



LIPSA

Market Report, July 2021

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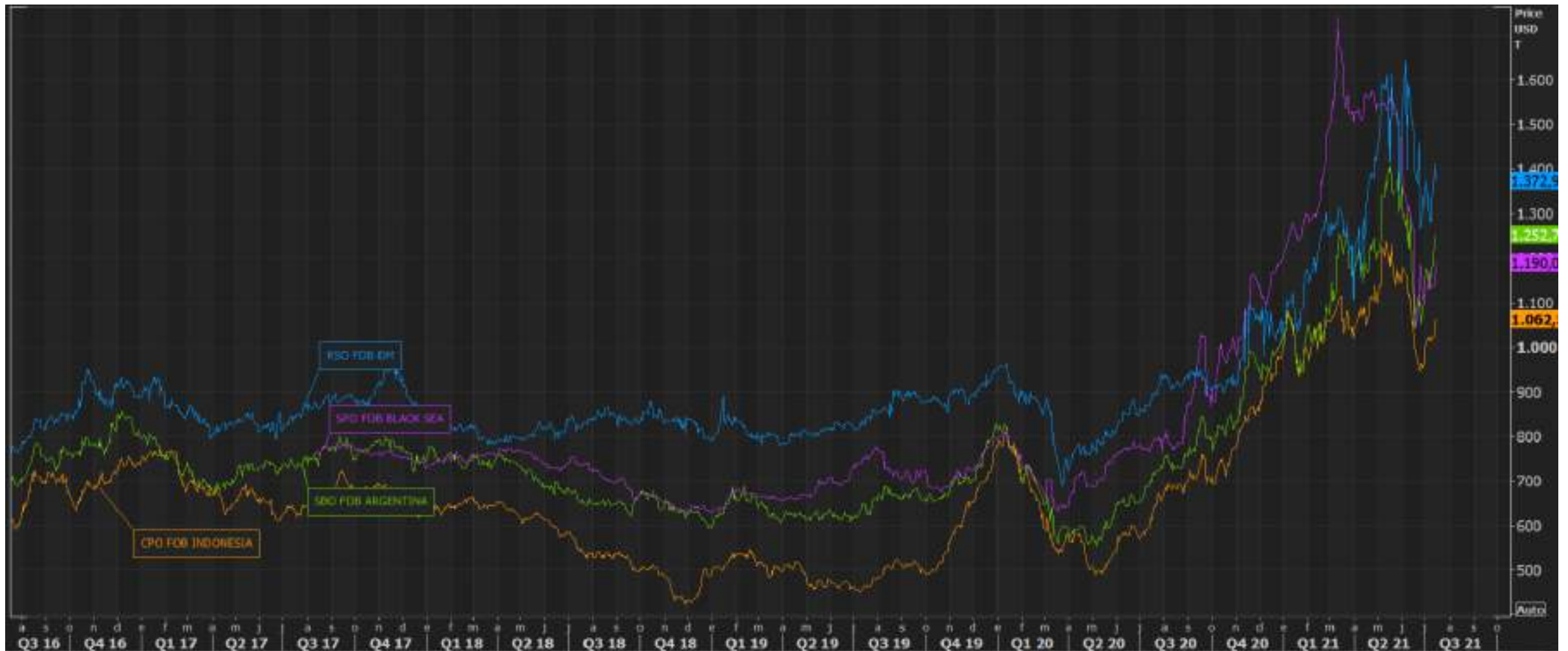
1.1 Evolution of reference markets

		18/06/2021	14/07/2021	Unidad	Dif	Dif %
Crude Palm Oil (Sept)	FOB MALASIA	3424	3851	MYR/ MT	427	12,5%
Crude Palm Oil (Sept)	CIF RDM	975	1070	USD/ MT	95	9,7%
CCNO Phil/Indo (Sept/Oct)	CIF RDM	1525	1500	USD/ MT	-25	-1,6%
CPKO (Sept/Oct)	CIF RDM	1215	1190	USD/ MT	-25	-2,1%
Crude Sunflower Oil (Oct/Nov/Dic)	FOB 6 PORTS	1090	1230	USD/ MT	140	12,8%
Crude Rape Oil (Ago/Sept/Oct)	FOB DUTCH MILL	1025	1160	€/MT	135	13,2%
Crude Soya Oil (Sept)	FOB ARGENTINA	1103	1295	USD/ MT	192	17,4%
EUR/USD	SPOT	1,186	1,1835		-0,0025	-0,2%
USD/MYR	SPOT	4,146	4,1990		0,0530	1,3%
Brent Crude	SPOT	73,51	73,92	US \$/ BRL	0,4	0,6%
Gas Oils	SPOT	593,5	598,25	US \$/ MT	4,8	0,8%

With the sole exception of lauric oils, the prices of vegetable oils have risen during the second half of June and the first half of July. Demand from many countries has slowed down, deferring purchases, consuming stocks and expecting a very good oilseed harvest that will pressure prices in the short term; However, climatic problems in Canada, uncertainty around soybean production in the US and the slow recovery of palm production in Asia have put pressure on prices.

FUENTES: REUTERS / OIL WORLD

1.2 Evolution of reference markets



FUENTES: REUTERS

2.1 EXTERNAL FACTORS

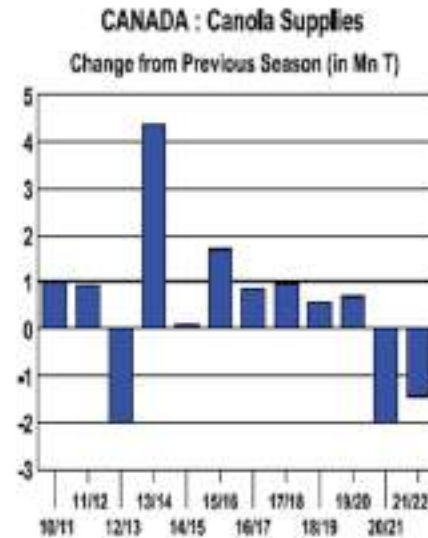
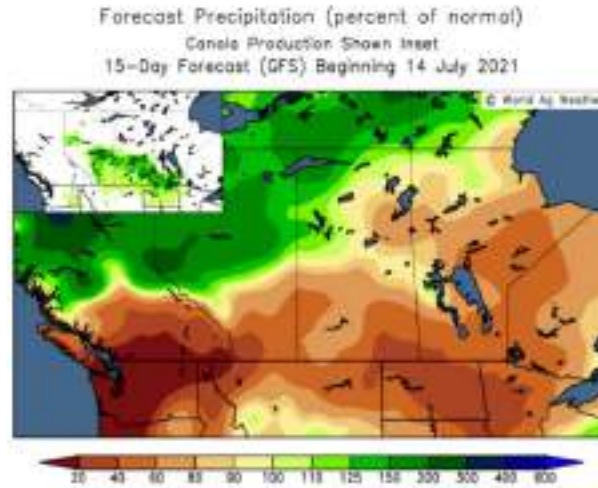
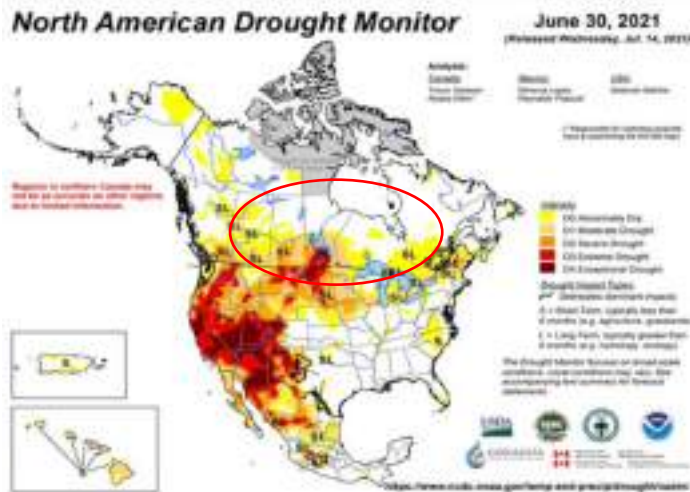


Despite suffering in recent days a more complicated situation in Europe and with the reincorporation of some restrictions against COVID, **crude oil has remained above US \$ 70, providing support to vegetable oils.**



The dollar has strengthened due to the increase in inflation in the US and a possible increase in the interest rate, for now denied by the FED.

3.1 RAPESEED OIL (RSO)



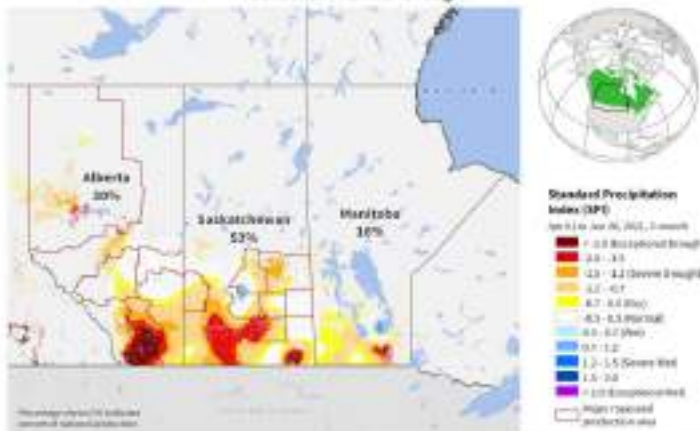
RAPESEED & CANOLA: World Production (Mn T)				
	21/22F	20/21	19/20	18/19
EU-27 ...	16.85*	16.45	15.56	18.05
U.K.	1.05*	1.07	1.75	2.01
Russia ...	2.70*	2.57	2.06	1.99
Ukraine ..	2.75*	2.70*	3.48*	2.88*
Canada ..	18.60*	18.90*	19.61	20.72
U.S.A. ...	1.45*	1.62*	1.55	1.64
China, PR	5.35*	5.10*	5.00*	4.80*
India.	8.25*	8.50*	7.40*	7.55*
Australia .	4.80*	4.52*	2.33	2.37
Oth. ctrs. .	3.60*	3.27	3.18	3.20
WORLD ..	65.40*	64.70	61.92	65.21

Critical situation in Canada and the US regarding the production of rapeseed. Temperatures well above normal and the absence of rain in the last 30 days have prevented normal growth of the crops, causing damage that seems irreversible.

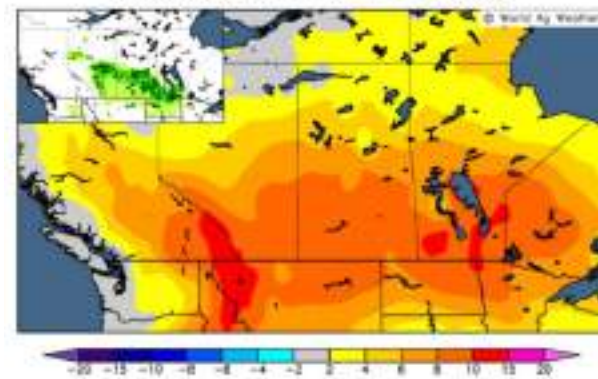
In its latest estimate, Oil World has lowered the Canadian production estimate to 18.6 MTs vs. 20.2 MTs projected a month ago. Oil World warns of the possibility of falling below 18 MTs if the weather does not improve. This situation is only partially offset by better expectations in the EU, Ukraine and Australia, so world rapeseed production is now expected at 65.4 MTs vs. 66.4 MTs projected last month.

FUENTES: USDA / AAC / NOAA / B. BODART / WAGW / OIL WORLD

Canadian Prairies: Drought



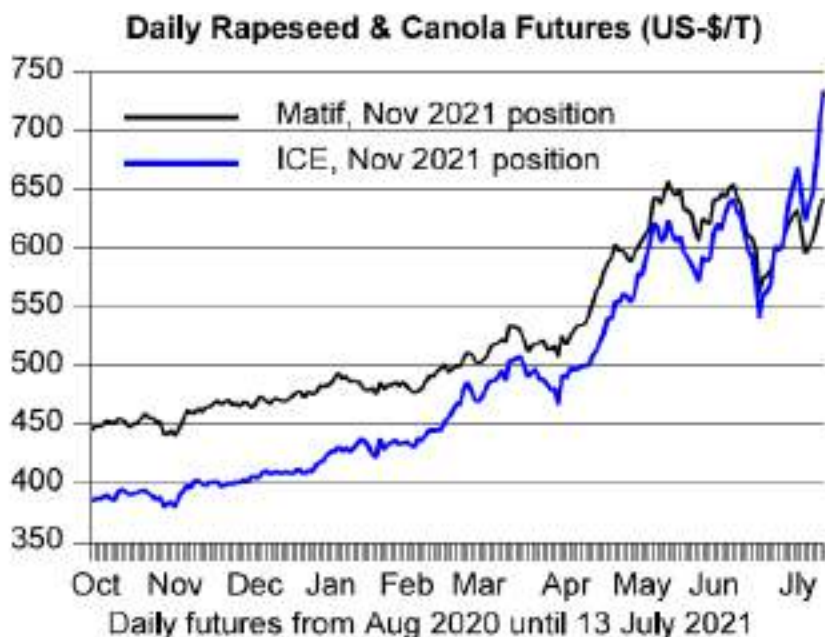
Forecast Temperature (departure from normal, °F)
Canola Production Shown Inset
15-Day Forecast (GFS) Beginning 14 July 2021



USDA Foreign Agricultural Service

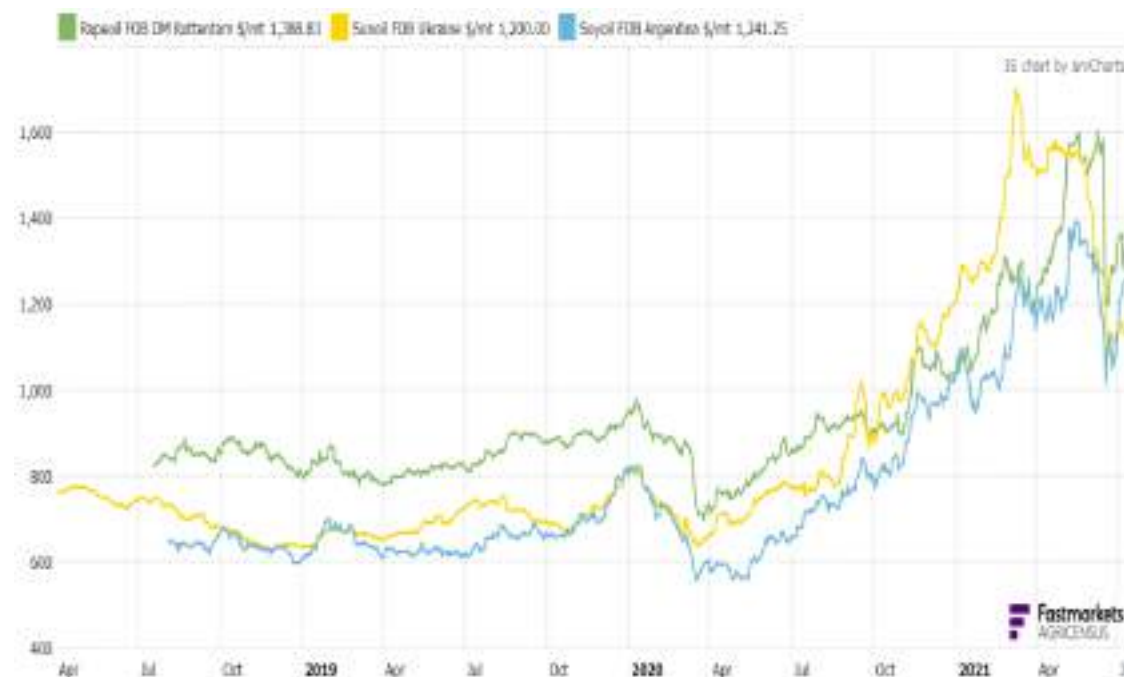
Sources: NOAA CPC, 3-Month Standard Precipitation Index (SPI); Statistics Canada, Estimated Production by Small Area (SA) (SAC) (Region); IMFC, Annual Crop Inventory 2018.

3.2 RAPESEED OIL (RSO)



Rapeseed prices are at all-time highs and charring margins fell sharply. In addition to a situation that was already tense **due to the low initial stocks for the 21/22 season, there are climatic problems in Canada.** On the other hand, the differential between Canadian and European prices does not seem sustainable.

In Europe, the first known yields would be above previous expectations, except for France, although the low planted area limits the increase in production to only 0.4 MTs.



As we have mentioned in previous reports, **we expect an adjusted supply & demand of RSO in Europe and worldwide.** Although countries such as China, Mexico, UAE, Pakistan and others may seek substitute products, **it is expected to see this oil with a higher premium than usual over the rest of the oils in the 21/22 campaign.**

FUENTES: OIL WORLD / AGRICENSUS

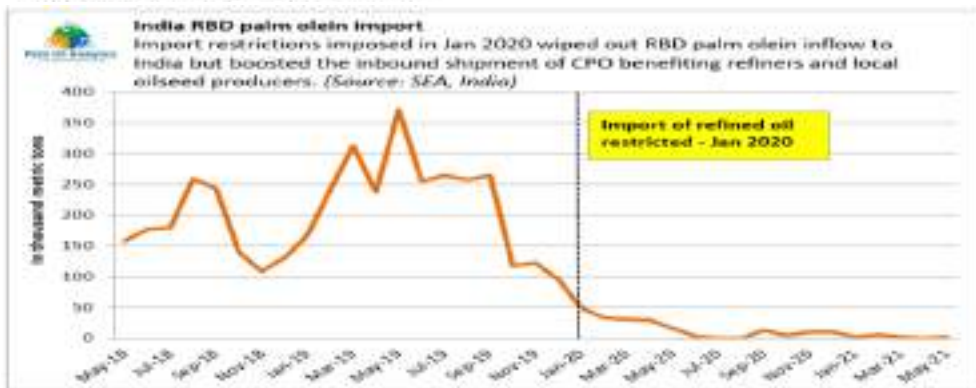
4.1 PALM OIL (CPO)



India import tariffs

New and old import duty and trade flow							
	Import duty	AID cess	Import duty + AID cess	Social welfare	Effective duty	Difference	Trade flow
New rates/status							
CPO	33.0%	17.50%	27.50%	10.00%	30.25%	-5.50%	Free
RBD Palm Olein	17.5%	0.00%	37.50%	10.00%	41.25%	-8.25%	Free
Previous/status							
CPO	35.0%	17.50%	32.50%	10.00%	35.75%		Free
RBD Palm Olein	45.0%	0.00%	45.00%	10.00%	49.50%		Restricted

AID - Agriculture and Infrastructure Development
 The new tariff rate is effective from 30 Jun to 30 Sept 2021
 Free trade flow on RBD palm olein is effective from 1 July to 31 Dec 2021



As a measure to face rising prices, India reduced tariffs on palm oil (not on other oils) and once again allowed the importation of refined products. This gives palm more competitiveness over the rest of the products in India.

INDIA: Imports of 5 Major Veg. Oils (1000 T)

	June 2021p		Apr/June 2021p		Oct/June 2021p	
Soya oil	206	335	717	777	2345	2389
Sunflower oil	176	232	518	634	1609	2056
Rapeseed oil	-	-	1	1	4	38
Palm oil	606	515	2096	1456	6129	5322
Palmkern oil	7	5	39	20	126	100
Total	995	1087	3371	2888	10213	9905

4.16: INDIA: BALANCE SHEET - 4 MAIN VEGETABLE OILS (KT)

	Palm oil			Soy oil			Rapeseed oil			Sun oil			Total 4 oils		
	19/21	20/21	21/22	19/21	20/21	21/22	19/21	20/21	21/22	19/21	20/21	21/22	19/21	20/21	21/22
Carry-in stocks	1117	989	663	133	139	273	183	126	121	147	94	38	1595	1013	1066
Production	290	320	330	1476	1631	1703	2730	3042	2964	47	55	58	4562	5046	5055
Imports	7437	6637	6637	3518	3046	3796	54	42	30	2531	1980	2007	13632	14405	14470
Exports	0	0	0	3	7	3	3	4	3	4	4	4	10	15	10
Consumption	8155	8863	8066	5006	5307	5466	2679	3078	2979	2627	1965	2056	16867	18064	18689
Carry-out stocks	669	653	532	189	273	363	120	121	132	94	39	45	1013	1086	1002
stock-to-use	6%	7%	6%	3%	3%	6%	4%	4%	4%	4%	2%	2%	7%	6%	6%

Domestic demand in India is suffering due to high prices and the effect of restrictions imposed to curb COVID. However, imports have been maintained, which has allowed a significant recovery of stocks. Due to price levels, palm purchases have grown by more than 15% in the Oct / June period, at the expense of soy and sunflower.

FUENTES: AID / POA / SEA / OIL WORLD / STRATEGIE GRAINS

4.2 PALM OIL (CPO)



GAPKI May 2021 Indonesia palm oil S&D

	May-21	Apr-21	Change		% Change
Production - CPO+CPKO	4.354	4.097	0.257	▲	6.27
Import	0.000	0.006	-0.006	▼	-95.00
Export	2.952	2.636	0.316	▲	11.99
Domestic consumption	1.645	1.611	0.034	▲	2.11
Stocks	2.884	3.123	-0.239	▼	-7.65

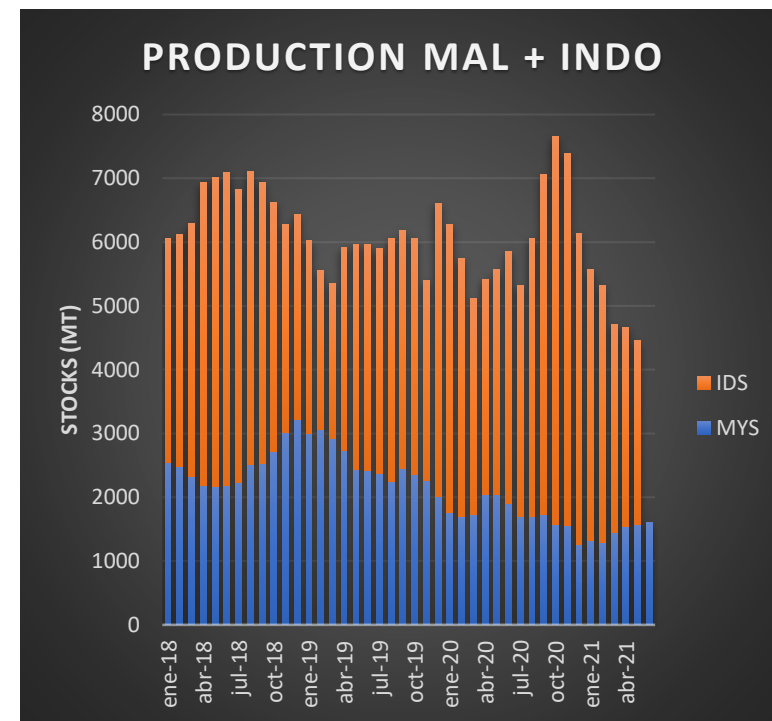
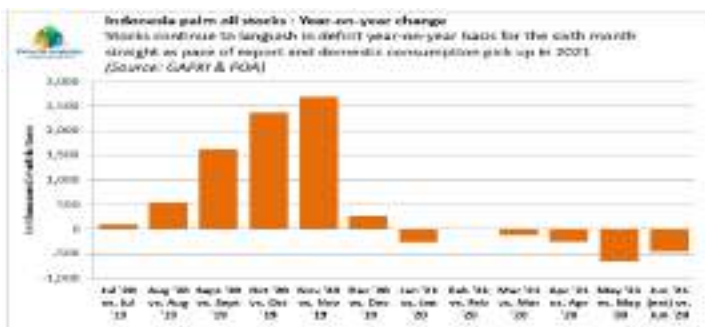
In millions of ton

	Tax	Levy	Total (Tax+Levy)
Nov-20	3	55	58
Dec-20	33	180	213
Jan-21	74	225	299
Feb-21	93	255	348
Mar-21	93	255	348
Apr-21	116	255	371
May-21	144	255	399
Jun-21	183	255	438
Jul-21	116	175	291

MPOB: Malaysia June 2021 data ACTUAL

	Jun 2021 (in million tons)	% change from May
Production	1.606	2.21
Palm Oil Imports	0.113	27.09
Exports	1.419	11.84
Biodiesel Exports	0.040	101.47
Local Disappearance	0.256	-30.44
End Month Stocks	1.614	2.82

In millions of tons



CPO production in Indonesia has grown 6.3% in May and it is believed that in June it will also have exceeded 4 MTns, once it has entered the strong production cycle. Annual production is expected to reach 49 MTs, + 2MTs vs 2020.

However, final stocks have fallen for the seventh consecutive month, due to strong growth in exports and domestic consumption.

Indonesia has sharply lowered export rates since July, which gives it greater competitiveness, although it seems that much of the effect was already prized by the market, which had been waiting for the news for a long time.

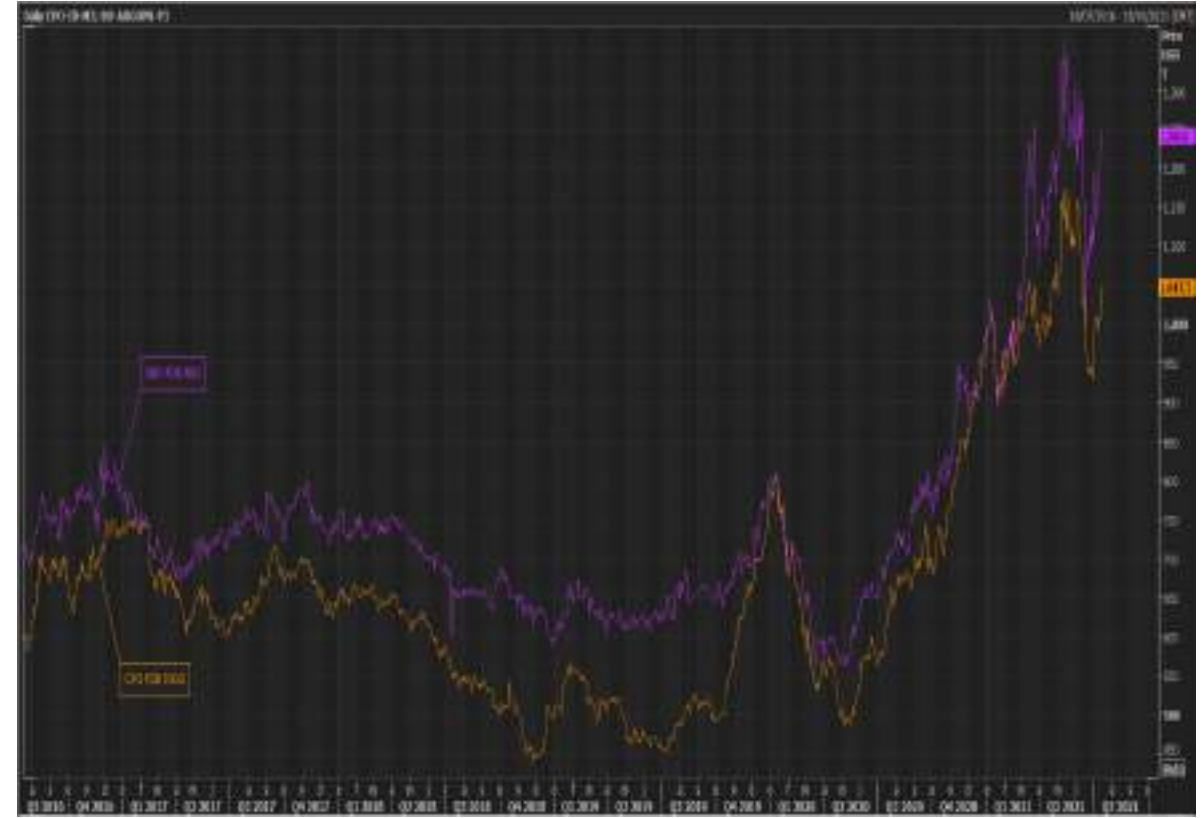
In Malaysia, production continued to grow in June but below expectations, mainly due to the lack of foreign labor that results in lower yields. Final stocks continue to be very tight, equivalent to only 5 weeks of consumption.

FUENTES: GAPKI / ARETE PRO / MPOB / POA / OILWORLD

4.3 PALM OIL(CPO)



CPO prices have rebounded strongly in Malaysia due to the slow recovery in production and the tight physical market situation, also helped by the devaluation of the MYR.



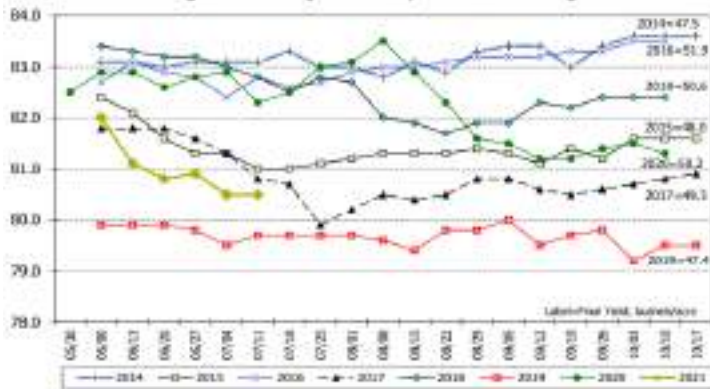
The main support for CPO prices is that it continues to be very competitive against SBO and other oils.

FUENTE: REUTERS

5.1 SOYBEEN OIL (SBO)



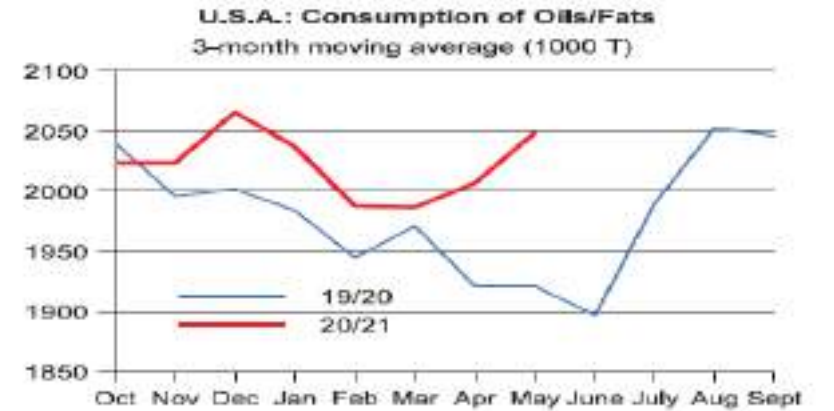
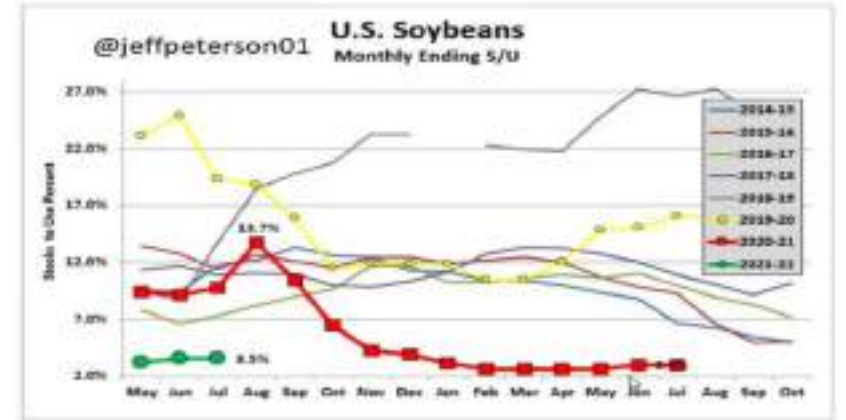
RJO Market Insights U.S. Soybean Crop Condition Weighted Index



World Soybean Production

Country or Region	2020/2021 estimate	2021/2022 forecast	Change from June 10	Change from 2020/2021
----- Million Tons -----				
World	363.6	385.2	-0.3	21.7
United States	112.5	119.9	--	7.3
Foreign	251.0	265.3	-0.3	14.3
Argentina	46.5	52.0	--	5.5
Brazil	137.0	144.0	--	7.0
Paraguay	9.9	10.5	--	0.6
Canada	6.4	6.1	-0.3	-0.3
India	10.5	11.2	--	0.8
China	19.6	19.0	--	-0.6

-- No change.

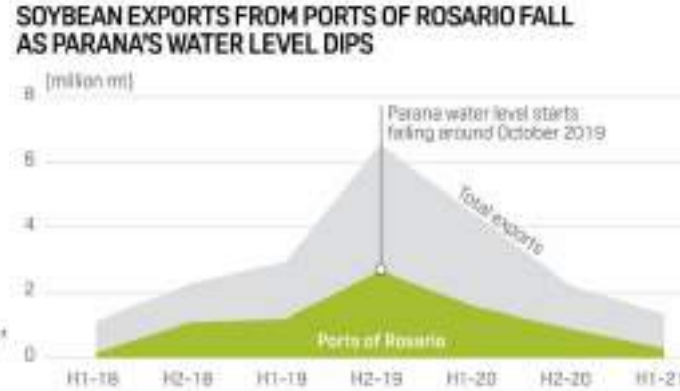


Soybean crops status in the US is not the best. According to USDA, 59% is in Good / Excellent condition compared to 68% last year, while 33% of production is experiencing dry conditions. **Domestic demand continues to be very strong, due to growth in biodiesel & HVO production.**

In its latest report, the agency left production estimates for 21/22 unchanged in the US, Brazil and Argentina. **Supply & demand in the US continues to be very tight, with a Stock / Consumption ratio expected at 3.5%.**

SOURCES: RJO O'BRIEN / USDA / HEARTLAND

5.2 SOYBEEN OIL (SBO)



Source: Argentina's Ministry of Agriculture, Livestock and Fishing

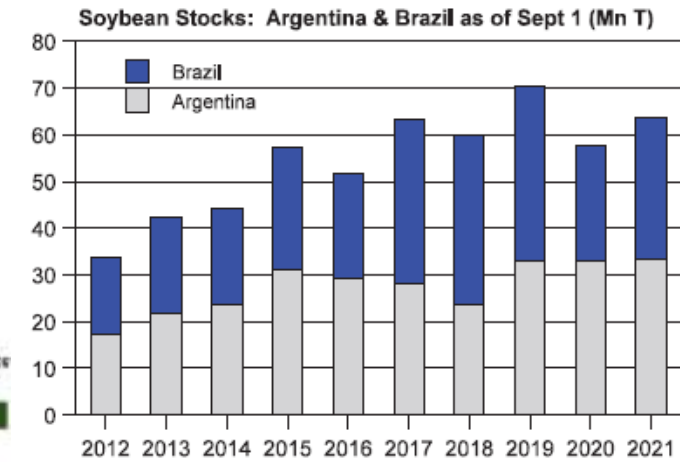
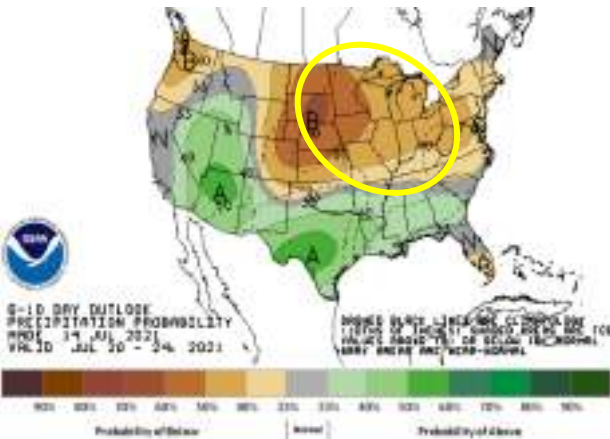


Oil World and USDA have lowered import estimates from China due to a possible drop in crushing. This would result in **higher stocks expected in Brazil and Argentina**, this being perhaps the main bearish factor of the complex.

However, **the extremely low flow of water in upriver, the main inland waterway in Argentina through which a large part of the country's exports leave, is a concern**, which is affecting operations.

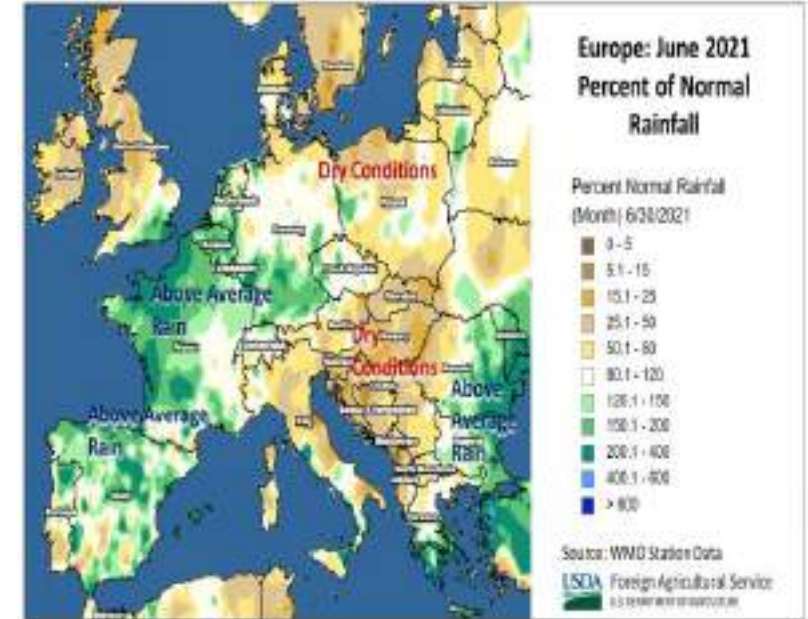
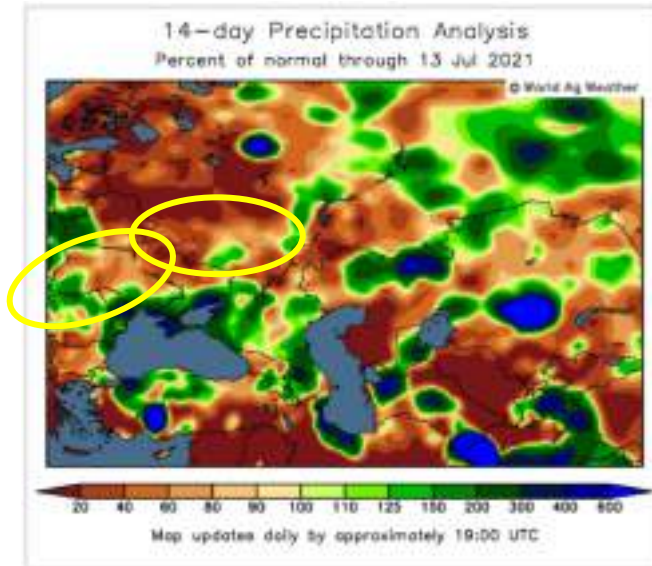
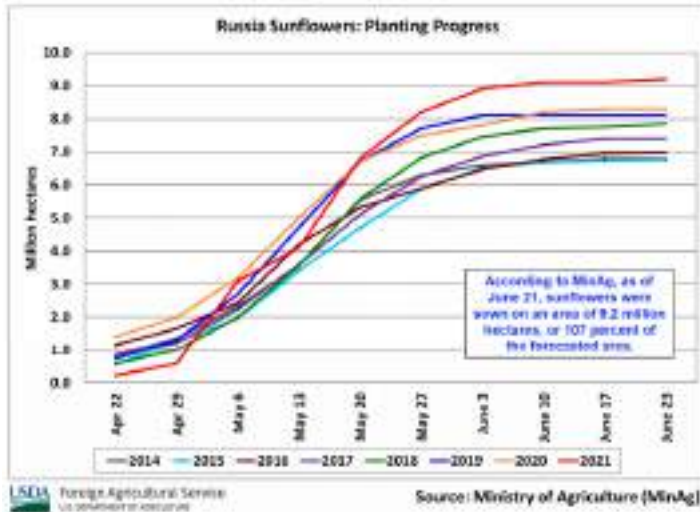
Prices will move during the next month in relation to what happens with the weather in the US mainly, where there will be a critical period for yields.

*Through June
Source: National Water Institute of Argentina (INA), Rosario Grain Exchange (BCR)



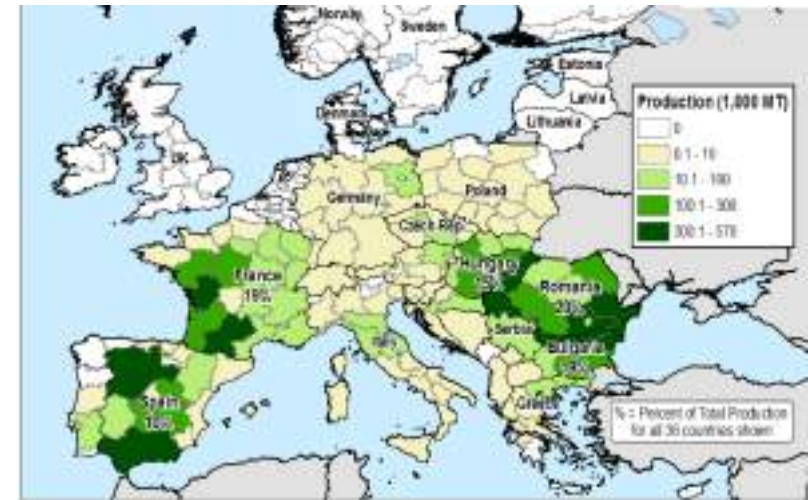
FUENTES: BCR / OIL WORLD/ NOAA / REUTERS / RJO OBIEN

6.1 SUNFLOWER OIL (SFO)



Hot and dry weather during the first half of July in parts of Ukraine and Russia, and not so favorable forecasts for the second half have caught the attention of the market, which continues to expect record world sunflower seed production as a result of strong area increase and yield recovery.

In contrast, above normal rainfall is expected for Eastern Europe, favoring sunflower crops.

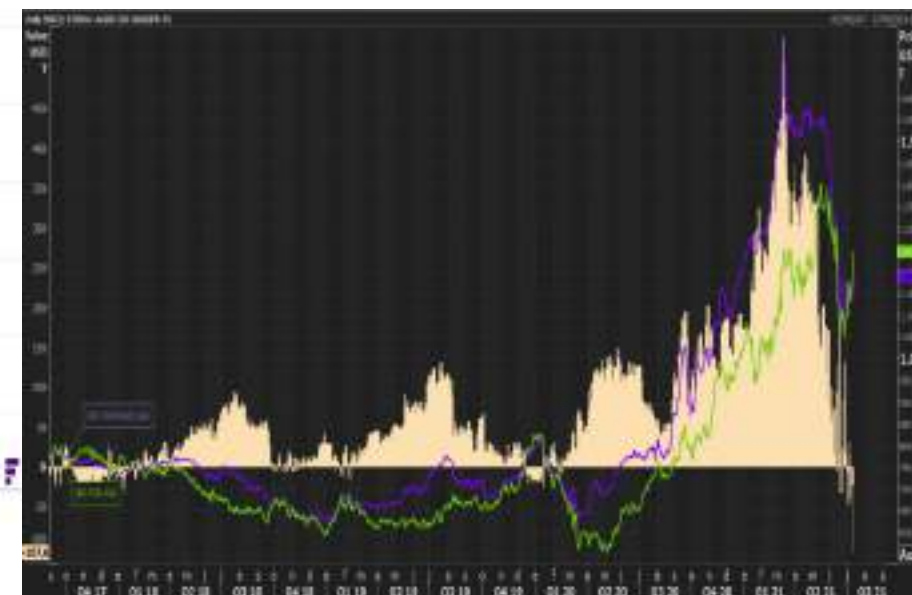


SOURCES: USDA / WAGW

6.2 SUNFLOWER OIL (SFO)



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



Sunflower oil prices appear to have found a short-term equilibrium, after declining sharply during May and June and as we go through the critical period of production in the Black Sea region.

The firmness in the prices of the rest of the oils, the concern about the weather in some important productive areas, mainly the Volga in Russia and **the good competitiveness of these price levels for the 21/22 season**, which are at a discount vs the SBO have generated a slight recovery in prices during the last month.

From here until the end of August, the most important thing will be the weather in the Black Sea and the evolution of the rest of the oilseeds, mainly rape, whose production problems could add demand to the sunflower complex. High oleic premiums have been somewhat weaker, due to higher end-stocks of the old season than expected.

FUENTES : APK INFOR / OIL WORLD / AGRICENSUS / REUTERS

7.1 LAURIC OILS (PKO + CNO)



RACO
COMMODITIES PHILS., INC.

Philippine Cno FOB Exports 2018 to 2021 (in mt)

Year	2018	2019	2020	2021	vs. 2020
January	70,270	85,193	94,430	86,675	91.79%
February	44,300	57,678	76,390	67,420	88.26%
March	78,170	86,990	53,170	89,839	131.35%
April	64,828	83,983	54,020	86,843	127.44%
May	68,968	123,132	43,950	84,602	132.56%
June	73,425	76,583	77,530	105,434	135.29%
July	76,532	53,019	20,320	47,875	235.61%
August	72,000	71,213	73,134	-	0.00%
September	71,238	65,900	54,880	-	0.00%
October	82,843	93,892	86,203	-	0.00%
November	81,900	62,740	48,200	-	0.00%
December	109,608	79,825	100,347	-	0.00%
YTD Total	922,181	940,104	784,949	130,683	126.29%

The price of lauric oils has not accompanied the increases of the rest of the oils in the most delayed positions, due to the expectation of a less adjusted situation towards the end of the year.

However, the strong exports from the Philippines have stressed the CNO market in the most immediate positions and have brought the spread between CNO - PKO back to values close to 300 US \$.

SOURCES: REUTERS / HENDRIX / OZINGA & POELMAN T / TSL / RACO C.

The logo for LIPSA, featuring a stylized 'L' symbol followed by the word 'LIPSA' in a bold, sans-serif font.

LIPSA

A WORLD OF VEGETABLE OILS

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