



MARKET REPORT

February 2022

Content

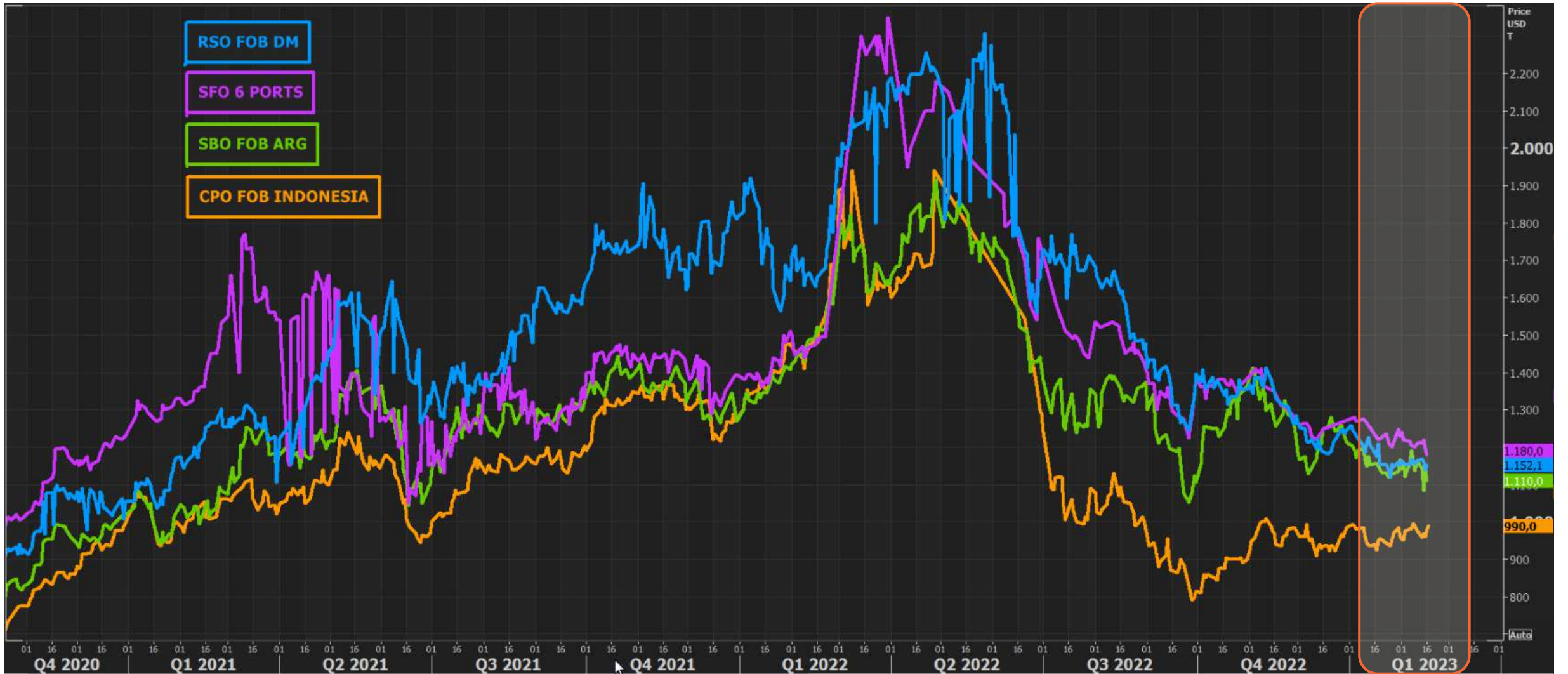
1. Vegetable oil prices
2. Demand
3. Palm oil (CPO)
4. Soybean oil (SBO)
5. Sunflower oil (SFO)
6. Rapeseed oil (RSO)
7. Lauric oils (PKO + CNO)

1.1 Vegetable oil prices

		18/01/2023	16/02/2023	Unidad	Dif	Dif %
Crude Palm Oil (3rd Pos)	FOB MALASYA	3867	4069	MYR/ MT	202	5,2%
Crude Palm Oil (Abr)	CIF RDM	1035	1010	USD/ MT	-25	-2,4%
CCNO Phil/ Indo (Apr/ May)	CIF RDM	1115	1110	USD/ MT	-5	-0,4%
CPKO (Apr/ May)	CIF RDM	1020	1010	USD/ MT	-10	-1,0%
Crude Sunflower Oil (AMJ)	6 PORTS	1215	1165	USD/ MT	-50	-4,1%
Crude Rape Oil (MJJ)	FOB DUTCH MILL	1120	1095	€/MT	-25	-2,2%
Crude Soya Oil (Mar)	FOB ARGENTINA	1189	1177	USD/ MT	-12	-1,0%
EUR/ USD	SPOT	1,0790	1,0668		-0,012	-1,1%
Brent Crude	SPOT	84,59	85,14	US \$/ BRL	0,55	0,7%
Gas Oils	SPOT	929,0	820	US \$/ MT	-109,00	-11,7%

SOURCE: REUTERS/AGROSUD

1.1 Vegetable oil prices



SOURCES: REUTERS/OIL WORLD

1.2 European vegetable oil prices



SOURCES: REUTERS/OIL WORLD

2.1 Demand

CHINA

CHINA: Supply & Demand of 17 Oils & Fats (Mn T)

	October / September				
	22/23F	21/22	20/21	19/20	18/19
Production	30.52*	29.65	29.23	27.70	27.85
Soya oil	16.78*	16.43*	16.64*	16.22*	15.38*
Rape oil	4.01*	3.52*	3.33*	3.11*	3.56*
Lard	3.68*	3.65*	3.43*	2.60*	3.17*
Imports	11.77*	8.10	14.22	13.33	12.05
Soya oil . . . . .	.62*	.29	1.23	1.00	.78
Sun oil	1.22*	.51	1.64	1.75	1.03
Rape oil	1.41*	.97	2.37	1.94	1.51
Palm oil	6.80*	4.83	7.02	6.84	6.89
Exports . . . . .	.23*	.22	.13	.27	.31
Stock change	+ .95*	-2.27*	+1.52	+1.12	-0.08
Consumption	41.11*	39.80*	41.80	40.65	39.67
Caput use (kilos)	28.8*	27.9*	29.3	28.5	27.9
Population (Mn)	1425*	1426*	1426	1425	1422



In China, combined inventories of the three vegetable oils are now slightly below 3-y average. Consumption has apparently already recovered in Oct/Dec 2022, and according to Oil World this trend will continue for the remainder of this season.

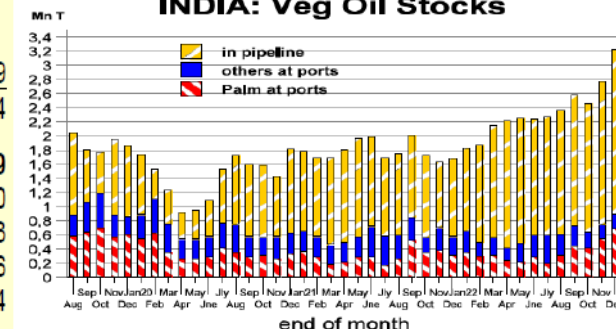
INDIA

INDIA : Balance 8 Major Oils (a) (Mn T)

	October / September				
	22/23F	21/22	20/21	19/20	18/19
Production	8.22*	7.49	7.12	6.23	6.34
Imports	14.51*	14.59	14.19	14.04	15.59
Soybean oil	3.38*	4.23	3.24	3.62	3.00
Sunflower oil	2.05*	1.96	1.96	2.51	2.33
Rapeseed oil . . . . .	.03*	.03	.03	.08	.06
Palm oil	8.90*	8.28	8.78	7.68	10.04
Exports . . . . .	.18*	.13	.28	.11	.05
Change in stocks	+ .18*	+ .67	+ .25	- .53	- .04
Dom. Consumpt.(b)	22.37*	21.28	20.79	20.69	21.92
Stocks/use ratio(c)	14.0%	13.9%	11.0%	9.8%	11.7%
Population (Mn)	1420*	1417	1408	1396	1383
Caput use(kilos)	15.7	15.0	14.8	14.8	15.8

(a) Soya, palm, sunflower, rapeseed, palmkern, coconut, groundnut, cottonseed oils. (b)Residual. (c) In % of annual use.

INDIA: Veg Oil Stocks



INDIA : Imports of 5 Major Vegetable Oils (1000 T)

	Feb / Sept			Oct / Jan		
	2023F	2022	2021	22/23	21/22	20/21
Soya oil	2.16*	2.65	2.17	1.22*	1.59	1.07
Sunflower oil	1.13*	1.16	1.13	.92*	.80	.83
Rapeseed oil . . . . .	.02*	.	.02	.*	.03	.
Palm oil	4.98*	5.66	5.75	3.92*	2.62	3.03
Palmkern oil . . . . .	.10*	.06*	.10	.04*	.03	.07
Total	8.40	9.52	9.17	6.10	5.06	5.01

Huge stocks of veg oil in India. In Addition, imports of 3 major vegetable oils in January were close to a record. As a result, a decline in Feb / Sep is expected.

SOURCES: JINGHE ZHAO/OIL WORLD/AGRITEL

2.2 Demand: Biodiesel

BIODIESEL (a): World Production by Country (Mn T)

	January / December				
	2023F	2022	2021	2020	2019
EU-27	15.20*	15.30*	15.24	15.40	15.01
U.K. . . . .	.31*	.31*	.33	.31	.44
U.S.A.	11.10*	10.10*	8.49	7.85	7.35
Canada . . . . .	.64*	.58*	.67	.64	.57
Argentina	2.20*	2.09*	1.72	1.16	2.15
Brazil	6.67*	5.53*	5.91	5.62	5.16
China	2.50*	2.20*	1.80	1.50	1.00
Colombia . . . . .	.71*	.69*	.67	.53	.58
Singapore	2.10*	1.75*	1.80	1.80	1.75
Indonesia	10.20*	8.90*	7.47	7.35	7.48
Malaysia . . . . .	.98*	.87*	.92	.91	1.42
Thailand	1.60*	1.40*	1.60	1.65	1.65
Oth. cties.	1.64*	1.59*	1.66	1.68	1.86
Total	55.85*	51.31*	48.28	46.40	46.42
Change in (Mn T)	+4.54*	+3.03*	+1.88	-.02	+4.58

(a) Incl. HVO

A large increase in world production of biodiesel is coinciding with a pronounced growth in veg. oil consumption for food in 2022/2023.

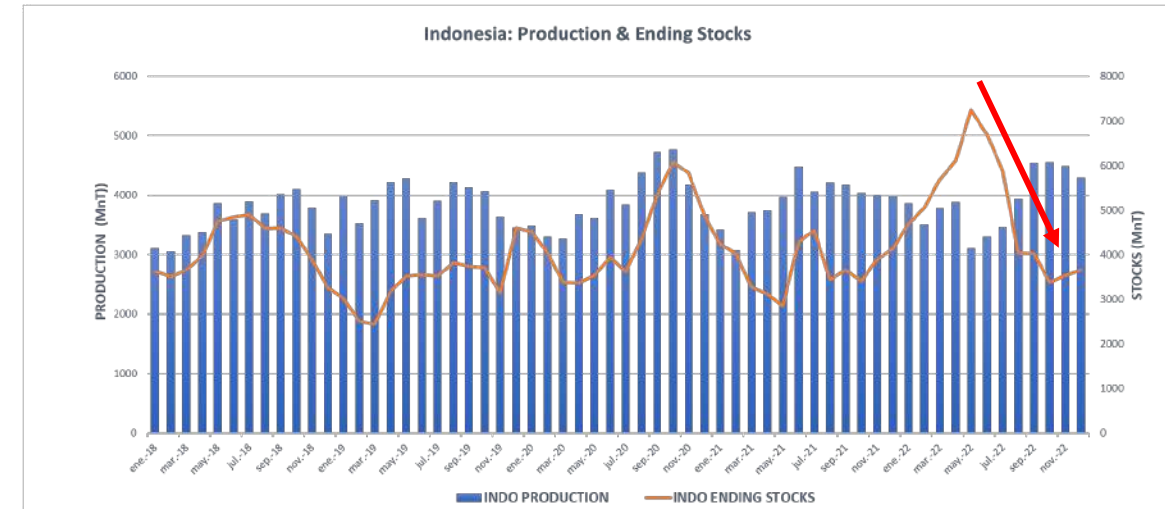
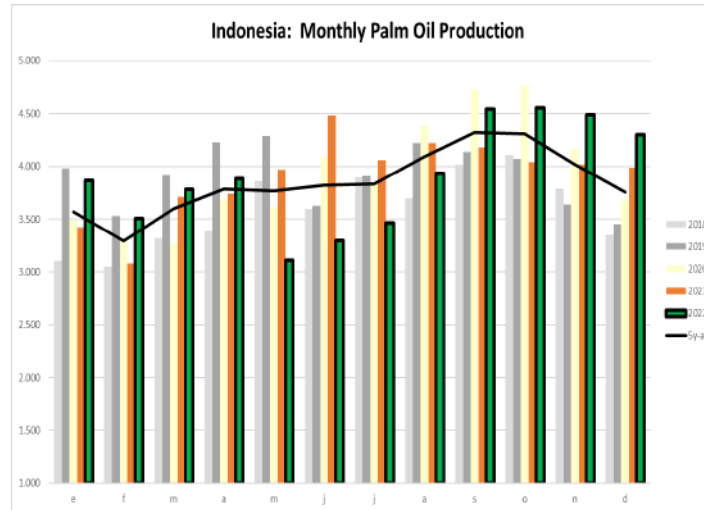
In **USA**, we are witnessing a rapid expansion of the renewable diesel (HVO) production capacity. Total production is expected +10% vs. 2022,

In **Indonesia**, biodiesel admixture is scheduled to increase from 30 to 35% in February. However, a full implementation of B35 will take time.

In **Brazil**, mandatory admixture of biodiesel is expected to be limited at 10% (B10) until end-March 2023. The Brazilian government is currently preparing the implementation of the increase to 14–15% from April onward.

SOURCES: FUTURES FINVIZ/VESPER/STONEX

3.1 PALM OIL (CPO): Stocks in Indonesia back to normal



According to GAPKI, Indonesian CPO+CPKO ending month stocks grew by **3.5%** to 3.658 MnT in December, the highest level in 3 months, but still **11%** lower than Dec-21 and **12%** lower than 5y average.

Production of CPO was 4.3 MnT, significantly better than previous year.

For next season production is expected with a marginal increase of **2%**.

Rumors about a possible increase on Domestic Market Obligation from 1:6 to 1:3/1:4.

INDONESIA	2022	2023	% change
Carry forward	4.13	3.76	-8.96
Production	49.00	50.00	2.04
Imports	0.05	0.05	0.00
TOTAL SUPPLY	53.18	53.81	1.18
Exports	29.05	27.50	-5.34
Domestic consumption	20.37	22.00	8.00
Stocks	3.76	4.31	14.63
TOTAL DEMAND	53.18	53.81	1.18

in million metric tons

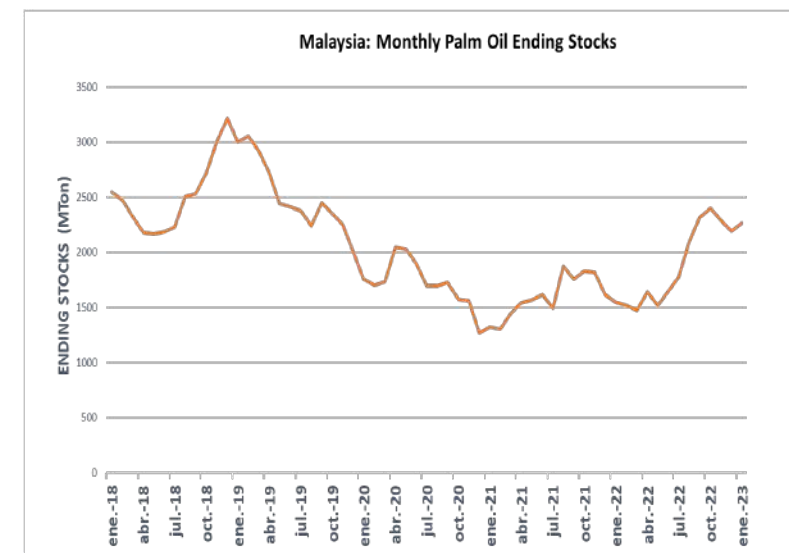
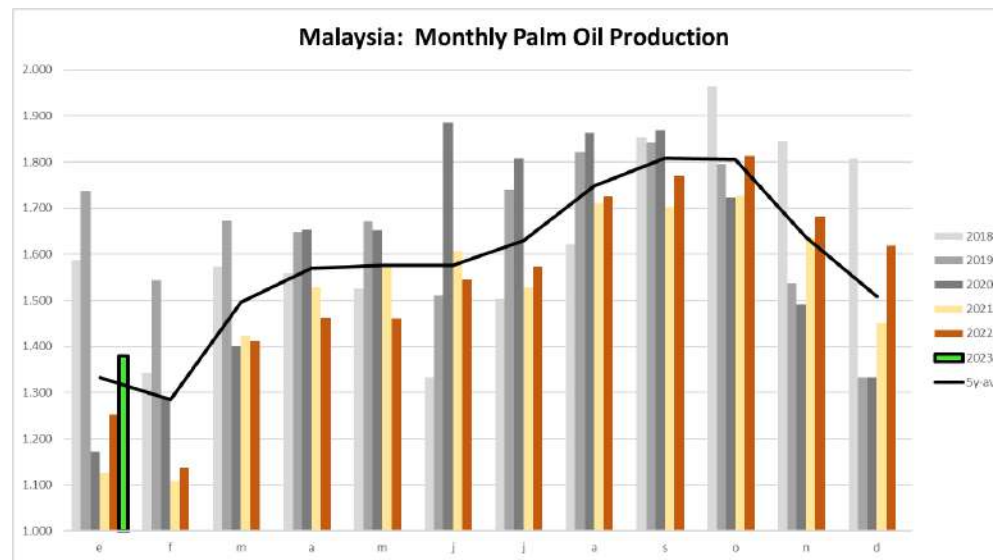
SOURCES: POA/GAPKI/OIL WORLD

3.2 PALM OIL (CPO): Malaysian palm oil production was good



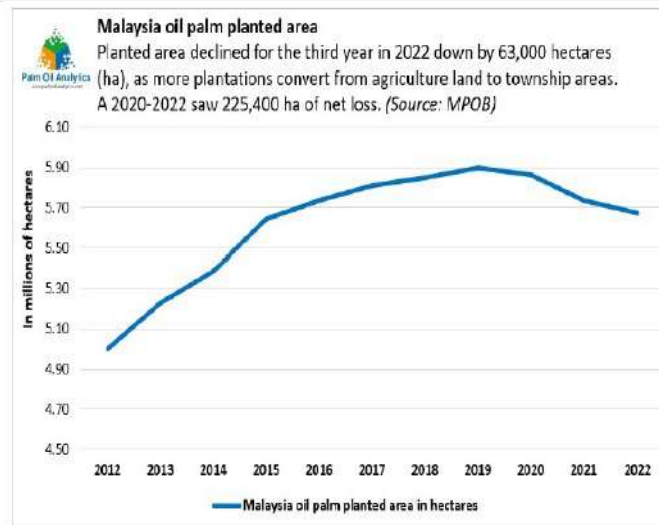
Malasian CPO outlook

Jan-23 vs Jan-22
(millions tons)



Malaysia's ending stock rose by **3.3%** to 2.268 MnT in Jan-23, much higher than expected, due to imports reaching a 5-month high. The annual growth is **46%**.

Monthly production decreased by **14.7%** to 1.380 MnT vs. Dec-22, however it was noticeably better than the last 3 years and in line with 5-year average level, despite the industry facing labor shortage problems, declining long term yields and excessive rains disrupting harvesting activities. For the whole year, only a marginal increase is expected.

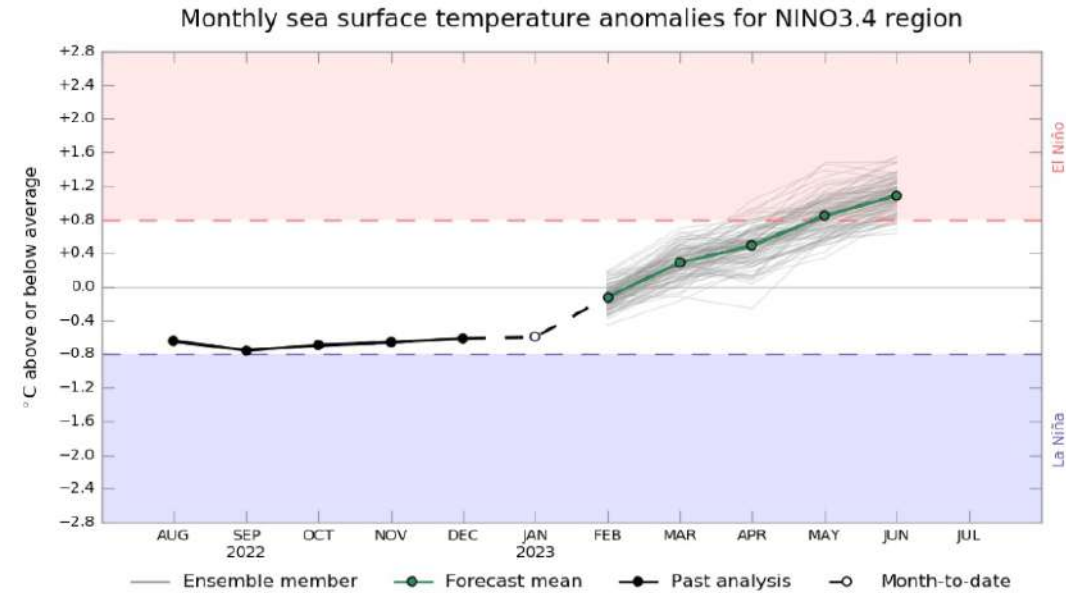
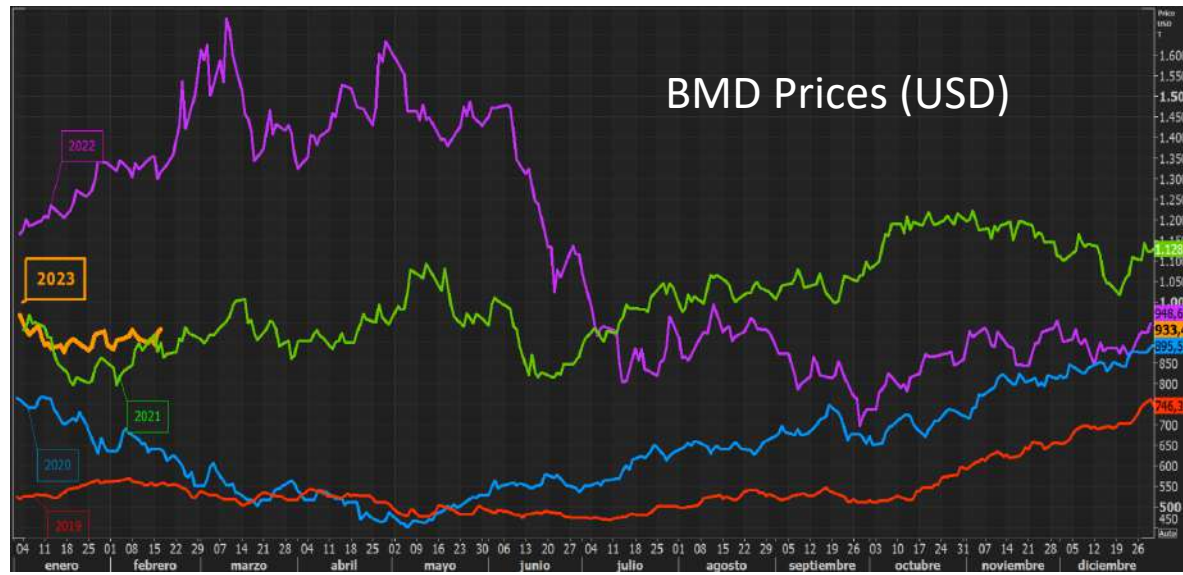


MALAYSIA	2022	2023	% change
Carry forward	1.61	2.19	35.69
Production	18.45	18.50	0.25
Imports	1.10	1.30	18.51
TOTAL SUPPLY	21.16	21.99	3.90
Exports	15.74	16.50	4.86
Domestic consumption	3.24	3.20	-1.08
Stocks	2.19	2.29	4.57
TOTAL DEMAND	21.16	21.99	3.92

in million metric tons

SOURCES: POA/MPOB

3.3 PALM OIL (CPO): Global demand will increase in 2023



Surplus stocks in Indonesia have been disposed of with record exports in the past five months, reducing stocks to an estimated 3.6 MnT at the end of December, close to normal. However, we are seeing high stocks in India and other importing countries.

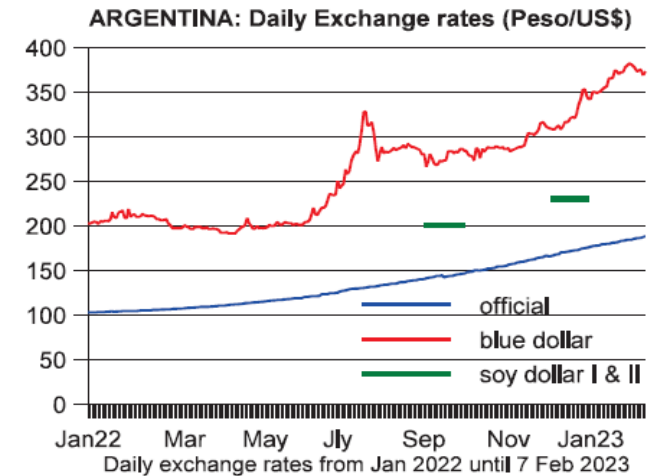
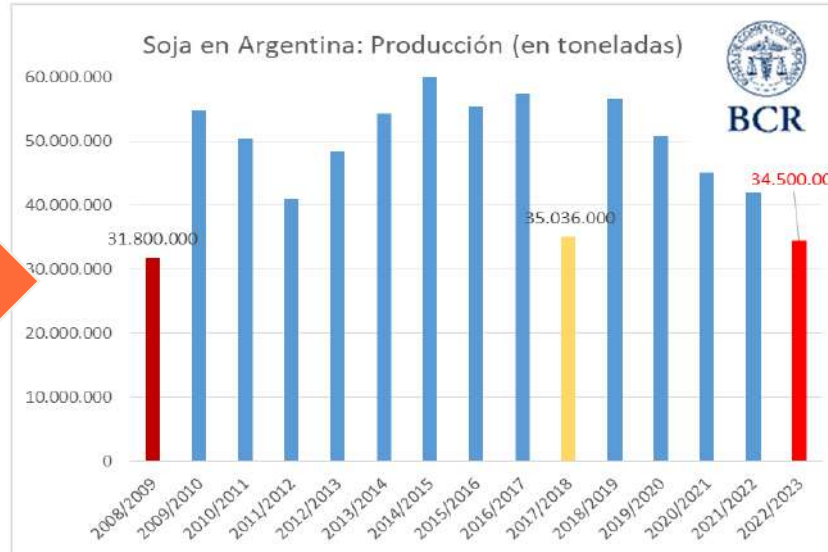
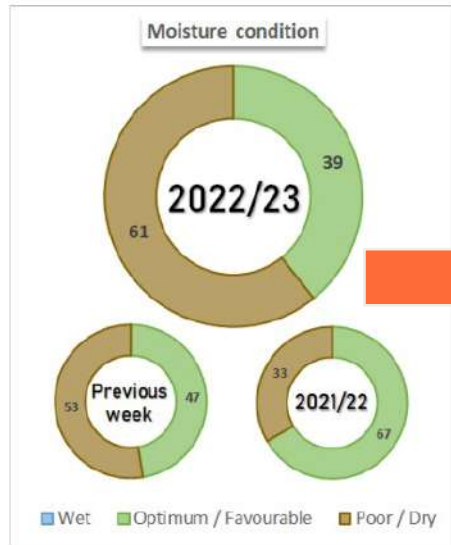
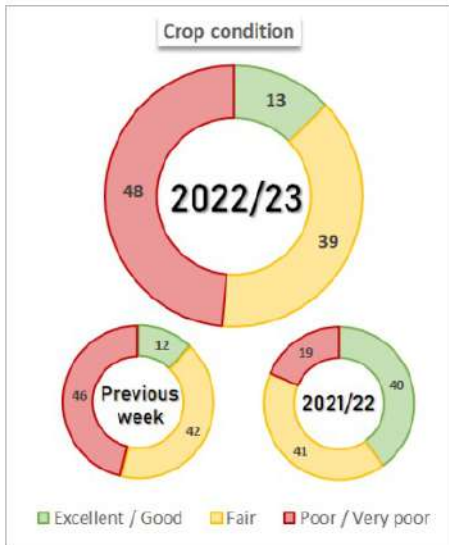
It is likely to see less palm oil demand in coming month. However, global demand of CPO will increase in 2023. The discount of Malaysian RBD palm olein vs. Argentina SBO diminished to around 150 USD vs. 400 USD/mt in November.

The Indonesian Government is apparently considering to curtail export of palm oil to maintain control over domestic prices. Moreover, the expected increase in Chinese demand plus additional biodiesel blending in importing countries will give support to CPO prices.

The anticipated shift from the currently weakening La Niña to a possibly strong El Niño can affect production of palm oil in the long term.

SOURCES: POA/BOM/REUTERS/OIL WORLD

4.1 SOYBEAN OIL (SBO): Argentina will have the lowest crop since 2017/2018



SOYBEANS : Production in South America (Mn T)

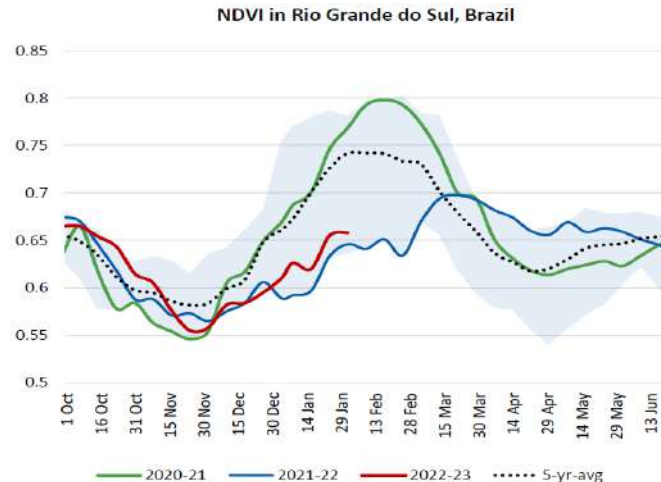
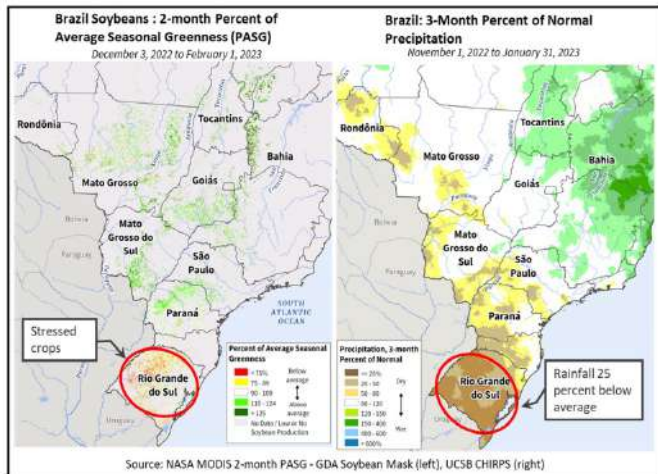
	2023F	2022	2021	2020	2019
Brazil	152.00*	128.10*	140.20*	129.30*	121.90*
Argentina . .	35.50*	42.50*	43.80*	49.30*	54.30*
Paraguay . .	9.00*	4.10*	9.80*	10.24	8.52
Uruguay . . .	2.90*	3.25*	1.85*	2.25*	2.98*
Bolivia	3.30*	3.08	3.32	2.83	2.99
Total	202.70*	181.03	198.97	193.92	190.69

Irreversible damage has already occurred in Argentina: 48% of crop is "poor/very poor" (vs. 19% in 2022 and 8% in 2021). Planted area was roughly 1.0 Mn Has below intentions. Rosario Grain Exchange reduced its soybean production forecast of 2.5 MnT to 34.5 MnT, vs. earlier estimates of 45-47 MnT and 42.2 MnT last year.

Argentina is buying soybean from Brazil. A new "soybean dollar" scheme is expected.

SOURCES: BCBA/OIL WORLD/BCR/USDA

4.2 SOYBEAN OIL (SBO): Brazil and USA



Brazilian farmers have harvested 10% of the area, less than half than in 2022 due to rains in the key producing regions.

They have sold 30.5% of their soybean vs. 44% by this time last year. Doubts about final crop in Rio Grande do Sul (15% of total area).

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

Feedstock	Nov		Oct		Jan / Nov	
	2022	2021	2022	2021	2022	2021
Canola oil	51	60	75	53	559*	505*
Soya oil	428	371	411	377	4359	3692
Corn oil	109	111	108	98	1245	1059
Tallow/Greases	111	83	97	115	1131*	992*
Used/waste oil	234	186	237	175	2367	1682
Total	933	811	928	818	9661	7930

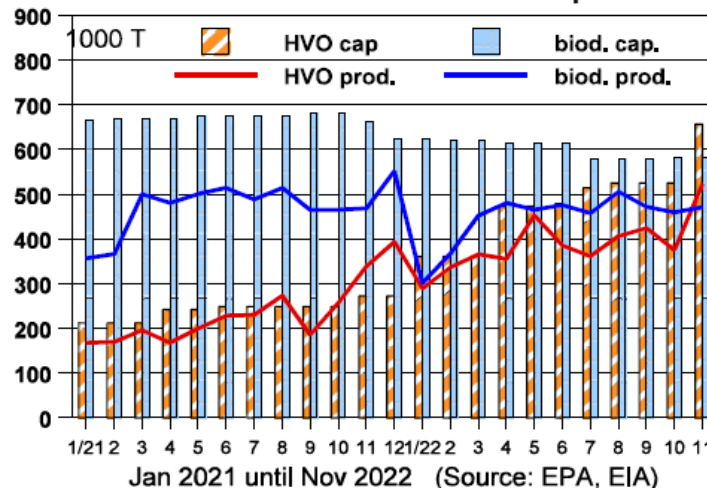
(a) Incl. HVO. Source: EIA

U.S.A.: Rising Net Imports of 17 Oils & Fats (1000 T)

Imports	Oct/Dec		Jan / Dec		
	2022	2021	2022	2021	2020
17 oils & fats . . .	1874	1549	6346	5801	5212
Exports					
17 oils & fats . . .	313	600	1826	2281	2901
Net imports . . .	1561	949	4520	3520	2311

SOURCES: BCBA/OIL WORLD/BCR/USDA

U.S.A.: Biodiesel/HVO Production & Capacities

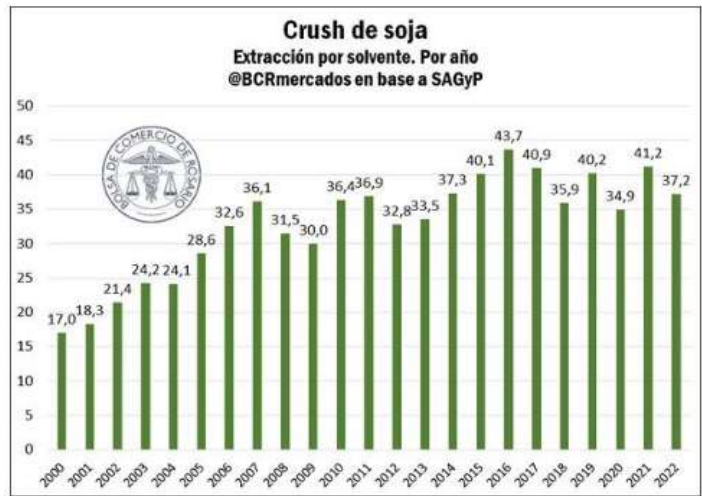
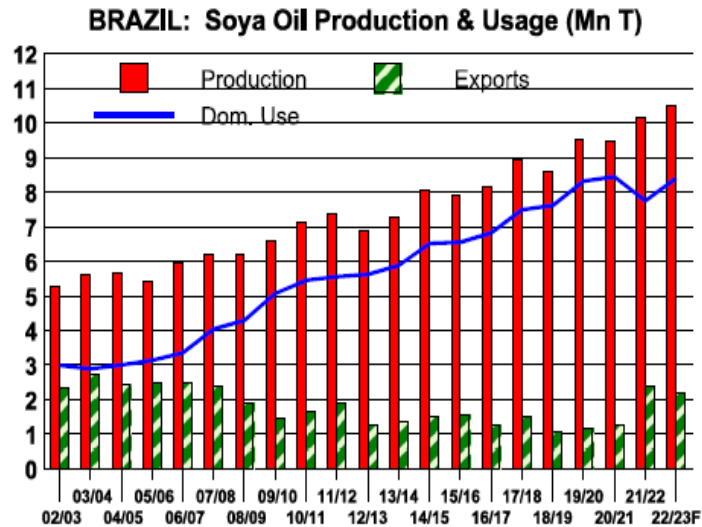


Rapid expansion of the renewable diesel (HVO) production capacity in USA. In Nov, EIA reported that total capacity more than doubled within 12 months.

Net imports of vegetable oils from the USA has grown 28% in 2022.

SOURCES: OIL WORLD/CME/THE HIGHTOWER/AGRITEL/CONAB

4.3 SOYBEAN OIL (SBO): Strengthening of relative prices is expected



South American soybean oil prices have been under pressure to improve the competitiveness vs. palm oil on the world market and versus rapeseed oil/RME in Europe (key competitors for Argentine SME).

However, low soybean *crushings* in Argentina and Europe as well as strong growth in soybean oil requirements in the USA and probably soon in Brazil too, are likely to support soybean oil prices in the near to medium term.

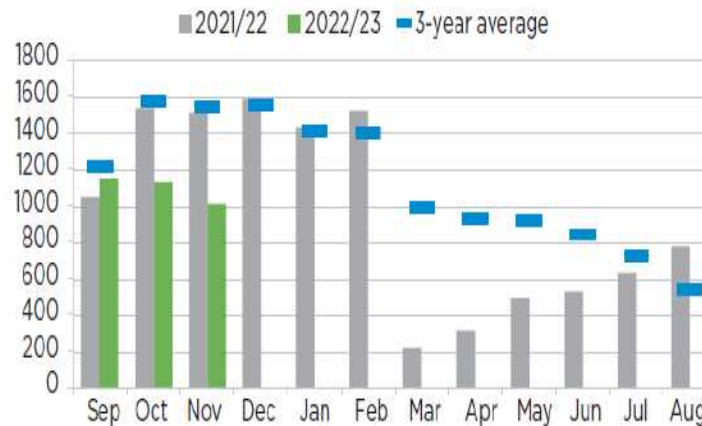
SOURCES: OIL WORLD/CME/THE HIGHTOWER/AGRITEL/CONAB

5.1. SUNFLOWER OIL (SFO): Huge SFS exports from Ukraine



	Jan		Dec		Sept / Jan	
	2023	2022	2022	2021	22/23	21/22
Sunseed .	194	4	296	4	1380	41
Sun oil . . .	395	612	442	690	2287	2653
Sun meal .	292	622	448	454	1746	2069

Dynamics of sunflower seed processing in Ukraine, thsd tonnes



UKRAINE : Sunseed Supply & Demand (Mn T)

	Sept / Aug			Sept/Dec	
	22/23F	21/22	20/21	2022	2021
Op. stocks . .	2.75*	.21*	.14*	2.75*	.21*
Output	10.90*	16.80*	13.90*	10.90*	16.80*
Imports . . . . .	.01*	.02	.02	.01	.01
Exports	2.43*	1.61	.19	1.19	.04
Crushings	10.60*	12.14*	13.45*	4.14*	5.72*
Other use . . . . .	.26*	.53*	.21*	.10*	.07*
End Stocks . . . . .	.37*	2.75*	.21*	8.24*	11.19*

Sunflower seed export from Ukraine, thsd tonnes

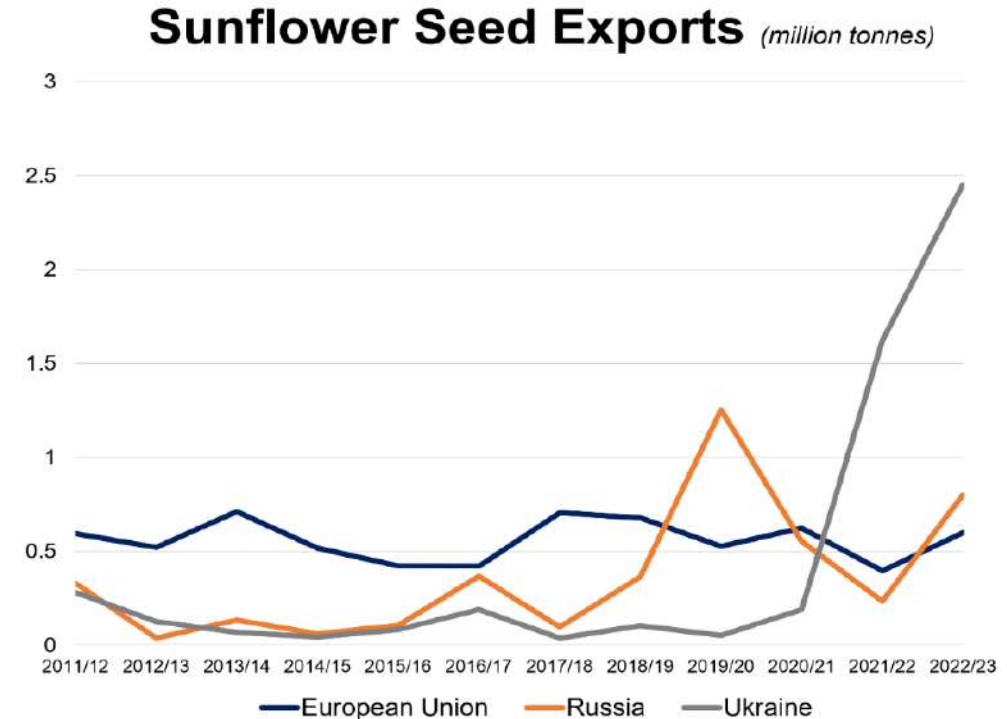
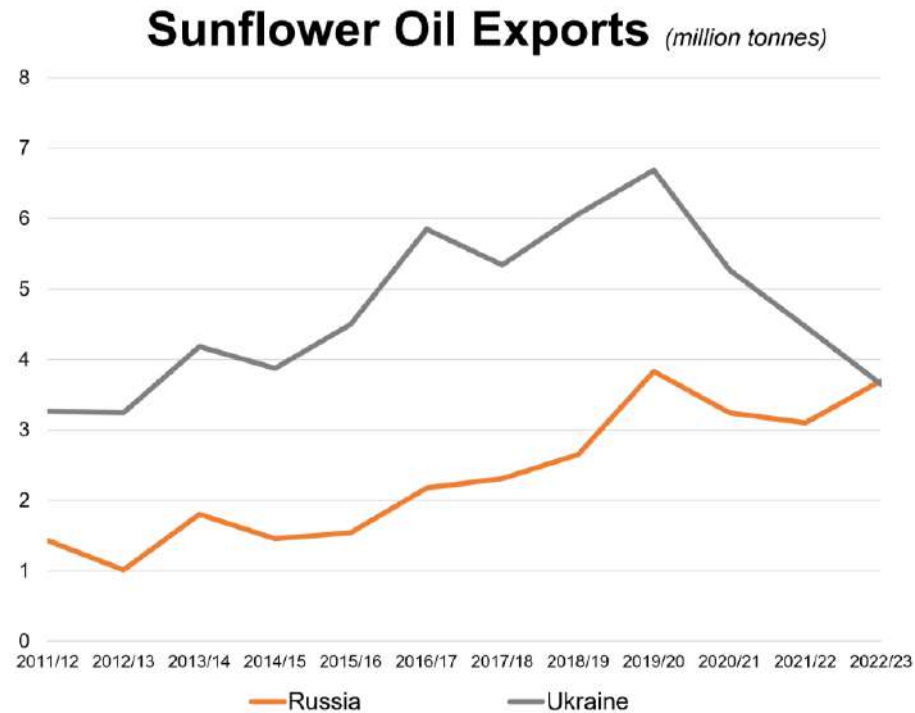


Production in Ukraine was better than expected: 10.9 MnT. The *crushing* capacity decreases as electricity disruptions continues to slow down production. SFS crushing probably decline by 30%/40% on the year.

High export of sunflower seed also significantly affects the market. In Sep/Jan, Ukraine exported almost 1.4 MnT of sunflower seed which is a record for this period. Exports of SFO decreased by **only 0.36 MnT** despite the slow *crushing* and record exports of SFS.

SOURCES: APK INFORM/DINESH KUMAR/OIL WORLD

5.2. SUNFLOWER OIL (SFO): Export Market 2022/2023

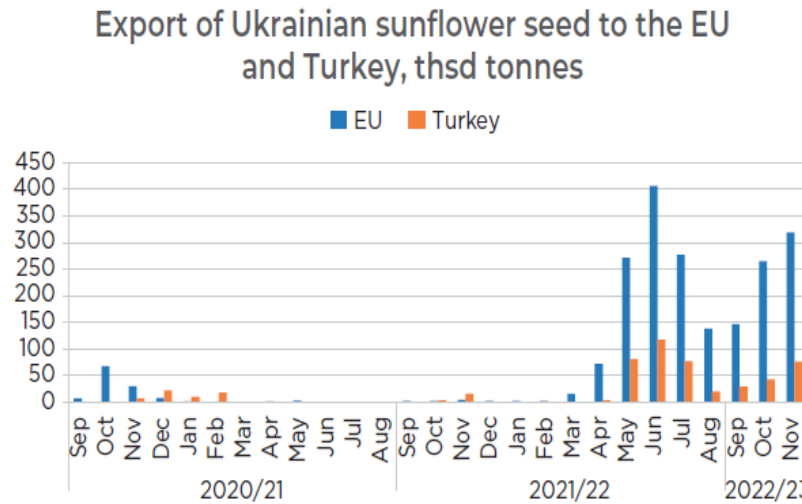
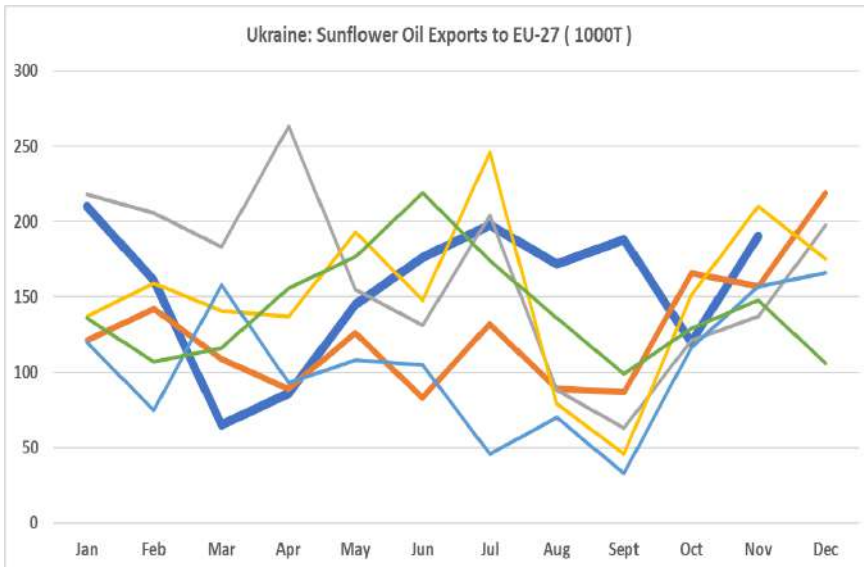


It is likely to see high SFS exports from Ukraine during the whole season, offsetting the decline in SFO. The most important thing has always been and will remain how much Ukrainian sunflower is available for export.

Russia had a better-than-expected production: **15.8 MnT** vs. 15.4 MnT last season. The best indication that they need to sell → export duty for oil = 0%.

SOURCES: K BRAUM/USDA/OIL WORLD

5.3. SUNFLOWER OIL (SFO): Huge stocks in Europe



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

	August / July				
	22/23F	21/22	20/21	19/20	18/19
Opening stocks . . .	1.53	.76	.88	.83	.88
Output	9.53*	10.47	8.97	9.47	9.48
Imports (a)	1.98*	1.47	.85	1.05	.54
Exports (a) . . . . .	.41*	.40	.66	.57	.56
Crushings	9.92*	9.49	8.06	8.73	8.38
Other use	1.33*	1.28	1.22	1.17	1.13
Ending stocks . . .	1.37*	1.53	.76	.88	.83

(a) Intra-EU trade is excluded.

Despite the war, SFO exports from Ukraine to the EU were higher than last year. SFS exports in Jan/Nov were 1.65 MnT, when last year they were practically zero. Sunseed *crushing* increased in the second half of 2022, with most of the year-on-year growth registered in Bulgaria, Romania and Hungary, reflecting large imports from Ukraine.

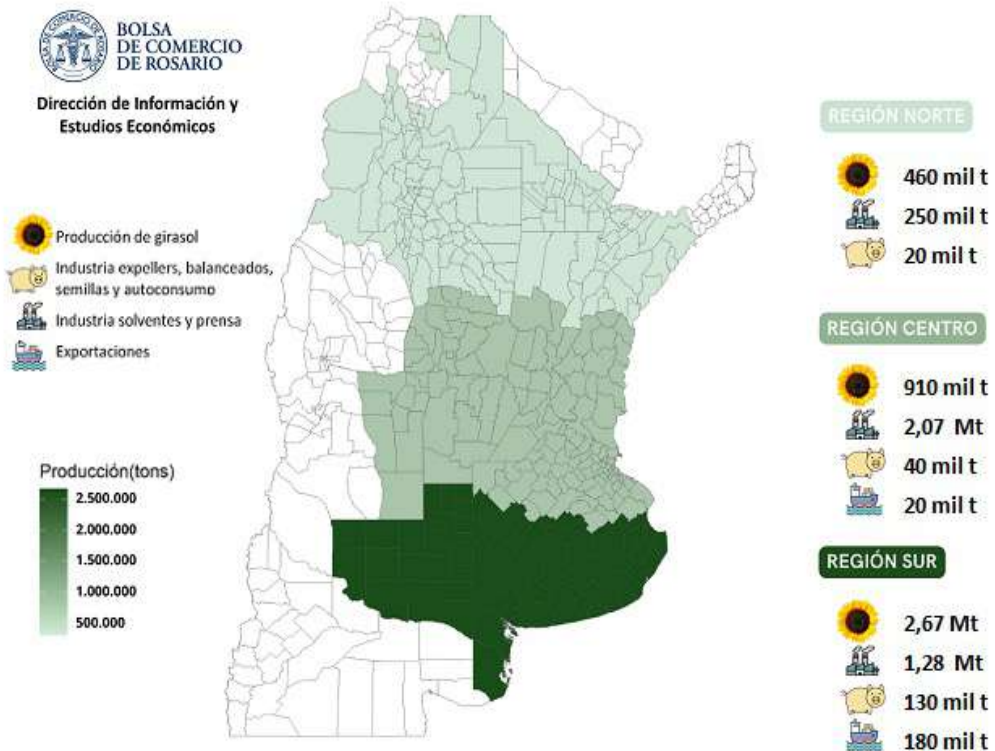
Supplies of sunflower seeds & oil are currently in surplus in the European Union. Stocks are unusually large. Demand is very slow. As a result, Europe competes in the export market.

SOURCES: OIL WORLD/APK INFORM

5.4. SUNFLOWER OIL (SFO): Good perspectives in Argentina



Girasol 2022/23 en Argentina



In Argentina, sunflower production will be 3.8/4.0 MnT, **+12%/14%** vs. last season, due to higher area and yields less affected than in soybean and corn.

Harvest is 21% done.

@BCRmercados en base a JJ Hinrichsen, SAGyP y estimaciones propias

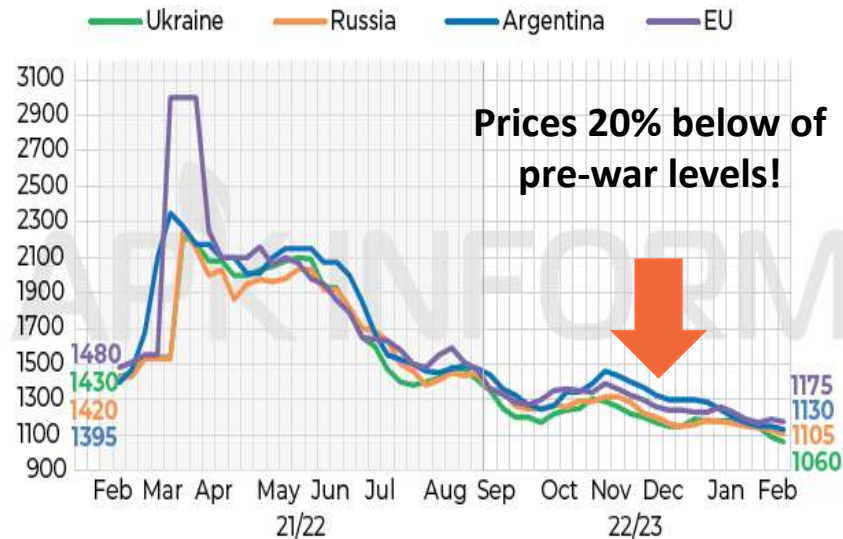
SOURCES: BCR/OIL WORLD/APK INFORM/DINESH KUMAR

5.4. SUNFLOWER OIL (SFO): Prices 20% below of pre-war levels



SUNSEED : World Supply & Demand (Mn T)				
	22/23F	21/22	20/21	19/20
Open'g stocks	7.10	2.91	3.35	3.34
Production	52.99*	57.90	50.84	55.67
EU-27	9.53	10.47	8.97	9.47
Russia	15.80*	15.40*	13.42*	15.38
Ukraine	10.90*	16.80*	13.90*	16.50*
Rep. of S. Africa . .	.78*	.85	.68	.81*
U.S.A.	1.28	.86	1.35	.89
Argentina	3.70*	3.32*	3.20*	3.02*
Türkiye	2.05*	1.75*	1.58*	1.70*
Total supplies	60.09*	60.81	54.19	59.01
Crush (Sept/Aug) . .	49.41*	48.06	45.94	50.45
Other use	6.18*	5.65	5.34	5.21
End'g stocks	4.50*	7.10	2.91	3.35
EU-27 (July 31) . . .	1.48*	1.53	.76	.88
Russia (Aug 31) . . .	.69*	.98*	.17*	.38*
Ukraine (Aug 31) . .	.37*	2.75*	.21*	.14*
Argentina (Sep 30)	.75*	.71*	.93*	.95*
Other countries . . .	1.21*	1.13*	.84*	1.00
Stocks/usage	8.1%	13.2%	5.7%	6.0%

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

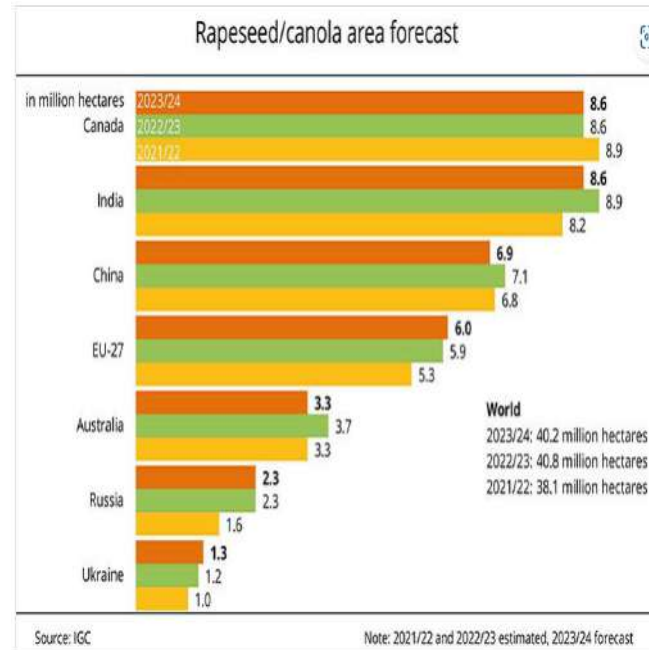
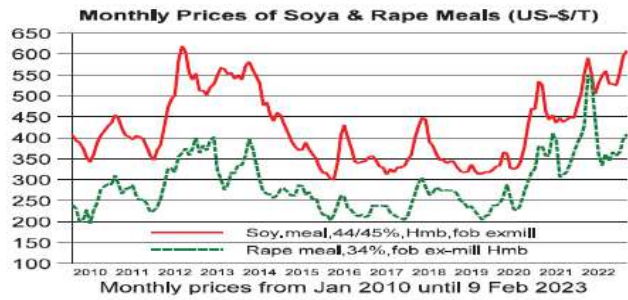
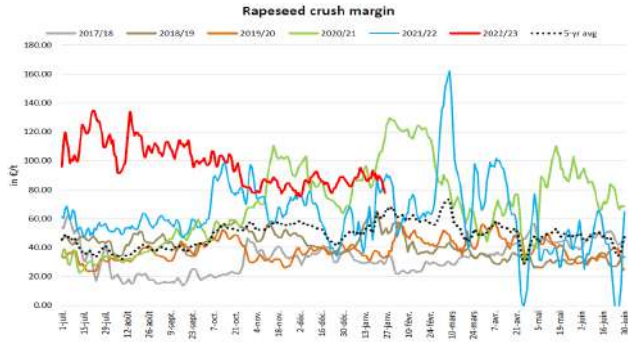


The scenario is heavy in the short term. Very slow demand and a lot of supply in the EU, Ukraine and Russia. India is covered for the spot, and Ukraine sells at whatever price is necessary (risk + cash flow). In addition, Argentina enters the market...

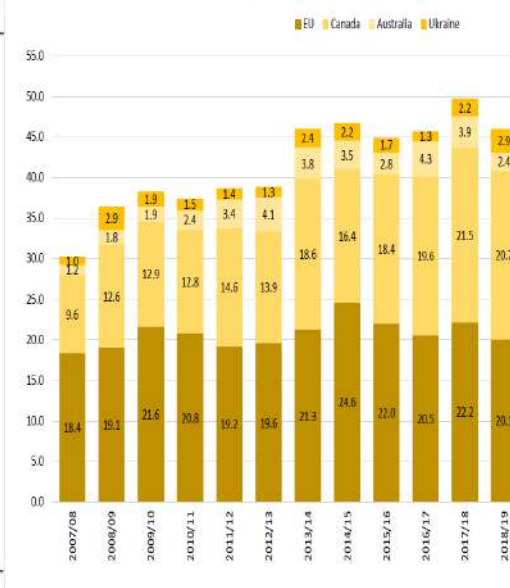
Towards the end of the season, World stocks would be substantially lower than today. We could see Ukraine's stocks "normalized", but with the war unresolved. The main doubt is about Ukraine's ability to export (and crush). **Will Ukraine be able to repeat a harvest of 11 MnT?**

SOURCES: BCR/OIL WORLD/APK INFORM/DINESH KUMAR

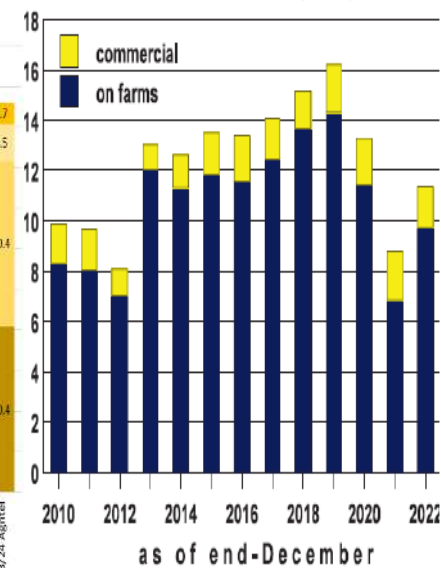
6. RAPESEED OIL (RSO): Rally on EU Rapeseed Meal Prices



Top 4 rapeseed producers production in Mt



Canada: Canola Stocks (Mn T)



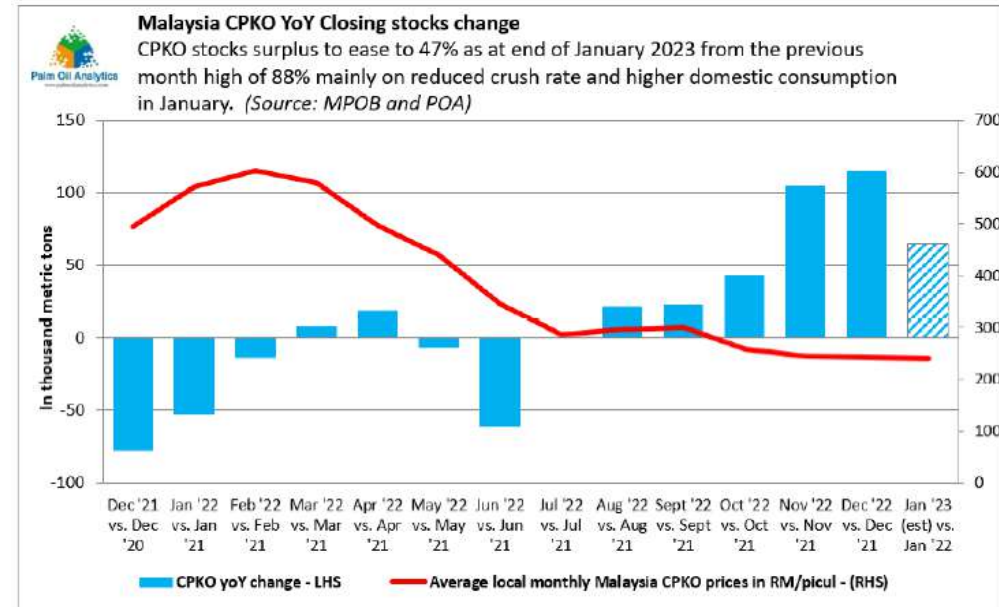
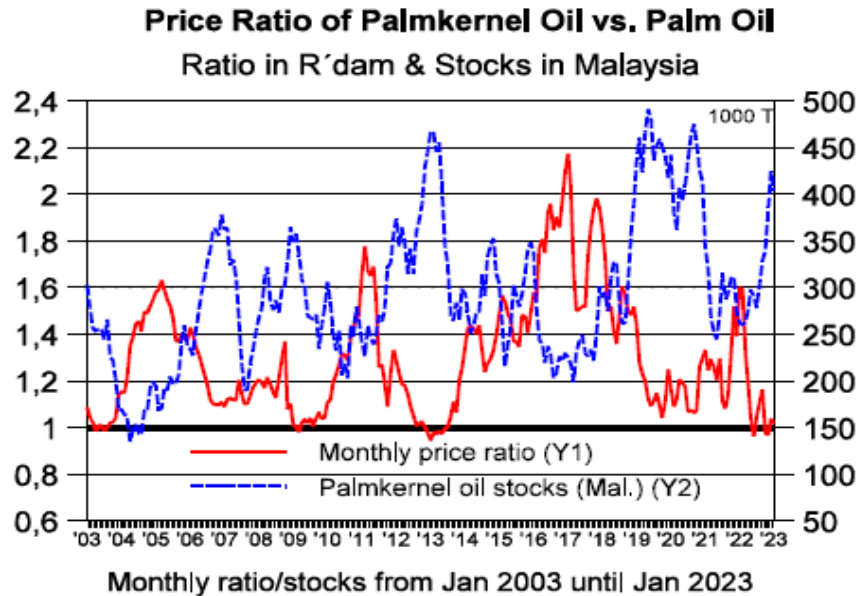
The shortage in soya meal and delays in sunflower meal arrivals have created a shortage in European protein market. As a result, EU rapeseed crushing continued to grow in January. This situation is creating more pressure on RSO market. The rapeseed area in Europe is expected to be close to **6 Mn Has**, vs. 5.85 Mn Has in 2022 and the 5y average of 5.4 Mn Has.

In Canada there would also be a marginal increase. International Grains Council (IGC) forecasts global rapeseed planted area **1.5%** below the current season's record area and would be the second largest rapeseed area recorded.

Australia has grown very strongly in recent years. However, if political tensions with China ease, the barley area could grow at the expense of rapeseed. On the other hand, El Niño is a risk for Australia productions.

SOURCES: AGRITEL/OIL WORLD/STRATEGIE GRAINS/IGC

7. LAURIC OILS: Palm kernel oil



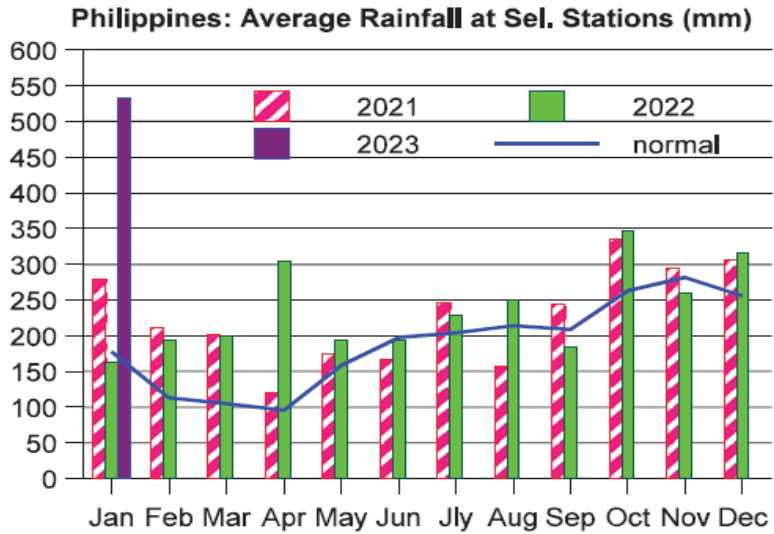
Palm kernel oil prices rose to a peak in Mar of last year when supply of sustainable PKO products was in short supply. The price rally was fed by the Indonesian export ban.

The subsequent removal of export restrictions in Indonesia has resulted in strong price pressure since May 2022. The glut in PKO was magnified by increasing exports of coconut oil from the Philippines and subdued demand.

The easing of the Covid-19 pandemic has reduced requirements for lauric oils as raw material for sanitizers. PKO inventories have already diminished in Indonesia in recent months and a decline from the recent 2-year high is to be expected soon also in Malaysia.

SOURCES: OIL WORLD/REUTERS/POA/UCAL

7. LAURIC OILS: Coconut oil



Philippine coconut oil exports declined to only approx 170 Thd T in Nov/Jan 2022/2023 according to UCAP, vs. 305 Thd T reported a year earlier. Excessive rainfall probably affected harvesting and transportation.

Trading activity in Europe was focused mainly on attractive price of PKO in recent weeks, partly at the expense of demand for coconut oil.

SOURCES: OIL WORLD/REUTERS/POA/UCAL

“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:

