



LIPSA

Market report, March 2021

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1.1 EVOLUTION OF THE REFERENCE MARKETS

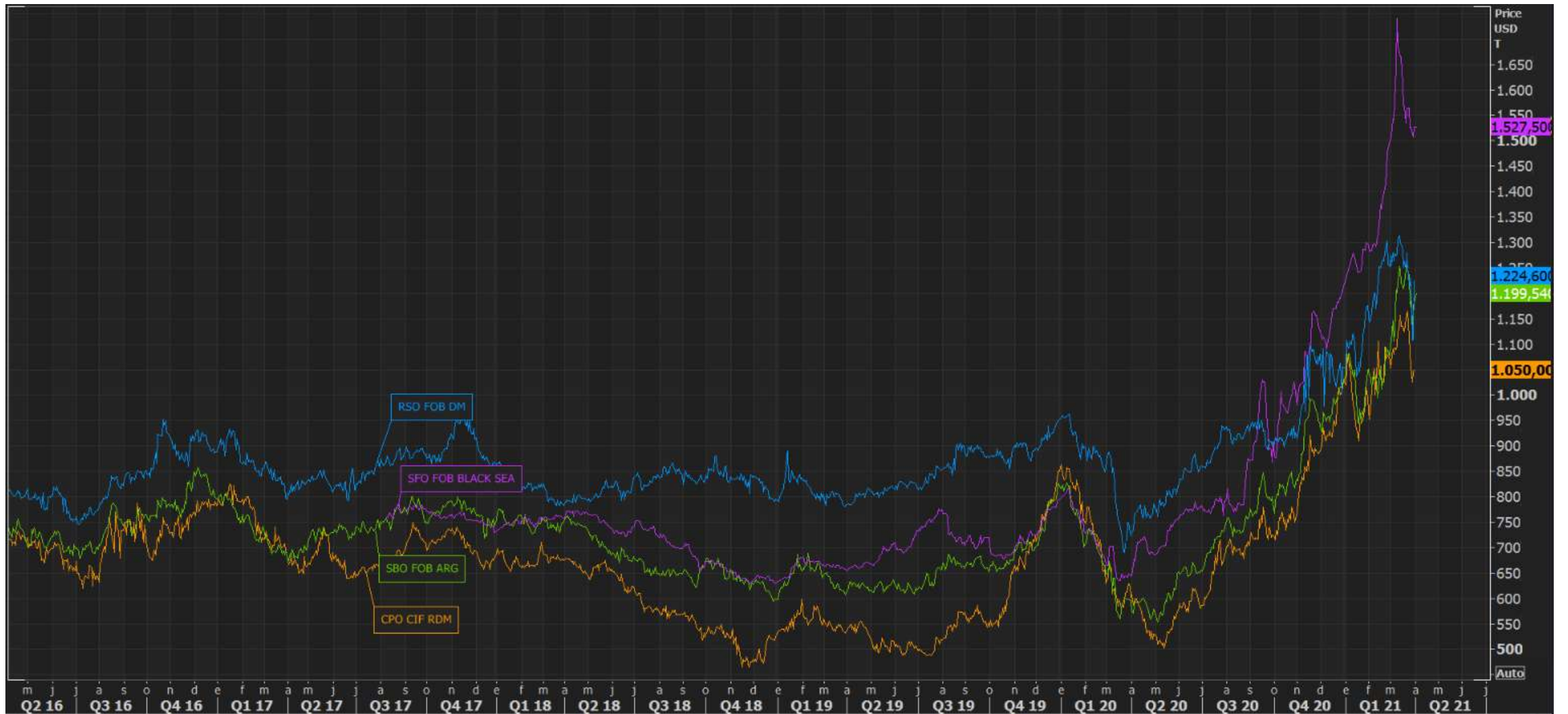
		01/03/2021	01/04/2021	Unidad	Dif	Dif %
Crude Palm Oil (May)	FOB MALASYA	3684	3741	MYR/ MT	57	1,5%
Crude Palm Oil (Jun)	CIF RDM	1000	1000	USD/ MT	0	0,0%
CCNO Phil/Indo (Jun/Jul)	CIF RDM	1500	1460	USD/ MT	-40	-2,7%
CPKO (Jun/Jul)	CIF RDM	1330	1340	USD/ MT	10	0,8%
Crude Sunflower Oil (Jul/Ago/Sept)	FOB 6 PORTS	1550	1540	USD/ MT	-10	-0,6%
Crude Rape Oil (May/Jun/Jul)	FOB DUTCH MILL	1010	1040	€/MT	30	3,0%
Crude Soya Oil (Jun/Jul)	FOB DUTCH MILL	965	1075	€/MT	110	11,4%
EUR/USD	SPOT	1,2047	1,1762		-0,0285	-2,4%
USD/MYR	SPOT	4,055	4,1440		0,0890	2,2%
Brent Crude	SPOT	63,69	64,86	US \$/ BRL	1,2	1,8%
Gas Oils	SPOT	526,75	496,25	US \$/ MT	-30,5	-5,8%

During March, vegetable oil prices were highly volatile. During the first half of the month we observed significant increases that ended up correcting during the second half, with the exception of soybean oil.

The same volatility was observed in energy prices.

FUENTE: REUTERS

1.1 EVOLUTION OF THE REFERENCE MARKETS



FUENTE : REUTERS

1.1 EVOLUTION OF THE REFERENCE MARKETS



FUENTE : REUTERS

2. DOLLAR AND PETROL

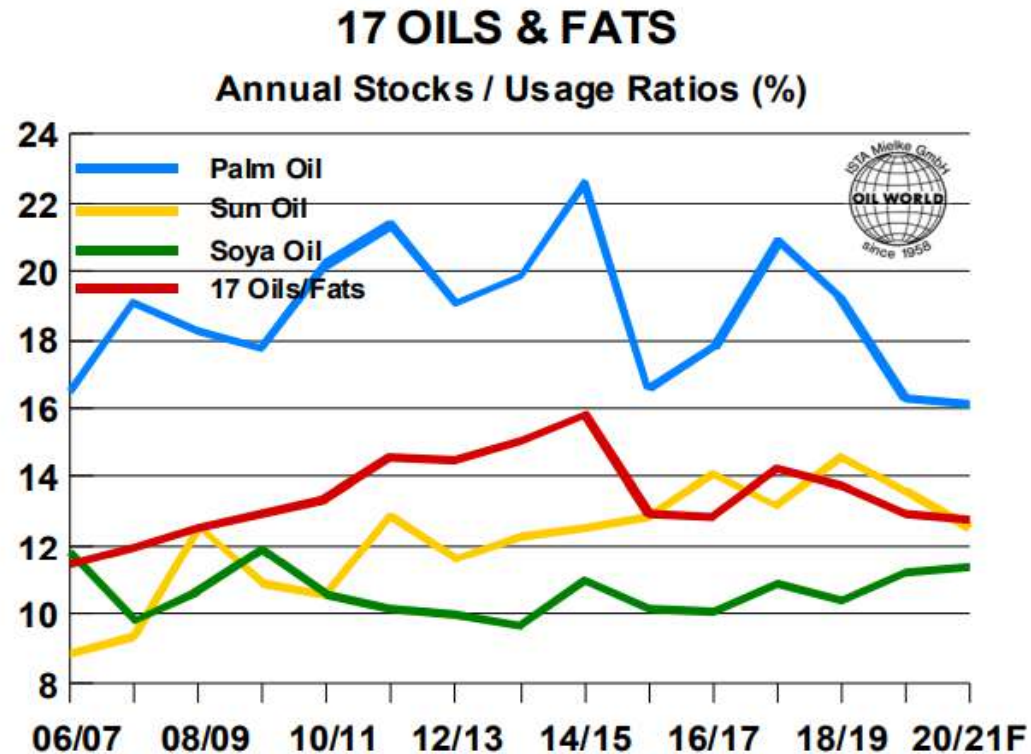


The dollar continued to **strengthen**, which a priori implies external pressure on commodity prices.



Oil prices have ended the month at similar values to those at the beginning of the month. However, volatility has been very high: during the first third of the month strong rises reaching US\$ 70, to then fall again towards the US\$ 62-63 zone. The new confinement measures, mainly in Europe, have exerted strong pressure, although the market expects a **very sustained price for crude oil**.

2. OIL BALANCE



The balance of the oil complex ends the 2020/21 campaign very tight, mainly due to the situation in palm, sunflower and rapeseed oils.

	Total 4 oils			
	2020/21	Δ /prev. report	2021/22	Δ /prev. report
Carry-in stocks	21.8	0.0	21.5	-0.3
Production	183.2	0.2	190.4	0.2
Trade	77.0	0.3	81.1	0.2
Industrial use	44.4	0.1	46.7	0.3
Food use	136.1	0.4	140.4	0.1
Animal uses	3.0	-0.1	3.2	-0.1
Total Demand	183.5	0.5	190.3	0.3
Carry-out stocks	21.5	-0.3	21.6	-0.3

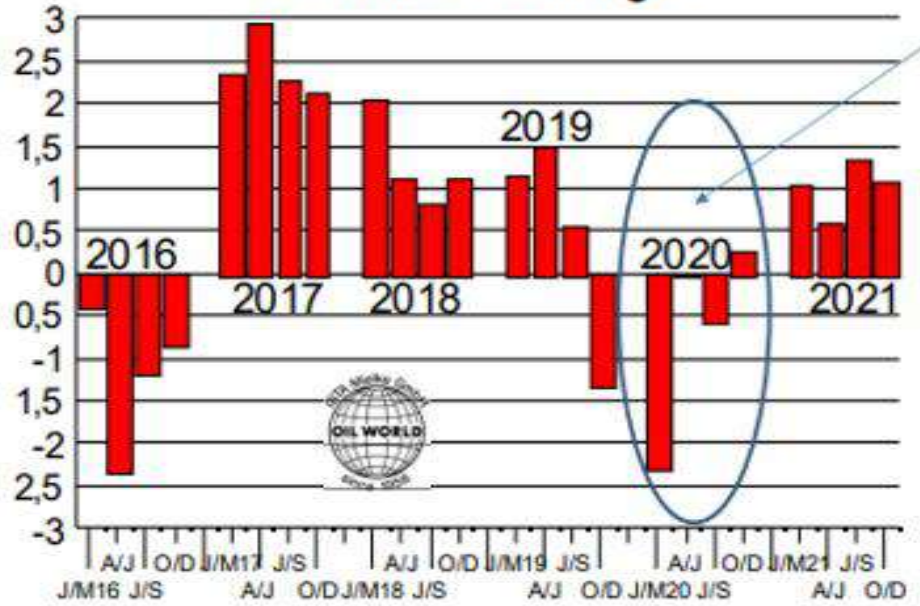
The forecast points to a tighter situation for the 4 main oils for the coming season compared to the previous month, mainly due to a tighter balance in soybean oil.

FUENTES: OIL WORLD / STRATEGIE GRAINS

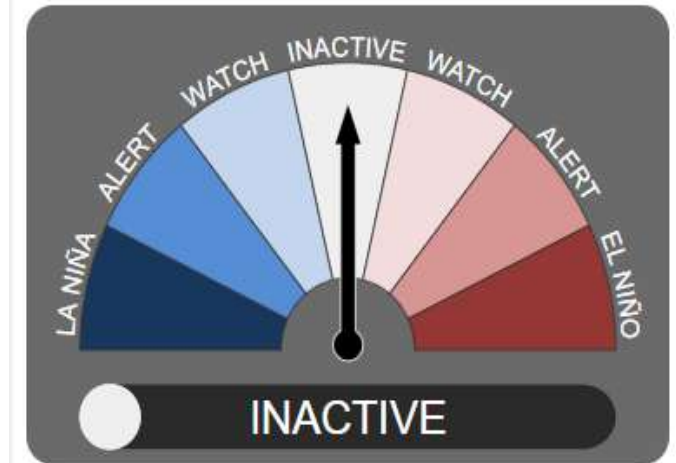
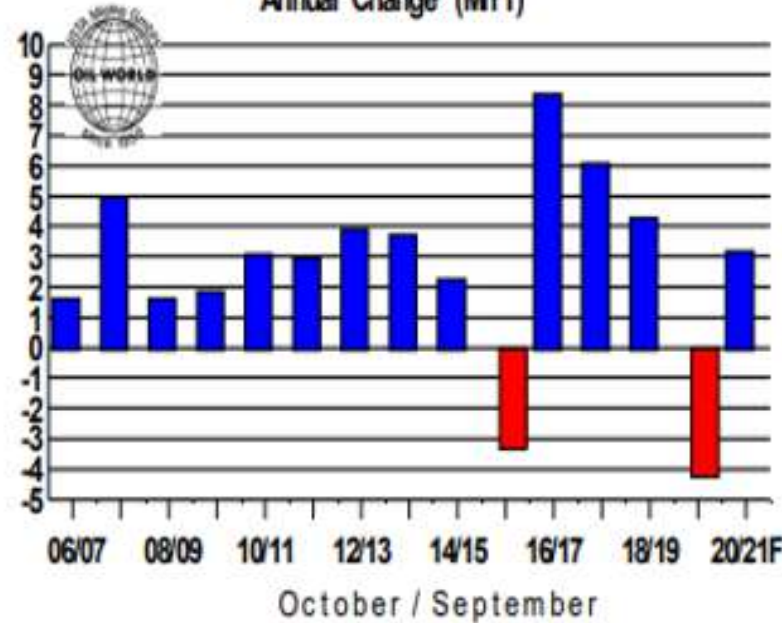
4.1 PALM OIL



Quarterly World Palm Oil Output (Mn T)
Year-On-Year Changes



PALMOIL : World Production
Annual Change (Mn T)



The recovery in palm production in Asia is **being slower than expected**, and despite the effects of the pandemic on demand, world palm stocks are still not recovering. They currently account for 15.6% of consumption, which is historically low.

Oil World expects only a moderate recovery of 3.2 MTs for the Oct-Sept 2020/21 period, if the significant drop during 2019/20 is anything to go by. Low initial stocks limit supply growth.

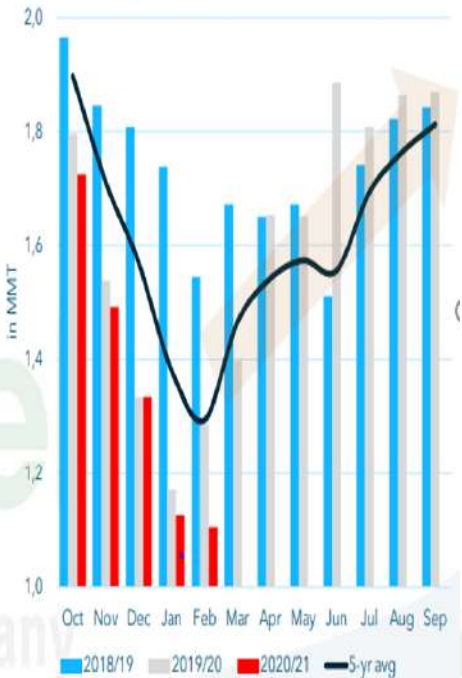
On the other hand, the Australian Bureau of Meteorology (BOM) has reported that the La Niña that began in September 2020 has ended.

FUENTE: OIL WORLD / BOM

4.2 PALM OIL



Monthly Malaysian Palm Oil Production



Bearish	Bullish
<ul style="list-style-type: none"> New lockdowns in Europe Seasonal increase in palm production High soybean and sunflower plantings Demand for vegetable oil rationed by prices 	<ul style="list-style-type: none"> Very tense balances for all veg oils Rapeseed and canola production at risk World energy demand: +3/5Mt in 2021 Increase in Chinese imports due to the drop in crushing

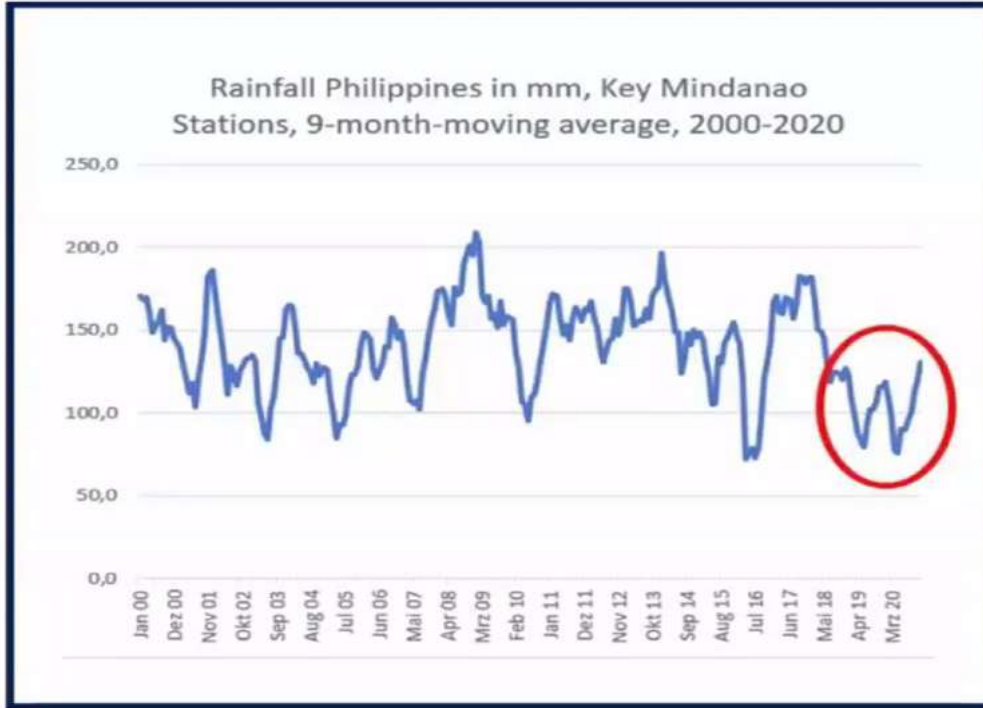


CPO prices in both Malaysia and Europe have been very volatile during March, and despite the correction during the second half of the month, they remain at historically **high levels**. We are entering a period where a seasonal production improvement in Asia is to be expected.

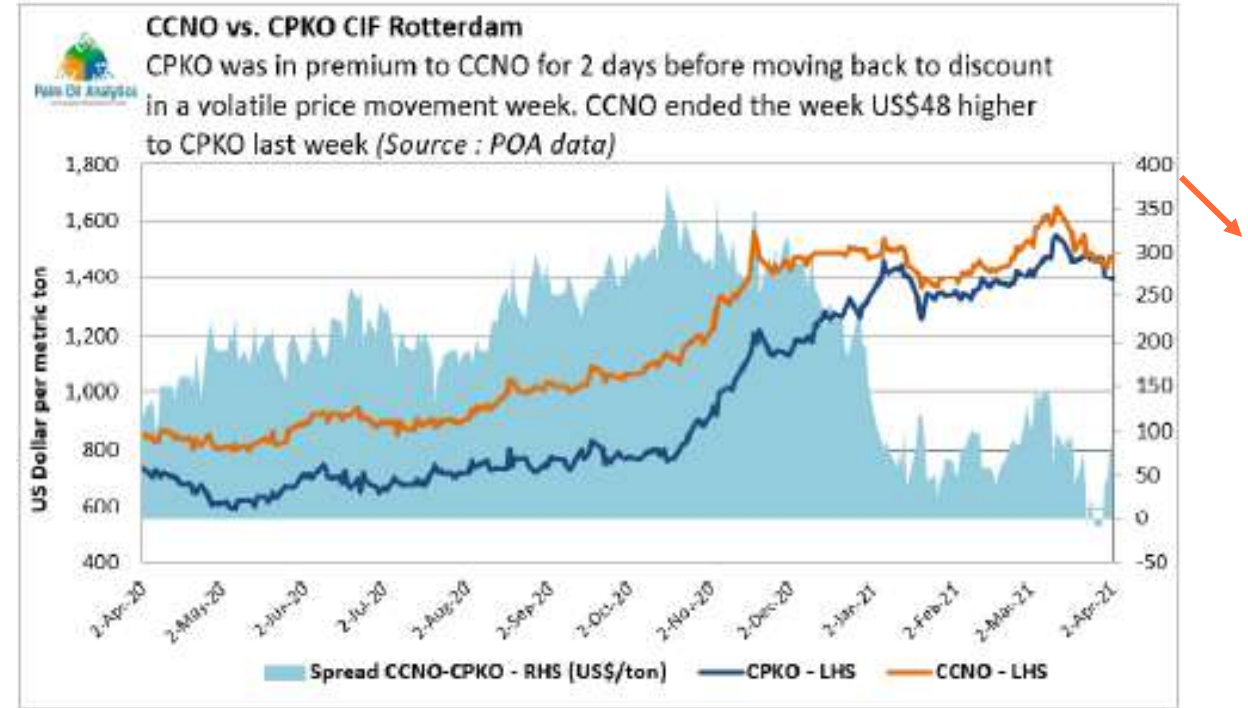
The main analysts expect a **drop in prices during Q3 and Q4** if weather conditions are within the normal range in the coming months, mainly for the Northern Hemisphere. The market continues with a **strong inverse**.

FUENTES: AGRITEL / REUTERS / VIRTUAL POC 2021

5. LAURIC OILS



Global coconut production was affected in 2020 by typhoons and confinement measures that limited activities. On the other hand, poor rains persist in one of the main producing areas in Philippines, so the recovery of CNO production could be **slower than expected**.

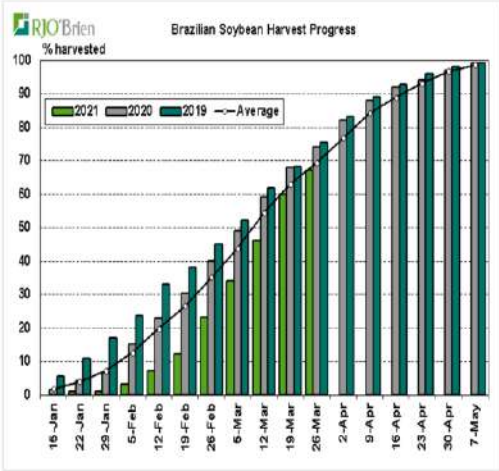


The price of lauric oils has shown a slight correction during March, after doubling its prices since a year ago. The spread between the two **has decreased significantly** in recent weeks.

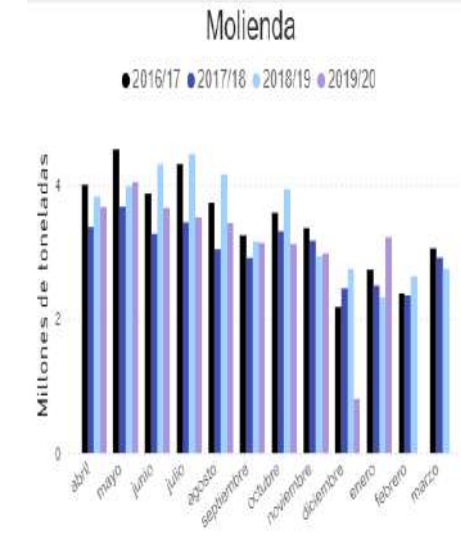
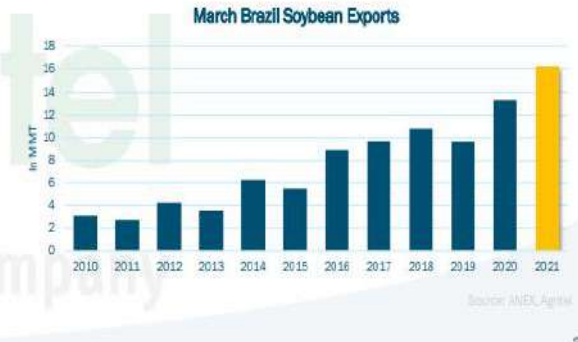
Oil World estimated during the last POC a price (CIF RDM) of US\$ 1380 /Mt for CNO and US\$ 1310 /Mt for PKO for the period Jul / Dec 2021.

FUENTES: UNITED PLANTATIONS BERHAD / POA / OIL WORLD / VIRTUAL POC 2021

6.1 SOYBEAN OIL



Brazil Soybean exports	Soybean	Soybean Meal	Maize	Total Products
January	53.544	996.859	2.163.080	3.213.583
February	5.512.325	859.570	503.906	6.875.801
March*	13.307.982 - 16.186.195	1.398.240	115.120	14.821.342 - 17.699.555
April				-
May				-
June				-
July				-
August				-
September				-
October				-
November				-
December				-
Total of the Year	18.873.951 - 21.752.164	3.254.669	2.782.106	24.910.726 - 27.788.939



Very positive harvest progress in Brazil, with production ending better than expected. March exports will end at record levels.

In Argentina, good rains for second planting crops plus a significant improvement in crushing, driven by an improvement in the marketing pace. Both situations had put pressure on SBO prices prior to the USDA report. Price volatility in Chicago has been very strong, with several days trading at limit values.

FUENTE: RJO / AGRITEL / BCBA / ICOM / REUTERS

6.2 SOYBEAN OIL



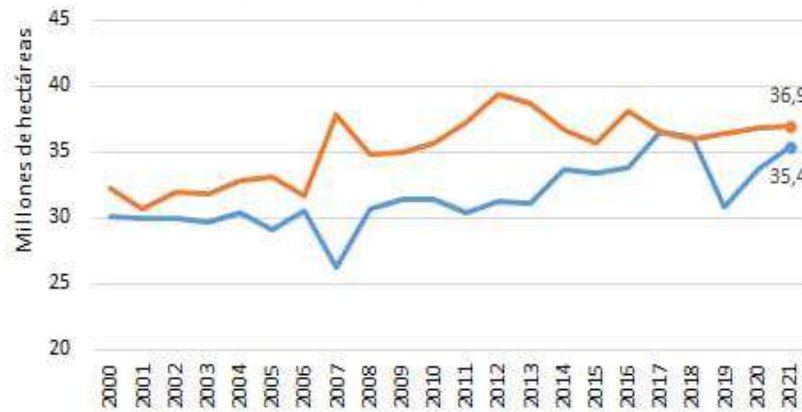

United States Planted Acres 2021

(millions of acres)

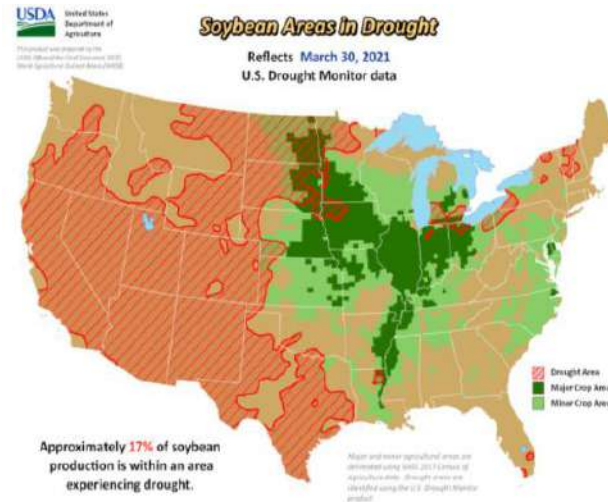
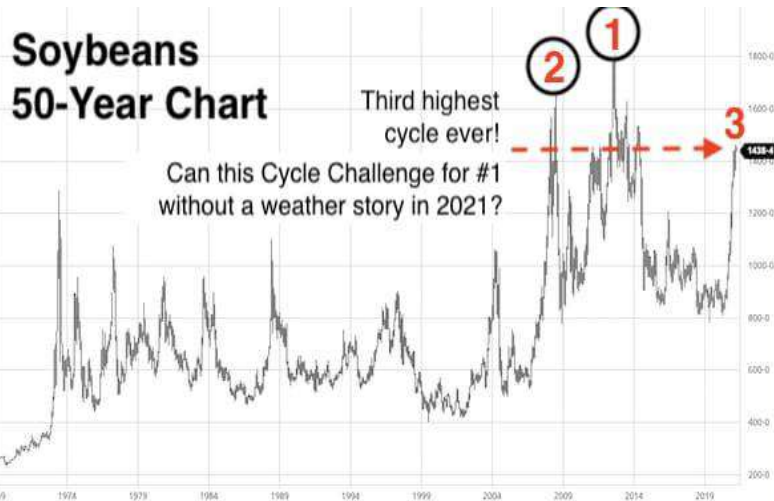
	CORN	SOY	WHEAT
Prospective Plantings	91.144	87.600	46.358
Trade average	93.208	89.996	44.971
Ag Outlook Forum	92.0	90.0	45.0
USDA 2020	90.819	83.084	44.349

Data sources: USDA, Reuters @kannbrw

Área sembrada soja y maíz en EE.UU.
@BCRmercados en base a NASS - USDA

Soybean (Mt)	2020/21		2021/22	
	05/03/21	02/04/21	05/03/21	02/04/21
October-September carry-in	104.9	104.9	98.4	99.4
production	359.3	359.1	379.7	379.4
trade	169.2	168.6	168.8	171.8
crush	322.3	321.2	331.4	333.7
other cons.	43.5	43.5	43.1	43.2
carry-out	98.4	99.4	103.5	102.0
stock/use ratio	26.9%	27.3%	27.6%	27.1%

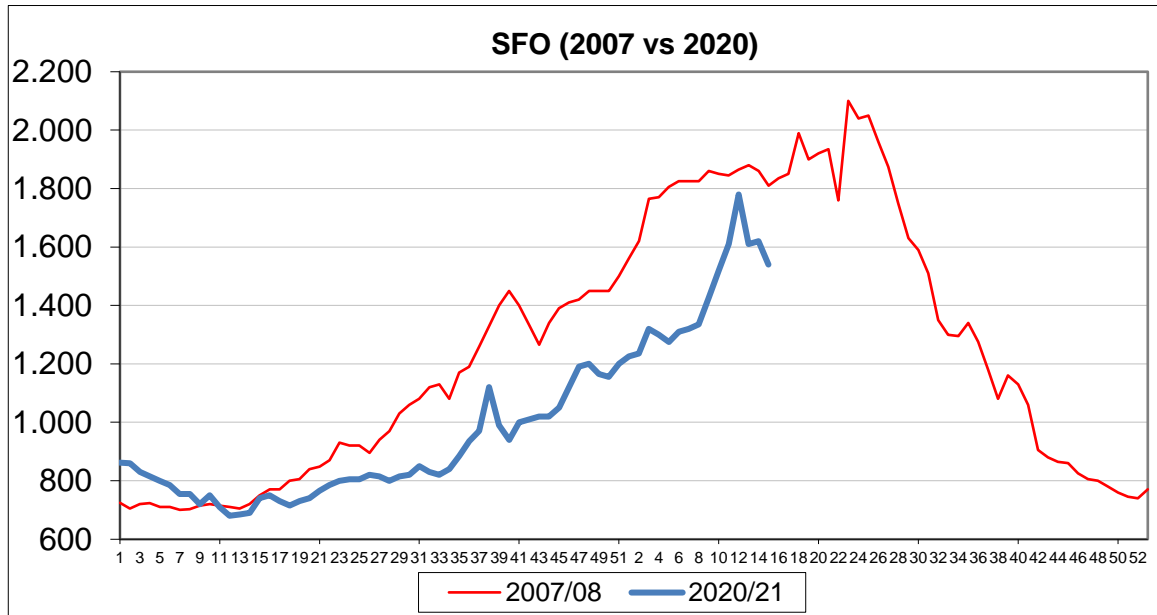


USDA reported quarterly U.S. soybean stocks, and although the data was slightly better than expected, it was overshadowed by the area report. The U.S. soybean stock-to-consumption ratio at the end of the 20/21 season could be the tightest in 30 years.

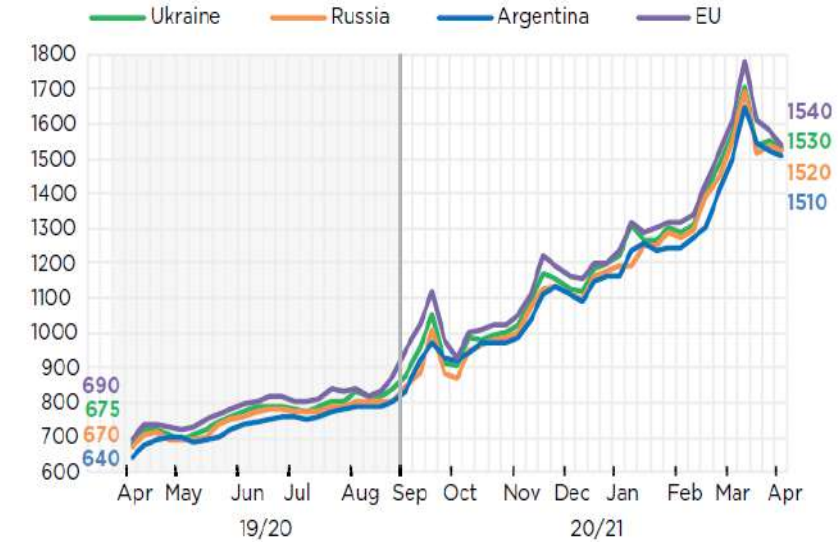
Although the USDA estimated soybean planting intentions in the US represent an increase in area of 5.4%, it was 2.7% below what the market expected, which had a strong impact on oil prices, which reached the daily limits. Final US production will be critical for the future of oilseed and oil prices. Conditions are good so far, although 17% of the area is currently experiencing some degree of drought.

FUENTE: KEVIN VAN TRUMP / KAREN BRAUN / BCR / USDA / STRATEGIE GRAINS

7. SUNFLOWER OIL AND HIGH OLEIC SUNFLOWER OIL



PRICE DYNAMICS OF SUNFLOWER OIL (OFFER, FOB), USD/T



SFO could not follow the latest soybean rises and presented a strong correction during March. Consequently, spread Stocks in China are high; it will be very important to see if India makes a more radical shift to other oils.

The weather in the coming months in Russia, Ukraine and Europe will be critical. Strategie Grains estimates a world harvest of 55.5 MTs while Oil World starts with 56 MTs, although with good weather in the northern hemisphere we could see even higher production.

Prices could show a more pronounced correction around June/July when the area and yield estimates become clearer.

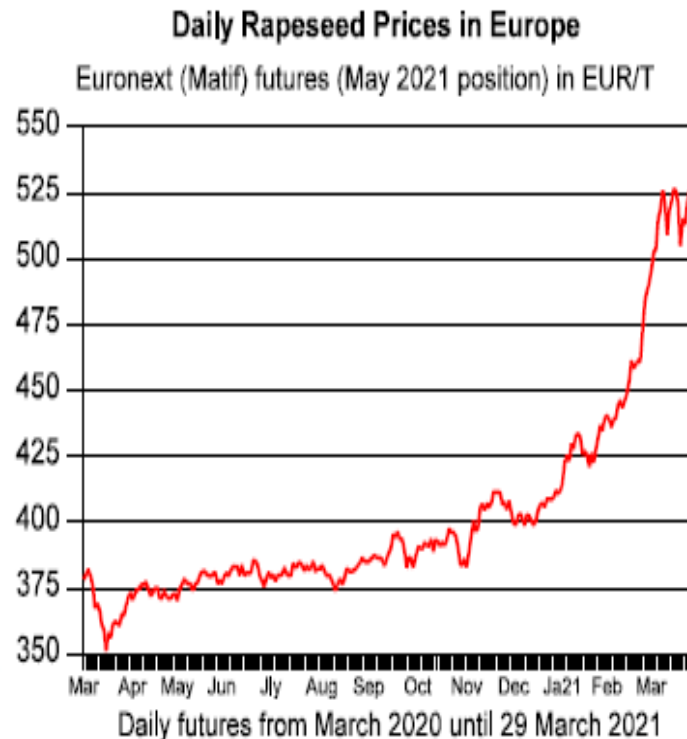
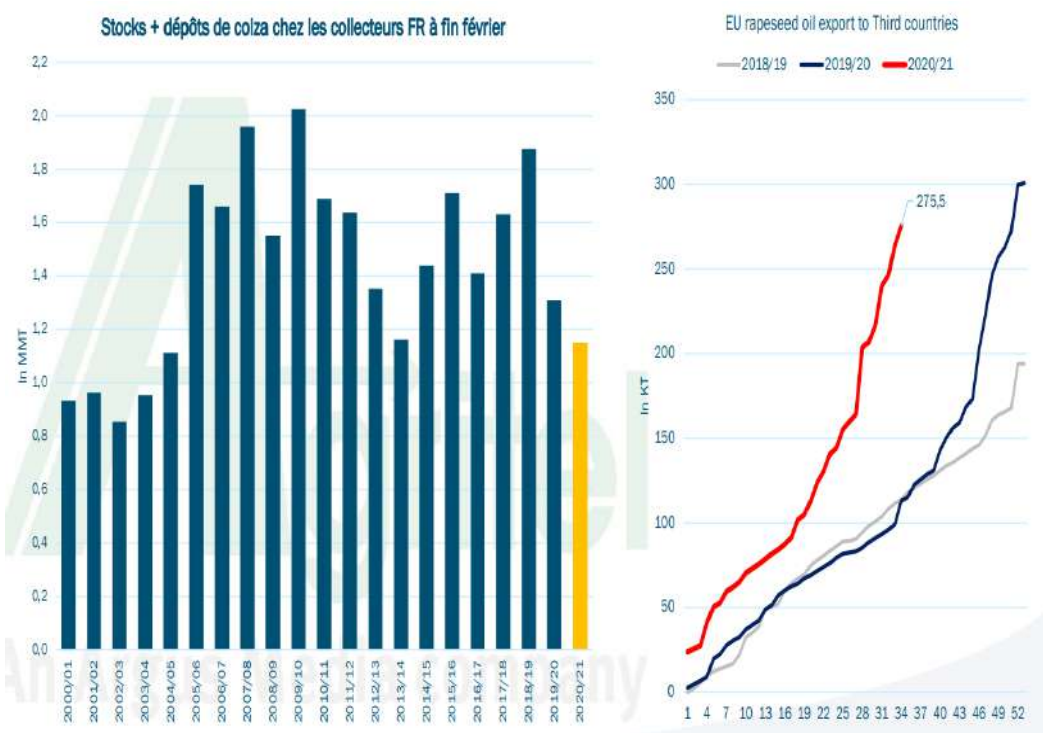
FUENTES: COFEED / OIL WORD / APK INFORM / STRATEGIE GRAINS

Sunflower Oil Stocks in China



Sunseed (Mt)	2020/21		2021/22	
	05/03/21	02/04/21	05/03/21	02/04/21
August-July				
carry-in	3.7	3.7	3.1	3.1
production	49.6	49.5	55.3	55.5
trade	2.7	2.9	3.2	2.9
crush	45.5	45.4	49.9	50.1
other cons.	4.6	4.6	4.8	4.8
carry-out	3.1	3.1	3.7	3.8
stock/use ratio	6.2%	6.3%	6.8%	6.9%

8.1 RAPESEED OIL



EU- 27 : Rapeseed Supply & Demand (Mn T)					
		July / June			
	20/21F	19/20	18/19	17/18	16/17
Opening stocks99	1.78	1.89	1.09	.92
Output	16.05*	15.52	18.04	19.80	18.71
Imports (a)	6.55*	6.08	4.29	4.38	5.05
<i>from: Australia . . .</i>	<i>2.25*</i>	<i>.99</i>	<i>1.34</i>	<i>1.86</i>	<i>3.00</i>
<i>Ukraine</i>	<i>2.00*</i>	<i>2.75</i>	<i>2.17</i>	<i>1.73</i>	<i>1.00</i>
<i>Canada</i>	<i>1.95*</i>	<i>2.03</i>	<i>.42</i>	<i>.47</i>	<i>.76</i>
<i>U.K.</i>	<i>.12*</i>	<i>.09</i>	<i>.10</i>	<i>.14</i>	<i>.21</i>
Exports (a)18*	.34	.28	.32	.42
Crushings	22.10*	21.52	21.65	22.37	22.53
Other use	.51*	.53	.52	.68	.64
Ending stocks79*	.99	1.78	1.89	1.09

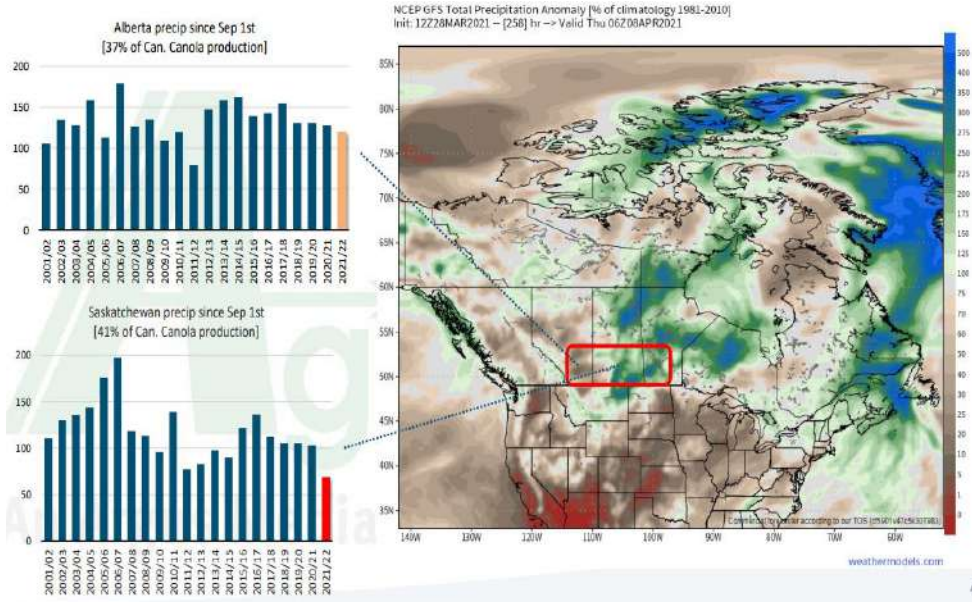
(a) Intra-EU trade is excluded.

RSO availability in Europe until the start of the new season (July) is **very limited**. Canola seed prices have remained very strong. Oil prices have been affected by volatility in energy prices. European oil exports continue at record highs mainly due to purchases from China.

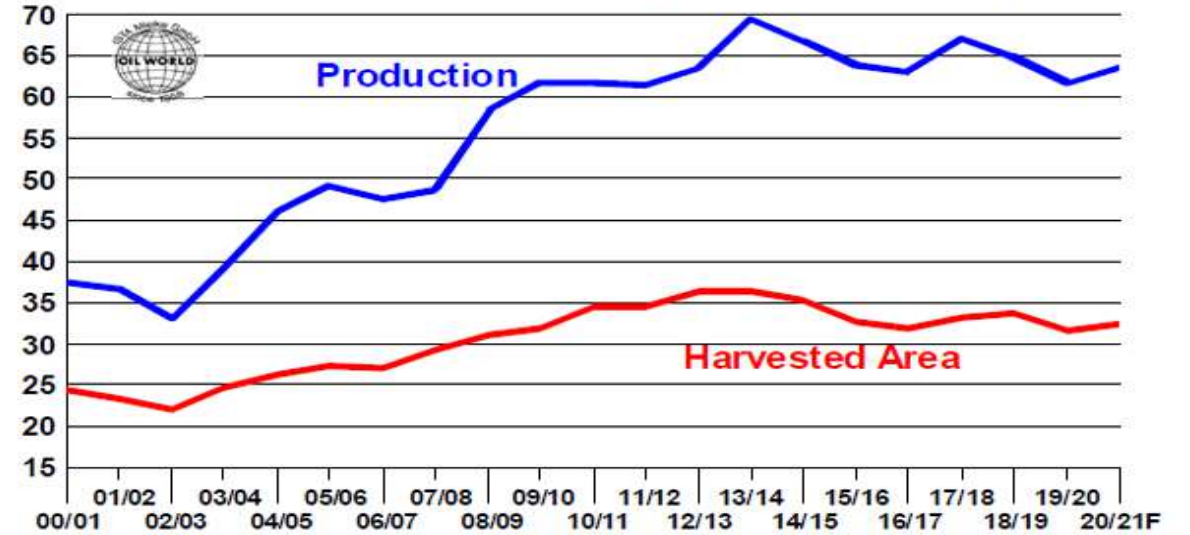
Better rapeseed production is expected in Europe, although again low compared to the last 5 seasons. The harvest has lost attractiveness in both the EU and China. Ending stocks in 2020/21 could be the lowest in the last 5 seasons.

FUENTE: AGRITEL / (OIL WORLD

8.2 RAPESEED OIL



RAPESEED & CANOLA World Production (Mn T) and Area (Mn ha)



Rainfall in Canada previous to the start of the planting season has been poor.

Global canola seed production continues to be stagnant. Canola is the oilseed oil with the tightest initial situation for the 20/21 season, so prices could remain high through 2021.

FUENTE: AGRITEL / AGRICENSUS / OIL WORLD

The LIPSA logo features a stylized 'L' symbol to the left of the word 'LIPSA' in a bold, sans-serif font. The background is a black and white photograph of an industrial facility with large storage tanks and a truck.

LIPSA

A WORLD OF VEGETABLE OILS

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