



POC 2025: Summary of the main findings

24-26 February 2025, Kuala Lumpur

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Dorab E Misty – Is it time to lift the Indonesian Moratorium?

Context of 2024–2025

- There were opportunities for palm oil ‘bulls’ due to low production and excitement around the B40 programme.
- Palm oil went from being the cheapest to a premium product, partly due to the election of Indonesian president Prabowo and lower production.
- India increased import tariffs on oil.
- High prices have reduced demand for palm oil, being replaced by soybean and sunflower.

Impact of the B40 Programme

- Indonesia has reduced its dependence on the European market.
- Palm production must increase to meet energy demand.
- The transition to B50 and increased mandates in other countries are expected to further reduce supply.

Proposal to Lift the Moratorium in Indonesia

- The industry has improved in sustainability.
- World demand is growing by 2–3 MnT per year.
- Restricted production causes high prices affecting consumers in developing countries.

Why lift the Moratorium

- World production of palm oil is stagnating
- World demand for palm oil for biofuel as well as for food is expanding each year by about 2 to 3 million tonnes
- The West (Europe in particular) may be in denial but they cannot do without palm oil – call it under any name such as Waste Oil !



Why lift the Moratorium

- As we saw in 2024 stagnating or tightening production very quickly leads to higher prices.
- It is wrong and cruel to subject 3 to 4 billion consumers in the developing world to higher and higher prices by restricting production under this Moratorium



Dorab E Misty – Is it time to lift the Indonesian Moratorium?

Outlook for 2025

- Palm production to improve, with Indonesia increasing by 2 MnT.
- Market must struggle to regain market share.
- Prices high until March, then fall after Ramadan with production rising.

Other oils

- Soybean: high production in Brazil, with sustained demand and global expansion.
- Sunflower: crop reduction in 2024, uncertain recovery.
- Rapeseed: threatened by US tariffs but may be a cheaper option for India.
- Laurics: coconut should stay above \$1,800-\$2,000 CIF Rotterdam and palm kernel should stay below, but demand for oleo chemicals should reduce availability.

Price forecast:

- Price outlook: palm oil prices are expected to fall to MYR 4,000-4,200 by July 2025, followed by a possible recovery.



Price Outlook

- I expect Palm futures on the BMD third month to trade between Ringgit 4000 and 4600 between now and 31st March 2025.
- After Ramzan I expect a significant pick up in palm production and a slide in palm prices which will eventually make palm once again competitive

GLIPSA



Price Outlook

Between April and Nov 2025 I expect BMD to trade between 3600 and 4100

- Planting and Growing weather in North America will take centre stage from May onwards.
- Soya oil futures in CBOT will recover due to complicated and restricted incentives for US biofuels

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Thomas Mielke – Supply, demand & price outlook of palm oil and impacts from soybean, sunflower & rapeseed

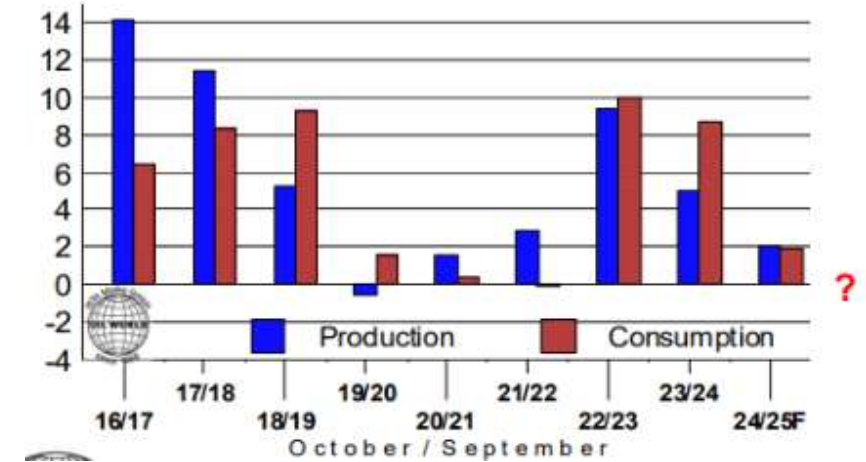
Market overview:

- Falling stocks: vegetable oil stocks have fallen sharply, impacting global supply and demand.
- Production slowing: global vegetable oil production growth has slowed sharply, with only a 2.1 MnT increase in 2024/25, vs. 5.0 MnT last season and 9.4 MnT in 2022/23.
- Production shortfall: global supply to increase by just 0.5 MnT in 2023/24, making demand rationing inevitable.

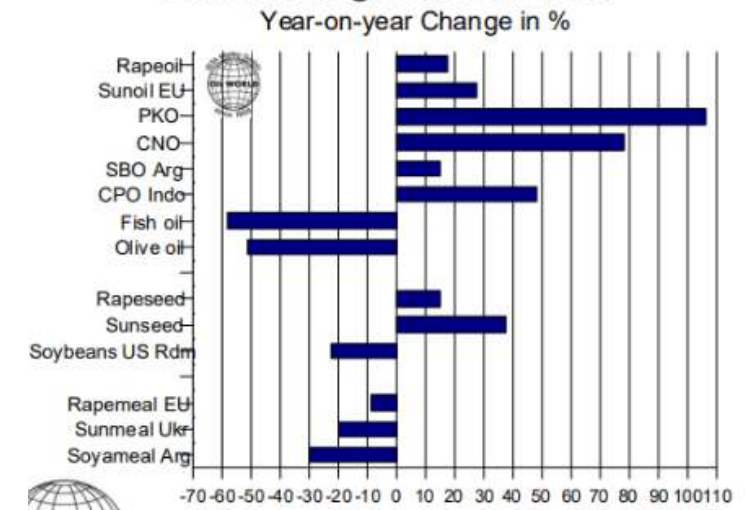
Latest price movements:

- High prices and volatility: In the last 4 years, palm oil prices have fluctuated between USD 530 (May 2020) and USD 1,900 (March 2022). A new range between USD 900–1,200 is expected.
- The graph on the right shows the oil price changes over the last year.
- Mielke expects the palm premium over soybean to decrease.

8 Veg. OILS: Production & Demand
Change From Year Ago in Mn T



Price Averages in Dec 2024



Thomas Mielke – Supply, demand & price outlook of palm oil and impacts from soybean, sunflower & rapeseed

Challenges for palm oil:

- Falling exports: since 2019, palm oil exports have declined from 55.4 to 48.6 MnT in 2023/24.
- Limiting factors: lack of replanting, labour shortages, rising costs and sustainability issues have affected production.
- Dependence on Indonesia and Malaysia: both countries have accounted for up to 50% of world exports of oils and fats, but face restrictions on arable land expansion.

Outlook for other oils:

- Soybean oil could gain ground: soybean oil production is expected to increase by 23 MnT in 2024/25, although it will not be enough to compensate for falling palm and sunflower oil supply. It forecasts soybean to follow sunflower's rise and narrow its differential with palm from April/June onwards.
- Bullish for sunflower oil: expects sunflower oil prices to rise, dragging soybean oil prices with them.

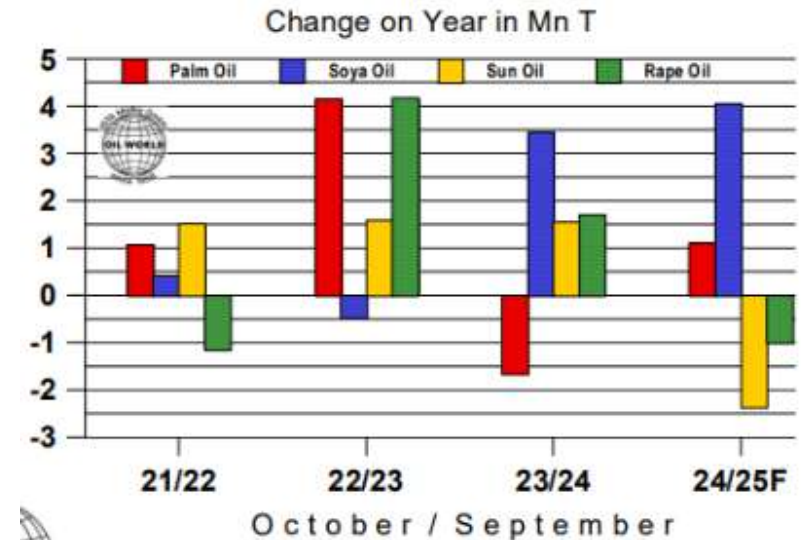
Conclusions:

- Production deficit in 24/25 and reduction of stocks for the second consecutive year will keep prices up. Sunflower will be the price leader and will support the price of other oils. However, demand for palm is low, so it should adjust its differential vs. other oils downwards.
- Global production will need investment in replanting and expansion, but the results will not be seen for 3-4 years.

VEGETABLE OILS : World Production with Breakdown by Product (Mn T)

	2014	2019	2020	2021	2022	2023	2024	CAGR 10 Years until 2024
Palm oil	60.23	77.17	75.50	76.64	79.44	81.71	79.25	2.78%
Palmkernel oil	6.51	8.11	7.88	7.96	8.23	8.41	8.15	2.27%
Coconut oil	3.01	2.95	2.68	2.79	3.24	3.14	3.41	1.26%
Soya oil	45.95	57.01	58.71	60.22	59.57	59.69	64.76	3.49%
Sunflower oil	16.33	20.79	21.28	18.90	20.06	22.65	23.37	3.65%
Rapeseed oil	26.88	25.44	25.92	27.07	26.90	30.95	31.66	1.65%
Oth. Veg. Oils	17.91	19.02	19.06	19.33	19.22	18.95	19.32	0.76%
Total Veg. Oils	176.82	210.49	211.03	212.91	216.66	225.50	229.92	2.66%

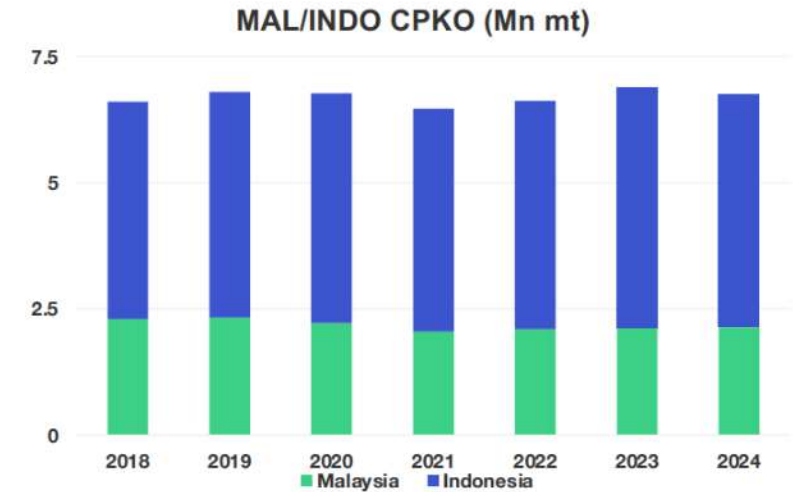
World Production of 4 Major Oils



Regina Koj, Fastmarkets – Laurics market dynamics & outlook:

Summary of 2024:

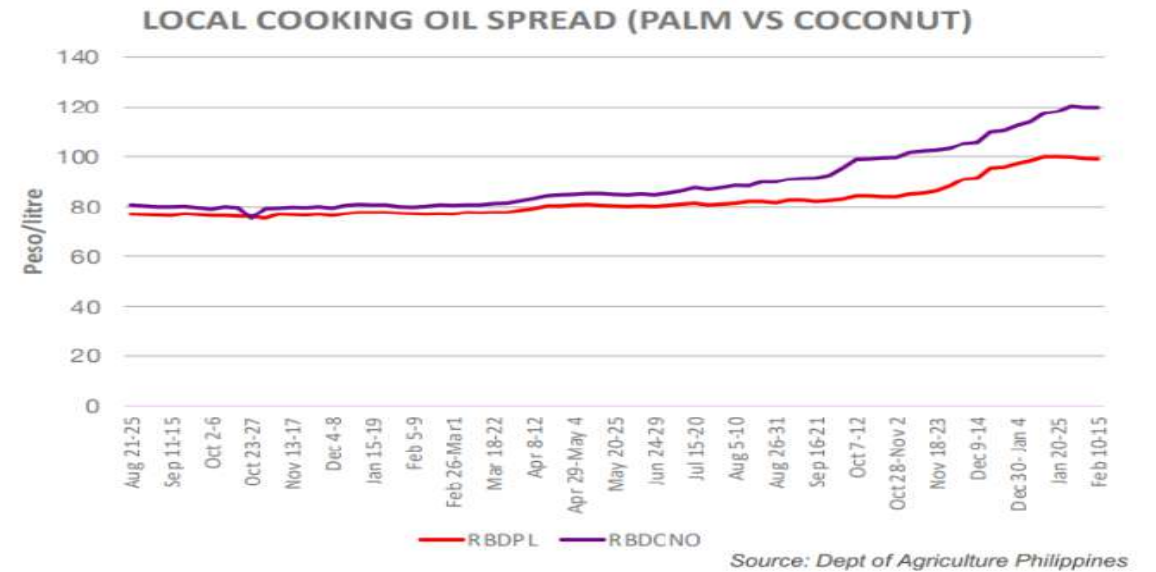
- **Prices:** there was a sharp increase at the end of 2024, with crude palm kernel oil (CPKO) following the trend of crude palm oil (CPO).
- **Climate events:** El Niño phenomenon in the second half of 2023 led to limited supply in 2024.
- **Supply of crude coconut oil (CNO):** was reduced towards the end of the year due to adverse weather factors such as Typhoon Man-yi.
- **Flat YoY production for both CPKO in Mal/Indo and coconut in Philippines/Indonesia.**



Regina Koj, Fastmarkets – Laurics market dynamics & outlook:

Outlook 2025:

- **Climate impact:** the end of El Niño is expected in the first half of 2025, with possible La Niña effects in the second half of 2025.
- **Indonesia:** CNO production is expected to rebound after the effects of El Niño in 2024.
- **Internal competition in the Philippines:** increased use of CNO in biodiesel, with the implementation of B4 from October 2025. Consumption will increase from 330kt to 442kt. With more competitive palm olein prices, local consumption will be mainly for biodiesel and not for use as cooking oil.
- **PKO exports to the EU:** increased in September–October 2024 due to early stockpiling before the EUDR (EU Deforestation Regulation) regulation comes into force. With the backlog and lower purchases during Q1, PKO stocks have recovered. However, another ‘peak’ in demand is expected by the end of the year, although the costs of complying with the EUDR will remain high. Some buyers may switch their consumption to coconut.



Regina Koj, Fastmarkets – Laurics market dynamics & outlook:

Conclusions:

Combined PKO and CNO production in 2025 will remain stable, with a focus on the pace in the first half of the year.

Demand growth will be moderate to firm.

CNO prices will remain well supported in the first half of 2025 as production recovers.

PKO prices will follow the CNO trend, but the differential could widen if production recovers faster.

Unless:

- More episodes of unfavourable weather occur.
- Geopolitical changes affect supply chains.
- Government policies, such as biodiesel mandates and trade restrictions/tariffs, change.



Ceras Analytics – GLOBAL BIOFUEL OUTLOOK 25/26: Implications for palm oil and other oils & fats

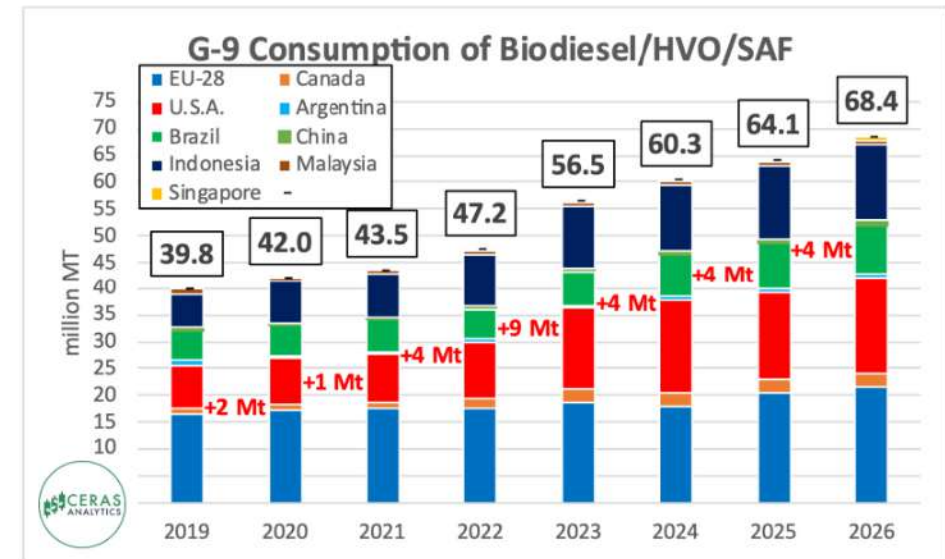
Global demand for biofuels (biodiesel, HVO and SAF) will grow by 8 Mt between 2024 and 2026, led by Europe, the US and Indonesia. However, collection of used oils (UCO) and waste slows down, generating shortfalls in 2025 and 2026.

Trends by region:

- Europe (EU-27+UK): will increase its biofuels requirements, but production will rely on UCO and animal fats.
- USA: will suffer an initial drop in production due to changes in subsidies but expected to recover in 2026 with increased use of soybean oil.
- Brazil: delayed B15 until 2025, but diesel and biodiesel consumption will grow.
- Indonesia: very ambitious biodiesel targets, with increased consumption of 2.1 Mt in 2025–2026, but faces uncertainty in financing.

Conclusions:

Growth in demand for biofuels (projected at 8 Mtn from 2024 to 2026) is driving pressure on vegetable oils, in the absence of OUCO and residues. Vegetable oil stocks are expected to fall by the end of 2024/25 and 2025/26. The biofuels market will continue to depend on regulations, feedstock prices and government policies.



Glenauk Economics – Oils vs. Meal: The outlook for vegetable oil prices in 2025

- Growth in palm oil production has slowed, as rising demand from Indonesia has outpaced export growth. In 2019, the export 'peak' was reached, and since then growth has slowed. Other oilseeds, such as rapeseed and sunflower, have been replanted, and consumption growth is being supported by soybeans.
- Indonesia's palm stocks have increased since Q4 2024 and should translate into adjustments in palm prices when they peak in April 2025.



Monthly Indonesian vs Malaysian palm oil stocks, Jan 22 – Dec 25



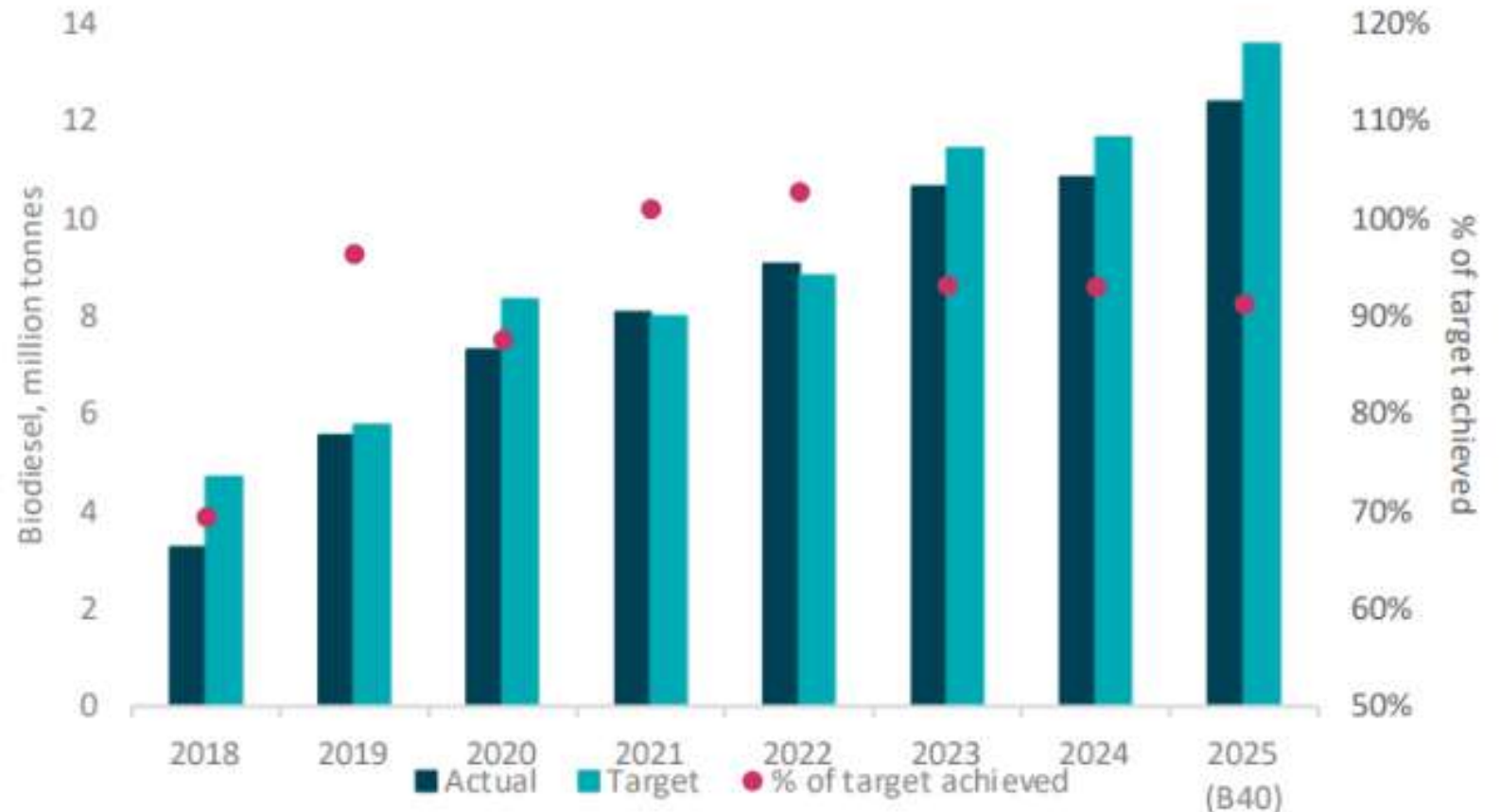
Monthly year-on-year change in output in Malaysia and Indonesia

Glenauk Economics – Oils vs Meal: The outlook for vegetable oil prices in 2025

- Restrictions on the export of palm 'residues' from Indonesia is limiting the export of residues (POME), affecting the use of palm oil in biofuels in the EU. Fruits that would be processed as POME are accumulating as palm stocks.
- Indonesia's biodiesel mandate (B40) is progressing. Although consumption is below target, it continues to improve and is expected to expand in the second half of the year.

Price outlook:

- Increased demand for soybean oil has changed the price dynamics, which will lead to a reduction in palm oil prices. Palm oil prices are expected to fall to MYR 4,000-4,200 by July 2025, followed by a possible recovery.



Annual Indonesian biodiesel consumption actual vs target, 2018 to 2025



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“A World of
Vegetable Oils”



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