



# MARKET REPORT

February 2024



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# 1.1. EUROPEAN VEGETABLE OIL PRICES

		17/01/2024	09/02/2024	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALAYSIA	3815	3884	MYR/ MT	69	1,8%
Soya Oil ( 2nd Pos)	CBOT	48,06	47,75	USD/ MT	-0,31	-0,6%
Crude Palm Oil (Mar)	CIF RDM	955	955	USD/ MT	0	0,0%
CCNO Phil/ Indo (Mar/ Apr)	CIF RDM	1140	1160	USD/ MT	20	1,8%
CPKO (Mar/ Apr)	CIF RDM	965	993	USD/ MT	28	2,8%
Crude Sunflower Oil (AMJ)	6 PORTS	950	915	USD/ MT	-35	-3,7%
Crude Rape Oil (MJJ)	FOB DUTCH MILL	865	848	€/MT	-17	-2,0%
Crude Soya Oil (MJJ)	FOB DUTCH MILL	895	865	€/MT	-30	-3,4%
<b>EUR/ USD</b>						
	SPOT	1,0891	1,0782		-0,011	-1,0%
<b>Brent Crude</b>						
	SPOT	77,88	82,19	US \$/ BRL	4,31	5,5%
<b>Gas Oils</b>						
	SPOT	778	918,25	US \$/ MT	140,25	18,0%

Prices of vegetable oils have recovered in the last week, but a downtrend persists in SBO, RSO, and SFO. Demand has been weak, mainly in China and India. However, new potential risks in the Argentinean soybean crop have appeared, while the final production in Brazil is still unclear. The balance of vegetable oil is likely to tighten in the coming months.

The situation in the Red Sea and the Panama Canal should also be monitored.

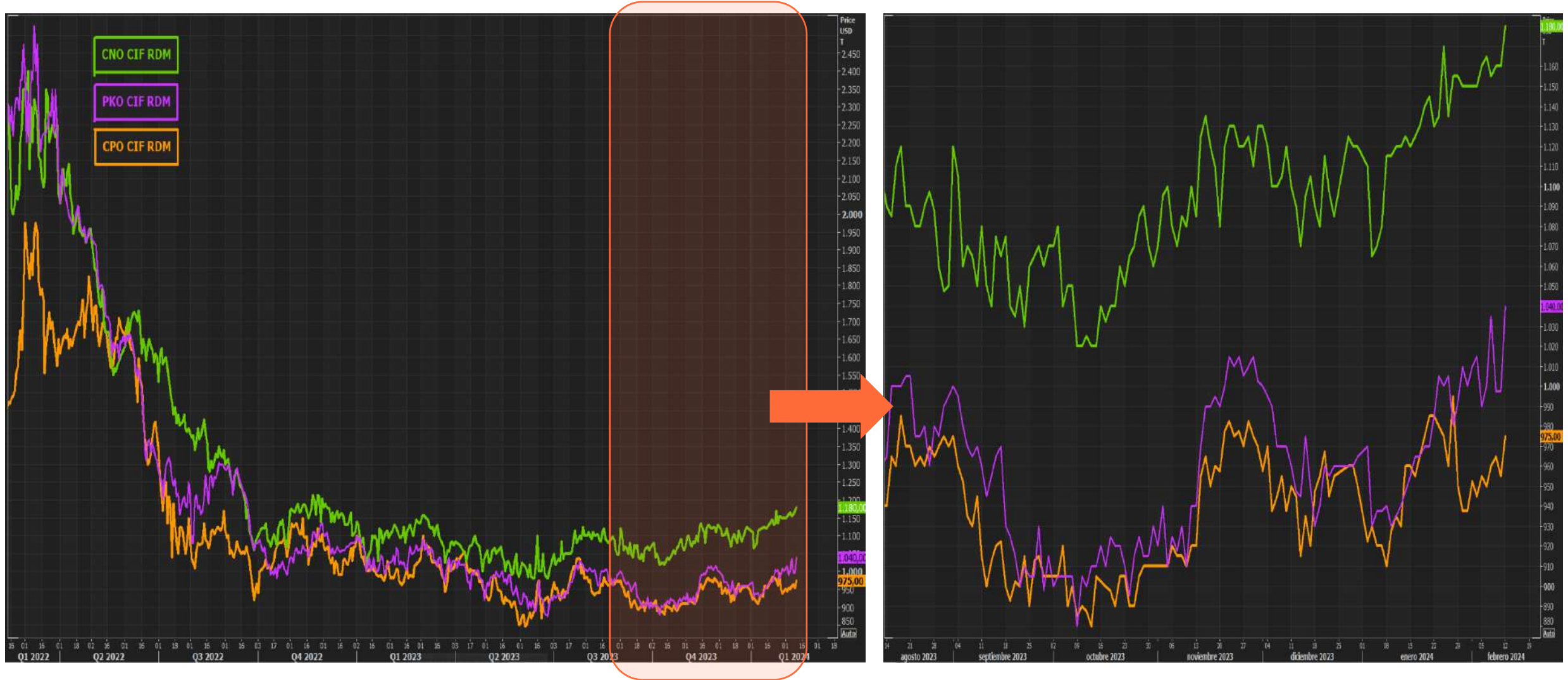
SOURCES: ARGUS/OIL WORLD/REUTERS

# 1.2. EUROPEAN VEGETABLE OIL PRICES



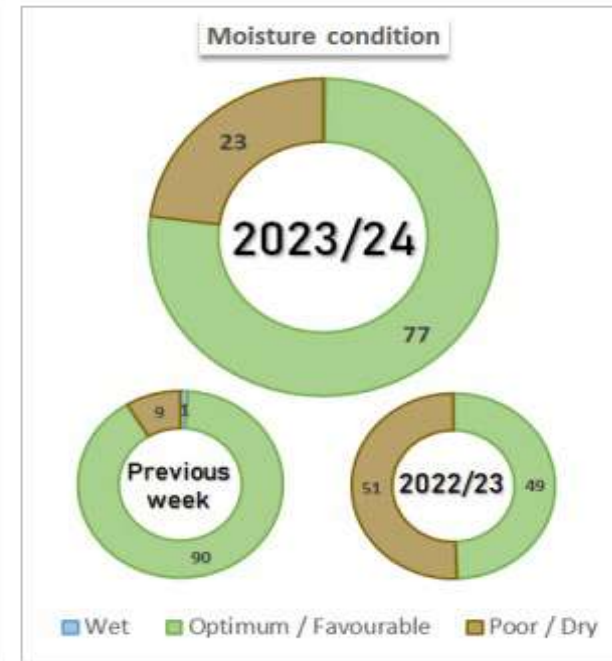
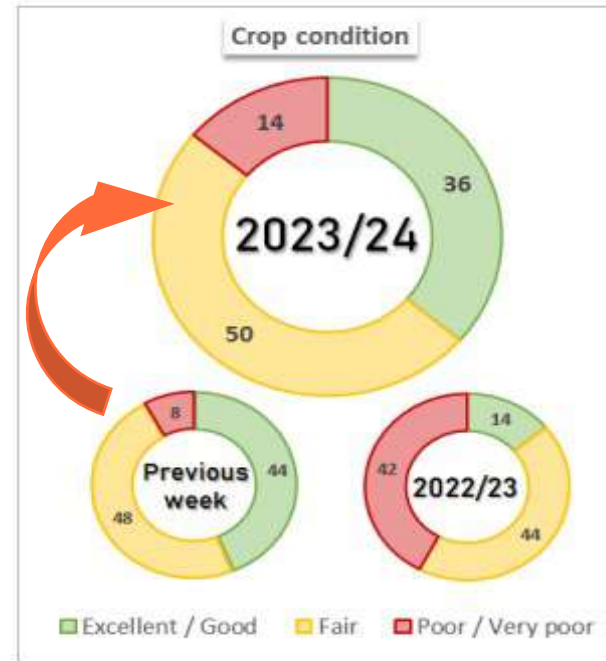
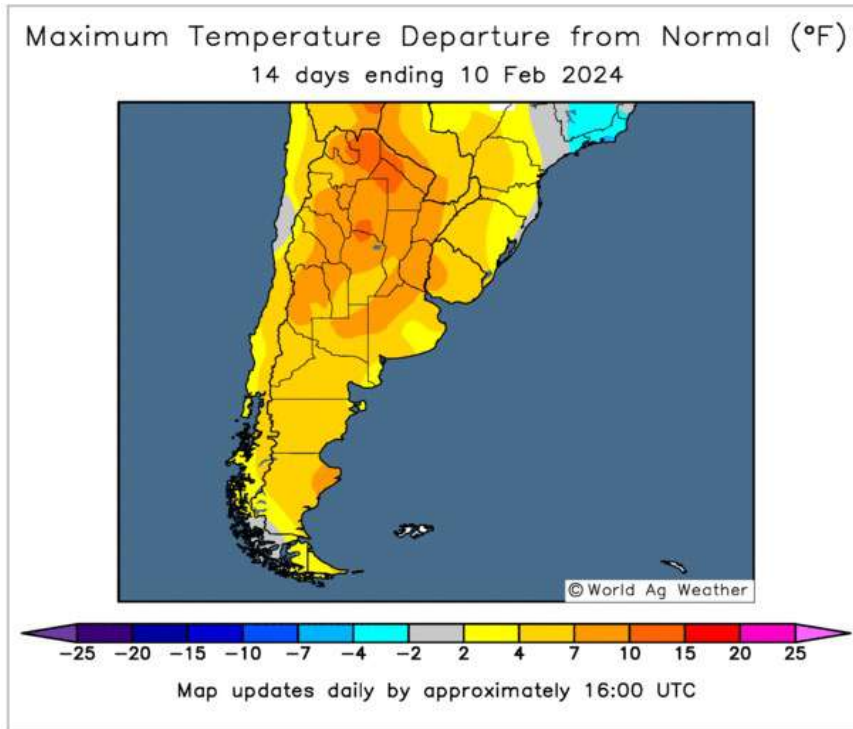
SOURCES: ARGUS/OIL WORLD/REUTERS

# 1.3. EUROPEAN VEGETABLE OIL PRICES



SOURCES: ARGUS/OIL WORLD/REUTERS

# 2.1. SOYBEAN OIL (SBO): Heat Wave in Argentina Could Limit Soybean Crop



**A heatwave has deteriorated soybean crops** in a large part of the production area in **Argentina**.

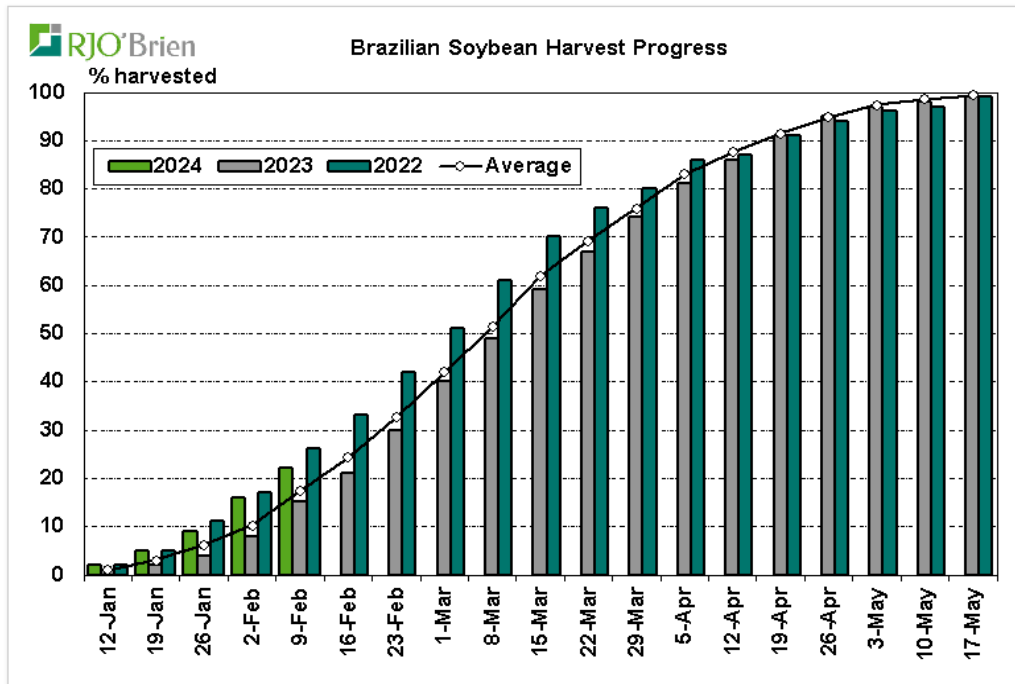
According to the Buenos Aires Exchange, due to the **high temperatures and lack of rain** during the past 2 weeks, the soybean crop in "good"/"excellent" condition has **dropped by 13%** and **"poor"/"very poor" conditions have increased 14%**.

As soybeans are now entering the **yield-determining phase** in certain regions of the country, the extent and coverage of rainfall anticipated towards the end of next **week will be crucial**.

Market participants have already begun adjusting their **estimations downward**, but they still remain close to **50 MnT**.

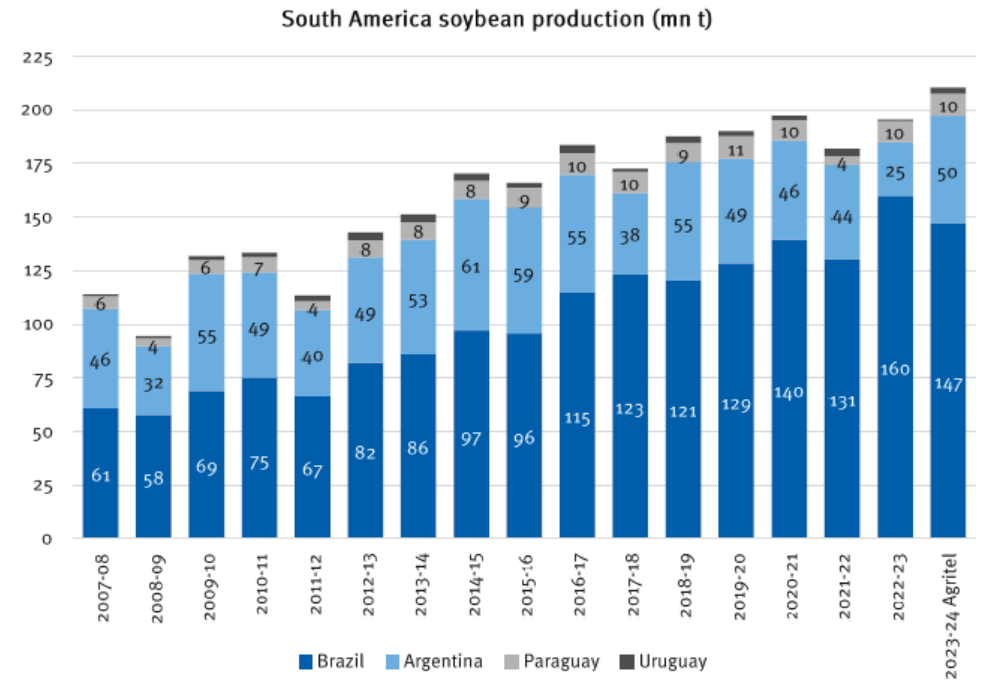
SOURCES: BCBA/BCR/OILWORLD/REUTERS/WAGWEATHER

## 2.2. SOYBEAN OIL (SBO): Brazilian Soybean Harvest in Progress



**Brazil had harvested 22%** of the 2023/24 soybean crop as of Feb. 9th. Initial harvest results in Mato Grosso confirm **significant yield losses**.

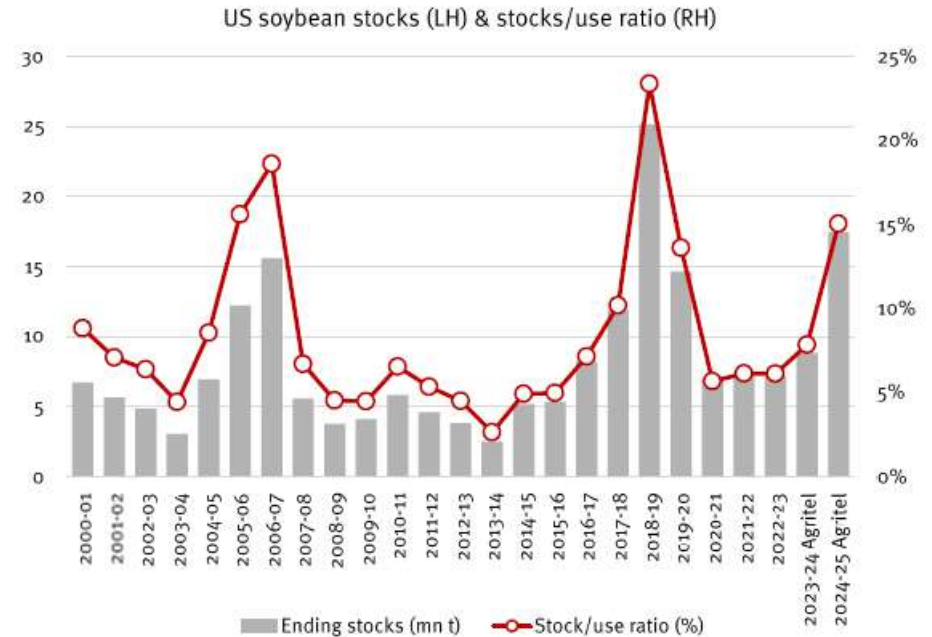
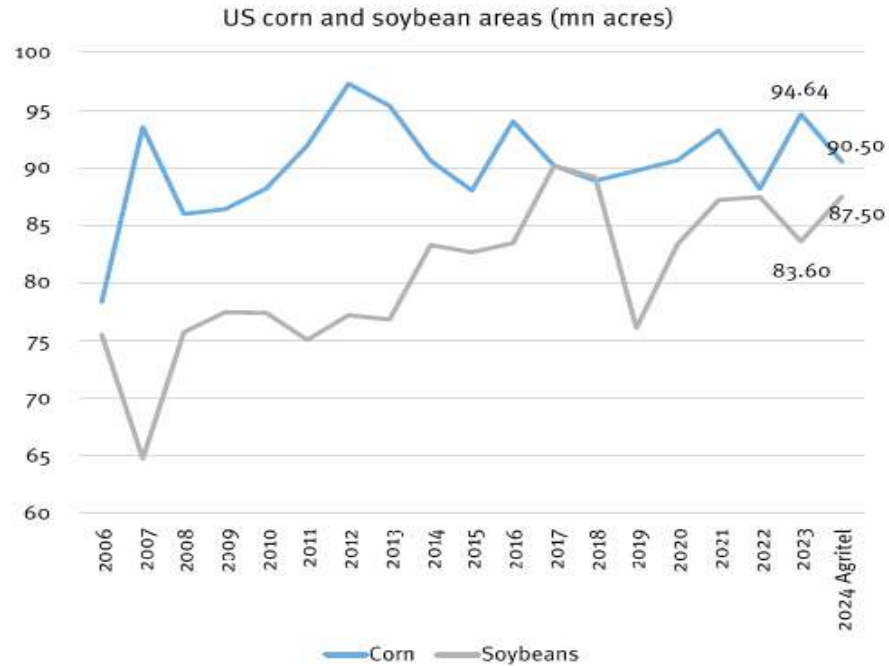
StoneX Brazil reduced their 2023/24 production estimate from 152.8 to **150.4 MnT**, down almost 5% from last year's record of 157.9 MnT, while CONAB is now estimating **149.4MnT** vs. 155.2 MnT last month. However, **estimations still vary widely** among market participants (**135-155 Mnt**).



Despite recent weather issues, **Argentina's soybean harvest is expected to double from last year, while Brazil's production is anticipated to exceed 145 MnT**, below the initial expectation of more than 160 MnT but still the second largest on record.

SOURCES: AGRINVEST/ARGUS/ATRIA BROKERS/OIL WORLD/RJO OBRIEN/STONEX

## 2.3. SOYBEAN OIL (SBO): It is Time to Start Looking at the US



**February is a critical month for American farmers' decisions about soy/corn acreage.** Current prices should motivate farmers to increase the soybean area.

In a very early estimation based on average yields, **the balance of US soybeans should improve.**

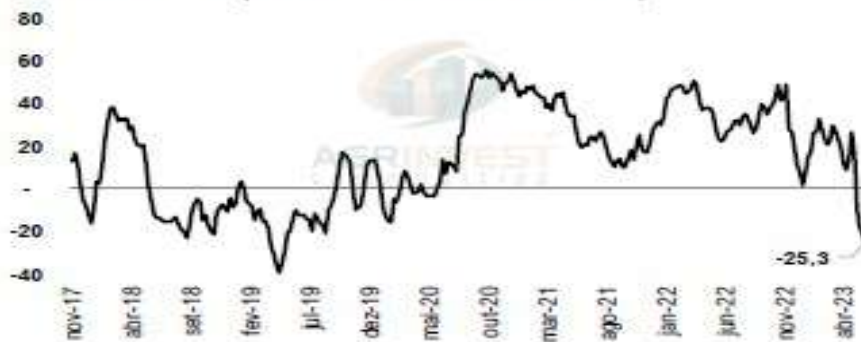
SOURCE: ARGUS/K BRAUM



## 2.4. SOYBEAN OIL (SBO): south American Prices reached 3-year low

F16. Posição dos fundos no complexo da soja

Posição dos fundos no complexo da soja em equivalente grão (em Mi de t, soja, farelo e óleo)



**South American SBO spot prices fall below \$800 USD/mt for the first time since Sep-2020**, under pressure from falling CBOT futures contracts and sluggish demand in key destinations.

Despite Argentinean and Brazilian farmers being reserved sellers, **funds have built a short position in the CBOT market. They are behind the last price recovery, cutting short positions.**

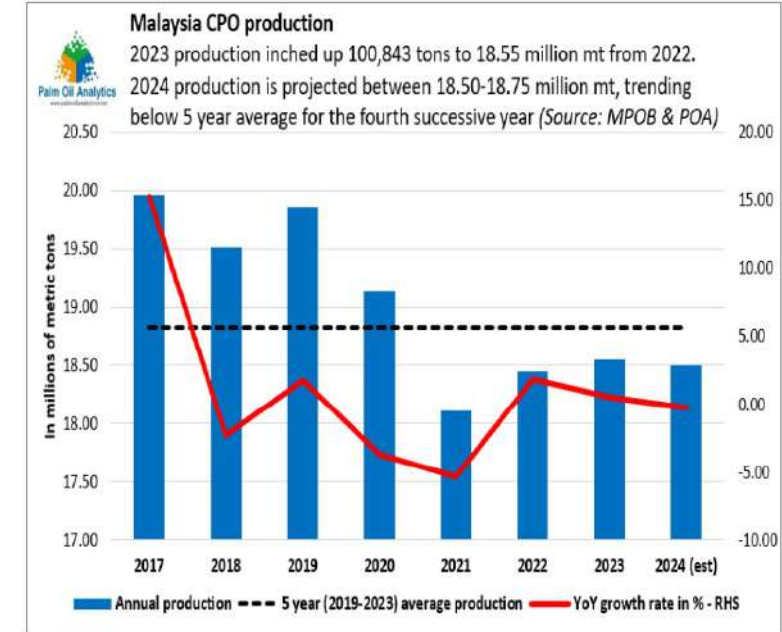
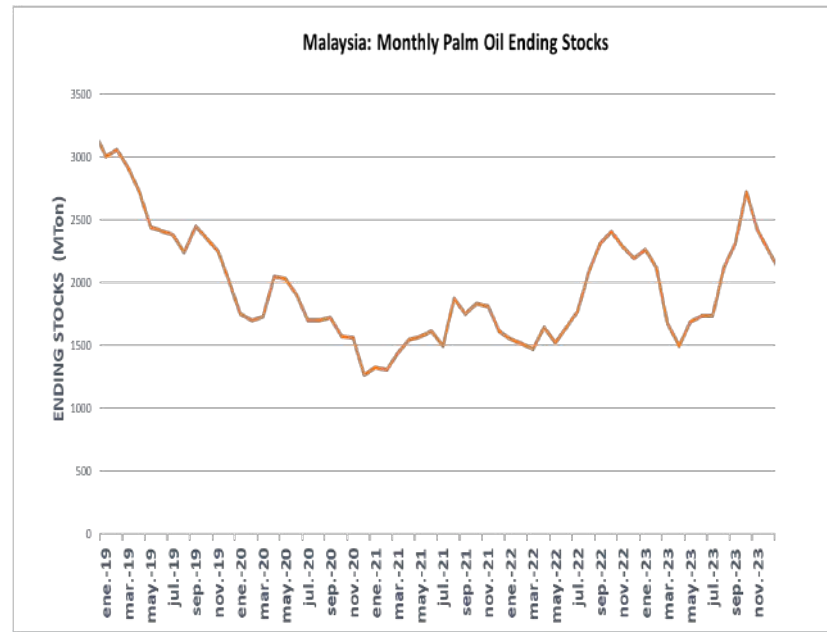
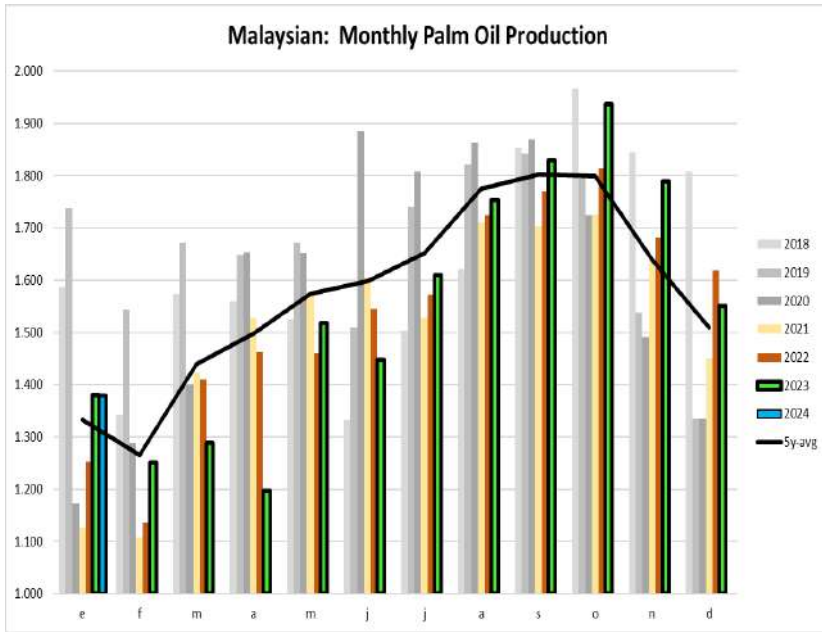
**Despite the drop in prices and good competitiveness vs. CPO prices in Indonesia and SFO from Black Sea, the demand at destination have not improved.** Key buyers India and China have large vegetable oil inventories.

**Prices can continue under pressure in the short term. The weather in South America and the evolution in demand should be closely monitored.**



SOURCES: AGRINVEST/REUTERS/S&P/STONEX

# 3.1. PALM OIL (CPO): Malaysian Production Keeps on Declining Seasonally



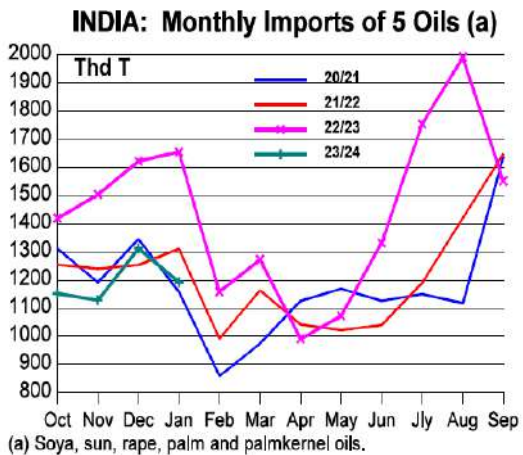
**Malaysian CPO production is expected to decline by around -10% vs. Dec, a lowest level in 9 month** and the 3rd successive monthly decline. However still 3.5% higher than the historical average for January.

**Malaysian full year production is expected at 18,75 Mnt**, this would mark the 4th successive year of output below the 5-year historical average.

**End-month stocks could end up at lowest level in 5-6 months.**

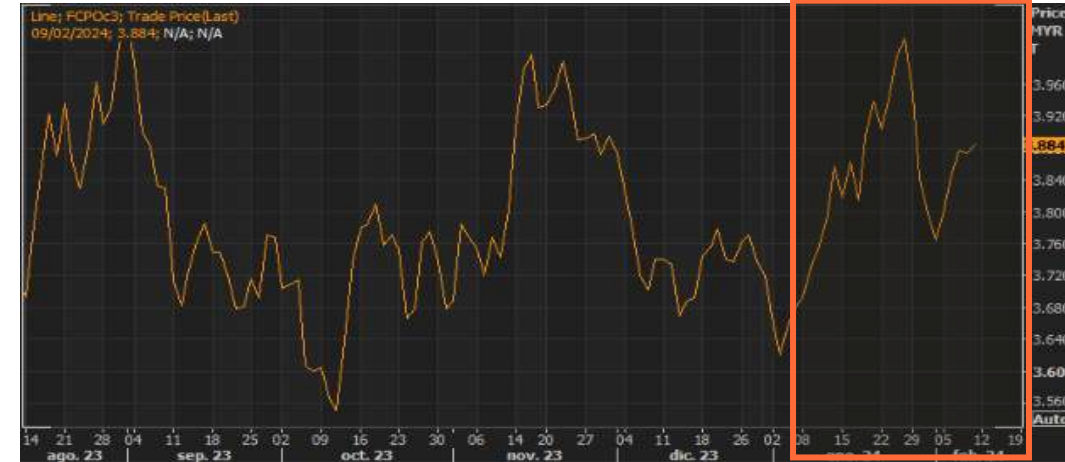
SOURCES: MPOB/OIL WORLD/POA

## 3.2. PALM OIL (CPO): Prices Continue With a Premium



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

	Jan/Sept		Oct / Sept		
	2024F	2023	23/24F	22/23	21/22
Op'g stocks . .	15.19	15.07	15.14	14.68	12.47
Production . . .	60.46*	60.33	81.61*	81.56	77.48
Imports. . . . .	37.83*	37.98	51.31*	53.11	47.37
Exports. . . . .	37.80*	37.80	51.28*	53.44	47.81
Consumption	61.90*	60.44	83.00*	80.76	74.83
End'g stocks	13.78*	15.14	13.78*	15.14	14.68
Stocks/usage			16.6%	18.8%	19.6%



**CPO prices have recently recovered, supported by seasonally low production in Asia and declining stocks.** The world CPO balance 2023/24 shows a **deficit**. In part of Latin America, CPO production has also been **affected** by adverse weather condition over the past months.

However, many consumers, such as India, are **waiting for lower prices**. **Chinese demand remains a key concern**. Also, the more **attractive prices of SFO have partly substituted CPO** in certain countries.

CPO prices are still offered with a **premium over SBO, SFO and RSO**, and demand from China and India demand is very slow.

**Both factors are limiting further appreciation in prices.** However, it is likely that CPO will remain relatively expensive compared to other vegetable oils in the coming months.

SOURCES: ARGUS/OIL WORLD/POA/REUTERS

# 4.1. SUNFLOWER OIL (SFO): Production Growth Forecast for 2024/25

## 2.21. SUNSEED PRODUCTION IN MAIN COUNTRIES IN 2024

	Area (Mha)			Yield (t/ha)			Production (Mt)		
	2023/24	2024/25	Δ/ prev. report	2023/24	2024/25	Δ/ prev. report	2023/24	2024/25	Δ/ prev. report
Ukraine	5.77	5.91		2.37	2.38		13.67	14.08	
Russia	9.37	9.49		1.85	1.79		17.36	17.02	
EU 27	4.92	4.92		2.01	2.17		9.88	10.67	
Argentina	1.85	1.92		1.99	2.02		3.68	3.89	
China	0.99	1.00		2.99	3.03		2.98	3.01	
Turkey	0.96	1.01		1.66	2.21		1.59	2.23	
USA	0.51	0.55		1.95	1.96		1.00	1.08	
Kazakhstan	1.10	1.23		0.99	1.10		1.09	1.35	
Moldova	0.39	0.38		1.73	1.95		0.67	0.73	
Sth Africa	0.61	0.61		1.35	1.36		0.82	0.83	
Serbia	0.24	0.21		2.92	3.02		0.71	0.64	
World	29.53	30.15		1.91	1.94		56.39	58.57	

**Strategie Grains (SG) has published its first estimation for the 2024/25 season. The agency expects a worldwide sunflower harvest to be 2.2 MnT (+4%) higher than the current season, with increases in both acreage and average yield.**

Due to sunflower's continued profitability in the main producing countries, it anticipates a larger harvest in **Ukraine (+3%), the EU (+8%), Argentina (+5.7%),** Kazakhstan, and Turkey.

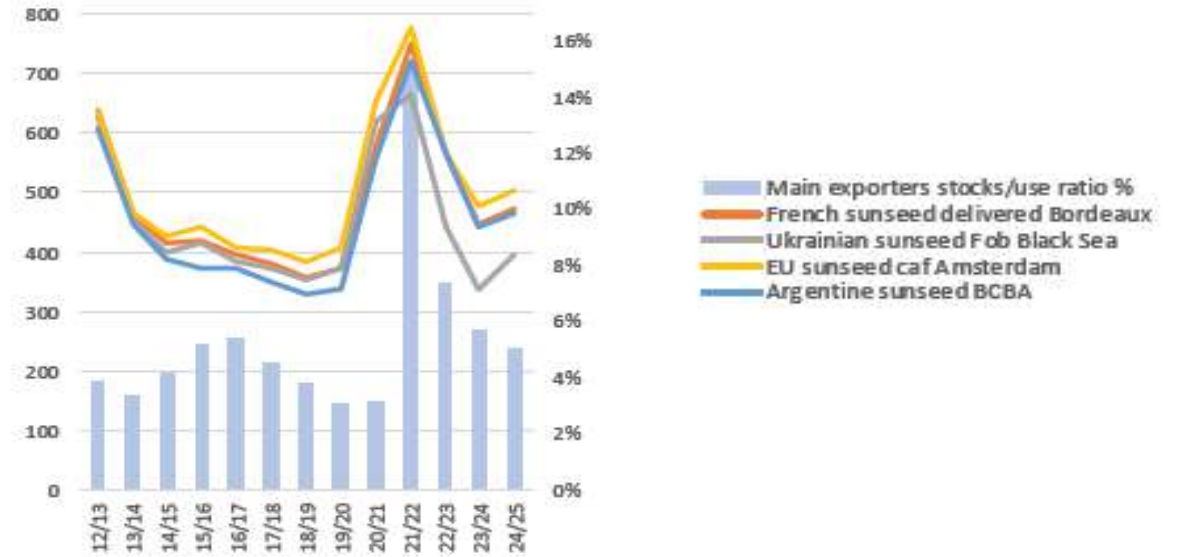
Russian production is expected to be **2% lower** despite a slight increase in acreage, as lower yields are expected following the fantastic results of the 2023/24 season.

# 4.2. SUNFLOWER OIL (SFO): A Tighter Balance is Expected in 2024/25

## 2.1. WORLD SUNSEED BALANCE

Sunseed (Mt)	2023/24		2024/25	
	01/12/23	02/02/24	01/12/23	02/02/24
August-July				
carry-in	6.1	6.1	4.7	
production	56.5	56.4	58.6	
trade	3.3	2.7	2.9	
crush	52.8	52.4	53.4	
other cons.	5.4	5.4	5.4	
carry-out	4.4	4.7	4.5	
stock/use ratio	7.6%	8.2%	7.7%	

## 2.2. STOCKS-TO-USES RATIO FOR SUNSEED AND WORLD PRICE (\$/T)

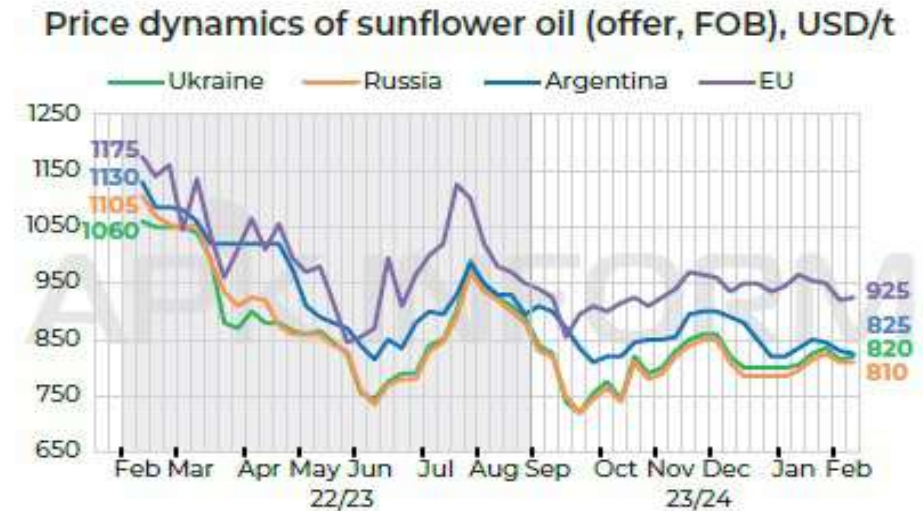
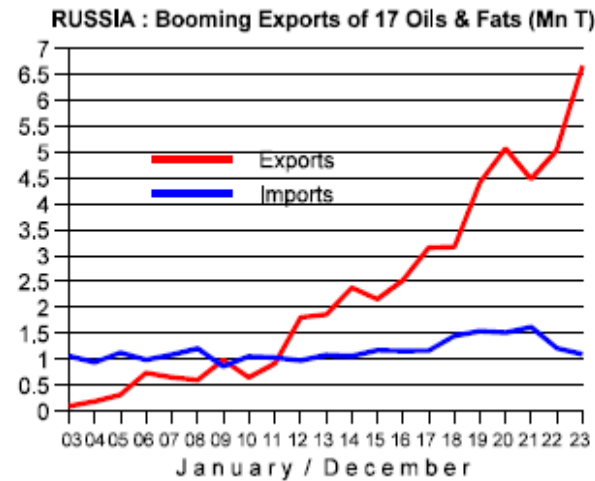
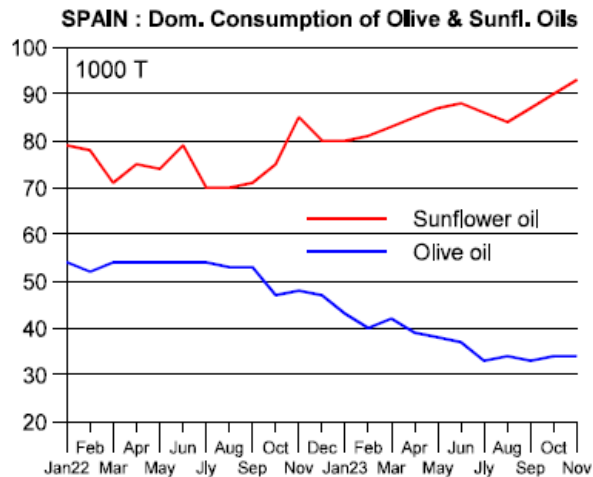


According to SG, the world situation in **2023/24 appears well balanced overall, with a S/U ratio of 8.2%**, in line with the five-year average. However, the situation varies among countries: **a surplus in Russia contrasts with an expected tight situation in the EU and Turkey**, where imports of Ukrainian sunflower seed are expected to sharply decline due to customs restrictions imposed by importing countries. In **Ukraine, the market expects to enter the new season with minimal stocks, as usual.**

**In 2024/2025, the forecasted increase in production will be largely offset by the decline in carry-in stocks.** Crushing is expected to increase thanks to good demand for SFO due to its competitive pricing. **World sunflower seed stocks are forecasted to decrease, reflecting a more fragile situation globally.** As in the current season, Russia's balance is expected to be adequate to heavy, while it is likely to be more fragile in the other main producing/consuming countries.

SOURCES: APK INFORM/STRATEGIE GRAINS

## 4.3. SUNFLOWER OIL (SFO): Prices under Pressure



Despite an increase in demand due to good price competitiveness compared to other vegetable oils since the **beginning of the season, prices were declining due to: high supply and fairly high volumes of shipments of SFO from the Black Sea region.**

Global vegetable oil prices declining since demand was very slow, particularly under **heavy pressure from SBO, and lower prices on the global crude oil market.**

**Prices are likely to continue under pressure in the short term** due to the reduction of imports by India and the beginning of the soybean harvest in South America.

However, **we expect prices to find support in the medium term before the arrival of the new campaign due to a slowdown in Ukrainian supply.**

# 5.1. RAPESEED OIL (RSO): Potential Decline in EU Rapeseed Area for 2024

## 1.17. RAPESEED PRODUCTION IN MAIN COUNTRIES IN 2024

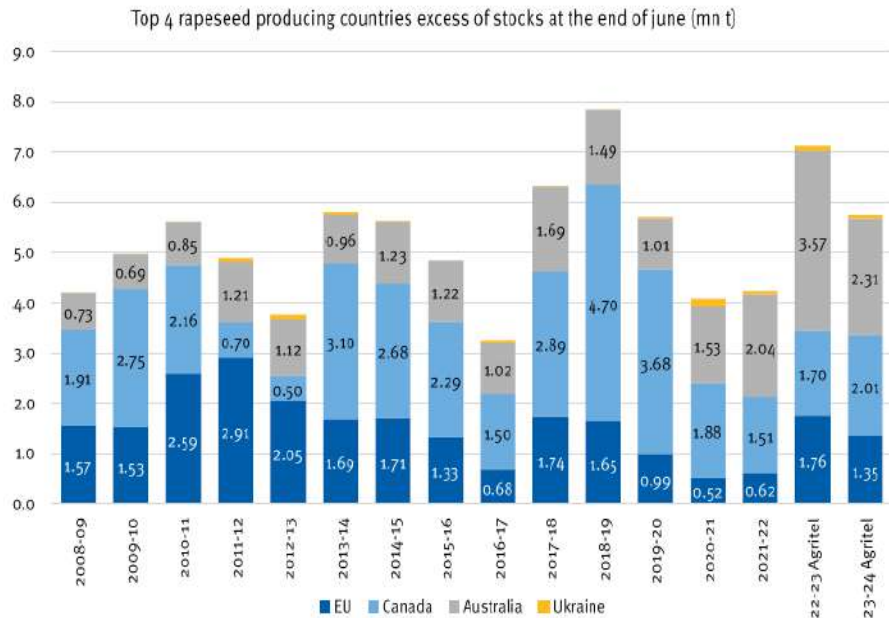
	Area (Mha)			Yield (t/ha)			Production (Mt)		
	2023/24	2024/25	Δ/ prev. report	2023/24	2024/25	Δ/ prev. report	2023/24	2024/25	Δ/ prev. report
Canada	8.86	8.68		2.15	2.29		19.00	19.87	
China	7.40	7.51		2.07	2.11		15.31	15.85	
EU 27	6.19	5.62		3.20	3.27		19.83	18.39	
Unit. King.	0.39	0.32		3.11	3.43		1.22	1.10	
India	10.05	10.20		1.12	1.13		11.23	11.51	
Australia	3.49	3.21		1.61	1.73		5.61	5.54	
Russia	2.07	2.33		2.03	1.85		4.20	4.32	
Ukraine	1.44	1.39		2.96	2.77		4.25	3.85	
USA	0.94	0.89		2.01	2.00		1.90	1.77	
Belarus	0.40	0.41		2.28	2.05		0.90	0.83	
Uruguay	0.15	0.15		1.76	1.78		0.26	0.27	
Others	1.52	1.48		1.47	1.49	0.00	2.24	2.19	
World	42.89	42.18		2.00	2.03		85.94	85.51	

In line with Oil World, Strategie Grains expects **lower EU rapeseed production in 2024/25.**

The anticipated drop of 7% to 18.4 MMT is attributed to the decline in global rapeseed prices, which is **limiting farmers' interest, as well as challenging weather conditions during planting time**, notably dry conditions in Ukraine and Eastern EU countries that limited planting.

**World production is expected to be slightly below that of 2023/24**, with a decrease of **0.4 MmT**. Sharp declines forecasted in the EU and Ukraine are likely to be partly offset by increases in Canada, China, and India.

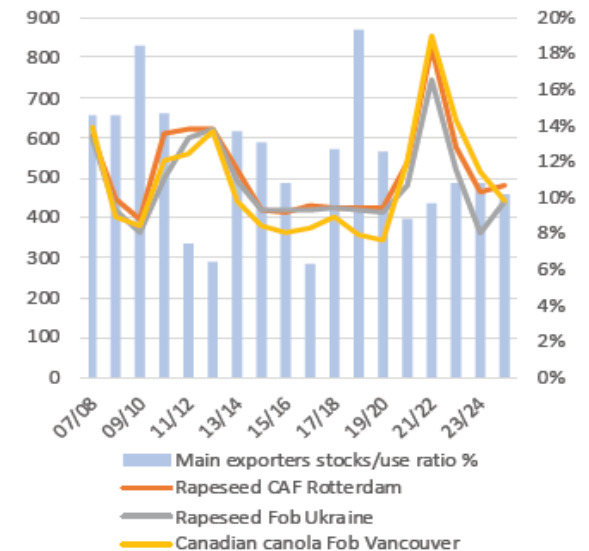
# 5.2. RAPESEED OIL (RSO): s&D 2024/25 Expected to be Well-Balanced



## 1.1. WORLD RAPESEED AND CANOLA BALANCE

Rapeseed (Mt)	2023/24		2024/25	
	01/12/23	02/02/24	01/12/23	02/02/24
July-June				
carry-in	9.0	9.0	9.2	9.2
production	84.4	85.9	85.5	85.5
trade	17.2	17.9	17.1	17.1
crush	81.6	82.1	82.5	82.5
other cons.	3.6	3.6	3.8	3.8
carry-out	8.2	9.2	8.5	8.5
stock/use ratio	9.6%	10.8%	9.8%	9.8%

## 1.2. RAPESEED AND CANOLA STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)



The world rapeseed balance for 2023/24 appears slightly better than one month ago. Stocks at the end of June-24 are expected to be lower than one year ago, but **they are still at a good level.**

For 2024/25, world supply is expected to be slightly below that of the current season, while crushing is expected to increase, mainly in Canada. However, assuming this production materializes thanks to good weather, the **S&D situation looks well balanced.**



## 5.3 RAPESEED OIL (RSO): European Prices could appreciate in H1 2024



In the short term, world **RSO prices are likely to continue under pressure** if the rest of vegetable oils follow a downtrend.

Canadian rapeseed supply appears sufficient, and **competition between SFO, RSO, and SBO will be intense.**

Looking ahead, the **European RSO situation could be tighter** than the overall market, so we expect prices in Europe to be firmer than in Canada.

Rapeseed stocks are down after record crushing so far this season, and **prices should improve to capture enough import volumes** with Ukrainian export program almost complete.

**The forecasted tightness for palm oil is also expected to keep the European RSO prices firm.**

SOURCES: ARGUS/OIL WORLD/REUTERS/STRATEGIE GRAINS

## 6. LAURICS OILS – (CPKO+CCNO): Strengthening of Prices

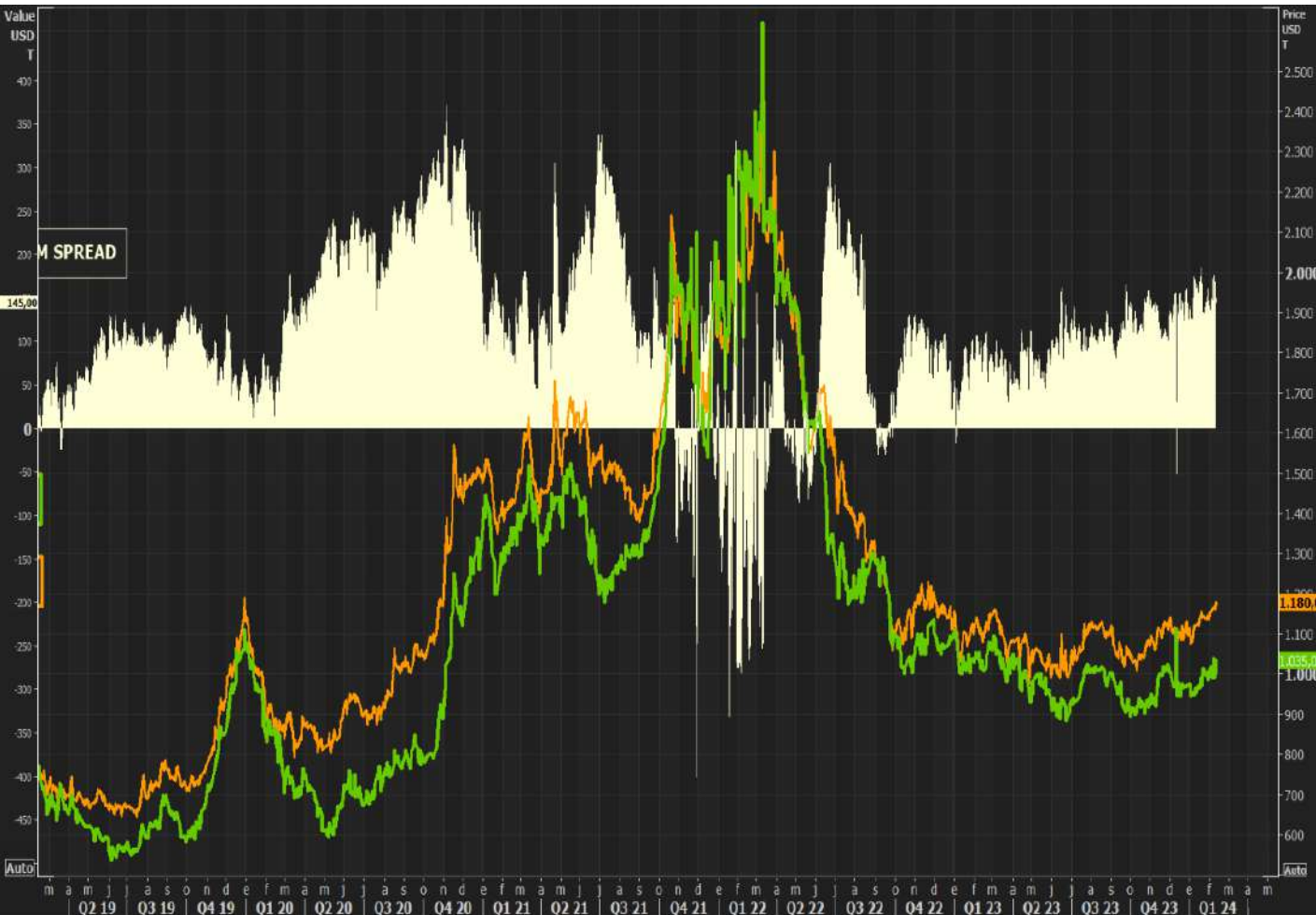
In Rotterdam, the average spread between **CPKO and CCNO is slightly higher** than the previous week. The **CPKO spread versus CPO also widened** last week.

**CCNO price in Rotterdam been gaining about 60\$ since the start of the year. World production of CCNO will probably continue to be behind the year ago level** mainly on the ongoing setback of yields in Philippines.

However, the Philippines government launched in Oct 2023 an ambitious replanting plan of 100 Mn of coconut trees until 2028, which would represent the biggest replanting initiative in many years.

**World exports of CCNO are forecast to be reduced to a 3-year low** in Oct/Sept 2023/24, therefore CPKO demand could be supported.

SOURCES: OIL WORLD/POA/REUTERS



“A World of  
Vegetable Oils”



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