



Market Report June 2024





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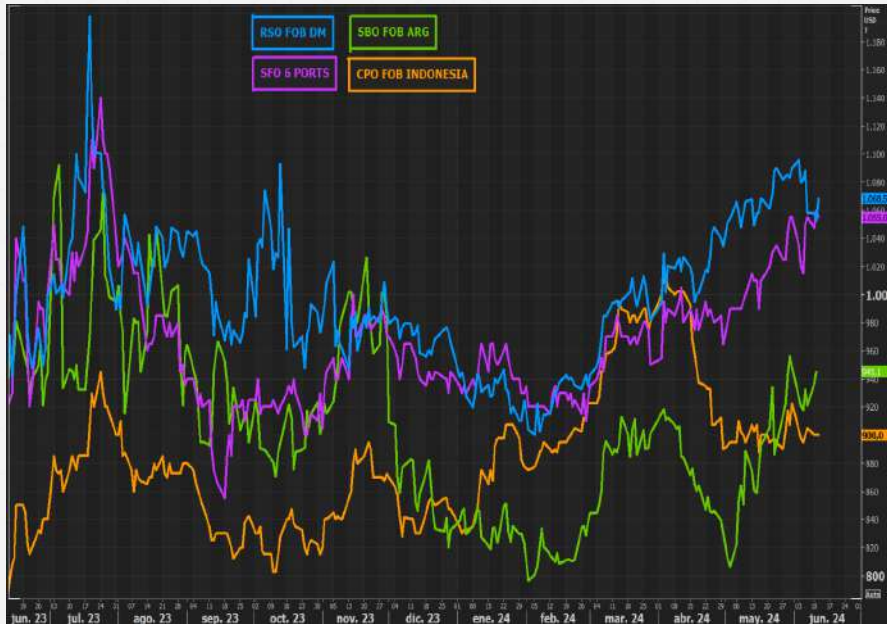


Vegetable Oils Prices



Vegetable Oil Prices

WHERE DO WE COME FROM,
AND WHERE ARE WE GOING ?



- Prices of **rapeseed oil (RSO)** have been under pressure due to favorable weather conditions in Canada. However, the weather in Europe was not ideal, providing some support to European prices.
- **Sunflower oil (SFO)** prices appreciated due to an expected decline in export supply until the arrival of the new season, and unusually dry conditions in Russia and Ukraine.
- **Palm oil (CPO)** prices have improved their competitive position due to the recovery in production and export supplies.
- **Argentinian soybean oil (SBO)** prices have increased, supported by losses in Brazilian production and lower SFO export supply. However, the expected increase in world crushing, the beneficial weather in North America, as well as the improved competitive position of palm oil prices, limit the upward movement in prices.



Vegetable Oils Supply & Demand





Sunflower Oil Market

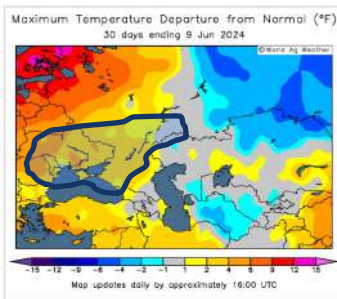
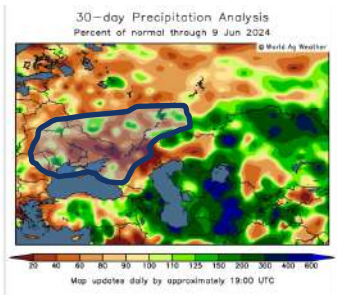
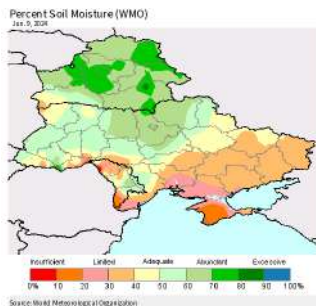
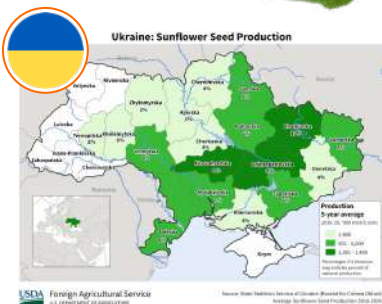
Russian and Ukrainian SFS Supply under Risk

Sunflower seeds were **planted** on 5.2 Mhas as of **06 Jun** in **Ukraine** (**98%** of the planned area), according to AgMin data. In **Russia**, **93%** of the intended area was planted by **04 Jun**.

Sharply below-normal rainfall, above-normal temperatures, and critically low soil moisture supplies are stressing agricultural crops in many parts of **Russia** and **Ukraine**.

Rains are urgently required. If they fail to arrive, sunflower seed, soybeans and corn planted this spring will be threatened and **yields reduced**.

Farmer have become reserved sellers due to the increasing risk of crop losses.



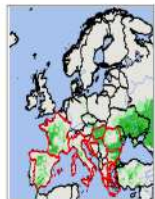


Sunflower Oil Market

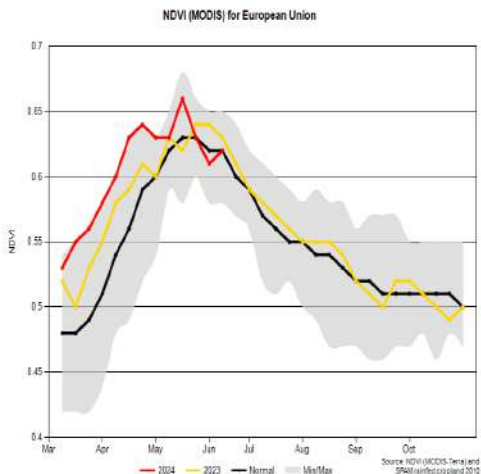
There were no significant changes in the sunflower projections for Europe

European Union - Sunflowerseed Production

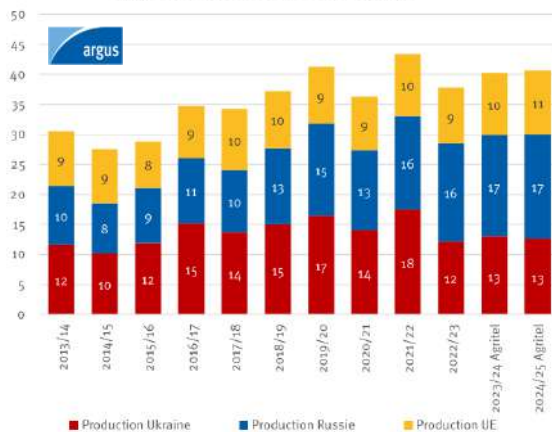
2024 Summer Crop Season (Mar-Oct)



European Union (~80% of total sunflowerseed production)



Sunflowerseed production, EU+UA+RU (mn t)



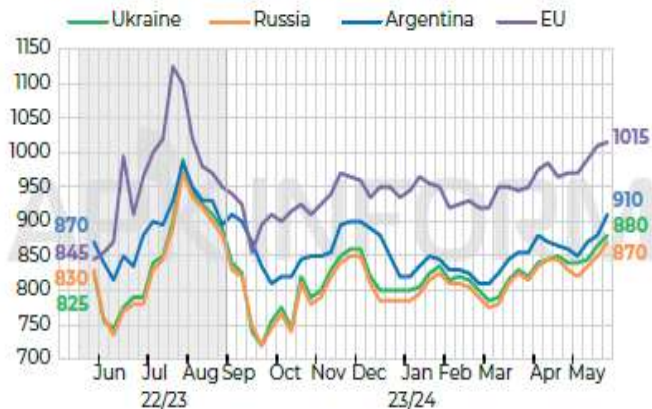
Strategie Grains slightly lowered its projection for the **EU sunflower harvest** in 2024 to **10.72 MnT**, down from 10.75 MnT previously, but **still 10% above 2023**, similarly to the EU Commission in its last report.



Sunflower Oil Market

A Tighter Balance is Expected in 2024/25

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



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



SUNFLOWERSEED : World Crushings (Mn T)

	Sept/	Dec/	Mar/	June/	Sept/
	Nov	Feb	May	Aug	Aug
2020/21	13.46	12.73	11.89	7.90	45.99
2021/22	12.84	13.11	11.06	10.83	47.84
2022/23	12.70	12.56	14.00	12.73	51.99
2023/24F	13.41	14.99	14.52*	11.88*	54.81*

Sunflower seed (Mt) August - July	2023/24	2024/25
Carry-in	5.6	3.8
Production	55.3	56.8
Total Supply	60.9	60.6
Trade	2.6	2.5
Crush	53.2	52.7
Other cons.	4.6	4.6
Carry-out	3.8	3.3
Stock/use ratio	6.5%	5.7%

strategiegrains

SFO prices have appreciate due to the expected slowdown in the world crushing and export supply, as well as concern about Black Sea region weather.

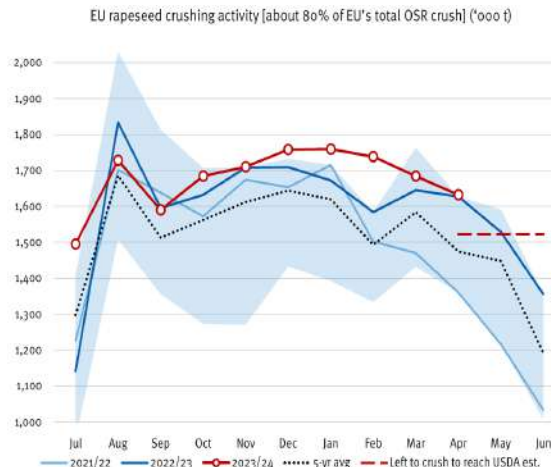
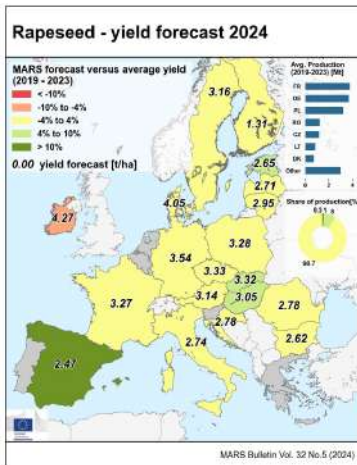
Even assuming favourable weather, the world balance 2024/25 of sunflower seed (and SFO) is likely to be the tightest in several seasons.





Rapeseed Oil Market

New Reduction in Expected EU 2024 Yields



The rapeseed crop in the EU-27 may have suffered some additional damage lately from wet weather in France and frosts in central Europe.

In **Germany**, alternating warm and cold phases met well-development plants, causing some damage to winter rapeseed. EU Commission have reduced 2.7% the expected yield. In eastern **Romania** and eastern **Bulgaria**, winter crops are suffering a persist rainfall deficit, affecting winter rapeseed.

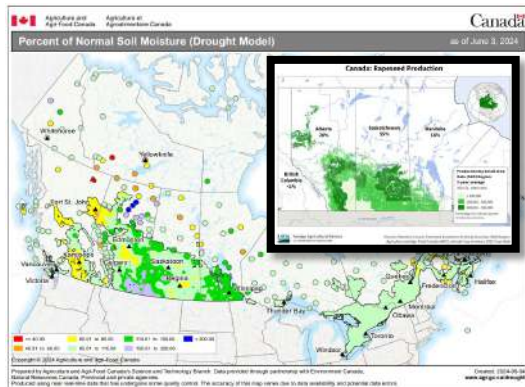
Strategie Grains cut its forecast for this year's rapeseed output in the EU by 180 KT to **17.9 MnT**, now **10% below LY**. **Oil World** estimates **18.3 MnT vs 20.1 LY**.

The **EU crush activity at record**, ending stocks set to be tight with a late start to imports from Australia. The **European rapeseed S&D 2024/25** will be tight, even assuming imports of rapeseed & canola rising more than 1 MnT.



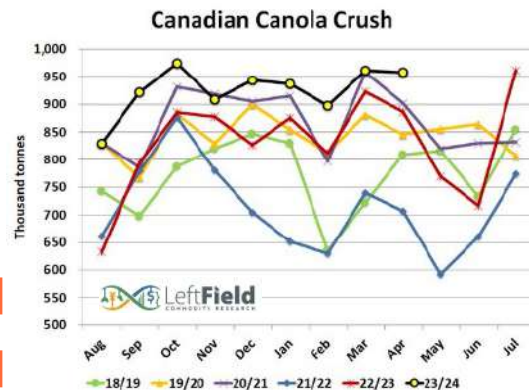
Rapeseed Oil Market

Canada's Canola Crops in Good Conditions



CANADA : Supply & Demand of Canola (Mn T)

	August / July				
	24/25F	23/24	22/23	21/22	20/21
Op. stocks	1.72*	1.51	1.33	1.60*	3.43
Output	20.30*	18.33	18.69	14.25	19.48
Imports . . . .	.15*	.28*	.15	.10	.13
Exports	8.45*	6.71*	7.94	5.29	10.53
Crushings	11.20*	10.90*	9.96	8.56	10.41
Other use . . . .	.77*	.78*	.77	.78*	.50
End stocks	1.75*	1.72*	1.51	1.33	1.60*



Spring plantings in the **Canadian Prairies** are nearing **completion**. **Favourable weather** conditions have significantly **improved** the **outlook** for the **canola** harvest.

Partially excellent moisture supplies are boding well for early crop development.

The **record canola crushing pace continues**. This season: 8.3 MnT were crushed vs 7.5 MnT in 2022/23 and 7.30 MnT 5-yr average.

Canola crushing in Canada is quite profitable, and the origin is also competitive for exporting.



Rapeseed Oil Market

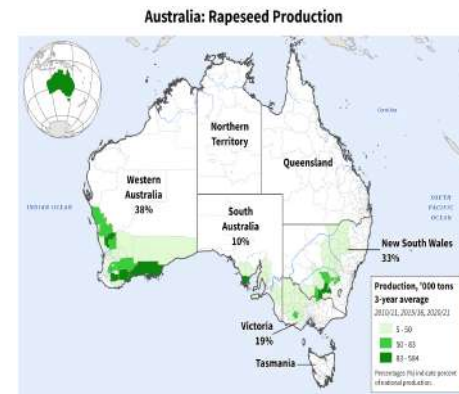
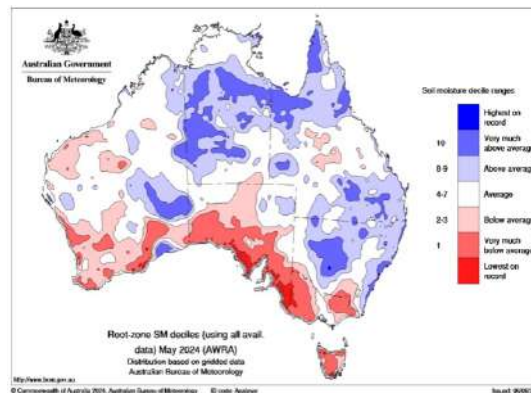
Part of Australia's Canola Area Affected by Drought Conditions

AUSTRALIA: Production of Major Winter Crops

	Output (Mn T)			Area (Mn ha)		
	24/25F	23/24	22/23	24/25F	23/24	22/23
Wheat . .	29.10	25.96	40.55	12.75	12.42	13.05
Barley . .	11.52	10.80	14.14	4.35	4.21	4.13
Canola . .	5.39	5.68	8.27	3.17	3.49	3.90

Source: ABARES.

According to **ABARES**, **canola has lost area** to grains and pulses in **Australia** this season. The canola area is estimated at **3,2 MnHas**, **-9%** vs last year. The **total production** is projected at **5.4 MnT**, **-5%** vs last year.



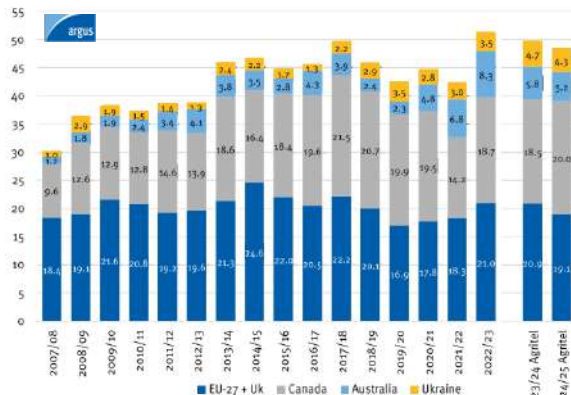
Unlike the favorable conditions in Queensland and New South Wales, **severe dryness in Western Australia, Victoria, and South Australia** has delayed plantings and **forced dry sowing**. Urgent rainfall is needed to support crop development. **Above-average rainfall is expected from June to August**, which could help replenish soil moisture just in time.



Rapeseed Oil Market

Prices Have Recently Succumbed to the Weakness in SBO and CPO prices, and Better Conditions in Canada.

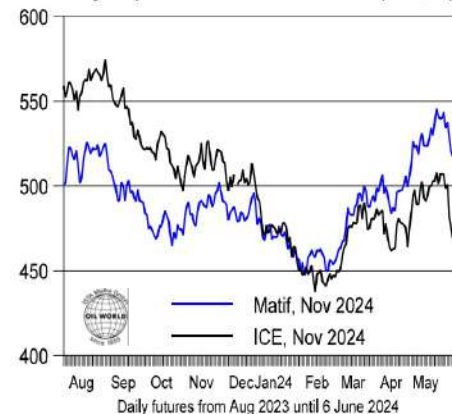
Top 4 rapeseed producing regions production (mn t)



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Rapeseed (Mt) july-june	2023/24	2024/25
Carry-in	9.0	8.6
Production	87.4	85.7
Trade	17.7	17.6
Crush	84.1	82.6
Other cons.	3.7	3.8
Carry-out	8.6	7.9
Stock/use ratio	9.8%	9.1%

Daily Rapeseed & Canola Futures (US-\$/T)



Canada's balance is expected to remain heavy, while the forecast is fragile to tight for the other main countries, especially the EU.



RSO seen regaining independent strength. Main analysts forecast a rise in European average prices, given a substantial seed shortfall and a fragile oil balance.



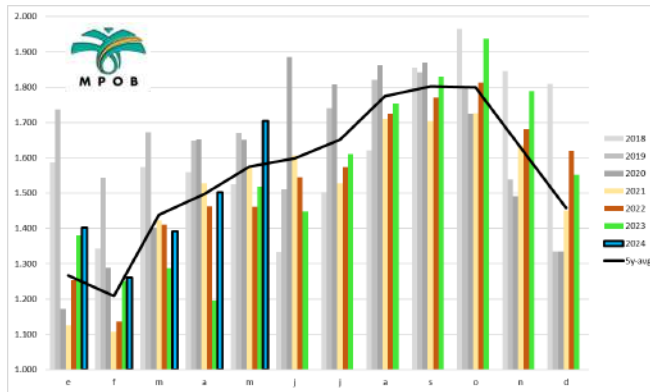


Palm Oil Market

Malaysia

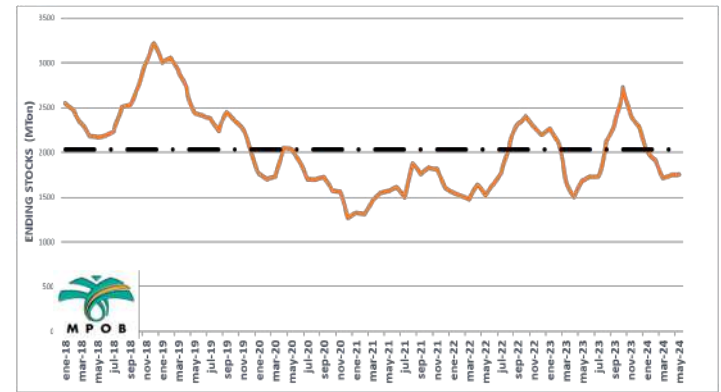


Malaysia: Monthly Palm Oil Production



Malaysian May palm oil production rose **+13.5%** vs **April-24** and **+12.5%** vs **May-23**, more than the marked expected. **Jan / May production is up 9.4%** from the same period **last year**, marking the **best performance** in the **last 5 years**.

Malaysia: Monthly Palm Oil Ending Stocks



Despite that, **Malaysian CPO ending stocks increased only marginally by 0.5%**, due to a **12% increase in exports** and a **25% increase in local consumption**.



Palm Oil Market

Indonesia



INDONESIA: Balance of Palm Oil (Mn T)

January/December



	2024F	2023	2022	2021	2020
Op'a stocks	5.05*	5.20*	4.80*	5.05*	4.65*
Production .	48.20*	48.43*	46.82	45.12	43.80*
Imports . . . .	.01*	.01	.01	.01	.01
Exports	27.50*	28.63	27.45	28.09	27.26
Dom. use . .	20.86*	20.01*	18.98*	17.29*	16.15*
<i>Biodiesel. .</i>	<i>11.47*</i>	<i>10.85*</i>	<i>10.00*</i>	<i>8.44*</i>	<i>7.48</i>
<i>Other use .</i>	<i>9.39*</i>	<i>9.16*</i>	<i>8.98*</i>	<i>8.85*</i>	<i>8.67*</i>
End. stocks .	4.85*	5.00*	5.20*	4.80*	5.05*

According to **Oil World**, Indonesian palm oil **production** apparently **fell short** of **expectations** in **Jan / April 2024**. **This could mean a revision in their estimation for 2024.**

Mr. Mistry is more pessimistic and projects a **drop of 1 MnT.**

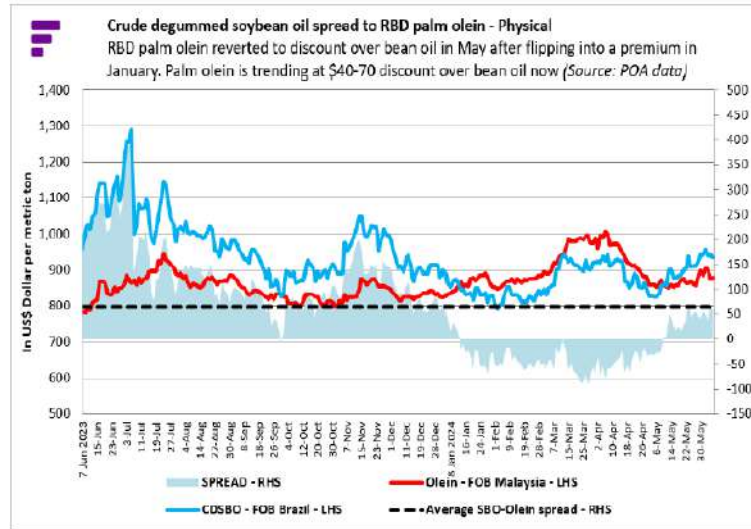
Despite the reduction in export supplies, **ending stocks** are likely to be **the lowest** in the **last 3 years.**

Indonesian palm oil production and export supplies in coming months will be an important price-determining factor to see.



Palm Oil Market

The competitiveness of palm oil improved significantly since May



Palm olein, usually the cheapest edible oil, had been at a **premium** of \$30–60 to **CDSBO** since **January**, reducing its export competitiveness. However, it **returned to a discount in May**. The discount **looks likely to be sustained** as palm prices remain under pressure **from higher production outlook** from **seasonal rise**.

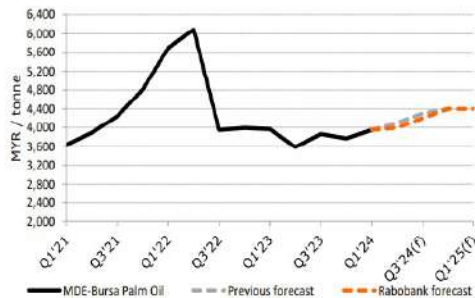
The changing price differentials prompted a **quick market reaction**: **Indian palm oil imports surged** in **May** and are expected to remain high in **June**, while **Malaysian palm oil exports** reached 1.4 MnT in **May**, the **highest for that month in five years** and about **30% more than a year ago**.



Palm Oil Market

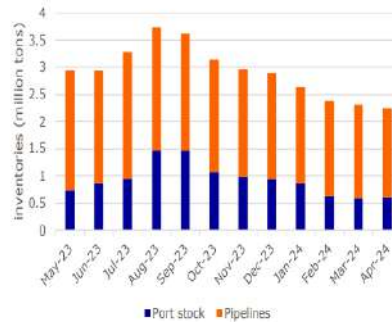
Production and Exports Have Started to Increase.
However, Prices Should Find Support

MYR	Unit	Q3 '23	Q4 '23	Q1'24	Q2'24f	Q3'24f	Q4'24f	Q1'25f
Palm Oil	MYR/mt	3,862	3,770	3,950	4,000	4,200	4,400	4,400



Source: Bloomberg, Rabobank 2024

Indian edible oil inventories continued to decrease in April 2024



Source: SEA India, Rabobank 2024

Palm oil production and export supplies began to recover in April, reversing the YOY declines registered in the preceding two quarters, following lower production in Indonesia, Thailand, Guatemala, Colombia and Honduras.

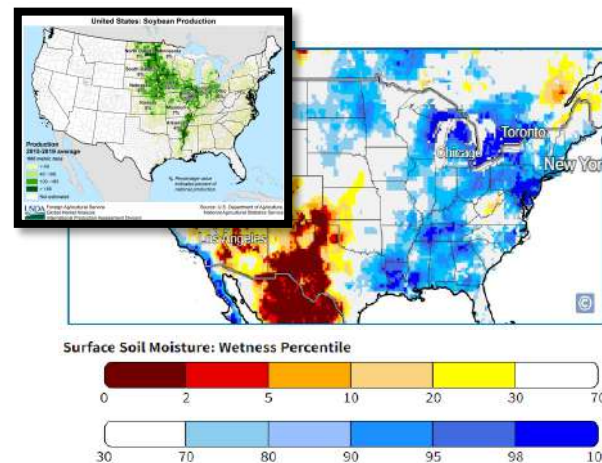
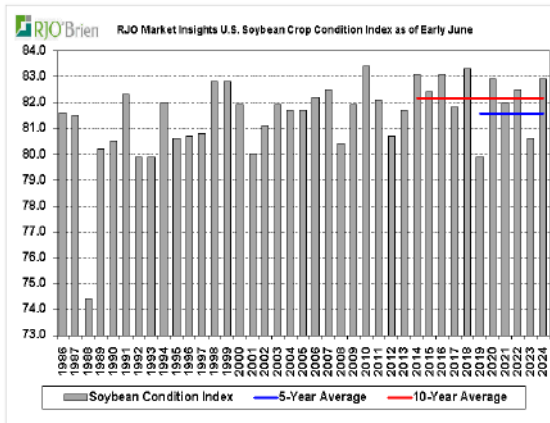
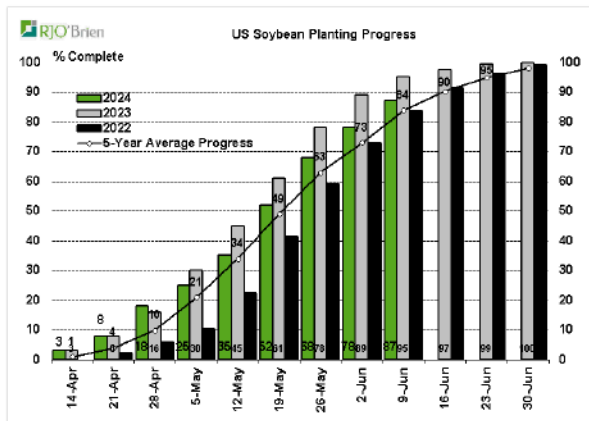
Palm oil has improved its competitive position and is now **offered at price discounts** also relative to **Argentine SBO** and **Black Sea SFO**.

Diminishing stocks in India and **other importing countries** in recent months will necessitate an **increase in imports** for the remainder of this season. This will not be an easy task given the **limited export supplies of SFO and RSO**. These factors **will contribute to higher purchases of palm oil** and will support prices.



Soybean Oil Market

US Soybean Crops Are in Very Good Conditions



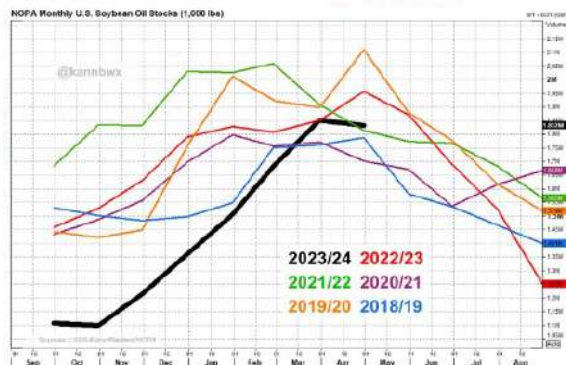
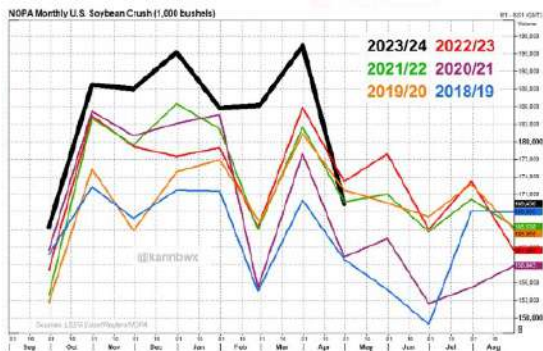
As of **June 10**, soybean planting in the **US** was **87%** complete, vs 95% last year and 84% average.

In the first soybean condition rating for 2024, the USDA has rated **72%** of soybean crops as **“good/excellent”**, vs 59% last year; and the **2nd highest of last 6 years**.



Soybean Oil Market

US Soybean Prices under Pressure



U.S.A.: Feedstock Used for Biodiesel & HVO (1000 T)						
	March		Feb		Jan/Mar	
Feedstock	2024	2023	2024	2023	2024	2023
Canola oil	148	146	134	76	453	332
Soya oil	465	432	403	413	1304	1272
Corn oil	146	100	142	94	440	325
Tallow/Greases	333	133	355	112	972	361
Used/waste oil	288	255	266	183	833	621
Total	1380	1066	1300	878	4002	2911

Source: EIA (partly estimated; may incl. use for other fuels)

US soybean producers have faced significant challenges due to **lower margins** and **intense competition** from **other biodiesel feedstocks**, as well as **strong export competition** from **South America**. **This has led** to further **declines in SBO prices** in both North and South America.

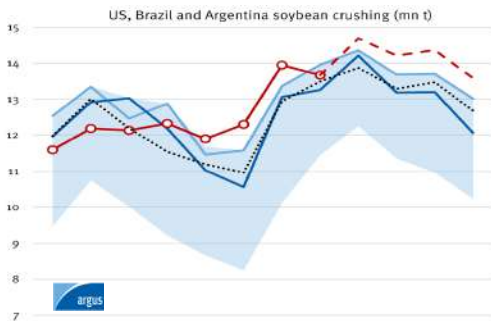
According to **NOPA**, **4.84 MnT** of **soybean** were **crushed** in **April**, **-13% vs Mar-24** and **-5% vs Apr-23**, the **first YoY decline in 8 months**. However, **SBO stocks declined only 1%**. **SBO's share of the feedstock mix diminished to 33%** on average of **Jan/March 2024**, **versus 44% a year ago**, losing market share to **UCO, tallow, corn oil and canola oil**.



Soybean Oil Market

Bearish Outlook for the Soy Complex?

US 2024/25 soy production growth will far outstrip demand, pushing stockpiles to trade-war levels



argus
2021/22, 2022/23, 2023/24 estimates, 5-yr avg, 10yr-range

CBOT Soy Meal forecast raised modestly, Oil largely reaffirmed

CBOT	Unit	Q3'23	Q4'23	Q1'24	Q2'24f	Q3'24f	Q4'24f	Q1'25f	Q4'25f
Soymeal	USD/ton	420	421	348	365	360	350	350	340
Soy Oil	US\$/lb	65.7	52.0	46.7	46.0	45.5	45.0	44.5	42.5



Source: Bloomberg Finance LP, Rabobank 2024

Fundamentals in the soybean complex remain bearish, with ample stocks in both North and South America despite the recent looses in Rio Grande do Sul and the recovery in Chinese buying appetite. For **2024-25, global supply looks abundant** in the top-three exporting regions. **US weather is one of the key factors to watch.**

Speculative short covering hasn't significantly boosted prices.

Soybean byproducts are expected to stay under pressure due to **rising soybean supplies** and **increasing crushing**. Global crushing activity slowed down in April but is expected to pick up, leading by Argentina, where soybean farmer selling have improved.

SBO prices might find some support from a decreasing SFO export surplus. However, **the enhanced competitiveness of palm oil since May limits any potential for world price increases.**



Laurics oils Market

Prices Evolution



CPKO prices jumped in Rotterdam last week, rising \$35–40/TM. Average spread between CPKO and CCNO jumped further to \$277/TM, levels last seen in early July 2022.

CCNO offers were once again supported last week rising at a month high and nearly 30% higher than same time last year.

Sustained demand and constrained supply are supporting prices. The Philippines have received below-normal rainfall in recent weeks.

However, CCNO exports from Philippines are forecasted to recover by 10% in 2024 vs 2023.

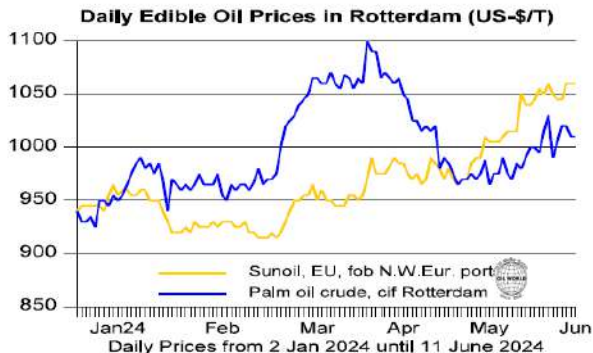
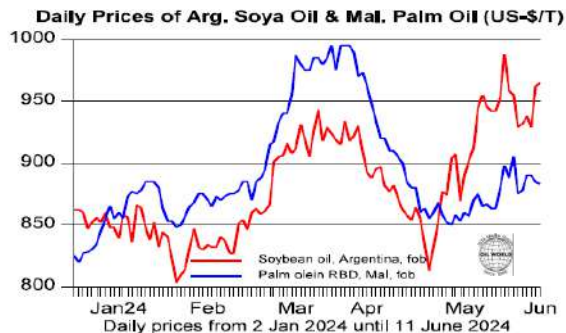


Conclusions



VEGETABLE OILS MARKET:

Conclusions



- The **expected reduction in stocks should provide support to vegetable oil prices** in the **remainder of this season**.
- **Export supply of SFO will be limited in June/Sept**, due to low stocks of sunflower seed. **Rains are urgently required in Russia and Ukraine** for sunflower crops. **Even assuming favourable weather, the world balance of sunflower seed (and SFO) will be fragile in 2024/25**.
- **Palm oil has improved its competitive position** and is now offered at price discounts relative to other oils. A **limited supply of SFO and RSO**, as well as the **expected increase in import demand of vegetable oils** in coming months, **should improve palm oil demand and support prices**.
- The **rapeseed oil** market will need to **balance a potentially positive canola S&D in Canada for 2024/25** with an **expected fragile to tight situation in major exporting countries** such as Australia, Ukraine, EU-27. The European rapeseed market in 2024/25 is anticipated to be heavily dependent on imports.
- **Fundamentals in the soybean complex remain bearish. US weather and evolution of mandates are main factor to watch**.

A world of vegetable oils!



LIPIDOS SANTIGA, S.A.

Ctra. B-141, Km. 4,3 - 08130 SANTA PERPETUA DE MOGODA (Barcelona) SPAIN

Tel. +34 935 443 110 - Fax +34 935 741 936

info@lipsa.es | www.lipsa.es

Contact us:



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