

LIPSA market report

MAY 2021



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1.1 EVOLUTION OF THE REFERENCE MARKETS

		16/04/2021	14/05/2021	Unidad	Dif	Dif %
Crude Palm Oil (Jul)	FOB MALASYA	3716	4454	MYR/MT	738	19,9%
Crude Palm Oil (Jul)	CIF RDM	1025	1273	USD/ MT	248	24,1%
CCNO Phil/Indo (Jul/Ago)	CIF RDM	1495	1680	USD/ MT	185	12,4%
CPKO (Jul/Ago)	CIF RDM	1390	1510	USD/ MT	120	8,6%
Crude Sunflower Oil (Jul/Ago/Sept)	FOB 6 PORTS	1610	1630	USD/ MT	20	1,2%
Crude Rape Oil (Ago/Sept/Oct)	FOB DUTCH MILL	1015	1170	€/MT	155	15,3%
Crude Soya Oil (Ago/Sept/Oct)	FOB DUTCH MILL	1065	1235	€/MT	170	16,0%
EUR/USD	SPOT	1,1983	1,2153		0,0170	1,4%
USD/MYR	SPOT	4,124	4,1290		0,0050	0,1%
Brent Crude	SPOT	66,77	69,42	US \$/ BRL	2,7	4,0%
Gas Oils	SPOT	531,5	564,75	US \$/ MT	33,3	6,3%

In last four weeks, we find once again a strong rise in all vegetable oils, with the exception of sunflower for the 20/21 season. A very tight S&D, a strong demand and the recovery of production below expectations have put pressure in markets. In addition, the weather in the northern hemisphere is not the most suitable at the moment.

FUENTE: REUTERS



1.2 MARKET EVOLUTION IN PALM, SOYBEAN, SUNFLOWER AND SOYBEAN



FUENTE: REUTERS



1.3 MARKET EVOLUTION IN PALM, COCONUT AND PALM KERNEL



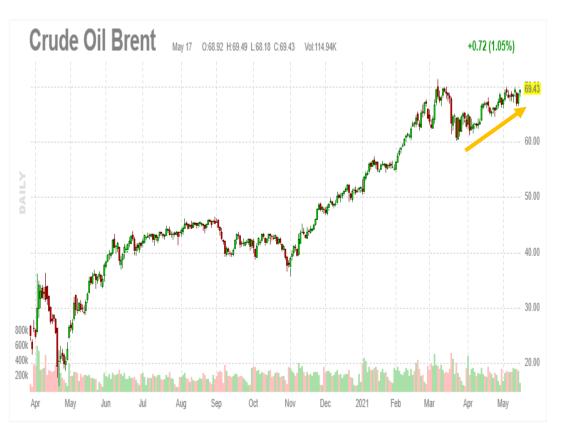
FUENTE: REUTERS



2. EXTERNAL



Euro trades back above 1.20 as dollar has lost value internationally.

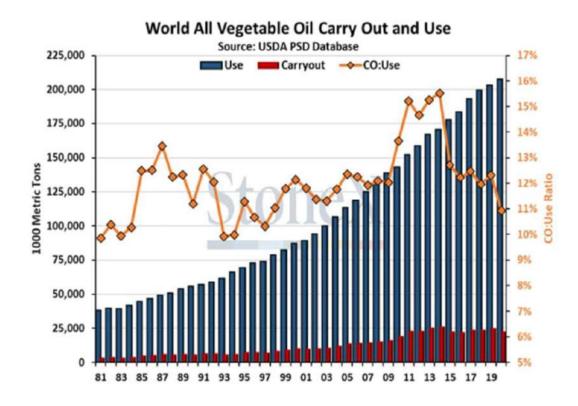


Firmer energetics have given extra support to vegetable oils. COVID situation in Asia, mainly in India, needs to be closely monitored.

FUENTE: FUTURES FINVIZ



3. OIL BALANCE



The stock-to-consumption (S/C) ratio in the 20/21 season will **end up at its lowest value in several years.**

4 MAJOR OILS : Tentative Outlook 2021/22 (Mn T)						
	C	october / Se	eptember			
Opening stocks	<u>21/22</u> F	<u>20/21</u>	19/20	<u> 18/19</u>		
Palm oil	12.3*	12.5	14.9	14.6		
Soybean oil	6.6*	6.5	5.9	6.1		
Sunflower oil	2.4*	2.9	2.8	2.5		
Rape oil	3.3*	3.1	3.0	3.4		
Total	24.6*	25.0	26.6	26.6		
Production						
Palm oil	80.3*	77.0	73.8	78.0		
Soybean oil	61.7*	60.1	58.4	56.7		
Sunflower oil	21.9*	18.7	21.5	20.1		
Rape oil	26.0*	26.0	24.9	25.2		
Total	189.9*	181.8	178.6	180.0		
Total Supplies	214.5*	206.8	205.2	206.6		

We expect to see higher production of sunflower, soybean and palm oils in campaign 21/22.

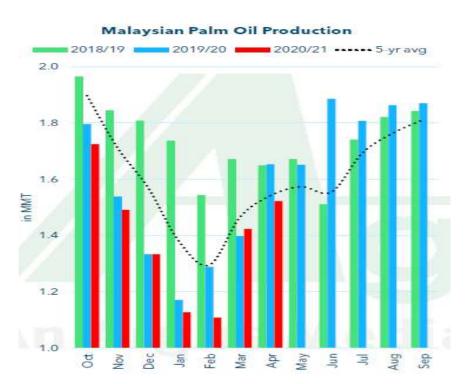
However, we also expect to see an improvement in demand for human consumption and biodiesel, so the recovery of stocks could be limited.

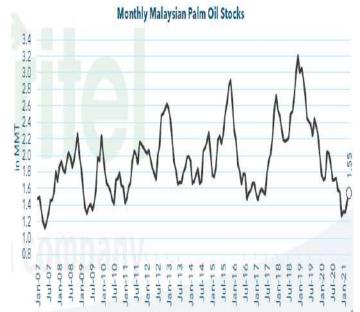
FUENTES: STONEX / USDA / OIL WORLD



4.1 PALM OIL







MPOB: Malaysia April 2021 data ACTUAL Palm Oil Analytics							
	Apr 2021 (in million tons)	% change from Mar					
Production	1.523	6.98					
Palm Oil Imports	0.110	-20.01					
Exports	1.339	12.62					
Biodiesel Exports	0.028	99.73					
Local Disappearance	0.192	-18.04					
End Month Stocks	1.546	7.07					

Malaysian CPO production continues to recover, reaching 1.52 MTs during April (+6.98% vs. March). However, the lack of man power still affects the situation, due to the restrictions imposed as a measure against COVID. The increase of cases in Asia could affect production if the situation is not controlled.

In April, stocks have recovered 7% above previous market expectations. It is the highest since Nov '20, although 24% below last year.

Domestic demand dropped below 200 kton for the first time in a year, while exports grew by 12.6%. The balance is still very tight.

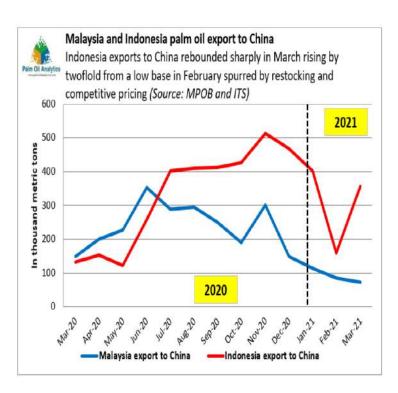
FUENTE: MPOB / AGRITEL / POA



4.2 PALM OIL







GAPKI March 2021 Indonesia palm oil S&D

	Mar-21	Feb-21	Change		% Change
Production - CPO+CPKO	4.020	3.380	0.640		18.93
Import	0.000	0.000	0.000	=	
Export	3.244	1.994	1,250		62.69
Domestic consumption	1.599	1.600	-0.001	V	-0.06
Stocks	3.202	4.037	-0.835	V	-20.68

In millions of ton

Indonesian production grew strongly during March: +18.9% vs. Feb, exceeding 4 MTs.

However, exports grew by almost 63% on the back of a strong recovery in deliveries to China.

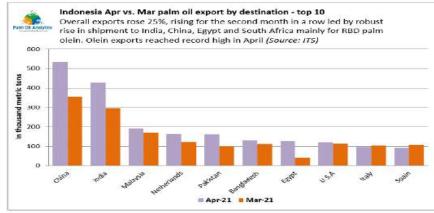
The result at the end of March is a 20% drop in stocks, the lowest level in 16 months.

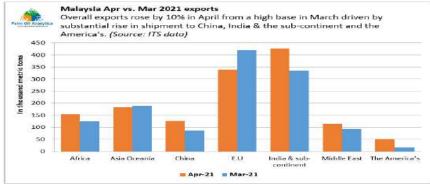
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FUENTES: MPOB / POA / GAPKI / ITS

4.3 PALM OIL

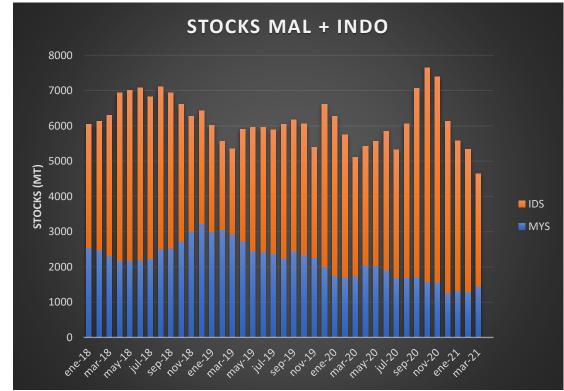






Indonesian exports were very strong in April: +25% vs. March, which was already very good: China, India and Egypt as main destinations.

In Malaysia, exports had improved in March but were relatively low. In April they continued to grow. More importantly, during the first 10 days of May they grew 30%.



Stocks in Malasia and Indonesia have been falling sharply and the situation is very tight.

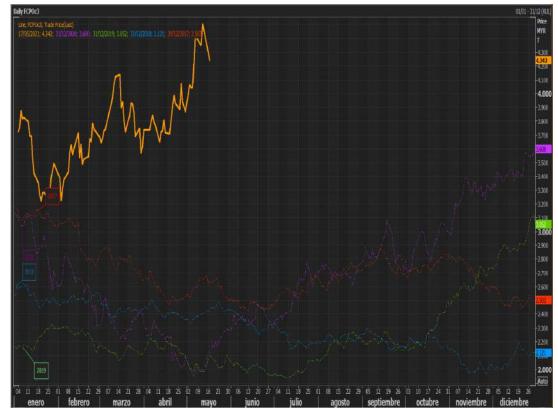
We do not expect a strong recovery in the short term. India is likely to reduce its demand for oils due to COVID crisis, although production could also be affected.

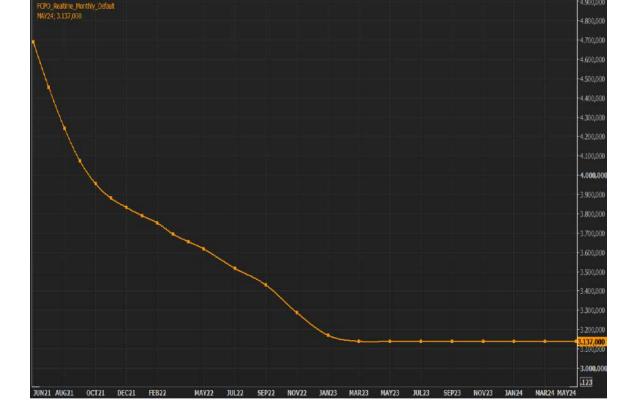
FUENTES: POA / ITS /GAPKI / MPOB



4.4 PALM OIL







Historically high prices in BMD (Bursa Malaysia Derivatives). Recovery of production is still expected to take place in Q3-Q4.

We are now in a weather driven oilseed market.

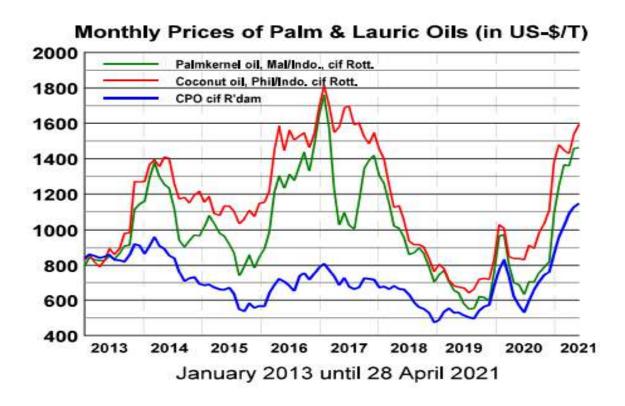
The market continues with a very strong inverse, and we do not see a change in this situation in the short term.

FUENTES: REUTERS



5.1 LAURIC OILS





Lauric oil prices at their highest since 2016.

Palm kernel oil has seen low production in recent months, along with the tight situation in the CNO and very strong export demand in Asia. In Malaysia, in Oct/Mar production fell 7% while exports rose 14%.

Stocks are the lowest since 2014.

LAURIC OILS:				temb	
Palmkern oil	20/21F	19/20	18/19	17/18	16/17
Op'g stocks.	1.37	1.41	1.15	.89	.77
Production	8.10*	7.86	8.16	7.70	7.06
Imports	3.60*	3.48	3.52	3.35	3.15
Exports	3.63*	3.43	3.55	3.28	3.15
Consumption	2 16*	7 95	7 87	7.50	6.94
End. stocks	1.27*	1.37	1.41	1.15	.89
Coconut oil					
Op'g stocks	.41	.50	.43	.34	.34
Production	2.70*	2.69	2.95	2.75	2.48
Imports	1.92*	1.93	2.11	1.79	1.67
Exports	1.88*	1.94	2.17	1.79	1.70
Consumption	2 73*	2 77	2.82	2.65	2.46
End. stocks	.42*	.41	.50	.43	.34
2 OILS					
Op'g stocks	1.78	1.91	1.59	1.23	1.12
Production	10.80*	10.55	11.12	10.45	9.54
Imports	5.53*	5.41	5.63	5.14	4.82
Exports	5.52*	5.37	5.72	5.07	4.85
Consumption	10.89*	10.72	10.70	10.16	9.40
End. stocks	1.70*	1.78	1.91	1.59	1.23

High volatility in CNO prices. The balance continues to be tight, with production expected to be at the same levels for 20/21 as last year. Despite the fall in exports, stocks are not growing.

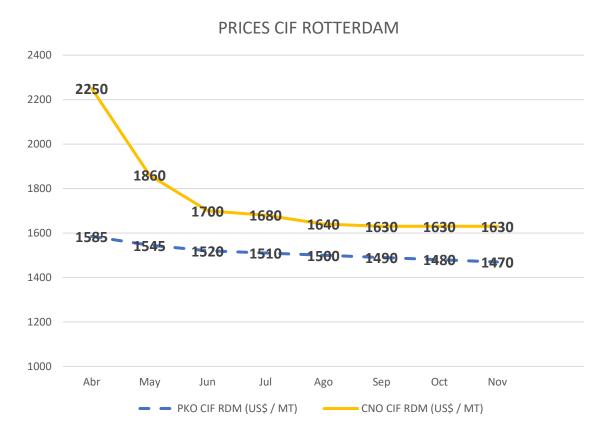
FUENTES: OIL WORLD

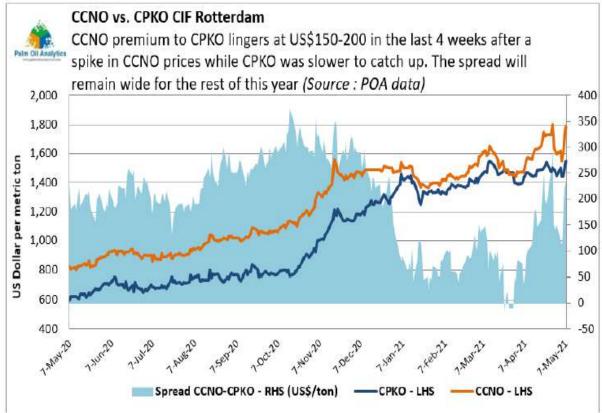


5.2 LAURIC OILS









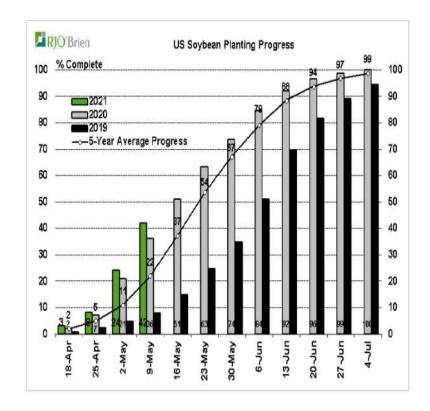
The inverse is very strong, especially in CNO. Being tied to the inverse can be very dangerous.

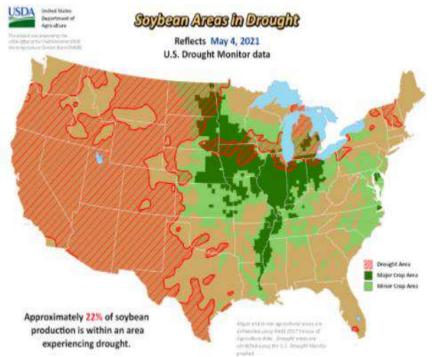
The spread CNO/PKO is back at the levels of 150/200 US\$

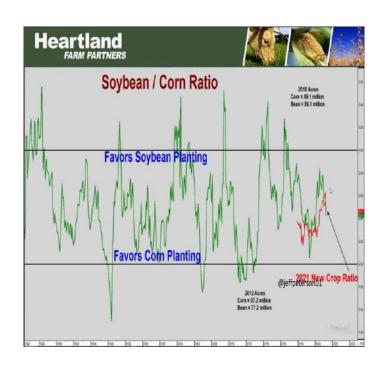
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6.1 SOYBEAN OILS









Soybean planting in the US is progressing well. However, the relative drought in the soybean producing areas is a concern: approximately 22% of the production suffers from water deficit conditions.

On the other hand, since March, prices have moved in favour of corn, which could lead to a change in the area planted at the last minute.

We are now in the middle of the weather market.

FUENTE: RJO OBRIEN / USDA / HEARTLAND



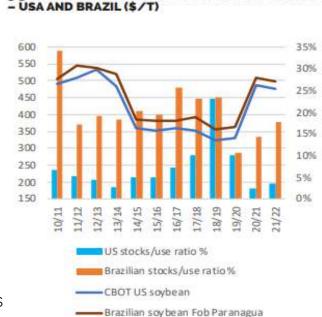
6.2 SOYBEAN OILS



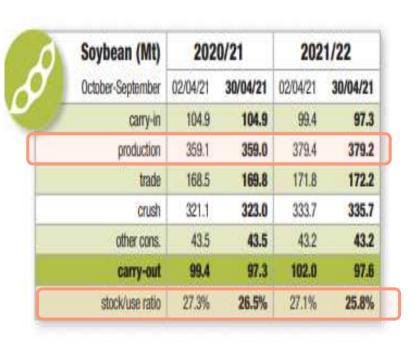
SOYBEANS	: World	Production	(MnT)	
	<u>21/22</u> F	20/21	19/20	<u>18/19</u>
Russia	4.40*	4.42	4.50	4.03
Ukraine	4.00*	3.00	4.70	4.80
Canada	6.71*	6.36	6.15	7.42
U.S.A	121.00*	112.55	96.67	120.51
Argentina.	50.30*	44.00	49.40	54.30
Brazil	138.70*	133.50	128.45	121.10
Paraguay .	10.40*	9.50	10.24	8.52
China, PR	17.90*	18.10	15.97	14.34
India	10.50*	9.80	8.50	10.50
Oth. ctrs	16.29*	15.79	15.04	15.85
WORLD	380.20*	357.02	339,62	361.37

The 20/21 production is practically defined: Brazil has finished and Argentina close to 44 MTs. Oil World estimates a world record for 21/22 with 380 MTs, while USDA estimates 385.52.

- US could repeat 18/19 production, 120 MTs
- Brazil new record due to area growth
- Argentina at 50MTs, a feasible estimate with suitable weather.



3.31: SOYBEAN STOCKS-TO-USE RATIO AND PRICES



The growth in demand from China and India, together with green policies of many countries (especially the US and the EU in some cases unrealistic), do not allow for a recovery in the world soya balance, although the situation in Brazil and the US would improve.

FUENTES: OIL WORLD / STRATEGIE GRAINS



7.1 SUNFLOWER OIL AND HIGH OLEIC SUNFLOWER

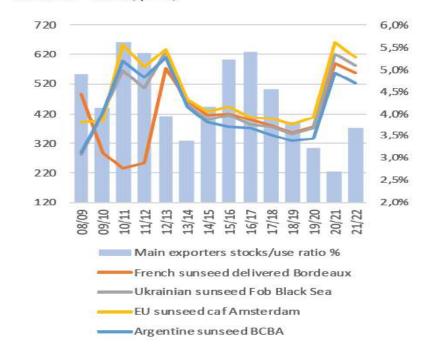


SUNSEED :	World	Production	(Mn T)	
	<u>21/22</u> F	<u>20/21</u>	19/20	<u>18/19</u>
EU-27	10.38*	8.70	9.47	9.48
Russia Ukraine	15.00* 16.30*	13.31 14 . 10	15.38 16.50	12.76 15.25
Argentina.	3.60*	2.70	3.00	3.50
China, PR Turkey	2.85* 1.70*	2.75 1.55	2.68 1.70	2.55 1.53
Oth. ctrs	7.47*	7.19	6.97	6.92
WORLD	57.30*	50.30	55.70	51.99

Oil World's first estimate for 21/22 sunflower seed production is slightly higher than the rest of the consultants: 57.30 MTs.

This implies 7MTs more than the production of campaign 20/21 (+13.9%).

2.23: SUNSEED STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)



Sunflower is very profitable in most of the producing countries. Strong production growth is expected in Russia, Ukraine, Romania and Argentina.

38.2 MTs of sunseed in the Black Sea region (67% of world production), the weather in this area in May/Jun/Jul will determine prices in the new season.

The balance would be better than in the last 2 seasons. Although the S/C ratio still looks a little tight, with "normal" weather it seems possible to get out of the "worrying zone"

However, it is clear that there is no place for a major production failure like last year.

FUENTES: OIL WORD / STRATEGIE GRAINS



7.2 SUNFLOWER OIL AND HIGH OLEIC SUNFLOWER



Areté Pro	UKRAINE	, CROP	PROGRES	S (%)
	Crop Stage	May-06	Last Week	Last Year
Spring wheat	planted	98%	95%	98%
Corn	planted	46%	20%	73%
Sunflower	planted	50%	34%	71%
Soybean	planted	18%	6%	38%
Sugar Beet	planted	98%	85%	86%

RUSSIA : Spring	Plan	ting Pr	ogress	(Mn h	<u>ia)</u>	
		PI	antec	unt	il	
	April 30 April 23 April 16					
	2021	2020	2021	2020	2021	2020
Wheat	1.00	1.43	.46	1.02	.22	.84
Barley	2.16	3.15	1.20	2.58	.70	2.35
Corn	.39	1.29	.08	.87	.01	.63
Sunseed	.80	2.21	.24	1.55	.10	1.23
Spring rapeseed	.09	.21	.03	.15	.01	.11
Soybeans	.02	.25	.01	.16	887.7	.08



Crops in the Black Sea region are very delayed, mainly in Ukraine and Russia. This implies that crops could move into the critical period with higher temperatures. In addition, harvesting could be delayed.

Prices of 2020/21 campaign have not followed the rises in the rest of the oils and the spread between SFO FOB Black Sea vs SBO FOB Argentina fell below US\$ 200. However, prices for the 21/22 season have strengthened sharply over the last month proportion of the pr

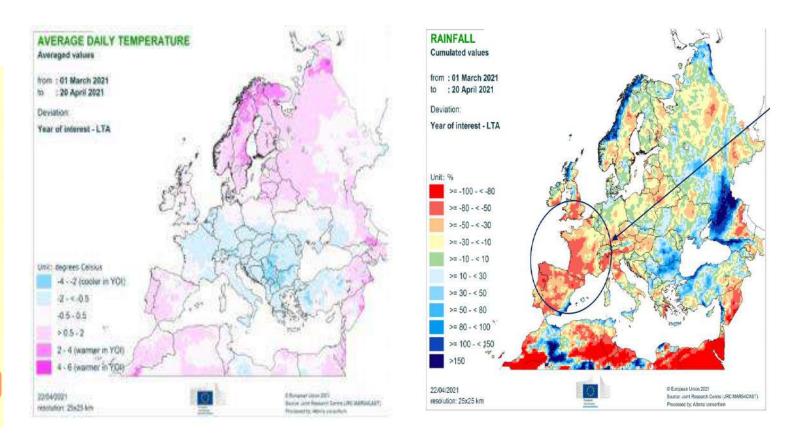


8.1 RAPESEED OIL

d Supply		10 10/1		1
21/22F	100 March 100 Ma			17/18
.80*	1.00	1.78	1.89	1.09
16.43*	16.09	15.51	18.04	19.80
6.55*	6.62*	6.08	4.29	4.38
2.80*	2.25*	.99	1.34	1.86
1.95*	2.02*	2.75	2.17	1.73
1.45*	1.98*	2.03	.42	.47
.27*	.25*	.34	.28	.32
22.12*	22.15*	21.51	21.65	22.37
.52*	.51*	.53	.52	.67
.87*	.80*	1.00	1.78	1.89
	21/22F .80* 16.43* 6.55* 2.80* 1.95* 1.45* .27* 22.12* .52*	July 21/22F 20/21 .80* 16.09 16.43* 16.09 6.55* 6.62* 2.80* 2.25* 1.95* 2.02* 1.45* 1.98* .27* .25* 22.12* 22.15* .52* .51*	July / Ju 21/22F 20/21 19/20 1.00 1.78 16.43* 16.09 15.51 6.55* 6.62* 6.08 2.80* 2.25* .99 1.95* 2.02* 2.75 1.45* 1.98* 2.03 .27* .25* .34 22.12* 22.15* 21.51 .52* .51* .53	21/22F 20/21 19/20 18/19 .80* 1.00 1.78 1.89 16.43* 16.09 15.51 18.04 6.55* 6.62* 6.08 4.29 2.80* 2.25* .99 1.34 1.95* 2.02* 2.75 2.17 1.45* 1.98* 2.03 .42 .27* .25* .34 .28 22.12* 22.15* 21.51 21.65 .52* .51* .53 .52



Rapeseed production in Europe continues flat. We expect a slight recovery in new campaign but ending stocks are expected to remain below 1 MTs

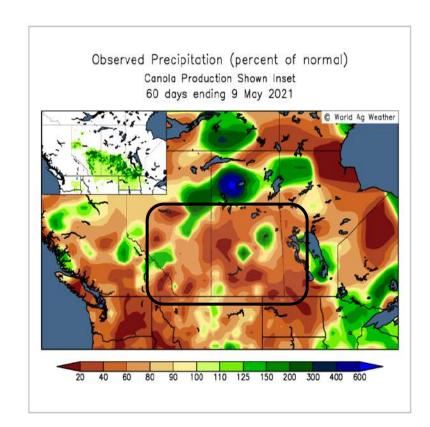


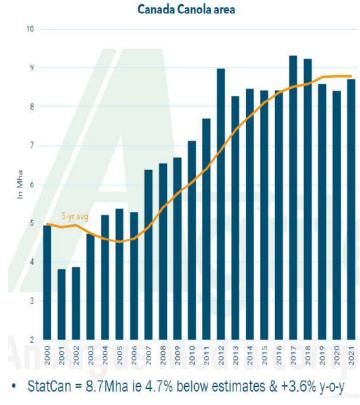
The weather has not been good so far. Temperatures below normal, as well as lack of rainfall in some important areas.

FUENTE: OIL WORLD / EU COMISSION / AGRITEL

8.2 RAPESEED OIL

RAPESEED	: World	Production	(Mn T)	
	<u>21/22</u> F	<u>20/21</u>	<u>19/20</u>	<u>18/19</u>
EU - 27	16.43*	16.33	15.56	18.04
Russia Ukraine	2.60* 2.60*	2.57 2.70	2.06 3.48	1.99 2.88
Canada	20.20*	19.30	19.61	20.72
China, PR India	5.35* 8.00*	5.10 8.50	5.00 7.40	4.80 7.55
Austra l ia .	4.25*	4.40	2.33	2.37
Oth, ctrs	6 . 17*	5.82	6.38	6.72
WORLD	65.60*	64.72	61.82	65.07





World rapeseed production would be slightly above the 20/21 season, returning to 18/19 production levels.

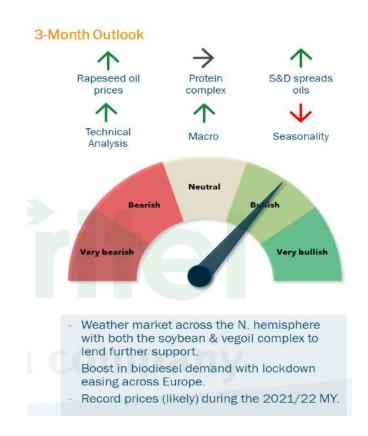
In Canada the estimate is 8.7 Mha, +3.6% vs. the previous year. The weather has been very dry in the main producing regions, when planting is just beginning.

FUENTE: OIL WORLD / WAGW / AGRITEL / STATCAN



8.3 RAPESEED OIL





Energy prices have been supportive.

If current estimates finally come true, RSO could be the oil with the tightest balance for 21/22.

FUENTE: AGRICENSUS / AGRITEL



