



MARKET REPORT

January 2024



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1.1. EUROPEAN VEGETABLE OIL PRICES

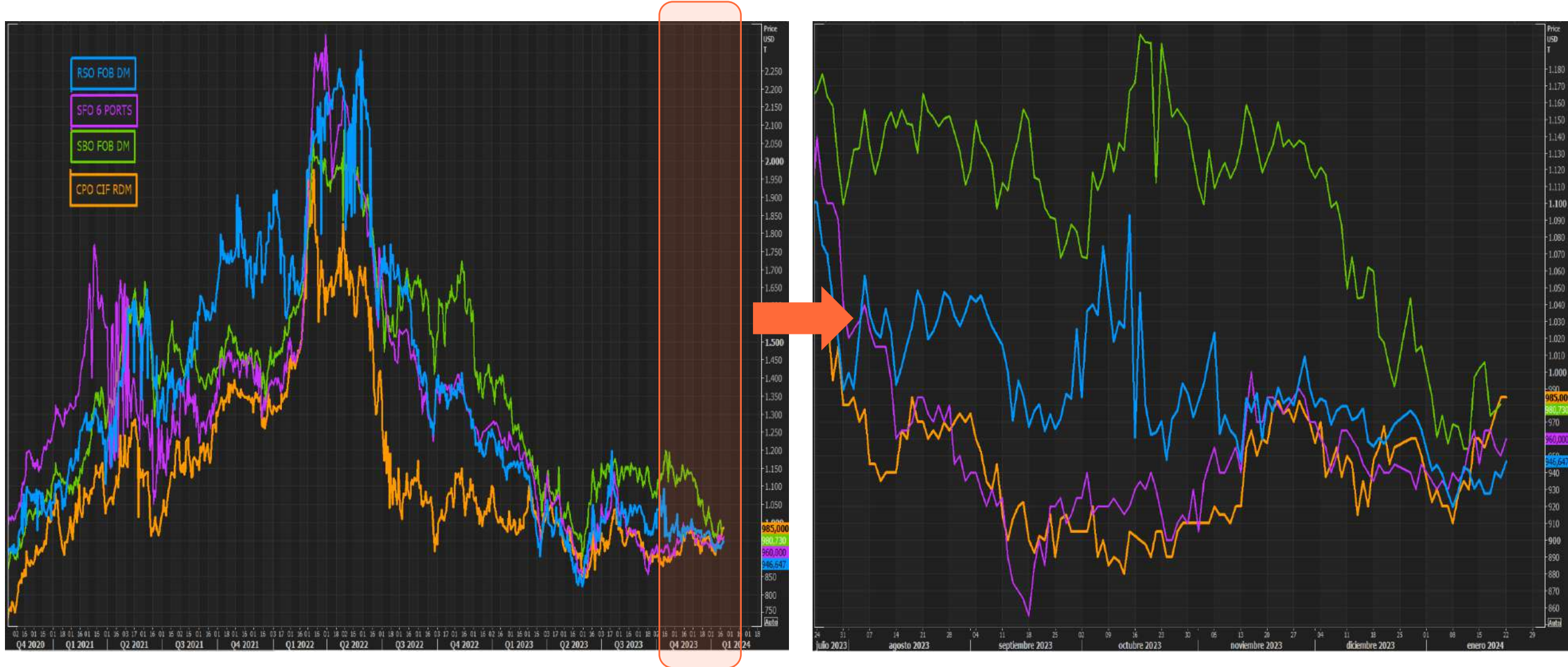
		28/11/2023	22/01/2024	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALAYSIA	3897	3928	MYR/ MT	31	0,8%
Soya Oil (2nd Pos)	CBOT	52,94	48,64	USD/ MT	-4,30	-8,1%
Crude Palm Oil (Mar)	CIF RDM	1000	985	USD/ MT	-15	-1,5%
CCNO Phil/ Indo (Mar/ Apr)	CIF RDM	1135	1150	USD/ MT	15	1,3%
CPKO (Mar/ Apr)	CIF RDM	1035	995	USD/ MT	-40	-3,9%
Crude Sunflower Oil (AMJ)	6 PORTS	990	955	USD/ MT	-35	-3,5%
Crude Rape Oil (FMA)	FOB DUTCH MILL	900	860	€/MT	-40	-4,4%
Crude Soya Oil (FMA)	FOB DUTCH MILL	995	865	€/MT	-130	-13,1%
EUR/ USD						
	SPOT	1,0990	1,0881		-0,011	-1,0%
Brent Crude						
	SPOT	81,64	80,06	US \$/ BRL	-1,58	-1,9%
Gas Oils						
	SPOT	833,25	799,25	US \$/ MT	-34,00	-4,1%

During Christmas and until early January, vegetable oil prices have seen very few changes. But in the last days, prices are starting to recover as global production deficit is predicted for Jan/Sept 2024.

All in all, prices of most oils are somewhat lower than end of last November. Biggest deficit is expected in CPO and therefore prices have increased lately. The recent gains in crude oil also contributed to support vegetable oil price.

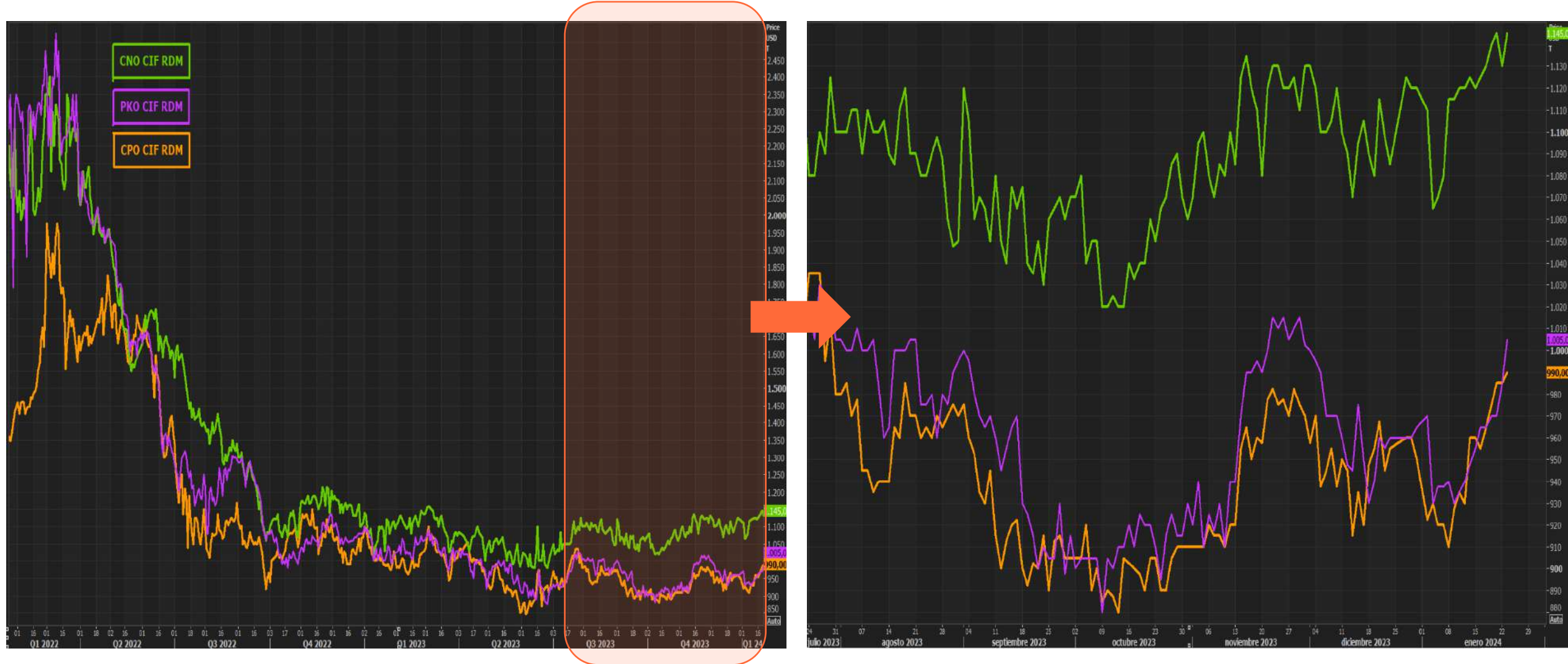
SOURCE: REUTERS

1.2. EUROPEAN VEGETABLE OIL PRICES



SOURCE: REUTERS

1.3. EUROPEAN VEGETABLE OIL PRICES

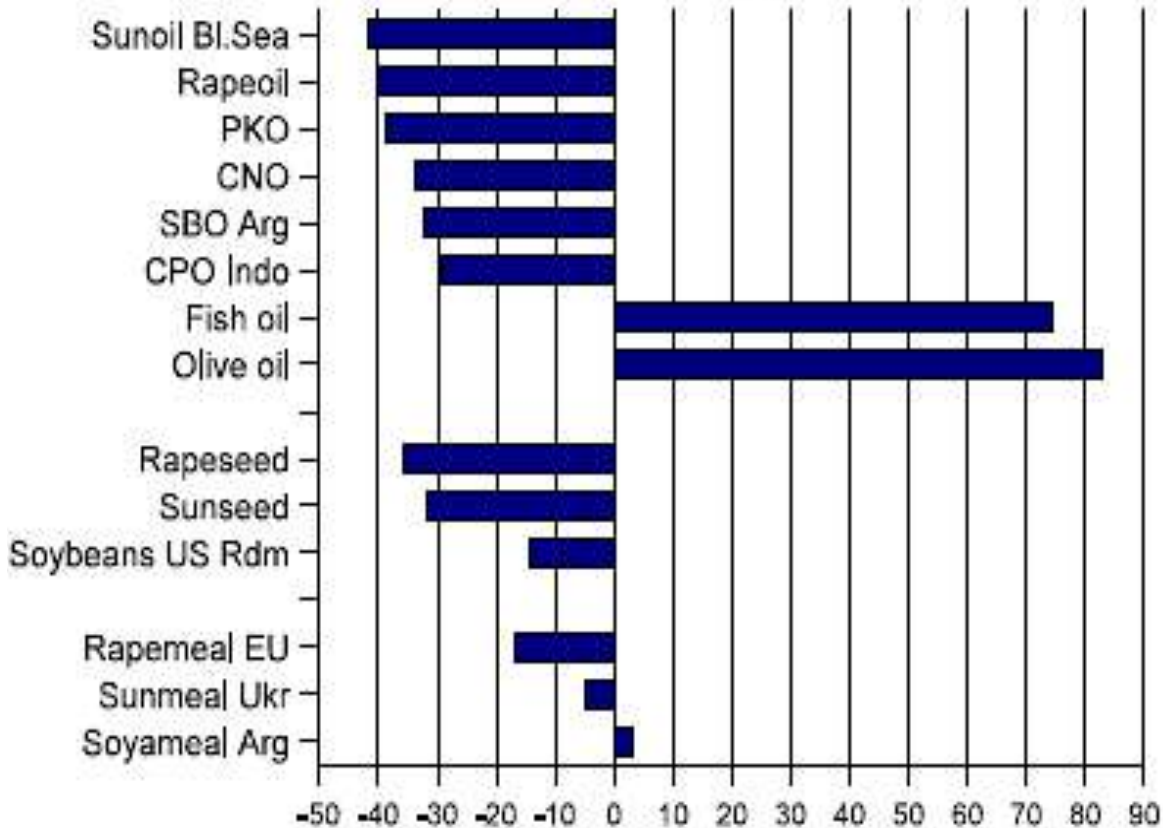


SOURCE: REUTERS

2. VEGETABLE OIL PRICES: Recap of 2023

Price Averages in Jan/Dec 2023

Year-on-year Change in %



2023 was marked by a bearish trend in the main vegetable oils prices. World vegetable oil supplies were ample during H2 2023, due to **good production** and **high stocks** in importing countries.

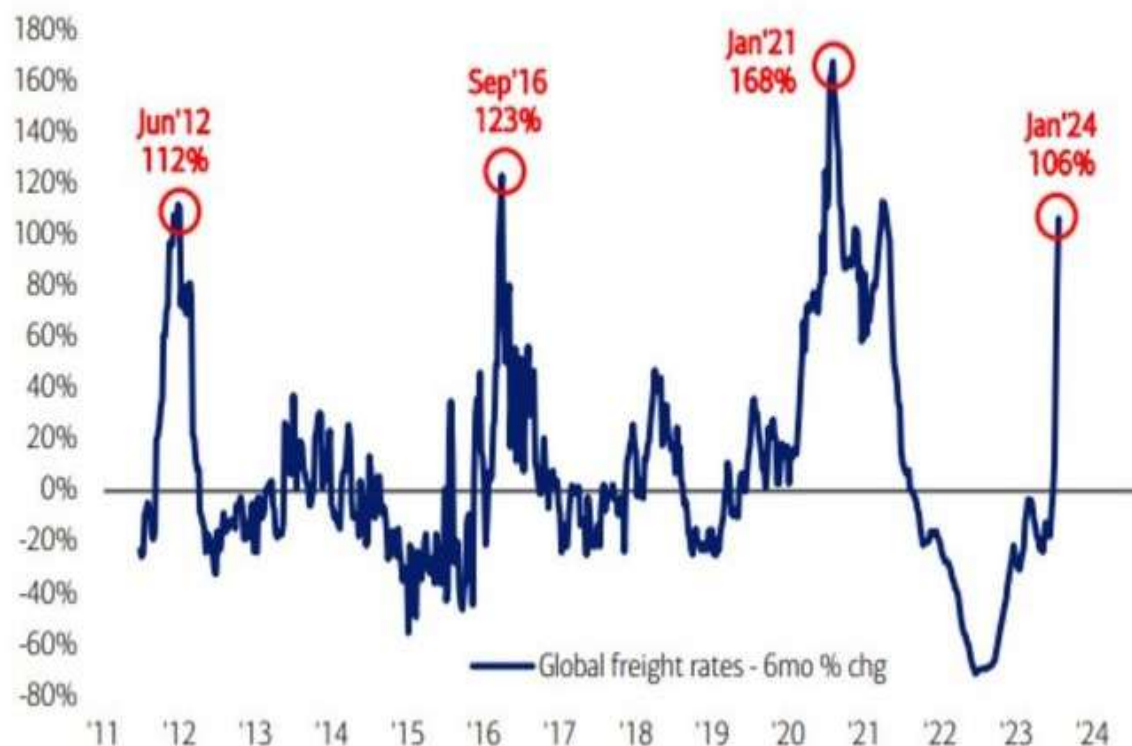
- **CPO:** Indonesian exports reached a 4-year high, resulting in abundant stocks in main importing countries, particularly in India, and subdued demand. World stocks peaked in December.
- **SFO/RSO:** SFO exports surged to record levels, at times quoted at a discount compared to CPO, in contrast to generally large premiums in preceding years. The recovery in Canadian production and abundant supply in the EU and Ukraine exerted pressure on RSO prices.
- **SBO:** Prices remained uncompetitive until Q3 2023 due to very low production in Argentina. Following the arrival of the US crop and the expectation of a recovery in South American production, despite the unfavorable weather in Brazil so far, couple with large stocks in key countries, prices have been under pressure.

SOURCES: ARGUS/OILWORLD

3. EXTERNAL FACTORS: skyrocketing freight rates

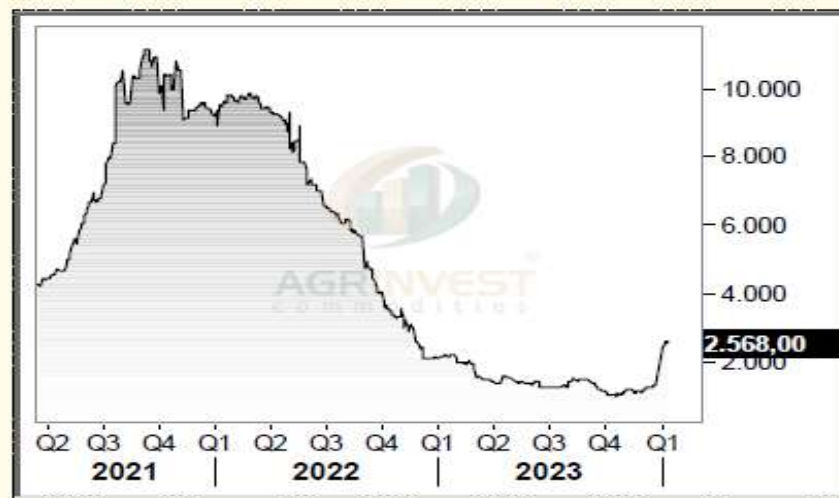
Chart 3: Geopolitics...freight rates up 120% past 6 weeks

Global freight rates- 6 month % change



Source: BofA Global Investment Strategy, Bloomberg

Frete de container
Índice global dos fretes de container (em USD)



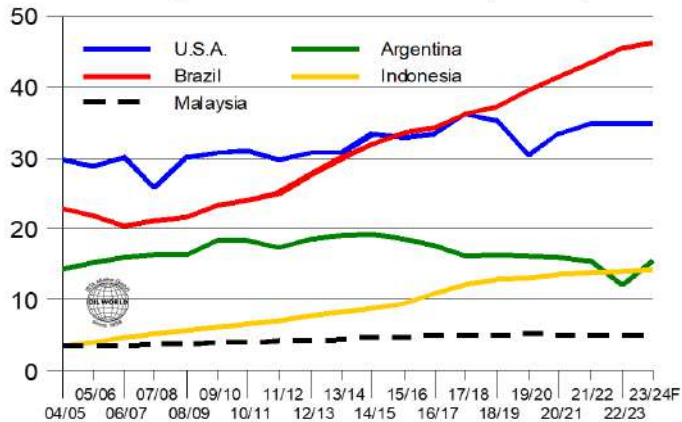
Shipping costs are skyrocketing due to geopolitical tensions. Over the past 6 weeks, global freight rates have surged by approximately 120%. **Much of this increase is attributed to recent attacks on commercial vessels in the Red Sea.**

So far, the most significant impact has been on container costs. However, we are observing an increasing deviation of bulk shipping routes via the Cape of Good Hope.

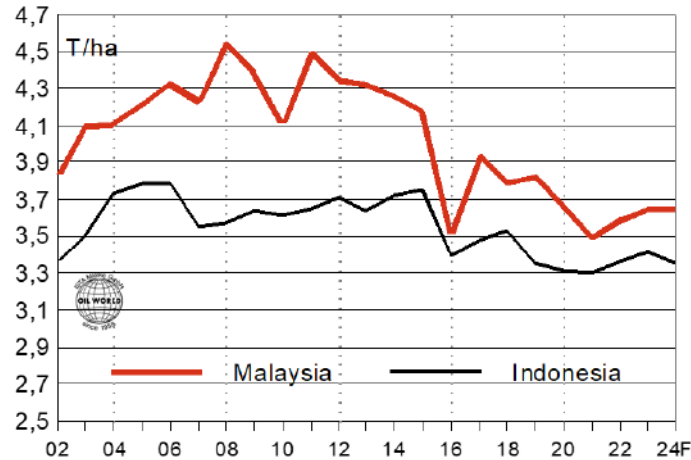
SOURCES: AGRINVEST/BLOOMBERG/STONEX

4.1. PALM OIL (CPO): Palm oil production is losing growth potential

Deviating Trends of Harvested Areas of Soybeans and Oil Palms (Mn ha)



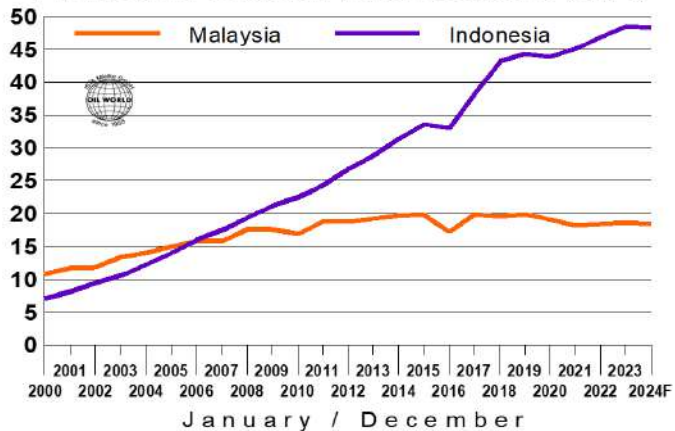
Annual Palm Oil Yields (T/ha)



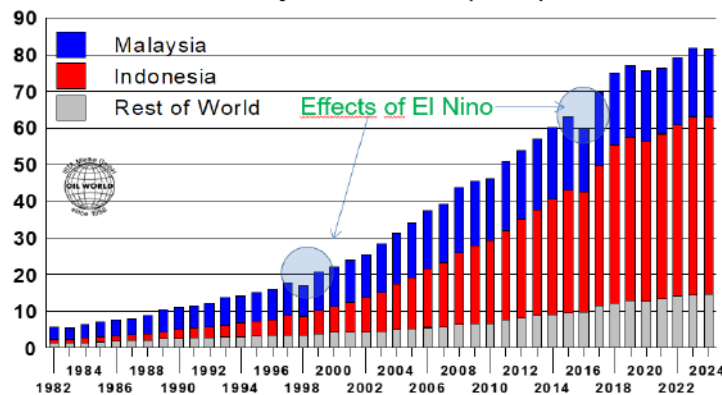
Palm oil remains the price leader, accounting for 54% of world vegetable oils exports in Oct/Sept 2022/23. However, its competitive position in global markets has deteriorated due to an alarming decline in average yields, due to:

- Lack of replanting.
- Deteriorating age profile of oil palms.
- Insufficient seedlings supplies.
- Slowing down on new plantings.

PALM OIL : Production in Key Countries (Mn T)



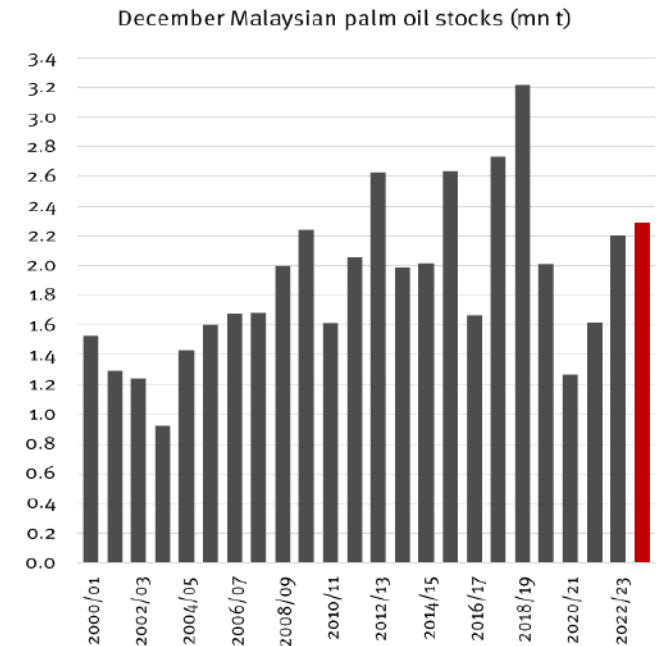
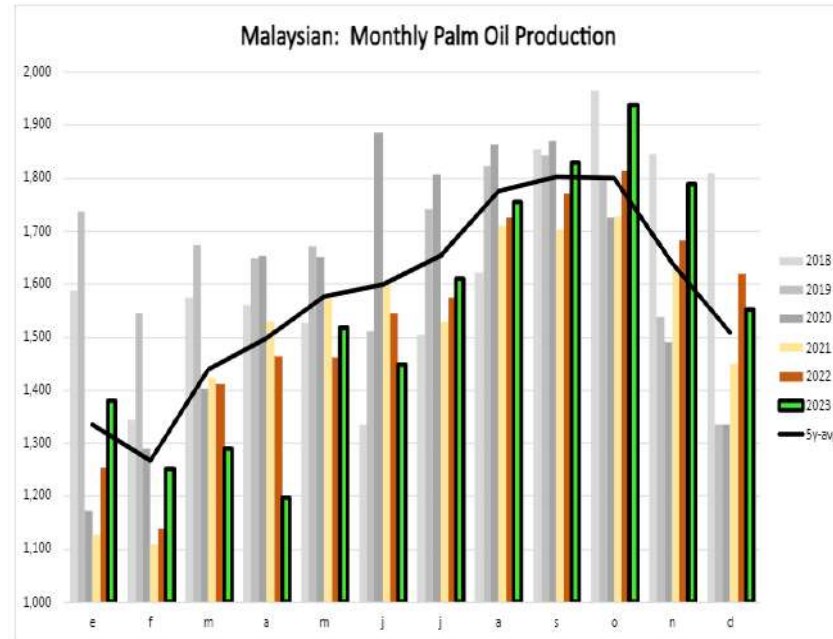
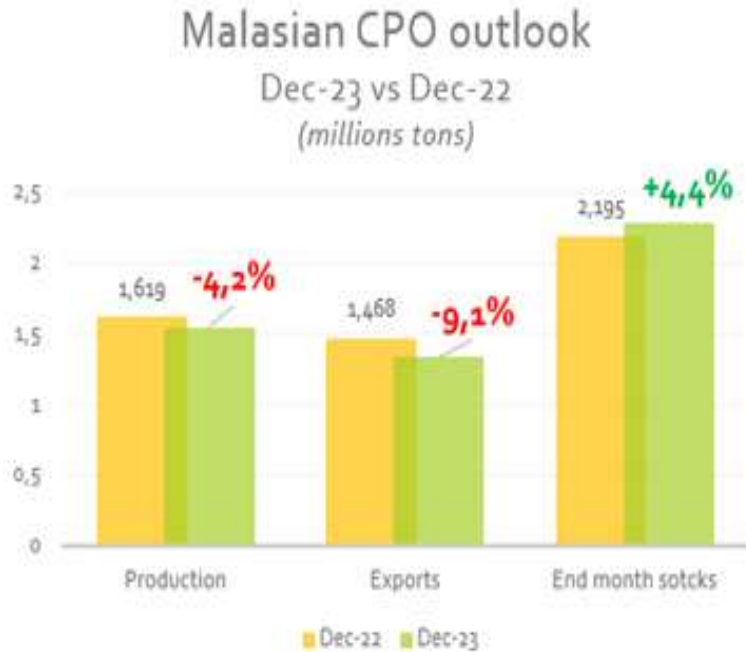
Palm Oil Production 1982 - 2024 in Major Countries (Mn T)



According to Oil World, **in the next 10 years, annual growth is likely to slow down to only +1,7 MnT/year vs. almost 3 MnT/year during 2010-2020.**

SOURCE: OIL WORLD

4.2. PALM OIL (CPO): Malaysian production is declining seasonally



CPO production continues to seasonally decline in Malaysia. The MPOB report for December showed bullish data with a **monthly production decline of 13%, which is 4% lower than a year ago.**

Stocks were almost 5% lower than November and **lower than what market expected.** However, stocks remain higher than last year's level (+4.5%) thanks to the high beginning stocks.

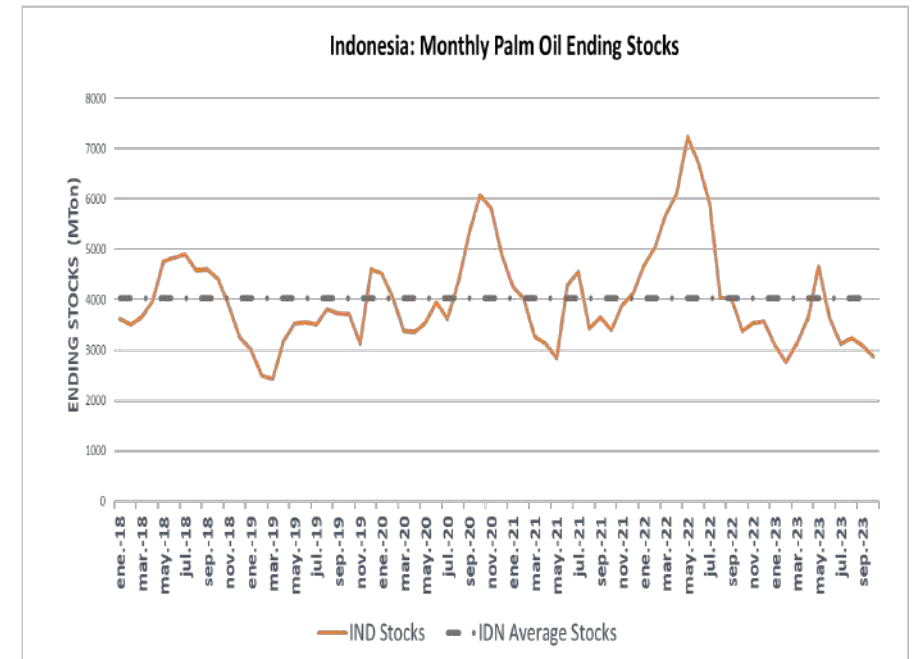
SOURCES: AGRITEL/MPOB/OIL WORLD/POA

4.3. PALM OIL (CPO): Indonesian production could decline in 2024

PALM OIL : World Production (Mn T), Yields (T/ha) and Mature Area (Mn ha)

	Production					Yields				Mature Area			
	2024F	2023	2022	2021	2020	2024F	2023	2022	2021	2024F	2023	2022	2021
Indonesia	48.20*	48.43*	46.82	45.12	43.80*	3.35*	3.42*	3.36*	3.30*	14.40*	14.17*	13.94*	13.67*
Malaysia	18.40*	18.63*	18.45	18.12	19.14	3.65*	3.65*	3.59*	3.49*	5.04*	5.10*	5.14*	5.19*
Thailand	3.26*	3.33*	3.24*	2.94*	2.69*	3.10*	3.23*	3.27*	3.09*	1.05*	1.03*	.99*	.95*
C&S Amer	6.07*	5.85*	5.56*	5.34*	5.22*	3.34*	3.34*	3.25*	3.22*	1.82*	1.75*	1.71*	1.66*
Africa (a)	3.64*	3.55*	3.43*	3.32*	3.08*	1.93*	1.93*	1.92*	1.93*	1.89*	1.83*	1.78*	1.72*
Oth ctrs.	1.85*	1.81*	1.80*	1.65*	1.51*	2.34*	2.35*	2.47*	2.36*	.79*	.77*	.73*	.70*
WORLD	81.42*	81.60	79.30	76.49	75.44	3.26*	3.31	3.26	3.20	24.99*	24.65	24.29	23.89

(a) 11 countries.

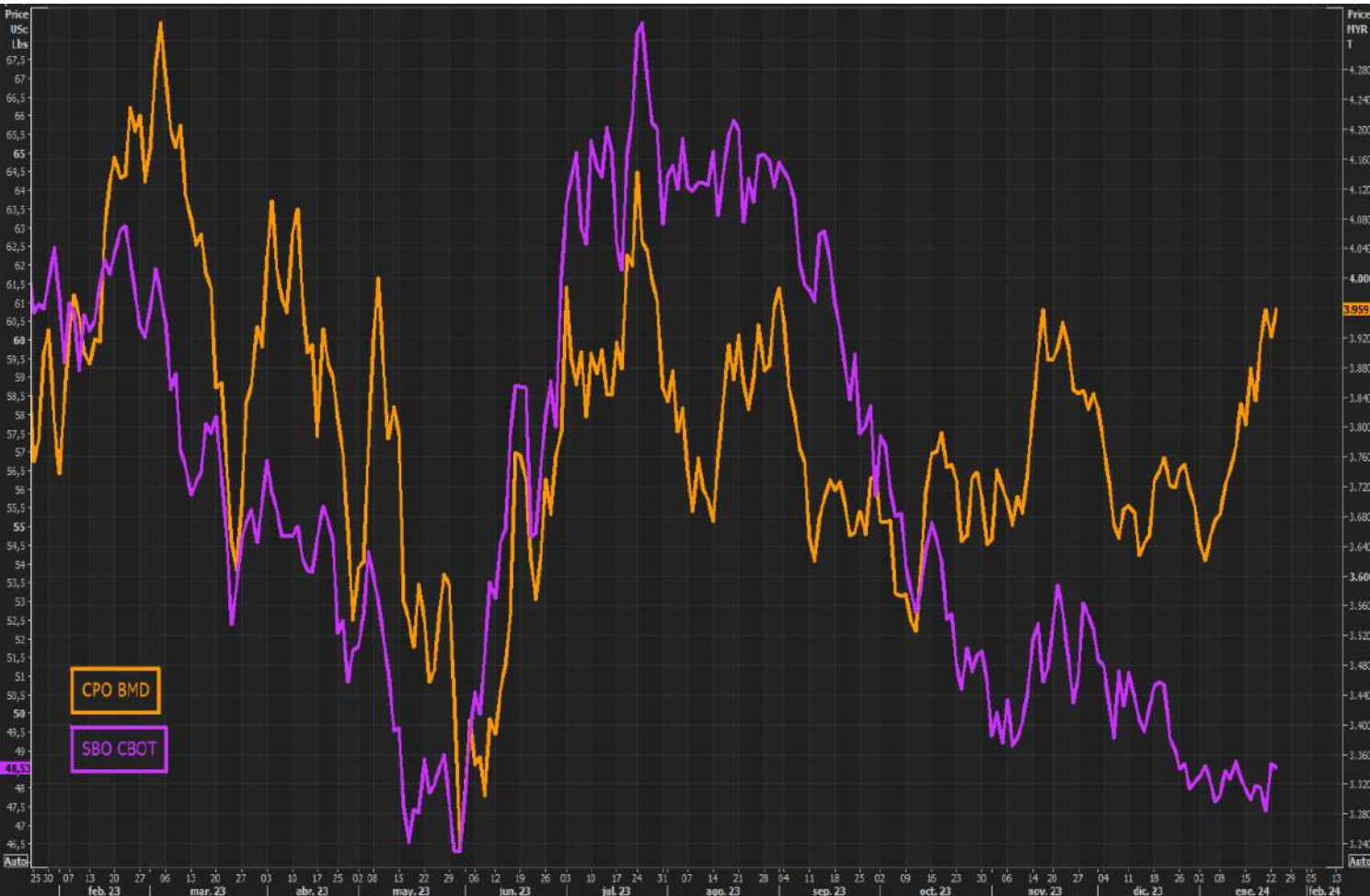


Oil World expects a slight decline in Indonesian production in 2024, primarily in the second half of the year. The lagged impacts of dryness caused by El Niño will be reflected in reduced palm oil yields in parts of Indonesia and a few other countries. Current stocks are relatively low.

The global production would also experience a slight decline in 2024.

SOURCES: GAPKI/OIL WORLD

4.4. PALM OIL (CPO): Prices have appreciated



CPO futures registered in January their biggest weekly gains in 7 months, mainly by concerns over the supply outlook and higher crude oil prices.

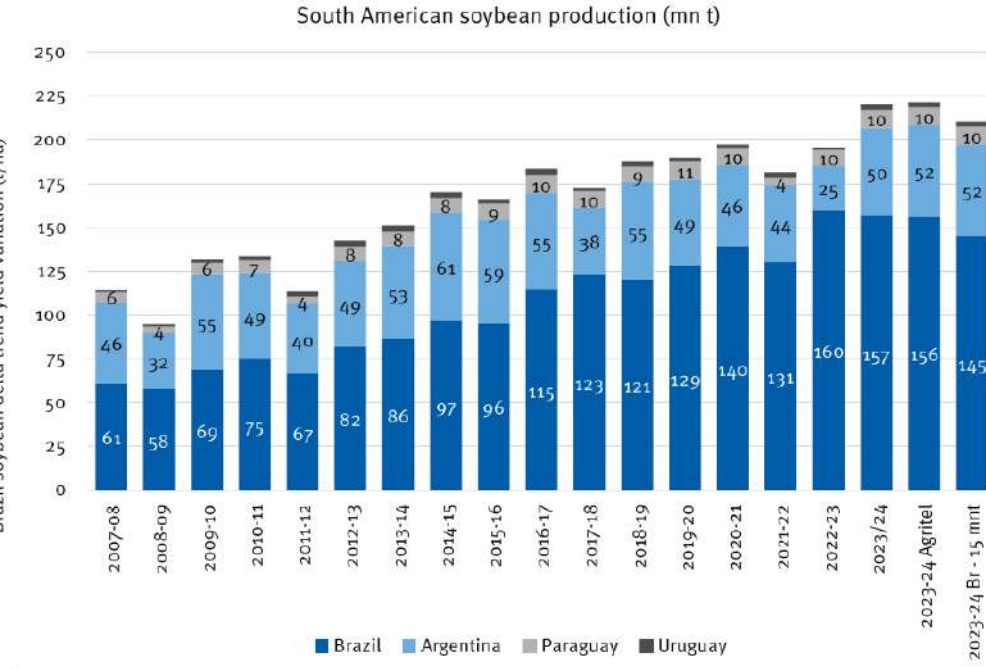
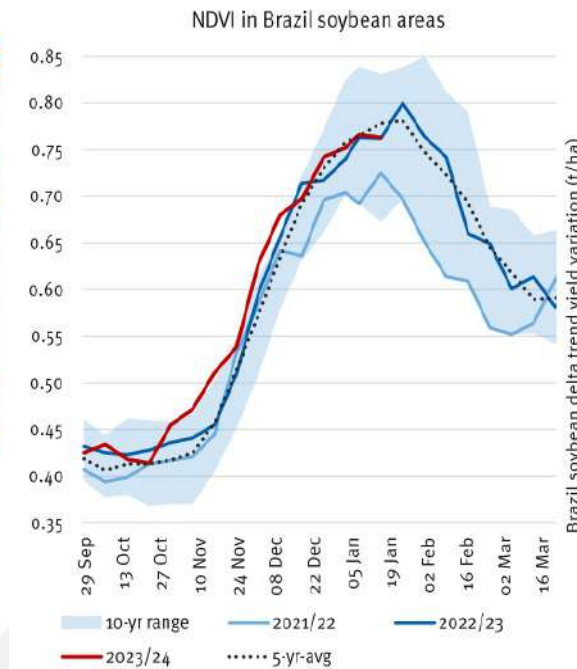
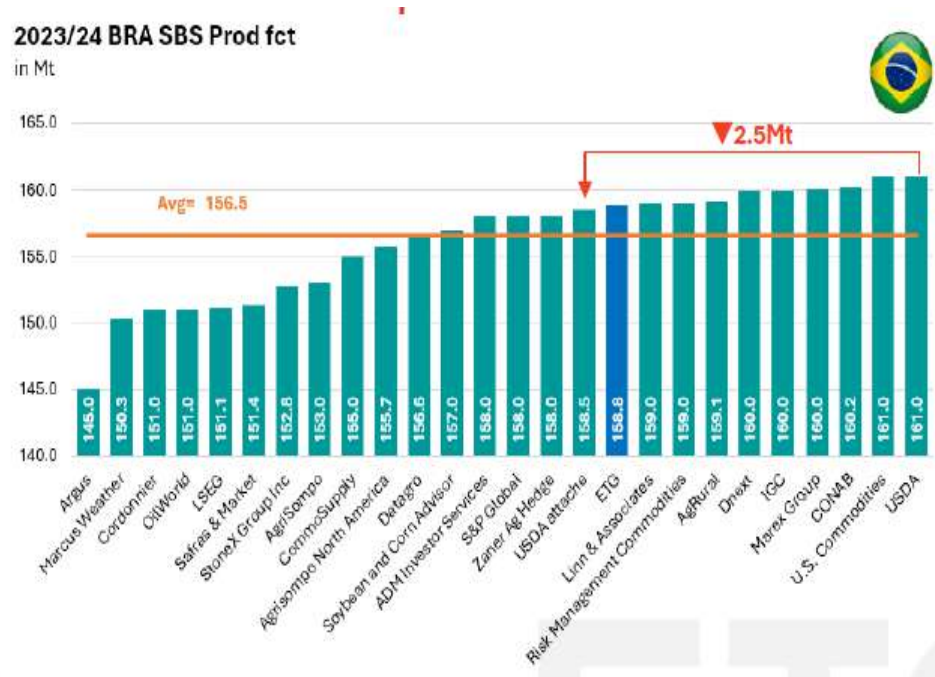
According to Oil World, the largest production deficit in vegetable oils is expected in CPO for Jan/Sept 2024. As a result, prices have recently been the leader upward. The reduction of stocks worldwide may coincide with more consumer buying to extend coverage.

In Rotterdam, CPO is offered at premiums over SFO and RSO which is very unusual and has lost part of its discount vs. SBO.

Oil World considers that CPO prices could remain supported due to the combination of limited YoY total vegetable oils production and growth in food and biodiesel demand.

SOURCES: OIL WORLD/POA/REUTERS

5.1 SOYBEAN OIL (SBO): There is no shortage in soybeans



The market is focusing on **South America's crop conditions**. The rains received during January have helped **to avoid a sharp drop in Brazil's production**.

A crop above 150 million tons in Brazil should be enough to secure ample total supply in South America and to balance global supply and demand.

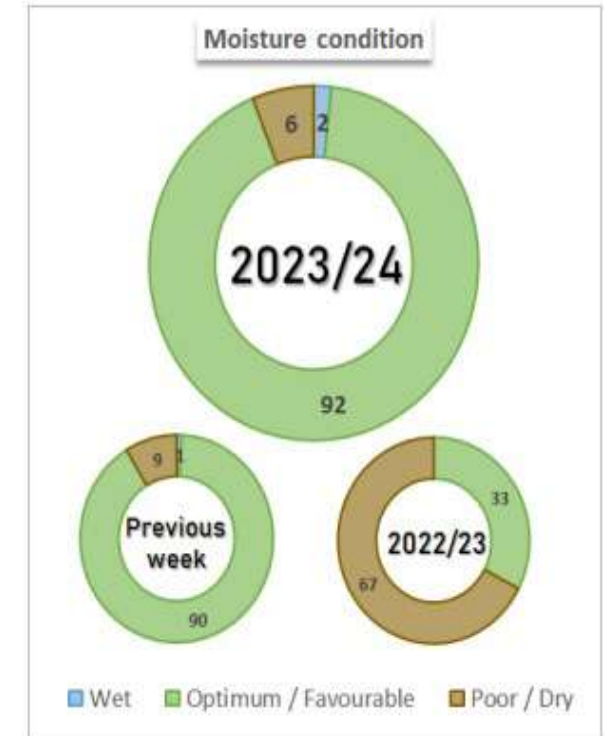
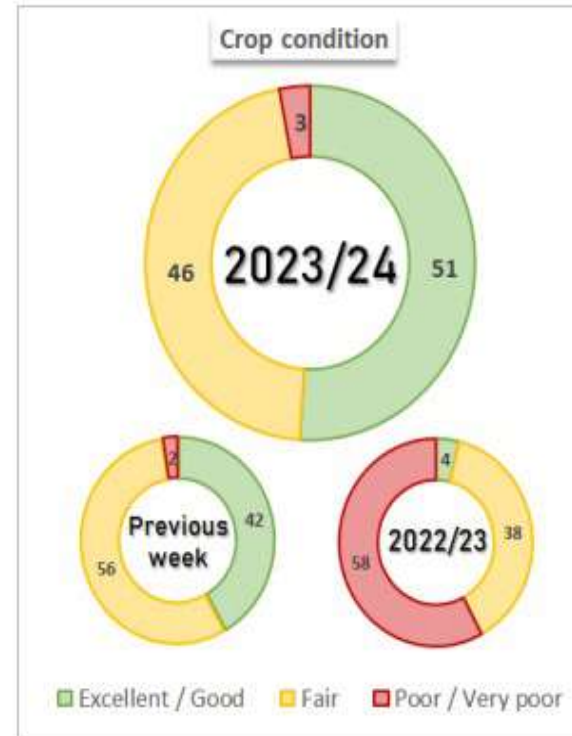
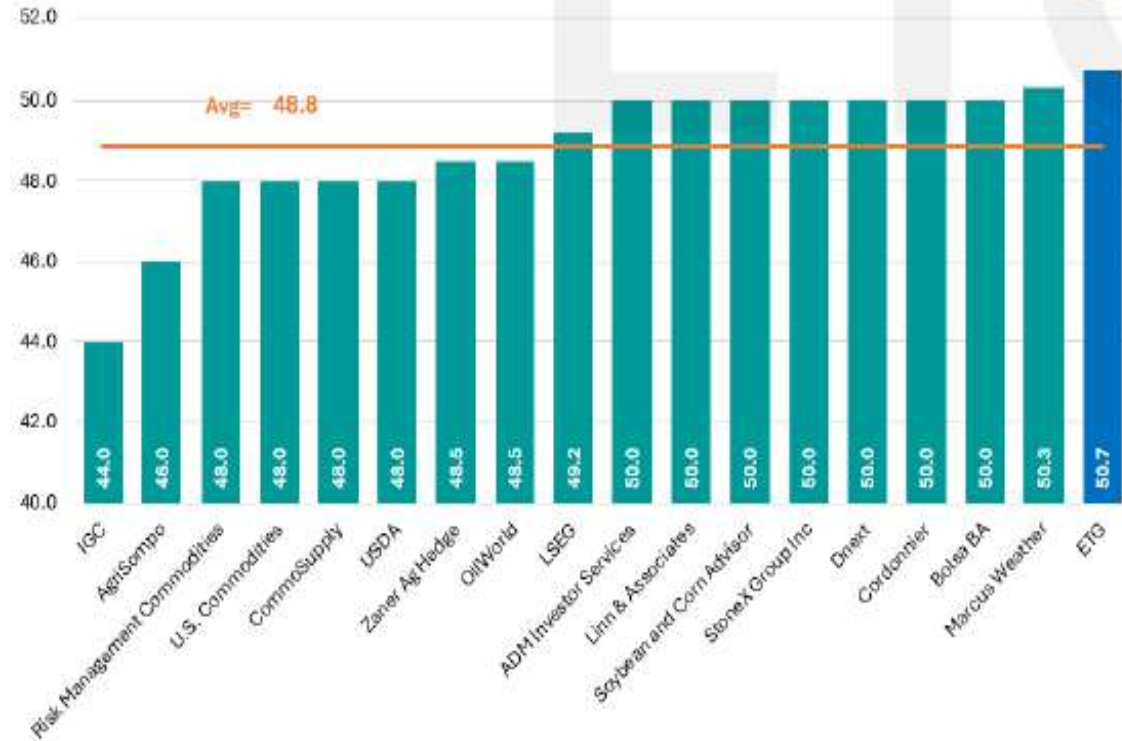
With a huge variability in forecasts between different analysts, we expect the final production in Brazil to be in the range of **145-155 MnT** assuming normal weather in the coming weeks.

SOURCES: AGRITEL/ATRIA BROKERS/ ETG/OIL WORLD

5.1 SOYBEAN OIL (SBO): There is no shortage in soybeans

2023/24 ARG SBS Prod fct

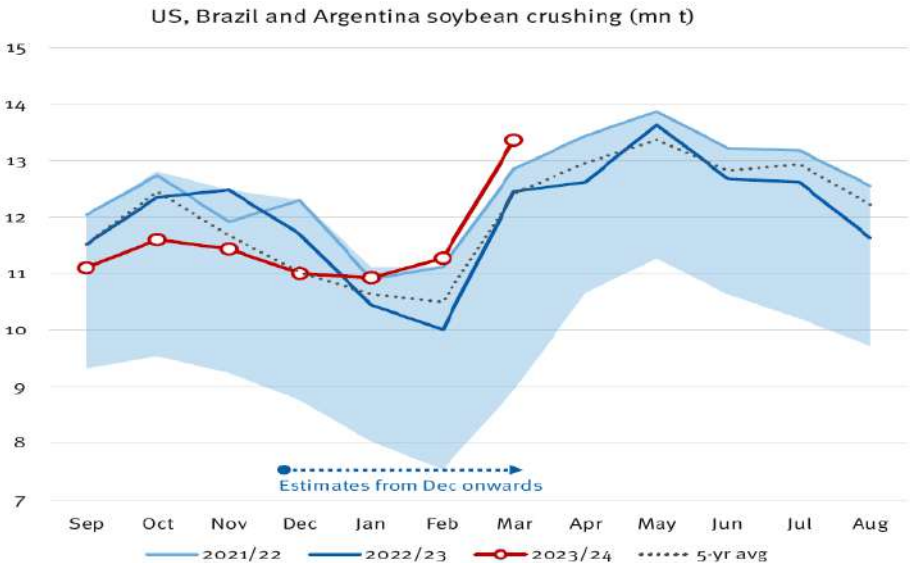
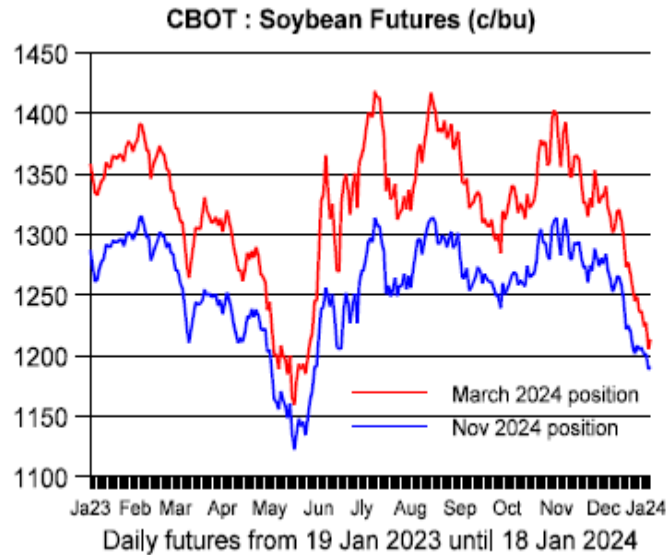
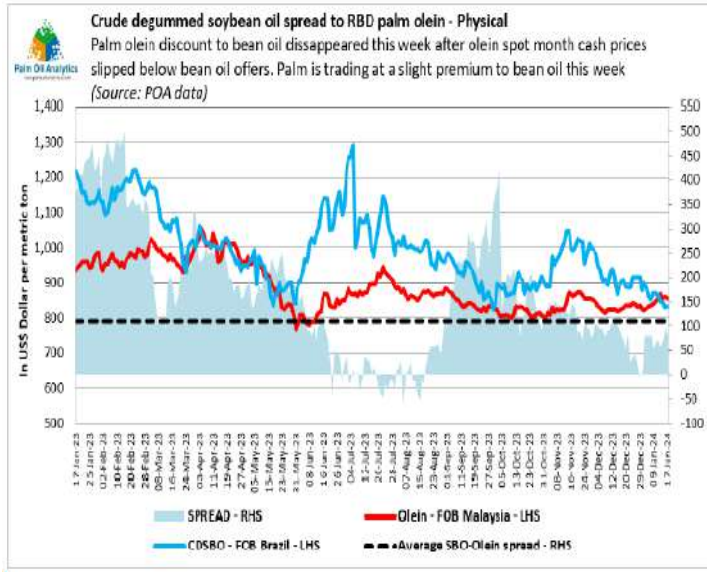
in Mt



The significant increase in Argentine production will more than offset the shortfall in Brazil. Argentina's soybeans are 92.9% planted, with 98% of the planted lots in a normal/excellent crop condition. Argentina is on track to harvest close to 50 Mnt.

SOURCES: BCBA/BCR/ETG/OIL WORLD

5.2. SOYBEAN OIL (SBO): Prices under pressure



Weather in early January was favorable, limiting risks to Brazilian production, while Argentinian crops remain in excellent condition, with farmer selling being the key variable to watch.

Chinese demand has slowed, reflecting a weakening domestic feed demand in the livestock industry, particularly in the pig sector. Soybean buyers in China and other countries seem confident in sourcing their needs mainly from South America in the near to medium term.

This has led to a significant decline in foreign demand for US soybeans recently. **Reduced US soybean export sales and actual exports have contributed to price declines in both cash and futures markets.** Forecasts now indicate that US soybean stocks will surpass earlier estimates by the end of August 2024.

If the weather in South America continues to be favorable, ample supply would be available for crushing, total South American soybean supplies should be more than sufficient to satisfy demand this year, and prices of SBO may remain competitive compared to CPO prices.

SOURCES: AGRINVEST/ARGUS/BCBA/BCR/K BRAUM/OIL WORLD/RJO/STONEX

6.1 SUNFLOWER OIL (SFO): Ample Ukrainian supply for 2023/24

UKRAINE : Sunseed Supply & Demand (Mn T)

	Sept/Aug			Sept/Dec	
	23/24F	22/23	21/22	2023	2022
Op. stocks . . .	.25*	3.10*	.22*	.25*	3.10*
Output	14.50*	12.40*	16.90*	14.50*	12.40*
Imports . . . . .	.02*	.03	.02	. *	.01
Exports . . . . .	.50*	1.86	1.61	.12	1.19
Crushings . . .	13.82*	13.20*	12.14*	4.85*	4.19*
Other use. . . .	.23*	.22*	.29*	.08*	.07*
End Stocks . .	.22*	.25*	3.10*	9.71*	10.06*

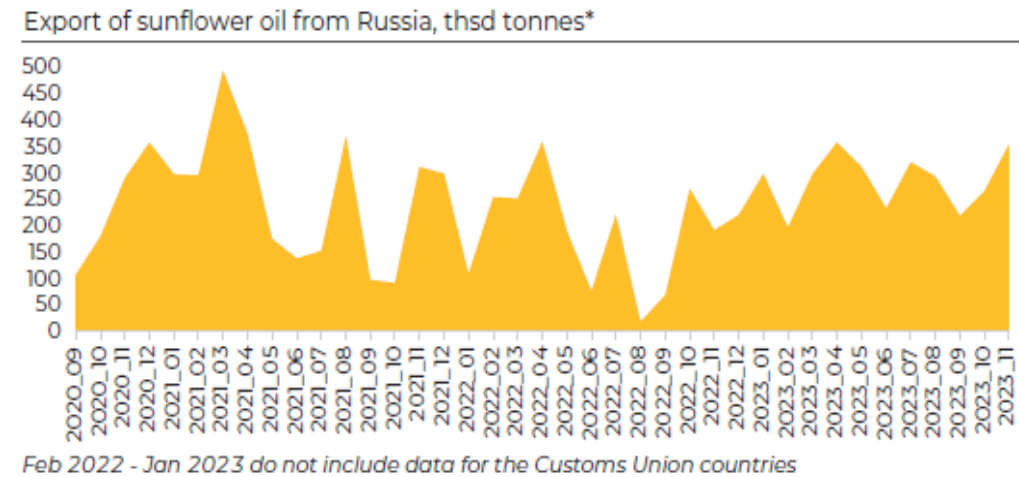
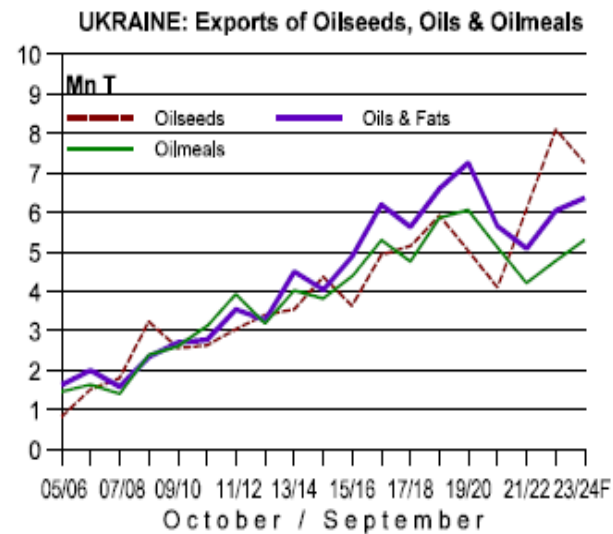
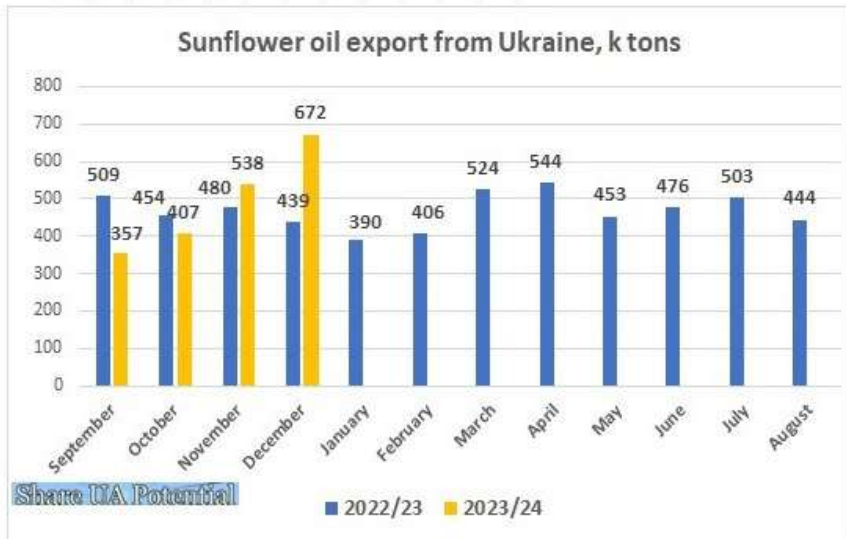
Despite the ongoing war, Ukrainian oilseed production has reached a 4-year high: 24.0 MnT, only 0.7 MnT below the record set in 2019/20, and +3.6 MnT vs. 2022/23, due to very good weather and comparatively high yields.

However, for sunflower seeds (SFS), **the total supply is lower than the previous season due to lower carry-in, which more than offset the increased production, but still remains ample.**

At the end of December, SFS stocks are estimated at 9.7 MnT, **slightly below the previous year.**

Looking ahead to Jan/Aug 2024, the market anticipate a slight **decline in SFS crushing** compared to the same period last year.

6.2 SUNFLOWER OIL (SFO): Black Sea exports remain high



The sharp increase in Ukrainian SFO exports contributed to the weakness in prices on the world market, also due to simultaneous export supply pressure from Russia.

In December, Ukrainian exports of SFO reached a 2-year high. In Jan/Dec 2023, exports reached a 3-year high of 5.7 MnT, +1.3 MnT above 2022. For Jan/Aug 2024 the market expects Ukrainian SFO exports to be similar to the previous year, assuming that the war doesn't create bigger problems in the export flow.

Russian exports remain high, with India, China, Egypt and Turkey as the main buyers.

6.3 SUNFLOWER OIL (SFO): Is it undervalued?

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



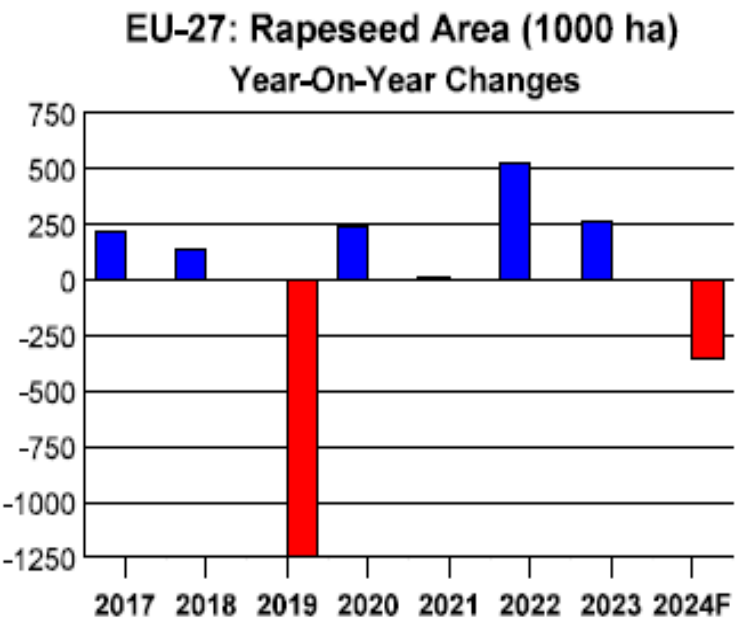
EU sunflower oil imports rose since September, driven by decreased SFS crushing and higher domestic demand for both food, partially substituting olive oil, and the biodiesel industry, fueled by favorable price competitiveness against other vegetable oils.

However, **the seasonal increase in sunflower oil supply from the Black Sea region and Argentina, together with the downward trend in the global vegetable oil market, have put pressure on SFO prices.**

SFO export supplies are still abundant. Nevertheless, the upward trend is expected to lose momentum in 2024. As a result, **the price competitiveness of SFO against CPO and SBO could deteriorate in the upcoming months.**

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

7.1 RAPESEED OIL (RSO): Potential decline in EU rapeseed area for 2024



	2024F	2023	2022	2021	2020
Area (Mn ha)	5.76*	6.11	5.86	5.33	5.32
Germany	1.09*	1.17	1.09	1.00	.96
France	1.35*	1.35	1.23	.98	1.11
3 Baltics (a)	.53*	.53	.59	.54	.50
Czech Rep. . . . .	.36*	.38	.34	.34	.37
Romania . . . . .	.49*	.64*	.47	.45	.36
Yields (T/ha)	3.23*	3.18	3.28	3.23	3.20
Crop (Mn T)	18.61*	19.45	19.24	17.23	17.03
Germany	3.98*	4.24	4.29	3.50	3.62*
France	4.45*	4.27	4.59*	3.38*	3.42*
3 Baltics (a)	1.33*	1.29	1.44	1.57	1.76
Czech Rep.	1.22*	1.29	1.17	1.05*	1.25
Romania	1.51*	2.00*	1.29*	1.38	.78

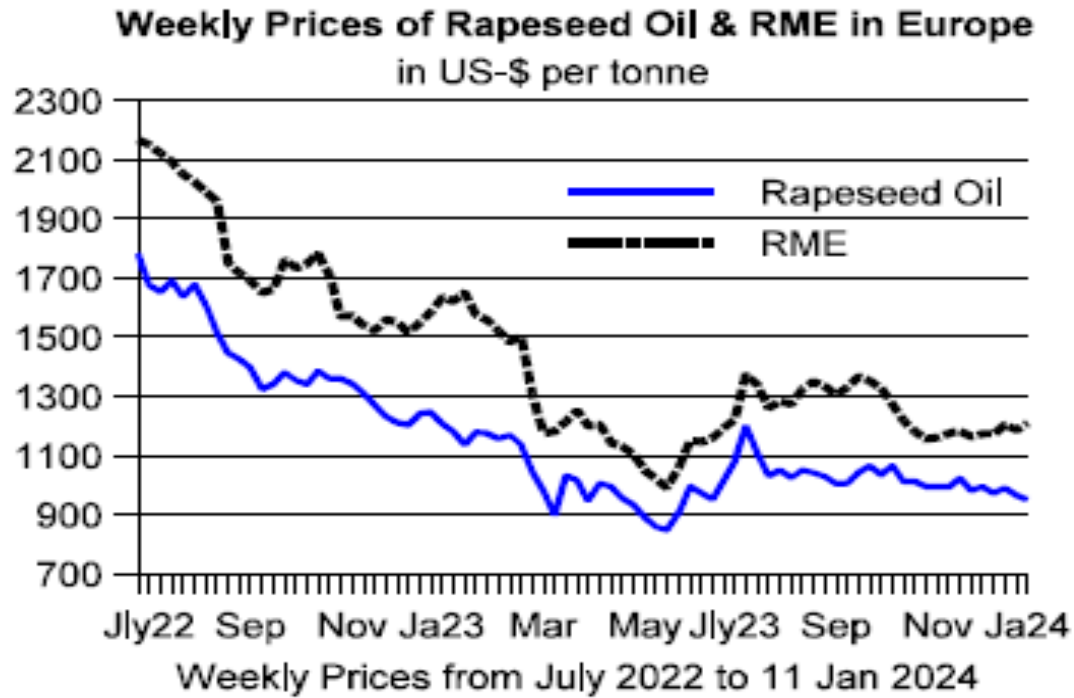
(a) Estonia, Latvia and Lithuania.

Decreasing profit margins and dry conditions during planting in certain regions are expected to lead to a **significant reduction in the total rapeseed cultivation area in the EU** for the 2024 crop, reaching a three-year low of only **5.7-5.8 Mha** (compared to the 6.1 Mha harvested in 2023).

Additionally, **recent heavy rainfall has caused excess moisture** and widespread flooding in Germany, Poland, and parts of the Baltics.

According to Oil World, the EU rapeseed production in 2024 could potentially experience a decline of 0.8 MnT.

7.2 RAPESEED OIL (RSO): Prices could appreciate in H1 2024



After achieving record rapeseed crushing during Jan/Dec 2023, the year-over-year **growth is anticipated to decelerate significantly in the upcoming months**. Record crushing, substantial reductions in imports, and increased exports **have notably diminished EU rapeseed supplies for the latter part of the 2023/24 crop season**. The improvement in relative prices is expected, in theory at least, **to stimulate demand from EU biodiesel producers**.

The increasing usage and the impending slowdown in EU rapeseed crushing could potentially reverse the recent downward trend RSO prices. **The current discounts of rapeseed oil versus competing vegetable oils will probably dissolve in the near to medium term**.

8. VEGETABLES OIL PRICES OUTLOOK FOR 2024: Thomas Mielke's conference at PEOC

PRICE FORECASTS & Past Prices for the Leading Commodities

in US-\$ per Tonne

	January / June			July / December		
	2024F	2023	2022	2023	2022	2021
Soybeans, US cif R'dam	500*	579	686	555*	635	560
Soya oil, Dutch, fob ex-mill	1180*	1129	1799	1121*	1573	1449
Soya oil, Arg. fob	1040*	1041	1647	959*	1297	1330
Soyapell. 47%, Arg. fob	395*	527	497	500*	496	399
Soyapell,48%, Arg., Rott	440*	562	557	536*	549	466
Sun oil, EU fob N.W.Eur.	1090*	1057	1907	959*	1387	1384
Sun oil, Black Sea, fob.	970*	945	1787	834*	1254	1330
Rapeseed, Europe, cif Hmb	510*	522	926	477*	628	731
Rape oil, Dutch, fob ex-mill	1120*	1042	2027	1031*	1442	1633
Rape meal, fob ex-mill Hmb	280*	355	456	319*	355	339
Palm oil crude, cif N.W.Eur	1020*	987	1617	940*	1087	1273
Palm olein RBD, Mal. fob.	945*	934	1587	854*	969	1218
Palmkern oil, Mal/Indo., cif Rott.	1100*	1003	2052	960*	1143	1615
Coconut oil, Phil/Indo., cif Rott.	1215*	1070	1988	1085*	1255	1689

Global vegetable oil production deficit likely to occur in 2024 and as a result price could appreciate:

- ❖ The forecast for the annual growth in CPO production for 2023/24 is expected to be the smallest in four years. Consequently, export supplies are likely to fall short in 2024/25.
- ❖ Global trade flows of oils & fats will continue to change in response to rapidly rising production of biofuels. New capacity expansion for production of SAF will elevate feedstock demand.
- ❖ Global production of SFO & RSO is likely to slow down between Jan/Sept 2024.
- ❖ Dependence on SBO will increase and therefore production is expected to rise 2 MnT in 2023/24.

“A World of
Vegetable Oils”



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