



# LIPSA

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September 2021

# Agenda

1. Evolution of reference markets
2. Palm Oil (CPO)
3. Lauric Oils (PKO + CNO)
4. Rapeseed oil (RSO)
5. Sunflower oil (SFO)
6. Soybean oil (SBO)

# 1.1 EVOLUTION OF REFERENCE MARKETS

		13/08/2021	14/09/2021	Unidad	Dif	Dif %
Crude Palm Oil (Nov)	FOB MALASYA	4511	4340	MYR/ MT	-171	-3,8%
Crude Palm Oil (Nov)	CIF RDM	1140	1175	USD/ MT	35	3,1%
CCNO Phil/Indo (Nov/Dec)	CIF RDM	1460	1450	USD/ MT	-10	-0,7%
CPKO (Nov/Dec)	CIF RDM	1280	1360	USD/ MT	80	6,3%
Crude Sunflower Oil (Oct/Nov/Dic)	FOB 6 PORTS	1325	1310	USD/ MT	-15	-1,1%
Crude Rape Oil (Nov/Dic/Ene)	FOB DUTCH MILL	1230	1275	€/MT	45	3,7%
Crude Soya Oil (Nov/Dic)	FOB ARGENTINA	1292	1298	USD/ MT	6	0,5%
EUR/USD	SPOT	1,1791	1,1802		0,0011	0,1%
USD/MYR	SPOT	4,2360	4,1600		-0,0760	-1,8%
Brent Crude	SPOT	70,59	73,6	US \$/ BRL	3,0	4,3%
Gas Oils	SPOT	582,5	615	US \$/ MT	32,5	5,6%

Vegetable oil prices have been moving between better palm production in Asia, pressure on SBO prices in CBOT due to weaker domestic demand in the US, lower import tariffs in India, very slow farmer selling and harvest delays in sunflower and even worse than expected news regarding rapeseed in Canada.

SOURCES : REUTERS

# 1.2 EVOLUTION OF REFERENCE MARKETS



SOURCES : REUTERS



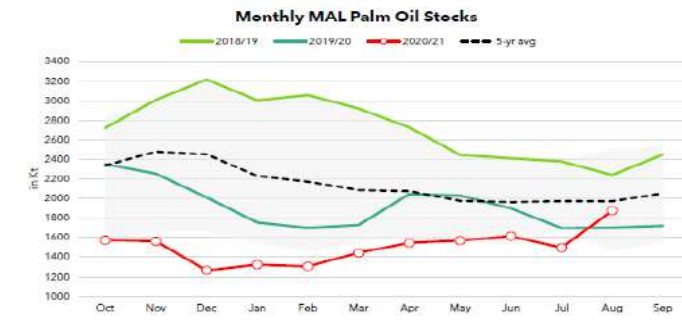
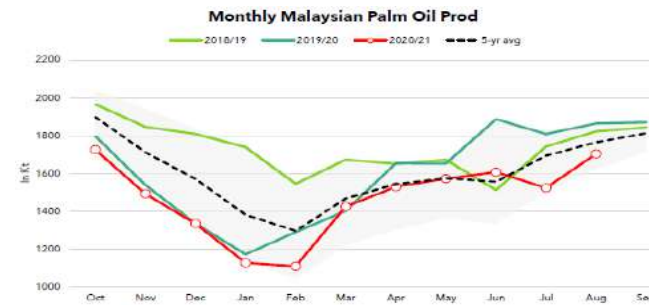
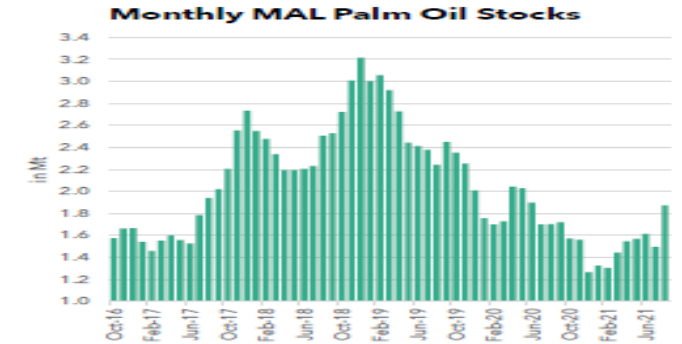
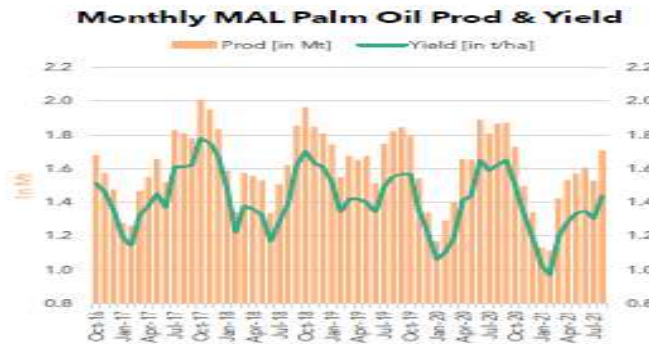
# 2.1 PALM OIL



MPOB: Malaysia August 2021 data ACTUAL		
	Aug 2021 (in million tons)	% change from Jul
Production	1.702	11.80
Palm Oil Imports	0.091	68.09
Exports	1.162	-17.06
Biodiesel Exports	0.057	138.66
Local Disappearance	0.253	-13.70
End Month Stocks	1.874	25.28

	Aug-21 vs est.		Aug-21 vs LM		Aug-21 vs Aug-20	
	in Kt	in %	in Kt	in %	in Kt	in %
Production	9.5	0.6%	179.7	11.8%	-105.0	-5.8%
Exports	-72.3	-5.9%	-239.2	-17.1%	-619.5	-34.8%
Imports	41.4	82.8%	37.0	68.1%	38.7	73.5%
Stocks	134.8	7.7%	378.3	25.3%	175.6	10.3%

August MPOB report showed a significant recovery in ending stocks. Final stocks grew +25.3%, as a result of the highest production in 9 month (+11.8% vs July) and lower exports (-17.1%). The market expected an important recovery, the published data has been even better than expected.



SPPOMA 1-10 September 2021 vs. 1-10 August 2021	
FFB yield	-2.60%
OER	-0.10%
Production	-3.00%

Malaysia 1-15 Sept 2021 vs. 1-15 Aug 2021 export (in mt)	
ITS:	853,625 vs 528,736 (+324,889 or up 61.45%)
AmSpec:	832,355 vs. 540,853 (+291,502 or up 53.90%)
SGS:	

Jan-Aug production reached 11.6 Mts (million metric tons) (-9% vs 2020), while stocks are higher than the same month of the previous year for the first time in long time. However, in the first 10 days of September production is slightly below August and exports show an impressive growth.

SOURCES: MPOB / POA / B.BODART / OIL WORLD / SPPOMA / ITS / AMSPEC

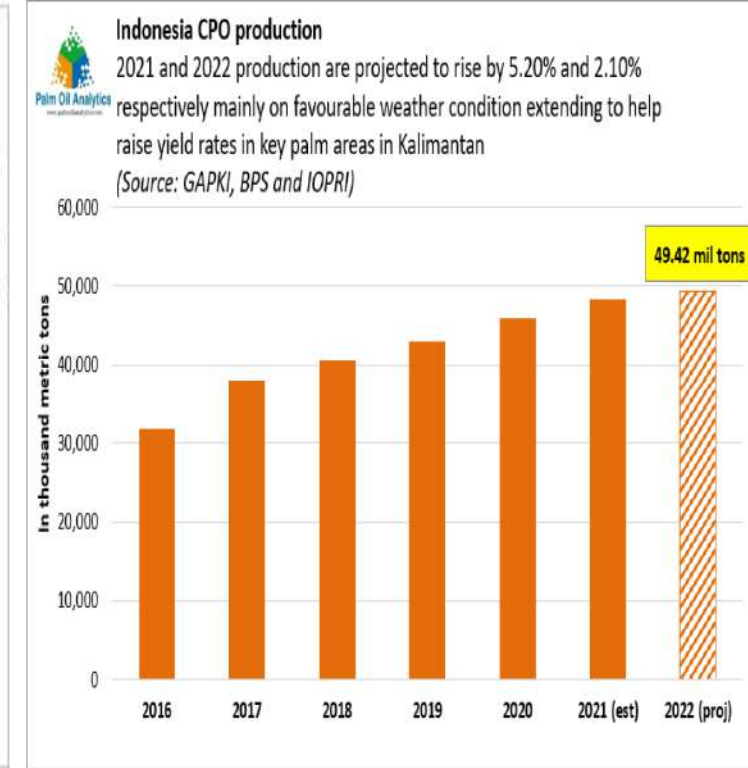
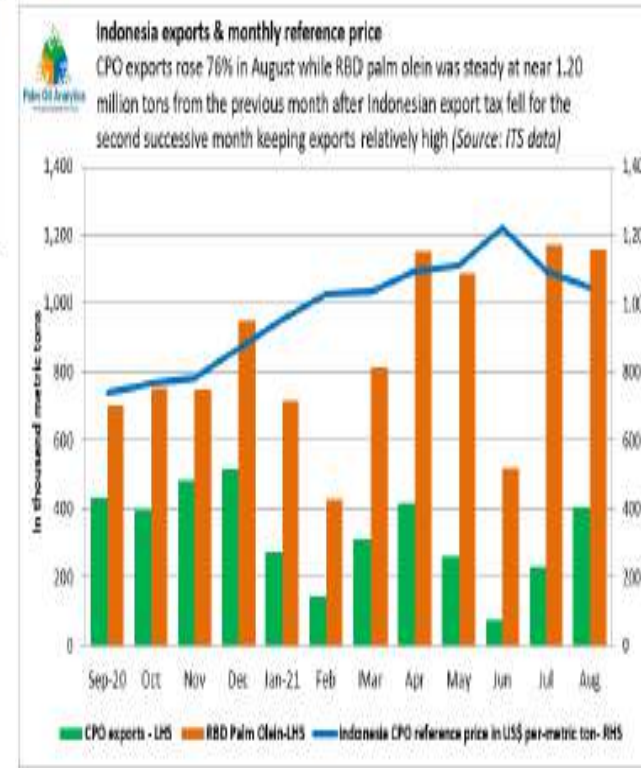
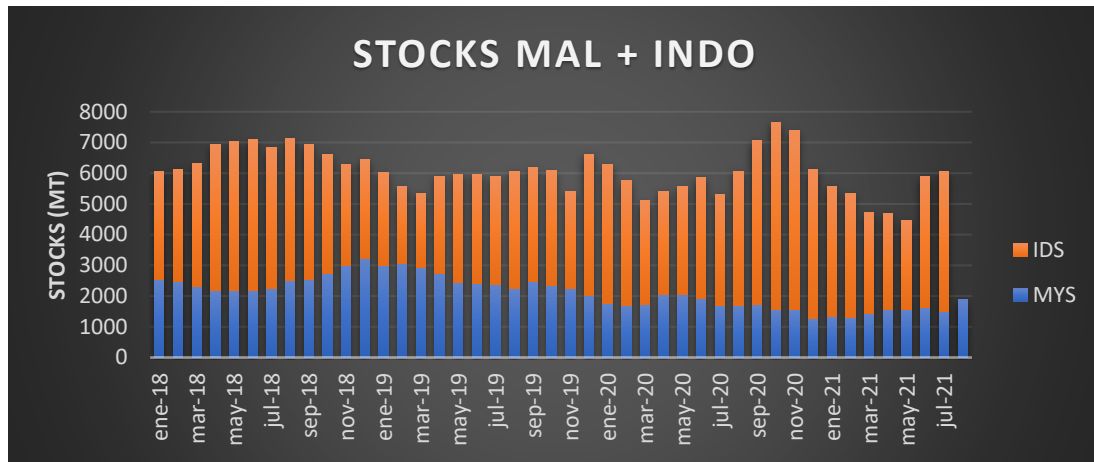
# 2.2 PALM OIL



## GAPKI July 2021 Indonesia palm oil S&D

	Jul-21	Jun-21	Change		% Change
Production - CPO+CPKO	4.441	4.908	-0.467	▼	-9.52
Import	3.000	4.000	-1.000	▼	-25.00
Export	2.742	2.026	0.716	▲	35.34
Domestic consumption	1.444	1.662	-0.218	▼	-13.12
Stocks	4.549	4.290	0.259	▲	6.04

In millions of ton

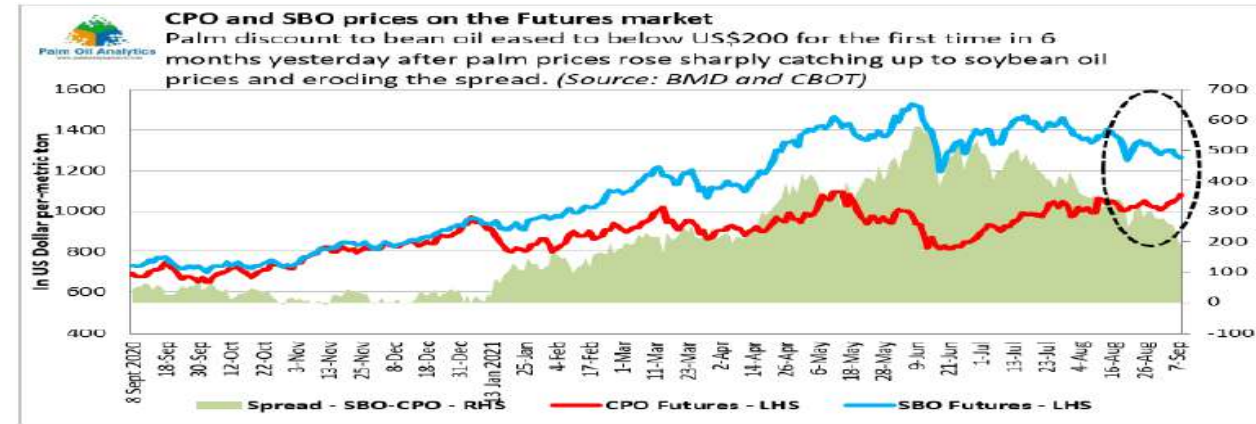


**CPO production in Indonesia** during Jan-July accumulated 28.9 Mts (+ 4.4%) according to GAPKI. The current situation is better: stocks have increased +45% in June and +6% in July. Strong exports in July and August, mainly because India.

**Indonesia 2022 CPO production is expected to rise by 2.10% up to 49.4 million tons** in 2022 compared to 48.4 Mts in 2021, according to Indonesia Oil Palm Research Institute's (IOPRI).

SOURCES: GAPKI / BPS / IOPRI / POA / MPOB / ITS / OIL WORLD

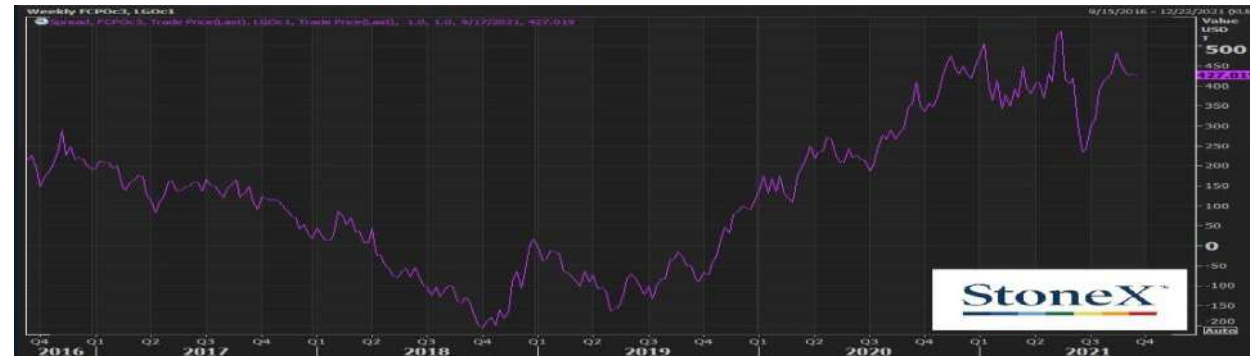
# 2.3 PALM OIL



### INDIA : Effective Import Duties of Major Vegoils

	2021 Sep	2021 Aug	2021 June	2021 Feb	2020 Nov
Palm oil, crude	24.75%	30.25%	30.25%	35.75%	30.25%
Soya oil, crude .	24.75%	30.25%	38.50%	38.50%	38.50%
Sunfl oil, crude .	24.75%	30.25%	38.50%	38.50%	38.50%
RBD palmolein	35.75%	41.25%	41.25%	49.50%	49.50%

CPO prices remain historically high, because although the situation is better, it continues to be very tight. However, CPO has been losing competitiveness vs other oils. The main support for prices came from the reduction of import duties ordered by the Government of India last week and strong demand from exports.

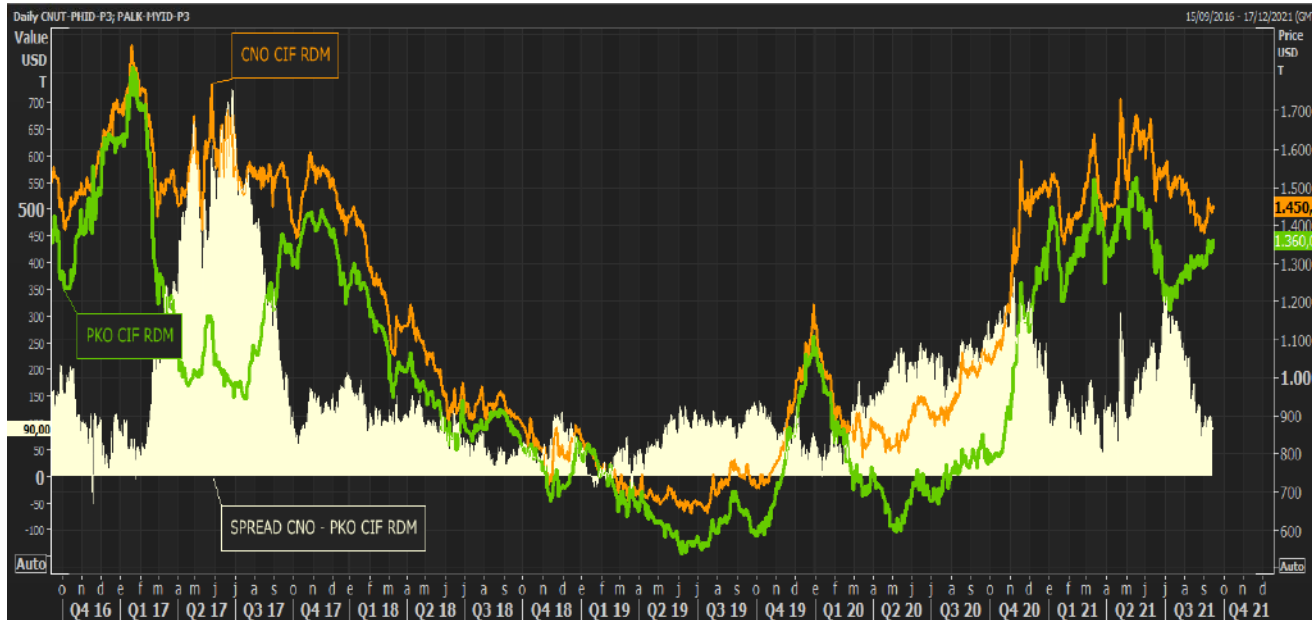


Indonesia supports its biodiesel program subsidising the POGO difference paid to PME (palm methyl ester) producers. A wider POGO makes the biodiesel subsidy expensive. The market expects Indonesia to defer its B40 rollout until a point where CPO-GO spread eases to US\$200-250 from US\$400-480 values in place since July till now.

SOURCES: STONEX / REUTERS / BMD / CBOT / POA

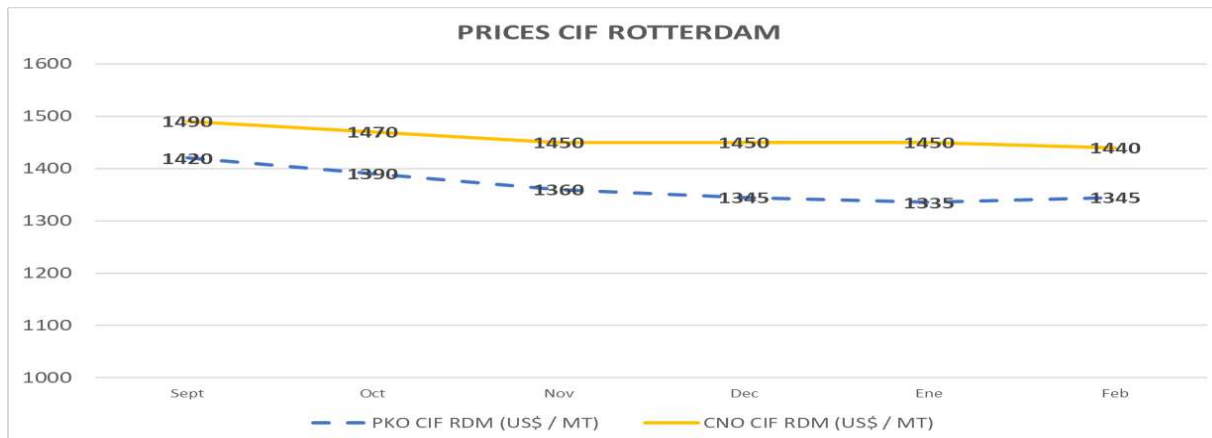


# 3. LAURIC OILS (PKO + CNO)



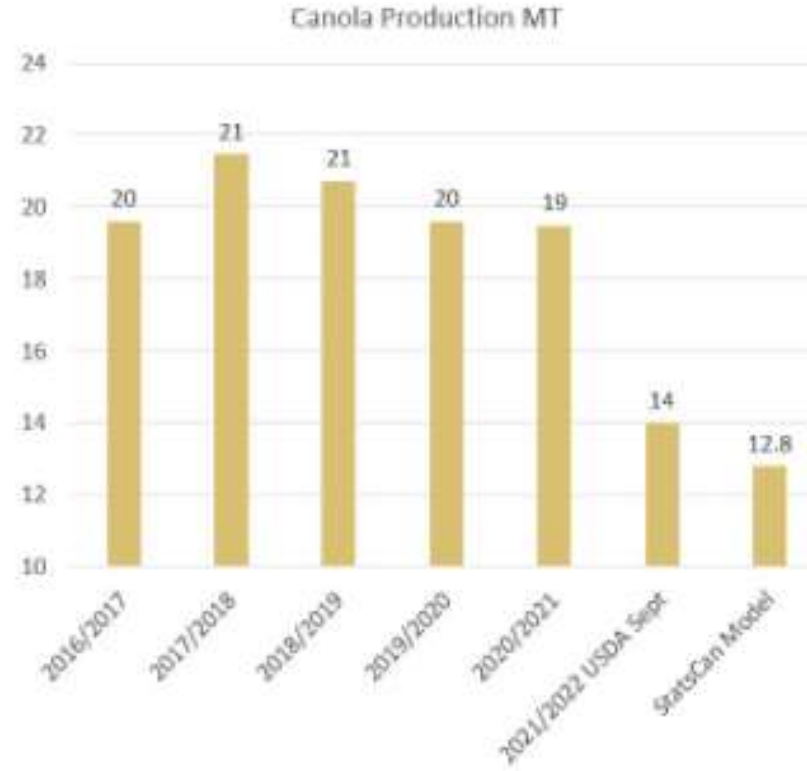
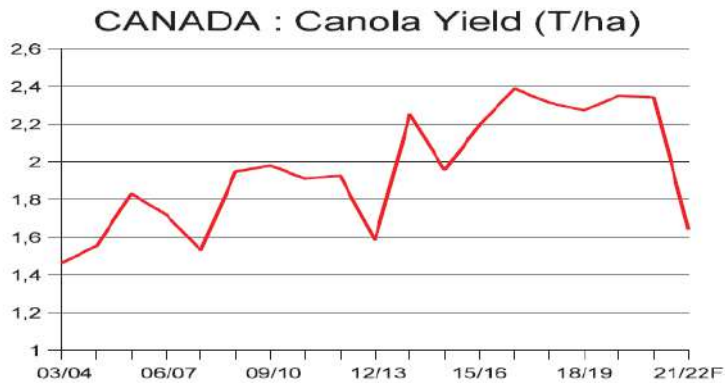
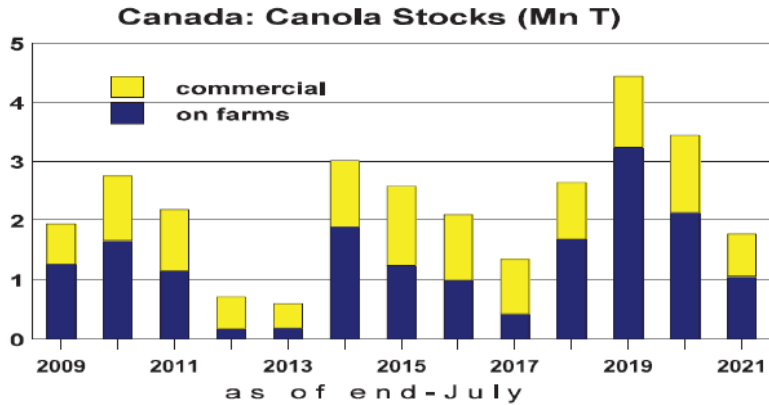
**CNO prices have been under pressure in recent months due to the improvement in production in the Philippines.** Better availability is observed at origin after a very complicated start of the year. Market in Rotterdam was very active in the last weeks.

**In PKO, exports to the EU have fallen after a strong month of July and production is improving.** However, for the nearby, prices increasing because balance remains tight and there is a lack of liquidity in RDM market.



SOURCES: REUTERS / POA / OZINGA & POELMAN TRAFFIC / TSL / HENDRIX

# 4.1 RAPESEED OIL



	21/22F	20/21	19/20	18/19	17/18
Opening stocks	.86*	1.03	1.79	1.91	1.09
Output	16.89*	16.70	15.56	18.05	19.80
Imports (a)	5.90*	6.70	6.08	4.29	4.38
from: Australia	2.85*	2.25	.99	1.34	1.86
Ukraine	2.50*	2.02	2.75	2.17	1.73
Canada	.41*	2.09	2.03	.42	.47
Exports (a)	.27*	.18	.34	.28	.32
Crushings	22.18*	22.82*	21.55	21.65	22.37
Other use	.48*	.57*	.51	.53	.67
Ending stocks	.72*	.86*	1.03	1.79	1.91

(a) Intra-EU trade is excluded.

	21/22F	20/21	19/20	18/19	17/18
Open stocks	.52*	.56	.52	.53	.54
Output	8.86*	9.46*	8.89	9.08	9.24
Imports (b)	.39*	.33*	.51	.49	.38
Exports (b)	.56*	.79*	.47	.26	.29
Disappearance	8.70*	9.04*	8.89	9.32	9.34
for energy	5.30*	5.58*	5.45	5.64	5.67
other (a)	3.40*	3.46*	3.44	3.68	3.67
End. stocks	.51*	.52*	.56	.52	.53

(a) Mainly for food. (b) Intra-EU trade is excluded.

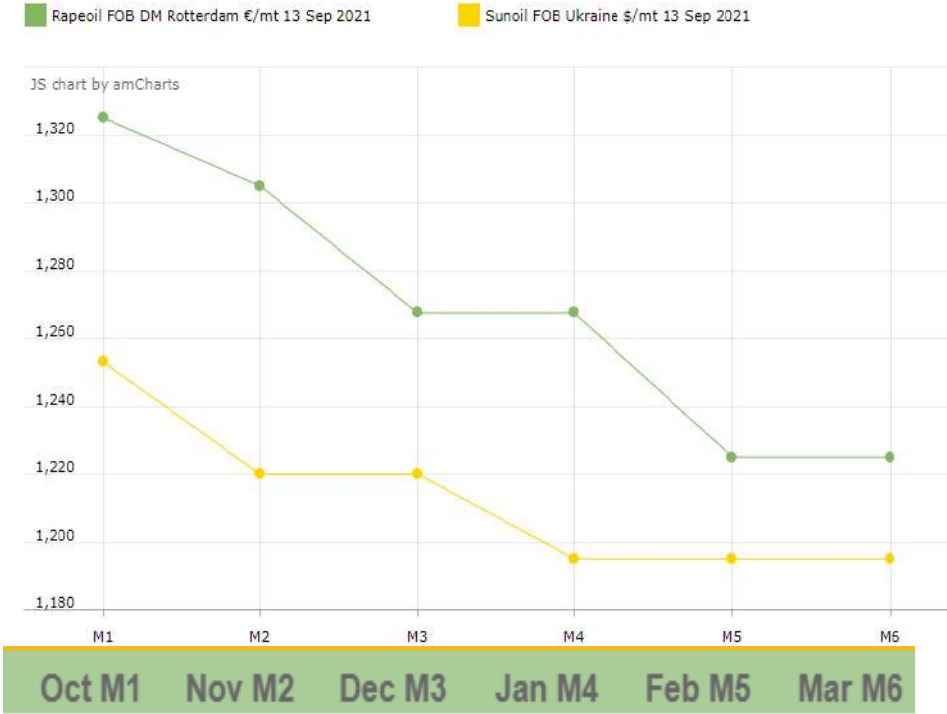
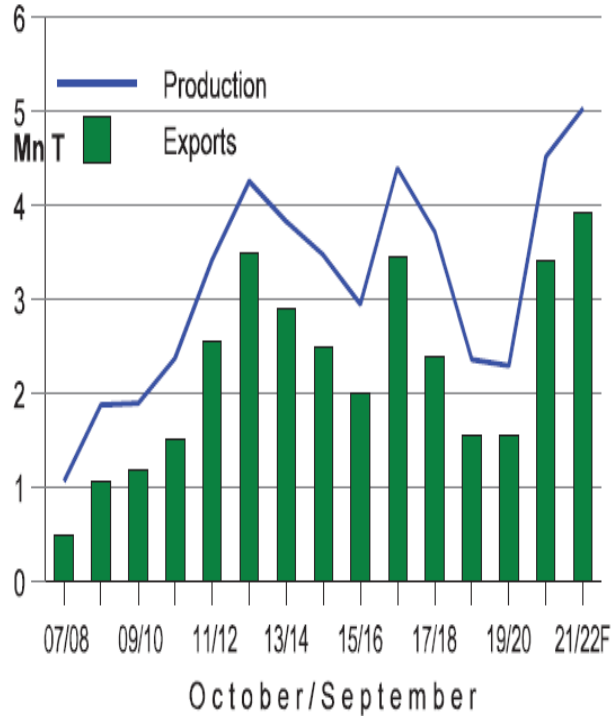
Statistics Canada reduces Canadian canola estimation well below 2020/21 and the USDA estimate, which surprised the market. According to their last report, production will be 12.78 Mts (-13% vs August), 34% below the previous year. According to Oil World, yields so far reportedly turned out even lower than initially expected. In Saskatchewan, yield is expected to fall 46%

European processors are struggling to cover their requirements due to limited supplies of both domestically produced and imported rapeseed available in 2021/22. World balance is really tight and we expect worse estimations in coming weeks.

SOURCES: CRM AGRI / STATISTICS CANADA / OIL WORLD

# 4.2 RAPESEED OIL

**AUSTRALIA: Canola Crop & Exports ( Mn T )**



The fundamentals in the rapeseed market are still bullish. The shortfall in Canada will be partially offset by record production in Australia.

The world balance is very tight and RSO prices should be high enough to generate a rationalization of demand.

SOURCES: STONEX / AGRICENSUS / OIL WORLD

# 5.1 SUNFLOWER OIL

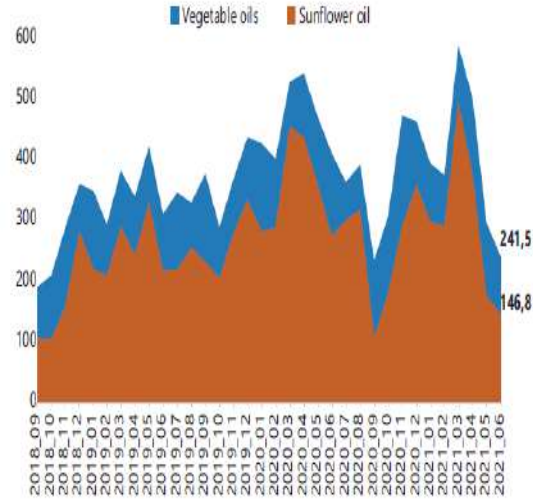


EU COMM. MARS BULLETIN - August					
SUNFLOWER 2021 Yield F.cast (t/ha)					
	2020		2021 F.cast		Change vs.
	Jul	Aug	2020	Jul	2020
EU-27	1.96	2.42	2.39	+21.9%	-1.2%
Romania	1.70	2.74	2.64	+55.3%	-3.6%
Bulgaria	2.10	2.46	2.31	+10.0%	-6.1%
Hungary	2.75	2.76	2.87	+4.4%	+4.0%
France	2.08	2.51	2.56	+23.1%	+2.0%

	EU-27 : Sun Oil Supply & Demand (Mn T)				
	October / September		19/20	18/19	17/18
	21/22F	20/21	19/20	18/19	17/18
Open. stocks ...	.42*	.63	.56	.49	.49
Output .....	3.75*	3.28*	3.70	3.57	3.76
Imports (b) ...	2.50*	1.70*	2.48	2.04	1.57
Exports (b) ...	.85*	.63*	.87	.69	.77
Disappearance	5.22*	4.56*	5.24	4.85	4.56
for energy ..	.60*	.05*	.66	.63	.49
other (a) ...	4.62*	4.51*	4.58	4.22	4.07
End. stocks ...	.60*	.42*	.63	.56	.49

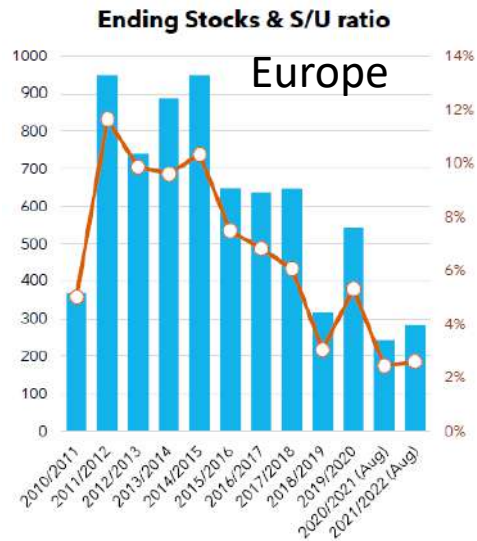
(a) Mainly for food. (b) Intra-EU trade is excluded.

Export of vegetable oils from Russia, thsd tonnes



Supply and demand balances of sunflower oil in Russia

	Supply and demand balances of sunflower oil in Russia			Changes, %	
	2019/20	2020/21	2021/22	2020/21-	2021/22-
	'000 tonnes	'000 tonnes	'000 tonnes	2019/20	2020/21
Beginning stocks	134,4	171	34,7	-87,3%	up 2 t
Production	6 424,2	5 585,5	6 884,3	-13,7%	+23,3%
Imports	0,4	1,1	2,0	up 2,8 t	+81,8%
<b>Total supply</b>	<b>6 539,0</b>	<b>5 603,7</b>	<b>6 921,0</b>	<b>-14,6%</b>	<b>+23,5%</b>
Consumption	2 575,0	2 569,0	2 590,0	-0,2%	+0,8%
Exports	3 966,9	3 000,0	4 258,0	-24,4%	+41,9%
<b>General distribution</b>	<b>6 541,9</b>	<b>5 569,0</b>	<b>6 848,0</b>	<b>-14,9%</b>	<b>+23,0%</b>
Ending stocks	171	34,7	73,0	up 2 t	up 2,1 t
Stocks-to-distribution ratio	0,3%	0,6%	1,1%		
per capita/ year, kg	17,5	17,5	17,6	-0,1%	+0,8%



**Production in Europe would end slightly below expectations, mainly due to worse conditions in the last month in Romania and Bulgaria, partly offset by better yields in France and Hungary. Due to the rapeseed situation and the current price structure, up to 600,000 Mts of SFO could end in the energy sector.**

**Domestic market in Spain and France is very tight.**



**The unique big doubt in the market regarding production is about Russia and the impact of the July / August drought, mainly on the Volga. USDA estimates 15.3 Mts. The final stocks for 20/21 would end slightly above expectations, given the strong rationalization of demand. The 21/22 season will end with 730,000 Mts of oil, which looks good.**

**Sunseed harvesting in Ukraine started later than 2020 but the yields obtained so far are very good and above the previous year. Expectation of 16.5/17.0 Mts. This would imply a strong recovery in the stocks of the main producer worldwide. Delay in harvest and very low farmer selling is creating pressure in the sunflower seed prices (around 600 US\$/MT).**

SOURCES: OIL WORLD / USDA / B.B BODART / APK INFORM / ARETÉ PRO

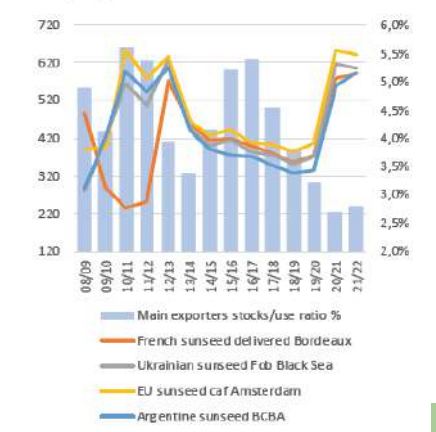
# 5.2 SUNFLOWER OIL



**SUNSEED: World Supply & Demand (Mn T)**

	21/22F	20/21	19/20	18/19
Open'g stocks . . .	2.55*	3.30	3.36	3.28
Production . . . . .	57.89*	50.41	55.63	51.90
EU-27 . . . . .	10.24*	8.82	9.47	9.48
Russia . . . . .	15.80*	13.31	15.38	12.76
Ukraine . . . . .	16.70*	14.10*	16.50*	15.25*
Rep. of S. Africa . .	.74*	.72	.81*	.68
U.S.A. . . . .	.95*	1.35	.89	.96
Argentina . . . . .	3.20*	2.70*	3.00*	3.50*
China,PR. . . . .	2.85*	2.75*	2.68*	2.55*
Turkey . . . . .	1.80*	1.58*	1.70*	1.53*
Total supplies . . . .	60.44*	53.71	58.99	55.18
Crush (Sept/Aug) . .	51.74*	45.80*	50.41	46.87
Other use . . . . .	5.51*	5.36*	5.28	4.95
End'g stocks . . . . .	3.19*	2.55*	3.30	3.36
EU-27 (July 31) . .	.88*	.76*	.90	.85
Russia & Ukraine . .	.65*	.28*	.52*	.71*
Argentina (Sep 30)	.71*	.61*	.93*	.88*
Stocks/usage . . . . .	5.6%	5.0%	5.9%	6.5%

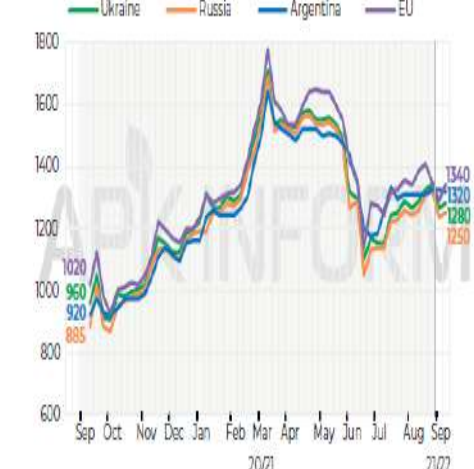
**2.23: SUNSEED STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)**



**Suncoi FOB Ukraine \$/mt 14 Sep 2021** and **Suncoi FOB Six Ports \$/mt 14 Sep 2021**



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

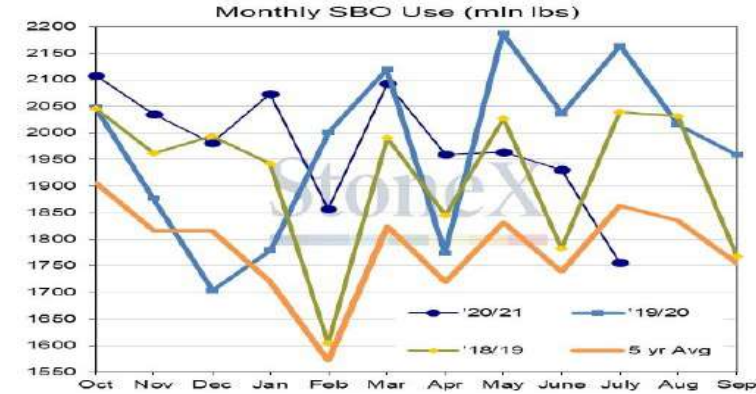
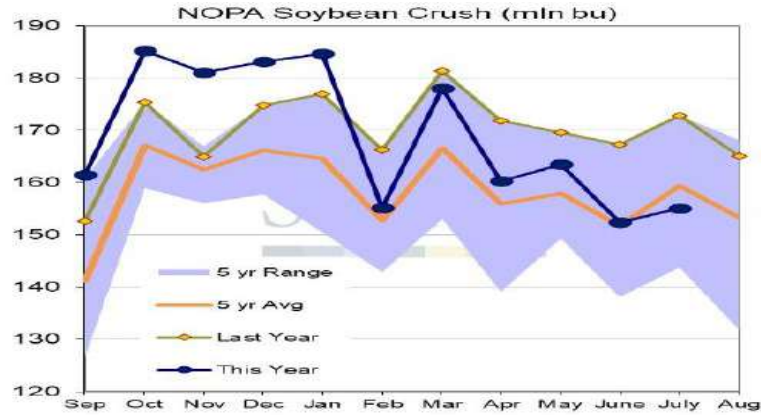


**Exactly the opposite situation to the 20/21 season: SFO will absorb part of the demand of other oils, including in the energy sector.**  
**Harvest progress: Russia 12%; Ukraine 5%; Romania and Bulgaria 25%.**

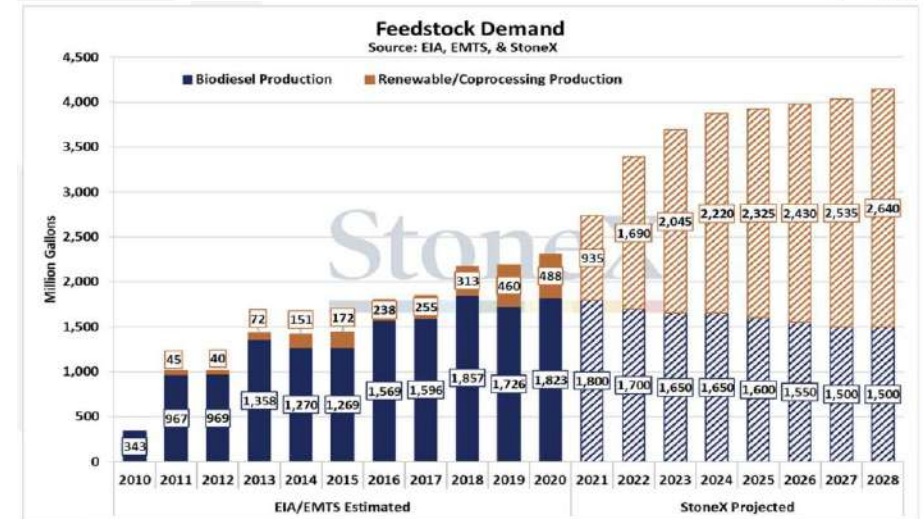
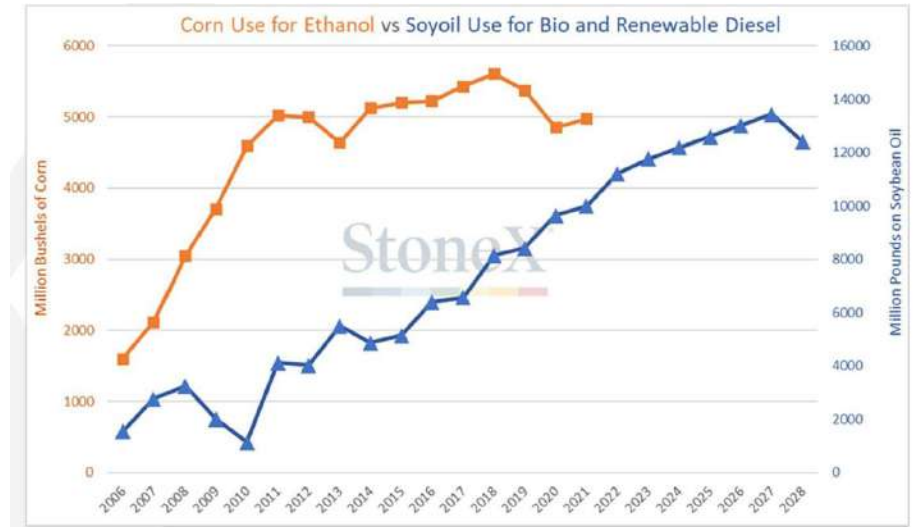
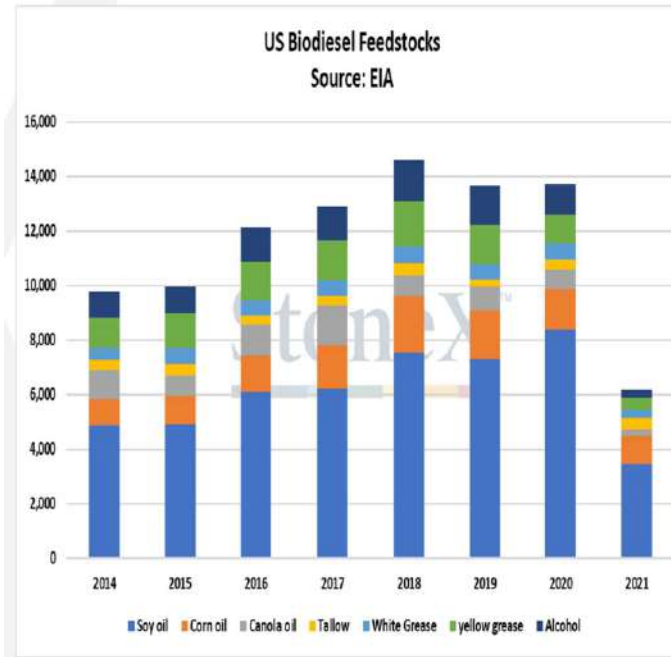
**Current SFO prices are competitive vs. other oils. Until the harvest is done, we can see a nervous market due to the lack of availability. After that, a bit of harvest pressure could appear, if farmer selling improves.**

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

# 6.1 SOYBEAN OIL



Main Feed stock remains soybean oil.. All others also remain in high demand/low supply post COVID.



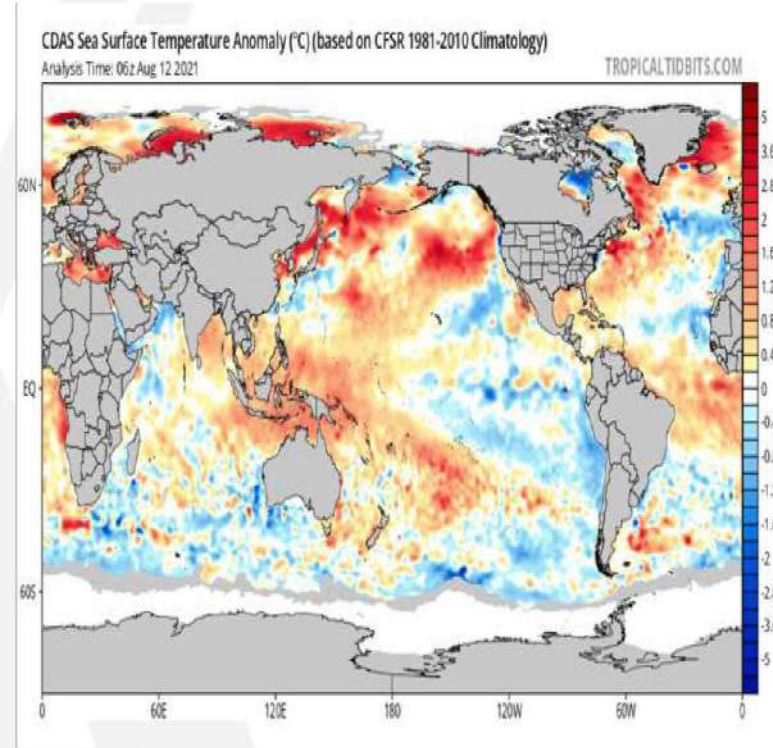
A lot of speculation about US mandates. One of the main drivers in the rise in SBO prices in Chicago had been the policy changes on biofuels in the US. However, the rise in inflation and the lack of raw materials have put a brake. Rumours indicate a reduction in obligations for 2021 and an increase for 2022. Refinery capacity is much larger than the increased feed stock potential, so huge gap remains ..

SOURCES: STONEX / USDA / EIA / NOPA

# 6.2 SOYBEAN OIL



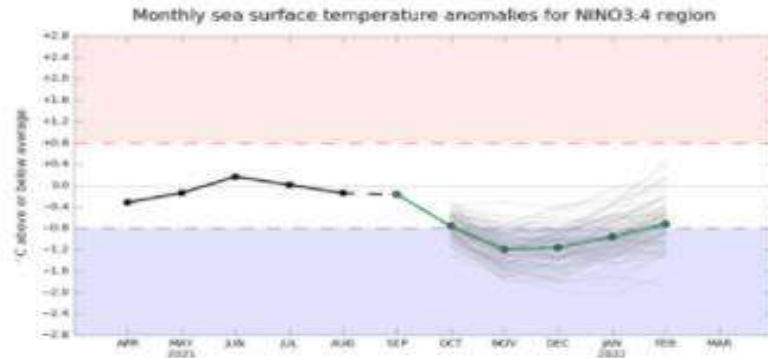
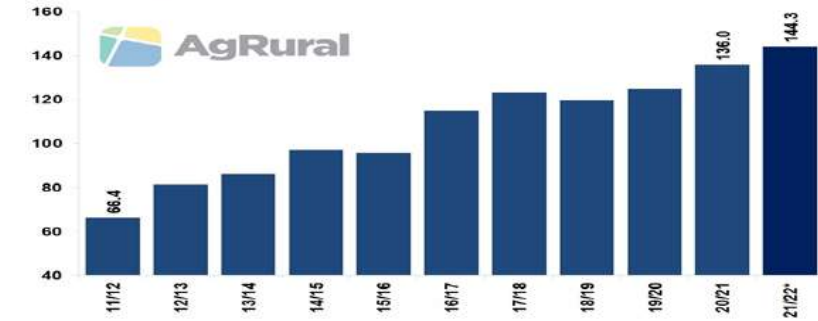
La-Nina comes back...



## SOUTH AMERICA: Soybean Production (Mn T)

	21/22F	20/21	19/20	18/19	17/18
Brazil . . . .	144.50*	137.20*	128.40*	121.60*	123.26
Argentina . .	46.50*	43.80*	49.40*	54.30*	34.80*
Paraguay . .	10.70*	9.30*	10.24	8.52	9.95*
Uruguay . . .	2.56*	2.06*	2.25*	2.98*	1.50*
Bolivia . . . .	3.00*	2.95*	2.83	2.99	2.89
<b>Total . . . .</b>	<b>207.26*</b>	<b>195.31*</b>	193.12	190.39	172.40

BRAZIL Soybean Production



## ARGENTINA: Grain & Oilseed Plantings (Mn ha)

	21/22F	20/21	19/20	18/19	17/18
<b>All Grains</b>	<b>18.97*</b>	<b>18.40*</b>	<b>18.11</b>	<b>17.49</b>	<b>15.94</b>
Wheat . . . . .	6.60*	6.50*	6.30*	6.20*	5.70*
Corn, total . . . .	7.70*	7.40*	7.60*	7.50*	6.90*
Barley . . . . .	1.34*	1.24	1.28	1.36	1.02
Sorghum . . . . .	.95*	.98	.52	.52	.64
Other . . . . .	2.38*	2.28	2.41	1.91	1.68
<b>All Oilseeds</b>	<b>19.21*</b>	<b>19.14*</b>	<b>19.26</b>	<b>19.75</b>	<b>19.86</b>
Soybeans . . . . .	16.65*	16.84*	16.83	17.01	17.26
Sunseed . . . . .	1.65*	1.45*	1.57	1.85*	1.75*
Other . . . . .	.91	.85	.86	.89	.85
<b>Total Plantings</b>	<b>38.18*</b>	<b>37.54*</b>	<b>37.37</b>	<b>37.24</b>	<b>35.80</b>
2nd crop soybeans	5.50*	5.36	5.54	4.40	3.58

Soybean production prospects in South America are now gaining importance. **One of the main risks is “La Niña”, which generally has a negative effect on yields in South America.** However, Oil World has increased its estimation in 1,1 Mts vs previous estimation due to better soil moisture in part of Brazil, Argentina, Uruguay and Paraguay.

**Analysts expect a production in Brazil of 144/145 Mts, with an area growth of around 4.5%. In the case of Argentina, farmer will raise corn planting at the expense of soybean planting which may fall to a multi-year low.**

**Whether in South America and demand both in China and in the US domestic market, as main factors to observe**

SOURCES: STONEX / OIL WORLD / BOM / AGRURAL

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.

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