



Market Report September 2024





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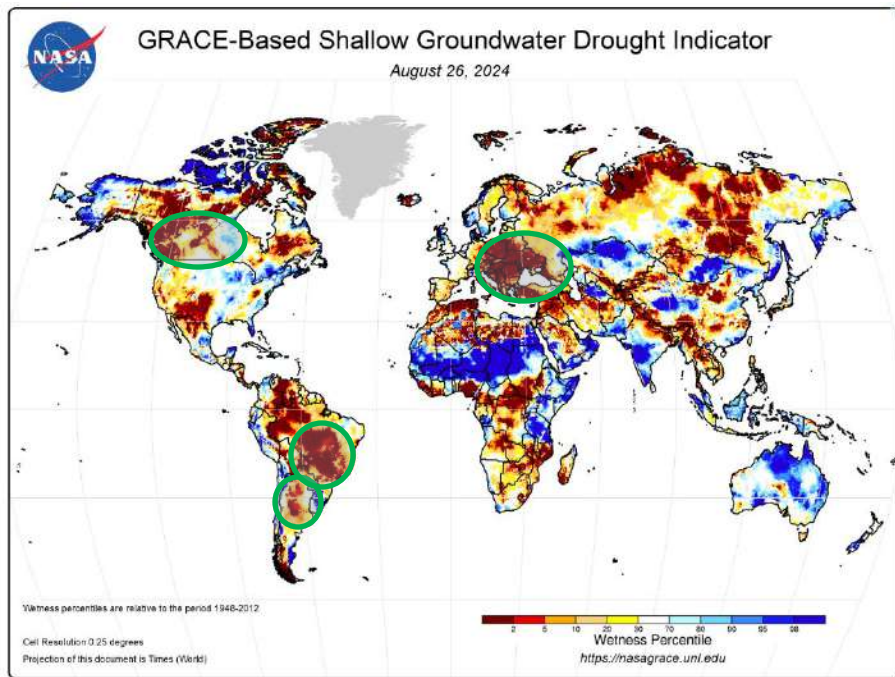


Vegetable Oils



1. Vegetable oils

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



Over the **last three weeks**, the **weather pattern** has remained **unchanged**. The weather in the **United States** has been **very favorable** for **soybean** crops. However, **unfavorable** conditions continue to impact **canola** crops in **Canada** and **sunflower** crops in the **Black Sea region**, except for Russia, where the situation has slightly improved, though it is still far from ideal.

Although it is still early, we again emphasize that both **Central** and **Northern Brazil**, as well as the **core region** and **Northern Argentina**, are experiencing **dry conditions** due to a lack of rainfall.



Palm Oil Market



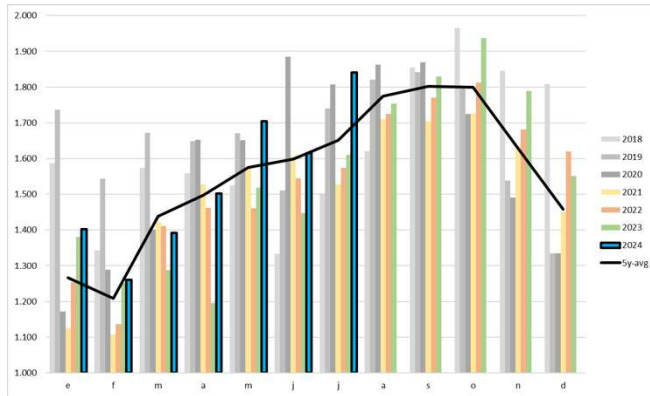


2.1 Palm Oil Market

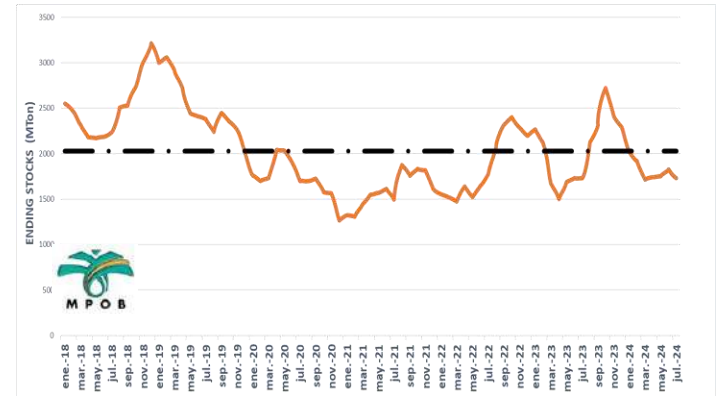
Malaysia



Malaysian: Monthly Palm Oil Production



Malaysian: Monthly Palm Oil Stocks



MPOB estimates **Malaysian's CPO production** during July at **1.84 MnT** , the **second-highest** level recorded since **Sept-20**. Current **production** is **exceeding** previous **expectations**. Cumulative production during 1st half 2024 was 10.5% higher than same period of previous year.

Malaysia's palm oil stocks fell by **5.4%** vs last month, exceeding previous expectations, as the increase in production was more than offset by a **sharp increase of 40%** in **exports**.

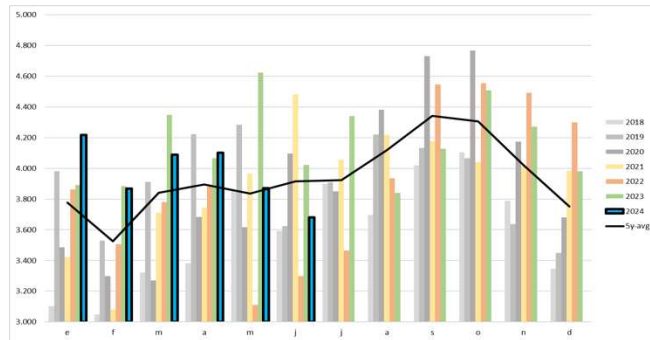


2.2 Palm Oil Market

Indonesia

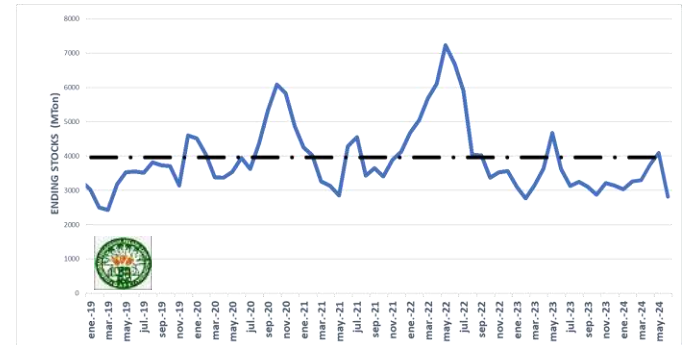


Indonesian: Monthly Palm Oil Production



According to GAPKI, Indonesian's CPO production for 1st half 2024 is **down 4% y-o-y**, reaching 23.9 MnT. The decline in palm oil production is likely a result of the **El Niño-induced dry conditions** experienced during 2nd half 2023 in some regions as Sumatra and Kalimantan. Bloomberg reported that Indonesia's production is set to be **flat or decrease by up to 5% lower in 2024** compared to the previous year.

Indonesian: Monthly Palm Oil Ending Stocks



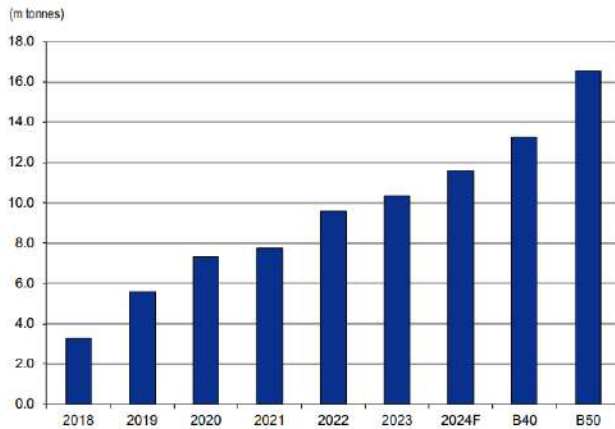
June data shows **ending stocks plunging** to a low of **2.8 MnT**, **31% down from May**, due to a 5% drop in production and a solid 72% rise in exports.



2.3 Palm Oil Market

A tight supply is expected in 2024/25

Indonesia biodiesel mandate



BMD Future price 3rd Position (US-\$T)



Indonesia's president-elect aims to **implement a mandatory 40% palm oil-based biodiesel blend by early next year**. Domestic consumption is expected to increase by approximately **3-4 million tons (MnT)**, according to APROBI.

Additionally, **optimism** over **export demand** to **India**, rising **dependence on palm oil imports** due to lower-than-expected supplies of sunflower oil (SFO) and rapeseed oil (RSO), and reports of **reduced Indonesian production** due to dry weather and aging trees **all contributed** to the **positive outlook** in recent days.



Soybean Oil Market

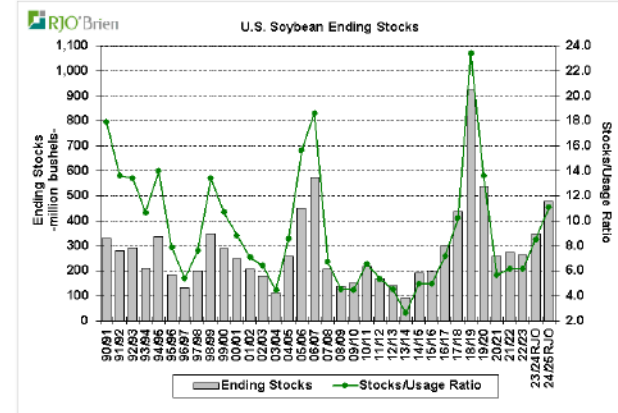
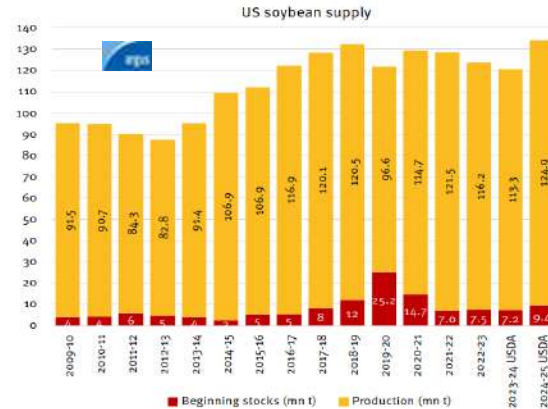
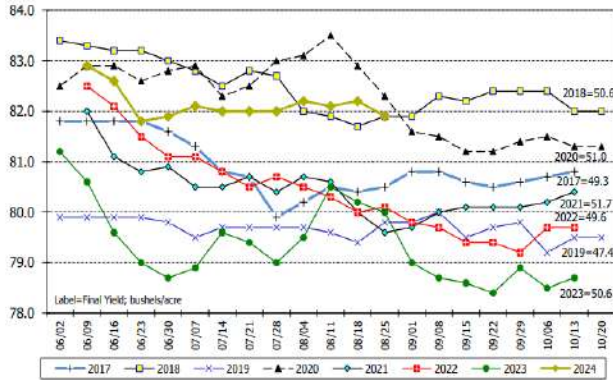




3.1 Soybean Oil Market

A record crop in the US is expected

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



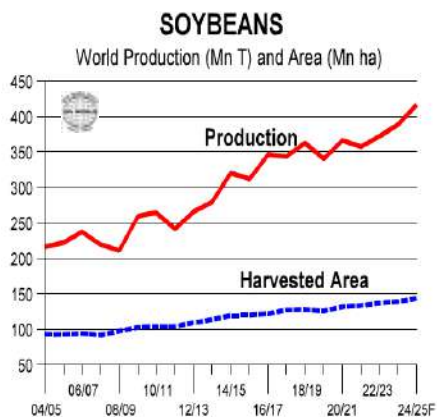

67% of **US soybean crops** are rated as **“good/excellent”**, the **best since 2020** and significantly better than 5-year and 10-year averages.

According to **USDA**, this year’s **US soybean crop** could reach a **record of 124.9 Mnt**, +4.2 Mnt more than expected one month ago and **+11.6** more than **last season**. Indeed, the last ProFramer estimates US yields to be 3% those of the **USDA**. **U.S. soybean stocks** are forecasted to rise to **levels not seen since the 2018/19**.



3.2 Soybean Oil Market

An ample supply of soybeans is expected

Soybean (Mt)	2023/24		2024/25	
	October-September	28/06/24	28/06/24	26/07/24
carry-in	99.5	99.6	106.2	107.7
production	385.4	386.8	400.0	403.5
trade	169.1	169.8	169.1	188.7
crush	325.3	323.9	335.7	335.7
other cons.	53.4	54.8	54.0	54.9
carry-out	106.2	107.7	116.4	120.6
stock/use ratio	26.0%	26.4%	29.9%	30.9%



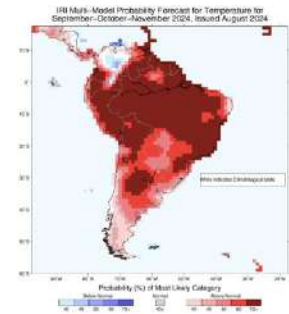
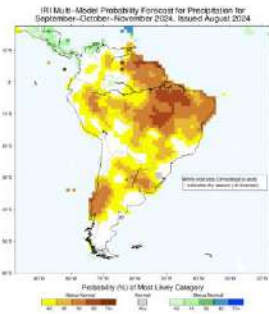
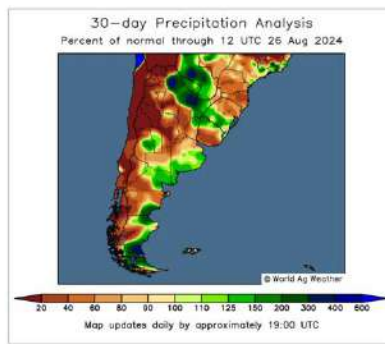
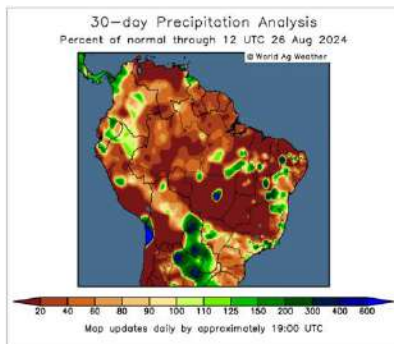
World soybean supplies are ample and are likely to become **even more ample in 2025, assuming normal weather** conditions in **South America** from September onwards. However, soybean has a low oil content compared to sunflower and rapeseed.

The **key** issue is whether the **expected increase in soybean crushing** will be **enough to offset the decline** in the world **supply of RSO and SFO**, as well as the **slow growth in palm oil** production.



3.3 Soybean Oil Market

Unfavorable conditions for the start of planting in South America



So far, in **South America**, predominantly **dry weather** has created **unfavorable conditions** for the **beginning** of **planting** in **Brazil** and **Paraguay**. Additionally, **Argentina** needs rain. Long-term forecasts are not optimistic.

The world oilseed balance 2024/25 is based on the expected growth in soybean supply. **There is no room for failure in South America production.**



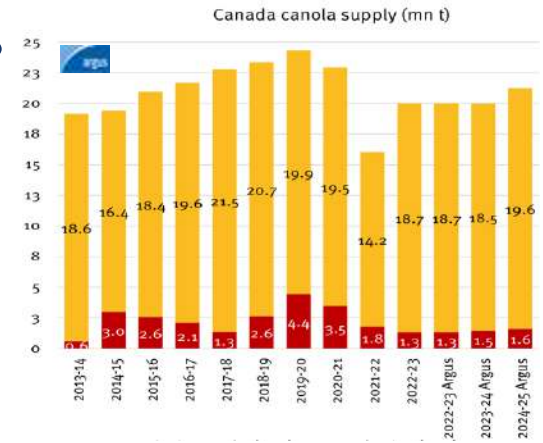
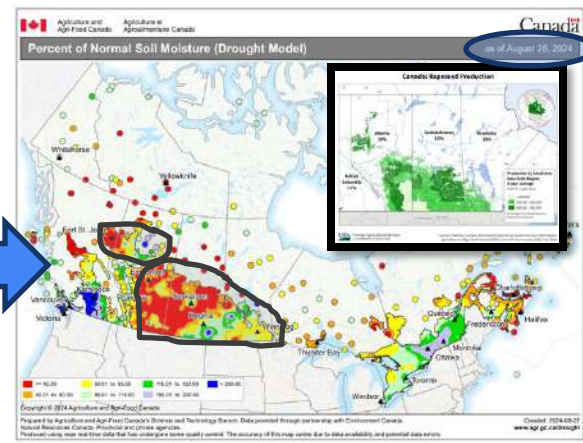
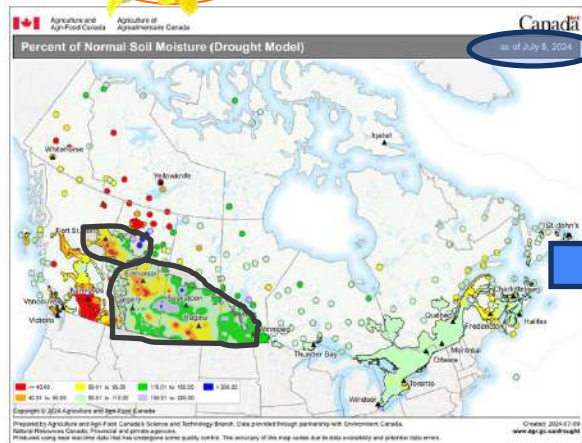
Rapeseed Oil Market





4.1 Rapeseed Oil Market

The unfavorable weather in Canada has continued during august



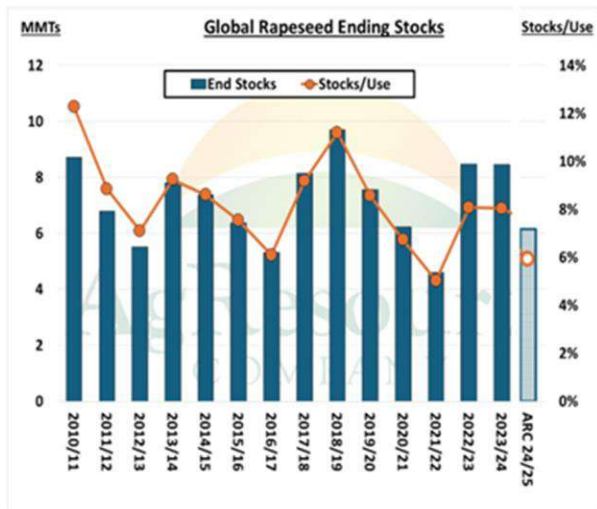
After a very good start to the growing season, the **lack of rainfall** has **affected** the **canola crops** in **Canada**. The **harvest** has just **started**. Oil World has **reduced** the **production estimates** to **19.7 Mnt**, down **by 0.8 Mnt** from a month earlier, in line with other private analysts. It is still 1.4 Mnt above last year's production.

The world Rapeseed & Canola supply & demand will be very dependent on the final crop in Canada.



4.2 Rapeseed Oil Market

World rapeseed and canola S&D is tightening



strategiegrains

Rapeseed(Mt) july-june	2023/24	2024/25
Carry-in	9.1	8.0
Production	87.8	86.3
Trade	18.6	18.3
Crush	85.1	84.0
Other cons.	3.8	3.4
Carry-out	8.0	6.9
Stock/use ratio	9.0%	7.9%

The **rapeseed harvest** is nearly **complete** in the **EU**, the **UK**, and **Ukraine**, with yields and production significantly lower than last season. According to **Oil World**, **EU-27 production** is expected to **decrease** by **2.6 MnT** compared to last year **to 17.5 MnT**.

Rising export supplies from Canada will partially offset declining shipments from Ukraine and Australia. The EU will be heavily dependent on imports.

According to AgResources, Oil World, and other private analysts, **the global canola and rapeseed supply in 2024/25 will be limited**, marking the **tightest supply since 2021/22**.



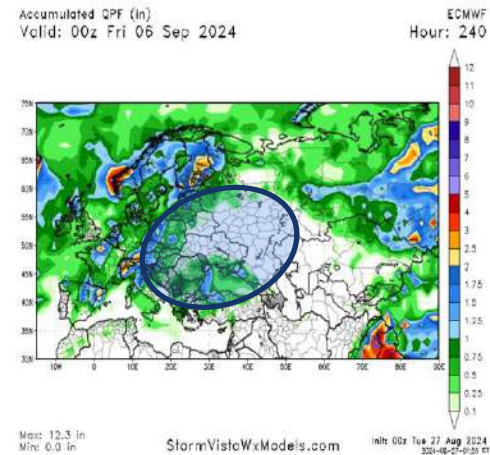
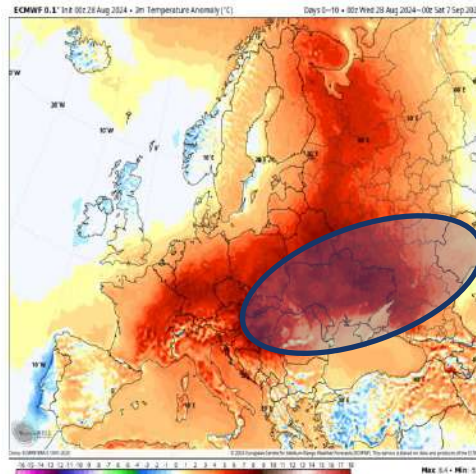
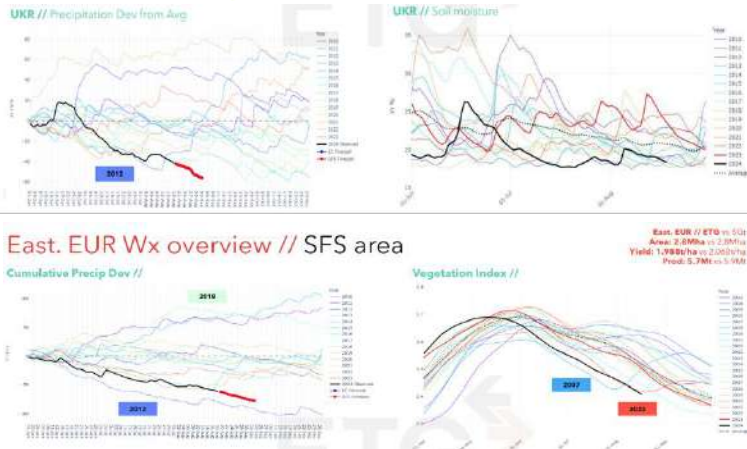
Sunflower Oil Market





5.1 Sunflower Oil Market

Irreversible damage in the Black Sea region due to very unfavorable weather



Sunflower crops have **suffered** from an **intense heatwave** and **lack of rainfall** in **Russia, Ukraine, and Eastern Europe**. There is already **irreversible damage** in the world's main producing region, which accounts for nearly **70% of global production**.

In both **Ukraine** and **Eastern Europe**, the situation is severe, and the final **pre-harvest weather** is expected to bring **very high temperatures** and a **lack of rainfall**, which could **not only** continue to **affect yields** but also the **oil content**.

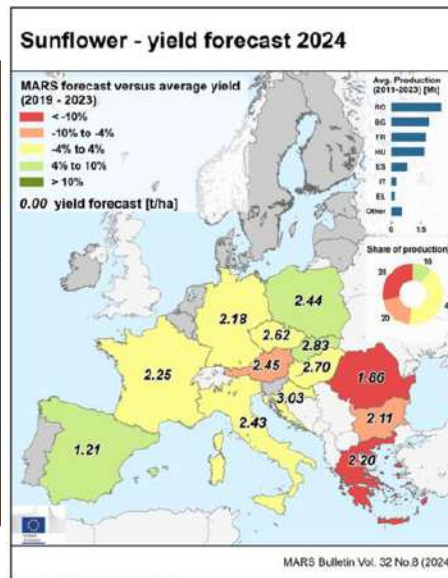


5.2 Sunflower Oil Market

EU: normal/good conditions in the west; problems in the east



EUC – MARS BULLETIN – YIELD (t/ha)	2023	2024	5Y
Romania	1.86	1.86	2.21
Bulgaria	2.03	2.11	2.24
France	2.50	2.25	2.30
Hungary	2.90	2.70	2.64
Spain	1.12	1.21	1.13
EU	2.10	2.04	2.15



In its latest JRC MARS Bulletin, the EUC has adjusted the expected sunflower yield down by 2% vs last month.

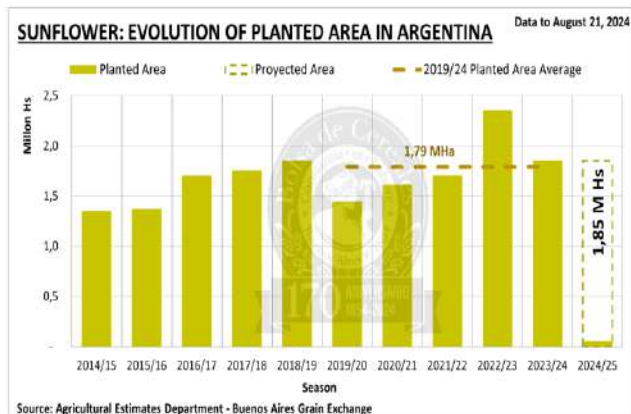
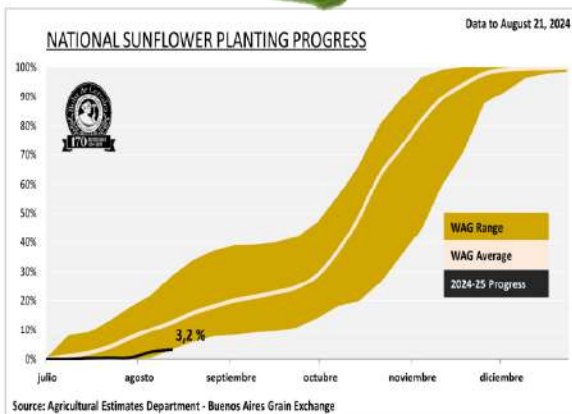
Summer crops were particularly **severely impacted** in regions where the **hot conditions** coincided with **limited water availability**, as was often the case in **Hungary, Romania and Bulgaria**.

Spain had a **very good harvest**, while production in **France** is seen **10% below last year**, but in line with the **historical average**.



5.3 Sunflower Oil Market

Argentina's production is expected slightly higher than previous season



Sunseed (Mt) Argentina	2022/23	2023/24	2024/25
Carry-in	1.12	1.64	1.29
Production	4.31	3.72	3.90
Exports	0.09	0.08	0.18
Crushing	3.47	3.75	3.60
Other Cons.	0.24	0.23	0.25
Carry-out	1.64	1.29	1.16

Argentina is starting the 2024/25 sunflower campaign with a **delay of several weeks**, reflected in a lag of -9.5 % compared to the historical average.

The **total area is expected** to be in the range of **1.85 to 1.95 million hectares**.

A few weeks ago, **Oil World** anticipated an increase in Argentine sunflower seed **production** by 0.6 million tons to 4.15 million tons in early 2025.

However, they **have** since **adjusted** their estimate to the range of **3.8 to 3.9 MnT**, aligning with local observers.



5.4 Sunflower Oil Market

Global production will be at least 4 MnT below the initial potential

SUNSEED : Downtrend in World Production (Mn T)

	Aug27 24/25F	Jly19 24/25F	Jun21 24/25F	23/24	22/23
Russia (a)	17.30*	17.30*	17.50*	18.40*	17.10*
Ukraine	13.40*	13.60*	14.20*	14.90*	12.68*
Kazakhstan	1.40*	1.42*	1.36*	1.24	1.30
Romania	2.10*	2.35*	2.90*	2.22*	2.31*
Bulgaria	1.65*	1.95*	2.20*	1.67*	2.14
France	1.85	2.07*	2.07*	2.06	1.80
Hungary	1.88*	1.88*	1.86*	1.96	1.29
Spain90*	.88*	.86*	.79*	.79
Other EU	1.21*	1.22*	1.23*	1.16	1.19
Argentina	3.90*	4.15*	4.25*	3.55*	4.13*
Other countries .	10.73*	11.22*	11.46*	10.67	11.29
World	56.32*	58.04*	59.89*	58.62	56.02

In the last **two months**, at least **3.6 MnT of sunflower seed were lost** due to **adverse weather** in the **Black Sea region** and France, with the initial adjustments for Russia having already been made earlier.

There is **still significant uncertainties** regarding the final production in the Black Sea region. We believe that the production in **Russia, Ukraine, and Bulgaria** will be **even lower** than what Oil World projects. The estimate for Argentina is also being reduced, but this is in line with what the BCBA had already indicated.

This is in addition to a **reduction** of 2.3-2.5 MnT in carryover stocks.

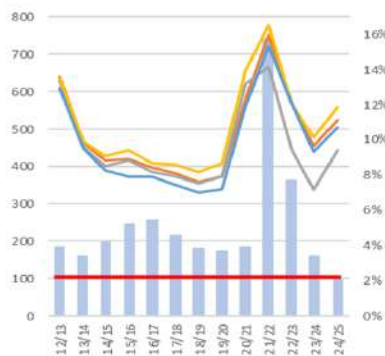


5.5 Sunflower Oil Market

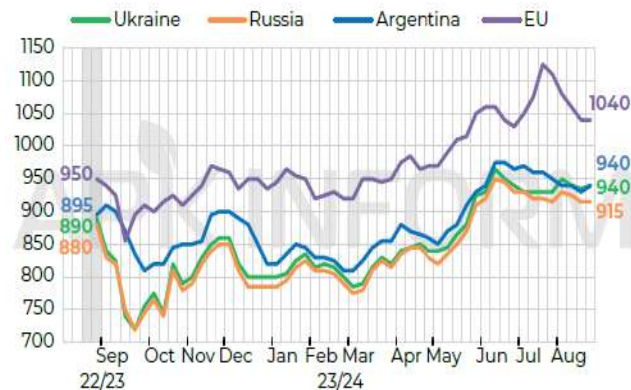
SFO prices will remain firm

Sunseed (Mt) August - July	2021/22	2022/23	2023/24	2024/25
Carry-in	2.9	7.9	6.4	4.0
Production	58.3	55.9	58.6	56.3
Russia (estimated remaining stocks in the Ukraine)	15.7	17.1	18.4	17.3
Ukraine	16.9	12.6	14.9	13.4
EU-27	10.4	9.5	9.9	9.5
Argentina	3.4	4.1	3.6	3.9
Crush	47.8	52.0	55.4	52.0
Other cons.	5.4	5.5	5.6	5.6
Carry-out	7.9	6.4	4.0	2.7
Stock/use ratio	14.9%	11.1%	6.6%	4.7%

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



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



In the coming weeks, **we could see pressure** on prices due to the **arrival** of the **Northern Hemisphere harvest**. However, **SFO prices are well-supported** due to **insufficient supply for 2024/25**.

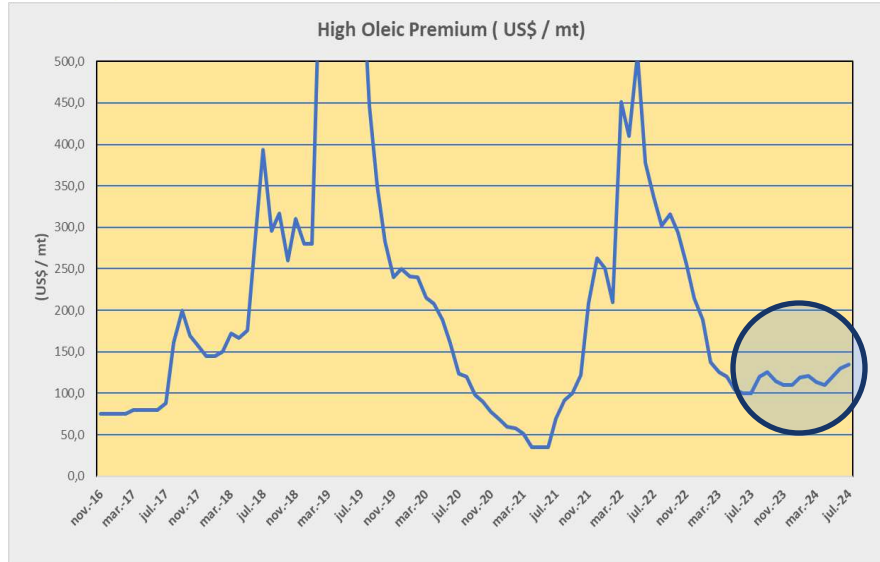
SFO will continue with a significant premium over SBO and CPO, given the necessary reduction in crushing. The global supply & demand of sunflower (and SFO) will be the tightest in several seasons.





5.6 Sunflower Oil Market

High-oleic market



We believe that **high oleic premiums could be under pressure** due to **production losses** in the **Black Sea region**, even though we do not expect significant changes on the demand side.

We are seeing a **large difference** between the offered premiums in **France and Argentina versus rest of origins**. These differences will eventually converge.



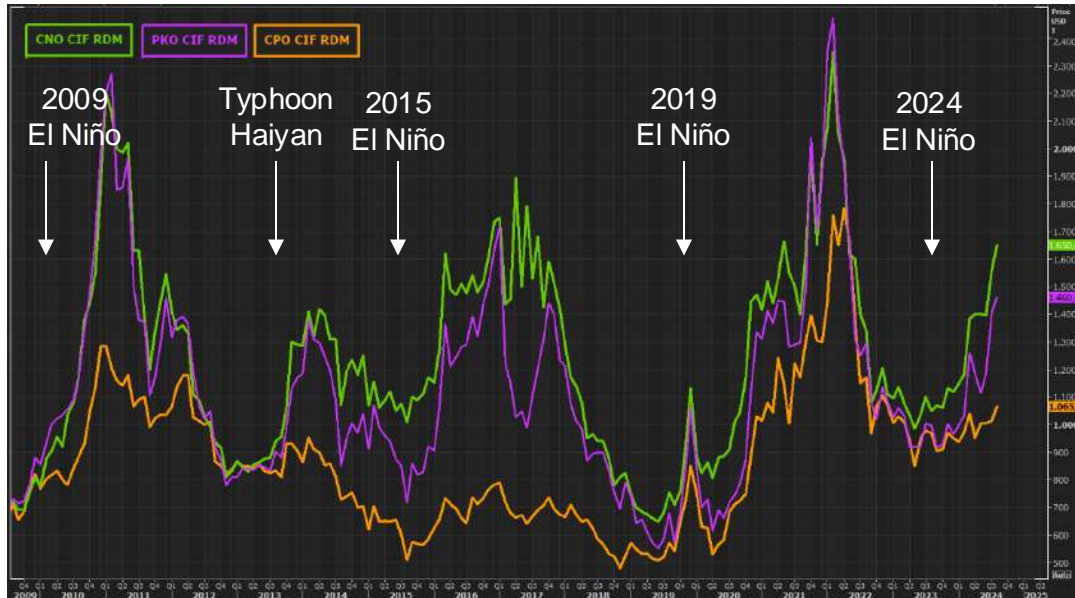
Laurics Oils Market





6.1 Laurics Oils Market

The lauric oil price rollercoaster



El Niño droughts and typhoons reduce the supply of lauric oils and cause prices to rally. As lauric oil supply recovers and buyers reformulate, prices decline sharply.

Coconut oil and palm kernel oil prices decline until reach parity with palm oil. “Lauric oil prices move up like an escalator, down like an elevator”.

2025: The EDUR introduces a significant volatility factor.



6.2 Laurics Oils Market

Prices evolution

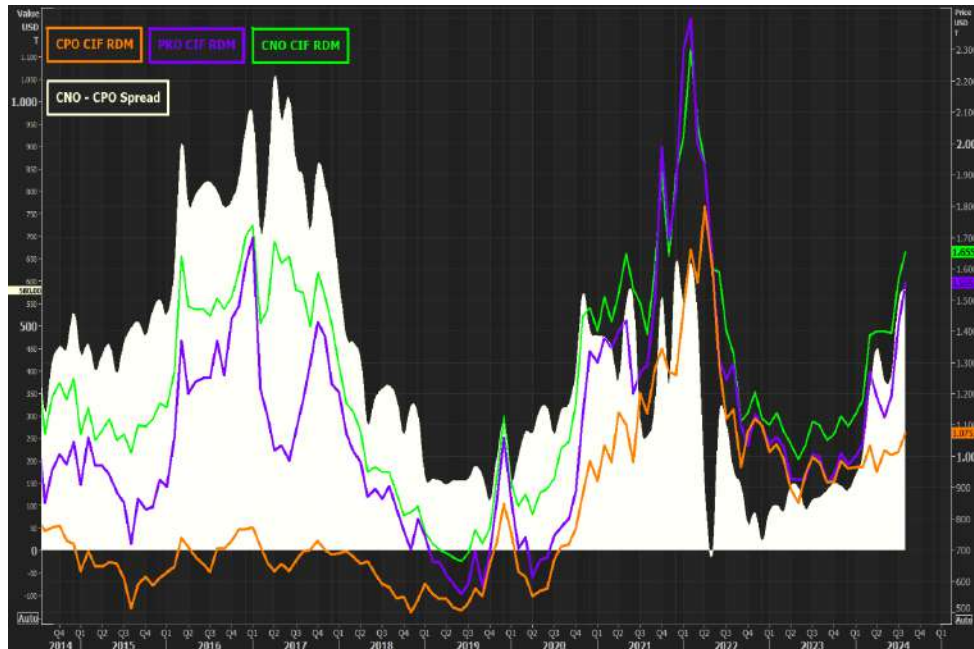
Increasing import demand particularly from Europe and China and **dwindling stocks in producing countries** have led to a **significant appreciation** of PKO prices, surpassing \$1,500 in Rotterdam, reaching a **two-year high**.

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

Oil World expects a **pronounced decline** in **copra production** in the **Philippines** in **2025**. Furthermore, the Philippines government has scheduled to **raise the biodiesel blend**, primarily based on CNO, from 2% to 3% starting in October 2024.

It is likely that European buyers are stocking up on lauric oil before the **EUDR** comes into force, which is expected to **restrict CPKO flows to Europe**, with several uncertainties surrounding its implementation. **It is also affecting CNO prices**.

However, **the premium between lauric oils vs CPO could limit further price increases**.

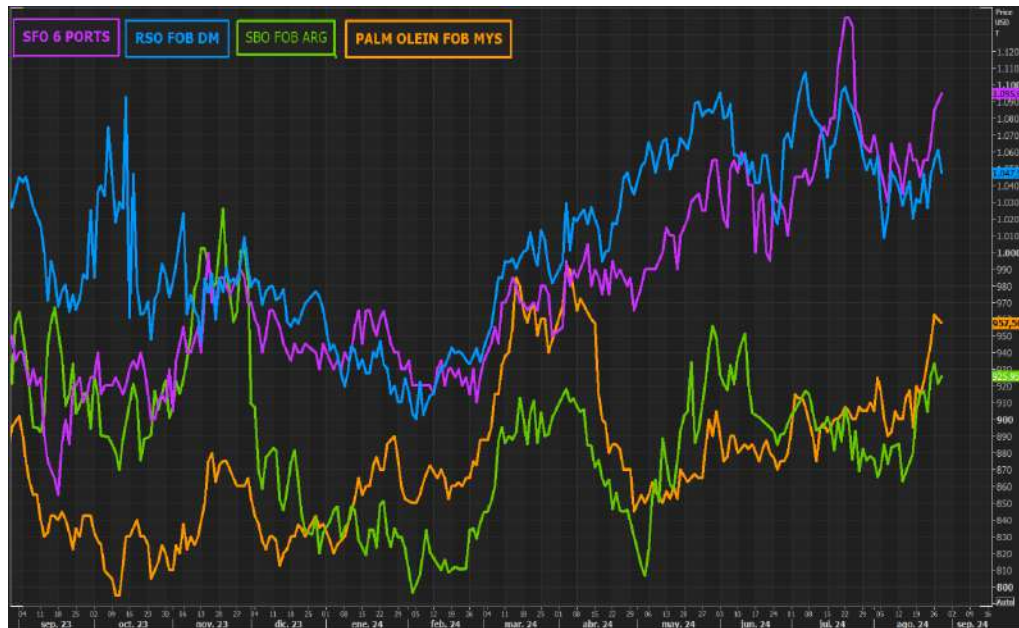




Conclusions



7. Conclusions



- **After facing some pressure** from the imminent arrival of the oilseed harvest in the Northern Hemisphere, the expected seasonal growth in palm oil production, and the excellent conditions for soybean crops in the U.S., **vegetable oil prices have appreciated during August.**
- However, **we cannot dismiss the possibility of seeing additional pressure** in the **short term**, once the rapeseed harvest advances in Canada, the sunflower harvest progresses in the Black Sea region and the peak in palm oil production materializes.
- **Lower-than-expected Indonesian production** and **concerns** about the reduction in Indonesian export supplies if the **implementation of B40** next year materializes **will provide support to palm oil prices.**
- **World sunflower and rapeseed supplies are likely to decline by at least 9 MnT in 2024/25**, according to Oil World. Although final stocks could decrease, the **global crushing of both will significantly decline.**
- **World soybean supplies are ample** and **are likely to become even more abundant in 2025**, assuming normal weather conditions in **South America.**
- The **key issue** is **whether** the expected **increase in soybean crushing** will be **enough** to **offset** the **decline** in the global supply of **rapeseed oil and sunflower oil**, as well as the **slow growth** in palm oil production.

A world of vegetable oils!



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