



LIPSA

April 2022

1. Evolution of reference markets
2. External
3. Palm Oil (CPO)
4. Sunflower oil (SFO)
5. Soybean oil (SBO)
6. Rapeseed oil (RSO)

1. EVOLUTION OF REFERENCE MARKETS

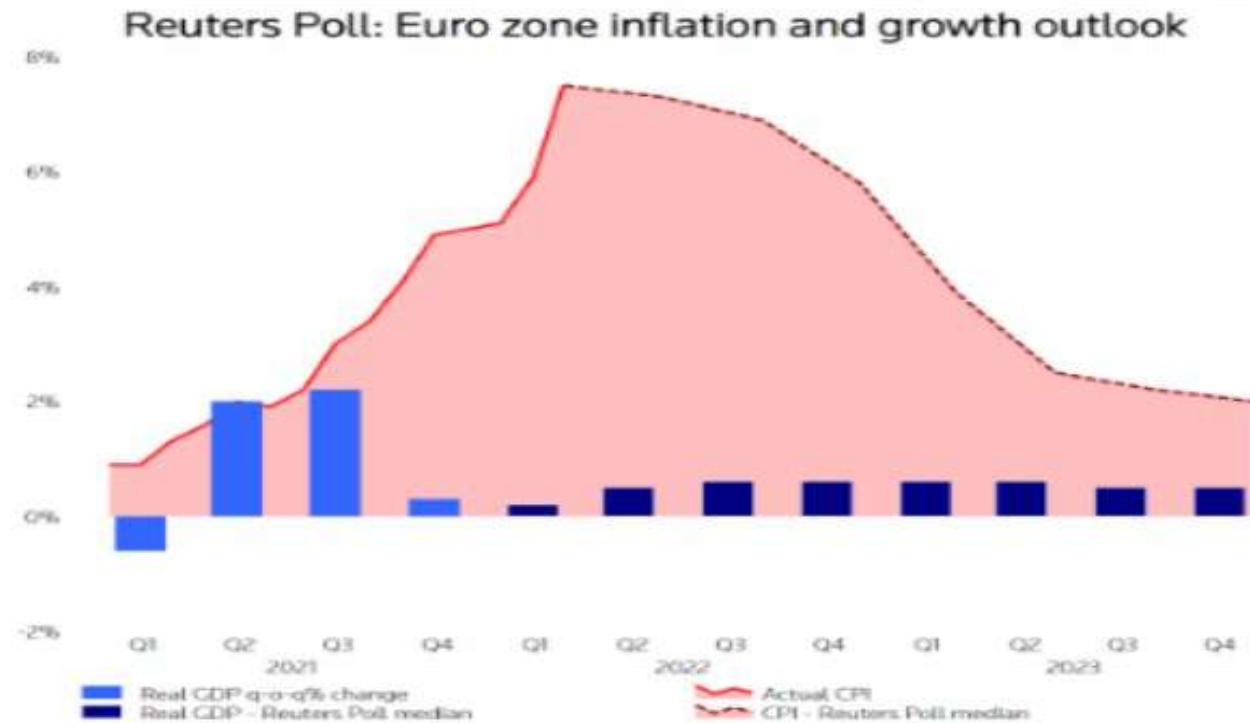


The disruption of sunflower oil exports from the Black Sea due to war in Ukraine has compounded the global vegetable oil shortage. Price making has been geared heavily towards solving this crisis in recent weeks.

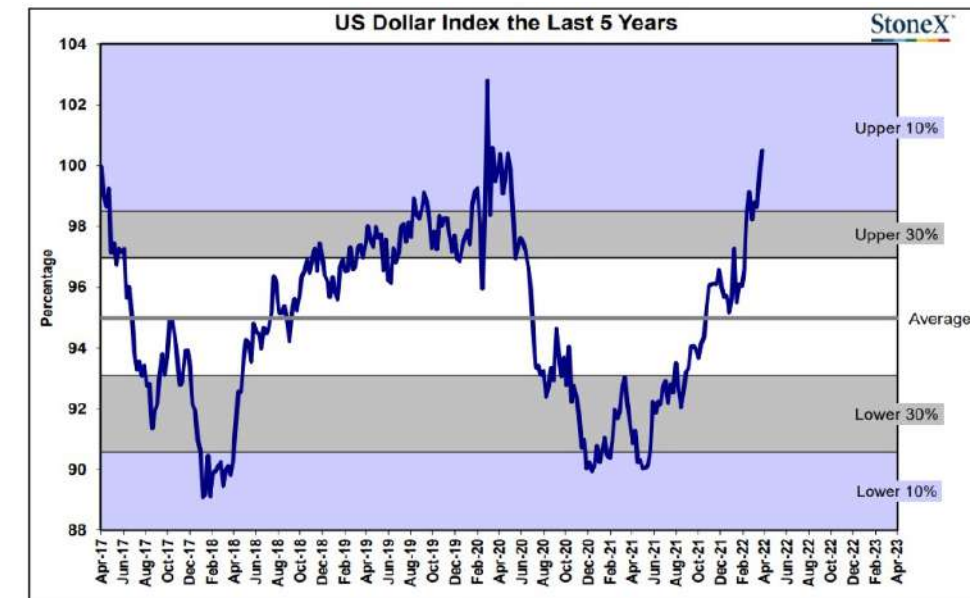
Contribution of soya oil prices to crush value is maximized to ease the global vegetable oil shortage. Planting and growing conditions in the US (and Canada) will be watched closely. The seasonal increase of Malaysian palm oil production has started in March and will accelerate in the months ahead. Indian and China vegetable oil imports may decline due to high prices. Massive volatility in the Palm Oil markets due to announcement of Indonesia exports ban.

SOURCES : REUTERS / OIL WORLD / VESPER / STONEX

2. EXTERNAL



- **Global Economy:** Recession risks are increasing due to soaring inflation, tighter monetary policies and geopolitical context. According a recent Reuters poll, 55% of economist asked see a high or very high chance of stagflation in next 2 years in the eurozone.
- The Euro is weakened by a higher political risk in France.



SOURCES: AGRITEL / STONEX / REUTERS

2. EXTERNAL

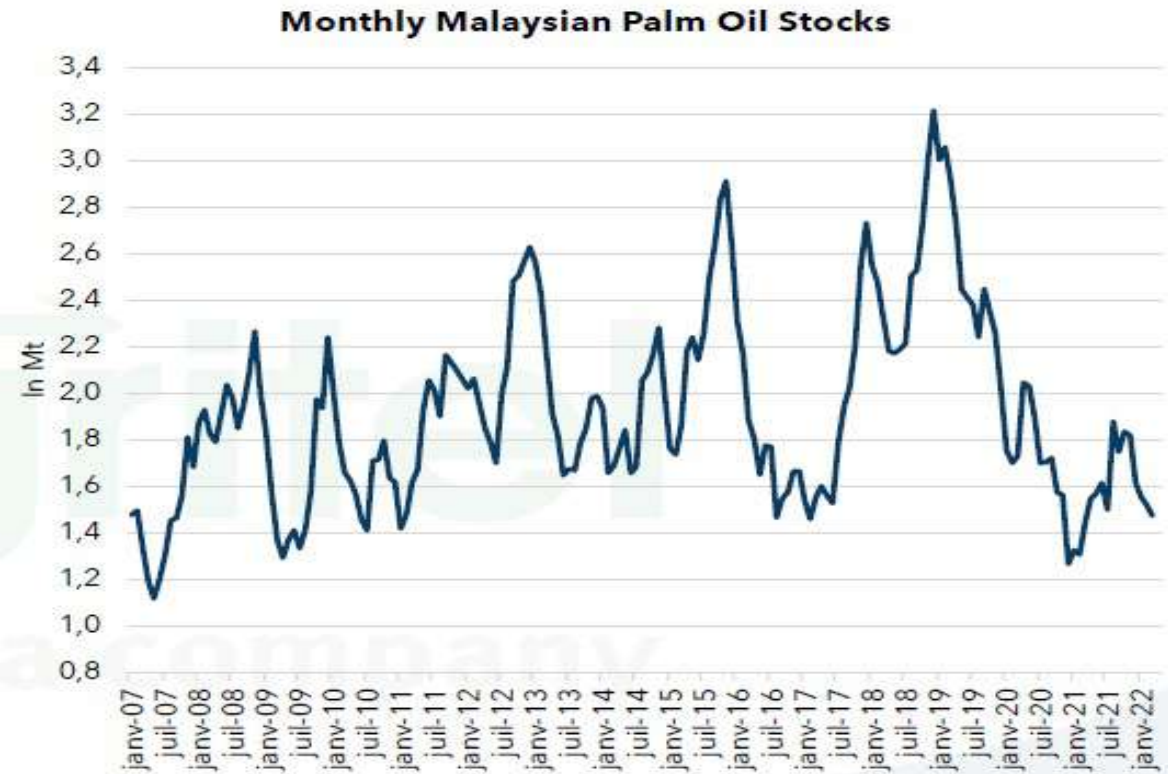
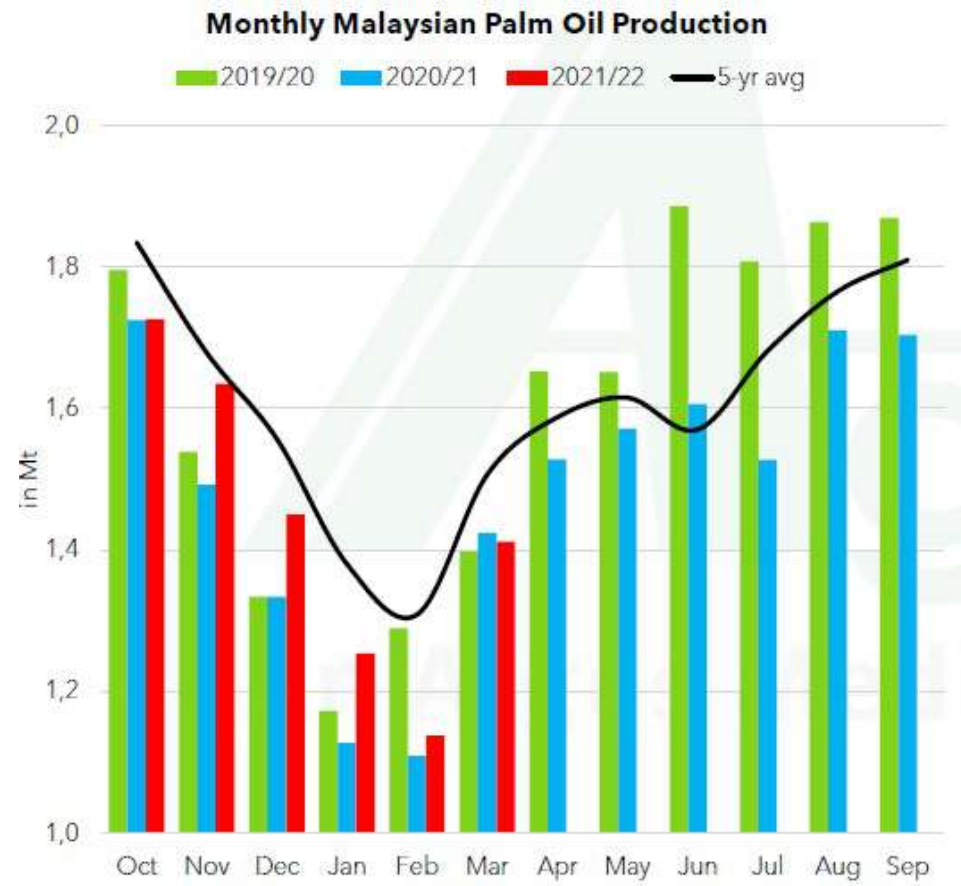


The easing observed the previous week due to the release of strategic reserves in the US and in IEA member countries has not been confirmed.

OPEC said in its monthly report that global demand for 2022 will be curbed due to weaker economic growth and Covid outbreak in China. Oil prices could shoot up to a record \$185 per barrel if the European Union acts to impose a full immediate ban on imports of Russian oil, JPMorgan says.

SOURCES: FUTURES FINVIZ / AGRITEL / VESPER / OIL PRICE

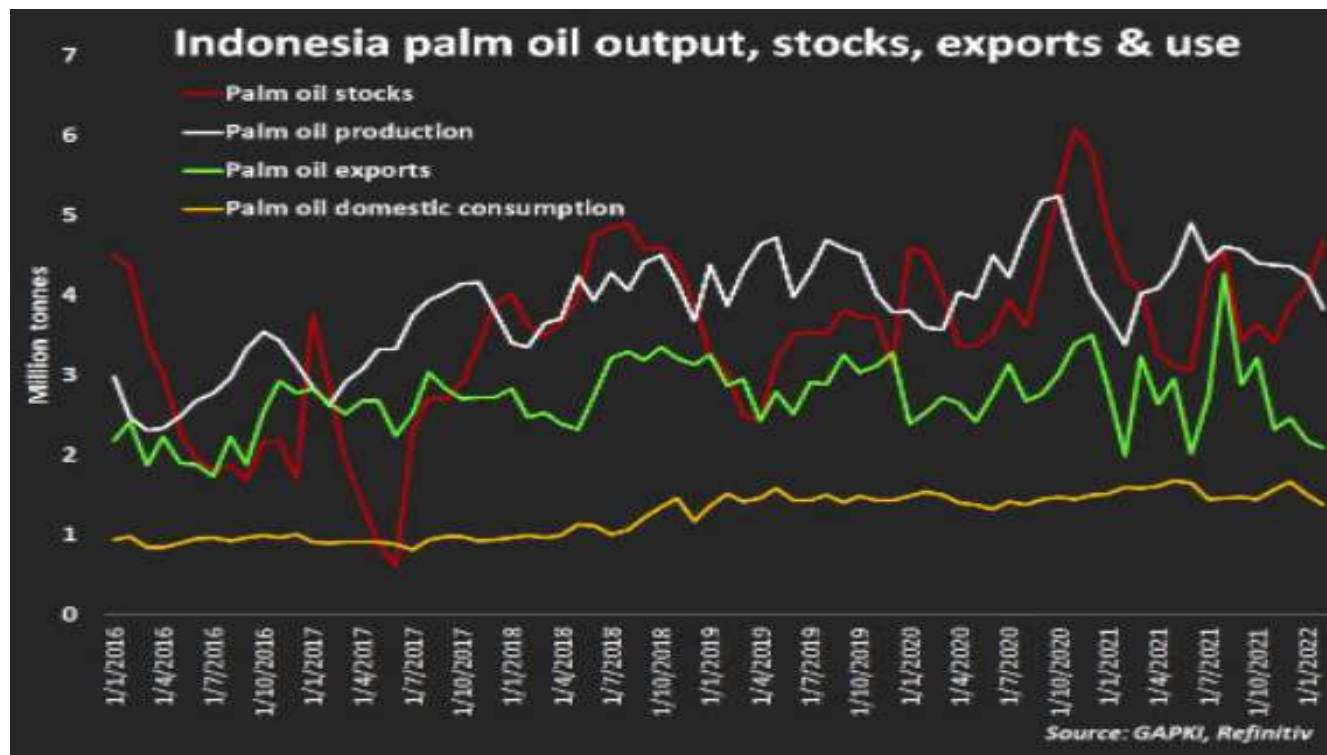
3.1 PALM OIL (CPO)



Despite the drop in production, February ending stocks in Indonesia reached 5.042 million tons, the highest since December 2020 after exports and domestic consumption fell by 3.72% and 8.57% respectively. Stocks were 7.80% higher than January levels and the increase to the same month last year was 25%.

SOURCES: AGRITEL / ARETÉ / GAPKI / BPS / OPRI / MPOB / POA / MEWAGROUP

3.1 PALM OIL (CPO)



MPOB: Malaysia March 2022 data ACTUAL		
	Mar 2022 (in million tons)	% change from Feb
Production	1.411	24.07
Palm Oil Imports	0.085	-43.34
Exports	1.265	14.14
Biodiesel Exports	0.016	-64.60
Local Disappearance	0.276	30.50
End Month Stocks	1.473	-2.99

In millions of tons

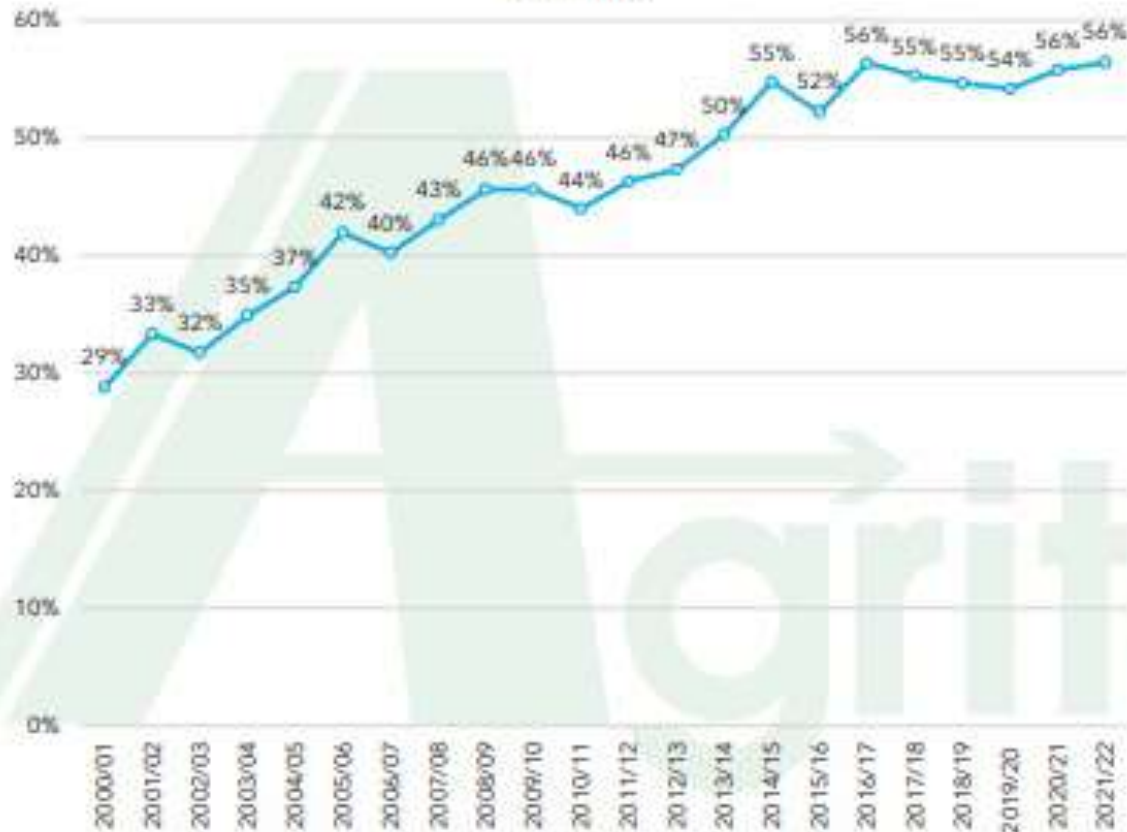
Malaysian palm oil production rose much higher than expected on March, while export volume was within expectation, according to MPOB. Domestic consumption rose 30.50% on Ramadan seasonal demand. Higher supply seen bearish on prices. However, Stocks eased by 3%. Malaysian palm oil stocks of 1.47 Mn T as of April 1 were the second lowest for this time of the year since 2009.

SOURCES: AGRITEL / ARETÉ / GAPKI / BPS / OPRI / MPOB / POA / MEWAGROUP

3.2 PALM OIL (CPO)

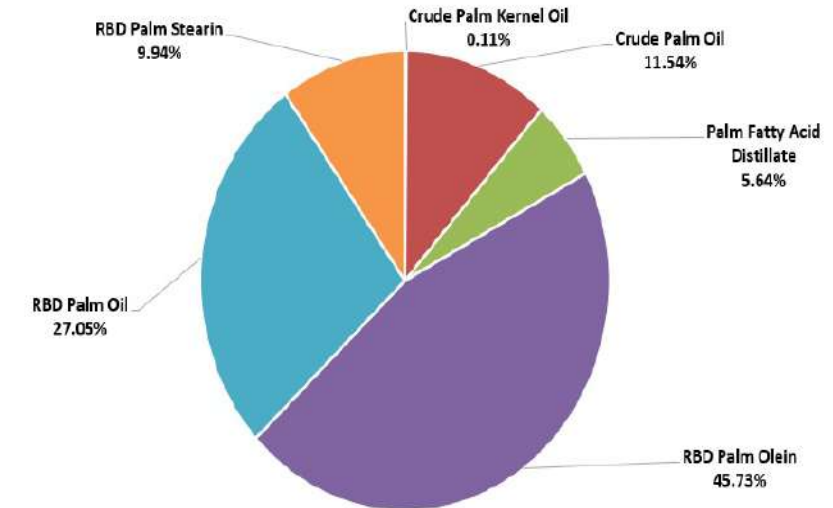


Share of Indonesian palm oil on world Palmoil exports



Indonesia palm oil export share in 2021

(Source: ITS data)



Massive volatility in the Palm Oil markets due to announcement of Indonesia exports ban. Throughout Monday's session the government clarified the export ban announced on Friday, saying it will cover RBD palm olein only for now, which represents about 40% of exports, leaving other palm products like RBD palm oil and CPO free for exports.

Most analyst believe the ban on olein will be temporary. According to Reuters, Indonesia's ban on palm oil exports is unlikely to last more than a month as Jakarta has limited infrastructure to store the surplus oil and the country faces mounting pressure from buyers to resume shipments.

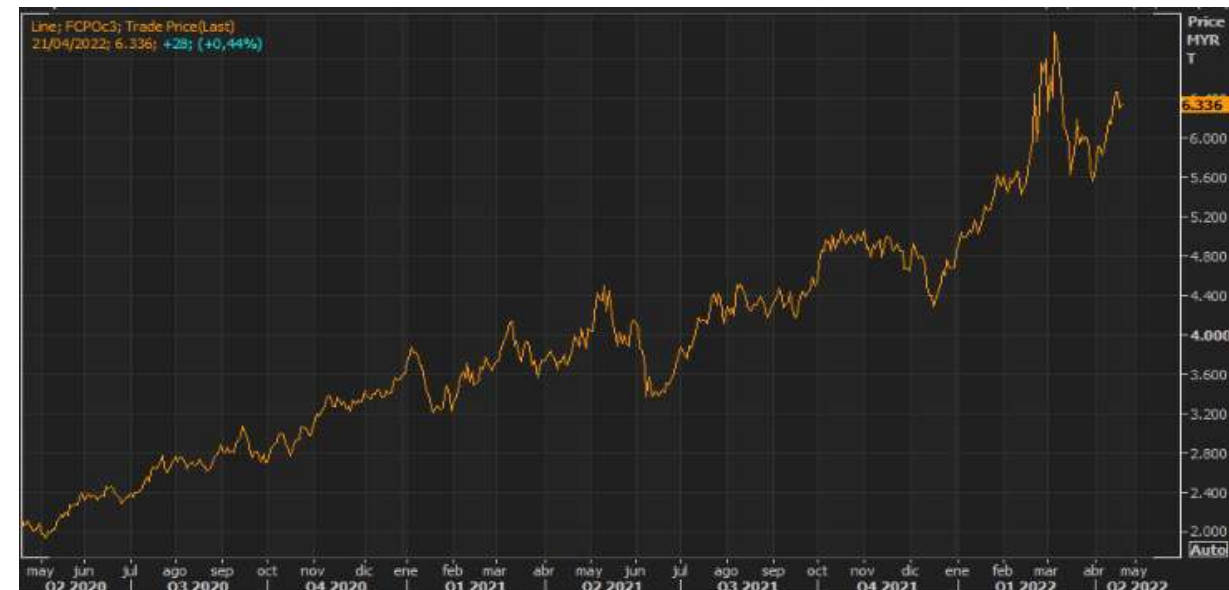
SOURCES: REUTERS / OIL WORLD / VESPER / POA / AGRITEL

3.2 PALM OIL (CPO)

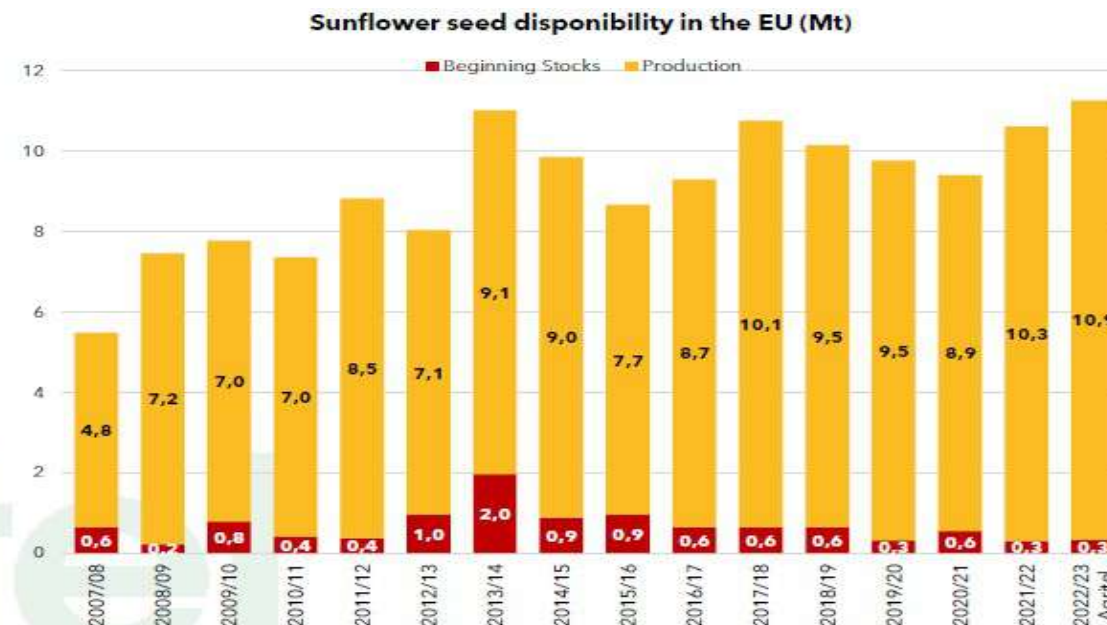
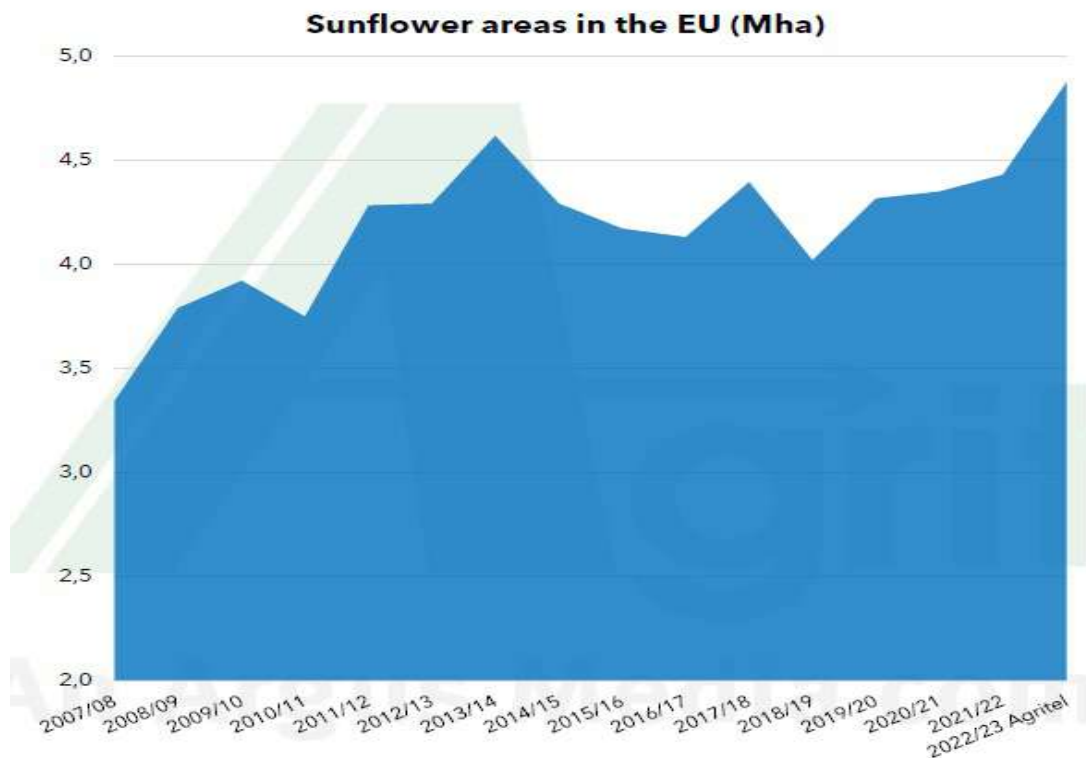


Although many are against it due to sustainability reasons, palm oil seems to become essential to fulfill the European demand for vegetable oil. Many consumers have decided to use palm oil as a replacement for sunflower oil. In the long-term, there seems to be a better supply coming in as production picks up. This might finally put some pressure on the current high prices.

SOURCES: REUTERS / OIL WORLD / VESPER / POA / AGRITEL



4.1 SUNFLOWER OIL (SFO)

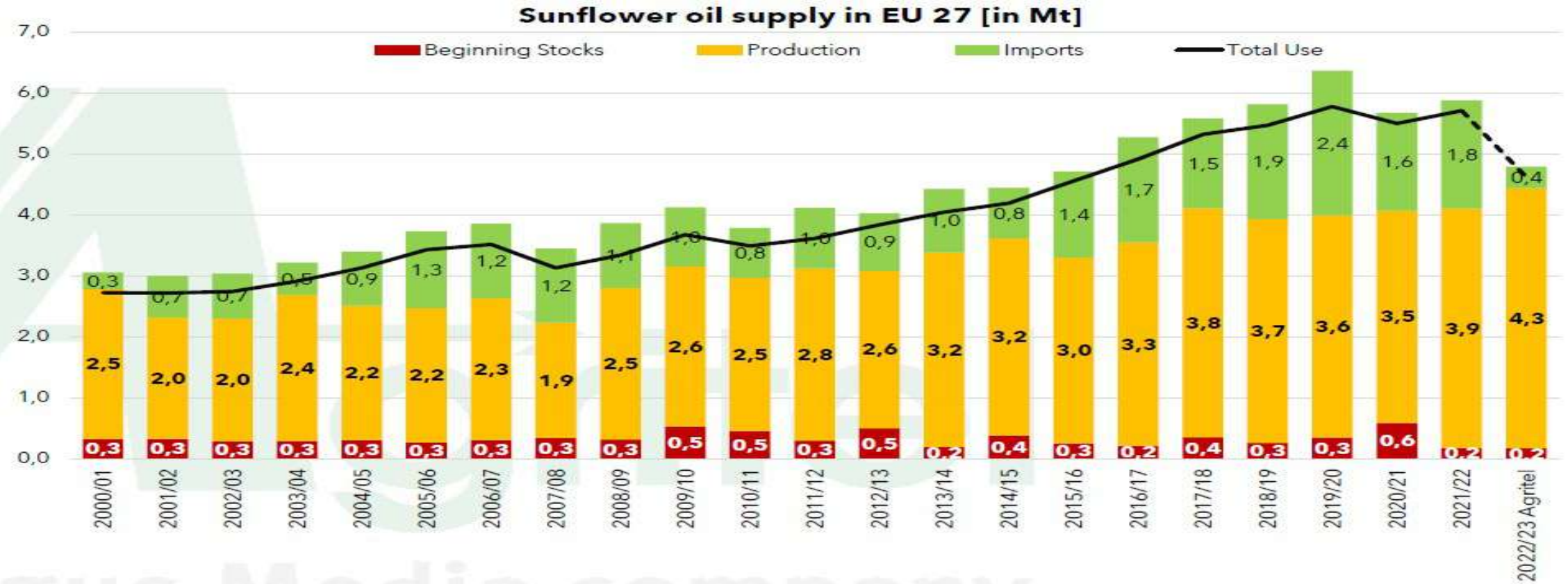


Nitrogen and gas context could hurt corn areas in favor of sunflowerseed areas.

First estimations for 2022/23 expect a significant increase in the EU sunflower area. Problems in some fertilizers supply chain could cause a reduction in area of corn for sunflower.

SOURCES: AGRITEL

4.1 SUNFLOWER OIL (SFO)



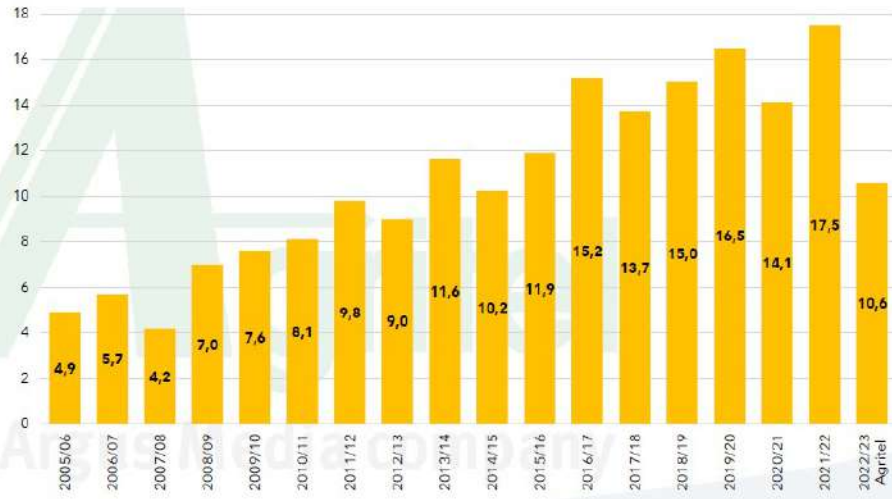
According to Agritel, to maintain EU sunflower oil ending stocks in 2022/23 at 200kt without Ukraine, total uses should drop by 20% according to the supply.

SOURCES: AGRITEL

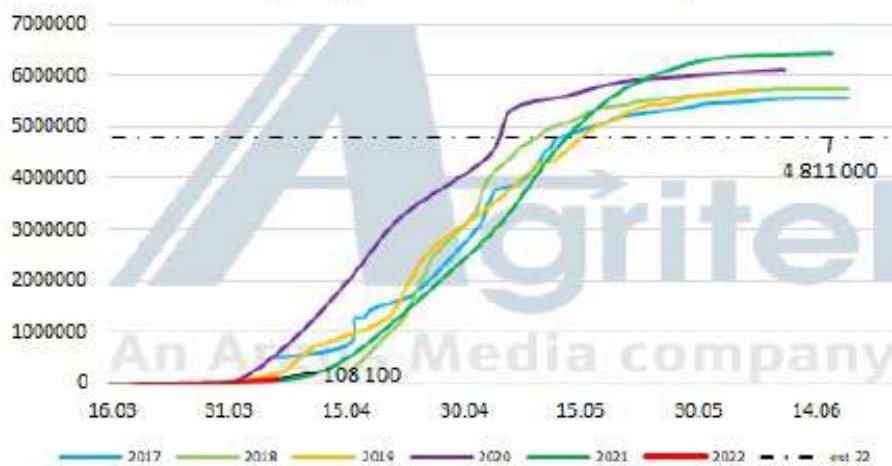
4.2 SUNFLOWER OIL (SFO)



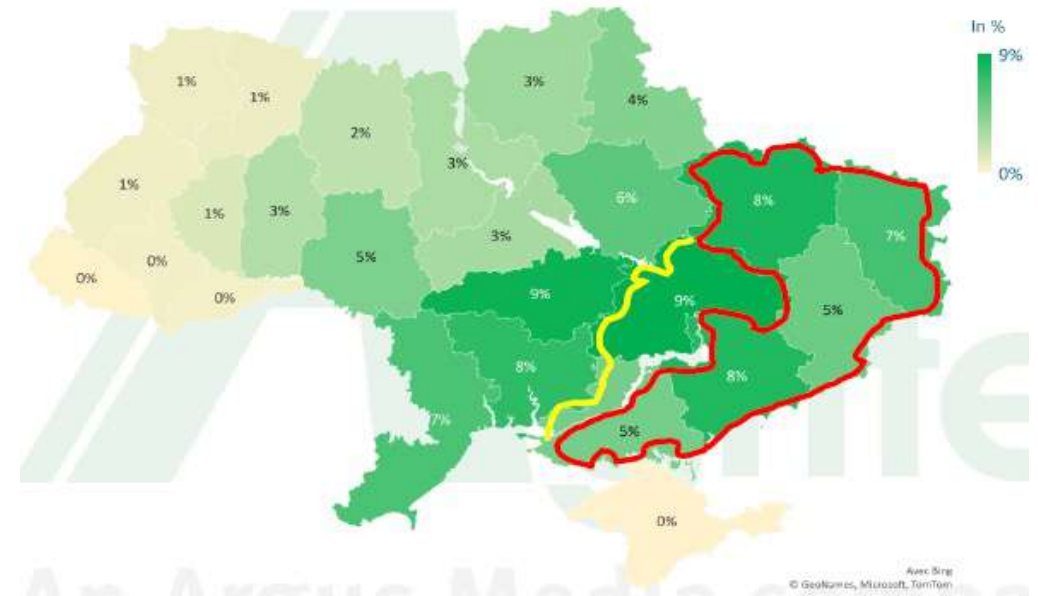
Sunflower seed production in Ukraine [in Mt]



Planting Progress of Sunflower in Ukraine, ha



Ukraine sunflowerseed area in %



To make predictions about sunflower is very complicate due to uncertainty caused by war in Ukraine. According to Oil World, Ukrainian carry over of sunseed for 21/22 could be around 3 MTs. However, it is difficult to know storage conditions and quality: if impossibility of crushing lasts for many months, problems arise, and part of the product can be spoiled.

Pessimistic scenario shows that less than 70% of potential area will be planted with spring crops in Ukraine this year, Taras Vysotsky, First Deputy Minister of Agrarian Policy and Food said on April 10. At the moment, sunflower progressed by 6.7% and was complete on 433,700 hectares.

UKRAGROCONSULT offered projection for Ukraine grain and oilseed production for 2022 based on average of best and worse case scenario. Sunflower seed planted area pegged 4.40 million hectares for 2022-23 compared to 6.75 million in 2021-22 and seed production predicted at 10.38 million tons against 16.48 million in 2021-22 or 37% fall. Agritel estimates 10,6 MTs.

SOURCES: AGRITEL / OIL WORLD / APK INFORM / ATRIA BROKERS / UKRAGROCONSULT / POA

4.3 SUNFLOWER OIL (SFO)



SUNSEED : World Supply & Demand (Mn T)				
	21/22F	20/21	19/20	18/19
Open'g stocks. . . .	2.64	3.35	3.34	3.27
Production	57.87*	50.51	55.68	51.91
EU-27	10.54	8.95	9.47	9.48
Russia	15.40*	13.42*	15.38	12.76
Ukraine	16.80*	13.90*	16.50*	15.25*
Rep. of S. Africa . .	.91	.68	.81*	.68
U.S.A.86	1.35	.89	.96
Argentina	3.20*	2.86*	3.02*	3.50*
Turkey	1.75*	1.58*	1.70*	1.53*
Total supplies	60.51*	53.86	59.02	55.18
Crush (Sept/Aug) . .	48.01*	45.91	50.46	46.90
Other use	5.65*	5.31	5.21	4.94
End'g stocks	6.85*	2.64	3.35	3.34
EU-27 (July 31) . .	.84*	.77	.88	.83
Russia (Aug 31) . .	1.50*	.17*	.38*	.50*
Ukraine (Aug 31) . .	3.00*	.21*	.14*	.21*
Argentina (Sep 30)	.56*	.60*	.95*	.88*
Other countries . .	.95*	.89*	1.00	.92
Stocks/usage	12.8%	5.2%	6.0%	6.4%

Small volumes of Ukrainian sunflower oil are finding their way mainly to Europe via train, truck and/or barges via the Danube's ports, but bulk exports remains very low due to most ports are blocked. Large quantities from Russia are currently offered.

Sunflower oil market is currently lacking transparency owing to few offers and subdued trading activity. Argentine export prices declined by US-\$ 300 in the past three weeks to around US-\$ 2150/ 2100 in order to revive buying interest. The prices for sunflower oil will remain under pressure of large number of the offers on the Ukraine borders, at the same time they might be supported by its deficit on the global market. In the European Union, the sun oil price premium over rapeseed oil has almost disappeared. This is a reflection of the demand destruction.

Price dynamics of sunflower oil (offer, FOB), USD/t



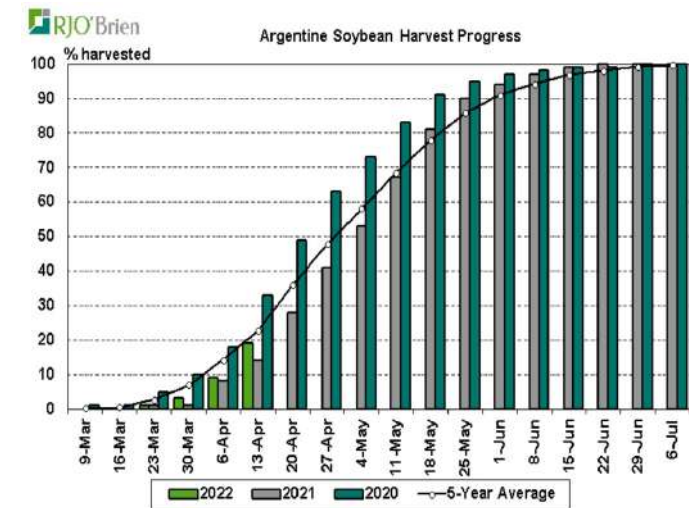
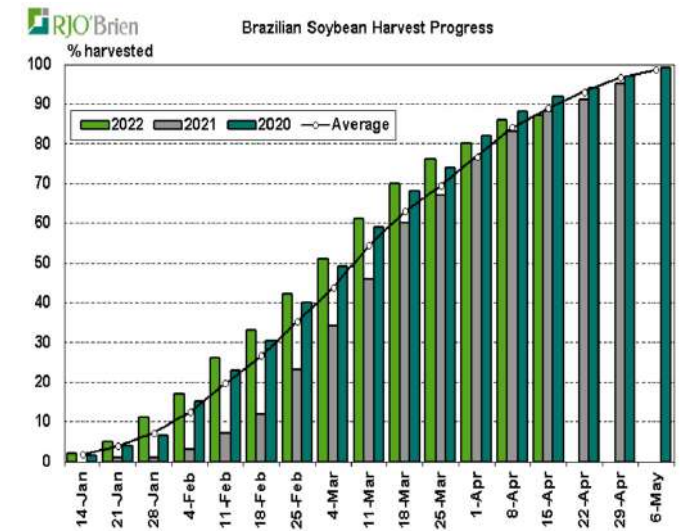
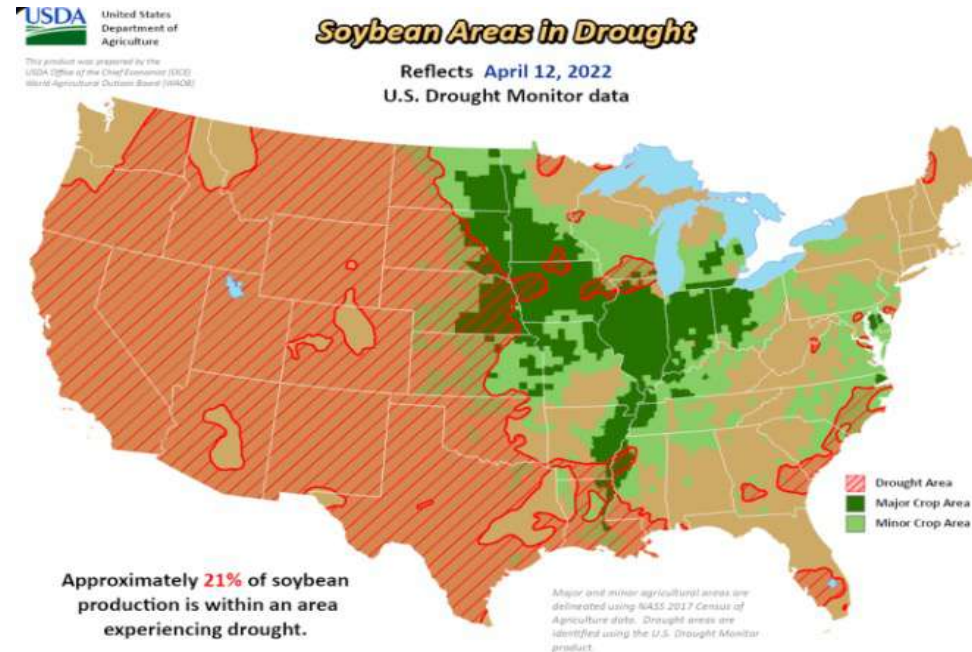
SOURCES: OIL WORLD / APK INFORM / ATRIA BROKERS / UKRAGROCONSULT / POA

5. SOYBEAN OIL (SBO)



SOYBEANS: World Supply and Demand (Mn T)

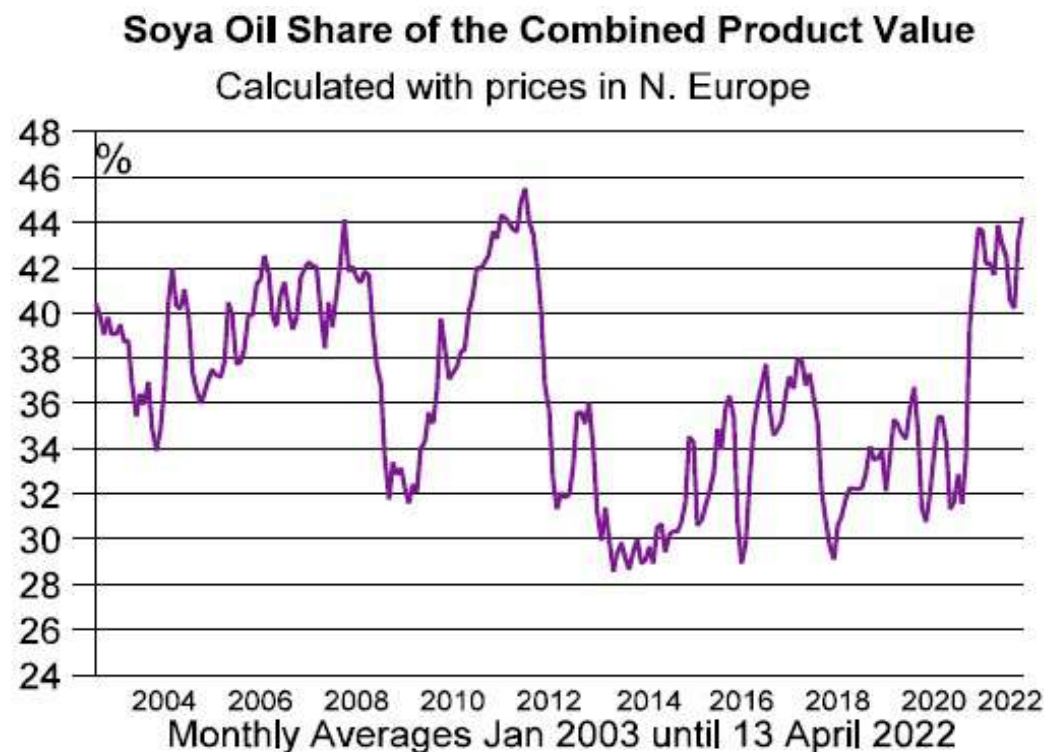
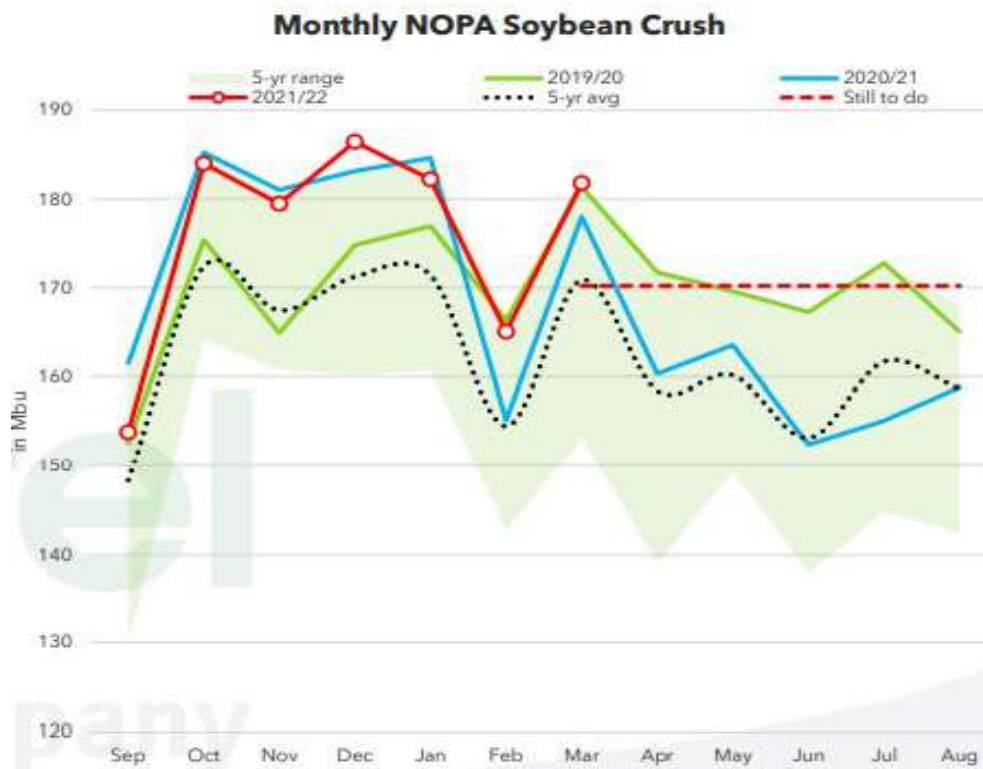
	21/22F	20/21	19/20	18/19
Opening stocks	99.63	97.13	111.83	94.00
Production	348.29*	364.19	340.12	362.37
N. Hemisphere	170.73*	164.22	144.85	169.95
EU-27	2.90	2.63	2.75	2.84
Russia	4.90*	4.54*	4.51*	4.12
Ukraine	3.20*	3.10*	4.70*	4.80*
Canada	6.27	6.36	6.15	7.42
U.S.A.	120.71	114.75	96.67	120.51
China, P.R.	16.40	17.85	15.97	14.34
India	10.60*	9.30*	8.50*	10.50*
S. Hemisphere	177.56*	199.97	195.27	192.42
Argentina	40.50*	43.80*	49.40*	54.30*
Brazil	125.50*	138.80*	128.60*	121.80*
Paraguay	3.75*	9.54*	10.24	8.52
Uruguay	2.30*	1.85*	2.25*	2.98*
Total supply	447.92*	461.32	451.95	456.37
Crush (Sept/Aug)	320.40*	316.14	310.86	302.09
Other use	46.72*	45.55	43.96	42.45
Ending stocks	80.80*	99.63	97.13	111.83
U.S.A. Aug 31	7.60*	6.99	14.28	24.74
Argentina Aug 31	29.00*	34.10*	32.94*	32.90*
Brazil Aug 31	26.40*	34.47*	25.22*	37.76*
Other countries	17.80*	24.07*	24.69*	16.43*
Stocks/usage	22.0%	27.5%	27.4%	32.5%



Soybean crop harvest is done 27% in Argentina and 87% in Brazil 87%. Soybean production in the United States will be essential to rebuild world stocks of oilseeds. Planting is starting with normal/good conditions. Oil World estimates Stock / Consumption ratio in 21/22 at 22%, the lowest in the last 10 seasons, despite of retraction in demand from China.

SOURCES: OIL WORLD / USDA / CONAB / BCR / RJO OBRIEN

5. SOYBEAN OIL (SBO)



Soya oil prices rallied by 5% in South America and by 6–7% in the US during last week. Strike in Argentina was finally solved. On the CBOT, the soya oil share of the combined product value increased to a high of 46% on April 13 and also on the year European cash market **oil is financing an unusually large share of the crush**. The price spread between soya oil and meal may have almost reached its limits.

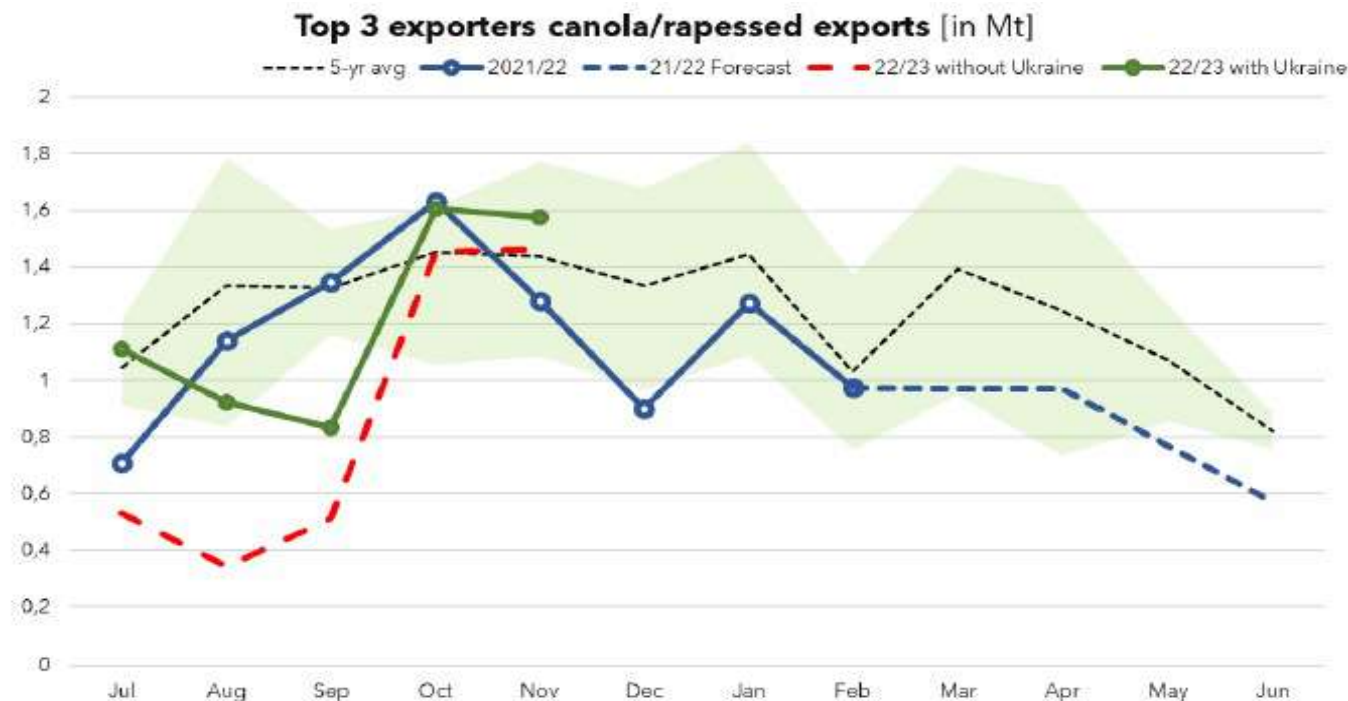
High soya oil prices have created favorable crush margins recently. This kept US soybean crushings on a near-record level in March. **The global supply constraints in soybeans and strong product demand are bullish for soybeans but uncertainty about the demand from China is bearish.**

SOURCES: OIL WORLD / USDA / CONAB / BCR / RJO OBRIEN

6. RAPESEED OIL (RSO)

RAPESEED & CANOLA: World Production (Mn T)

	22/23F	21/22	20/21	19/20	18/19
EU-27	18.64*	17.10	16.94	15.56	18.05
U.K.	1.19*	.98*	1.04	1.75	2.01
Russia	2.55*	2.88*	2.57	2.06	1.99
Ukraine ...	2.40*	3.10*	2.70*	3.48*	2.88*
Canada ...	20.00*	12.90*	19.49	19.91	20.72
U.S.A.	1.76*	1.28*	1.63*	1.55	1.64
S. America.	.70*	.65*	.46*	.40	.43
China, PR .	6.00*	6.20*	6.00*	5.70*	5.30*
India.	10.10*	10.50*	8.55*	7.40*	7.55*
Australia ..	5.00*	6.78*	4.52	2.30	2.37
Oth. ctrs. ...	2.80*	2.85*	2.74*	2.85*	2.77*
WORLD...	71.14*	65.22	66.64	62.96	65.71



Unusually tight supplies is expected in Apr/Jun 2022. From June to September the situation will be very tight if case of no Ukraine on the Market. According to Oil World, the severe global supply shortage of rapeseed & canola is likely to ease in 2022/23. This has created unusually large premiums of nearby prices over the deferred positions. World production is estimated at 71,14 MTs (+9.1%) assuming normal/good weather conditions.

SOURCES: OIL WORLD / AGRITEL / WAGW / AGRICENSUS / REUTERS / STATSCAN

6. RAPESEED OIL (RSO)

3-Month Outlook

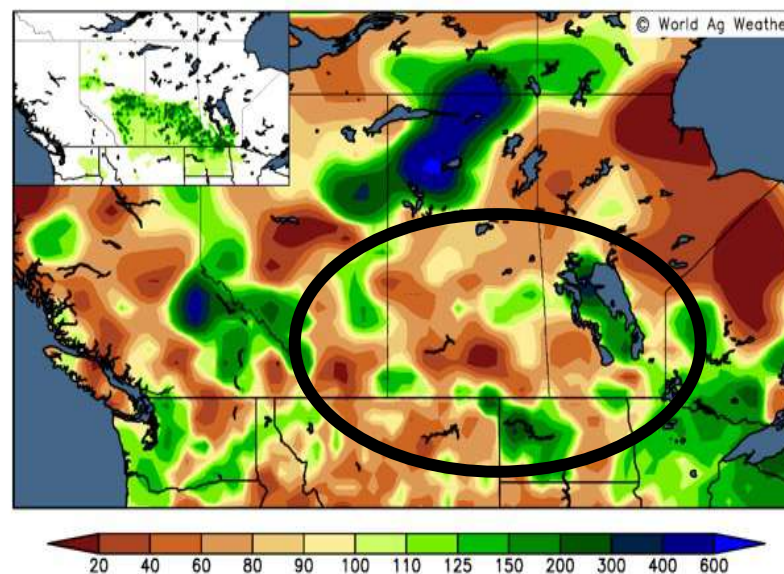


- Supported by the Sun oil.
- Tight situation on EU Balance sheet on the new crop in case of no Ukraine.
- Impact of the war to monitor for 22, without Ukraine situation is tighter compare to this year.
- Spread with canola is enough high.

Weather in the northern hemisphere as well as actual plantings in Australia and Canada the key swing factors to watch in coming weeks. However, market was surprised with Canada 2022 canola seeding intentions -7.0% to 20.9 mln acres, vs 22.5 mln acres in 2021, according last report issued by Statistics Canada, Despite high prices and strong global demand for oilseeds.

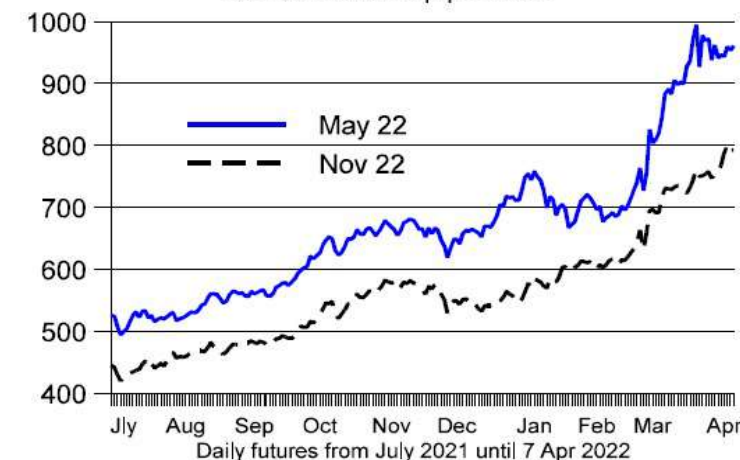
Observed Precipitation (percent of normal)

Canola Production Shown Inset
60 days ending 17 April 2022



MATIF : Daily Rapeseed Futures (EUR/T)

old- and new-crop positions



SOURCES: OIL WORLD / AGRITEL / WAGW / AGRICENSUS / REUTERS / STATSCAN

The background is a black and white photograph of an industrial facility, likely a vegetable oil processing plant. It features several large, cylindrical storage tanks, a complex network of pipes and walkways, and a large white tanker truck parked on the left. The sky is overcast with dramatic, low-angle light rays filtering through the clouds. The LIPSA logo is centered in the upper half of the image.

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