LIPSA

Market Report June 2025

CONTENT

Market highlights

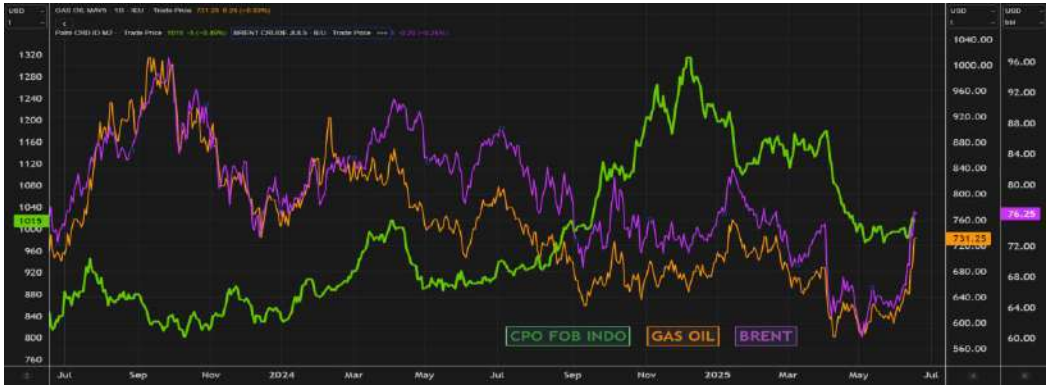
Market highlights

- Brent crude oil futures surged above $75 per barrel, reaching a new two-month high, after Israel launched a strike against Iran, raising concerns over potential oil supply disruptions
- SBO futures on the Chicago Mercantile Exchange surged after the US Environmental Protection Agency (EPA) announced stronger-than-expected biomass-based fuel mandates for 2026 and 2027. Prices hit an 18-month high.
- Palm oil production and export supplies are increasing in Indonesia, Malaysia and Latin America.
- The 2024/25 season will mark the third consecutive year of global oilseed surplus, largely driven by rising soybean stocks.
- South American soybean disposals are picking up. Mostly favourable crop conditions across the U.S. Midwest.
- Global sunflower seed production is expected to rebound sharply, based on expanding planting area and, so far, favourable weather conditions.
- Global rapeseed and canola production is currently projected to recover modestly, by just 2.3 MnT in 2025/26. However, due to low carry-in stocks, total global supply will not increase in 2025/26. Weather concerns remain in parts of Europe, Canada, Ukraine, and Australia, especially due to low soil moisture.

SOURCES: AGRURAL/APK INFORM/ARGUS/BCBA/ETG/FASTMARKETS/OIL WORLD/REUTERS/STRATEGIE GRAINS/USDA

External markets

Concerns about escalating tensions in the Middle East



17 Oils & Fats: Breakdown of World Usage (Mn T)

	24/25	23/24	22/23	21/22	20/21	19/20	18/19	17/18	16/17	15/16	14/15
Total usage 17 oils & fats	**262.90**	**261.57**	**252.11**	**242.15**	**241.84**	**240.04**	**238.73**	**229.84**	**220.66**	**213.45**	**205.66**
for biofuel (without UCO)	53.40	53.90	50.00	45.20	43.00	41.30	40.30	36.40	32.10	30.20	27.20
share of total use	*20.3%*	*20.6%*	*19.8%*	*18.7%*	*17.8%*	*17.2%*	*16.9%*	*15.8%*	*14.5%*	*14.1%*	*13.2%*
change on year	*-0.5*	*3.9*	*4.8*	*2.2*	*1.7*	*1.0*	*3.9*	*4.3*	*1.9*	*3.0*	*-1.4*
per capita use biofuel(kg)	*6.5*	*6.6*	*6.2*	*5.6*	*5.4*	*5.2*	*5.2*	*4.7*	*4.2*	*4.0*	*3.6*
for food, feed etc.	209.50	207.67	202.11	196.95	198.84	198.74	198.43	193.44	188.56	183.25	178.46
share of total use	*79.7%*	*79.4%*	*80.2%*	*81.3%*	*82.2%*	*82.8%*	*83.1%*	*84.2%*	*85.5%*	*85.9%*	*86.8%*
change on year	*1.83*	*5.57*	*5.16*	*-1.89*	*0.10*	*0.32*	*4.99*	*4.88*	*5.31*	*4.79*	*5.99*
per capita use food(kg)	*25.4*	*25.4*	*25.0*	*24.6*	*25.0*	*25.2*	*25.4*	*25.0*	*24.7*	*24.2*	*23.9*
change of total use	1.33	9.47	9.96	0.31	1.80	1.32	8.89	9.18	7.21	7.79	4.59

The dramatically escalating tensions in the Middle East have raised concerns about **potential disruptions in oil supplies** due to the Iran-Isarel conflict.

Any disruption or closure of the Strait of Hormuz could lead to a significant spike in crude oil prices, higher shipping costs, and delays in supply. About 20% of total global oil output passes through the strait, linking major crude producers in the Middle East with key markets worldwide, especially Asia.

Though recently it has been declared the final of the conflict between Iran and Israel, the situation needs to be followed carefully.

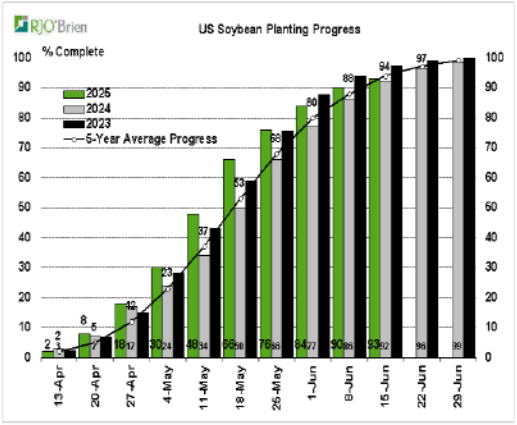
SOURCES: AGRURAL/LINK COMMODITIES/MONEY CONTROL/REUTERS

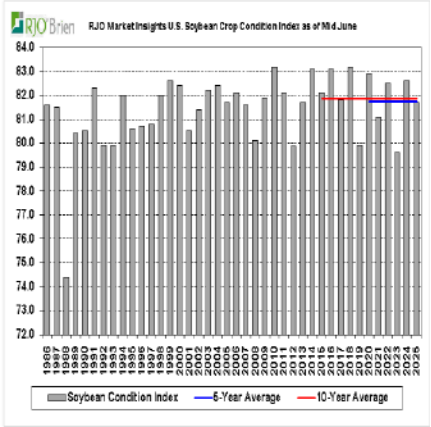
LIPSA

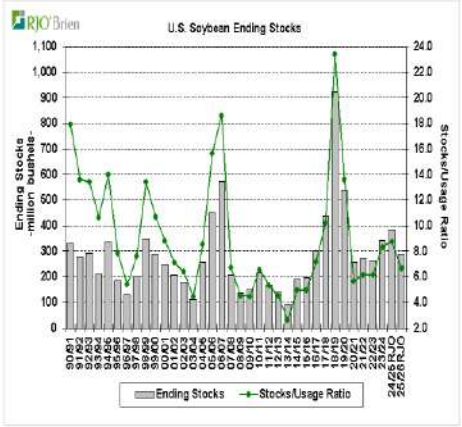
Soybean oil market

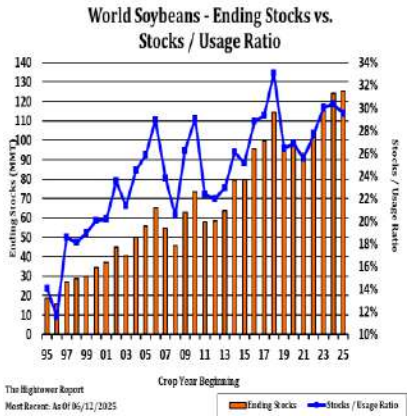
Soybean oil market

Mostly favourable conditions across the Midwest









As of **June 15, U.S. soybean plantings were 93% completed**. Around **66% of crops are in good/excellent condition** vs. 70% last year, and in line with 5- and 10-year averages.

Following a **record crop in South America**, **soybean disposals are picking up**. The global soybean balance looks comfortable, with **ending stocks 2024/25 +12.0 MnT higher than last year, and 23.6 MnT** higher than two years ago.

SOURCES: AG RURAL/ARGUS/OIL WORLD/RJO OBRIEN/USDA

Soybean oil market

SBO futures on the Chicago Market are on fire

Exhibit 1: Volume requirements, 2023–27 (billion RINs)

Billion RINs	Volume Requirement Established in Set 1 Rule			Proposed Volume Requirements	
	2023	2024	2025	2026	2027
Cellulosic biofuel	0.84	1.09	1.38	**1.30**	**1.36**
Biomass-based diesel (RINs)	4.51	4.86	5.36	**7.12**	**7.50**
Biomass-based diesel (gallons)	2.82	3.04	3.35	**5.61**	**5.86**
Advanced biofuel	6.94	6.54	7.33	**9.02**	**9.46**
Total renewable fuel	20.94	21.54	22.33	**24.02**	**24.46**
(Implied Conventional Ethanol)	15.00	15.00	15.00	**15.00**	**15.00**

Source: CIMB Securities, US Environmental Protection Agency (EPA)

SBO futures on the CBOT hit limit up after the US Environmental Protection Agency (EPA) **announced stronger-than-expected biomass-based fuel mandates for 2026 and 2027**.

The Trump Administration proposed on Friday, June 13 requiring record biofuel blending into the US fuel supply over the next two years, including **unexpectedly strong quotas for biomass-based diesel.**

The EPA also proposed reducing the number of Renewable Identification Numbers (RINs), or tradable credits, generated for both imported renewable fuel and renewable fuel produced from foreign feedstocks, favouring domestic feedstocks; along with removing renewable electricity as a qualifying renewable fuel under the US Renewable Fuel Standard (RFS). **SBM futures prices were seriously affected.**

The market will continue to digest these numbers. **We expect that the impact in the physical global market will be limited. The biggest effect is likely to be in the US domestic market.**

SOURCES: AG RURAL/ARGUS/BCBA/OIL WORLD/WAGW

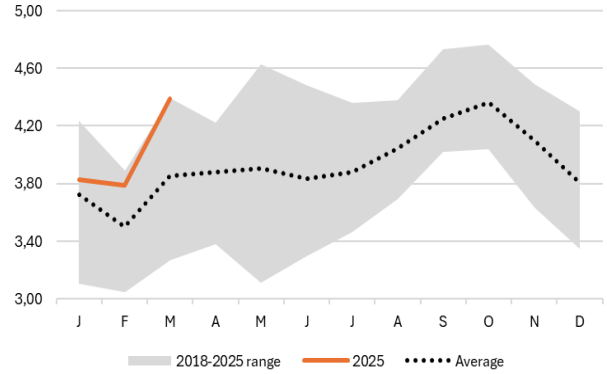
LIPSA

Palm oil market

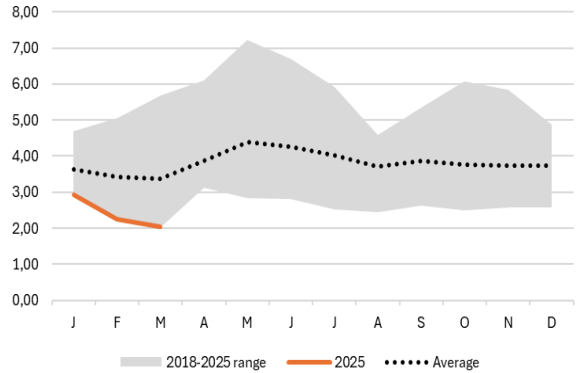
Palm oil market

Rising production and export supplies in Indonesia

Indonesian Monthly Palm Oil Production (Mt)



Indonesian Monthly Palm Oil Ending Stocks (Mt)



INDONESIA : Balance of Palm Oil (Mn T)

January/December

	2025F	2024	2023	2022	2021
Op'g stocks	4.75*	4.64*	5.15*	4.80*	5.05*
Production .	**47.80***	**45.50***	**48.53***	**46.82**	**45.12**
Imports	.01*	.01	.01	.01	.01
Exports	25.00*	24.00	28.63	27.45	28.09*
Dom. use . .	**22.66***	**21.40***	**20.42***	**19.03***	**17.29***
Biodiesel . .	*13.20**	*12.12**	*11.29**	*10.18**	*8.63**
Other use .	*9.46**	*9.28**	*9.13**	*8.85**	*8.66**
End. stocks .	4.90*	4.75*	4.64*	5.15*	4.80*

According to GAPKI, **Indonesian CPO production rose by 0.6 MnT to 4.4 MnT in March**, the highest level since October 2024, and the largest March volume in several years.

Stocks, slightly above 2.0 MnT, **remain at their lowest levels since 2018**. However, the market expects a recovery in the coming months.

Oil World expects a recovery in Indonesian production, with an increase of **2.3 MnT**, following a very weak year in 2024.

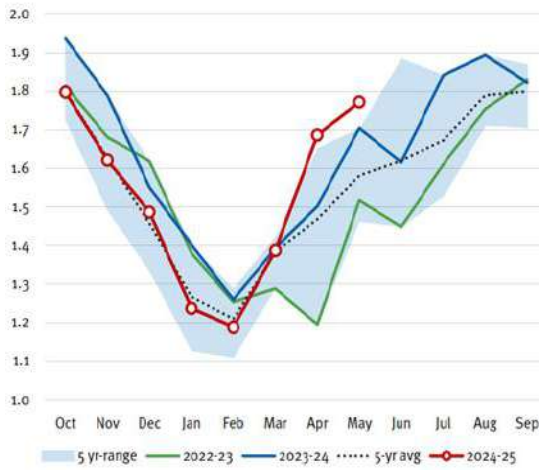
Export are also expected to recover, rising by 1.0 MnT to 25.0 MnT, will the entire increase be taking place from May onward.

SOURCES: FASTMARKETS/GAPKI/MPOB/OIL WORLD/RABOBANK

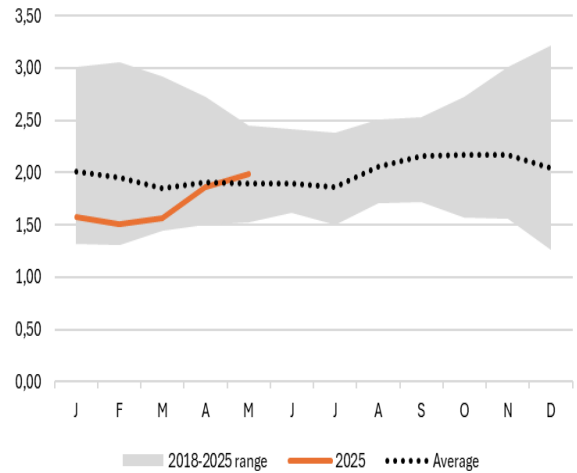
Palm oil market

Malaysian palm oil production reaches highest level since 2015

Malaysian Monthly Palm Oil Production (Mt)



Malaysian Monthly Palm Oil Ending Stocks (Mt)



Malaysian palm oil production was higher than expected, reaching **1.77 MnT in May**, according to the MPOB.

It was the second- highest May production ever recorded, only behind the 1.81 Mn T achieved in May 2015.

Malaysian stocks of crude and processed palm oils continued to accumulate, **reaching 1.99 MnT at the end of May**, compared to 1.75 MnT one year earlier.

SOURCES: FASTMARKETS/GAPKI/MPOB/OIL WORLD/RABOBANK

Palm oil market

Total supply 2025/26 is expected to increase by 2.1 MnT

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

	Production					Yields				Mature Area			
	2026F	2025F	2024	2023	2022	2026F	2025F	2024	2023	2026F	2025F	2024	2023
Indonesia	49.00*	47.80*	45.50*	48.53*	46.82	3.33*	3.30*	3.18*	3.42*	14.71*	14.50*	14.32*	14.17*
Malaysia	19.20*	19.31*	19.34	18.55	18.45	3.82*	3.82*	3.79*	3.62*	5.03*	5.05*	5.10*	5.13*
Thailand	3.50*	3.40*	3.45*	3.32	3.24*	3.18*	3.15*	3.25*	3.23*	1.10*	1.08*	1.06*	1.03*
C&S Amer	6.14*	5.85*	5.34*	5.93*	5.64*	3.34*	3.25*	3.03*	3.49*	1.84*	1.80*	1.76*	1.70*
Africa (a)	3.98*	3.89*	3.77*	3.60*	3.51*	1.96*	1.96*	1.95*	1.92*	2.03*	1.98*	1.93*	1.87*
Oth ctrs.	1.91*	1.87*	1.72*	1.77*	1.79*	2.05*	2.08*	1.98*	2.08*	.93*	.90*	.87*	.85*
WORLD	83.73*	82.12*	79.12	81.70	79.45	3.27*	3.24*	3.16	3.30	25.64*	25.31*	25.04	24.75

(a) 12 countries.

PALM OIL: World Supply & Demand Balance (Mn T)

	October/September				
	25/26F	24/25F	23/24	22/23	21/22
Op'g stocks	13.10*	12.67	14.57	14.63	12.52
Production . . .	83.10*	81.39*	80.05	81.78	77.62
Imports.	49.30*	47.68*	48.62	53.27	47.57
Exports.	49.40*	47.88*	48.47	53.53	47.83
Consumption	82.80*	80.76*	82.11	81.57	75.25
End'g stocks	13.30*	13.10*	12.67	14.57	14.63
Stocks/usage	*16.1%*	*16.2%*	*15.4%*	*17.9%*	*19.4%*

According to Oil World, **global CPO production will increase by 1.6 MnT, reaching 83.7 MnT in 2026.**

Despite the deteriorating age profile of palm trees due to insufficient replanting, **current weather conditions in Indonesia, which will determine output in 2026**, have been largely favourable. In addition, production in Central and South America is likely to continue recovering in 2026.

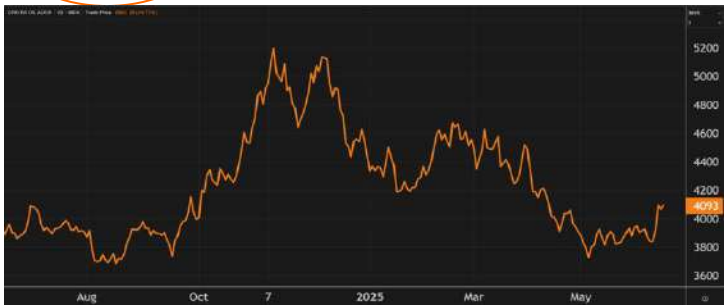
Global palm oil consumption is anticipated to increase in 2025/26, driven by price discounts vs. SBO. Importers and consumers of India and other countries may take advantage of the prospective change in relative prices.

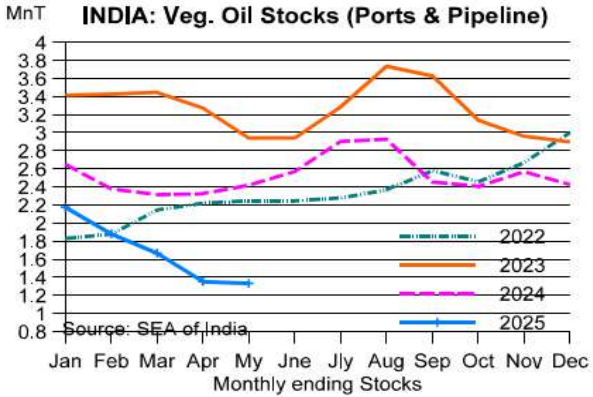
The Indonesian's biodiesel policy for next year is still unclear. The implementation of B50, if it materializes, would likely have a bullish impact on prices.

SOURCES: OIL WORLD

Palm oil market

Attractive relative palm oil prices





India's vegetable oil imports are expected to rebound in the coming months, mainly for palm oil. The recent cut in import duties on crude vegetable oils to 10%, effective from May 30, is likely to support an increase in import volumes starting in June.

Domestic stocks remain unusually low, reinforcing the need for higher inflows. At the same time, buying interest from **other key importers is also improving, providing near-term price support**.

Despite this, and the temporary support from energy markets and SBO prices on the CBOT, **palm oil prices may come under pressure due to seasonally rising production and larger export supplies in Southeast Asia**.

SOURCES: GODREJ/OIL WORLD/REUTERS

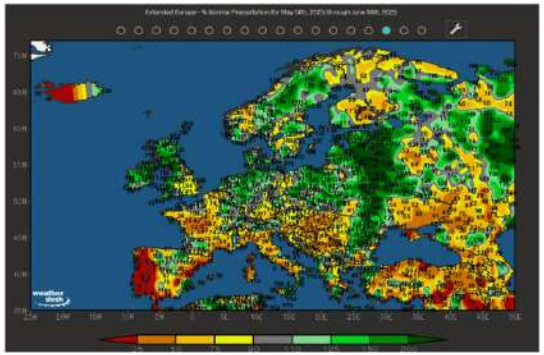
LIPSA

Sunflower oil market

Sunflower oil market

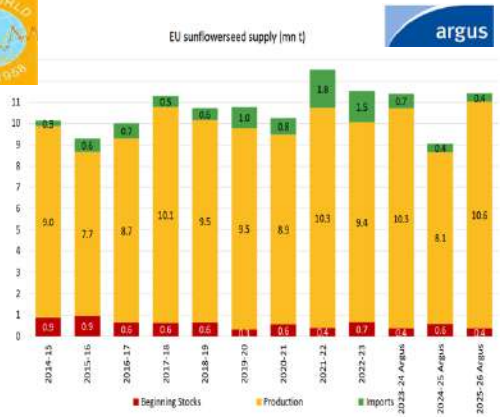
Improved conditions in Eastern Europe-France needs rain

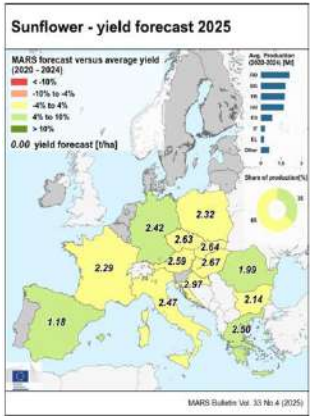
% Normal Precipitation for May 14th, 2025, through June 14th, 2025

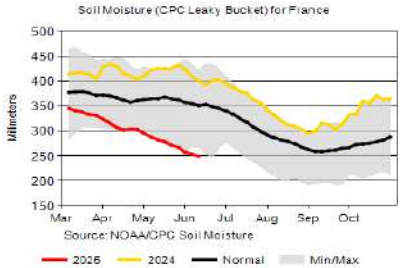


SUNFLOWERSEED : World Production (Mn T)

	25/26F	24/25	23/24	22/23	21/22
Bulgaria	2.10*	1.44	1.68	2.14	2.02
France	1.93*	1.53	2.06	1.80	1.91
Hungary	1.91*	1.80	1.97	1.29	1.76
Romania	2.30*	1.88*	2.22*	2.31*	2.84
Spain	.90*	.85	.87	.82	.77
Other EU	1.17*	1.10	1.19	1.19	1.10
EU-27	10.31*	8.60	9.99	9.55	10.40







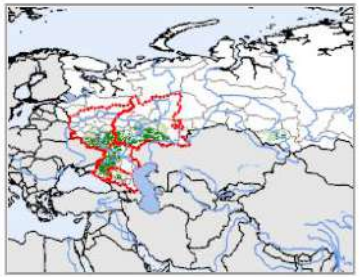
Romania and Bulgaria have received good rainfall, and planting is ending under favourable conditions. Spain continues to perform well, while Hungary and France need rain, which is especially important for high oleic varieties. Forecasts indicate temperatures above-normal for the coming days.

If weather conditions remain favourable, production should recover and comfortably exceed 10 MnT.

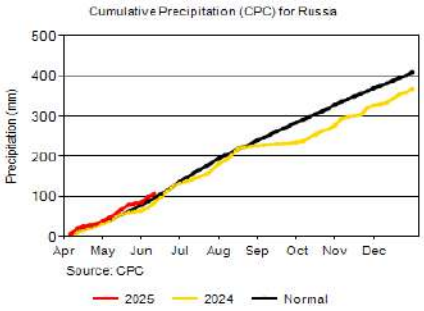
SOURCES: AGRURAL/ARGUS/APK INFORM /OIL WORLD/STRATEGIE GRAINS/USDA

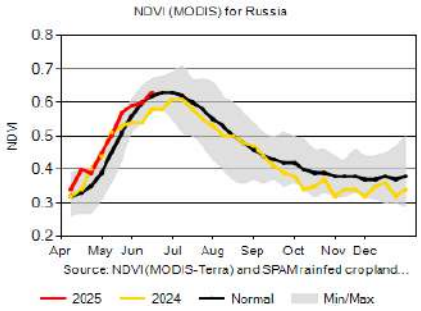
Sunflower oil market

Higher than expected planted area in Russia



Russia
(~80% of total sunflowerseed production)





According to Argus, the sunflower planted area in Russia has been **300,000 hectares higher than anticipated**.

Assuming favourable weather, this could result in 0.6 MnT more of production, reaching 18.3 MnT; higher than 17.5 MnT forecast by the USDA and 17.8 MnT estimated by Oil World.

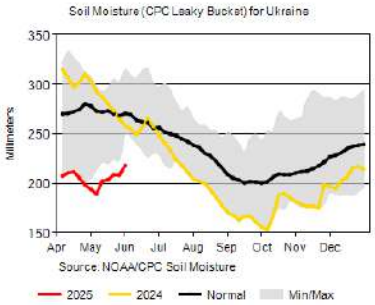
SOURCES: ARGUS/OIL WORLD/USDA

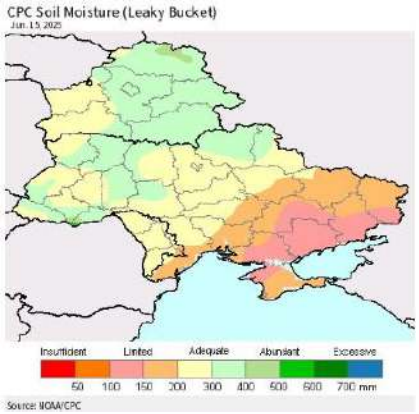
Sunflower oil market

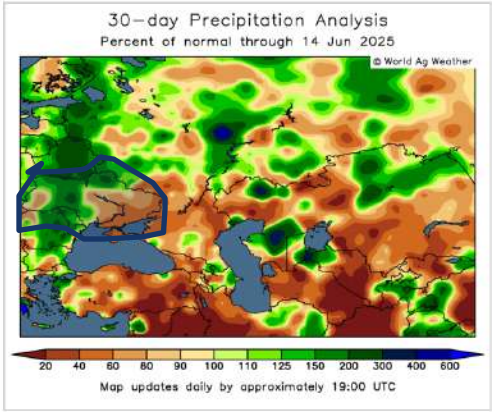
Dry conditions in the southeast of Ukraine

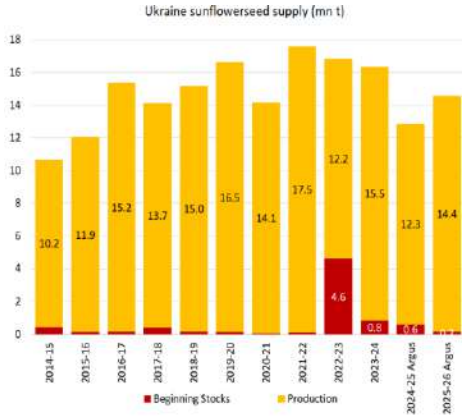
Sunflower Production Map

Ukraine
(~80% of total sunflowerseed production)









In Ukraine, as of June 12, 5.0 Mhas, 99% of the intended area, had already been planted. Warm weather with high humidity has been recorded, **along with above-normal rainfall, especially in eastern Ukraine, which has improved soil moisture**.

However, **drier conditions persist in the southeast, where rainfall has been limited**.

SOURCES: AGROPORTAL.BG/APK INFORM/OIL WORLD/USDA

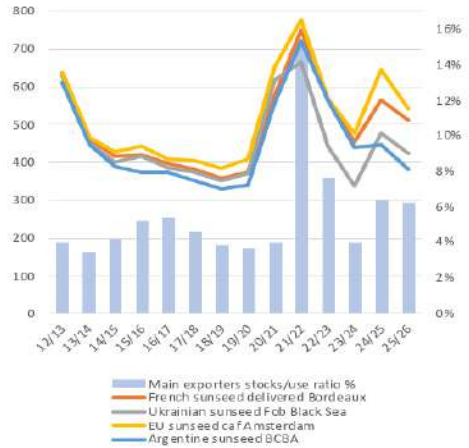
Sunflower oil market

A significant increase in crushing is expected

SUNSEED : World Supply & Demand (Mn T)

	25/26F	24/25	23/24	22/23	21/22
Open'g stocks	4.30*	4.64	6.54	7.97	2.87
Production	60.60*	54.83*	59.23	56.14	58.33
Total supplies	64.90*	59.47*	65.77	64.11	61.20
Crush (Sept/Aug)	53.80*	49.54*	55.51	51.97	47.77
Other use	5.80*	5.63*	5.62	5.60	5.46
End'g stocks	5.30*	4.30*	4.64	6.54	7.97

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



SUNFLOWER OIL : World Supply & Demand (Mn T)

October/September

	25/26F	24/25	23/24	22/23	21/22
Opening stocks	3.13*	4.28	4.57	3.49	2.46
Production	22.77*	20.88*	23.60	22.04	20.43
Imports	14.90*	13.69*	15.83	14.17	11.23
Exports	15.00*	13.57*	16.08	13.92	11.41
Disappearance	22.10*	22.16*	23.64	21.20	19.23
Ending stocks	3.70*	3.13*	4.28	4.57	3.49

Argentinian production ended significantly better than expected, and the rationalization of demand through high prices was stronger than anticipated.

As a result, **ending stocks 2024/25 will be more comfortable than initially projected.**

If the expected 5-6 MnT increase in production materializes, sunflower seed crushing will rise substantially.

In such a scenario, and assuming no disruption in the flow from Ukrainian ports, **the sunflower complex will come under pressure, and prices are likely to decline**.

SOURCESARGUS/OIL WORLD/STRATEGIE GRAINS

Sunflower oil market

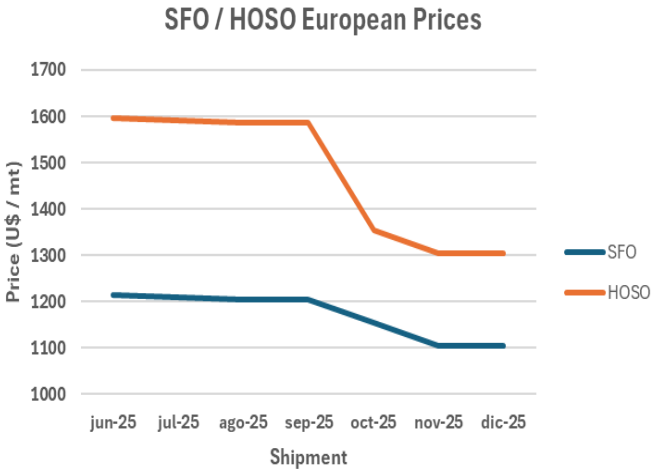
The inverse in the market reflects expectations of a more ample supply

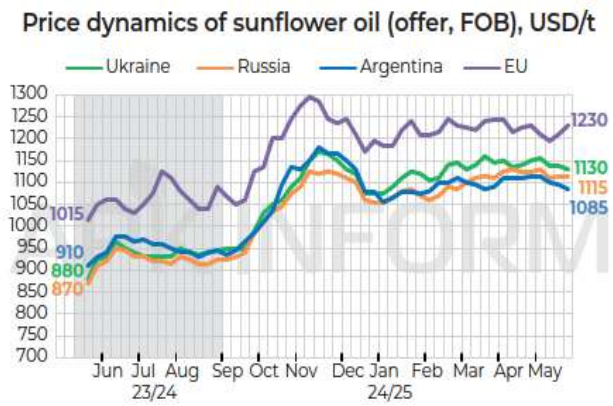
New-season positions are quoted at a significant discount compared to old-season ones. With this structure, sellers (farmers/crushers) are incentivized to sell as much as possible, while buyers are encouraged to delay their purchases.

This may create some tension on prices if harvest is delayed during first weeks of the new season.

Weather developments will now become an increasingly important price-determining factor.

According to Oil World, assuming favourable weather condition in Black Sea region, **global SFO supply is expected to be more ample than RSO during the next season**. As a result, SFO prices will likely be under pressure for Oct/Dec as well as for Jan/March delivery and **become more competitive relative to RSO and probably SBO**.





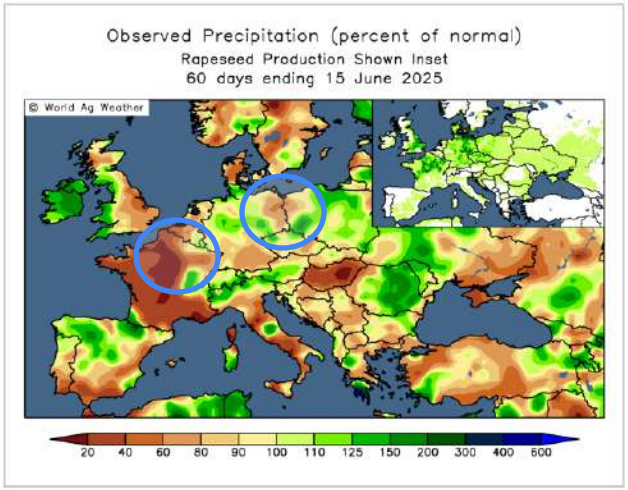
SOURCES: APK INFORM/ARGUS/OIL WORLD/STRATEGIE GRAINS/USDA/REUTERS

LIPSA

Rapeseed oil market

Rapeseed oil market

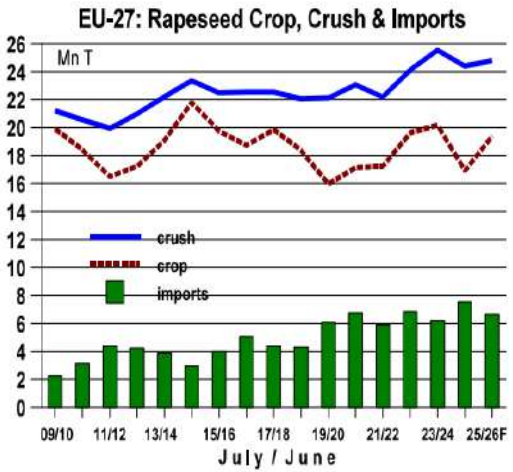
EU rapeseed production is set to recover, but low old-crop stocks will likely keep import demand high in 2025/26



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

	July / June				
	25/26F	24/25	23/24	22/23	21/22
Opening stocks . .	.89*	1.53	1.93	.89	.94
Output	19.39*	16.93	20.17	19.64	17.23
Imports (a)	**6.60***	**7.58***	**6.18**	**6.84**	**5.87**
Ukraine	2.55*	2.75*	3.18	3.04	1.70
Canada	1.10*	1.58*	.10	.26	.61
Australia	2.50*	2.81*	2.27	2.99	3.26
Exports (a).	.50*	.27*	.72	.58	.46
Crushings.	**24.80***	**24.45***	**25.54**	**24.15**	**22.19**
Other use.	.48*	.43*	.48	.72	.52
Ending stocks . . .	1.10*	.89*	1.53	1.93	.89

(a) Intra-EU trade is excluded.



Rapeseed production in the European Union is expected to recover by 2.5 MnT, reaching 19.4 MnT. However, weather-related challenges and concerns over low soil moisture persist in some regions.

SOURCES: EUC/ETG/OIL WORLD/STRATEGIE GRAINS/WAGW

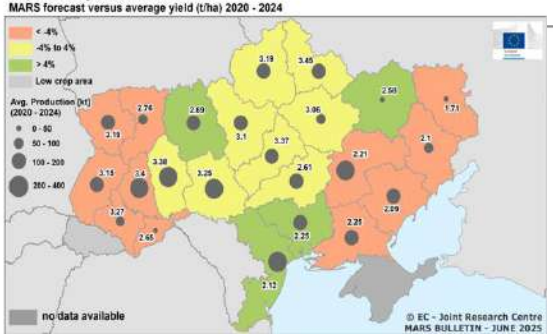
Rapeseed oil market

Uncertainties regarding output in Ukraine and Australia

Ukraine Rapeseed Supply (Mt)

Rapeseed - yield forecast 2025

MARS forecast versus average yield (t/ha) 2020 - 2024



Australia Production (Mt)

Area harvested in million hectares, production in million tonnes

Source: ABARES

Note: p = preliminary, f = forecast

Ukrainian rapeseed crops were negatively affected by several cold spells during the reproductive stages in parts of the country.

According to Oil World, about 5-10% of the Ukrainian area has been replanted with sunflower or corn. **Local analysts suggest production could fall below 3.0 MnT.**

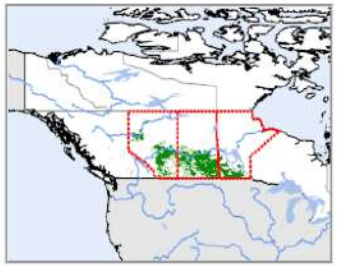
Australia's Department of Agriculture has revised its forecast for canola production in 2025/26 down to 5.7 MnT, citing lower yields and a slightly reduced planted area.

Compared to the more optimistic estimates from the USDA, Oil World, and other analysts, this lower projection is expected to significantly **reduce Australia's export potential**.

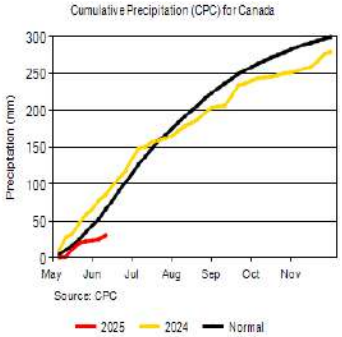
SOURCES: ABARES/ARGUS/APK INFORM/EC/ETG/OIL WORLD/STRATEGIE GRAINS/UFOP/USDA

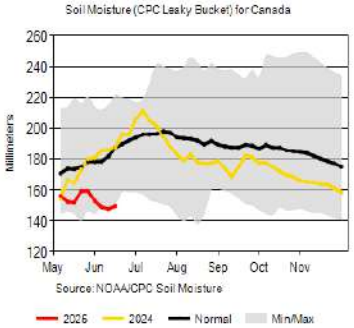
Rapeseed oil market

Limited precipitation and high temperatures in Canadian Prairies; rainfall arriving



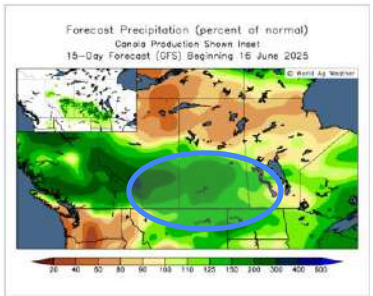
Canada
(~80% of total rapeseed production)

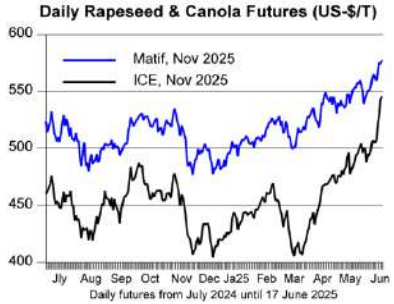




CANADA : Supply & Demand of Canola (Mn T)

August / July	25/26F	24/25	23/24	22/23	21/22
Op. stocks	1.45*	3.22*	1.92*	1.48	1.60*
Output	18.80*	19.10*	19.40*	18.85	14.25
Imports	.15*	.14*	.28	.15	.10
Exports	7.28*	9.25*	6.73	7.95	5.29
Crushings . .	11.10*	11.15*	11.03	9.96	8.56
Other use. . .	.62*	.61*	.61*	.65*	.63*
End.stocks. .	1.40*	1.45*	3.22*	1.92*	1.48





Canadian canola plantings are done and dusted. A dry start to the growing season had deteriorated crop prospects, pushing new-crop canola prices higher.

However, **timely and much-needed rainfall is forecast to arrive** across the main producing areas, providing relief to crops.

SOURCES: ARGUS/ETG/OIL WORLD/STRATEGIE GRAINS/USDA/WAGW

Rapeseed oil market

Towards a tight rapeseed export supply in 2025/26, even assuming favourable weather conditions

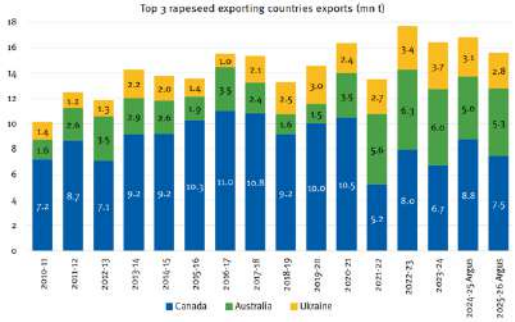
RAPESEED & CANOLA: World Production (Mn T)

	25/26F	24/25	23/24	22/23	21/22
EU-27	19.39*	16.93	20.17	19.64	17.23
U.K.	.78*	.82	1.22	1.36	.98
Russia	5.00*	4.61	4.20	4.33	2.88
Ukraine ...	3.30*	3.73	4.63	3.73	3.17*
Canada ...	18.80*	19.10	19.40	18.85	14.25
U.S.A.	2.10*	2.21	1.90	1.66	1.30
S. America.	1.07*	.65	.66	.97	.62
India.	10.65*	10.90*	11.20*	11.20*	10.70*
Australia ..	6.30*	6.45	6.57	8.65	6.82
Oth. ctrs. ..	10.41*	10.12	10.32	10.39	9.53
WORLD...	77.80*	75.52	80.27	80.78	67.48

RAPESEED OIL : World Supply & Demand (Mn T)

October / September

	25/26F	24/25	23/24	22/23	21/22
Op'g stocks ...	3.96*	4.25	3.90	2.92	3.59
Production	31.24*	31.42*	32.02	30.29	26.11
Imports	7.10*	7.19*	7.54	6.99	5.31
Exports	7.05*	7.25*	7.40	7.09	5.36
Disappearance	31.50*	31.65*	31.81	29.21	26.73
Ending stocks	3.75*	3.96*	4.25	3.90	2.92



Plantings in Canada, Australia and Ukraine, the three major rapeseed exporters, are falling to a 4-year low. **Thanks to an expected recovery in EU, global production is projected to increase by 2.3 MnT in 2025/26**.

However, due to **low global stocks** at the beginning of the season, total world supply of rapeseed & canola will not rise during next season. As a result, **crushing are likely to stagnate or even decline slightly**.

Global RSO supply is expected to be 0.5 MnT lower than in 2024/25. This is why we expect RSO to trade at a premium over SFO, SBO and CPO during the first half of next season.

SOURCES:: ARGUS/ETG/OIL WORLD/STRATEGIE GRAINS/USDA

Conclusions

Vegetable oils market:

Conclusions

- Ambitious US biofuel targets, along with escalating tensions in Middle East, have sparked a rally in global vegetable oil prices. The EPA's proposal, which will still have to be finalized, has a clear direction:
    1. further increasing total renewable fuel usage.
    2. shifting towards domestically grown feedstock (primarily SBO).

- Global palm oil production and exports are raising, and prices have become highly competitive. We expect ample supply in the coming months.

- A record South American soybean crop is entering the market. So far, crop conditions across the U.S. Midwest remain mostly favourable. The global balance of soybean is comfortable, and we expect that rally on CBOT prices will have limited impact on the global physical market.

- So far, crop conditions in Black Sea region are mostly favourable. A significant increase in sunflower production is expected. However, concerns remain regarding rapeseed and canola crops in Canada, Ukraine, and Australia. SFO it is likely to trade at a discount to RSO during the first few months of the new season, and possible longer, if current production estimates materialize.

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: