



# Market Update January 2025

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# CONTENT

1. [VEGETABLE OILS](#)
2. [PALM OIL MARKET](#)
3. [SOYBEAN OIL MARKET](#)
4. [SUNFLOWER OIL MARKET](#)
5. [RAPSEED OIL MARKET](#)
6. [LAURIC OILS MARKET](#)
7. [CONCLUSIONS](#)



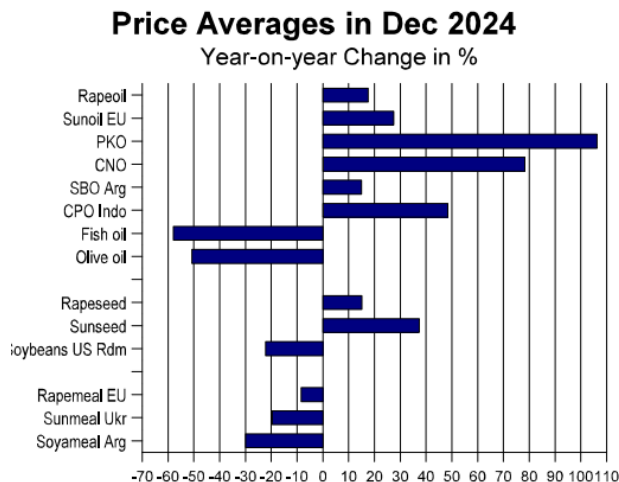
# Vegetable Oils

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# 1. VEGETABLE OILS

## 2024 Recap



**PKO prices appreciated by over 100%!  
And CCNO prices by almost 80%.**

**SFO and RSO prices have sharply appreciated in 2024 by 28% and 18% respectively** mainly on the account of lower supplies.

**Global rapeseed and sunflower production are estimated down 4 MnT and 5 MnT respectively for 2024/2025 season**, inevitably tightening crushing supplies.

**Indonesian CPO prices appreciated 48%**. Bullish effect of **lower global production and export supplies in 2024** was magnified by the prospective **increase of CPO consumption in Indonesia** to satisfy higher biodiesel admixture.

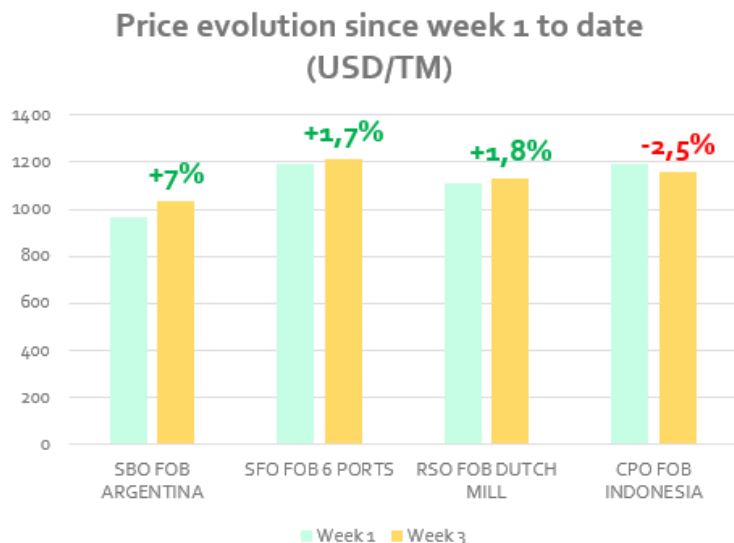
Low replanting rate, aging trees, lower yields and decreasing area in Malaysia also triggered prices in 2024.

**Shortages in others vegetable oils have also brought support to SBO triggering demand shift.**

**Laurics: PKO and CNO have been the most bullish in the vegetable oils market in 2024** due to shrinking PKO production and poor CCNO production prospects.

# 1. VEGETABLE OILS

## Recent price developments



**CPO prices have weakened lately** as exports demand was low. Indeed, **consumers have shifted imports demand** to more competitive SBO.

**As a result, in EU spread between CPO and SBO have narrowed down until SBO recovered its premium over CPO.**

**Sharply higher than expected SFO exports from Russia so far this season**, along with the inactivity period in EU during holiday season resulted in a sizeable setback in SFO prices in the recent weeks. **However, demand started to pick up and prices followed since early January.**

**RSO have remained the cheapest oil** also thanks to large disposals in the recent months and lower demand mainly from the biofuels sector.

# 1. VEGETABLE OILS

Macro economic development: Higher crude prices



**Higher crude prices contributed to support vegetable oils prices recently.**

Despite the cease fire in the Middle East, supply disruption concerns supported prices:

- **DROP IN US STOCKS:** US inventories fell last week to their lowest since 2022 (reported by the US energy information Administration) as exports rose and imports fell.
- **POTENTIAL SUPPLY DISRUPTION:** Caused by **new US sanctions on Russia**. US administration announced new restrictions towards two large Russian producers and towards tankers carrying Russian crude.



**Last week WTI, brent prices hit their highest levels since July 2024**





# Palm oil market





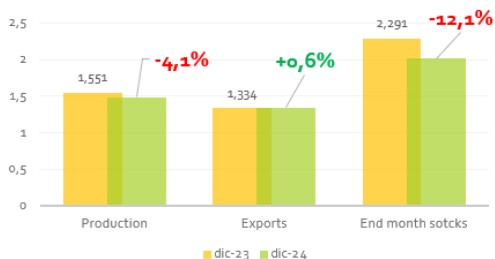
# Palm oil market

Malaysia



## Malasian CPO outlook

Dec-24 vs Dec-23  
(millions tons)



MPOB Dec supply and demand estimates:

- **Production = 1,487 MnT down 8.3% vs. Nov.** within market expectations marking a 3<sup>rd</sup> successive monthly drop.
- **End-month stock slipped by 7% vs. Nov.** (2.014 MnT) ending up lower than market expectations and at a lowest in 19 months. Exports are down 10% vs Nov.

## MALAYSIA : Supply & Demand of Palm Oil (1000 T)

	Dec		Nov		Jan/Dec	
	2024	2023	2024	2023	2024	2023
<b>Open'g stocks</b>	1836	2403	1885	2447	2291	2197
<b>Production</b>	1487	1551	1621	1789	19338	18552
<i>Sabah/Sarawak</i>	702	719	745	830	8447	8727
<i>Peninsula . . . . .</i>	785	832	876	959	10891	9825
<b>Imports . . . . .</b>	38	40	22	40	253	896
<b>Exports . . . . .</b>	1342	1362	1490	1407	16903	15131
<b>Dom. usage . .</b>	310	341	203	466	3271	4223
<b>Ending stocks</b>	1709	2291	1836	2403	1709	2291
<i>Crude . . . . .</i>	894	1198	907	1323	894	1198
<i>Processed . . .</i>	814	1093	928	1080	814	1093

Following sizeable year-on-year increase in Jan/Aug, **CPO production declined by 4% to 9% each of the last 3 months of the year.** However, cumulative output still reached a 5-year high (up 4% on the year.)

But the increase in exports to a 4-years high in 2024 (16,9 MnT, up 1,8 MnT on the year) resulted in lower stocks.



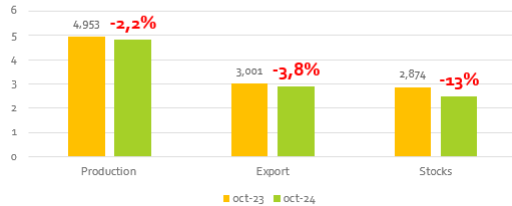


# Palm oil market

Indonesia



Indonesia CPO + CPKO  
Oct-24 vs Oct-23  
(millions tons)



GAPKI data for Oct. were released with production, exports and stocks being lower than last year's level. **The rising domestic usage for biodiesel along with declining yield trend have led to reduced stocks.**

Following the latest increases in Indonesian CPO export taxes mainly to fund higher biodiesel subsidy, **Indonesian exports plummeted by 1,3 MnT in Sept/Nov 2024, an 8-year low.**

Indonesian export supplies are most likely to remain tight this year as the government confirmed the 2025 biodiesel allocation to an additional 1,5-2 MnT of CPO from 2024's estimates.

However, timeline of the full rollout from B35 to B40 is still unclear.

## PALM OIL : Monthly Prices ( US-\$ / T )

	Crude palm oil (fob Indonesia)			RBD palm olein (fob Malaysia)		
	2024	2023	2022	2024	2023	2022
Jan. ...	876	962	1412	857	958	1352
Feb. ...	899	984	1552	869	971	1547
Mar. ...	976	1017	1794	952	974	1774
Apr. ...	966	1026	1717	933	989	1697
May. ...	906	914	1750	867	882	1688
June. ...	912	830	1520	884	827	1466
July. ...	938	905	1008	906	894	1051
Aug. ...	966	887	1003	932	872	1031
Sept. ...	1035	847	914	990	846	908
Oct. ...	1124	828	900	1087	817	898
Nov. ...	1230	862	950	1196	848	968
Dec. ...	1263	851	949	1204	833	959
Jan/Dec	1008	909	1289	973	893	1278



# Palm oil market

Price have decrease but CPO still not very competitive



**CPO prices have decreased lately vs related vegetable oils.** Indeed, they had reached such levels that massive demand shifting led to lower prices over the past weeks.

**Malaysian RBD Palm olein declined by 10% lately.** But even if the extreme high premium of CPO vs. other vegetable oils decrease, CPO is still far from its normal competitiveness vs. others vegetable oils.

On average between Aug/Dec 2024 **Indonesian CPO had a premium of 110 USD over Argentinian SBO.** This compares with an **average discount vs. SBO of 100 USD over the past 10 years.**

CPO demand still needs to remain weak on the world market to replenish Malaysian stocks and get a negative impact on prices.

However, timeline of the fulfilment of the **B40 biodiesel mandate in Indonesia remains a key factor to watch.**



# Soybean oil market

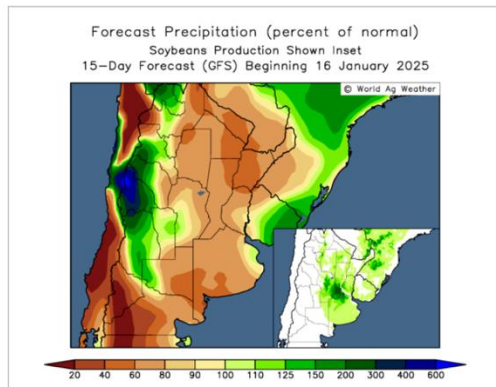
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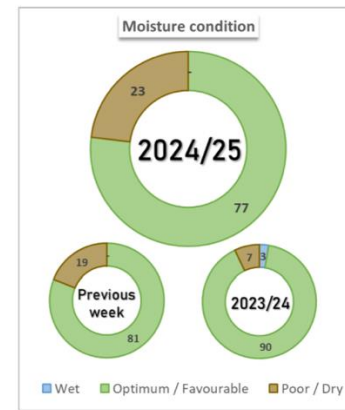
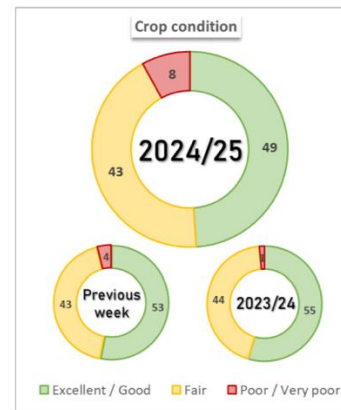
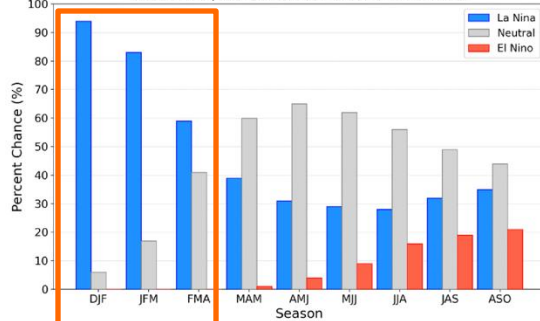


# Soybean oil market

La Niña condition is bringing dryness in Argentina



Official NOAA CPC ENSO Probabilities (issued January 2025)  
based on  $-0.5^{\circ}/+0.5^{\circ}\text{C}$  thresholds in ERSSTv5 Niño-3.4 index



**La Niña conditions is bringing persisting dryness across much parts of Argentina** leading to moisture stress. **Forecast shows limited showers coupled with hotter temperatures.** This could damage crop conditions in the early development stages.

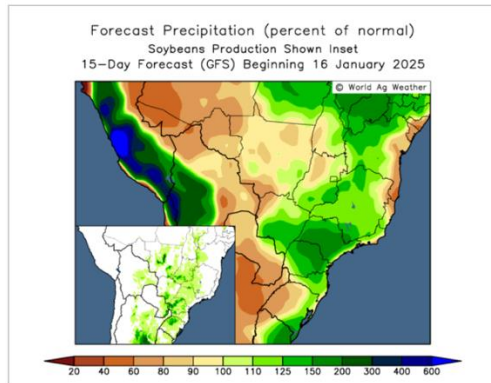
Rainfall would be needed withing about 2 weeks otherwise **yields prospects could decline. As for now soybean are rated 8% poor/very poor, 43% fair and 49% good/excellent.** The good/excellent percentage is down 4% vs. previous week. The moisture conditions is also degrading.

**USDA still expects 52 Mnt production. However, several observers scaled back their estimates to 49-50 Mnt.** Dryness as also been registered in parts of Paraguay and Uruguay.

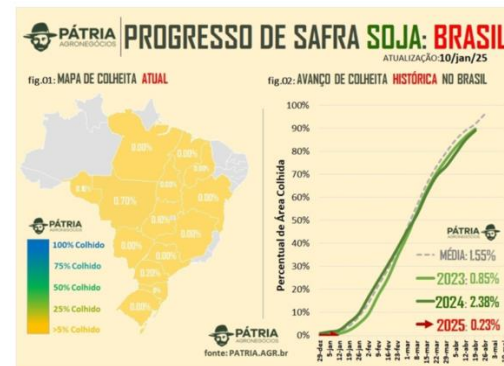
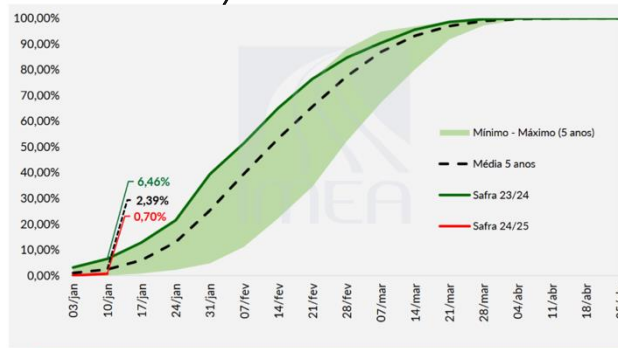


# Soybean oil market

## Weather market in South America



Mato Grosso soybean harvest advancement



**On the contrary in Brazil, it is the wet weather that worries market participants. Harvesting is expanding but it is about 2 weeks behind schedule,** following the delays in plantings. Delays could tighten the country's balance sheet given the very low beginning stocks and therefore tighten supply availabilities in the short-terms.

**However, for now crop conditions remain very good and total output is still forecasted at a record of 169 MnT (USDA).** Other estimates show figures between 170/172 MnT or even more.



# Soybean oil market

New USDA report recently brought support

## USDA World Ending Stocks

WASDE January 10, 2025 – millions of tonnes

@kannbwx

Data sources: USDA, Reuters

	2024/25	Trade	USDA Dec
Corn	<b>293.34</b>	294.80	296.44
Soybeans	<b>128.37</b>	132.20	131.87
Wheat	<b>258.82</b>	257.86	257.88

**Latest WASDE report came supporting the soybean complex the past week. SBO futures even hit a 5-month high.**

**US crop estimates have been revised downward by 2,6 MnT along with a sharp cut in US and global soybean ending stocks, sharply lower than markets estimates.**

### SOYBEANS USA ending stocks (Mn T)

2024/25	Trade Avg	USDA Dec
10,3	12,4	12,8

**Global ending stocks data** took market by surprise when estimates were showing a raise vs last USDA report.





# Soybean oil market

## SBO got back to a premium over CPO

**Strong demand shifting from CPO to SBO triggered price adjustment in the past weeks.** Soybean crush of combined Argentina, USA and Brazil have been above expectations for 2 months and exports doubled from a year ago in Sept/Dec 2024.

**As a results SBO prices rose and moved up into a premium to CPO, a sharp reversal from price discount of around 180 USD for average in December.** In USA SBO prices increased by almost 100 USD last week while Argentinian SBO increased by 117 USD.

**Indian SBO imports are expected to double in Q1 2025.** With current purchase pace from India and other importing countries, SBO prices remain with an upward potential as supplies will be absorbed quickly. **Dryness concerns in Argentina and harvest delays in Brazil due to weather conditions have also supported prices lately.**

However, even if concerns have been raised for weather in South America, **ample soybean supplies are still justified now, bringing a large production surplus to the market.** Another price determining factor will be how China/USA trade relations will develop in the coming weeks.





# Sunflower oil market

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# Sunflower oil market

High crush rate have weighted on prices, but fundamentals remain positive

**SFO trade exceeded expectations so far this season. Sunflower seeds crushing have been high in Russia and Ukraine** bringing exports of both to the same record level of last year during Q4 2024.

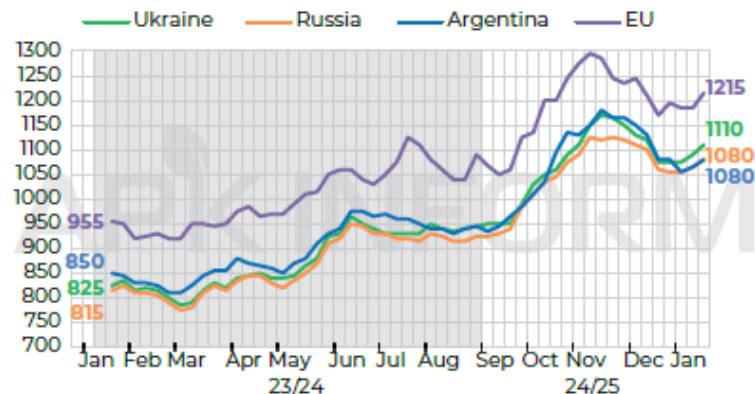
But the severely global lower production of sunflower seeds will inevitably result in SFO demand rationing the remainder of the season.

Russian exports could remain high during in the next weeks, but Ukrainian exports are starting to decline. **Sunflower crushing in Ukraine have sharply declined in Dec. and the SFO exports diminished to 380 KTM in Dec.**

Global SFO exports are expected to decline by almost 2 MnT in Jan/Aug 2025 vs. last year, which will contribute to raise dependance on CPO.

**The holidays period in EU along with the high crushing rate in Russia have contributed to the sizable setback in prices in the past weeks. However, trade as picked up and as a result SFO prices already recovered on the world market.**

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





# Rapeseed oil market

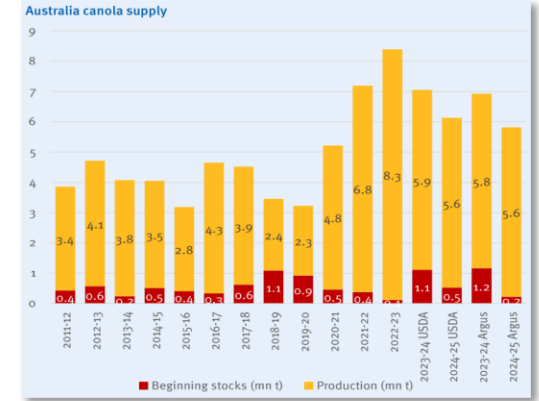
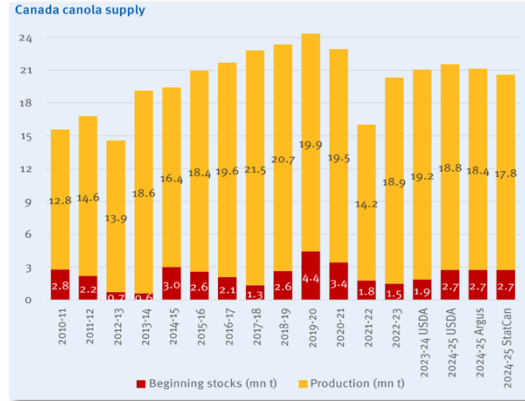
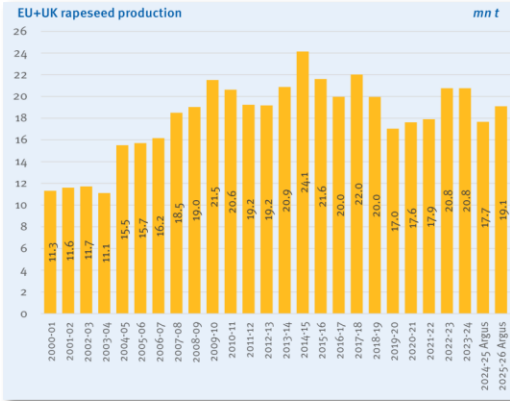
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# Rapeseed oil market

Disposals have been high in recent month



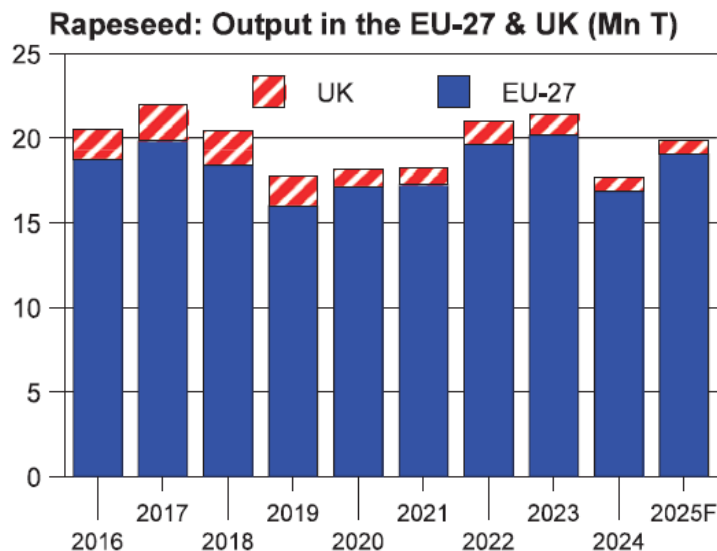
RSO disposals have been surprisingly high in recent months despite this season's reduced supplies worldwide.

**Global rapeseed supplies are around 4 Mnt lower than 2023/2024 season (at a lowest since 2021/2022 season) with major declines in EU. Inevitably the crushing is expected to decline in Europe, by more than 10% between Jan/June 2025.**



# Rapeseed oil market

EU production could stay below potential in 2025/2026



Following lower than initially expected plantings, **EU production could stay below potential in 2025.**

**In Northwest Europe** the decline in average yields in 2024 along with the rising costs apparently **decided farmer to switch to other crops.**

On the contrary **in Eastern EU, farmers apparently stepped-up plantings**, bringing total EU area to an estimated 5,95 Mn Ha, up 6% vs. 2024 but still 5% below 2023's level.

**2025 EU production could recover to 19,1 MnT in 2025.**





# Rapeseed oil market

Low supplies recently triggered EU RSO prices



Lower supplies outlook along with higher SBO prices came supporting RSO prices in the past weeks.

Prices in Rotterdam have gone up more than 4% since the beginning of January.

**On average in Dec 2024 EU RSO prices were 170€ up vs. average Dec 2023 prices. Trump's possible new tariff hikes of 25% could have a negative impact on prices.**



# Lauric oils market

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# Laurics oil market

## Prices development

- **Coconut Oil (CCNO): CCNO regained a premium to CPKO in the last days of the year** after having previously been at a discount to CPKO for over 8 weeks. In Q4 2024 supply tightness continued to dominate market with limited export availability from Philippines mainly due to extreme rainfall in key producing areas.
- **Palm Kernel Oil (CPKO): In Malaysia, Dec. stocks plunged to a 30-month low** (-8,4% vs. Nov. and down 43% one the year) after production fall sharply and exports remain stable.

Malaysian exports were boosted by 17% in 2024, reducing stocks to the lowest level in almost 3 years in early January. Production is likely to be lower in January amid seasonal lower production and ongoing rains that affects harvest process and potentially affect kernel oil yields.



# Conclusions

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# VEGETABLE OILS MARKET:

## Conclusions



- **PALM OIL:** The delay of a new biodiesel policy implementation in Indonesia along with production development in Malaysia/Indonesia remain the main price determining factors.
- **SOYBEAN OIL:** Although uncertainties have been raised regarding South American weather development, as for now ample supplies are still expected. Harvest condition in Brazil and Argentina along with SBO demand development and USA-China trade relations will be major price determining factors in the near/medium term.
- **SUNFLOWER OIL:** Russian exports could stay high in the coming weeks. However Ukrainian exports have started to decline, and the situation is expected to tighten in the coming months bringing support to prices.
- **RAPESEED OIL:** RSO prices have gone up following track of related vegetable oils and due to tight balance sheet. Development of the trade relations between USA and Canada is a key factor to watch.

*A world of vegetable oils!*



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