



# MARKET REPORT

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November 2022

1. Vegetable oil prices

2. External

3. Palm oil (CPO)

4. Lauric Oils (CNO & PKO)

5. Soybean oil (SBO)

6. Sunflower oil (SFO)

7. Rapeseed oil (RSO)

# 1.1 Vegetable Oil Prices

		19/10/2022	18/11/2022	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASYA	4124	3828(*)	MYR/ MT	-299	-7,2%
Crude Palm Oil (Jan)	CIF RDM	1073	1048	USD/ MT	-26	-2,4%
CCNO Phil/ Indo (Jan/ Feb)	CIF RDM	1085	1165	USD/ MT	80	7,4%
CPKO (Jan/ Feb)	CIF RDM	1020	1085	USD/ MT	65	6,4%
Crude Sunflower Oil (JFM)	6 PORTS	1360	1315	USD/ MT	-45	-3,3%
Crude Rape Oil (FMA)	FOB DUTCH MILL	1330	1290	€/MT	-40	-3,0%
Crude Soya Oil (Jan)	FOB ARGENTINA	1300	1314	USD/ MT	14	1,1%
EUR/ USD	SPOT	0,9771	1,0324		0,055	5,7%
USD/ MYR	SPOT	4,7180	4,5500		-0,168	-3,6%
Brent Crude	SPOT	92,4	87,62	US \$/ BRL	-4,79	-5,2%
Gas Oils	SPOT	1075,3	946	US \$/ MT	-129,25	-12,0%

Palm oil prices should find support due to current huge discount vs other vegetable oils. This discount is likely to narrow due to declining global stocks, mainly in Indonesia, and the seasonally slow down in Asian production. Black Sea grain corridor deal was extended for further 120 days, adding some pressure on vegetable oils prices, despite previous rumours indicating that it could have been extended for a much longer period. Rumours about a new preferential exchange rate scheme in Argentina. If Brazilian soybean crop ends close to 150 Mnt or more, current prices will decline.

SOURCE: REUTERS/OIL WORLD/AGRICENSUS/APK INFORM

# 1.2 Vegetable Oil Prices

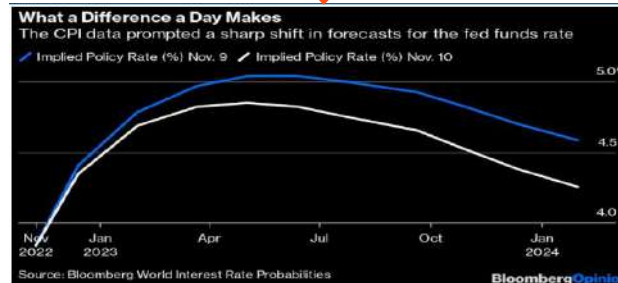


SOURCES: REUTERS

## 2. External: Macroeconomics



Consumer prices in USA increased by 7.7% y/y in October vs 8% expected and 8.2% in September. Stocks and bonds rallied while the dollar plunged against all currencies. Investors consider that the FED could become less aggressive after this number.



Despite global energy prices' downturn, diesel remains expensive.



The European Commission downgraded its forecast of growth with a likely recession scenario. The IMF said that the global economic outlook is even gloomier than projected last month. The **China factor** may not be seen as a bullish factor in the medium term.

Price of containers freight are dropping fast. The main reasons are the slowdown in China and the normalization of the rest of the routes after the covid crisis.

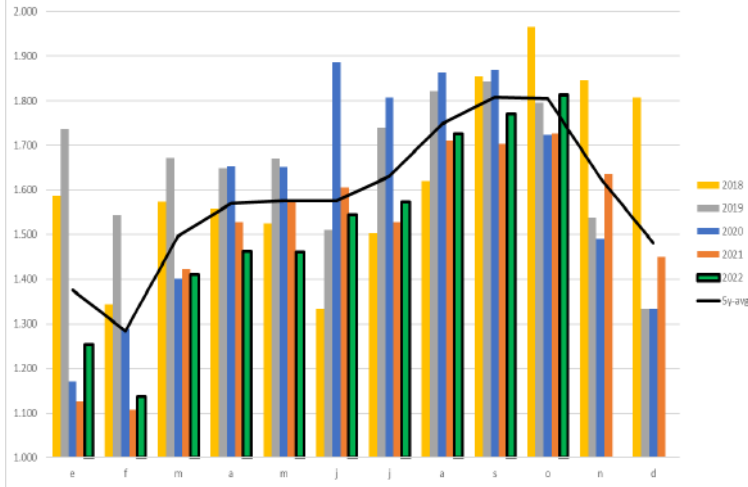
In bulk, the situation is completely different due to higher activity in petrol sector, long delays in Turkey to receive green light to load in Ukraine (3/4 weeks) and less delivery of new vessels after pandemic.

SOURCES: FUTURES FINVIZ/BLOOMBERG/REUTERS/AGRITEL

# 3.1 Palm oil (CPO): Malaysian stocks grew less than expected



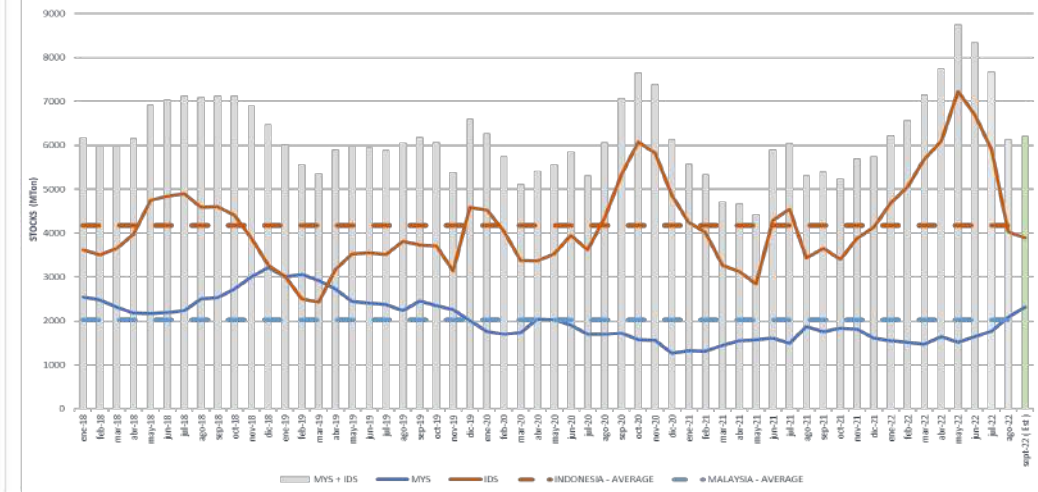
Malaysia: Monthly Palm Oil Production



MPOB Oct-21 vs Oct-22 (millions tons)



Mal / Indo: Ending Stocks



Malaysia's Jan–Oct 2022 production is just 0.85% higher to the same time last year and is forecast to reach 18.2/18.5 MnT for the full year.

Malaysian palm oil stocks reached 3 years high to 2.4 MnT in Oct, +3.7% vs Sept but at a much slower pace than expected (+7.5% vs +9.3%). The slower rise was mainly attributed to a massive 50% reduction in imports and production at low end of expectation.

Palm oil production is apparently not coming up to expectations in Indonesia. Oil World have reduced their estimation to 46.5 MnT in 2022 and 47.9 in 2023.

Indonesian palm oil stocks are expected to ease further in September to 3.84 MnT or down 4.9% from August to the lowest in 10 months, despite exports took a breath in September tumbling by 36% to 2.6 MnT compared to an all time high of 4 MnT recorded in August.

SOURCES: POA/GAPKI/MPOB/OIL WORLD

## 3.2 Palm oil (CPO): Palm is very cheap compared to SBO and SFO



According to Oil World and Godrej Int Ltd, during Nov/Dec palm oil prices are unlikely to fall back to recent lows due to huge palm discount to its nearest substitute soybean oil, uncertainty over sunflower oil supply from the Black Sea given the fragility of the situation, the rapid decline of Indonesian stocks and seasonally slow down in production.

Current huge discounts have boosted palm oil purchases. Record high Indonesian and Malaysia palm oil exports in Aug/Oct this year. This discount seems unsustainable in the medium term.

SOURCES: OIL WORLD/GODREJ INTERNATIONAL LIMITED/POA

### 3.3 Palm oil (CPO): Mr. Mistry's Price Outlook



The palm oil will likely trade between 3,500 and 4,500 Ringgit through the end of March, according to Dorab Mistry.

He boosted his forecasts of September when he predicted that palm oil would slide to 2,500 Ringgit by the end of the year, based on his view that the war in Ukraine would end by Christmas. He does not expect prices around 2,500 Ringgit anymore, unless Brent crude falls to \$70 per barrel and the Ringgit improves.

SOURCES: REUTERS/GODREJ INTERNATIONAL LIMITED



## 4. Lauric Oils (PKO/CNO): Less Production of CNO?



Lauric oils are much more linked to economic growth.

Oil World forecasts world production of CNO to decline by 300 kt in 2022/23. Malaysian PKO stocks increased to a 23-month high of 386 kt in early November.

Main analysts expect firmer lauric oils prices in coming months under the lead of CNO. PKO should develop a premium over CPO, and it is likely to see a higher premium of CNO over PKO.

SOURCES: GODREJ INTERNATIONAL LIMITED/OIL WORLD

# 5.1 Soybean Oil (SBO): South America Weather Market



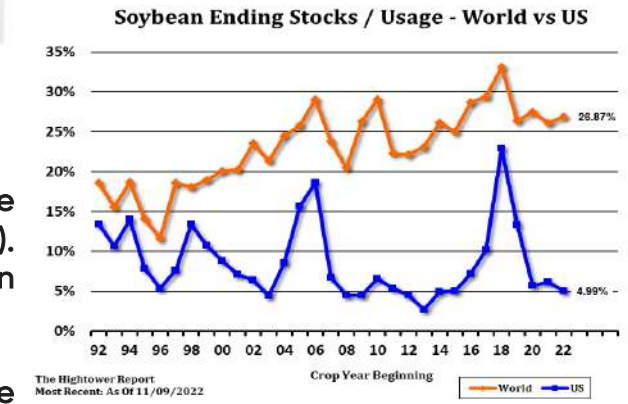
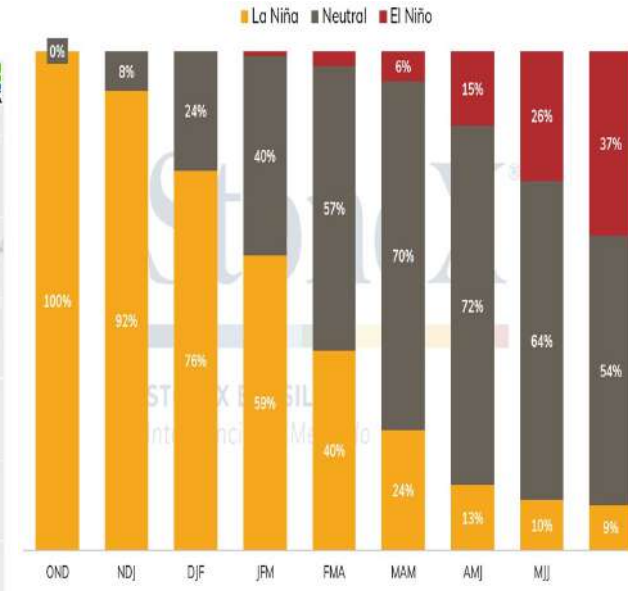
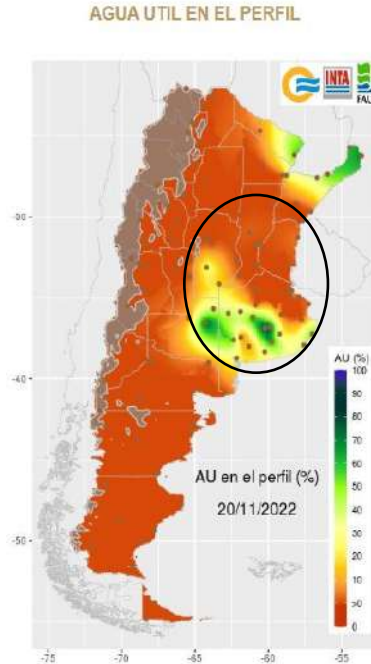
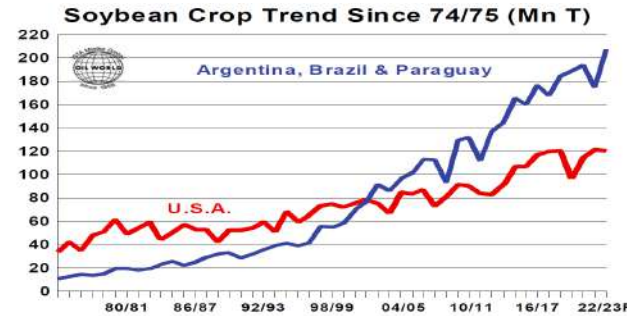
**U.S.A. : Soybean Supply & Demand Balance ( Mn T )**

	September / August				
	22/23F	21/22	20/21	19/20	18/19
Op. stocks ...	7.45	6.99	14.28	24.74	11.92
Crop. ....	118.27	121.53	114.75	96.67	120.51
Imports ...	.50*	.45	.57	.45	.42
Exports ...	52.50*	58.86	61.78	45.87	47.88
Crushings ...	61.27*	59.98	58.26	58.91	56.93
Other use ...	2.93*	2.68	2.56	2.81	3.30
End. stocks ...	9.52*	7.45	6.99	14.28	24.74
Stocks/usage	8.2%	6.1%	5.7%	13.3%	22.9%

**U.S.A.: Feedstock Used for Biodiesel (a) (1000 T)**

Feedstock	Aug		July		Jan/Aug	
	2022	2021	2022	2021	2022	2021
Rape oil ...	60	64	60	56	373*	344*
Soya oil ...	420	370	434	359	3096	2600
Corn oil ...	135	90	118	108	890	775
Tallow/Greases	137	91	112	97	825*	718
Used/waste oil	200	166	228	178	1666	1045
<b>Total</b>	<b>961</b>	<b>781</b>	<b>962</b>	<b>798</b>	<b>6850</b>	<b>5482</b>

(a) Incl. HVO. Source: EIA



The Hightower Report  
Most Recent: As Of 11/09/2022

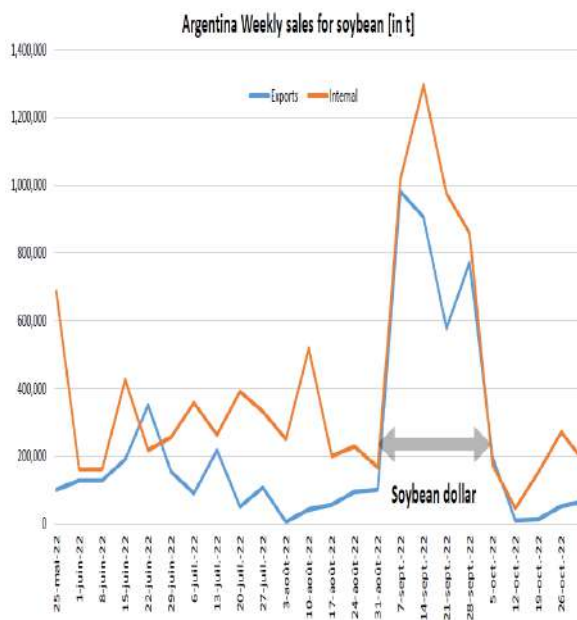
US soybean stocks are seen rising to a 3-year high in 22/23. The trend is more crushing and less exports.

The biggest uncertainty on the supply side is the South American crop, which will be harvested during Feb/May. Severe moisture deficits are reason for concern in many parts of Argentina as well as in southern Brazil (primarily Rio Grande do Sul). The rest of Brazil is in very good conditions. In Argentina, the planted area of corn and soybean until 17th Nov is the lowest in 22 years. In Brazil more than 60% of intended area was sown.

At the moment, market participants expect Brazil production in 150/155 MnT, and Argentina in 42/46 MnT. If these productions materialize, prices of oilseeds and vegetable oils will be under pressure.

SOURCES: OIL WORLD/REUTERS/USDA/INTA/FAUBA/SMN

# 5.2 Soybean Oil (SBO): There is Downward Potential



Demand for US soya oil from biofuel producers has been very strong, and Chicago soybean oil futures have been firm in anticipation of higher demand for soya oil for biodiesel as well as SAF in US.

This is the reason why Argentinean premiums are historically low, despite current dry conditions. Prices of SBO are considerably expensive vs others veg oils. Some countries are raising imports and crushing of rapeseed and sunseed, replacing imports of soybean oil.

Argentine soya oil export supplies are squeezed by reserved farmer sales. However, industry is preparing for a reintroduction of a preferential exchange rate. It is likely to see an increase in the Brazilian mandate. New administration could increase from the current 10% to 14/15% next year.

La Niña: impact on South America yields? → **BULLISH**

China economy suffered a broad slowdown → **BEARISH**

Mandates Increases in Brazil in US? → **BULLISH** (already priced?)

Soybean dollar in ARG again?: → **BEARISH** (but it will be less successfully than previous one)

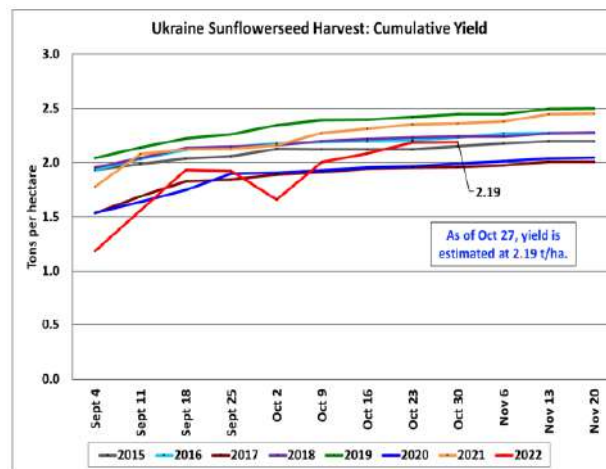
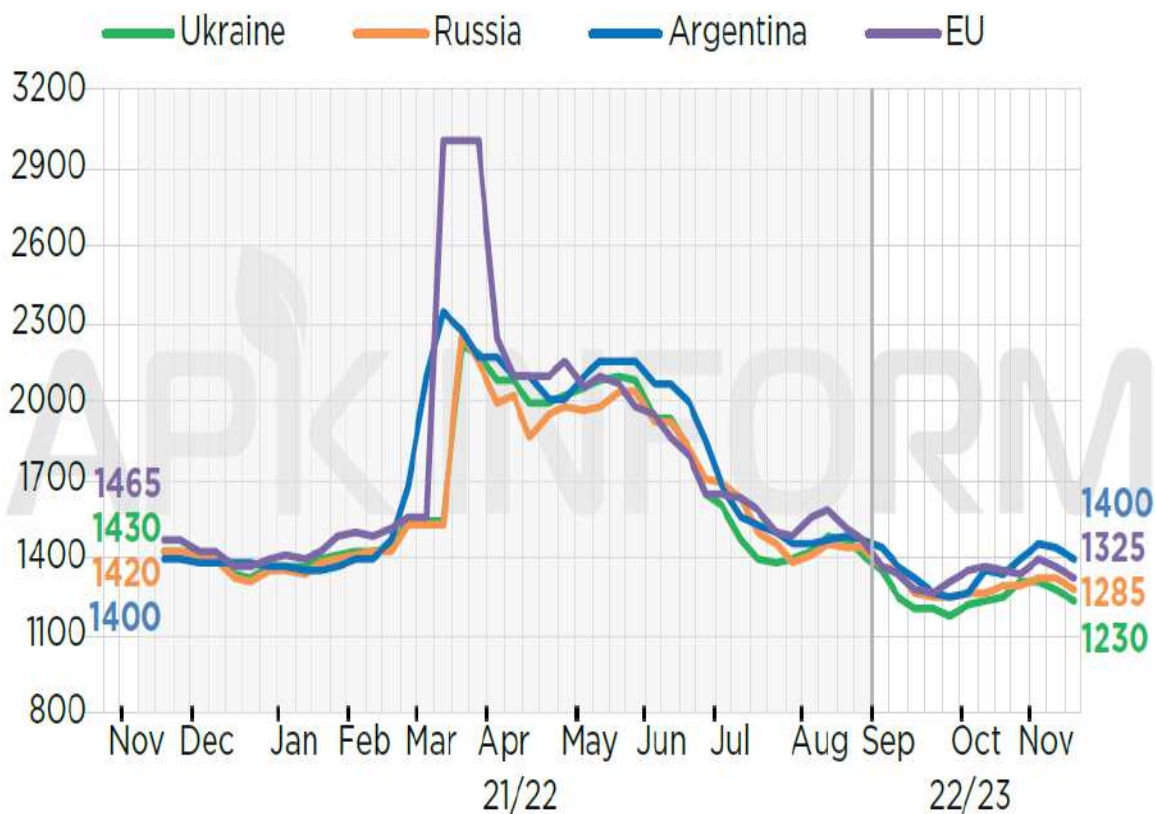
Relative prices → **BEARISH**

SOURCES: REUTERS/AGRITEL/GODREJ INTERNATIONAL LIMITED/OIL WORLD/BCBA

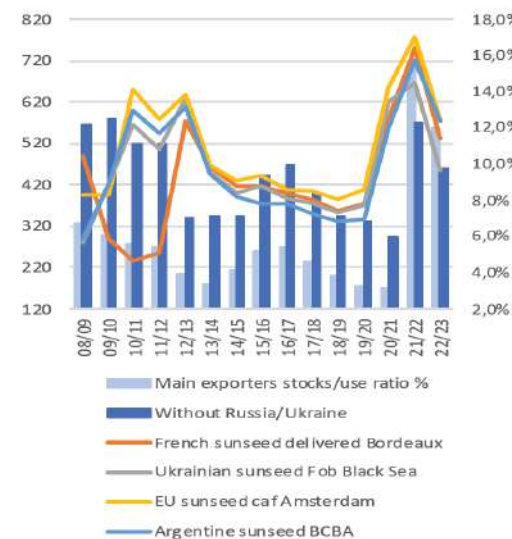
# 6. Sunflower oil (SFO): Sunflower Oil Prices under pressure



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



2.21. SUNSEED STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)



Sunflower oil prices are currently benefiting from tight supplies and high prices of soya oil but are affected by strong price competitiveness of palm oil.

It is likely to see a record crop in Russia. In Ukraine, 4.3 Mn ha (93% of the area) was harvested and production volume reached 9.5 MnT.

India is today the most important destination for SFO exports and surprisingly who pays the highest price. Long delays in the approval of ships to load in Ukraine through the grain corridor. Egypt took on its tender 6,000 tons at 1474 C&F. Europe well covered for spot, stocks of sunseed and oil are significant higher than a year ago.

Black Sea grain corridor deal was extended for further 120 days. The flow of exports from Ukraine is the key point for this market. Energy shortages is affecting industrial activity.

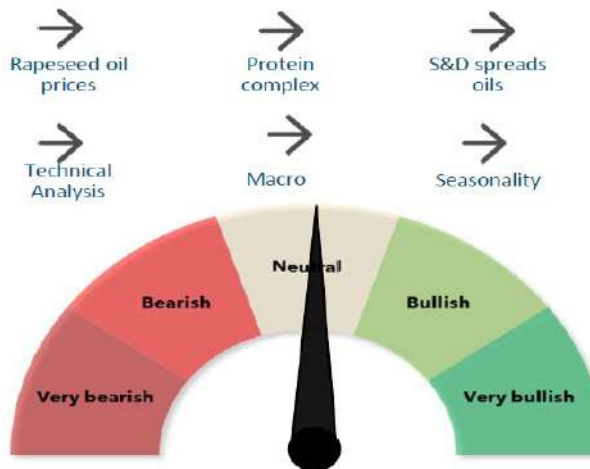
SOURCES: APK INFORM/STRATEGIE GRAIN/OIL WORLD/USDA/UMA

# 7. Rapeseed oil (RSO): Current Prices are Competitive



## RAPESEED & CANOLA : World Supply & Demand

(Mn T)	22/23F	21/22	20/21	19/20
Open'g stocks..	6.25	6.44	8.62	10.05
<b>Production .....</b>	<b>76.07*</b>	<b>66.56</b>	<b>66.70</b>	<b>62.95</b>
EU-27 .....	19.52*	17.30	16.98	15.56
Russia .....	3.10*	2.88*	2.57	2.06
Ukraine .....	3.18*	3.14*	2.70*	3.48*
Canada .....	20.10*	13.76	19.48	19.91
U.S.A. ....	1.80	1.29*	1.63*	1.55
China .....	6.10*	6.50*	6.00*	5.70*
India .....	10.30*	10.30*	8.55*	7.40*
Australia .....	7.20*	6.90*	4.52	2.30
<b>Total supplies</b>	<b>82.32*</b>	<b>73.00</b>	<b>75.32</b>	<b>73.00</b>
Crush (July/June)	69.50*	64.37	66.44	61.92
Other use .....	3.25*	2.38	2.44	2.46
<b>End'g stocks ...</b>	<b>9.57*</b>	<b>6.25</b>	<b>6.44</b>	<b>8.62</b>
EU-27 (Jun 30)	1.82*	1.02*	.93	1.03
Canada (July31)	2.70*	1.47*	1.78	3.43
<b>Stocks/usage</b>	<b>13.2%</b>	<b>9.4%</b>	<b>9.3%</b>	<b>13.4%</b>



Record supply in the main exporters has created pressure on RSO prices during last months.

However, current RSO prices are competitive vs SBO/SFO, reviving global import demand both for rapeseed and rapeseed oil this season.

Canola oil will feed into domestic USA market. We expect a substantial increase in EU rapeseed crushing in 2022/23, close to 1.2 MnT, mainly as a feedstock for biodiesel.

SOURCES: OIL WORLD/AGRICENSUS/USDA/AGRITEL

“A World of  
Vegetable Oils”



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