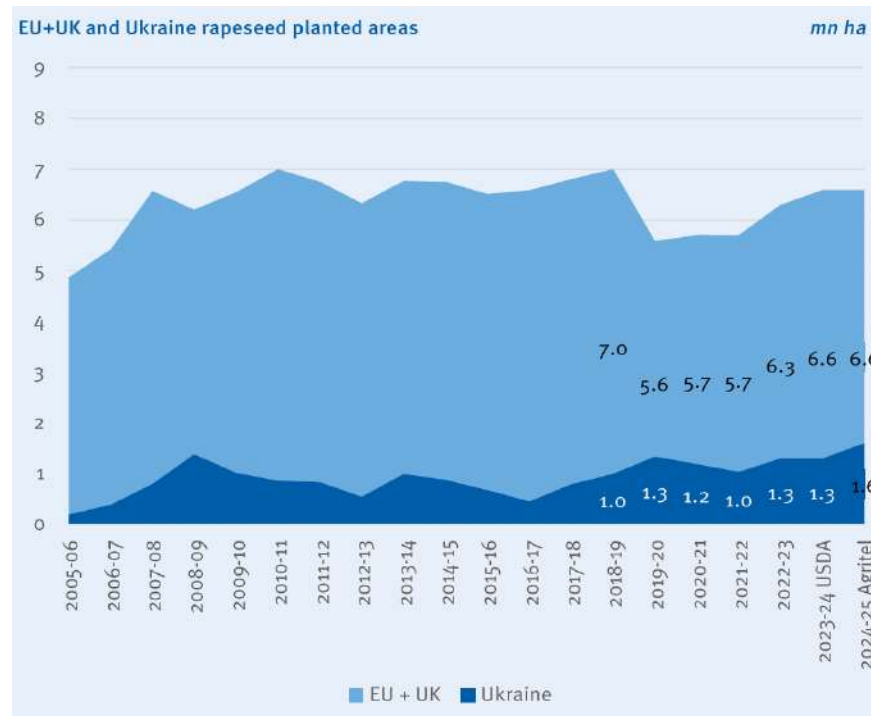
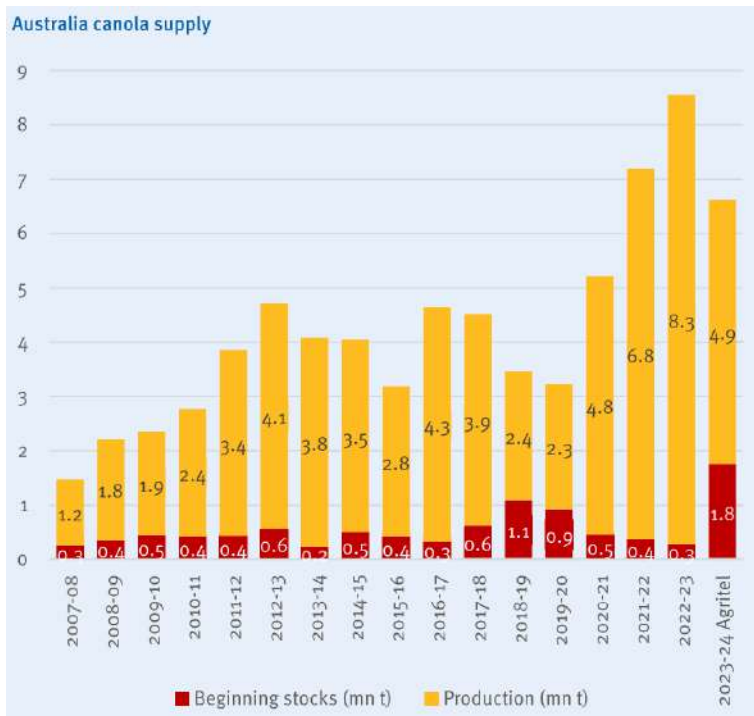
**The Vegetable oil market has experienced a strong price pressure in recent weeks due to the unusually strong supply of SFO, which has been a major bearish factor.**

Relative prices is the main support for SFO prices. The narrow spread between RBD palm olein and SFO over the past few weeks has reduced enthusiasm for palm oil among price-sensitive buyers (China, India, Pakistan, etc.), who are increasingly turning to SFO because of its more attractive pricing.

The increased demand for biodiesel has contributed to adjustments in relative prices. However, in the short to medium term, **SFO prices may continue to face pressure due to high availability in the market.**

SOURCES: APK INFORM / ARGUS / ATRIA BROKERS / STRATEGIE GRAINS / OIL WORLD

# 6.1 RAPESEED OIL (RSO): Ample Supply Available in the Market



	Oct / Sept		
	23/24F	22/23	21/22
<b>Op'g stocks</b>	<b>3.79</b>	<b>2.98</b>	<b>3.55</b>
<b>Production</b>	<b>30.30*</b>	<b>29.90*</b>	<b>26.09</b>
EU-27 .....	10.10*	10.40*	9.29*
Canada .....	4.37*	4.24*	3.56
China, P.R. ....	4.58*	4.31*	3.52*
India .....	3.43*	3.35*	3.32*
<b>Imports</b>	<b>6.92*</b>	<b>6.91*</b>	<b>5.31</b>
U.S.A. ....	3.00*	2.81*	2.00
China, P.R. ....	1.70*	1.98*	.97
<b>Exports</b>	<b>6.89*</b>	<b>6.96*</b>	<b>5.35</b>
<b>Disappearance</b>	<b>30.18*</b>	<b>29.03*</b>	<b>26.62</b>
<b>Ending stocks</b>	<b>3.94*</b>	<b>3.79</b>	<b>2.98</b>

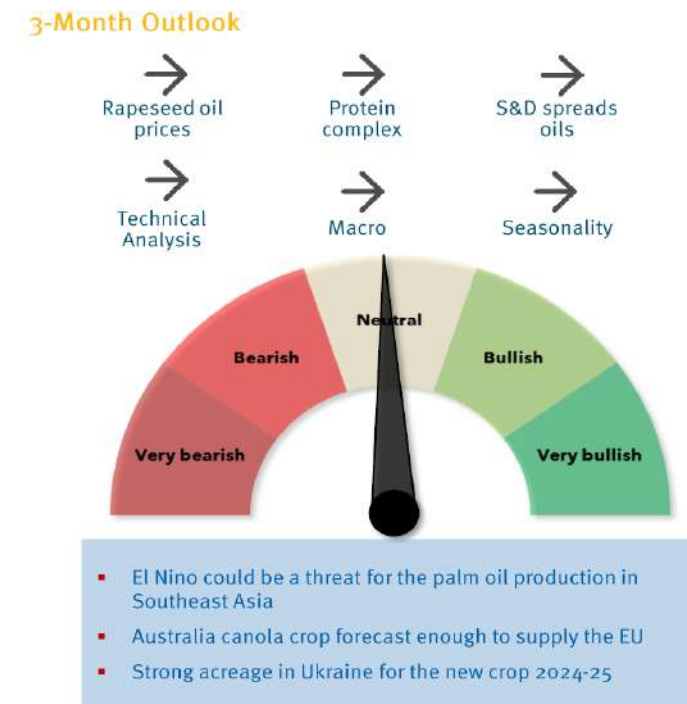
**Canadian** harvest is 90% done. Production is estimated at 17.5 MnT, **-1.2 MnT** vs last season.

The **Australian** rapeseed crop is expected about 5.2 MnT (**-38%** from last year), but close monitoring of the weather is necessary. If this production materializes, the total supply is sufficient to feed the European market thanks to ample opening stocks.

Looking ahead to the **2024-25 season**, Argus forecasts a similar planting area for the **EU+UK+Ukraine**, which is at the high end of recent years.

SOURCES: ABARES / ARGUS / OIL WORLD / REUTERS

## 6.2 RAPESEED OIL (RSO): Ample Supply Available in the Market



**Bearish sentiment in the vegetable oils market exerted downward pressure on global rapeseed and canola prices last month.** Downward revisions in the USA have been more than offset by upward revisions in oilseed crop estimates in other parts of the world.

In case of RSO, prices are now finding support from the growing crude oil market due to the escalation of the armed conflict in the Middle East. Additionally, strong US demand for Canadian canola oil has kept exports elevated. However, **the price competitiveness vs SFO and CPO is weak when global demand is soft, limiting bullish impact, at least in the short term.**

The ample supply of oilseeds and oils limits the possibility of higher prices in the short to medium term for the rapeseed complex. Nevertheless, the market will closely monitor developments in weather in Australia, Southeast Asia, and South America, as well as US demand.

SOURCES: ABARES / ARGUS / OIL WORLD / REUTERS



“A World of  
Vegetable Oils”



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