

The background of the entire page is a close-up photograph of numerous small, bright yellow flowers on green stems. The flowers are in various stages of bloom, with some showing distinct petals and centers. The lighting is soft, creating a natural and vibrant atmosphere.

# MARKET REPORT

## APRIL 2023

**LIPIDOS SANTIGA, S.A. (LIPSA)**



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# 1.1. VEGETABLE OIL PRICES

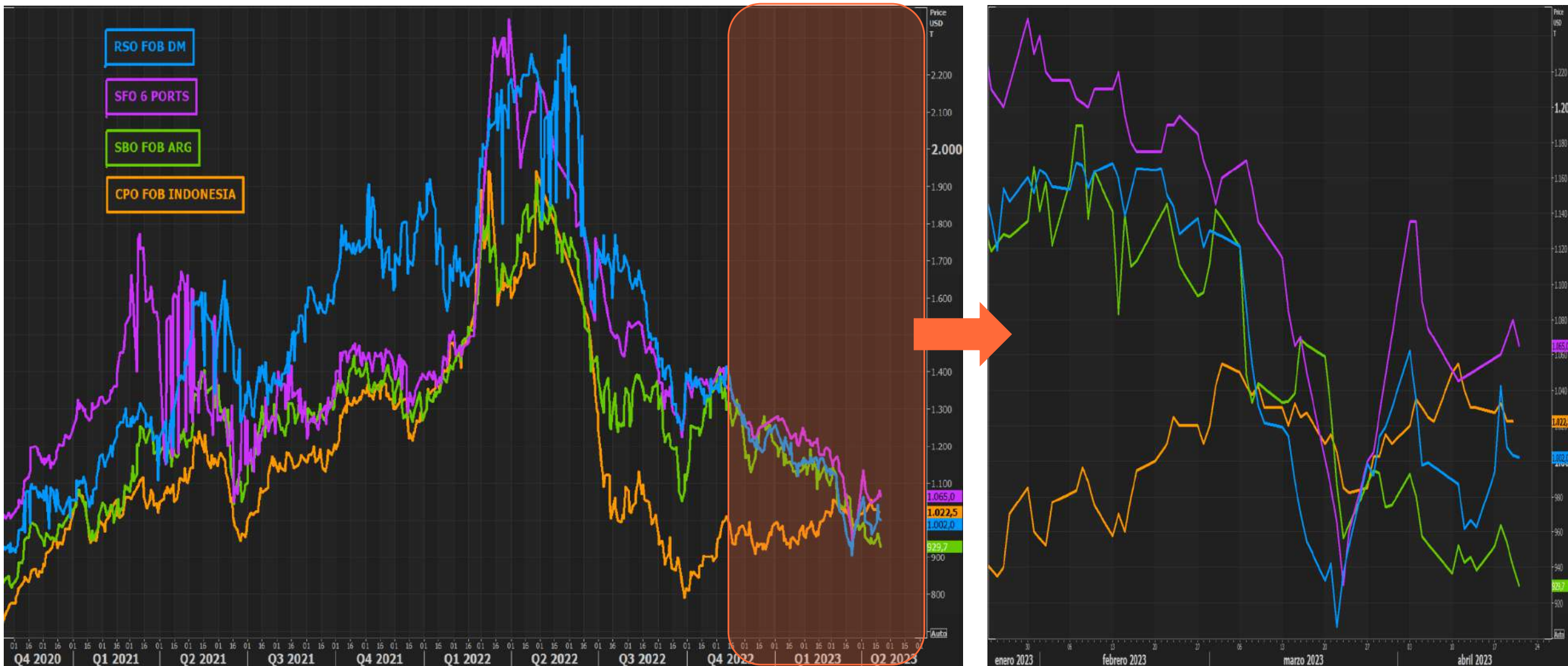
|                            |                | 17/03/2023 | 21/04/2023 | Unidad     | Dif    | Dif % |
|----------------------------|----------------|------------|------------|------------|--------|-------|
| Crude Palm Oil (3rd Pos)   | FOB MALAYSIA   | 3920       | 3705       | MYR/ MT    | -215   | -5,5% |
| Crude Palm Oil (Jun)       | CIF RDM        | 1020       | 990        | USD/ MT    | -30    | -2,9% |
| CCNO Phil/ Indo (Jun/ Jul) | CIF RDM        | 1100       | 1080       | USD/ MT    | -20    | -1,8% |
| CPKO (Jun/ Jul)            | CIF RDM        | 1040       | 1000       | USD/ MT    | -40    | -3,8% |
| Crude Sunflower Oil (JAS)  | 6 PORTS        | 1050       | 1065       | USD/ MT    | 15     | 1,4%  |
| Crude Rape Oil (MJ)        | FOB DUTCH MILL | 895        | 912        | €/MT       | 17     | 1,9%  |
| Crude Soya Oil (Jun)       | FOB DUTCH MILL | 1085       | 1050       | €/MT       | -35    | -3,2% |
| <b>EUR/ USD</b>            |                |            |            |            |        |       |
|                            | SPOT           | 1,0666     | 1,0987     |            | 0,032  | 3,0%  |
| <b>Brent Crude</b>         |                |            |            |            |        |       |
|                            | SPOT           | 72,97      | 81,66      | US \$/ BRL | 8,69   | 11,9% |
| <b>Gas Oils</b>            |                |            |            |            |        |       |
|                            | SPOT           | 775,50     | 724        | US \$/ MT  | -51,50 | -6,6% |

Vegetable oil prices have dropped under the lead of RSO and SFO during last months. However, they have found some support. Palm oil stocks declined in Asia during past three month. As a result, CPO prices strengthened relative to SFO, RSO and SBO.

Demand from India and other important importing countries are shifting from palm to seed oils, mainly due to strong price competitiveness of SFO.

SOURCE: REUTERS / OILWORLD

# 1.2. VEGETABLE OIL PRICES



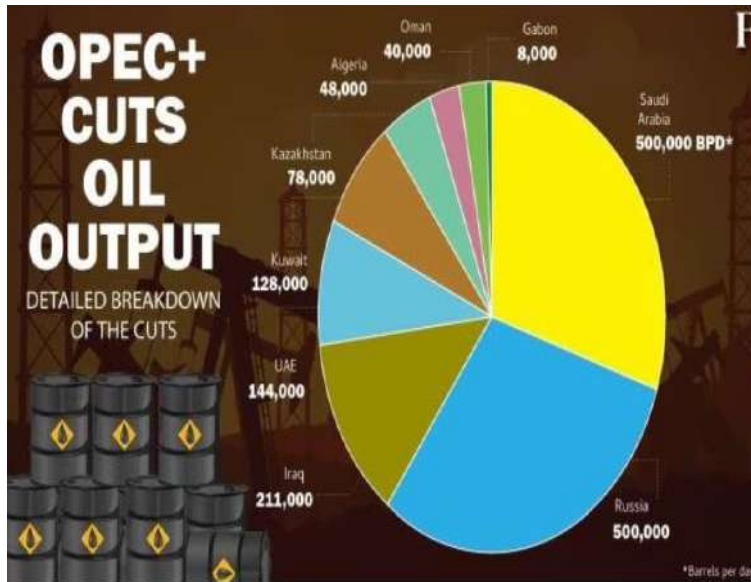
SOURCE: REUTERS / OILWORLD

# 1.3. VEGETABLE OIL PRICES

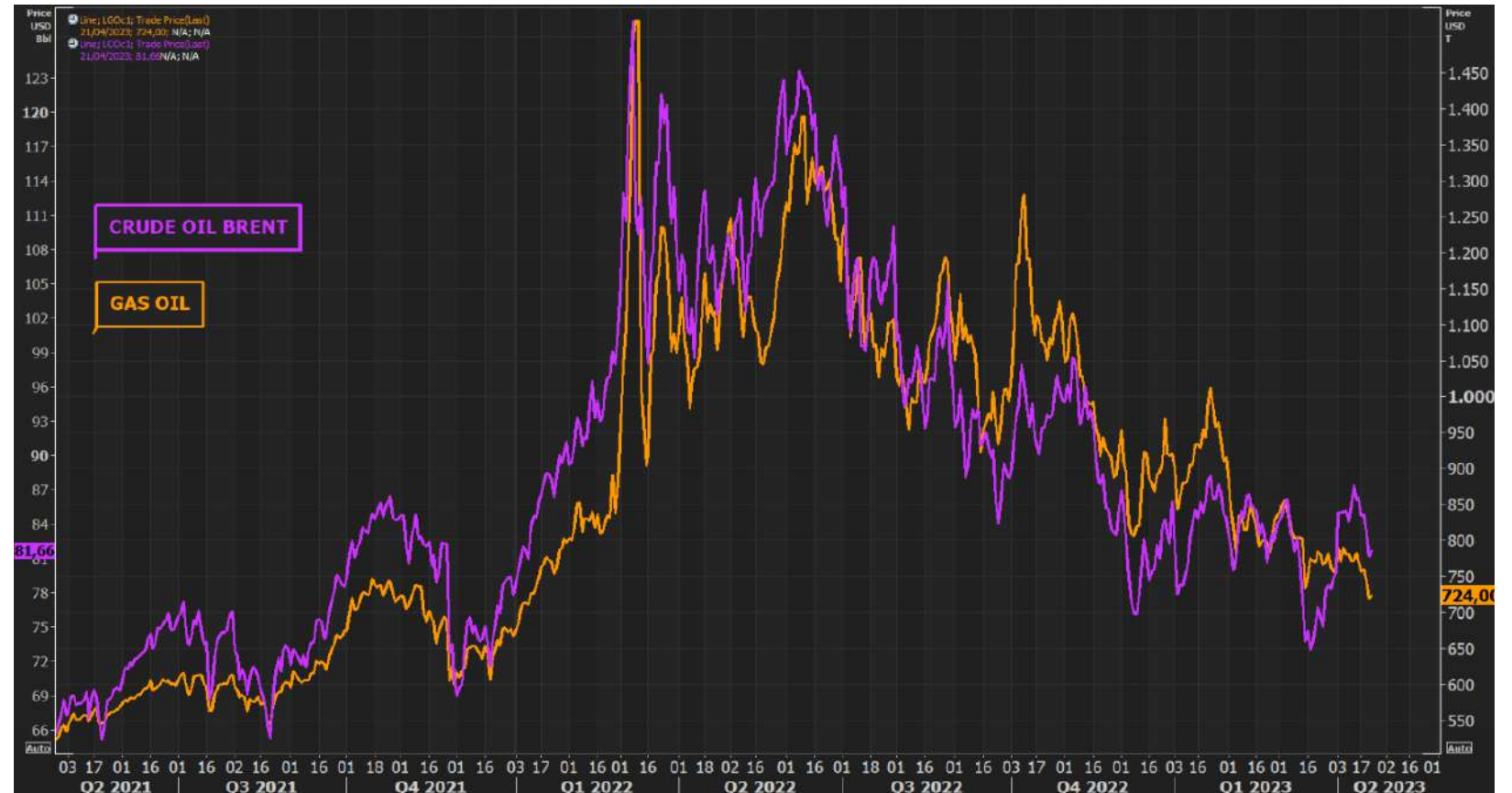
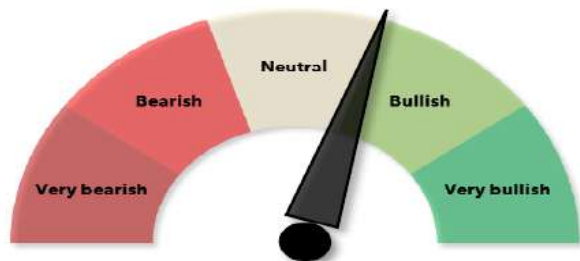


SOURCE: REUTERS

## 2. EXTERNALS: OPEC+ Cuts the Production of Crude Oil



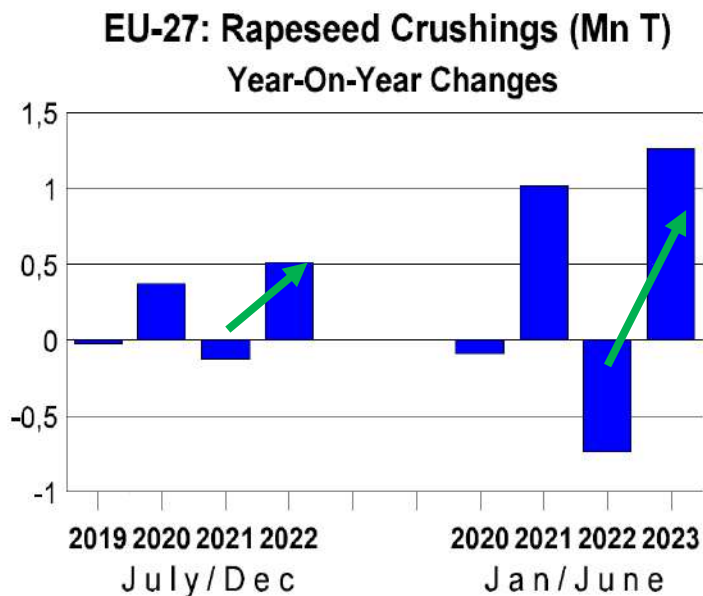
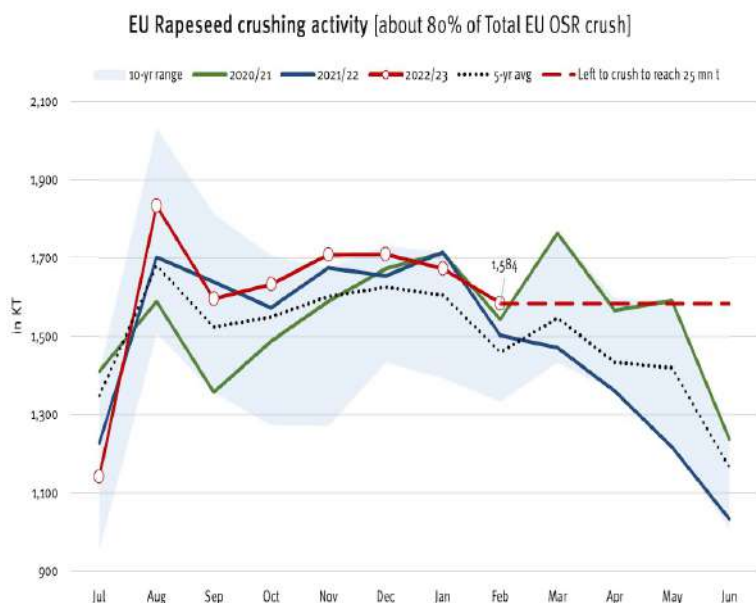
Crude oil  
WTI/Brent  
3-month trend



Vegetable Oils highly influenced by the rally in energy prices three weeks ago, due to the unexpected large production cut announced by OPEC+ from May until the end of 2023.

SOURCE: AGRITEL / FUTURES FINVIZ / REUTERS / OIL WORLD

# 3.1. RAPESEED OIL (RSO): EU Market is Saturated



**China, P.R.: Exports of Used Cooking Oil (1000 T)**

|              | Jan/Feb |      | Oct/Feb |       | Oct/Sept |       |
|--------------|---------|------|---------|-------|----------|-------|
|              | 2023    | 2022 | 22/23   | 21/22 | 21/22    | 20/21 |
| EU-27        | 82      | 128  | 149     | 329   | 1125     | 694   |
| U.K.         | 16      | .    | 25      | .     | 17       | 4     |
| U.S.A.       | 93      | -    | 140     | -     | .        | .     |
| Indonesia    | 25      | .    | 46      | 1     | 22       | 5     |
| Korea, South | 1       | 4    | 3       | 16    | 34       | 56    |
| Malaysia     | 1       | 8    | 20      | 21    | 99       | 82    |
| Singapore    | 55      | 40   | 157     | 129   | 305      | 154   |
| Other Ctrs.  | 5       | 4    | 10      | 12    | 34       | 42    |
| Total        | 278     | 184  | 550     | 508   | 1636     | 1037  |

Note: Reported by Chinese Customs Statistics.

**CHINA, P.R.: Trade of Biodiesel (1000 T)**

|               | Jan/Feb |      | Oct/Dec |      | Jan/Dec |      |
|---------------|---------|------|---------|------|---------|------|
| Exports to:   | 2023    | 2022 | 2022    | 2021 | 2022    | 2021 |
| EU-27         | 451     | 216  | 435     | 420  | 1690    | 1248 |
| U.K.          | -       | -    | -       | 3    | 18      | 43   |
| Korea, South  | 2       | 1    | 5       | 2    | 18      | 2    |
| Malaysia      | -       | 9    | -       | -    | 40      | -    |
| Singapore     | 2       | -    | 19      | -    | 27      | -    |
| Other c'tries | -       | -    | -       | -    | 2       | 1    |
| Total         | 455     | 226  | 459     | 425  | 1795    | 1294 |
| Imports from: |         |      |         |      |         |      |
| Indonesia     | 52      | 11   | 63      | 40   | 226     | 78   |
| Malaysia      | 10      | 12   | 13      | 18   | 51      | 65   |
| Other c'tries | 8       | 5    | 6       | 6    | 31      | 33   |
| Total         | 70      | 28   | 82      | 64   | 308     | 176  |

**EU rapeseed crush close to the maximum pace, while the European market is saturated.**

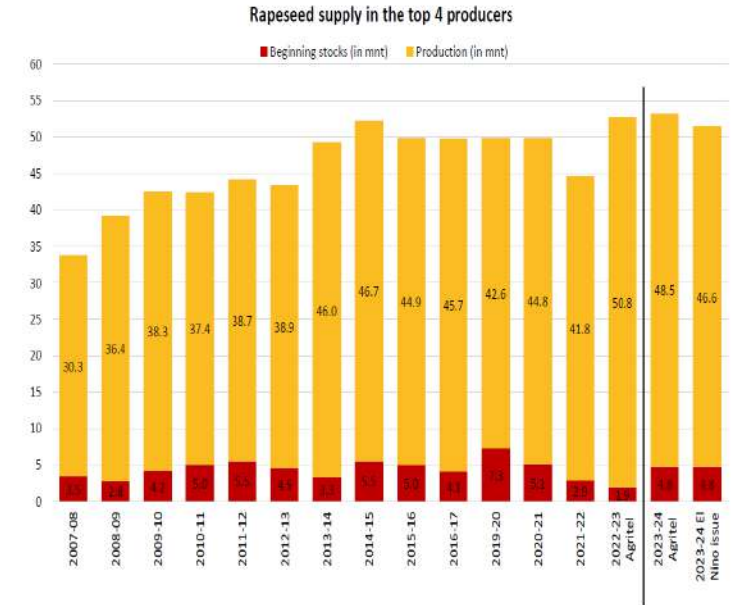
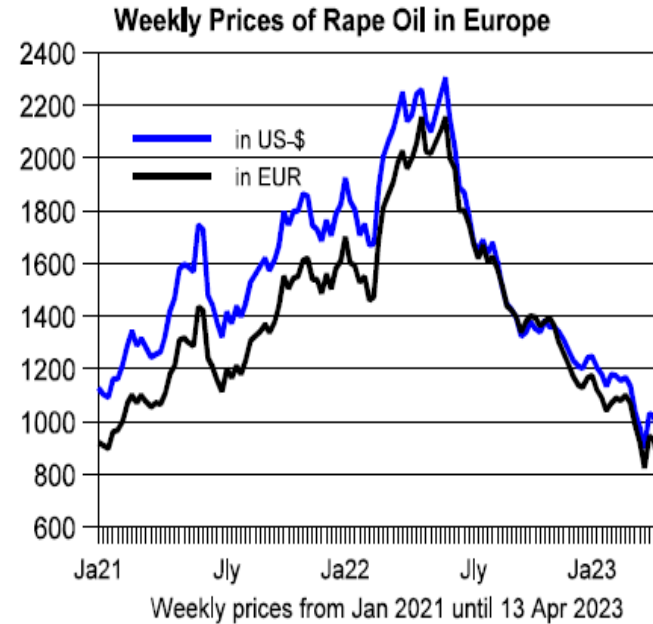
The expected significant increase in rapeseed processing in coming months continued to pressure EU rapeseed oil prices.

Rapeseed crushings are set to recover by **1.3 MnT** to a new high of **11.8 MnT** in Jan/June 2023, promoted by sharply higher domestic supplies and ongoing large imports (primarily from Australia).

**Relatively weak consumer demand and still comparatively large stocks resulted in limited buying interest in refined rapeseed oil in the nearby. European biodiesel margins are under pressure due to high imports of biodiesel from China.**

SOURCE: OIL WORLD / STRATEGIE GRAIN

## 3.2. RAPESEED OIL (RSO): European RSO Prices Were below CPO



**The drastic change from severe tightness to a global production surplus can only be managed by reviving demand via price concessions.**

Current disposal problems in the EU have even pushed European **RSO prices below CPO prices for the first time in 25 years and touched a 3-year low in Rotterdam.** Such price spreads can only be temporary, considering the relatively small supplies surplus of rapeseed oil in Europe compared to the global trade volumes of palm oil and soya oil.

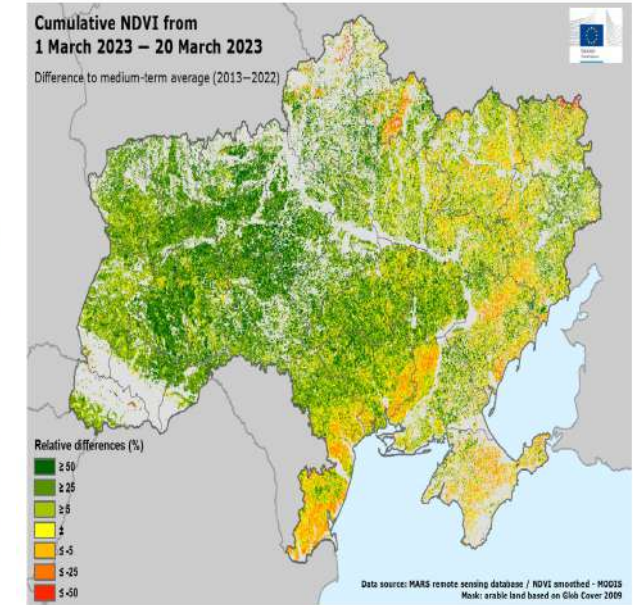
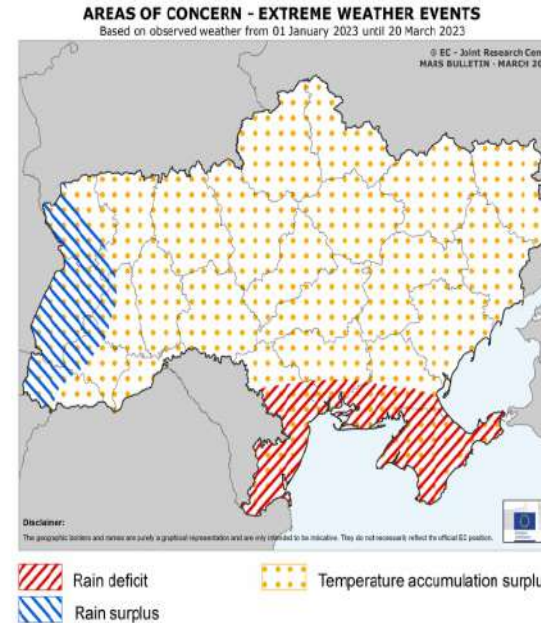
The moisture-deficient areas in the EU received significant rainfall in March. In contrast, a lack of winter rainfall in Saskatchewan, Canada's top canola-producing region, could result in a smaller harvest in the coming season, supporting the Canadian canola market. El Niño is a risk for Australian crops.

RSO prices have apparently found support, but the magnitude of the surplus supplies of rapeseed and oil in Europe and globally can keep prices under pressure.

SOURCE: OIL WORLD / STRATEGIE GRAIN



# 4.1. SUNFLOWER OIL (SFO): crops under satisfactory conditions in Ukraine



Forecast of the main oilseeds production in Ukraine in 2023

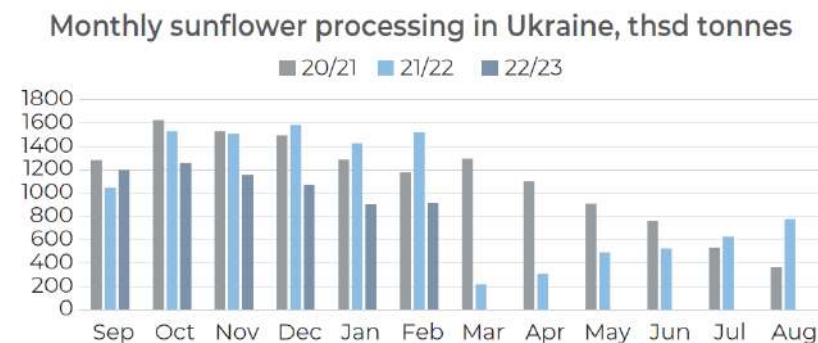
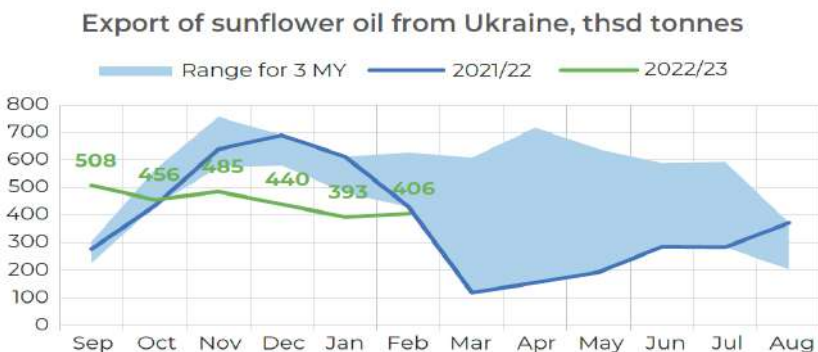
| Crop          | Planting area, thsd ha |       | Harvesting area, thsd ha |       | Yield, ts/ha |       | Production, thsd tonnes |        |
|---------------|------------------------|-------|--------------------------|-------|--------------|-------|-------------------------|--------|
|               | 2022                   | 2023* | 2022                     | 2023* | 2022         | 2023* | 2022                    | 2023*  |
| Main oilseeds | 8 002                  | 8 450 | 7 603                    | 8 178 | 24,2         | 24,1  | 18 378                  | 20 114 |
| Sunflower     | 4 970                  | 5 570 | 4 871                    | 5 340 | 22,6         | 23,0  | 10 998                  | 12 668 |
| Soybean       | 1 570                  | 1 680 | 1 546                    | 1 664 | 24,8         | 25,3  | 3 835                   | 4 211  |
| Rapeseed      | 1 462                  | 1 200 | 1 186                    | 1 174 | 29,9         | 27,6  | 3 545                   | 3 235  |

Fair-to-positive yield outlook for winter crops in a major part of Ukraine. More rainfall are needed in the eastern and, especially, southern parts of the country to keep good soil moisture conditions.

An increase in the area of about **0.6 Mn Ha** is expected. APK estimates **12.6** vs 11.0 MnT the previous campaign, which looks a bit optimistic for us.

SOURCE: OIL WORLD / APK INFORM / REUTERS

## 4.2. SUNFLOWER OIL (SFO): Ukrainian Ending stocks Will Be Low



| Ukraine     | 2021/2022 | 2022/2023 | 2023/2024 |
|-------------|-----------|-----------|-----------|
| carry-in    | 0.36      | 3.39      | 0.42      |
| production  | 16.90     | 11.05     | 12.93     |
| imports     | 0.02      | 0.02      | 0.02      |
| exports     | 1.46      | 2.21      | 0.99      |
| crush       | 11.60     | 11.20     | 11.85     |
| other cons. | 0.84      | 0.64      | 0.19      |
| carry-out   | 3.39      | 0.42      | 0.34      |

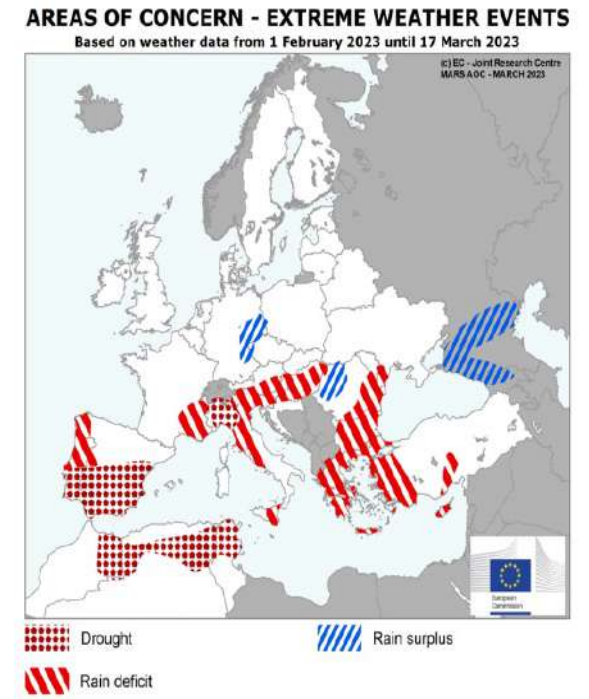
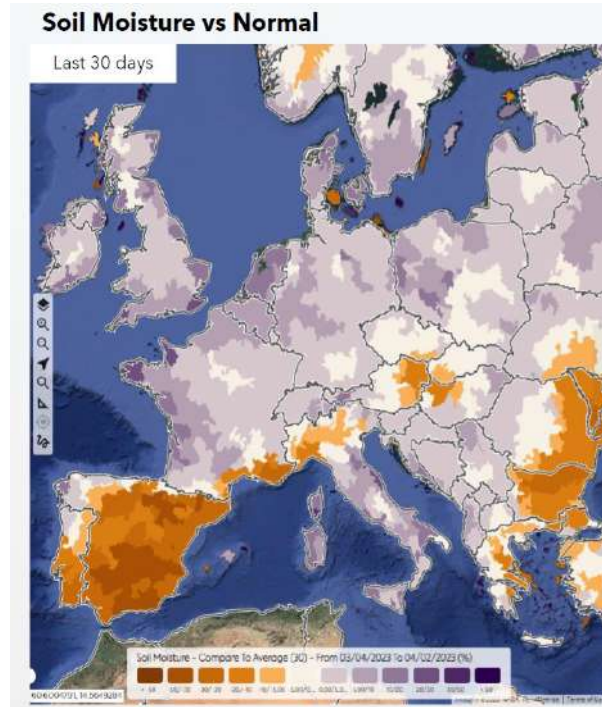
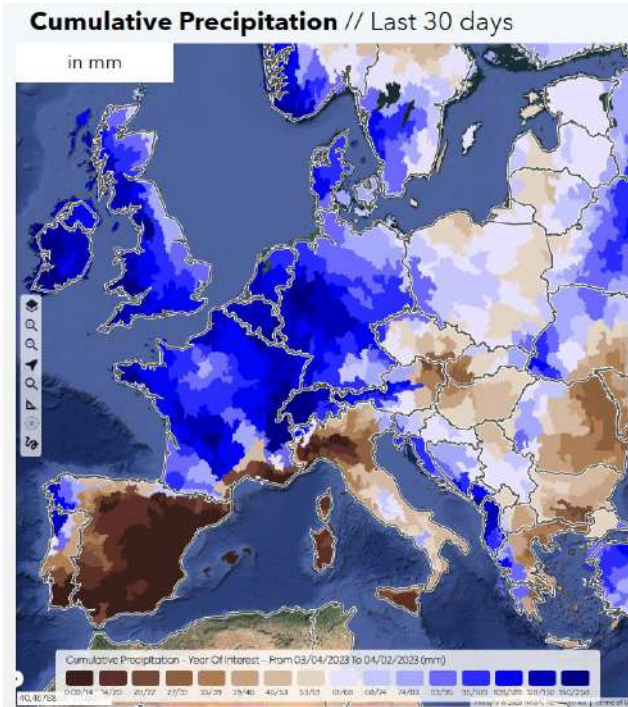
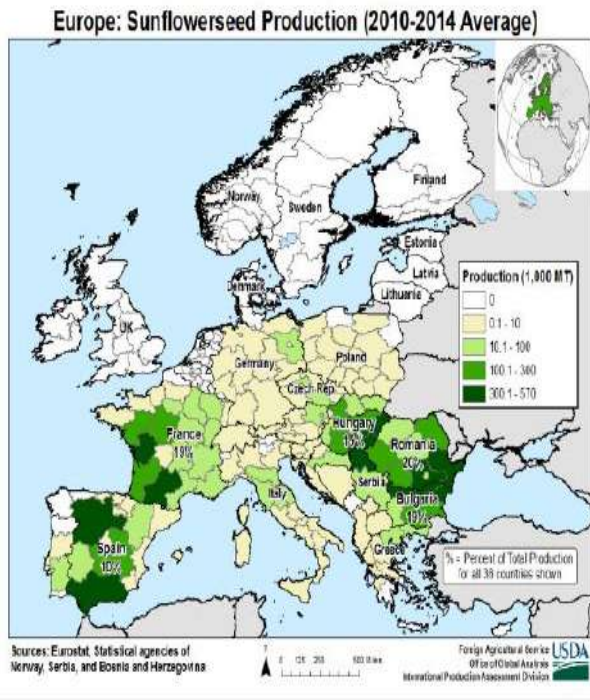
| Russia      | 2021/2022 | 2022/2023 | 2023/2024 |
|-------------|-----------|-----------|-----------|
| carry-in    | 0.12      | 0.85      | 1.02      |
| production  | 15.66     | 15.96     | 15.50     |
| imports     | 0.07      | 0.06      | 0.06      |
| exports     | 0.28      | 0.22      | 0.37      |
| crush       | 13.89     | 14.80     | 15.10     |
| other cons. | 0.82      | 0.84      | 0.65      |
| carry-out   | 0.85      | 1.02      | 0.45      |

As of Apr 1, Ukrainian SFS are estimated at **4.7 Mnt** (vs 7.9 Mnt last year). As a result, SFS crushing and exports of SFO will be declining in coming months. Ending Stocks 2022/23 are estimated to only **0.4 Mnt** at the end of this season. **Link between new and old season will be more difficult than previous year.**

**However, the currently still large sunseed stocks should keep sunflower oil exports from Russia at a high level in the medium term.**

SOURCE: APK INFORM / STRATEGIE GRAINS / OIL WORLD

# 4.3. SUNFLOWER OIL (SFO): conditions in general are favourable in Europe



Crop conditions in Europe are currently favourable, except for Spain, which is suffering a severe drought.

Some areas in Eastern Europe are also dry, but forecasts are favourable.

Area is estimated at 4.8 Mn Has (-7% vs 2022) by EUC, but total production is expected to increase compared to previous year due to better yields, especially in Romania and Hungary.

SOURCE: OIL WORLD / APK INFORM / REUTERS

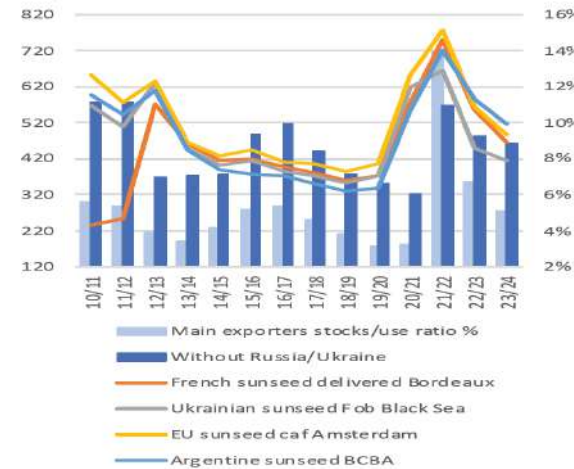
# 4.4. SUNFLOWER OIL (SFO): The bearish pressure seems to be easing



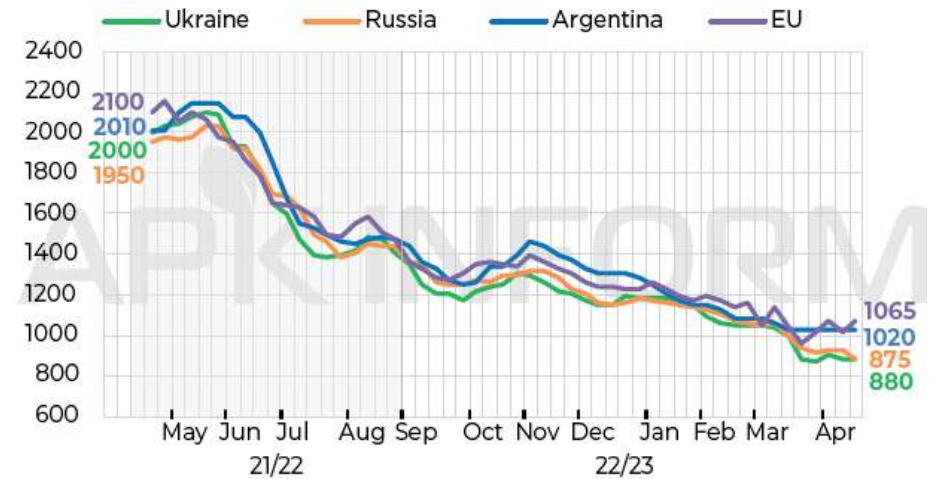
## 2.22. WORLD SUNSEED BALANCE

| Sunseed (Mt)    | 2022/23  |          | 2023/24  |          |
|-----------------|----------|----------|----------|----------|
|                 | 24/02/23 | 31/03/23 | 24/02/23 | 31/03/23 |
| August-July     |          |          |          |          |
| carry-in        | 7.9      | 8.1      | 4.5      | 4.9      |
| production      | 52.3     | 52.6     | 56.6     | 56.5     |
| trade           | 4.3      | 4.3      | 3.5      | 3.4      |
| crush           | 49.9     | 49.9     | 51.6     | 51.6     |
| other cons.     | 5.8      | 5.8      | 5.3      | 5.3      |
| carry-out       | 4.5      | 4.9      | 4.2      | 4.5      |
| stock/use ratio | 8.1%     | 8.8%     | 7.4%     | 7.9%     |

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



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



**Strong export supply pressure from Russia and Ukraine coupled with ample supplies of sunflower oil and rapeseed oil in Europe pushed sunflower oil export prices.** Farmers have been active sellers of their crops to limit their exposure to potential losses. Producers in Ukraine are determined to maximize sales in the near term while importers activity is very low.

Poland, Hungary, Slovakia, Romania and Bulgaria have decided to ban imports of agricultural products from Ukraine, in order to protect local farmers (mainly wheat, corn and oilseeds). However, the transit through the territory of these countries with additional security measures was preserved.

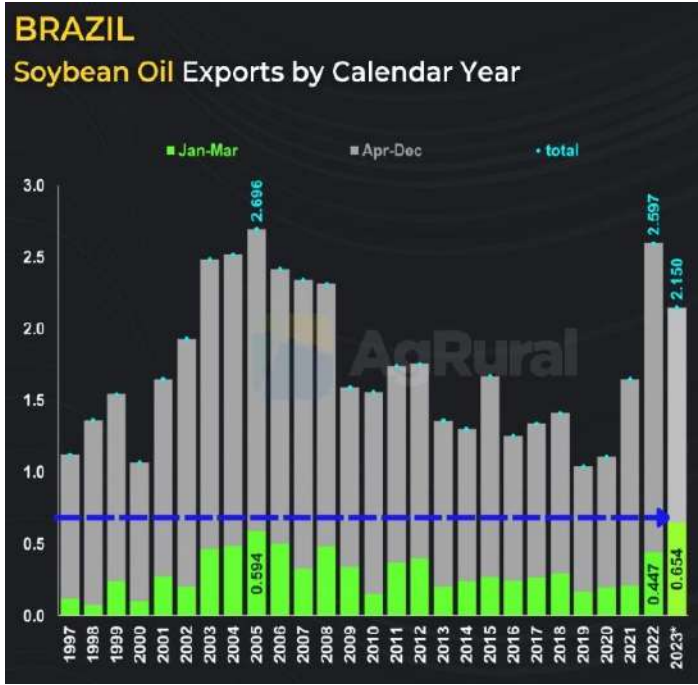
World stocks of sunflower oil are estimated to be roughly 0.5 MnT higher than a year ago at the end of March 2023. Large stocks in the EU, Russia, India and Türkiye are additionally weighing on prices.

However, the price competitiveness of sunflower oil on the Indian import market is currently unusually high relative to palm oil and soya oil.

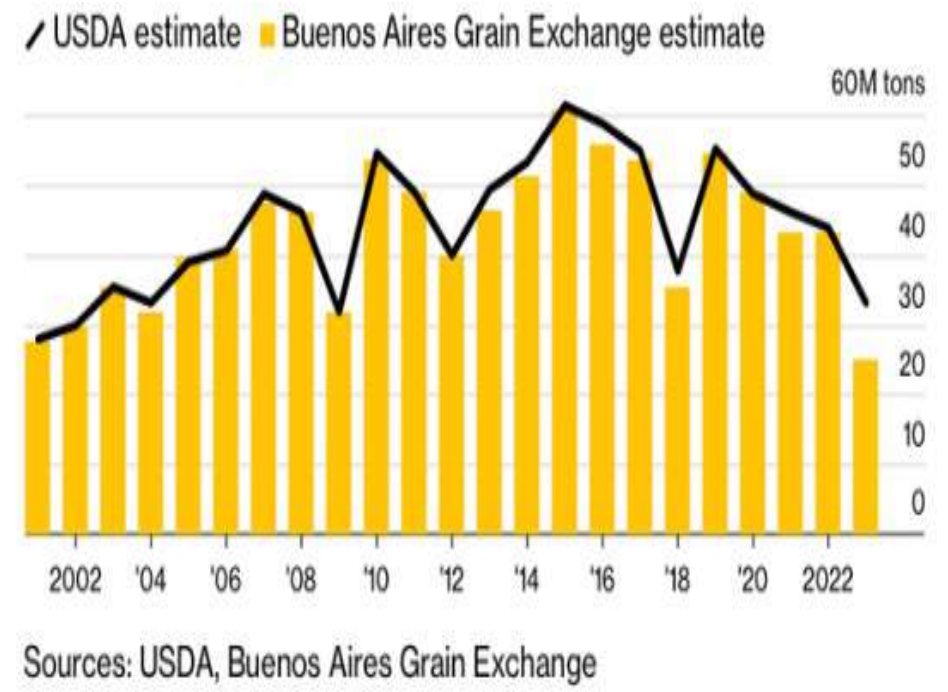
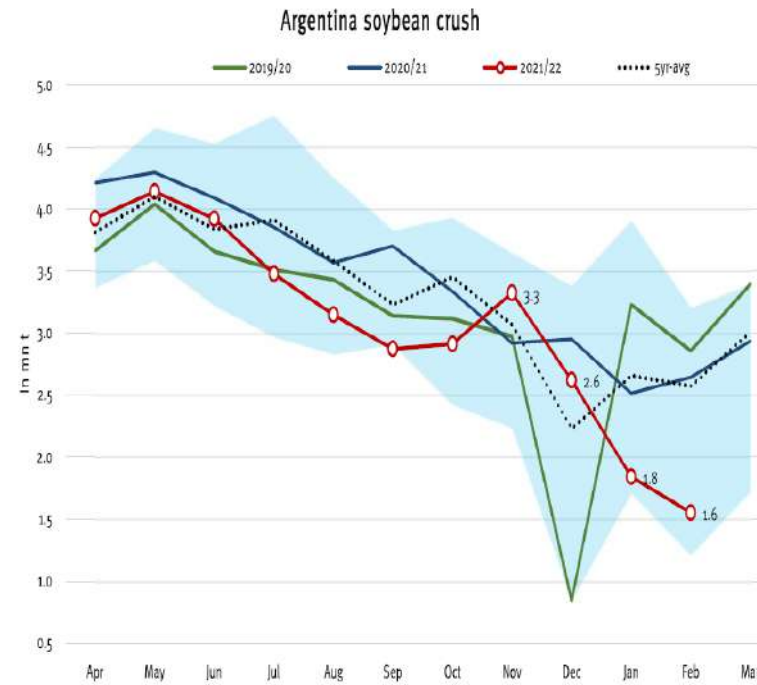
The current aggressive marketing of sunflower oil on the export market for April/June thus occurs regardless of supply shortages probably developing in July/Sept.

SOURCE: OIL WORLD / APK INFORM / REUTERS

# 5.1. SOYBEAN OIL (SBO): Can Brazil Compensate Argentinian losses?



The big Brazilian crop is getting bigger and soybean disposals in Brazil have gained momentum. **Final crop will be well above 150 MnT, aprox. 24 MnT above last year.**



The abundance of soybeans in **Brazil contrasts with the severe shortage in Argentina where the crop is seen reaching at best 25 Mn T this year, roughly 17-18 Mn T less than in 2022.**

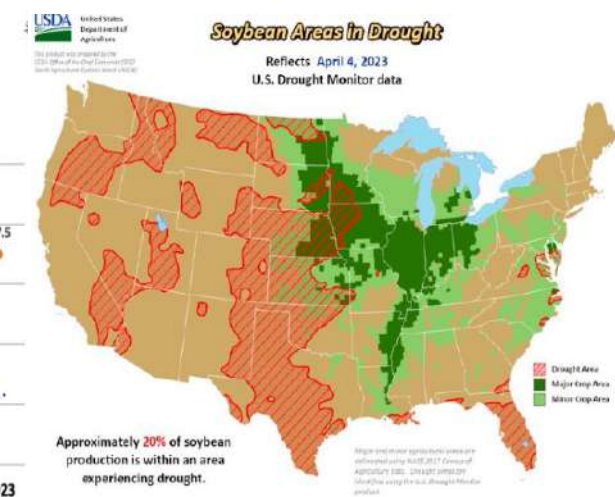
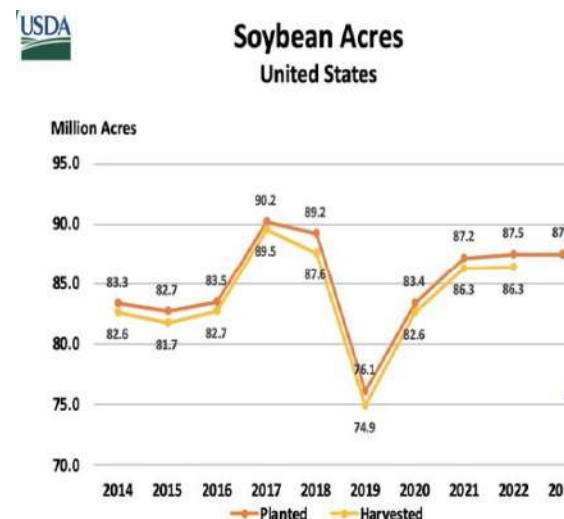
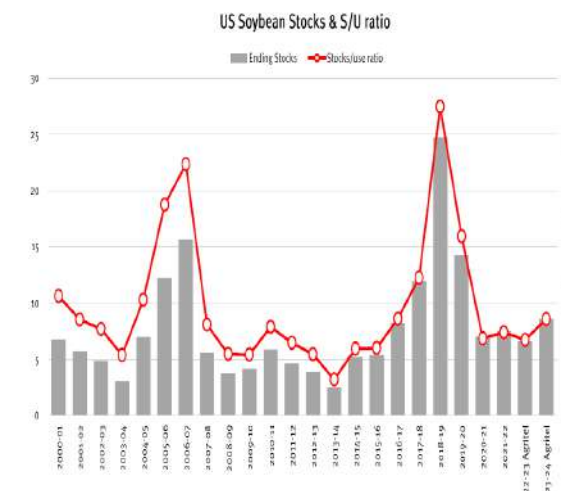
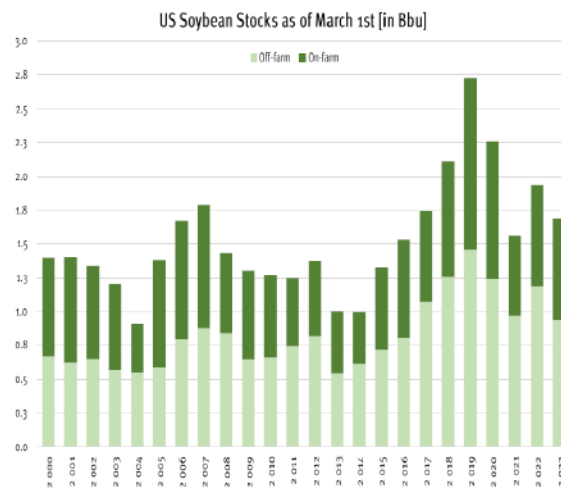
**The soybean dollar III announced in Argentina has so far failed to promote soybean sales:** preferential exchange rate of AR\$300 vs AR\$225 in the official market and AR\$430 in the black market. This measure will be applied until May 31. Big problems about quality.

SOURCES: USDA / OIL WORLD / BCR / BCBA / AGRITEL / AG RURAL

# 5.2. SOYBEAN OIL (SBO): US production will be critical



| SOYBEANS: World Supply and Demand (Mn T) |                |               |               |               |
|--|----------------|---------------|---------------|---------------|
|  | 22/23F         | 21/22         | 20/21         | 19/20         |
| Opening stocks                           | 87.09          | 99.40         | 97.20         | 112.32        |
| Production                               | 366.78*        | 356.08        | 365.70        | 340.49        |
| <b>N. Hemisphere</b>                     | <b>172.23*</b> | <b>171.64</b> | <b>164.36</b> | <b>144.93</b> |
| EU-27                                    | 2.83           | 2.72          | 2.60          | 2.74          |
| Russia                                   | 5.75           | 4.82          | 4.54*         | 4.51*         |
| Ukraine                                  | 3.75           | 3.43          | 3.10*         | 4.70*         |
| Canada                                   | 6.54           | 6.22          | 6.36          | 6.15          |
| U.S.A.                                   | 116.38         | 121.53        | 114.75        | 96.67         |
| China, P.R.                              | 20.00*         | 16.40         | 17.85         | 15.97         |
| India                                    | 10.90*         | 10.50*        | 9.30*         | 8.50*         |
| <b>S. Hemisphere</b>                     | <b>194.55*</b> | <b>184.44</b> | <b>201.34</b> | <b>195.56</b> |
| Argentina                                | 24.00*         | 41.80*        | 43.80*        | 49.00*        |
| Brazil                                   | 153.00*        | 129.20*       | 139.90*       | 129.30*       |
| Paraguay                                 | 9.20*          | 4.10*         | 9.80*         | 10.24         |
| Uruguay                                  | 1.60*          | 3.25*         | 1.85*         | 2.25*         |
| <b>Total supply</b>                      | <b>453.87*</b> | <b>455.48</b> | <b>462.90</b> | <b>452.81</b> |
| <b>Crush (Sept/Aug)</b>                  | <b>314.34*</b> | <b>319.36</b> | <b>316.36</b> | <b>310.95</b> |
| <b>Other use</b>                         | <b>51.13*</b>  | <b>49.03</b>  | <b>47.14</b>  | <b>44.66</b>  |
| <b>Ending stocks</b>                     | <b>88.40*</b>  | <b>87.09</b>  | <b>99.40</b>  | <b>97.20</b>  |
| U.S.A. Aug 31                            | 8.50*          | 7.47          | 6.99          | 14.28         |
| Argentina Aug 31                         | 18.77*         | 30.24*        | 31.98*        | 31.80*        |
| Brazil Aug 31                            | 41.23*         | 33.10*        | 36.80*        | 26.72*        |
| Other countries                          | 19.90*         | 16.28*        | 23.63*        | 24.40*        |
| <b>Stocks/usage</b>                      | <b>24.2%</b>   | <b>23.6%</b>  | <b>27.3%</b>  | <b>27.3%</b>  |



Soybean stocks in the USA being **6.7 MnT (-13%)** lower than a year ago on March 1, on the low range of trade estimates. US market was alerted early this week by prospects of an only marginal increase of US soybean plantings in 2023 according to the USDA intentions report.

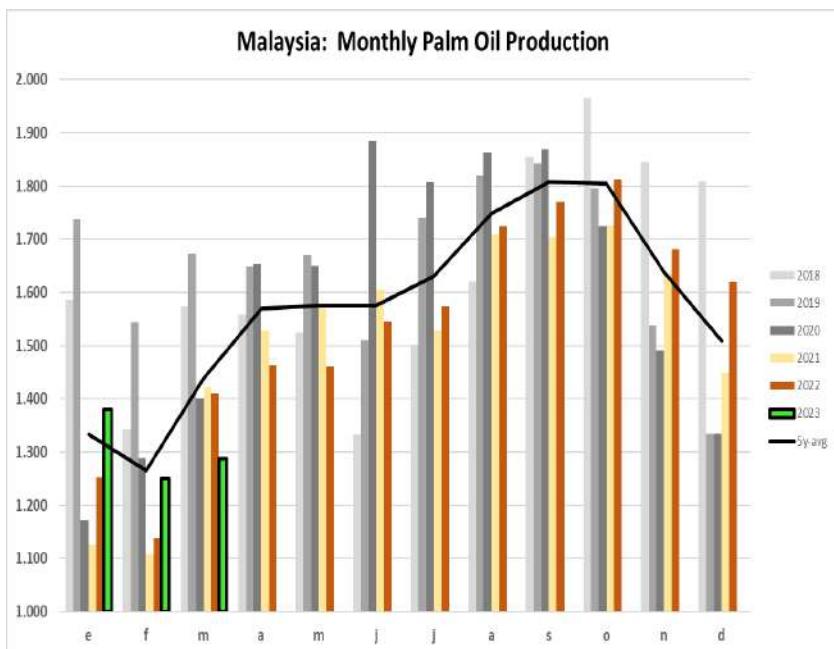
Slight ease in US balance sheet 23/24 but it remains tight on the paper. Although main analysts forecast world soybean crushing to show an unprecedented decline, stocks at the end of August will be relatively small, which raises the global dependence on a large US soybean crop in 2023/24.

SOURCES: OIL WORLD / AGRITEL / USDA

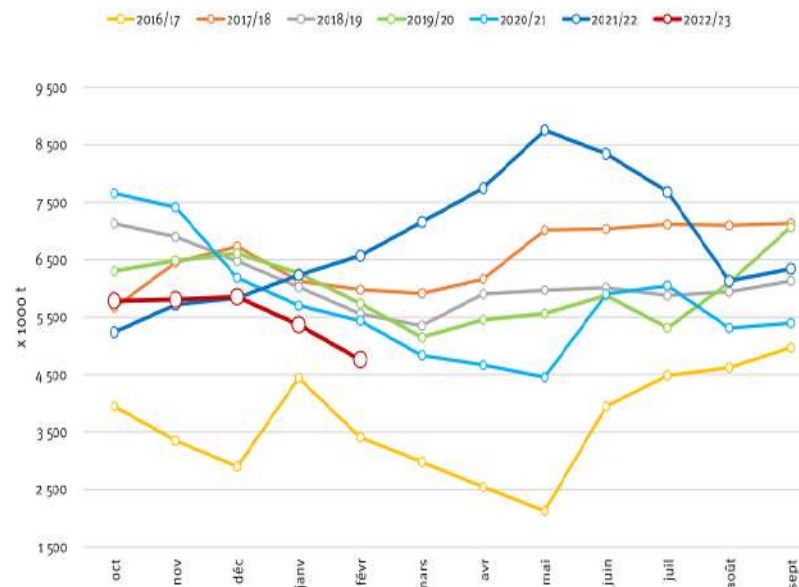
# 6.1 PALM OIL (CPO): Lower stocks in Asia



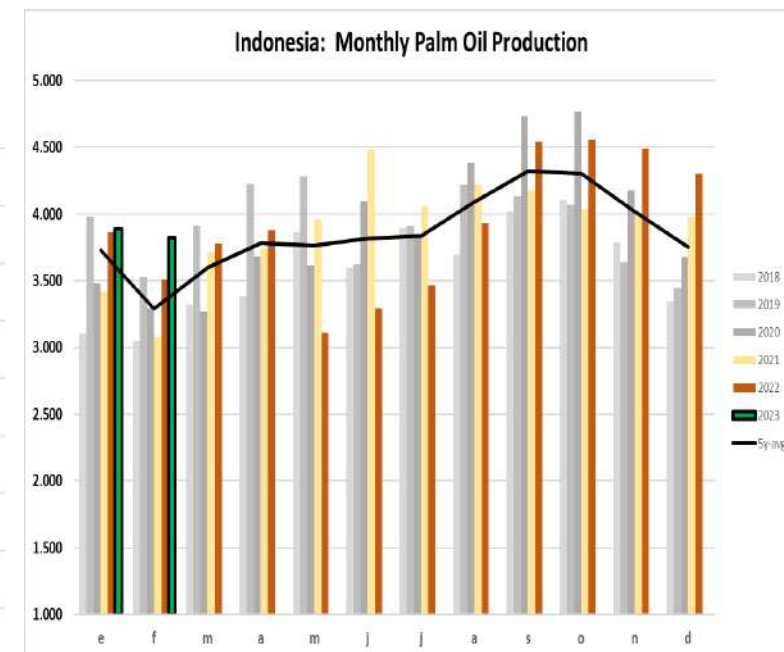
Malaysia: Monthly Palm Oil Production



Malaysian + Indonesian Palm oil stocks



Indonesia: Monthly Palm Oil Production



Malaysian CPO stocks fell much lower than expected by **21%, to a 9-month low** at the end of March, due to higher-than-expected exports (**+32%**) and a marginal improvement in production (**+2.8%**).

Production in the first quarter slightly better than 2022.

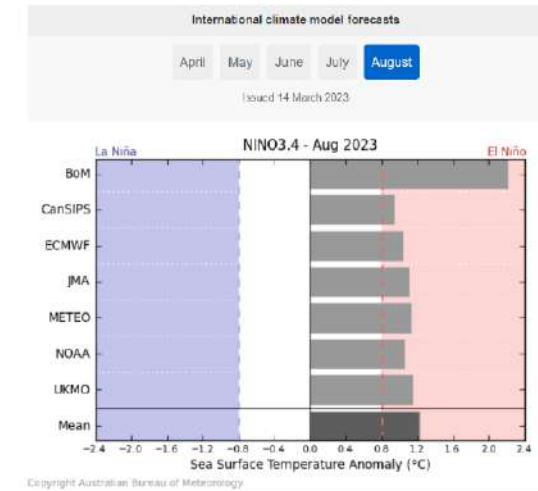
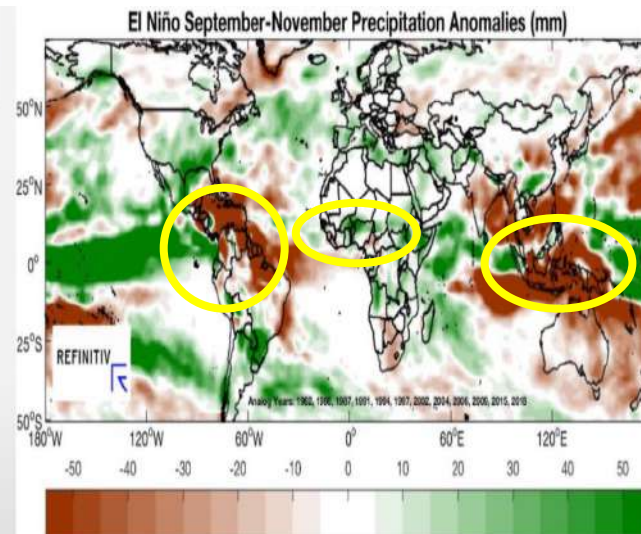
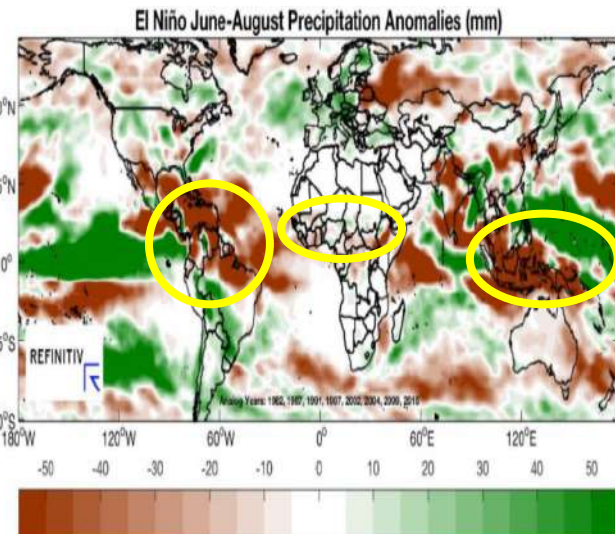
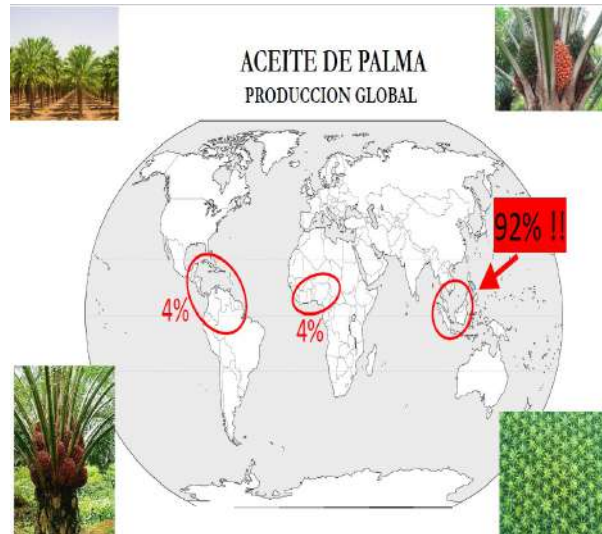
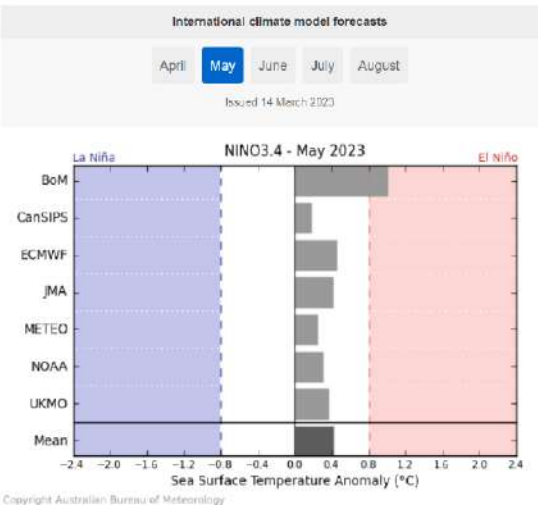
April production could see a stronger recovery following up on March rebound.

Palm oil stocks levels in Indonesia fell in February to near **4-year low**, according to GAPKI. This was **14% lower** compared to January, and **47% less** compared to levels in Feb 2022.

Indonesia government is discussing a reduction of DMO from 450,000 to 300,000 to take effect from 1st May 23.

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

# 6.2 PALM OIL (CPO): El Niño is coming...



CPO prices were supported by rally in energy prices, seasonally low production in Southeast Asia, exports restrictions in Indonesia and a sharp increase in Malaysian exports during March. Prices are currently torn between the loss of market share mainly to sunflower oil on the one hand and relatively low stocks in Malaysia and Indonesia on the other hand.

Weather remains the main risk: most agencies forecast the development of El Niño from the 2H23. Impact on prices will be felt immediately should the risk of El Niño occurrence be raised to above 50%, even though the actual shortfall in production will only be felt next year.

SOURCES: POA / OIL WORLD / REUTERS



“A World of  
Vegetable Oils”



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