



Market Report July 2024





CONTENT

1. [RAPSEED OIL MARKET](#)
2. [SUNFLOWER OIL MARKET](#)
3. [SOYBEAN OIL MARKET](#)
4. [PALM OIL MARKET](#)
5. [LAURICS OIL MARKET: COCONUT AND
PALM KERNEL](#)
6. [CONCLUSIONS](#)



Rapeseed Oil Market

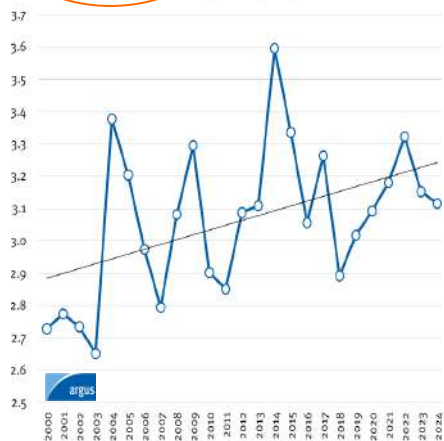




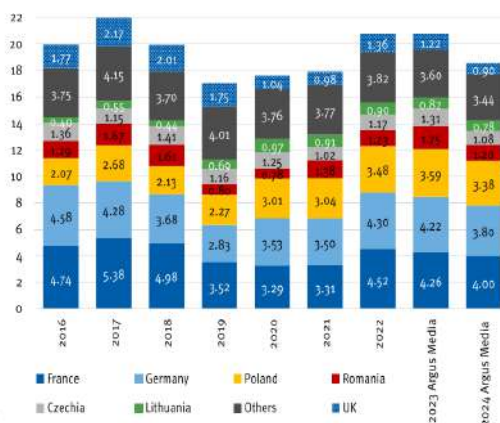
1.1 Rapeseed Oil Market

Production prospects of rapeseed deteriorate in Europe

EU+UK rapeseed yield (t/ha)



EU+UK rapeseed production (mn t)



EU- 27 : Rapeseed Supply & Demand (Mn T)

	24/25F	23/24	22/23	21/22	20/21
Opening stocks ..	1.34*	1.85	.91	.96	.98
Output	17.63*	20.06	19.55	17.23	17.15
Imports (a).....	7.00*	6.05*	6.84	5.87	6.73
Exports (a).....	.33*	.73*	.58	.46	.17
Crushings	24.21*	25.13*	24.15	22.19	23.08
Other use .....	.56*	.76*	.73	.52	.65
Ending stocks ...	.87*	1.34*	1.85	.91	.96

(a) Intra-EU trade is excluded.

Due to **unfavorable weather conditions** in recent weeks, analysts have **adjusted** their estimates for the **EU rapeseed crop**. **Oil World** estimates **17.6 MnT, down 0.7 MnT from last month** and well below the **20.1 MnT of last season**. However, **there are still doubts** about the final crop. **Lower beginning stocks add pressure**, making it likely that the **EU rapeseed supply will be reduced by almost 3 MnT**.

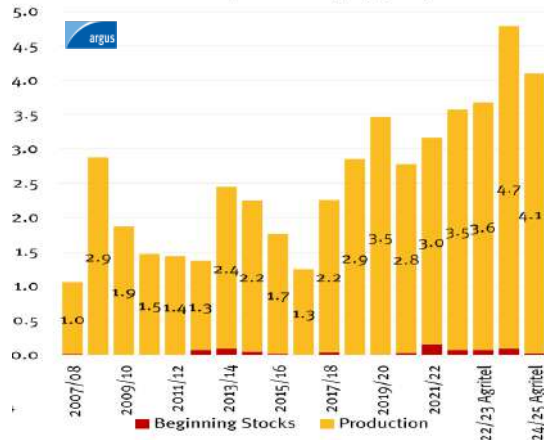
Even assuming higher imports, **demand rationing looks inevitable**. The European **balance for 2024/25** looks **fragile**, meaning **prices in Europe will continue at a premium** in the coming months.



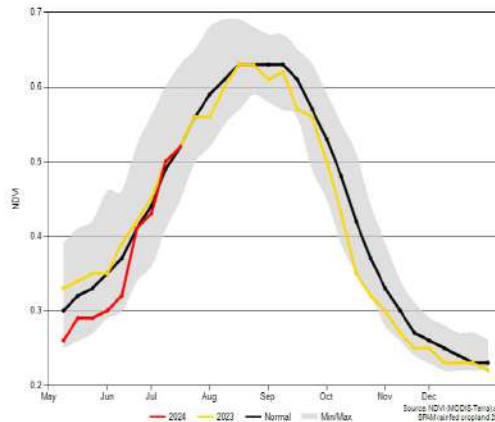
1.2 Rapeseed Oil Market

Ukrainian production below potential; Australian crops look good

Ukraine rapeseed supply (mn t)



NDVI (MODIS) for Western Australia



AUSTRALIA: Supply & Demand of Canola (Mn T)

	October / September				
	24/25F	23/24	22/23	21/22	20/21
Op.stocks ...	.09*	1.00*	.12	.14*	.03*
Output	5.40*	5.75*	8.40	6.82	4.76
Imports	*	*	*	.	.
Exports	4.00*	5.31*	6.16	5.51	3.42
Crushings ...	1.27*	1.26*	1.27	1.24*	1.14*
Other use ...	.09*	.09*	.10*	.09*	.09*
End.stocks...	.13*	.09*	1.00*	.12*	.14*

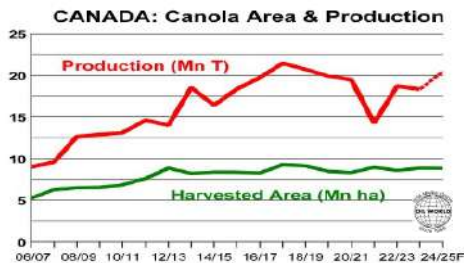
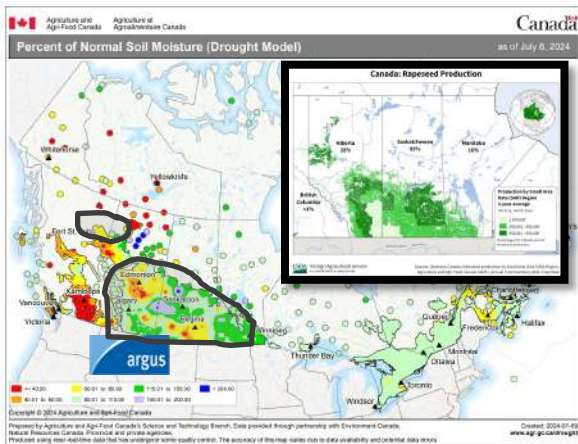
Ukraine: Agritel expects a **setback** in rapeseed production from **4.7** MnT to **4.1** MnT, in line with other key analysts, mainly due to larger than usual winter kill and dry conditions until mid-June. As of **July 11**, **33%** of the area had been **harvested**.

Australia: Despite favorable rainfall in **Western Australia** and **expected above-normal rainfall** in **Jul/Sep** in key areas, the market expects a **reduction** in **production** of **about 0.4 MnT** due to a 7% reduction in the area planted. Considering **lower carry-in** stocks, the **export supply** is expected to be **significantly lower** than the previous season.



1.3 Rapeseed Oil Market

Canada's rapeseed crop outlook improves



U.S. canola oil supply and domestic use



CANADA: Supply & Demand of Canola (Mn T)

	August / July				
	24/25F	23/24	22/23	21/22	20/21
Op. stocks	1.61*	1.51	1.33	1.60*	3.43
Output ...	20.50*	18.33	18.69	14.25	19.48
Imports ...	.13*	.28*	.15	.10	.13
Exports ..	8.47*	6.75*	7.94	5.29	10.53
Crushings	11.35*	10.98*	9.96	8.56	10.41
Other use. .	.77*	.77*	.77	.78*	.50
End.stocks .	1.65*	1.61*	1.51	1.33	1.60*



According to **Stats Canada**, farmers have **planted 2.9% more** area of canola than they **reported in March**, mainly at the expense of wheat, but still 0.3% less than last year. **Canadian canola crops** have emerged **under favorable conditions**, with 84% rated as "good/excellent" in Saskatchewan. **This is a critical period for the crops.**

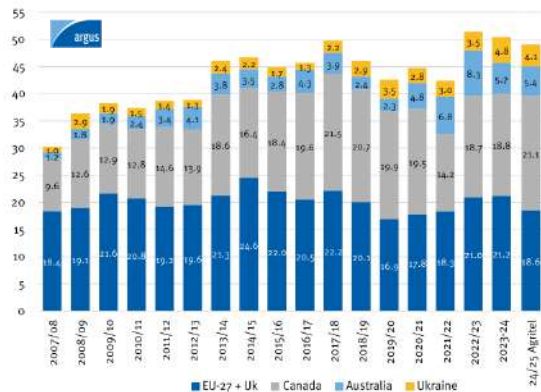
Production is expected to be 20.5/21.5 MnT if the weather remains favorable. This could lead to an **increase** in both **export and crushing**, which will be **crucial to partially offset tighter supply** in other producing countries.



1.4 Rapeseed Oil Market

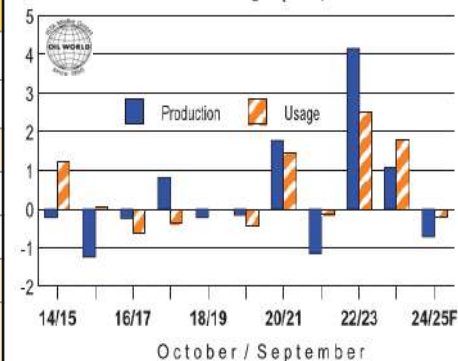
The drop in European output will keep European RSO prices well supported

Top 4 rapeseed producing regions production (mn t)



Rapeseed (Mt) August – July	21/22	22/23	23/24	24/25
Carry-in	9.0	9.7	15.0	12.8
Production	67.5	80.0	78.5	76.2
Total Supply	76.5	89.7	93.6	89.0
Crush	64.7	71.2	77.1	75.2
Other cons.	2.1	3.5	3.7	2.2
Carry-out	9.7	15.0	12.8	11.6
Stock/use ratio	14.6%	20.1%	15.8%	15.0%

RAPE OIL: World Production & Usage Annual Change (Mn T)



The recovery in Canadian production will be more than offset by declines in the rest of the world. Together with smaller opening stocks, this will reduce the total rapeseed supply by 4.6 MnT. making demand rationing inevitable. There is no room for production failures in Canada.



Prices of RSO in Europe find support in the limited local supply. However, attractively priced biodiesel imports from China could limit further increases. In contrast, consumption in the US is expected to reach a new record of 4.2 MnT.





Sunflower Oil Market





2.1 Sunflower Oil Market

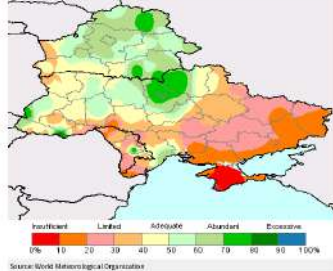
Black Sea crops are suffering



Ukraine: Sunflower Seed Production



Percent Soil Moisture (WMO)



Precip Anomaly (15 Jul 2024): 15 Jul - 25 Jul



Sunflower crops are suffering in many parts of **Russia, Ukraine** and the rest of **Eastern Europe** due to a **deepening drought** and **record heat**. In Ukraine, the southern and eastern oblasts, areas with high potential, are the most affected.

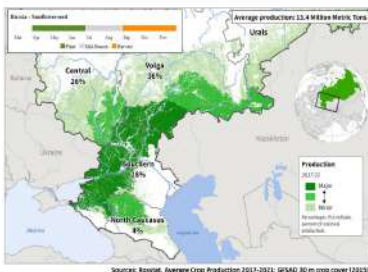
There is an **increasing risk of crop losses**, which could be significant if the required rains do not arrive soon.

The **forecast** remains **hot and dry** for the **next 14 days**, prompting private analysts to discuss a sharp fall in Black Sea production.

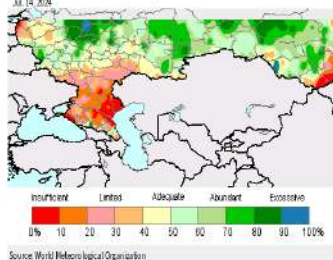
So far, both **Strategie Grains** and **Oil World** have made **additional reductions** in **sunflower crop** estimates for **Russia, Ukraine, Romania, and Bulgaria** by a **combined 1.0 MnT** vs. **last month**.



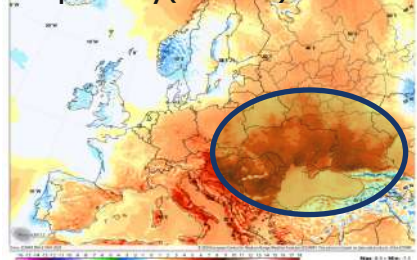
Russia: Sunflower Seed Production



Percent Soil Moisture (WMO)



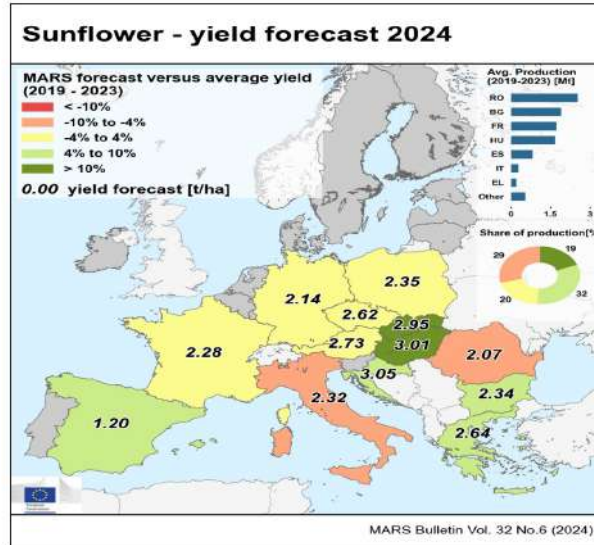
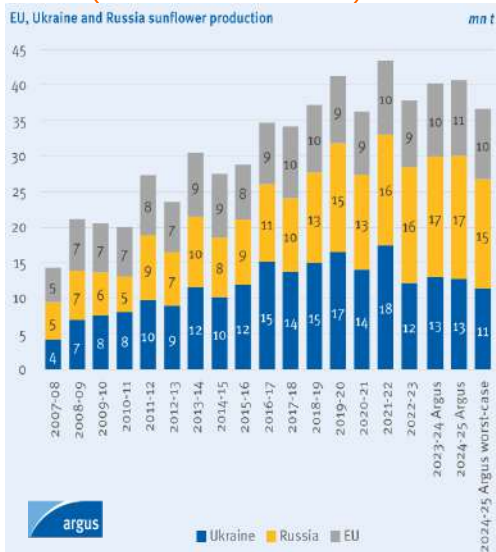
Temp Anomaly (15 Jul 2024): 15 Jul - 25 Jul





2.2 Sunflower Oil Market

Eastern European production at risk



EU-27 : Sunflowerseed Supply & Demand (Mn T)

	August / July				
	24/25F	23/24	22/23	21/22	20/21
Opening stocks . .	.93*	1.38	1.45	.71	.85
Output	11.12*	9.89	9.52	10.39	8.98
Imports (a) . . . . .	.57*	.68*	1.80	1.47	.85
Exports (a) . . . . .	.62*	.45*	.58	.40	.66
Crushings	9.75*	9.30*	9.54	9.46	8.11
Other use	1.28*	1.26*	1.28	1.26	1.20
Ending stocks . . .	.97*	.93*	1.38	1.45	.71

(a) Intra-EU trade is excluded.

The **weather** in **Eastern Europe**, where most of the European sunflower production is concentrated, **has not been favorable** over the past month. **Europe needs a favourable sunflower** crop, **given** the **reduced** supply of **rapeseed** expected for **2024/25**. **Current estimations** are in the range of **10,5/11,2 MnT**, still well above of previous year.



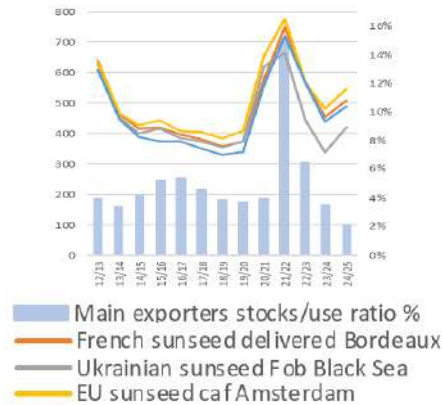
2.3 Sunflower Oil Market

Prices under pressure due to production losses



Sunflower oil prices have appreciated due to a **slowdown in global crushing** and **export supply** until the arrival of new crop production, as well as **adverse weather** in the **Black Sea** region.

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



Sunseed (Mt) August - July	2023/24	2024/25
Carry-in	5.6	3.8
Production	56.1	55.8
Total Supply	61.7	59.6
Trade	2.6	2.3
Crush	53.3	52.0
Other cons.	4.6	4.5
Carry-out	3.8	3.2
Stock/use ratio	6.6%	5.7%

strategiegrains

Even assuming an optimistic production estimate, the global balance for sunflower seed (and sunflower oil) in 2024/25 is likely to be the tightest in several seasons. Additional losses in production would have a bullish impact on vegetable oil prices.





Soybean Oil Market

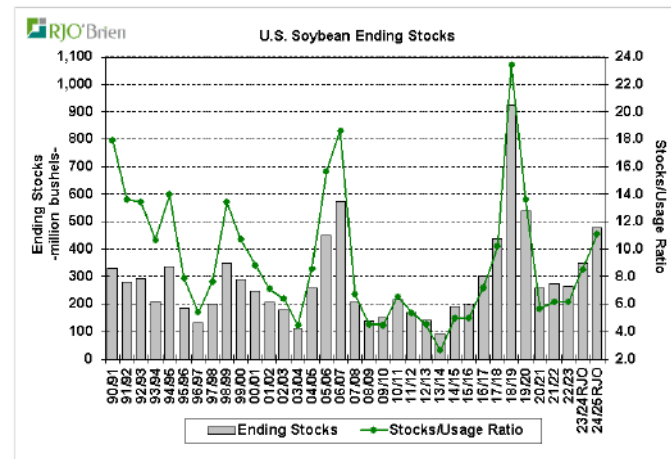
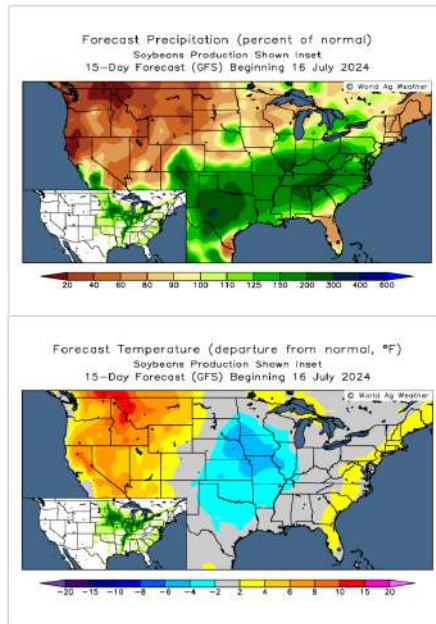
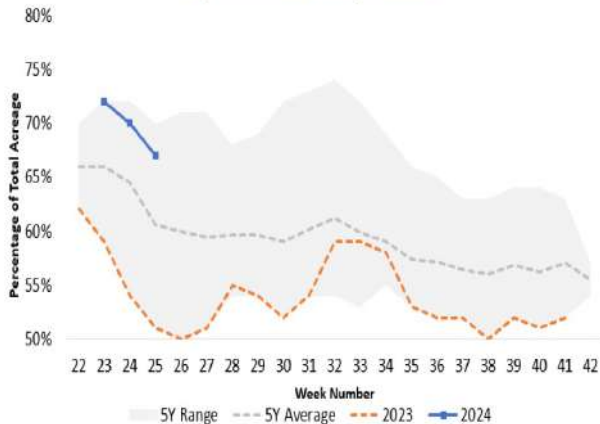




3.1 Soybean Oil Market

Ample supply of soybeans expected

Soy Conditions Good/Excellent



US soybean crops are **growing** under generally **good conditions**. The USDA reported **68%** of soybean crops rated **"good/excellent"** vs. **55%** last year, the **highest** level at this time **since 2020**. **Favorable weather is expected** in the near term, maintaining the prospects of ample production, adding to 4-year high ending stocks from this season. August is a critical month for yields.

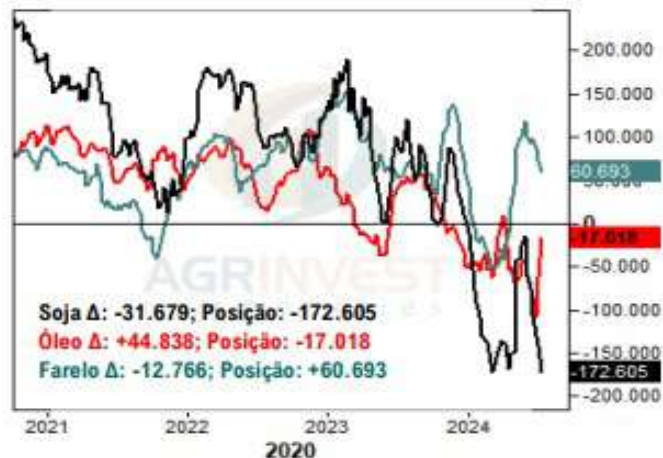


3.2 Soybean Oil Market

CBOT prices on fire, physical prices in a different mood



Funds



SBO futures in CBOT market were on fire at the beginning of July. Prices rose due to the burgeoning **trade war between Indonesia and China**, which could imply less export of UCO to the US, **forcing funds to cover their shorts**. There was a **classic short squeeze**. Better US domestic food and fuel demand accelerated prices even higher.

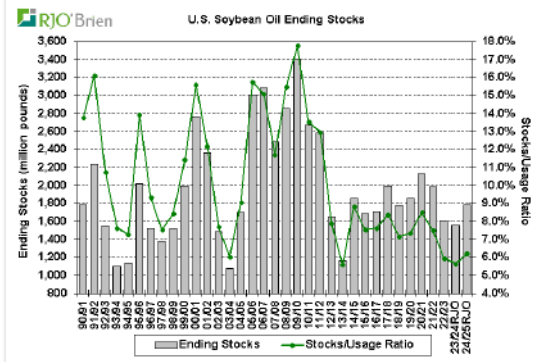
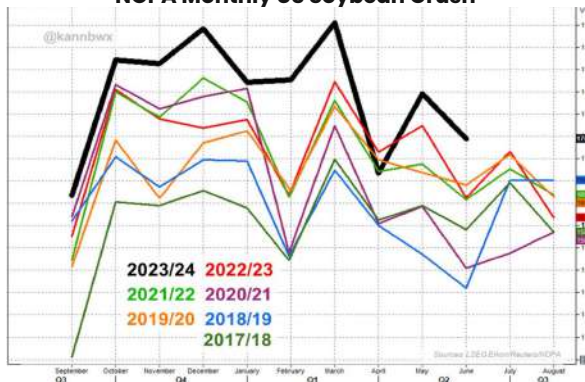
However, **FOB Argentina prices did not follow** these movements, demonstrating that CBOT prices are increasingly focused on the US domestic market.



3.3 Soybean Oil Market

Global dependence on soybean oil will increase in 24/25

NOPA Monthly US Soybean Crush



According to **NOPA**, **US crushing declined** sharply in June 2024 by **4.4% MOM**. It was below market expectations, but **still** reached a **record** for **June** and was up 6.4% YOY.

The US EIA said this week that production capacity of **sustainable aviation fuel (SAF)** in the US could jump by 1,400% in 2024 if all announced capacity additions come online. However, the **US election** will be another source of **volatility**: during his first term, **Trump** granted waivers to refiners, exempting them from the biofuel blending requirements. SBO makes up the largest biodiesel feedstock in the US.

In the short term, prices of SBO could continue under pressure if the expected increase in world crushing in the coming months materializes. However, **the tightness in SFO, RSO, and CPO will provide support, as well as the slow farmer selling in Argentina.**



Palm Oil Market





4.1 Palm Oil Market

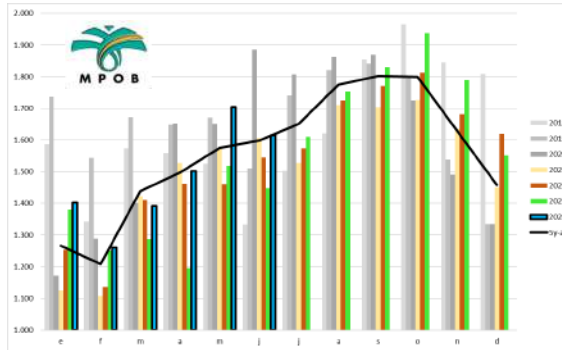
Malaysia



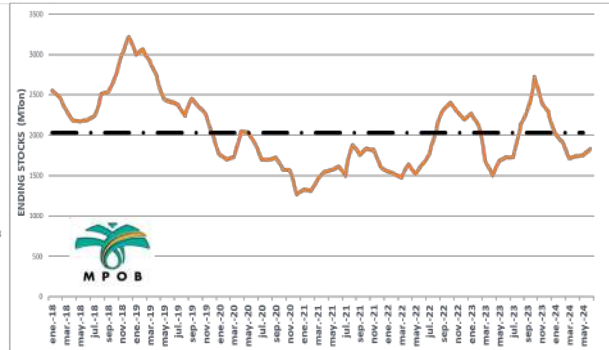
Indonesia



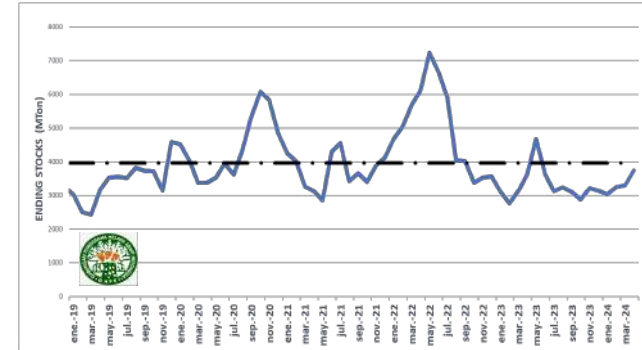
Malaysia: Monthly Palm Oil Production



Malaysia: Monthly Palm Oil Ending Stocks



Indonesian: Monthly Palm Oil Ending Stocks



Malaysian palm oil stocks at the end of June were **4.3% higher** than in May and **6.4% higher** than in June 2023, according to MPOB. Despite production being **5.2% lower** than in May (mainly due to Sabah), cumulative production during Jan/June 2024 was **9.8% higher** than the same period last year.

GAPKI estimated Indonesian CPO + CPKO production at **4.5 MnT** during April 2024, practically at the **same** level as the previous month and the previous year. Cumulative production during Jan/April is **slightly lower** than the previous year.



4.2 Palm Oil Market

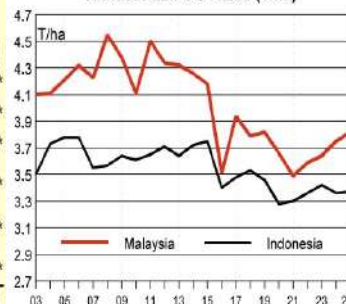
World palm oil production flat in 2024; a recovery is expected for 2025

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

	Production					Yields				Mature Area			
	2025F	2024F	2023	2022	2021	2025F	2024F	2023	2022	2025F	2024F	2023	2022
Indonesia	49.00*	48.20*	48.43*	46.82	45.12	3.37*	3.36*	3.42*	3.36*	14.56*	14.36*	14.17*	13.94*
Malaysia	19.30*	18.96*	18.55	18.45	18.12	3.82*	3.75*	3.64*	3.59*	5.05*	5.06*	5.10*	5.14*
Thailand	3.30*	3.20*	3.31*	3.24*	2.94*	3.08*	3.05*	3.21*	3.27*	1.07*	1.05*	1.03*	.99*
C&S Amer	6.32*	5.98*	5.95*	5.65*	5.47*	3.36*	3.27*	3.40*	3.35*	1.88*	1.83*	1.75*	1.69*
Africa (a)	3.84*	3.67*	3.58*	3.47*	3.32*	1.96*	1.92*	1.93*	1.93*	1.96*	1.91*	1.85*	1.80*
Oth ctrs.	1.90*	1.81*	1.77*	1.79*	1.65*	2.35*	2.32*	2.33*	2.49*	.81*	.78*	.76*	.72*
WORLD	83.66*	81.82*	81.59	79.42	76.62	3.30*	3.27*	3.31	3.27	25.33*	24.99*	24.66	24.28

Production in Malaysia has been **better than expected** this year, mainly due to improved labor situation. However, **hot and dry weather during Feb/Apr** (El Niño) **could affect yields in late 2024**. **La Niña** is expected at the **end of 2024**, which could **disrupt plantation work** and transport **despite being favorable for long-term yields**.

Annual Palm Oil Yields (T/ha)



CENTRAL AMERICA: Palm Oil Production (Mn T)

	January / December					
	2024F	2023	2022	2021	2020	2019
Costa Rica...	.28*	.28*	.27*	.28*	.28*	.27*
Guatemala...	.82*	1.02*	.94*	.91*	.88*	.86
Honduras...	.49*	.66*	.65*	.65*	.70*	.71*
Colombia...	1.80*	1.84	1.77	1.74	1.56	1.53
Ecuador.....	.52*	.47*	.45	.45	.48	.51
Total	3.91*	4.26	4.07	4.03	3.90	3.88

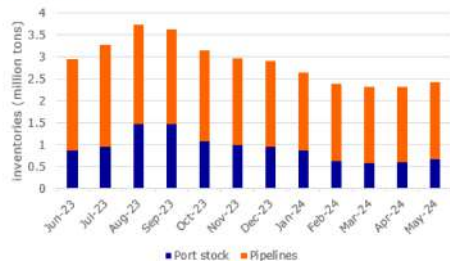
In Indonesia, production was **lower than expected** and could end the year **below 48 MnT**. Recent **favorable rains in Malaysia and Indonesia** will **benefit future yields**, with effects **from 2025 onwards**. **Central American production** is expected to **recover in 2025** after a potential 4-year low in 2024.



4.3 Palm Oil Market

Palm oil prices with upside potential

Indian edible oil inventories increased slightly month-on-month in May

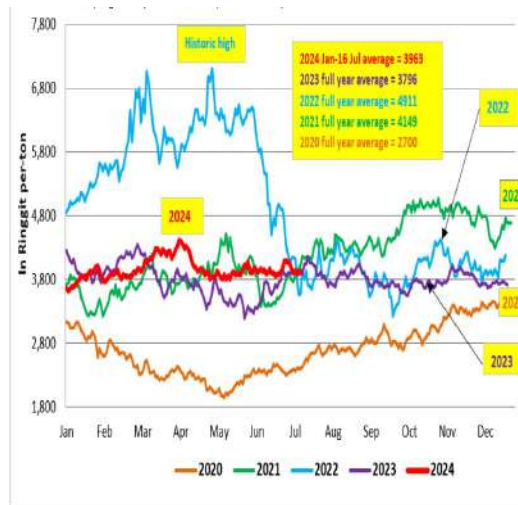


INDIA: Imports of 5 Veg. Oils (1000 T)

	June		Apr/June		Oct / June	
	2024p	2023	2024p	2023	23/24p	22/23
Soya oil	276	407	1018	920	2074	2812
Sunflower oil	466	196	1108	722	2646	1977
Rapeseed oil	1	1	1	1	4	3
Palm oil	802	726	2248	1728	6596	7155
Palmkern oil	9	2	49	23	114	84
Total	1553	1332	4423	3395	11434	12030

Sources: SEA, DGCI

Benchmark CPO Futures active daily close



CPO prices have stayed flat in the first half of this year in the BMD market.

However, **palm oil export supply is tight now**, not only in Malaysia and Indonesia but also in Central America and West Africa. In addition, **palm oil requirements are expected to increase**, mainly for **India**, due to its low vegetable oil stocks (-13% vs. last year) and better **competitiveness of CPO prices** compared to other oils (mainly SFO), **providing support to CPO prices.**

Although the relative price of palm oil has improved significantly since May, the discount is still much lower than the 10-year average. However, **the recent pace of purchases by India and other important buyers looks unsustainable**, so the **current discount is expected to narrow** in the coming months.



Laurics Oil Market





5. Laurics oils Market

Prices evolution

LAURIC OILS: Net Exports of Key Countries (1000T)

	March/May		Jan / May		
	2024	2023	2024	2023	2022
Palmkern Oil					
Indonesia . . .	376	350	677	568	458
Malaysia	216	212	318	291	280
Total	592	562	995	859	738
Coconut Oil					
Indonesia . . .	148	182	265	310	239
Philippines . .	398	319	623	486	571
Total	546	501	888	796	810
2 OILS	1138	1063	1883	1655	1548



After being offered at even or at a small premium over CPO for a long time, the **attractive prices** have **boosted CPKO trade** volumes so far this year. **Exports** of PKO increased primarily to the **EU-27, Russia, USA, and India**.

The recent **large exports** and **subdued production growth** have **tightened the availability** of lauric oils in the origin countries, resulting in recent price strength. The **ratio of PKO to CPO in Rotterdam** is the **highest since March 2022**.



Conclusions



6. Vegetable Oils Market:

Conclusions



- **The weather** (as usual) **will be the key factor for prices in the coming weeks**: we are in the critical period for sunflower in the Black Sea area, rapeseed & canola in Canada and Australia, and soybean in the US.
- The **Black Sea sunflower crop will be lower than potential due to recent detrimental weather**. The **production is at risk** and the weather forecast is not favorable. Even assuming favorable weather, the **world balance of sunflower seed (and SFO) looks fragile in 2024/25**.
- The **global supply of rapeseed in 2024/25 will be significantly lower than in previous seasons**. So far, a **decrease of 4.6 MnT is expected**. There is no room for any problems in Australian and Canadian production. Europe should increase its imports due to reduced local supplies. **Prices in the European market are likely to be firmer than globally**.
- We expect a **significant increase in global soybean crushing** after the recovery in Argentine production. **The global dependence on SBO will increase**, considering the tight supply of RSO and SFO and only marginal growth in world palm oil production and exports.
- **Palm oil has improved its competitive position** and is offered at price discounts relative to other oils. A **limited supply of SFO and RSO** and the **expected increase in import demand should support CPO prices**.

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:



The content of this presentation is proprietary and confidential information of LIPIDOS SANTIGA, S.A. It is not intended to be distributed to any third party without the written consent of LIPIDOS SANTIGA, S.A.