

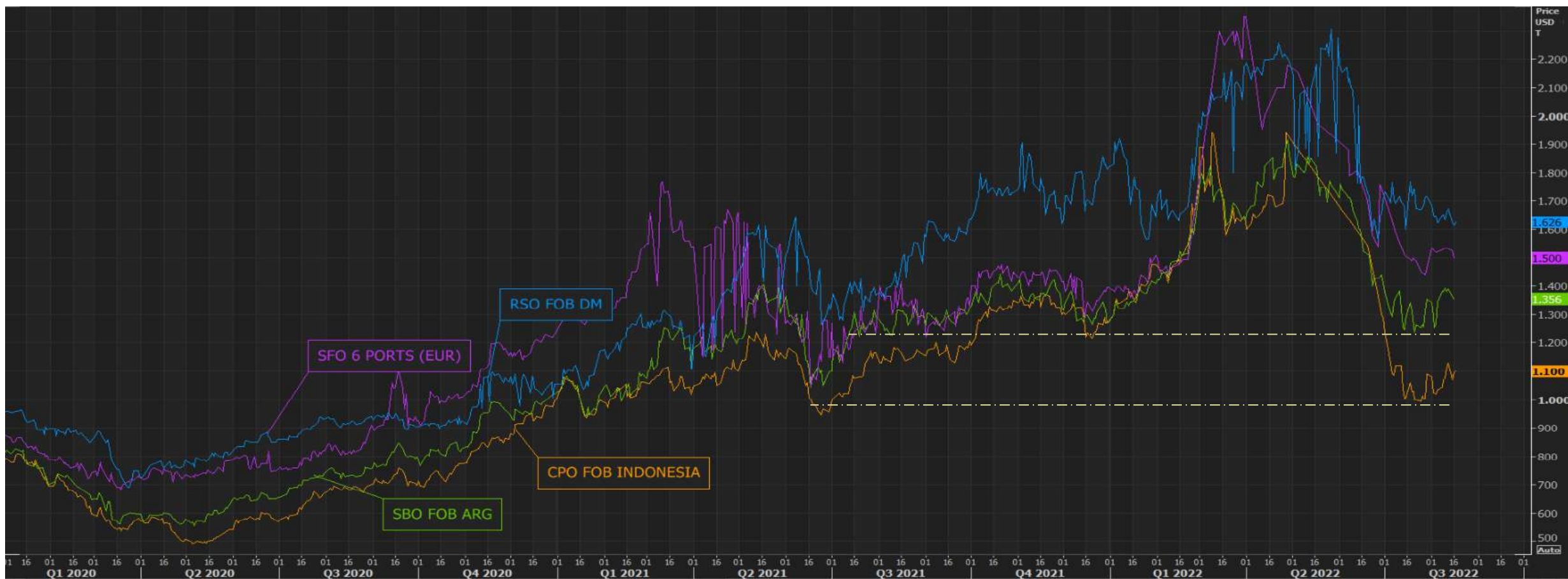


# MARKET REPORT

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AUGUST 2022

# 1. Vegetable oils prices have rebounded after significant drops



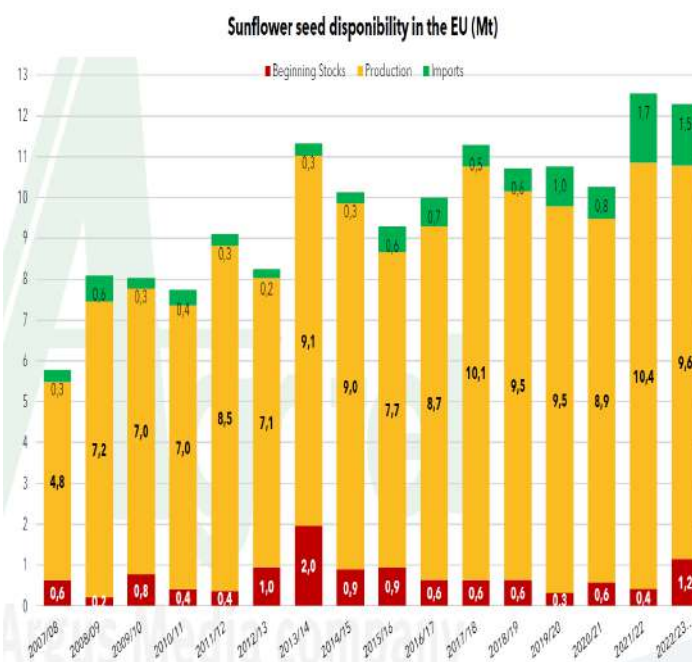
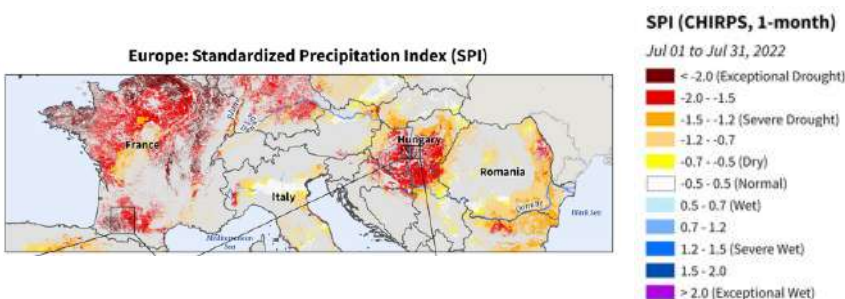
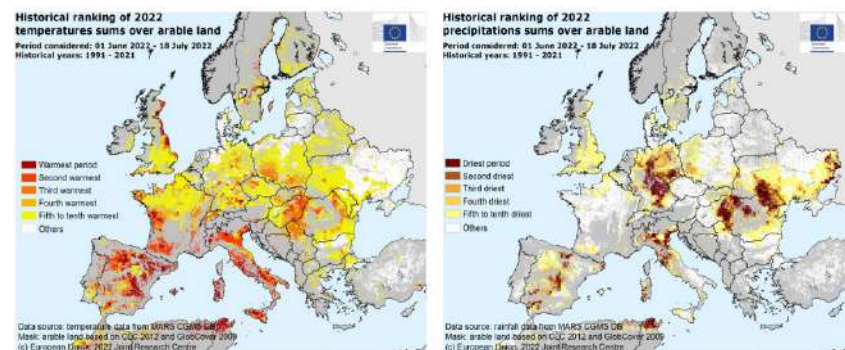
Vegetable oils prices have rebound after significant drops, mainly in deferred positions.

Palm oil has been the price leader downward due to large Indonesian stocks and export supplies, and it is offered at unusually large discounts vs soybean oil. Focus is now on Northern Hemisphere weather, the Ukrainian situation and farmer selling. There are concern about weak Chinese economic activity.

SOURCES: REUTERS



## 2.1. SUNFLOWER OIL (SFO): Yields significantly lower than expected in Europe



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5-yr avg	22/23 Agritel	% vs 5-yr avg
France	1 640	1 885	1 573	1 537	1 579	1 186	1 190	1 599	1 240	1 298	1 607	2 005	1 730	1 550	1 764	14%
Romania	1 270	1 790	1 480	2 150	2 000	1 750	2 032	2 700	2 700	2 900	2 071	2 900	3 000	2 654	2 432	-8%
Bulgaria	1 536	1 510	1 398	1 974	2 011	1 700	1 853	2 084	1 944	1 937	1 734	2 012	2 050	1 942	1 911	-2%
Hungary	990	1 375	1 302	1 484	1 597	1 557	1 875	2 022	1 830	1 707	1 698	1 693	1 900	1 790	1 772	-1%
Spain	846	1 084	642	1 038	953	745	772	842	950	788	883	767	795	846	731	-14%
Italy	250	274	192	286	250	248	268	244	249	294	298	280	270	273	246	-10%
Others	427	537	501	585	584	535	661	637	592	550	624	775	755	636	738	16%
Total EU	6 959	8 455	7 088	9 054	8 974	7 721	8 651	10 128	9 505	9 474	8 915	10 432	10 500	9 691	9 594	-1%

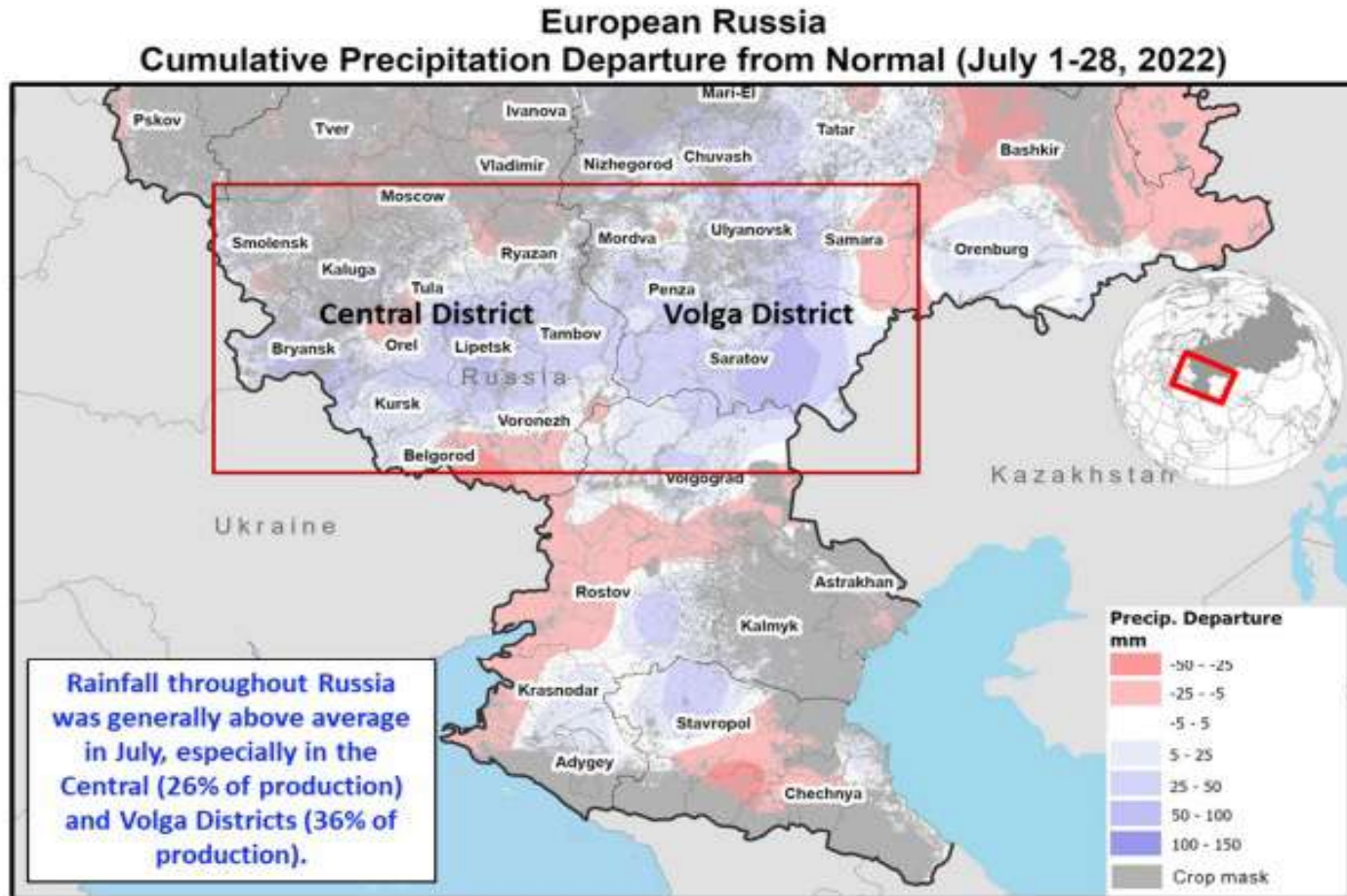
Very strong heat wave and drought in Europe, in many areas with historical records in the critical period. It is fifth consecutive month with reduction in production estimates. We have lost approx 1.5 Mts since April, and new reductions are likely to be seen. Eastern Europe harvests at the end of August / beginning of September.

France production grows due to a strong increase in the area but yields **-19.7%** vs. previous year. Romania (**-6.7%**), Bulgaria (**-1.3%**), Hungary (**-7.4%**), and Spain (**-6.1%**) also very affected by high temperatures. Low oil content is also anticipated.

Oil World estimates final production in EU at 9.81 MnT, USDA 9.7 MnT and Agritel 9.6 MnT. We are a bit more pessimistic.

SOURCES: OIL WORLD/EUC/USDA/AGRITEL

## 2.2. SUNFLOWER OIL (SFO): Russian crops better than expected



USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE

Source: NOAA Climate Prediction Center,  
GFSAD 30 m crop mask (2015)

Sunflower crops in Russia are better, as a result of above than average rainfall during July. **Area will be higher than anticipated** according to Rosstat.

Oil World have raised their estimation to 15.7 MnT, while some analyst are most optimistic close to 17.0 MnT.

SOURCES: USDA/ROSSTAT/APK INFORM/OIL WORLD/UGA



## 2.3. SUNFLOWER OIL (SFO): a lot of uncertainties in Ukraine

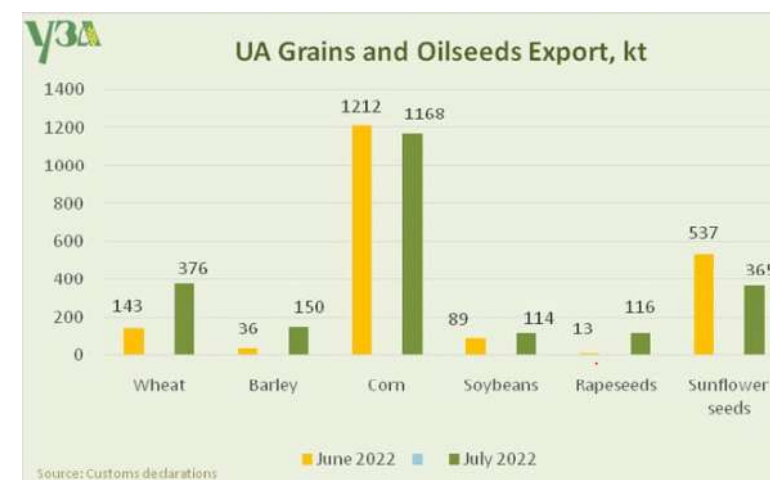
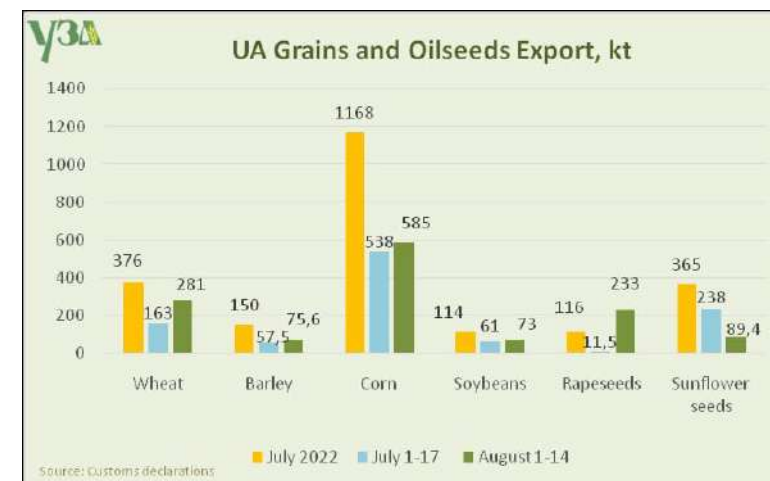


Supply and demand balances of sunflower seed in Ukraine

	2020/21	2021/22	2022/23		2021/22- 2020/21	Changes, %	
	'000 tonnes	'000 tonnes	optimistic '000 tonnes	pessimistic '000 tonnes		2022/23- 2021/22	optimistic pessimistic
Beginning stocks	16,6	43,6	2 487,1	2 487,1	up 2,6 t.	up 57 t.	up 57 t.
Planted areas, '000 ha	6 457,2	6 790,0	4 750,0	4 750,0	+5,2%	-30,0%	-30,0%
Harvested areas, '000 ha	6 480,9	6 722,1	4 607,5	4 607,5	+3,7%	-31,5%	-31,5%
Yield in clean weight (APK-Inform), t/ha	2,12	2,46	2,23	2,23	+16,0%	-9,4%	-9,4%
Production in clean weight (APK-Inform)	13 755,4	16 549,8	10 274,7	10 274,7	+20,3%	-37,9%	-37,9%
Imports	23,9	22,0	22,0	20,0	-7,9%	=	-9,1%
Total supply	13 796,0	16 615,4	12 783,9	12 781,9	+20,4%	-23,1%	-23,1%
Consumption	13 561,5	12 528,3	11 899,9	8 182,1	-7,6%	-5,0%	-34,7%
processing for oil	13 357,7	11 200,0	11 700,0	8 000,0	-16,2%	+4,5%	-28,6%
seeds	34,0	23,8	27,5	22,5	-30,0%	+15,5%	-5,5%
others	59,5	58,3	57,3	57,3	-2,0%	-1,6%	-1,6%
losses	110,4	1 246,2	115,1	102,3	up 11,3 t.	-90,8%	-91,8%
Exports	190,8	1 600,0	860,0	2 500,0	up 8,4 t.	-46,3%	+56,3%
General distribution	13 752,4	14 128,3	12 759,9	10 682,1	+2,7%	-9,7%	-24,4%
Ending stocks	43,6	2 487,1	23,9	2 099,7	up 57 t.	-99,0%	-15,6%
Stocks-to-distribution ratio	0,3%	17,6%	0,2%	19,7%			

Uncertain outlook for Ukraine: APK Inform is showing a total supply at 12,8 MnT, while Oil World estimates 14.0 MnT. The main different is regarding ending stocks for 21/22.

In the optimistic scenario SFO production is 5,1 Mnt; but in the worst scenario is forecasted at 3.5 MnT. The second key point is when will this crop available for the market.

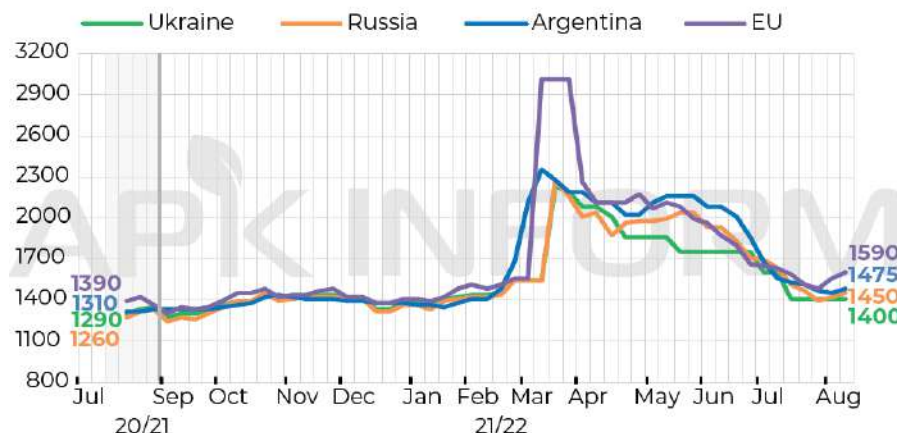


SOURCES: USDA/ROSSTAT/APK INFORM/OIL WORLD/UGA

## 2.4. SUNFLOWER OIL (SFO): large stocks compensate drop in production. Crushing and Exports for 22/23?



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



Crop deterioration in Europe with the slowdown in sunflower seed and sunflower oil exports from Ukraine, in addition with the recovery of palm prices, have given support to prices.

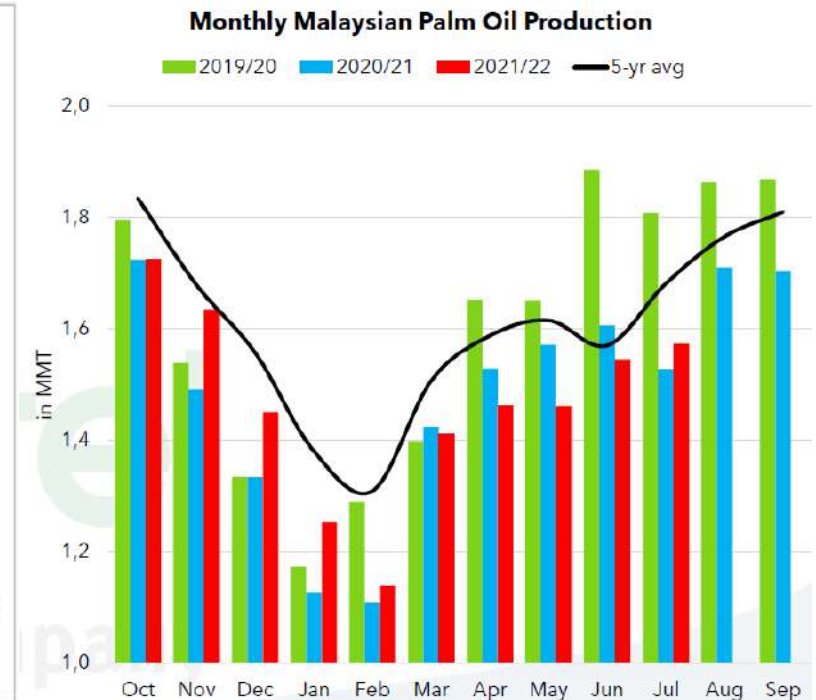
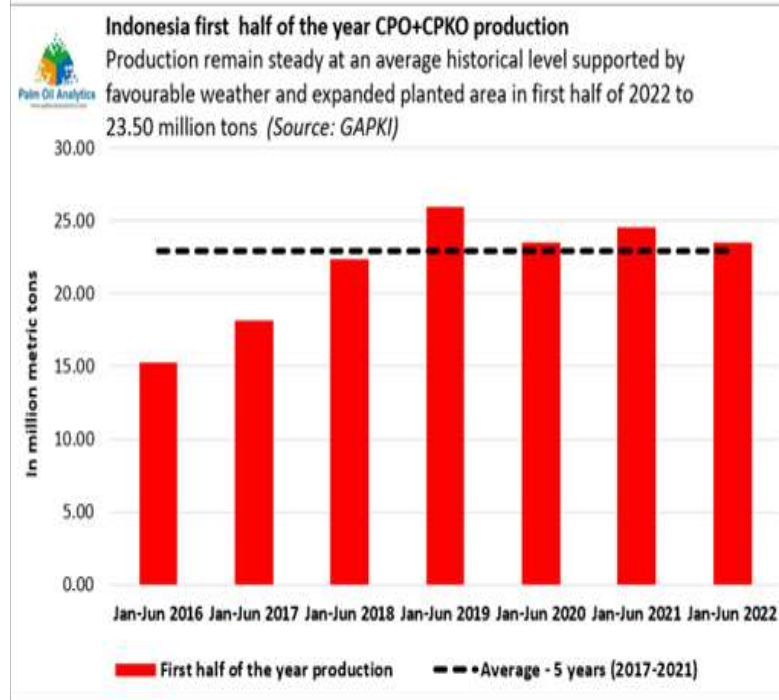
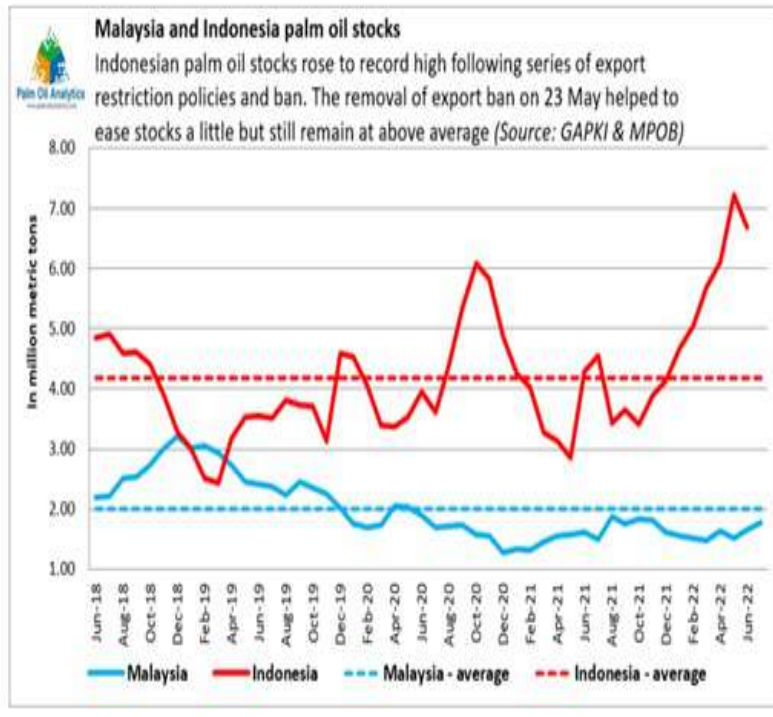
The World S&D 22/23 of sunflower seed is characterized by large opening stocks in Ukraine, the European Union and Russia. As a result, **world supplies are seen falling only marginally to 60.2 Mn T in 2022/23**. However, many uncertainties are surrounding the situation in Ukraine and Russia (storage, farmer selling, crushing capacity, logistic possibilities, etc).

! Unlike many analysts we are very cautious about the situation of the sunflower complex in 2023, even more so in **High Oleic Sunflower Oil**, considering that in a normal year 75% of HOSO's production is based in Europe (bad weather) and Ukraine (war).

SUNSEED : World Supply & Demand ( Mn T )				
	22/23F	21/22	20/21	19/20
Open'g stocks . . .	8.07*	2.60	3.35	3.34
Production . . . . .	52.12*	57.86	50.50	55.67
EU-27 . . . . .	9.81*	10.50	8.96	9.47
Russia . . . . .	15.70*	15.40*	13.42*	15.38
Ukraine . . . . .	10.00*	16.80*	13.90*	16.50*
Rep. of S. Africa . .	.90*	.92	.68	.81*
U.S.A. . . . .	1.20*	.86	1.35	.89
Argentina . . . . .	3.70*	3.30*	2.86*	3.02*
Turkey . . . . .	2.00*	1.75*	1.58*	1.70*
<b>Total supplies . . .</b>	<b>60.19*</b>	<b>60.46</b>	<b>53.85</b>	<b>59.01</b>
<b>Crush (Sept/Aug) . .</b>	<b>48.20*</b>	<b>46.75*</b>	<b>45.94</b>	<b>50.45</b>
Other use . . . . .	5.69*	5.64*	5.31	5.21
End'g stocks . . . . .	6.30*	8.07*	2.60	3.35
EU-27 (July 31) . . .	1.15*	1.50*	.77	.88
Russia (Aug 31) . . .	.90*	.94*	.17*	.38*
Ukraine (Aug 31) . .	2.30*	4.00*	.21*	.14*
Argentina (Sep 30) . .	.84*	.55*	.60*	.95*
Other countries . . .	1.11*	1.08*	.85*	1.00
<b>Stocks/usage . . . .</b>	<b>11.7%</b>	<b>15.4%</b>	<b>5.1%</b>	<b>6.0%</b>

SOURCES: OIL WORLD/APK INFORM

# 3.1 PALM OIL (CPO): historically high stocks



Palm oil has been the price leader downward from the record-high level in March 2022, due to large stocks accumulated in Indonesia. The removal of export ban on May 23rd, the reduction of export tax and the temporarily elimination of export levy since June have made palm oil producers and exporters more active sellers.

Indonesian Palm oil production remains close to 5-year average. In Malaysia, the severe labor shortage remains, and the main question is how quickly can be solved (and how quickly can the production losses be reduced).

SOURCES: POA/GAPKI/MPOB/AGRITEL



## 3.2. PALM OIL: a recovery in the demand is expected

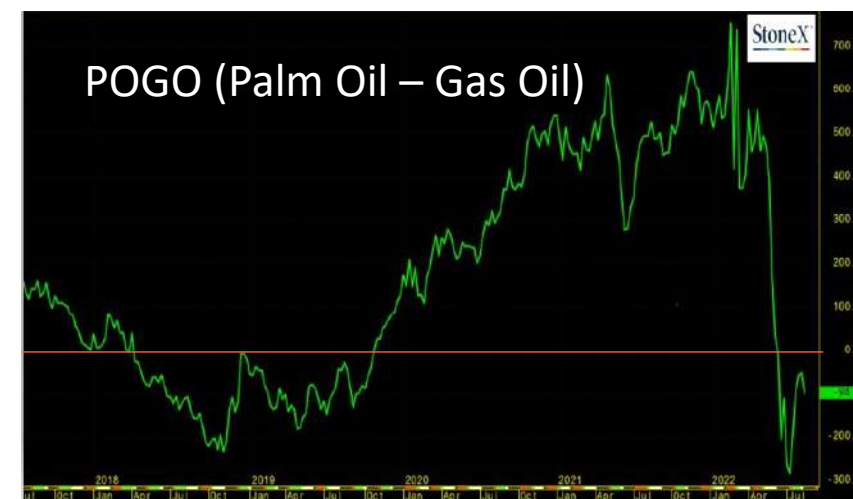


**PALM OIL : World Supply & Demand Balance ( Mn T )**

	October / September				
	22/23F	21/22	20/21	19/20	18/19
Op'g stocks . .	14.56*	12.33	12.75	14.97	14.66
Production . .	80.20*	77.02*	75.93	74.54	78.14
Annual change	+4.1%	+1.4%	+1.9%	-4.6%	+6.0%
Imports. . . .	51.45*	47.42*	51.63	50.73	55.21
Exports. . . .	51.70*	47.80*	51.45	50.86	55.32
Disappearance	78.90*	74.41*	76.53	76.62	77.71
Annual change	+6.0%	-2.8%	-0.1%	-1.4%	+11.4%
End'g stocks	15.61*	14.56*	12.33	12.75	14.97
Stocks/usage	19.8%	19.6%	16.1%	16.6%	19.3%

Palm oil prices have been under pressure for spot positions due to stocks unusually high in Indonesia. However, deferred positions have recovered. We expect an improvement in demand in coming months after a severe demand destruction by record prices, mainly from China. Moreover, CPO prices have unusually large price discounts vs soya oil and remains competitive for energy sector. As a result, it is likely to see a temporary recovery in prices of palm oil during Oct/Nov.

Palm Oil S&D 2022/23 looks better than in previous seasons, but there are many challenges on the supply side. The other big uncertainty is world soybean production. If current forecasts materialize and there are no major changes in biofuels policies, we will see downward potential in 2023.



SOURCES: OIL WORLD/REUTERS/STONEX/BMD



# 4. RAPESEED OIL (RSO): Critical period in Canada



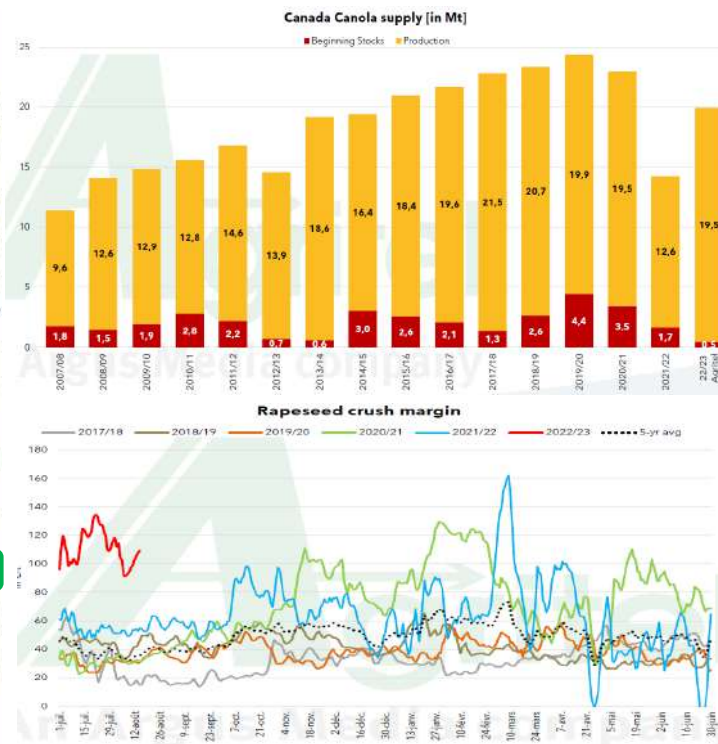
**RAPESEED & CANOLA : World Supply & Demand**

(Mn T)	22/23F	21/22	20/21	19/20
Open'g stocks...	5.30*	6.47	8.61	10.05
<b>Production</b> . . . . .	<b>73.43*</b>	<b>65.38</b>	<b>66.70</b>	<b>62.95</b>
EU-27 . . . . .	18.88*	17.36	16.98	15.56
Russia . . . . .	2.75*	2.88*	2.57	2.06
Ukraine . . . . .	3.00*	3.14*	2.70*	3.48*
Canada . . . . .	19.70*	12.59	19.48	19.91
U.S.A. . . . .	1.60*	1.29*	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
<b>Total supplies</b>	<b>78.73*</b>	<b>71.85</b>	<b>75.31</b>	<b>73.00</b>
<b>Crush (July/June)</b>	<b>67.85*</b>	<b>64.10*</b>	<b>66.43</b>	<b>61.92</b>
<b>Other use</b> . . . . .	<b>2.58*</b>	<b>2.45*</b>	<b>2.41</b>	<b>2.47</b>
<b>End'g stocks</b> . . .	<b>8.30*</b>	<b>5.30*</b>	<b>6.47</b>	<b>8.61</b>
EU-27 (Jun 30)	1.48*	.84*	.97	1.02
Canada (July31)	2.20*	.57*	1.72	3.43
<b>Stocks/usage</b>	<b>11.8%</b>	<b>8.0%</b>	<b>9.4%</b>	<b>13.4%</b>

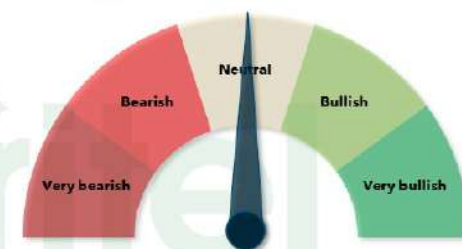
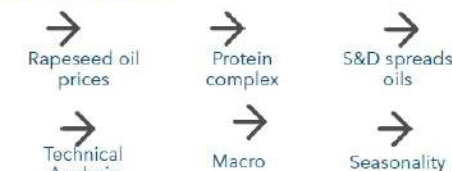
**EU-27 : Rapeseed Supply & Demand (Mn T)**

	22/23F	21/22	20/21	19/20	18/19
Opening stocks . . .	.84	.97	1.02	1.79	1.90
<b>Output</b> . . . . .	<b>18.88*</b>	<b>17.36</b>	<b>16.98</b>	<b>15.56</b>	<b>18.05</b>
thereof: France . .	4.35*	3.43*	3.42*	3.52	4.98
Germany . . . . .	4.00*	3.61*	3.62*	2.83	3.68
Poland . . . . .	3.22*	3.19	3.12	2.56*	2.26*
Czech Rep. . . . .	1.15*	1.05*	1.25	1.19	1.41
Romania . . . . .	1.23*	1.38	.73	.69*	1.61
Imports (a) . . . .	5.70*	5.62*	6.73	6.08	4.29
Exports (a) . . . .	.33*	.41*	.17	.34	.27
<b>Crushings</b> . . . . .	<b>22.90*</b>	<b>22.03*</b>	<b>22.92</b>	<b>21.55</b>	<b>21.65</b>
Other use (b) . . . .	.71*	.68*	.68	.52	.52
Ending stocks . . .	1.48*	.84*	.97	1.02	1.79

(a) EU intra-trade is excluded. (b) Residual.



**3-Month Outlook**



- Record areas in Australia
- Canadian harvest to monitor
- Higher supply compare to last year
- High spread with palmoil could pressure the market
- Soybean SnD could be the game changer even the demand is for now weak

World rapeseed production is expected to recover sharply in 2022/23, promoted mainly by:

- The recovery in Canada: Oil World estimates production at 19.7Mts, which implies a growth of **7.1 Mts**.
- A large canola crop is also estimated in Australia for the second consecutive year: **5-10%** increase in area and generally favourable weather conditions. However, crops remain vulnerable to detrimental weather conditions.
- Ukrainian rapeseed production is turning out better than initially expected.
- For the EU the estimation is 18.9 MnT.

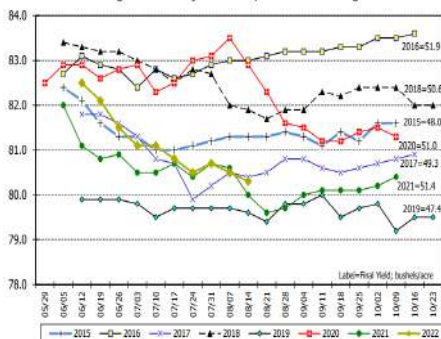
As a result, Oil World estimated world production at **73.4 MnT**, **up 1 MnT** from previous month.

SOURCES: OIL WORLD/AGRICENSUS/AGRITEL

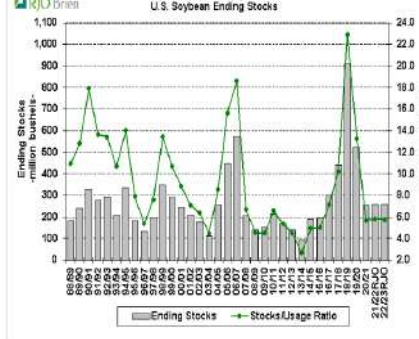
# 5. SOYBEAN OIL (SBO): US weather market



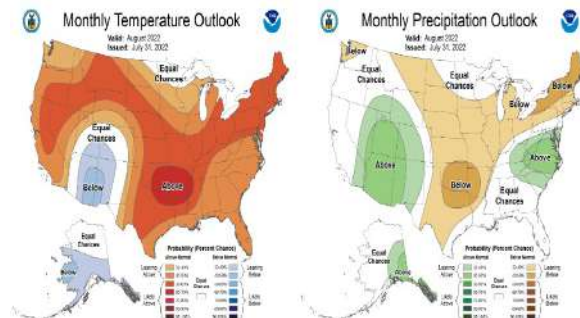
RJO Market Insights U.S. Soybean Crop Condition Weighted Index



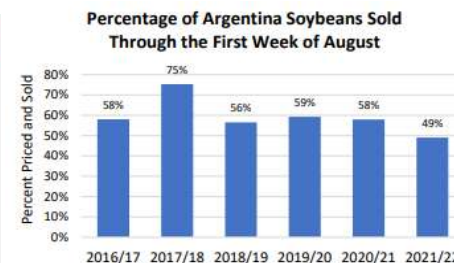
RJO Brief U.S. Soybean Ending Stocks



Change in La Niña Occurrence Probabilities



SOYBEANS			
	Yield	Harv. Area	Production
<b>NASS Aug</b>	<b>51.9</b>	<b>87.211</b>	<b>4.531</b>
Trade average	51.1	87.724	4.481
WAOB July	51.5	87.511	4.505
2021/22	51.4	86.332	4.435



Source: Ministerio de Agricultura Compras y DJVE Total divided by USDA production forecast

SOYBEANS : World Supply and Demand ( Mn T )				
	22/23F	21/22	20/21	19/20
Opening stocks	86.47*	99.64	97.53	112.53
Production	384.95*	353.75	365.21	340.19
<b>N. Hemisphere</b>	<b>174.48*</b>	<b>170.88</b>	<b>164.37</b>	<b>144.93</b>
EU-27	3.09*	2.90	2.61	2.74
Russia	5.25*	4.90*	4.54*	4.51*
Ukraine	2.50*	3.20*	3.10*	4.70*
Canada	6.25*	6.27	6.36	6.15
<b>U.S.A.</b>	<b>121.80*</b>	<b>120.71</b>	114.75	96.67
China, P.R.	18.80*	16.40	17.85	15.97
India	10.40*	10.50*	9.30*	8.50*
<b>S. Hemisphere</b>	<b>210.47*</b>	<b>182.87</b>	<b>200.84</b>	<b>195.26</b>
Argentina	45.50*	42.80*	43.80*	49.40*
Brazil	146.00*	126.60*	139.36*	128.60*
Paraguay	10.00*	4.10*	9.84*	10.24
Uruguay	2.75*	3.05*	1.85*	2.25*
Total supply	<b>471.42*</b>	<b>453.39</b>	<b>462.74</b>	<b>452.72</b>
<b>Crush (Sept/Aug)</b>	<b>324.50*</b>	<b>318.70*</b>	316.40	310.96
<b>Other use</b>	<b>49.82*</b>	<b>48.22*</b>	<b>46.70</b>	<b>44.23</b>
Ending stocks	97.10*	86.47*	99.64	97.53
U.S.A. Aug 31	8.50*	7.30*	6.99	14.28
Argentina Aug 31	32.60*	33.88*	33.28*	32.94*
Brazil Aug 31	36.00*	30.23*	35.43*	25.92*
Other countries	20.00*	15.06*	23.94*	24.39*
<b>Stocks/usage</b>	<b>25.9%</b>	<b>23.6%</b>	<b>27.4%</b>	<b>27.5%</b>

The last USDA Report was bearish: higher than expected yield offsetting a decrease in harvested area. The result was an increase in estimation of US production 22/23, when market expected a reduction. Currently 58% of crops are "Good/Excellent", vs 57% last year. Market participants focus on US weather.

The probability of "La Niña" for Oct / Dec has increased. It is a risk for South America production. Last year we lost 30 / 35 MnT because of dry condition in Brazil, Argentina and Paraguay. Oil world estimates 210 MnT of production in South America. On the other side, the farmer selling on Argentina is historically low.

SOURCES: RJO OBRIEN/USDA/NOAA/K BRAUN/STONEX/MAGYP/OIL WORLD



# *“A World of Vegetable Oils”*



**LIPIDOS SANTIGA, S.A.**

Ctra. B-141, Km. 4,3 – 08130 SANTA PERPETUA DE MOGODA (Barcelona) SPAIN

Tel. +34 935 743 186– Fax +34 935 741 936

info@lipsa.es | www.lipsa.es

*Contact us:*

