



Market Report August 2024





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External Markets



1. External Markets:

Global market selloff impacts agricultural futures

External Markets (12 June–06 Aug)



The **massive liquidation of global risk** has driven almost **all markets downward in recent days**. The largest movements have been observed in stocks, bonds, and currencies. This movement began on

Friday after the U.S. jobs report and worsened thereafter, led by Japanese stocks whose index suffered a daily drop of 12.4% on Monday, the worst since Black Monday in 1987 and the second worst in its history.

Agricultural futures have been similarly affected, with today's focus shifting more towards financial concerns rather than fundamental supply and demand factors. Also, the **weakness of energy prices** contributed to the recent bearish trend in vegetable oil prices.



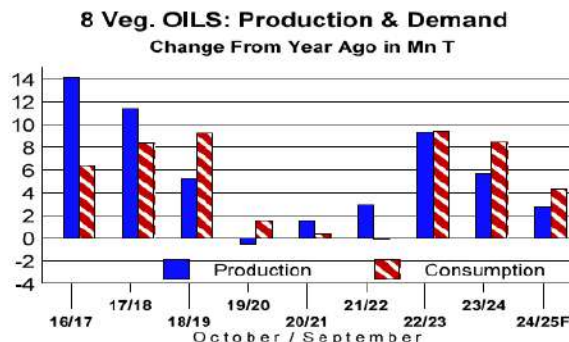
Vegetable Oils



2. Vegetable Oils:

Current vegetable oils are undervalued?

8 VEGETABLE OILS: World Balance (Mn T)					
	October		September		
	24/25F	23/24	22/23	21/22	20/21
Op'g stocks	31.86*	32.49	29.79	27.50	27.60
Production	222.30*	219.54*	213.81	204.51	201.60
Change	+1.3%	+2.7%	+4.5%	+1.4%	+0.8%
Imports	91.35*	90.39*	92.55	82.96	88.58
Exports	91.08*	91.05*	92.62	83.54	88.53
Consumption	223.82*	219.50*	211.05*	201.63	201.74
Change	+2.0%	+4.0%	+4.7%	-0.1%	+0.2%
End'g stocks	30.61*	31.86*	32.49	29.79	27.50
Stocks/use ratio	13.7%	14.5%	15.4%	14.8%	13.6%



7 OILSEEDS: World Supply and Demand (Mn T)

	Forecast Change		23/24	22/23	21/22	20/21
	24/25F	to 23/24				
Opening stocks	123.1*	+4.3	118.8	110.8	115.2	114.7
Production	652.3*	+24.8	627.5	607.2	583.5	580.7
<i>thereof: Soybeans</i>	416.5*	+25.4	391.1	372.5	357.7	366.3
<i>Sunseed</i>	58.0*	-0.5	58.5	55.9	58.3	50.8
<i>Rapeseed</i>	76.2*	-2.3	78.5	80.0	67.5	67.1
Total supplies	775.4*	+29.1	746.3	718.0	698.7	695.4
<i>thereof: Soybeans</i>	518.6*	+34.1	484.5	460.8	457.2	463.5
Consumption	637.5*	+14.2	623.3*	599.2	587.8	580.1
<i>thereof: Soybeans</i>	399.5*	+17.2	382.3*	367.5	368.9	363.9
Ending stocks	137.9*	+14.8	123.1*	118.8	110.8	115.2
<i>thereof: Soybeans</i>	119.1*	+17.0	102.1*	93.3	88.3	99.6
Stocks/usage	21.6%		19.7%	19.8%	18.9%	19.9%
<i>thereof: Soybeans</i>	29.8%		26.7%	25.4%	23.9%	27.4%

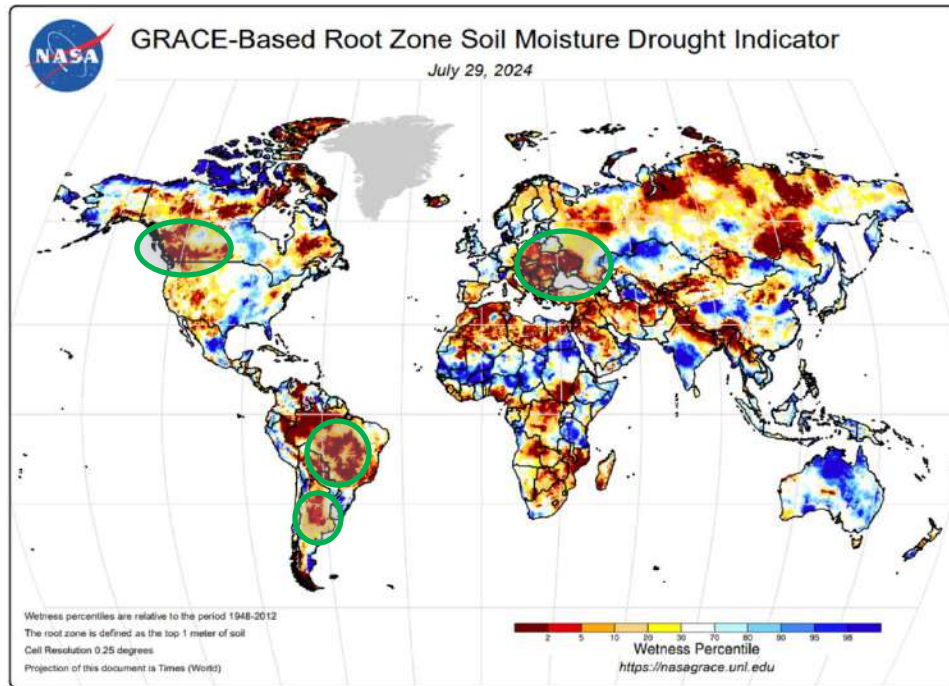
According to **Oil World**, there is a mismatch between current prices (for nearby and deferred positions) and the global supply and demand fundamentals for 2024/25.

Harvest pressure and the expectation of **ample** US and world **soybean supplies** are temporarily offsetting the prospects of **tighter supplies** in the second half of the season. The **increase** in **SBO production** can **only partly compensate** for the insufficient supplies of **SFO, RSO, and CPO**.

Therefore, assuming the expected reduction in stocks materializes, the agency considers that **current vegetable oil prices are undervalued**.

2. Vegetable Oils:

Dry conditions intensified in Western Canada, the Black Sea, and South America





Palm Oil Market





3. Palm Oil Market

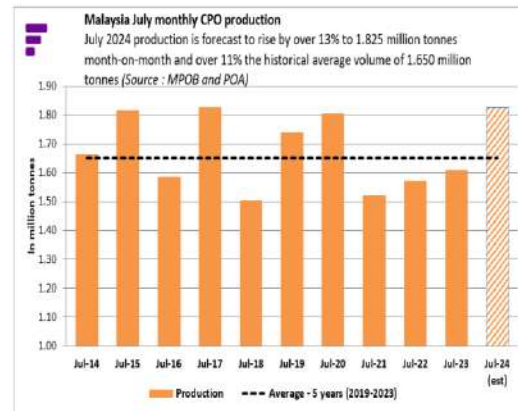
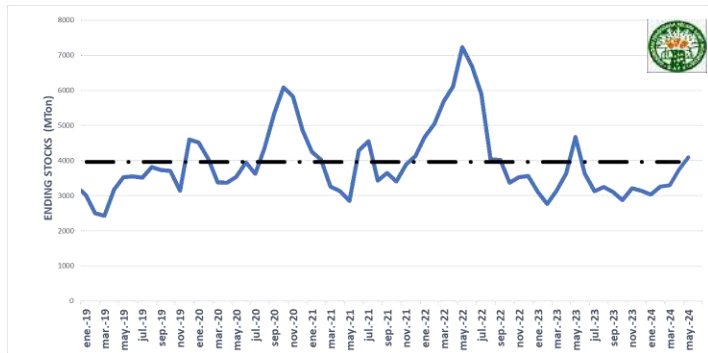
Malaysia



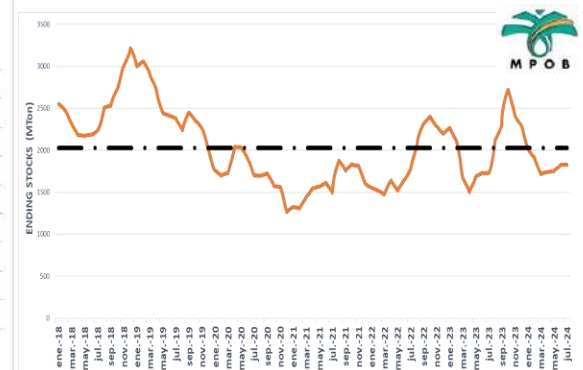
Indonesia



Indonesian: Monthly Palm Oil Ending Stocks



Malaysian: Monthly Palm Oil Ending Stocks



GAPKI estimated **Indonesian CPO+CPKO production** at **4.25 Mnt** during **May 2024**, down **-5.6%** vs. **previous month** and **-14%** vs **previous year**. Due to a **decrease** in **exports** by 9.6% to the **lowest level in 2 years**, **ending stocks** have increased by 9.4% and **surpassed 4 Mnt**.

For **July**, **POA** expects a **marginal change of -1%/+1%** in **Malaysian palm oil ending stocks**, thanks to favorable weather and **despite exports** expected to be the **highest this year**. **MPOB** will publish the report next week.



3. Palm Oil Market

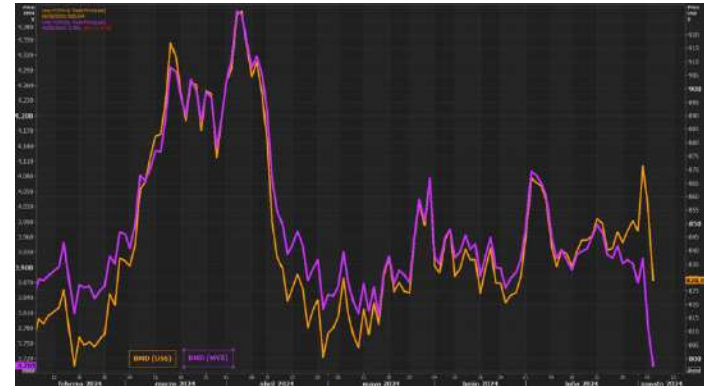
MYR appreciation pressures CPO futures

MYR / US\$



The **Malaysian ringgit (MYR)** has **appreciated strongly** against the USD, and even against other Asian currencies, due to various factors such as growth economic prospects and confidence in the Malaysian Government and Central Bank, as well as the expectation of an interest rate cut in the US.

Benchmark CPO Futures active daily close



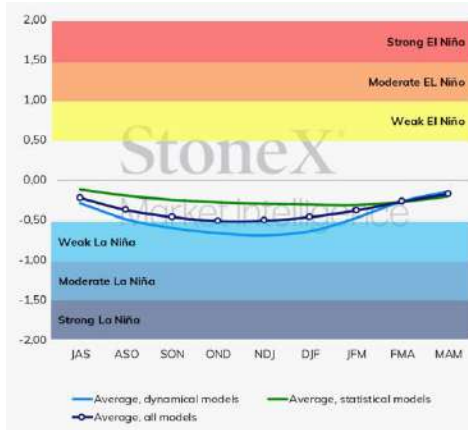
This **could reduce Malaysia's competitiveness** in its exports. The change in the **ringgit's path** and the **peak production cycle depress CPO futures to a 6-month low**. However, the CPO futures nominated in USD have been firmer due to the MYR appreciation.



3. Palm Oil Market

A tight supply is expected in 2024/25

Daily Prices of Arg. SBO & Mal Palm Oil (US-\$T)



La Niña conditions continue a weakening pattern. Intensity charts show almost neutral conditions.

Palm Oil: World Supply & Demand (Mn T)				
	Oct/Sept 24/25	Oct/Sept 23/24	Oct/Sept 22/23	Oct/Sept 21/22
Op'g stocks	13.8	14.9	14.7	12.5
Production	83.4	81.8	81.7	77.5
Indonesia	49.0	48.3	48.6	45.6
Malaysia	19.4	19.1	18.4	18.2
Trade	50.9	50.3	53.5	47.8
Consumption	83.9	82.5	81.1	74.9
End'g stocks	13.6	13.8	14.9	14.7
Stocks/usage	16.2%	16.7%	18.4%	19.6%

The **expected seasonal increase in production** as well as **concerns** about the **world economy** can keep **prices under pressure in the short term**. However, the **world production of palm oil cannot be increased sufficiently** in the near to medium term **to prevent a decline in global exports of edible oils**, which would support prices.



Soybean Oil Market

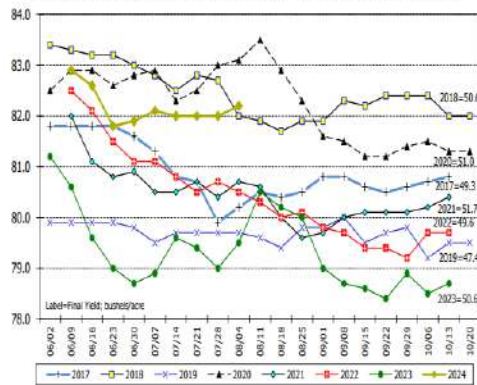




4. Soybean Oil Market

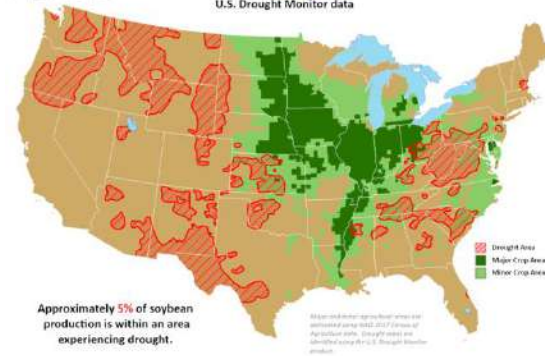
Ample supply of soybeans expected in the US

RJO Market Insights U.S. Soybean Crop Condition Weighted Index

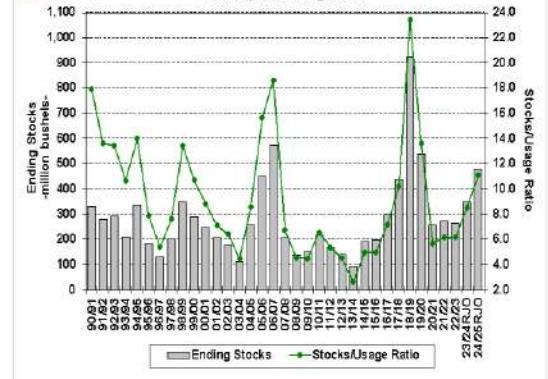


Soybean Areas in Drought

Reflects July 30, 2024
U.S. Drought Monitor data



U.S. Soybean Ending Stocks



US soybean crops are growing under generally good conditions. Weather conditions in producing regions were ideal in July. The USDA reported **68%** of soybean crops rated **"good/excellent"** vs. **54% last year.**

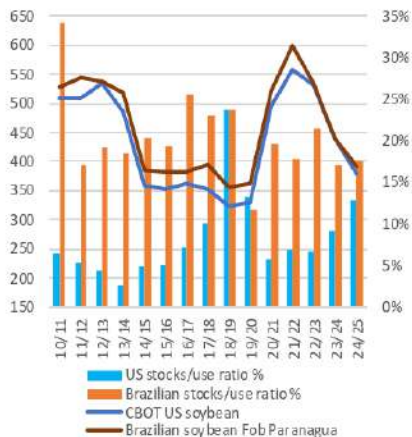
The market expects an ample supply in the US and worldwide.



4. Soybean Oil Market

Prices of SBO under significant pressure

3.2. STOCKS-TO-USE RATIO OF SOYBEANS AND PRICES IN USA AND BRAZIL (\$/T)



Favorable weather conditions, as well as the **massive liquidation of global risk**, have been putting soybean and SBO **prices under pressure**. In CBOT, SBO prices traded at their lowest levels since December 2020.

The **weather during August** will be **critical for US production**. It is also time to start following the weather in Brazil. **If South American** soybean prospects remain **favorable**, the **supply of soybeans and soybean meal will be ample**. However, the **increase in SBO production will not be able to compensate for the decrease in SFO, RSO, and CPO** production, giving support to SBO prices relative to soybeans and meal.

We can expect prices to remain under pressure in the short term. Weather in the US and South America, as well as farmer selling, are factors to watch in the coming weeks.



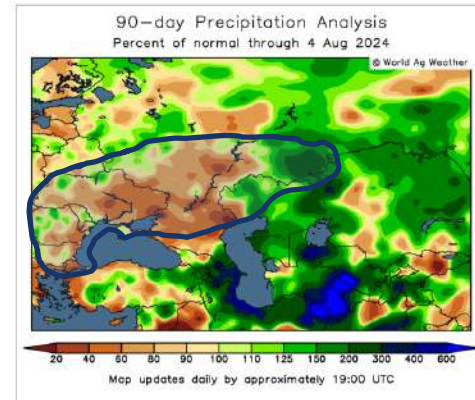
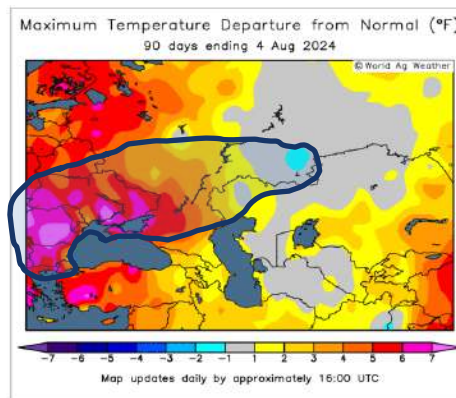
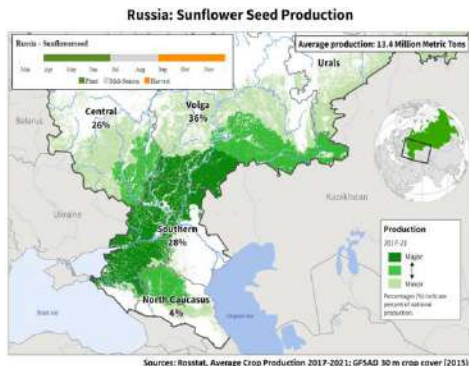
Sunflower Oil Market





5. Sunflower Oil Market

Black Sea crops are suffering



Slightly better weather in some parts of **Russia**, mainly in the Siberia and Ural regions, brings some relief to sunflower crops. However, **soil moisture is still unusually dry** in many parts of the South. There is still considerable uncertainty about the sunflower crop in Russia. The market is expecting **16.0–17.5 Mnt**.

In **Ukraine**, the combination of high air and soil temperatures, drought, and dry winds **negatively affected the growth and development of crops**. The soil moisture has decreased to an unsatisfactory level in most areas. Production is estimated in the range of **12.0–13.5 Mnt**. Some initial harvesting is taking place in the Kherson, Mykolaiv, and Odessa regions.



5. Sunflower Oil Market

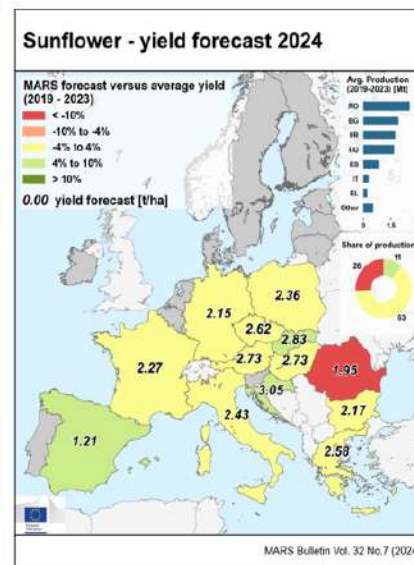
Eastern European production at risk

SUNSEED: Production in Sel. Countries (Mn T)

	Jly18 24/25F	Jun21 24/25F	23/24	22/23
Russia (a)	17.30*	17.50*	18.40*	17.10*
Ukraine	13.60*	14.20*	14.70*	12.60*
Kazakhstan	1.42*	1.36*	1.24	1.30
Romania	2.35*	2.90*	2.22*	2.31*
Bulgaria	1.95*	2.20*	1.67*	2.14
France	2.07*	2.07*	2.15	1.80
Hungary	1.88*	1.86*	1.96	1.29
Spain88*	.86*	.79*	.79
Total	41.45*	42.95*	43.12	39.33

(a) Including currently occupied regions of Ukraine.

EUC – MARS BULLETIN – YIELD (t / ha)	2023	2024	5Y
Romania	1.86	1.95	2.21
Bulgaria	2.03	2.17	2.24
France	2.50	2.27	2.30
Hungary	2.90	2.73	2.64
Spain	1.12	1.21	1.13
EU	2.10	2.09	2.15



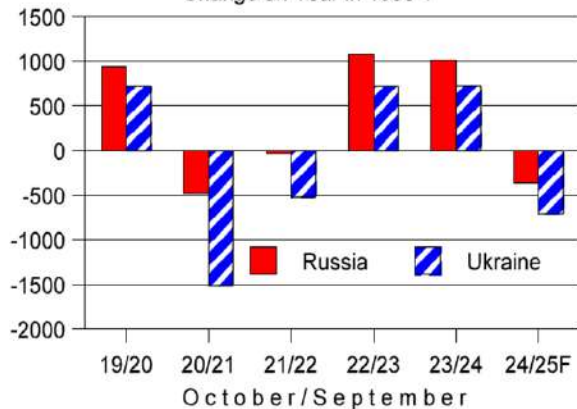
The **final production** of the **EU** will **depend** on what happens with the **weather** in the **East** over the next 2 weeks. **Spain** is finishing a very good harvest. **France** is not doing as well as last year but is in line with historical averages. The situation in **Romania** and **Bulgaria** is **concerning**.



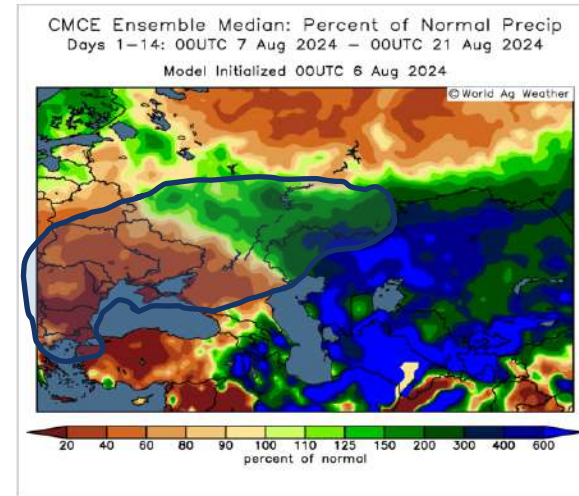
Sunflower Oil Market

Exports from Russia and Ukraine will decrease

SUN OIL: Exports from Ukraine & Russia
Change on Year in 1000 T



Sunflower seed crushing from the two main producers **will decrease** between **2.5 - 3.5 MnT**, depending on the weather in the coming weeks, which will determine the final sunflower seed production.



The **forecasts are not favorable**: although temperatures above normal are not expected, the absence of rains would intensify the lack of moisture for the crops.



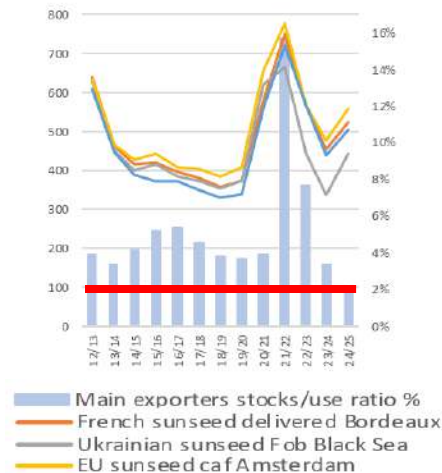
5. Sunflower Oil Market

Prices pressured by external markets



SFO prices have dropped after a rapid rally during the first three weeks of July and pressured by external markets, despite limited availability of old crop stocks and concerns about the new crop.

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



Sunseed (Mt) August - July	2021/22	2022/23	2023/24	2024/25
Carry-in	2.9	7.9	6.4	3.8
Production	58.3	55.9	58.5	58.0
<i>Russia (excludes occupied regions in the Donbas)</i>	15.7	17.1	18.4	17.3
<i>Ukraine</i>	16.9	12.6	14.7	13.6
<i>EU-27</i>	10.4	9.5	9.9	10.3
<i>Argentina</i>	3.4	4.1	3.8	4.1
Total Supplies	61.2	63.9	64.8	61.9
Crush	47.8	52.0	55.4	53.5
Other cons.	5.4	5.5	5.6	5.6
Carry-out	7.9	6.4	3.8	2.7
Stock/use ratio	14.9%	11.1%	6.3%	4.7%

We think that world production could be even below 57 Mnt due to additional losses in Russia, Ukraine, and the EU. The global S&D of sunflower (and SFO) will be the tightest in several seasons.





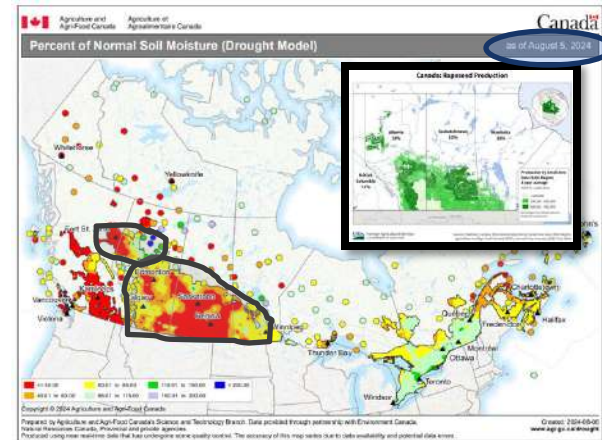
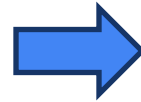
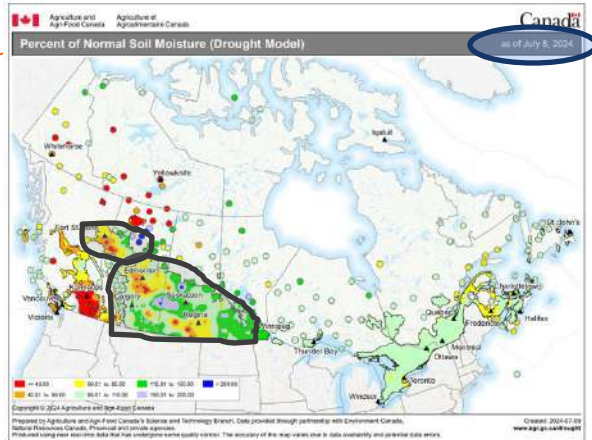
Rapeseed Oil Market





6. Rapeseed Oil Market

Unfavorable weather in Canada in recent weeks



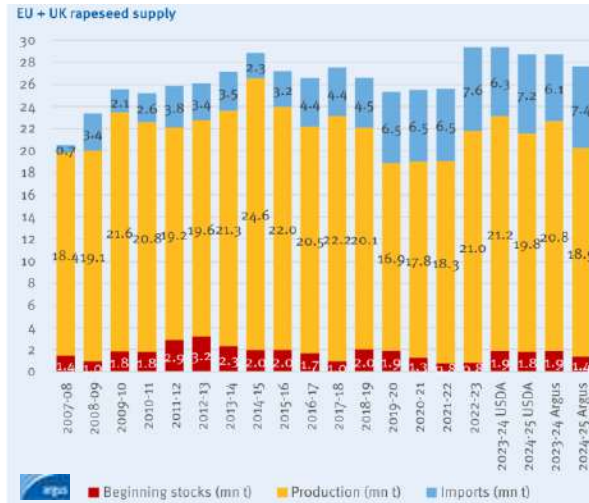
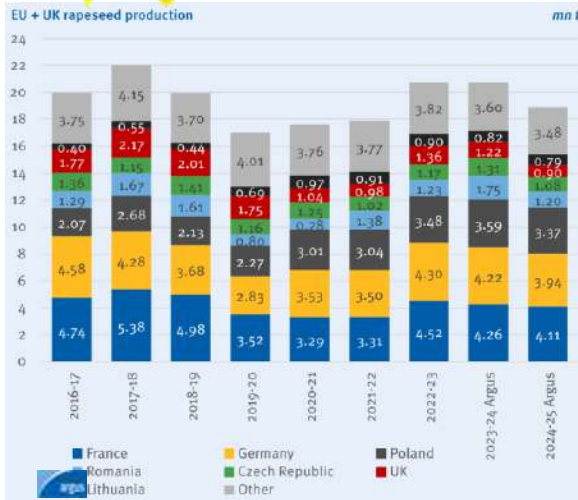
Soil moisture conditions continue to worsen in both **Saskatchewan** and **Alberta** due to high temperatures and lack of rain. Canola is highly sensitive to heat. In Alberta, canola crops rated as "Good/Excellent" dropped from 72% to 43% during July.

Private analysts are beginning to **consider** that **Canadian production** could **fall below 20 Mnt.**



6. Rapeseed Oil Market

Europe will be more dependent on imports



EU-27 + UK rapeseed production will fall by 1.9 Mnt, according to Argus. Other analysts are even more pessimistic. With overall decreases, the biggest reductions are in Romania, Germany, and the UK.

European imports are expected to exceed 7 Mnt, largely by ramping up flows from Canada. Even assuming higher imports, **demand rationing looks inevitable**. The **European balance for 2024/25 appears fragile**.

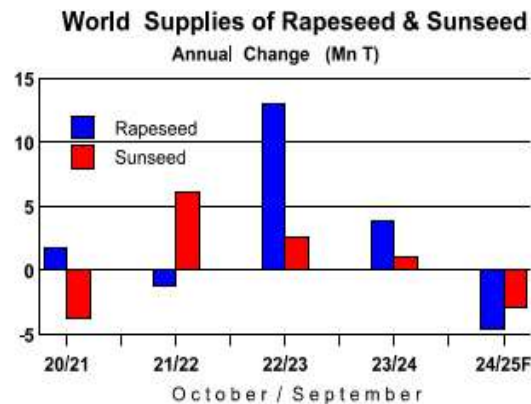
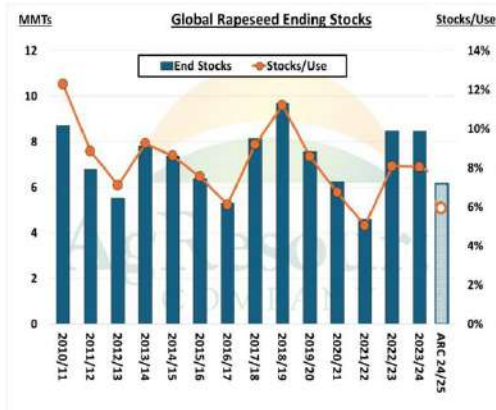


6. Rapeseed Oil Market

RSO prices have upside potential

** Global Rapeseed Supply & Demand:

	Million HA, MT			
	22/23	23/24	USDA 24/25	ARC 24/25
Harvested	41.9	43.0	42.2	42.2
Yield	2.12	2.06	2.08	2.01
Production	88.8	88.8	87.9	84.9
Carryin	4.6	8.5	8.5	8.5
Imports	20.0	16.5	16.9	16.5
T Supply	113.4	113.8	113.2	109.8
Crush	81.1	84.0	83.6	83.0
Food/Feed	4.3	4.2	4.6	4.2
Exports	19.6	17.1	17.3	16.5
Total Use	104.9	105.3	105.5	103.7
End Stocks	8.5	8.5	7.8	6.1
Stocks/Use	8.1%	8.0%	7.4%	5.9%



World rapeseed S&D is tightening quickly. The weather in Canada was unfavorable in July due to heat and dry conditions. According to AgResources, Oil World, and others, the supply in 2024/25 will be limited and the tightest since 2021/22.



Deteriorating crop prospects in key producing countries will make demand rationing inevitable in the coming months, increasing the dependence on soybean oil.





Laurics Oils Market





7. Laurics oils Market

Prices evolution



Increasing import demand particularly from **Europe and China** and **dwindling stocks in producing countries** have led to a **significant appreciation** of **PKO** prices, surpassing \$1,400 per metric ton in Rotterdam, reaching a **two-year high**.

The price **premium** of **PKO over CPO** is now more than **\$400** per metric ton, whereas at the beginning of this year, prices were quoted at even.

Additionally, **CNO prices have risen** due to heightened global **import demand** and concerns about a **slowdown in production and export supply**.



Conclusions



8. Conclusions



- **Vegetable oil prices have faced considerable pressure due to the recent global sell-off**, which has driven down nearly all markets, with significant declines seen in equities, bonds, and currencies. Additionally, the anticipated **seasonal rise in palm oil production**, combined with expectations of **abundant global supplies of soybean**, as well as weakness in energy prices, has further pressured edible oil prices.
- Nevertheless, Oil World, Strategie Grains, and other private analysts suggest a **tighter supply-demand balance** for the **top four oils in 2024/25**. The current **harvest pressure** and cautious consumer purchasing behavior are likely to be **short-lived**. Furthermore, palm oil production is unlikely to increase sufficiently in the near to medium term to offset the decline in exports edible oils. In **2024/25, the rise in soybean oil production will only partially compensate for the shortfall in rapeseed, sunflower, and palm oil supplies**.
- **Rapeseed and sunflower oils have already seen their price premiums widen over soybean oil**, reflecting recent significant crop losses in rapeseed in Europe, canola in Canada, and sunflower in the Black Sea region.
- Farmer selling, biofuel policies, economic situation and developments in weather conditions and harvest outcomes in key regions are crucial factors to monitor.

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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