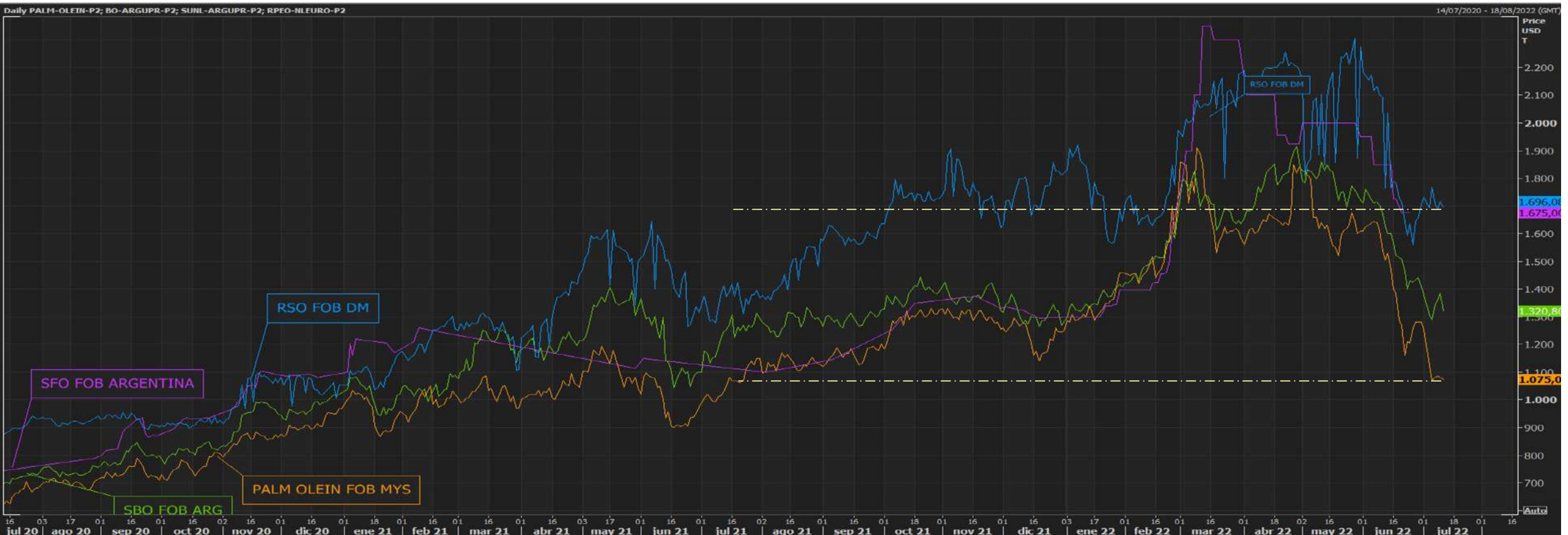




LIPSA

July 2022

1.1. Prices fall to pre-war levels



The price-driven demand destruction from the record prices in vegetable oils was more severe than expected, and the negative macroeconomic scenario, heavy fund selling and weakening energy prices have generated strong downward pressure on oil prices.

Recent steep price decline in palm oil and soya oil appears to be overdone.

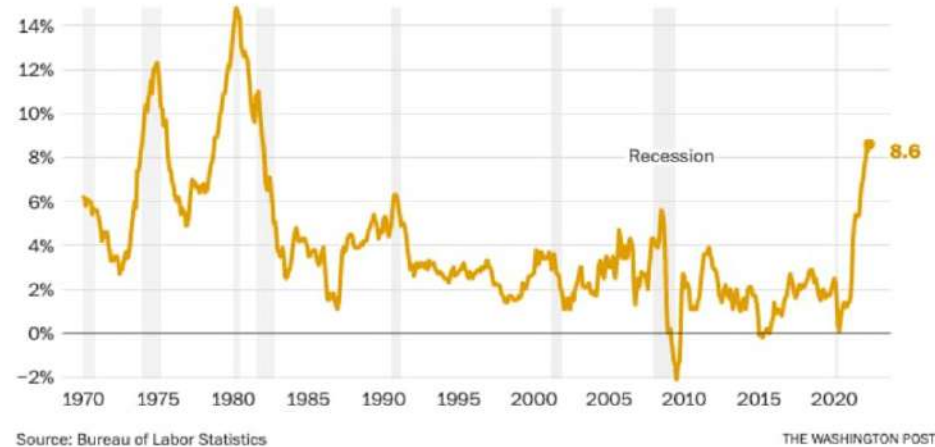
North American grain and oilseed crops will enter critical stages of development. Also, the developments of weather and crop conditions in Canada, Russia, Ukraine and the European Union will be closely monitored.

SOURCES: REUT

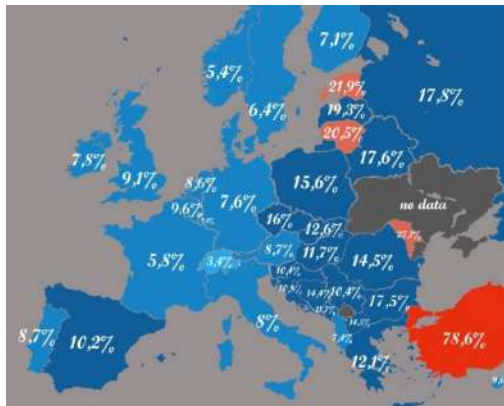
SOURCES: REUTERS

2.1. Rising interest rates → Fall of commodities

Inflation remains at 40-year high



Eurozone inflation in June surged to 8.6% y/y vs. 8.4% expected



Interests Rates Vs. Commodities

When interest rates increase, commodities prices decrease; when interest rates decrease, commodities prices increase. This is because of the cost of carry—the costs associated with holding inventory.

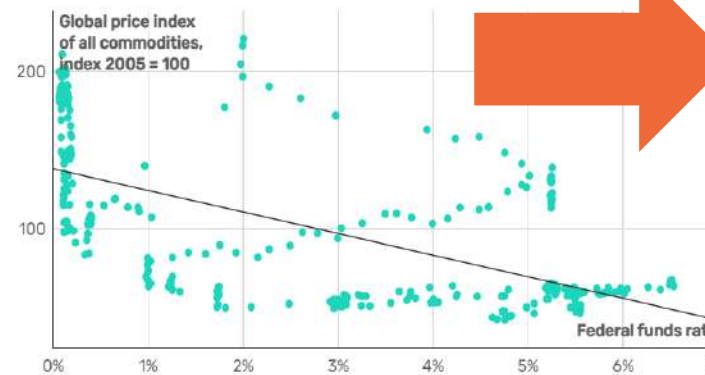
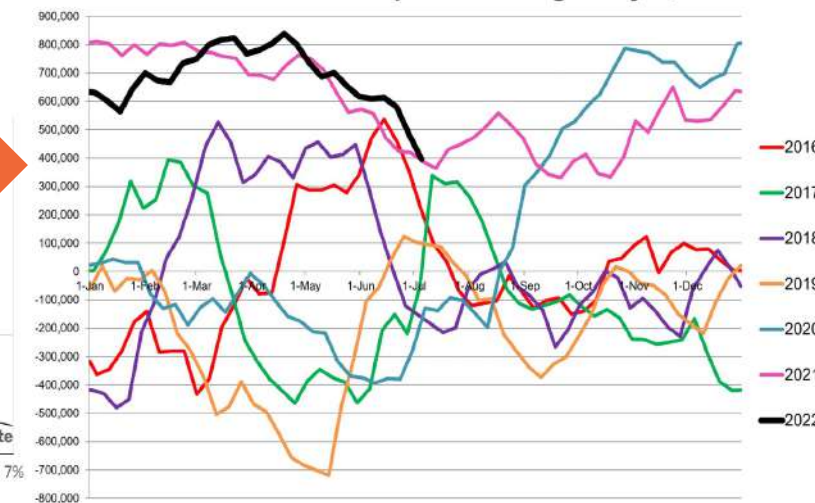


Chart: The Balance • Source: St. Louis Fed

Money managers' combined net position in grain and oilseed* futures and options through July 5, 2022



*Includes CBOT corn, soybeans, wheat, soybean meal, soybean oil, K.C. wheat and MGEX wheat
Data source: Refinitiv Eikon/CFTC

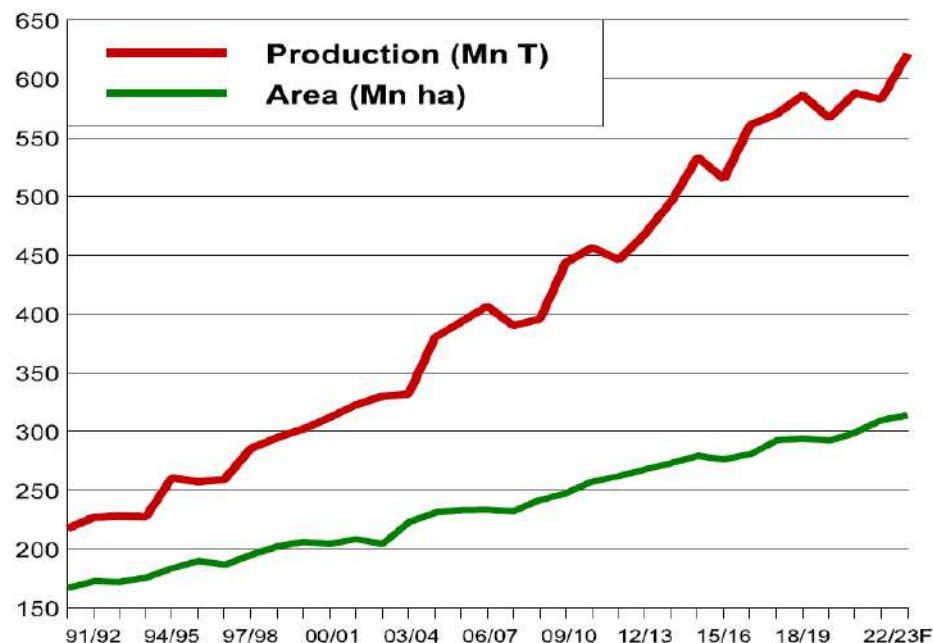
@kannbw

The biggest interest rate hike since 1994 was announced by the FED, in response to the worst inflation data in 40 years (9,1% in June), with a strong effect on commodities in general.

SOURCES: BLS/THE WASHINGTON POST/AGRITEL/ST LOUIS FED/K BRAUM

3. Big recovery in oilseed production in 2022/23?

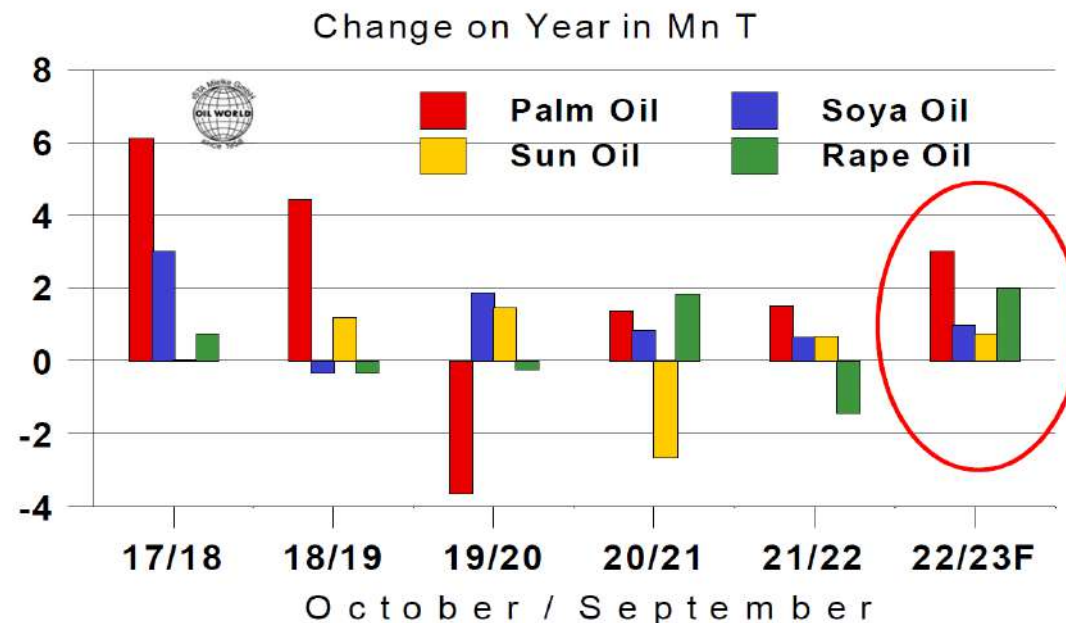
10 Oilseeds: World Area and Production



World oilseed production in the 22/23 season is estimated at 620.5 Mts (+35.8 Mts vs. 21/22): practically all the growth comes from soybean, while the expected increase in rapeseed offsets the losses in sunflower.

Stocks are expected to grow by 12.3 Mts: the big question is how much of these stocks will be available for the market.

World Production of 4 Major Oils



For the first time since 17/18, we expect a growth in the production of the 4 main oils.

Focus on:

- Northern Hemisphere Weather (Jul/Aug)
- Weather in South America (Nov/Feb)
- War in Ukraine and its effects on world trade
- Palm exports and mandates
- Macroeconomic Context

SOURCES: OIL WORLD

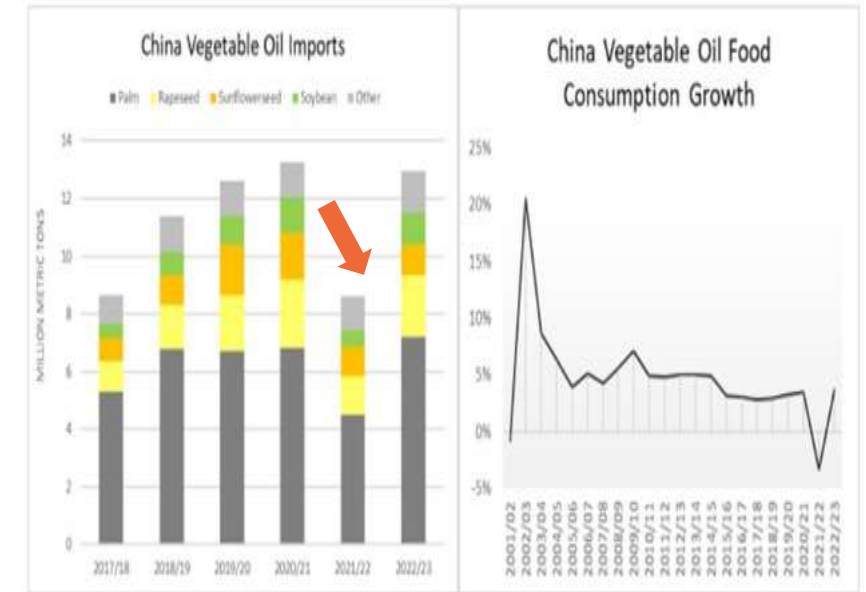
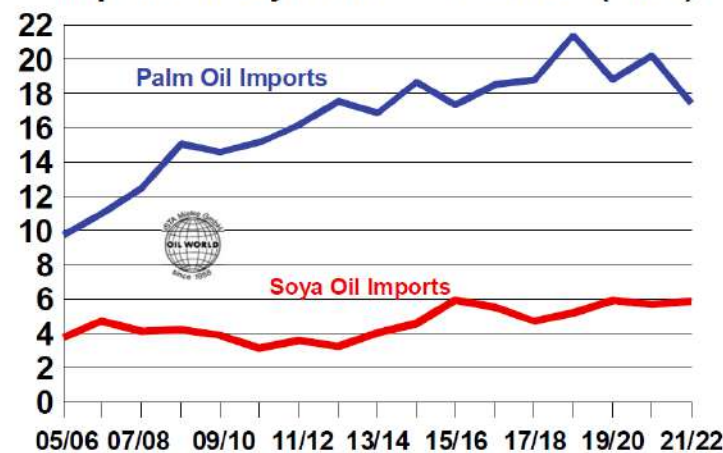
4. Demand hit hard by high prices

CHINA, P.R. : Imports of 17 Oils & Fats

(1000 T)	Jan/May		Oct/May	
	2022	2021	21/22	20/21
Soya oil	94	448	166	630
Groundnut oil . .	49	197	76	290
Sunflower oil . .	240	816	451	1384
Rapeseed oil . .	476	1245	734	1717
Palm oil	1102	2575	2847	4703
Palmkern oil . . .	160	216	386	452
Coconut oil . . .	94	77	146	126
Castor oil	129	154	192	241
Tallow&Grease	12	53	27	88
Other oils/fats . .	121	152	170	226
Total	2477	5933	5195	9857

7 Asian Countries (a)

Imports of Soybean Oil & Palm Oil (Mn T)



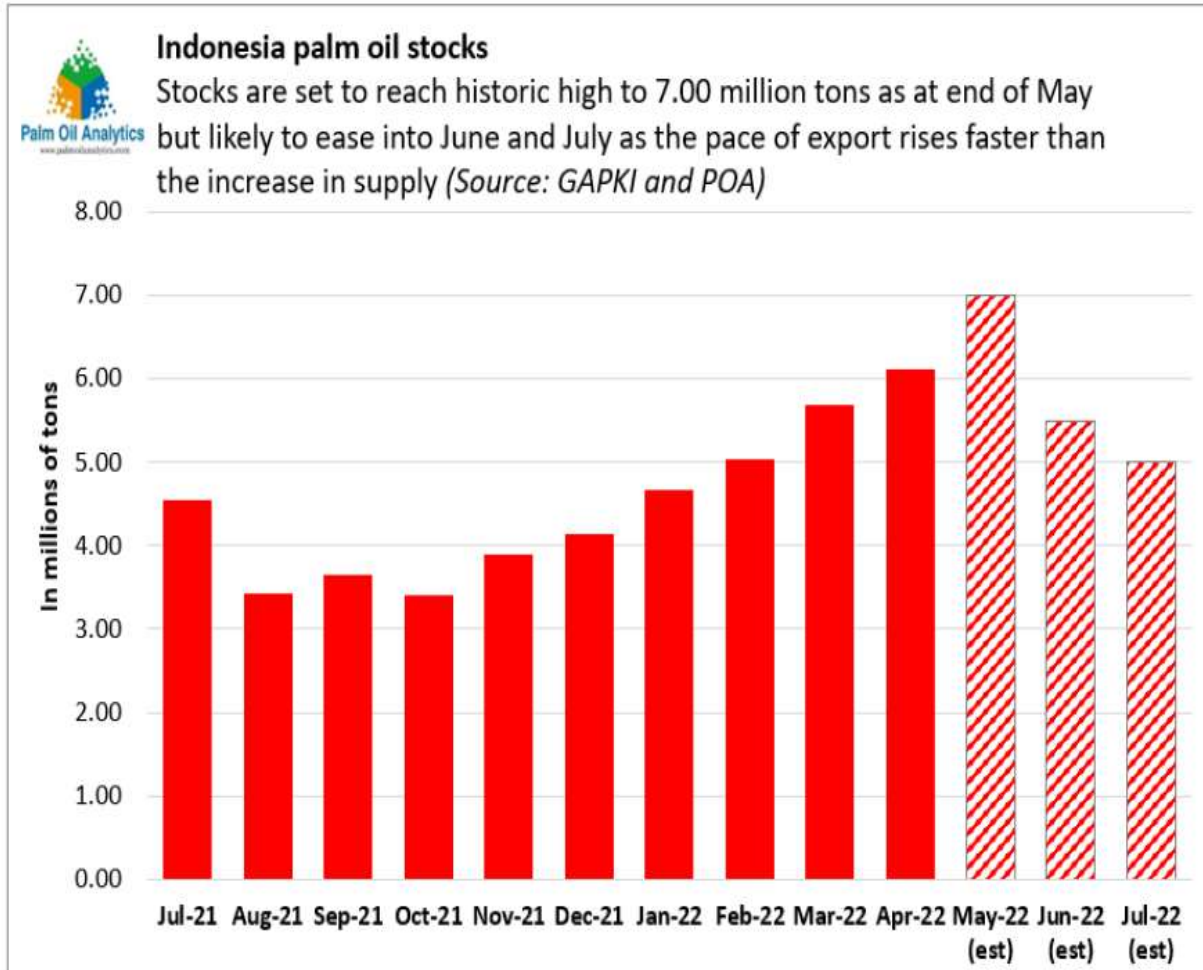
INDIA: Imports of 5 Major Veg. Oils (1000 T)

	June		April/June		Oct/June	
	2022p	2021	2022p	2021	21/22p	20/21
Soya oil	231	300	920	761	3192	2392
Sunflower oil	120	202	306	527	1509	1619
Rapeseed oil	-	1	.	2	33	4
Palm oil	637	612	1851	2093	5524	6125
Palmkern oil . .	4	12	18	41	52	129
Total	992	1127	3095	3424	10310	10269

Imports and consumption of oilseeds and vegetable oils in China have been seriously affected by COVID-related restrictions, slowing economic growth, and higher global commodity prices. While stocks have fallen, the main reason is demand destruction, primarily in the human consumption sector. With prices falling in recent weeks, renewed buying interest is expected.

SOURCES: OIL WORLD/AGRITEL/SEA/USDA

5.1 PALM OIL (CPO): Indonesia's historically high stocks



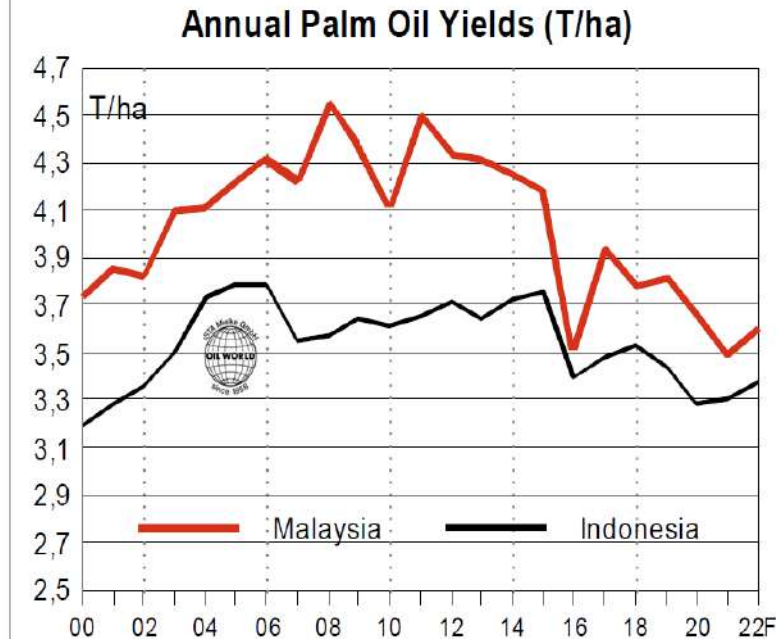
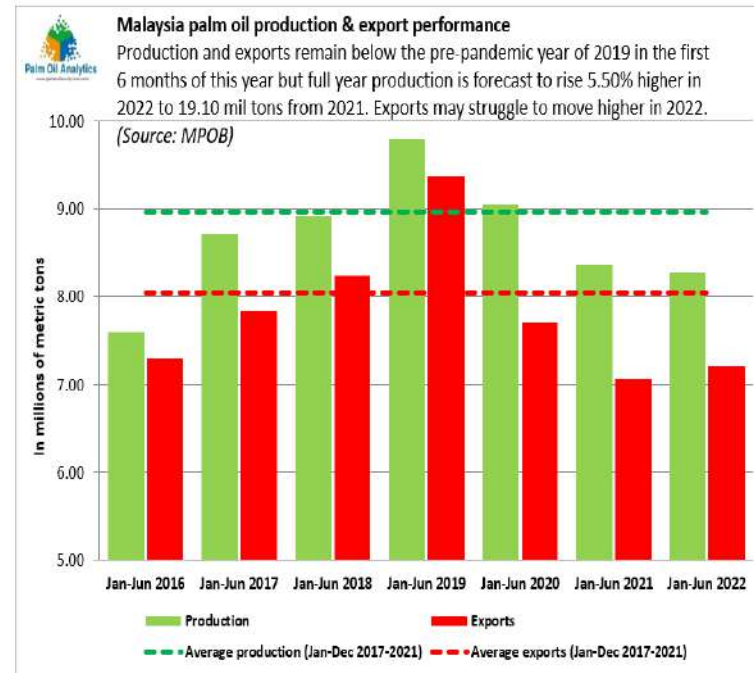
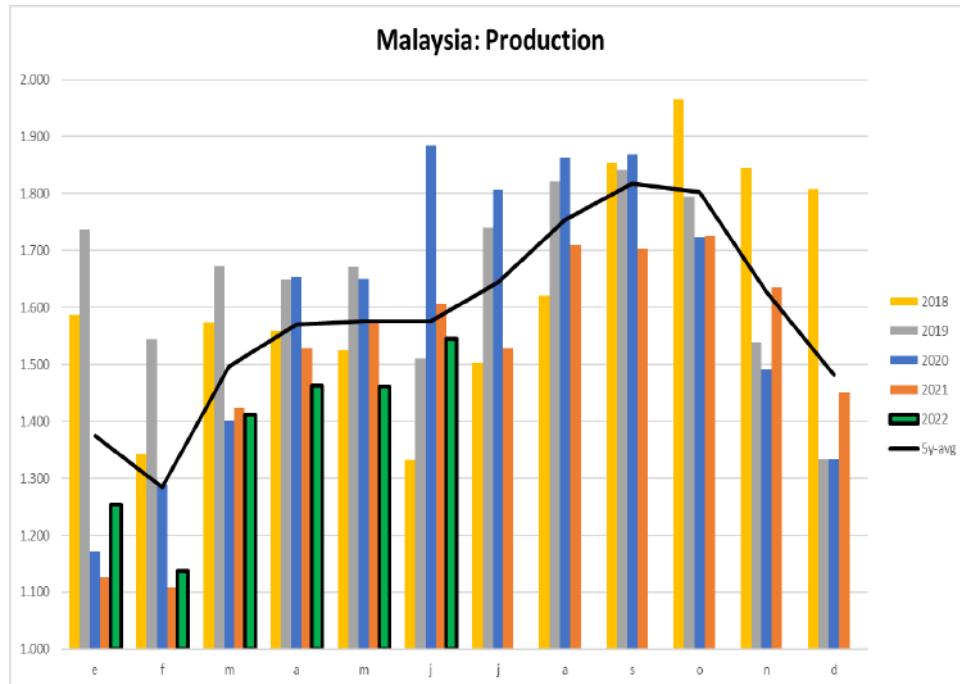
The recent sharp decline in palm oil prices reflects the **repeal of the export ban** and implementation of an **export acceleration program** in Indonesia. With reduced domestic market obligations and lower combined export taxes and levies, **the country is making more palm oil available to the global market**, sending prices to the lowest level in a year.

As a result, **stocks in Indonesia in May** are estimated at 7 Mts, which is **an all-time high**. This is putting strong pressure on the market, not only because these stocks will be available for the market at some point, but also because of the scarce storage capacity in the country, which is causing serious problems.

However, the increase of the palm oil mandatory biodiesel blend from 30 percent to 35 percent in July may reduce the amount available for export.

SOURCES: POA/GAPKI/USDA

5.2. PALM OIL has lost its growth dynamics



Production in Malaysia has been disappointing in the last 4 months, well below the average. Cumulative growth is slightly below than 2021. June production was 1,5 MnT, 3.8% below previous year.

Ending Stocks were 8.8% higher than May, the best level since Nov-21.

Palm oil has lost its growth dynamics due to:

1. Declining yields (low re-plantings)
2. Lack of new plantings
3. Shortage of workers (harvest losses)

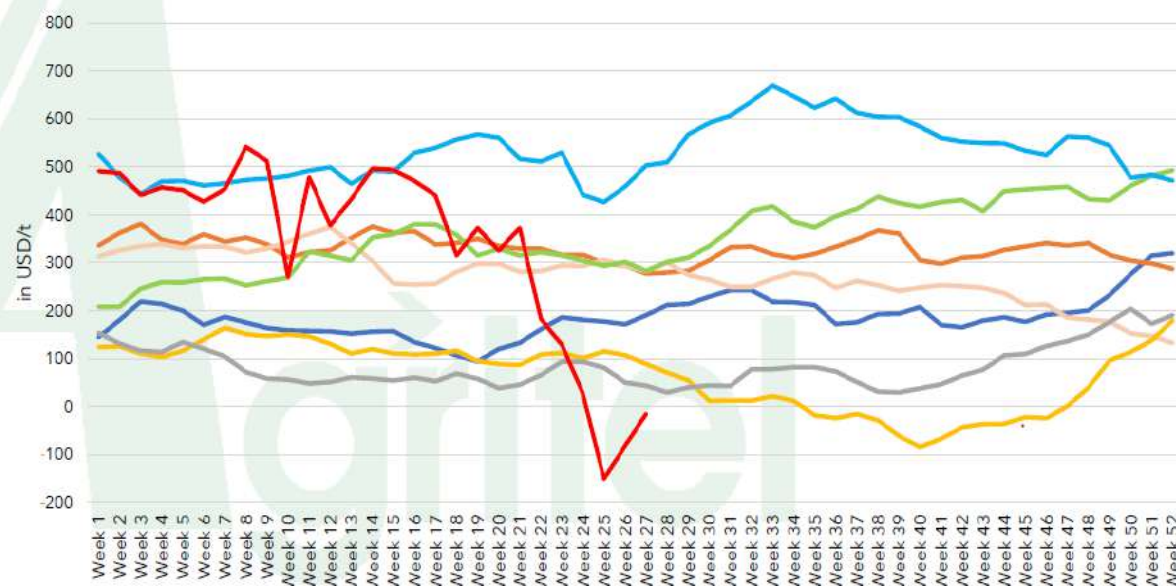
SOURCES: AGRITEL/MPOB/MPOA/POA/OIL WORLD

5.3. PALM OIL Production will increase in 22/23



Palm biodiesel - Gasoil in singapour

2015 2016 2017 2018 2019 2020 2021 2022



Vegetable oils have become more competitive as a feedstock in the energy market. Countries have more incentives to increase their mandate of incorporation.

PALM OIL : World Supply & Demand Balance (Mn T)

		October / September				
	22/23F	21/22	20/21	19/20	18/19	17/18
Op'g stocks . .	14.43*	12.34	12.76	14.97	14.66	11.76
Production . . .	80.47*	77.44*	75.93	74.54	78.14	73.71
Annual change	+3.9%	+2.0%	+1.9%	-4.6%	+6.0%	+9.0%
Imports. . . .	51.50*	48.39*	51.78	50.84	55.29	50.49
Exports. . . .	51.70*	48.63*	51.45	50.86	55.32	51.54
Disappearance	79.20*	75.11*	76.68	76.72	77.79	69.76
Annual change	+5.4%	-2.0%	-0.1%	-1.4%	+11.5%	+6.8%
End'g stocks .	15.50*	14.43*	12.34	12.76	14.97	14.66
Stocks/usage	19.6%	19.2%	16.1%	16.6%	19.2%	21.0%

Forecast for 2022/23 points to an increase of 3.0 Mn T, mainly on account of Indonesia +2.0 MnT; Malaysia +0.5 MnT and other countries +0.5 MnT.

SOURCES: OIL WORLD/AGRITEL

6.1 SUNFLOWER OIL (SFO): exports from Ukraine are surprising



UKRAINE : Exports of Sel. Commodities (Mn T)

	June		May		Jan/June	
	2022p	2021	2022p	2021	2022p	2021
Soybeans	.07	.04	.07	.04	.52	.47
Sunseed	.54	.	.35	.	1.03	.04
Soya oil . .	.02	.01	.02	.02	.11	.12
Sun oil . . .	.27	.33	.20	.50	1.77	2.57
Sun meal	.09	.26	.10	.43	1.44	2.29
Wheat . . .	.14	.66	.04	.86	2.80	4.15
Corn.	1.01	1.70	.96	2.25	11.98	13.67

UKRAINE : Exports of Sunflower Complex (1000 T)

	Mar/June		Jan/June		Sept/June	
	2022	2021	2022	2021	21/22	20/21
Sunseed	1048	9	1055	41	1092	190
Bulgaria	400	2	400	2	400	104
Hungary	104	.	104	.	106	.
Romania	215	.	215	.	215	1
Other EU	48	4	53	7	63	18
EU-27	767	6	772	9	784	123
Moldova	67	1	67	1	68	1
Turkey	204	.	204	29	224	58
Sun oil	749	1600	1791	2567	3832	4748
EU-27	473	408	843	670	1472	1188
U.K.	1	39	20	55	78	91
Moldova	21	1	22	1	24	5
Africa	4	46	70	67	173	119
China, PR . . .	14	249	65	457	344	1032
India	65	488	333	748	1037	1450
Iran	-	12	20	32	48	32
Iraq . . . . .	.	165	98	231	130	298
Saudi Arabia	3	28	17	36	56	67
Turkey	90	12	114	21	144	32
U.A.E.	14	33	31	46	45	68

In June exports of sunflower seed and oil exceeded expectations at 540 and 267 Thd T. This brought total shipments of sunflower seed to a record 1.03 Mn T in Jan/ June compared with only 41 Thd T a year earlier. Most of the seed was exported to the European Union.

Despite of the war, imports of SFO in UE are higher than previous year.

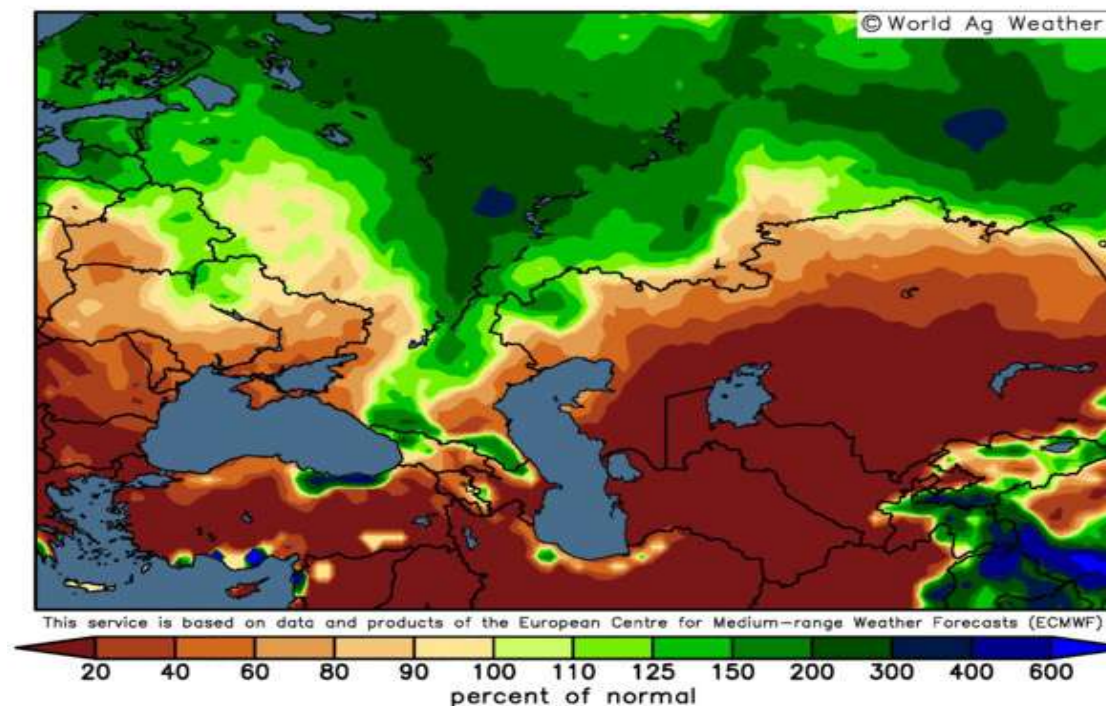
SOURCES: OIL WORLD/EUC/USDA

6.2 SUNFLOWER OIL (SFO): weather



ECMWF Ensemble Median: Percent of Normal Precip
Days 1–14: 00UTC 13 Jul 2022 – 00UTC 27 Jul 2022

Model Initialized 00UTC 12 Jul 2022




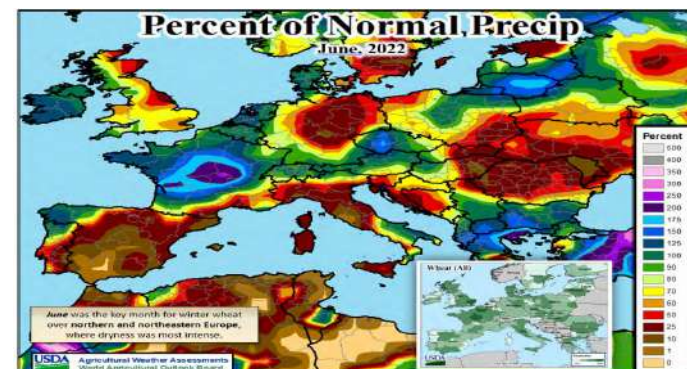
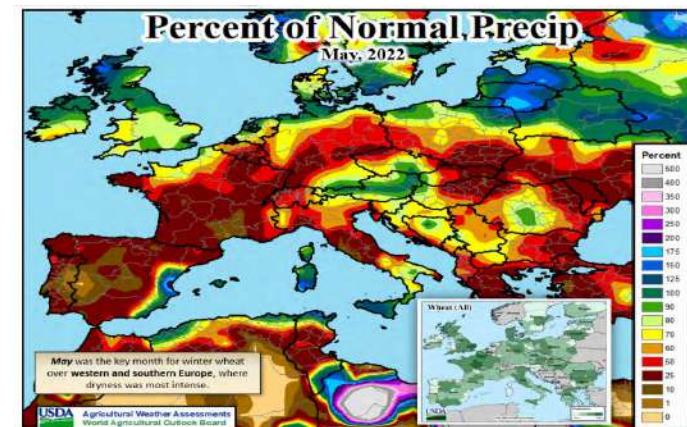
Sunflower crops are in critical stages of development. The weather was not favourable, and yields could be affected.

SOURCES: OIL WORLD/EUC/USDA

6.3 SUNFLOWER OIL (SFO): Lower production than initially expected in Europe



<div>  EU COMM. MARS BULLETIN - June SUNFLOWER 2022 Yield F.cast (t/ha) </div>					
	2021	2022 F.cast		Change vs.	
		May	Jun	2021	May
EU-27	2.38	2.39	2.37	-0.4%	-0.8%
Romania	2.54	2.66	2.69	+5.9%	+1.1%
Bulgaria	2.38	2.34	2.43	+2.1%	+3.8%
Hungary	2.70	2.97	2.97	+10.0%	=
France	2.74	2.32	2.32	-15.3%	=



In Europe, for the fourth consecutive month, yield estimates are reduced due to dry weather and high temperatures.

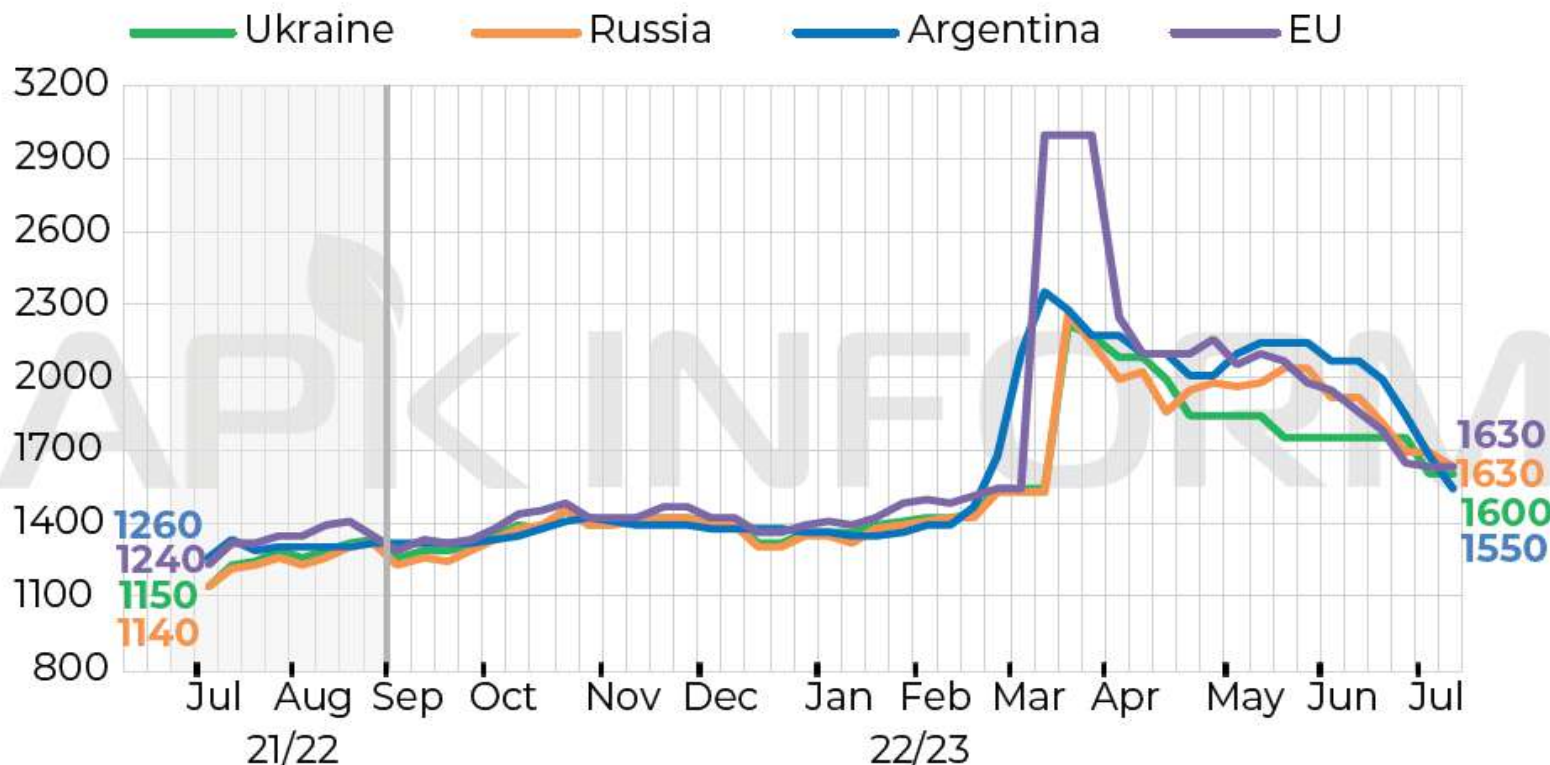
However, due to the growth of the area, we continue to work with a production of around 10.8 Mts vs. 10.5 Mts of the previous season.

SOURCES: OIL WORLD/EUC/USDA

6.4 SUNFLOWER OIL (SFO)



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



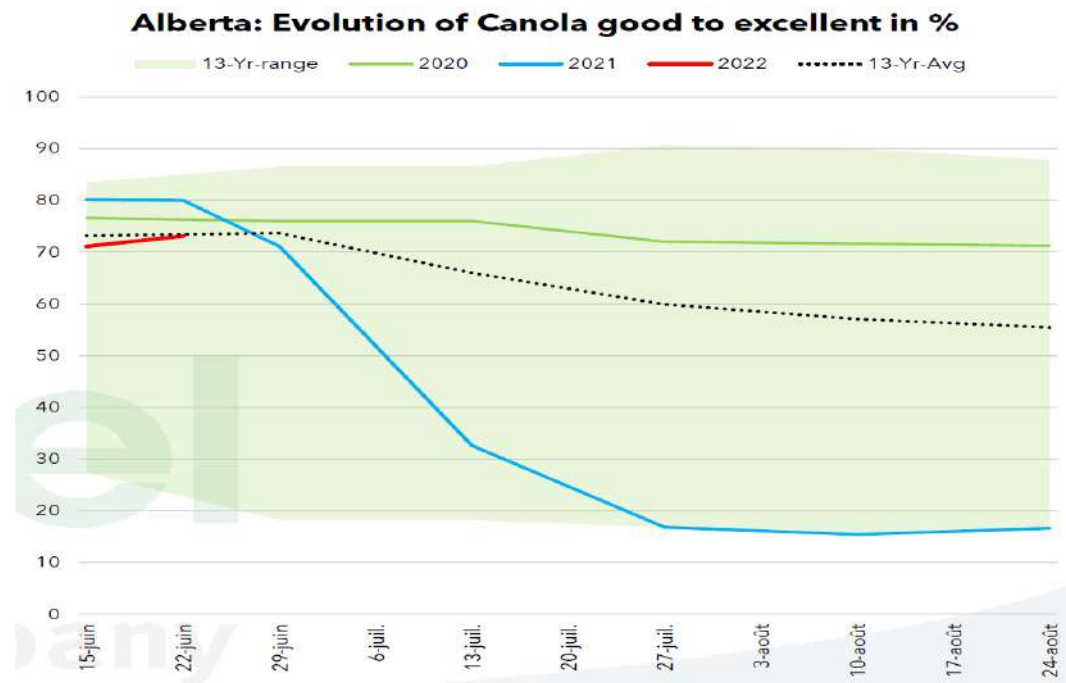
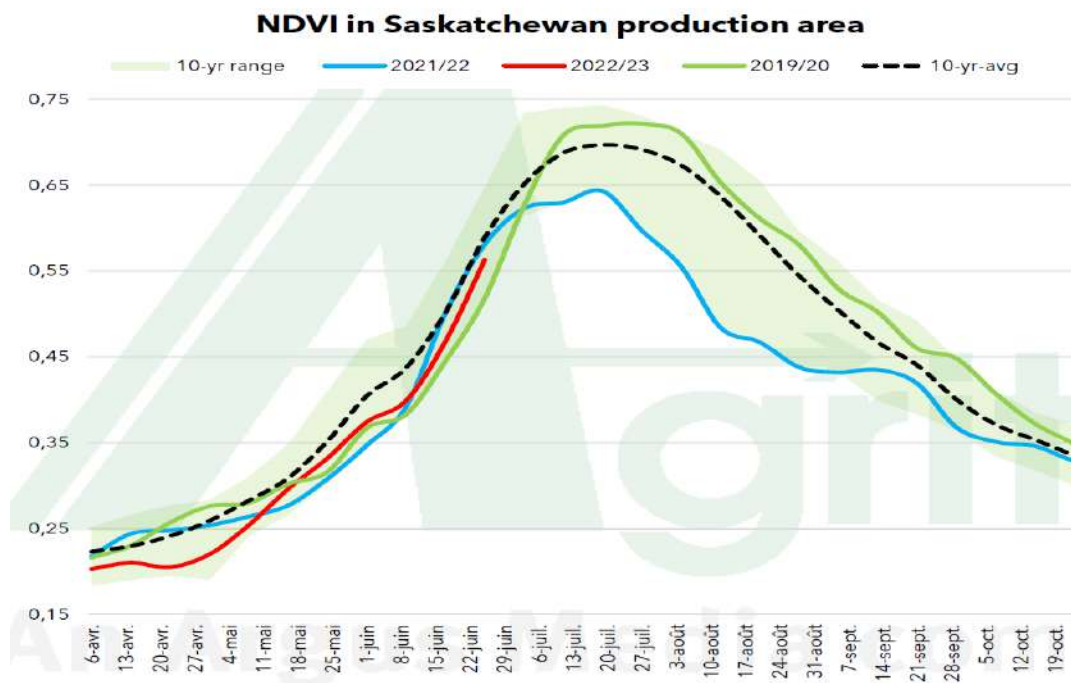
With a huge drop in palm oil and soybean oil prices in the last 4 weeks, **sunflower oil prices have been under heavy pressure.**

As mentioned above, **the pace of sunflower seed exports is surprising**, which partly compensates for the lack of oil.

Delegations from Ukraine, Russia and Turkey will meet U.N. officials in Istanbul to discuss a possible deal to resume safe exports of Ukrainian grain from the major Black Sea port of Odesa as the global food crisis worsens.

SOURCES: OIL WORLD/APK INFORM

7.1 RAPESEED OIL (RSO): Critical period in Canada



This year's Canadian canola plantings have apparently turned out larger than initially expected, according to Statics Canada. However, it is still not yet clear how much of the intended area could not be sown or had to be replanted in Manitoba.

Crop condition has improved in Canada in recent weeks.

SOURCES: OIL WORLD/AGRICENSUS/AGRITEL

7.2 RAPESEED OIL (RSO): Good production prospects



EU-27 : Rapeseed Supply & Demand (Mn T)

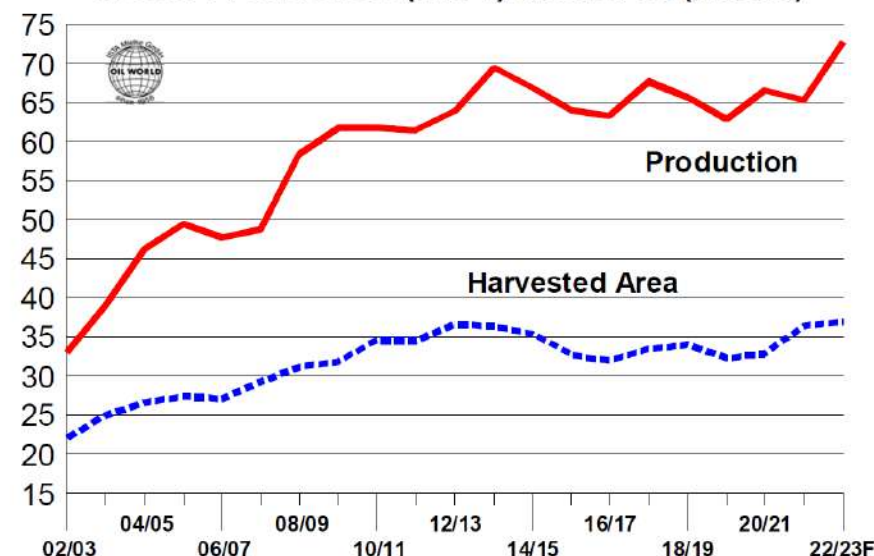
		July / June				
	<u>22/23F</u>	<u>21/22</u>	<u>20/21</u>	<u>19/20</u>	<u>18/19</u>	
Opening stocks . .	.77*	.90	.99	1.78	1.90	
Output	18.62*	17.39	16.94	15.56	18.05	
Imports (a)	5.95*	5.74*	6.73	6.08	4.29	
Exports (a) . . . . .	.32*	.41*	.17	.34	.27
Crushings	23.20*	22.24*	22.92	21.55	21.65	
Other use . . . . .	.67*	.61*	.67	.54	.53
Ending stocks . .	1.15*	.77*	.90	.99	1.78	

(a) Intra-EU trade is excluded.

RAPESEED & CANOLA : World Supply & Demand

(Mn T)	22/23F	21/22	20/21	19/20
Open'g stocks ..	5.33*	6.40	8.58	10.04
Production	72.83*	65.43	66.65	62.95
EU-27	18.62*	17.39	16.94	15.56
Russia	2.70*	2.88*	2.57	2.06
Ukraine	2.60*	3.13*	2.70*	3.48*
Canada	19.60*	12.59	19.48	19.91
U.S.A.	1.76*	1.34*	1.63*	1.55
China	6.10*	6.30*	6.00*	5.70*
India	10.10*	10.30*	8.55*	7.40*
Australia	6.50*	7.00*	4.52	2.30
Total supplies	78.16*	71.83	75.23	72.99
Crush (July/June)	68.10*	64.04*	66.42	61.91
Other use	2.51*	2.46*	2.41	2.50
End'g stocks ...	7.55*	5.33*	6.40	8.58
EU-27 (Jun 30)	1.15*	.77*	.90	.99
Canada (July31)	1.82*	.52*	1.72	3.43
Stocks/usage	10.7%	8.0%	9.3%	13.3%

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



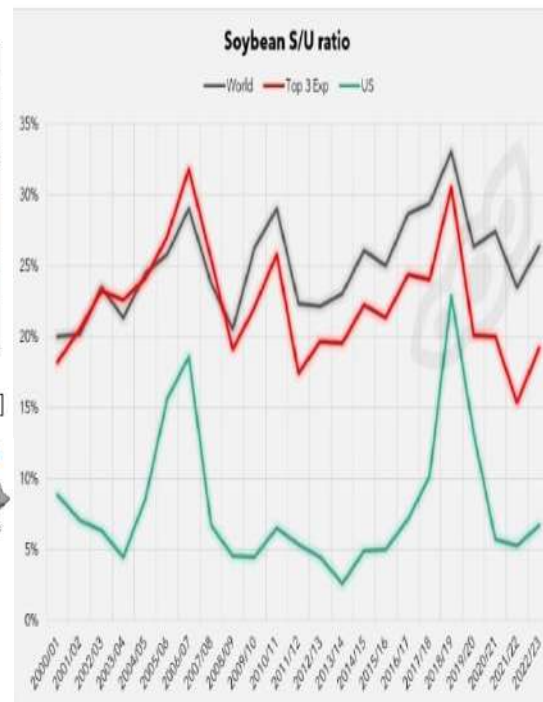
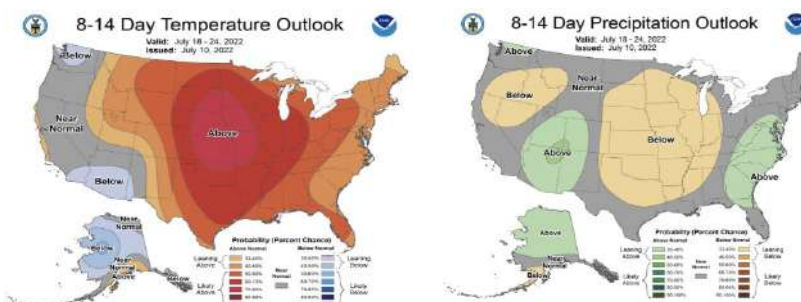
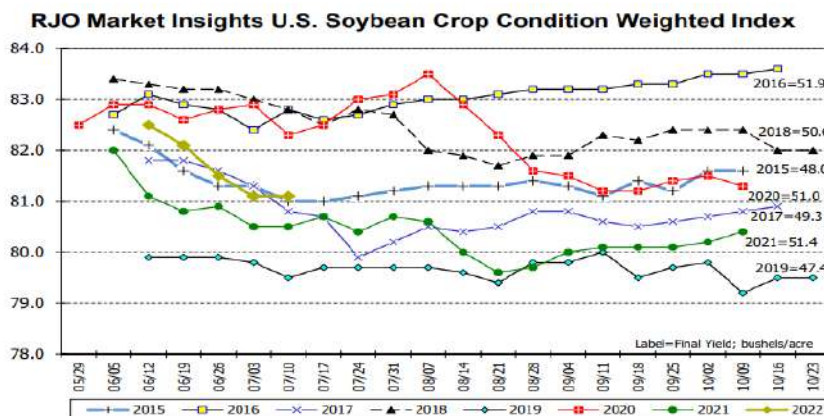
Oil World estimates production in Canada at 19.6 Mts, which implies a growth of 7 Mts. Production in the EU has been lowered due to dryness, primarily in France and Germany, the EU's largest producers. However, production is expected to improve by around 1.2 Mts, due to the largest area since 2018/19.

Another large crop is expected in Australia, given the growing area.

Downward pressure on other oils as well as improving conditions in Canada have put pressure on rapeseed prices. Now, market are stabilizing due to good crush margins.

SOURCES: OIL WORLD/AGRICENSUS/AGRITEL

8. SOYBEAN OIL (SBO): US weather market



S/U ratio	World	Top 3 Exp	US
2000/01	20.0%	18.3%	8.8%
2001/02	20.2%	20.6%	7.1%
2002/03	23.5%	23.2%	6.4%
2003/04	21.4%	22.6%	4.5%
2004/05	24.5%	24.1%	8.6%
2005/06	25.8%	27.1%	15.6%
2006/07	29.0%	31.8%	18.6%
2007/08	23.8%	25.4%	6.7%
2008/09	20.5%	19.1%	4.5%
2009/10	26.3%	22.0%	4.5%
2010/11	29.0%	25.8%	6.6%
2011/12	22.3%	17.4%	5.4%
2012/13	22.1%	19.6%	4.5%
2013/14	23.1%	19.6%	2.6%
2014/15	26.1%	22.3%	4.9%
2015/16	25.0%	21.4%	5.0%
2016/17	28.7%	24.4%	7.2%
2017/18	29.4%	24.0%	10.2%
2018/19	33.1%	30.5%	22.9%
2019/20	26.3%	20.1%	13.3%
2020/21	27.5%	20.0%	5.7%
2021/22	23.5%	15.4%	5.3%
2022/23	26.4%	19.2%	6.8%

SOYBEANS : World Supply and Demand (Mn T)				
	22/23F	21/22	20/21	19/20
Opening stocks	85.70*	100.08	97.83	112.53
Production	385.10*	351.28	364.41	340.19
N. Hemisphere	177.43*	170.88	164.37	144.93
EU-27	3.07*	2.90	2.61	2.74
Russia	5.25*	4.90*	4.54*	4.51*
Ukraine	2.40*	3.20*	3.10*	4.70*
Canada	6.25*	6.27	6.36	6.15
U.S.A.	125.70*	120.71	114.75	96.67
China, P.R.	18.20*	16.40	17.85	15.97
India.	10.20*	10.50*	9.30*	8.50*
S. Hemisphere	207.67*	180.40	200.04	195.26
Argentina	45.00*	41.80*	43.80*	49.40*
Brazil	144.00*	126.00*	138.86*	128.60*
Paraguay	10.00*	4.00*	9.54*	10.24
Uruguay	2.75*	2.80*	1.85*	2.25*
Total supply	470.80*	451.36	462.24	452.72
Crush (Sept/Aug)	323.80*	318.26*	316.39	310.95
Other use	49.00*	47.40*	45.77	43.94
Ending stocks	98.00*	85.70*	100.08	97.83
U.S.A. Aug 31	9.00*	6.70*	6.99	14.28
Argentina Aug 31	33.30*	32.40*	34.10*	32.94*
Brazil Aug 31	33.80*	27.20*	34.93*	25.92*
Other countries	21.90*	19.40*	24.06*	24.69*
Stocks/usage	26.3%	23.4%	27.6%	27.6%

Soybean conditions in the US have deteriorated in the last weeks. The weather will have to be monitored: low rainfall and above normal temperatures are forecast for the next 15 days. Production in US will be critical: the expected oilseed production growth for 22/23 is basically due to soybeans.

We expect growing area in South America, mainly in Argentina after several years of decline, given the lower investment cost compared mainly to maize. The weather in South America during November 2022 to February 2023 will be critical for the long-awaited production recovery to ease tight balance sheets.

SOURCES: RJO OBRIEN/USDA/NOAA/AGRITEL/OIL WORLD



A WORLD OF VEGETABLE OILS

www.lipsa.es