



MARKET REPORT

2Q NOVEMBER 2020

INDEX

1. Evolution of reference markets
2. Market Balance
3. Palm Oil
4. Lauric Oils
5. Sunflower Oil
6. Soybean Oil
7. Rapeseed Oil

1.1 EVOLUTION REFERENCE MARKETS

		18/11/2020	04/12/2020	Unidad	Dif	Dif %
Crude Palm Oil (Feb)	FOB MALASYA	3364	3439	MYR/ MT	75	2,2%
Crude Palm Oil (Feb)	CIF RDM	910	925	USD/ MT	15	1,6%
CCNO Phil/Indo (Feb/Mar)	CIF RDM	1580	1485	USD/ MT	-95	-6,0%
CPKO (Feb/Mar)	CIF RDM	1235	1170	USD/ MT	-65	-5,3%
Crude Sunflower Oil (Jan/Feb/Mar)	FOB 6 PORTS	1195	1160	USD/ MT	-35	-2,9%
Crude Rape Oil (Feb/Mar/Apr)	FOB DUTCH MILL	860	850	€/MT	-10	-1,2%
Crude Soya Oil (Feb/Mar/Apr)	FOB DUTCH MILL	830	828	€/MT	-2	-0,2%
EUR/USD	SPOT	1,1864	1,212		0,0256	2,2%
USD/MYR	SPOT	4,085	4,0580		-0,0270	-0,7%
Brent Crude	SPOT	44,7	49,25	US \$/ BRL	4,6	10,2%
Gas Oils	SPOT	363	397,5	US \$/ MT	34,5	9,5%

After reaching highs in many years, most vegetable oils showed a price correction during the second half of November, except for palm oil.

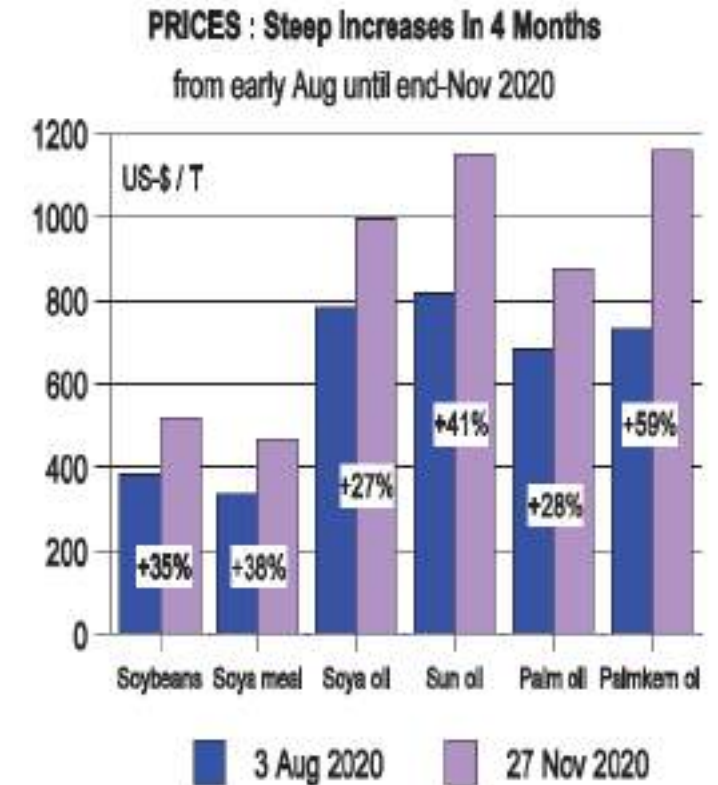
At the same time, in the last fortnight the recovery of the oil price and the strength of the Euro against the Dollar continued.

SOURCE: REUTERS

1.2 EVOLUTION REFERENCE MARKETS



The main vegetable oils have had very strong increases in their prices in the last 4 months.



SOURCE: REUTERS / OIL WORLD

2. MARKET BALANCE

4.14: WORLD VEGETABLE OILS BALANCE (MT)

	Palm oil			Soy oil			Rape oil			Sun oil			Total 4 oils		
	2019/20	2020/21	Δ/prev. report	2019/20	2020/21	Δ/prev. report	2019/20	2020/21	Δ/prev. report	2019/20	2020/21	Δ/prev. report	2019/20	2020/21	Δ/prev. report
Carry-in stocks	14.3	12.7	0.0	4.9	4.8	0.1	2.6	1.9	-0.1	2.4	2.2	0.0	24.1	21.7	0.0
Production	71.8	73.7	-1.9	58.2	59.5	-0.3	27.9	28.8	0.3	21.7	18.9	0.1	179.6	180.8	-1.8
Trade	48.3	50.1	-1.1	11.5	11.4	0.3	5.6	5.7	0.1	12.7	10.4	-0.1	78.0	77.6	-0.8
Industrial use	23.4	24.1	-0.1	11.3	11.9	0.1	7.9	8.0	0.0	1.6	1.4	0.0	44.3	45.5	0.0
Food use	49.0	50.2	-0.6	46.9	48.5	0.3	20.7	20.8	0.4	20.0	17.9	0.0	136.6	137.4	0.0
Animal uses	0.9	1.0	0.0	0.0	0.0	-0.1	0.1	0.1	0.0	0.2	0.1	0.0	1.2	1.2	-0.1
Total demand	73.4	75.3	-0.7	58.3	60.5	0.2	28.6	29.0	0.4	21.8	19.4	0.0	182.0	184.1	-0.1
Carry-out stocks	12.7	11.2	-1.3	4.8	3.8	-0.4	1.9	1.7	-0.1	2.2	1.7	0.1	21.7	18.4	-1.7
stocks-to-use	17.3%	14.8%		8.2%	6.3%		6.6%	5.9%		10.3%	8.8%		11.9%	10.0%	

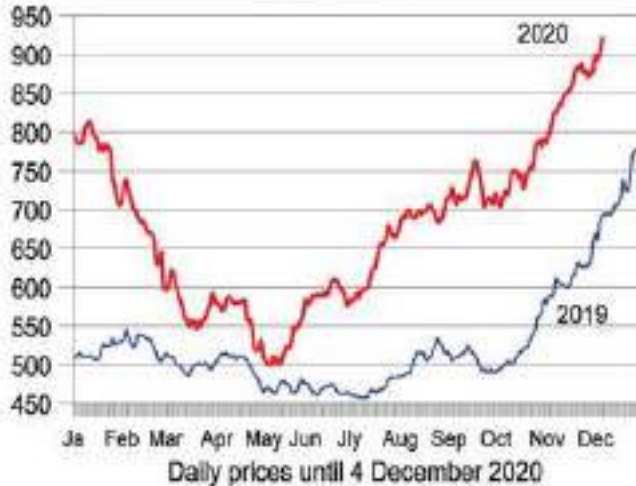
Strategie Grains estimates a tighter situation mainly for palm oil and soybeans compared to the previous month. They also estimate that the world stocks of the 4 main oils would drop 3.3 million tons (MTs) in the 20/21 campaign.

SOURCE : STRATEGIE GRAINS

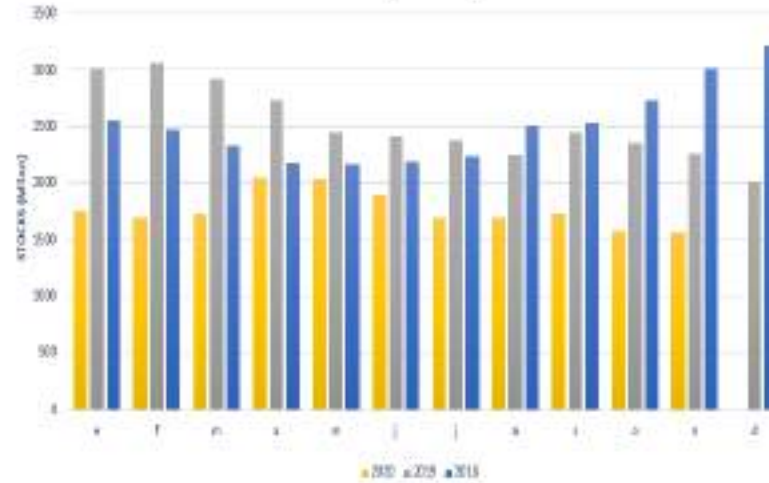
3. PALM OIL



Daily Prices of Crude Palm Oil (US-\$/T) fob Indonesia



Malaysia: Ending Stocks



Indonesia Dec2020's (Higher) Export DUTY & (NEW) Export LEVY

Indon Dec20 Export DUTY (US\$/pnt)			+	Indon Current Export LEVY			=	Total Export fees payable			
USD pnt	Nov20 @ US\$782.03 (Column 2 of US\$750- US\$800)	Dec20 @ US\$870.77 (Column 4 of US\$850- US\$900)	Changes (USD/pnt)	Nov-20	Dec-20 <u>NEW</u> Levy wef <u>10</u> <u>Dec2020</u>	Changes (USD/pnt)	Nov-20	Dec-20	Changes (USD/pnt)	Changes (%/pnt)	
CPO	USD 3	USD 38	USD 30	USD 55	USD 180	USD 125	USD 58	USD 213	USD 155	267.24%	
CPKO	USD 1	USD 49	USD 48	USD 55	USD 180	USD 125	USD 56	USD 229	USD 173	308.93%	
CPL	USD 0	USD 0	USD 0	USD 55	USD 180	USD 125	USD 55	USD 180	USD 125	227.27%	
PFAD	USD 0	USD 0	USD 0	USD 45	USD 150	USD 105	USD 45	USD 150	USD 105	233.33%	
RBD PO	USD 0	USD 0	USD 0	USD 25	USD 130	USD 105	USD 25	USD 130	USD 105	420.00%	
RBD PL	USD 0	USD 2	USD 2	USD 25	USD 140	USD 115	USD 25	USD 142	USD 117	468.00%	
RBD PS	USD 0	USD 0	USD 0	USD 25	USD 130	USD 105	USD 25	USD 130	USD 105	420.00%	
RBD PKO	USD 0	USD 1	USD 1	USD 25	USD 130	USD 105	USD 25	USD 131	USD 106	424.00%	
RBD PKL	USD 0	USD 0	USD 0	USD 25	USD 130	USD 105	USD 25	USD 130	USD 105	420.00%	

The change in tariffs in India and export duties in Indonesia have changed the palm oil scene. On the one hand, **India has lowered the duties on the CPO, favoring it over soybean oil.** On the other hand, **Indonesia has published the new reference price, but the levy has also risen sharply** (see table above right). This puts further pressure on the already very low stocks in Malaysia. Reuters expects a 2% drop over October.

CPO's FOB Indonesia prices are at 6-year highs. Oil availability in Asia and South America is very low, which makes high prices to be expected even in Q1 2021. It would also be expected that the spread between SBO and CPO will decrease.

Reuters Malaysia Nov 2020 palm survey

	Nov-20	Oct-20	% change
Production	1.550	1.720	-10.00
Import	0.073	0.045	62.00
Export	1.400	1.670	-16.00
Local Disappearance	0.255	0.244	4.50
Stocks	1.540	1.570	-2.00

In millions of ton

SOURCE : OIL WORLD / TSL / MPOB / POA / REUTERS

4. LAURIC OILS



After hitting 3-year highs, coconut oil presented a price correction of almost US \$ 100 / MT (-6%), which dragged the PKO down. Our market view has not changed: CNO's tight supply until at least Q2 2020, where production could start to recover mainly in the Philippines.

The coconut / palm kernel spread continues above US \$ 300 / MT and we expect it to remain at historically high values until CNO production shows signs of recovery.

SOURCE : REUTERS / OIL WORLD / POA

5. SUNFLOWER OIL



After reaching 7-year highs, the SFO posted a price correction over the past 15 days.

The low production in Black Sea and the EU generated a strong increase in the spread vs. soybean oil, which stands at values close to 150 US \$ / MT. **The rationalization of demand via prices will be inevitable: according to Oil World, the drop in imports from China and India is compounded by the fall in SFO consumption in Europe, estimated at 700,000 tons (-13%) mainly due to the energy sector . However, we expect the spread vs. other oils to remain historically high.**

We believe that we could have a **very tense crop connection again**, mainly due to the lack of oil in the Black Sea. Likewise, **the HOSO situation could be less comfortable than previously expected towards the end of the campaign.**



PRICES of 3 Vegetable Oils for nearest forward shipment in US-\$/Tonne

	Dec 3	Sep/Nov			September / August									
	2020	2020	2019	19/20	18/19	17/18	16/17	15/16	14/15	13/14	12/13	11/12	10/11	
Sun oil, Black Sea, fob	1120	1007	708	741	684	783	767	783	794	860	1120	1136	1291	
Soya oil, Argentina, fob	962	857	679	686	647	779	750	688	722	883	1042	1169	1192	
Sun vs. soya oil	+158	+150	+29	+55	+37	+19	-6	+95	+72	-23	+78	-33	+99	
Sun oil, EU, fob N.W.Eur. ports	1165	1043	752	775	715	810	823	848	851	941	1220	1252	1389	
Soya oil, Dutch, fob ex-mill	1030	921	764	773	745	882	829	766	788	964	1120	1242	1285	
Rape oil, Dutch, fob ex-mill	1092	965	894	875	836	889	852	791	787	968	1151	1262	1344	
Sun vs. soya oil	+135	+122	-12	+2	-30	-48	-36	+82	+63	-23	+100	+10	+104	
Sun vs rape oil	+73	+78	-142	-100	-121	-64	-60	+57	+64	-27	+69	-10	+45	

SOURCE : APK / REUTERS / OIL WORD

6. SOYBEAN OIL

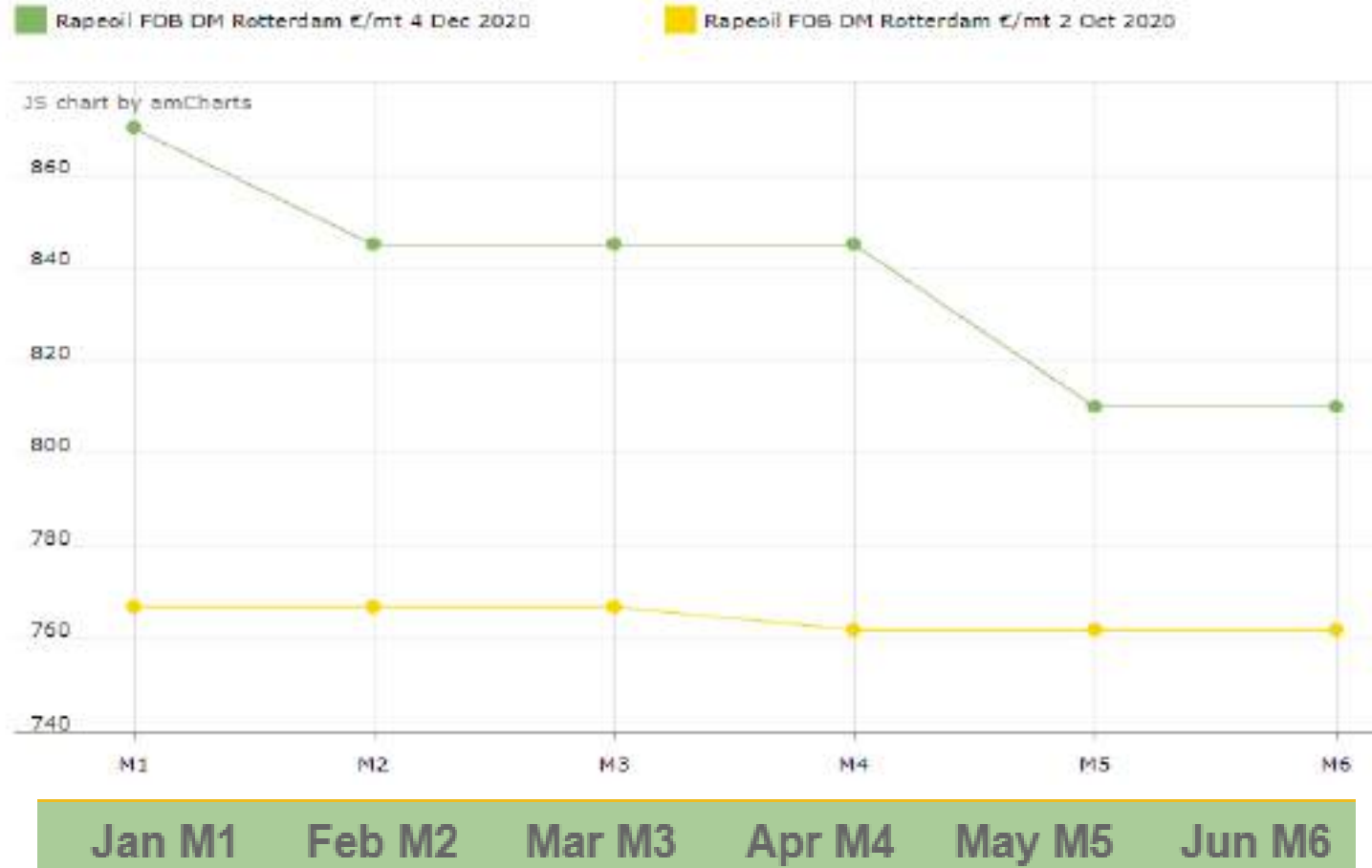


The soy complex reacted with losses to some beneficial rains that occurred in parts of Brazil and Argentina. However, we continue to see production risk of Mato Grosso in Brazil (approximately 33% of production) and Argentina. **The weather during December will be decisive. On the other hand, China has rebuilt stocks of soybeans and soybean oil since June, which could momentarily slow down the pace of imports due to high prices. India has lowered tariffs on the CPO, which could benefit it over the SBO.** Farmer selling in Brazil is very advanced, a situation contrary to what happens in Argentina.

The Supply & Demand of the soy complex will be tight: the weather in South America and demand from China will dominate the scene in the short term.

SOURCE : REUTERS

7. RAPESEED OIL



The rapeseed oil market strengthened with the improvement in the energy sector. **Brent has risen more than 24% in the last 2 months**, with the expectation of a recovery in demand as the COVID-19 situation improves. **Higher demand on RSO is expected due to tight SFO supply.**

The market continues with a strong inverse. Strategie Grains' first estimates for rapeseed production in EU 21/22 are 18.2 MTs vs 17.2 MTs the previous season.

SOURCE : AGRICENSUS/ STRATEGIE GRAINS



LIPSA

A WORLD OF VEGETABLE OILS

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