



MARKET REPORT

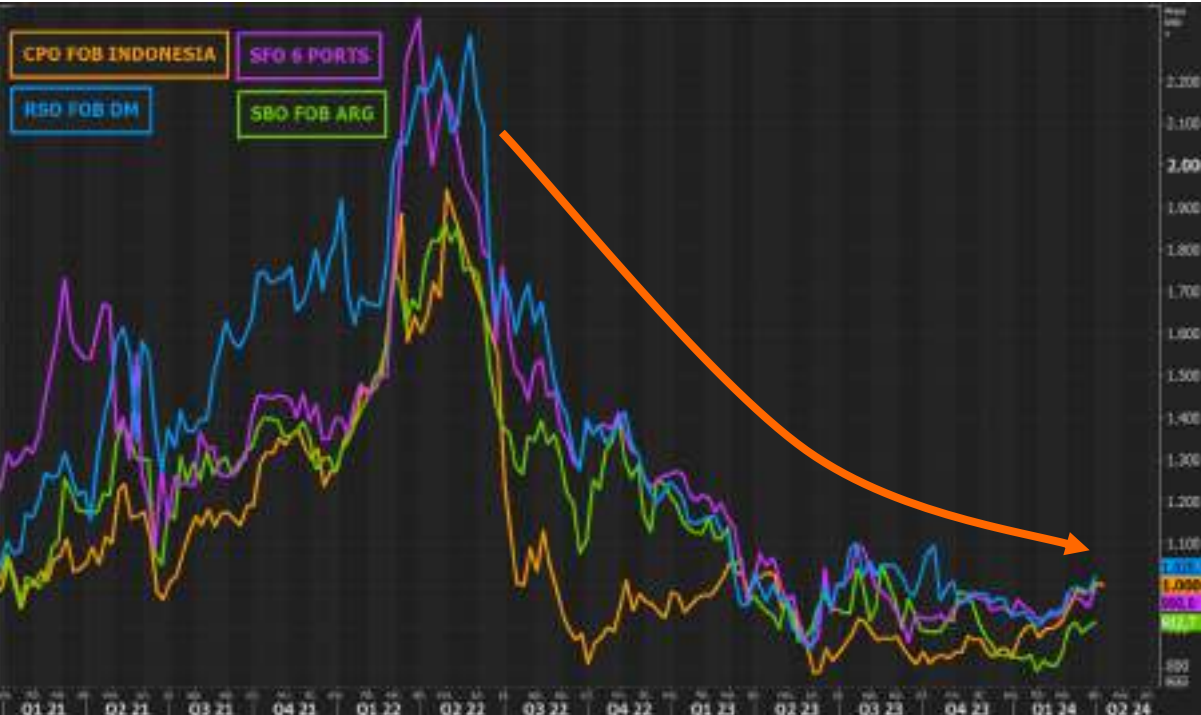
April 2024



CONTENT

1. [VEGETABLE OIL PRICES](#)
2. [VEGETABLE OILS DEMAND](#)
3. [VEGETABLE OILS MARKETS](#)
4. [PALM OIL MARKET](#)
5. [SOYBEAN OIL MARKET](#)
6. [SUNFLOWER OIL MARKET](#)
7. [RAPESEED OIL MARKET](#)
8. [LAURIC OIL MARKET](#)
9. [CONCLUSIONS](#)

1. Vegetable Oil Prices: Where do we come from, and where are we going?



- Strong pressure from the **abundant supply of SFO from the Black Sea region**. Better-than-expected exports from Ukraine.
- **High palm stocks until December-23**. **El Niño** turned out to be considerably **milder than anticipated** and had negligible effect on the Palm production.
- **Strong rapeseed crushing**.
- **Recovery of Argentine soybean production** and change of government.
- **Slowdown in import demand** (China and India).

1. Vegetable Oil Prices: Where do we come from, and where are we going?

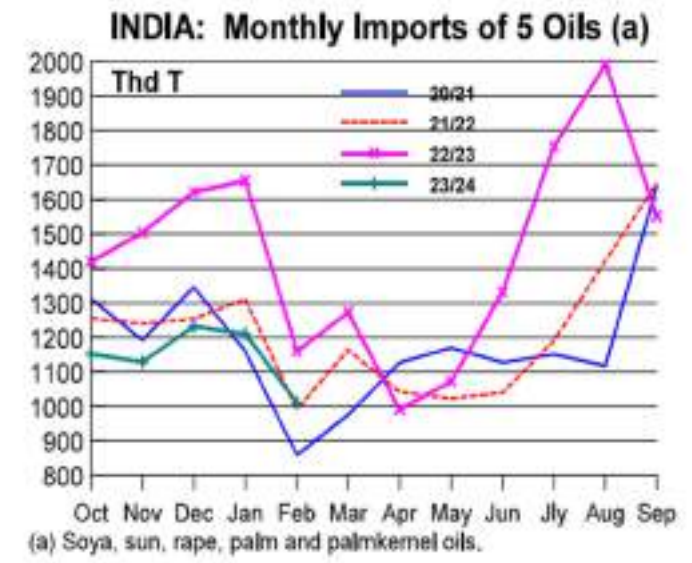
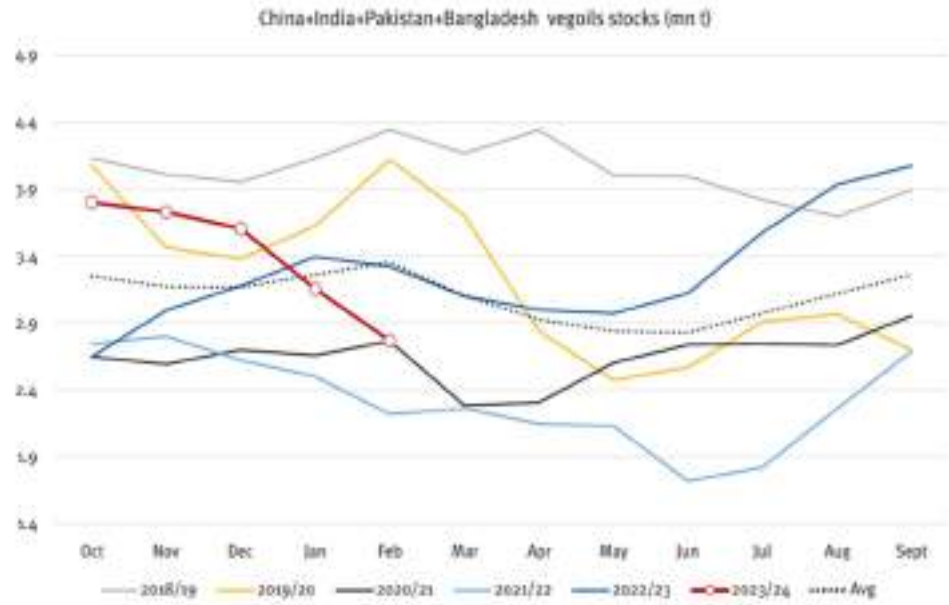
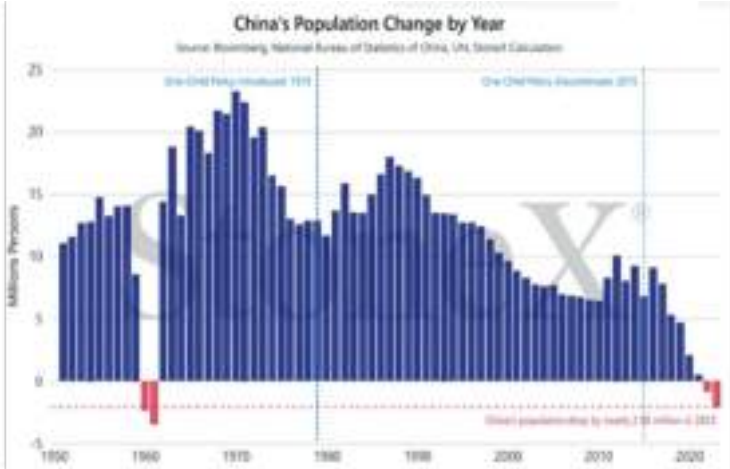
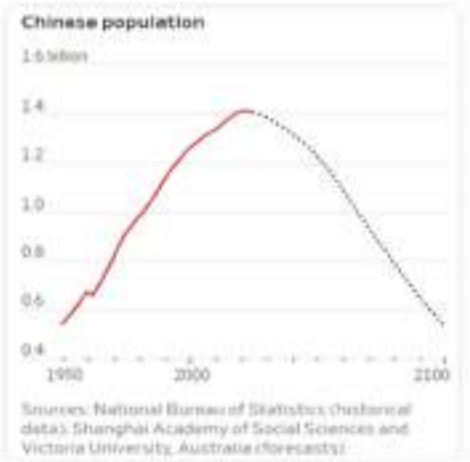


- **Seasonal decrease in palm production, and a tighter global balance.**
- **Lower stocks in key importing countries.**
- Expectation of a slowdown in global **crushing of rapeseed and sunflower.**
- **Lower pressure coming from SBO, and farmer selling slows down.**
- **Appreciation of crude oil and gasoil.**


Change in trend or momentary price rebound?




2.1. Vegetable Oils Demand: Asian stocks are tightening



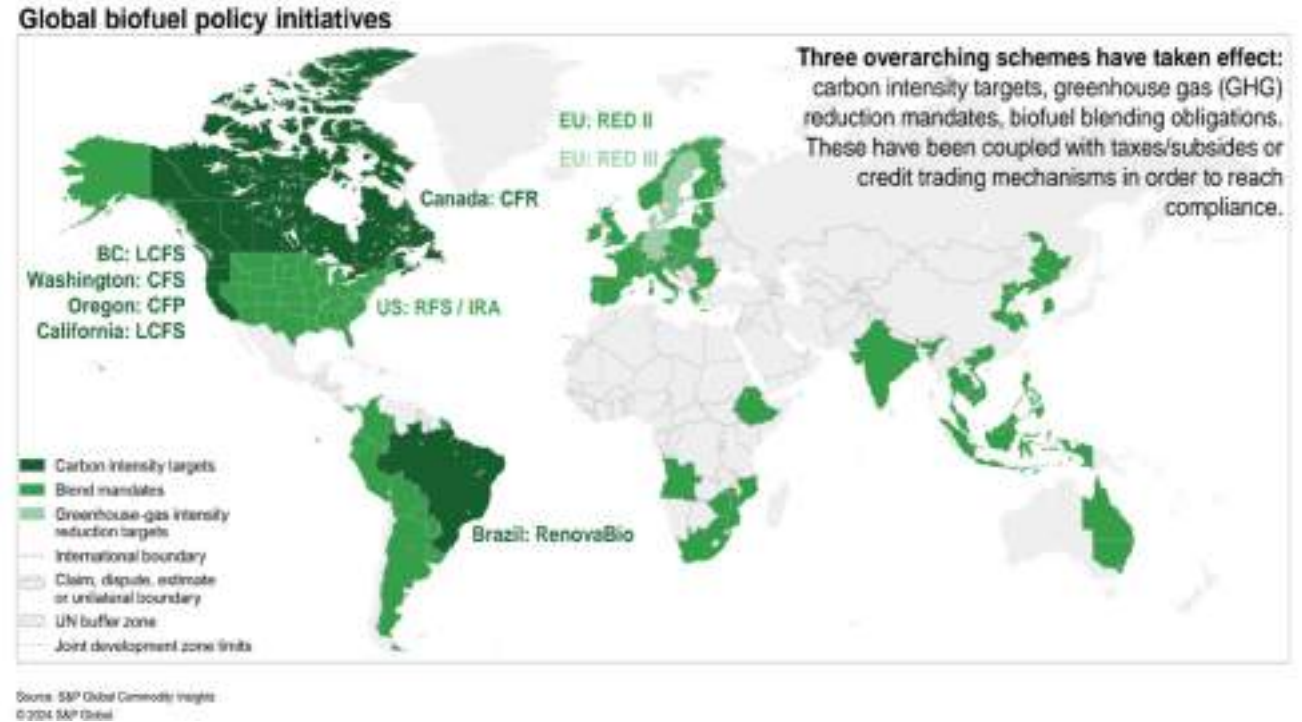
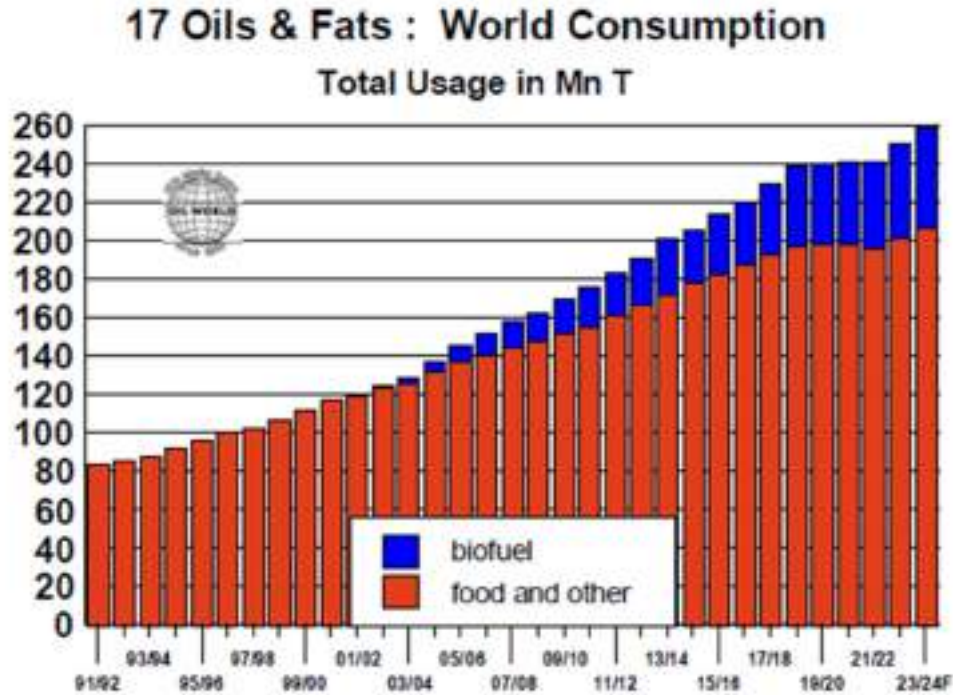
China is not perceived as a source of any bullish input: there are concerns regarding the economic situation.



Indian consumption and demand look healthy. Diminishing imports to lead a decline of Indian vegetable oil stocks. Imports will increase in the near term.



2.2. Vegetable Oils Demand: 20% of total world consumption of 17 oils & fats is absorbed by the energy sector

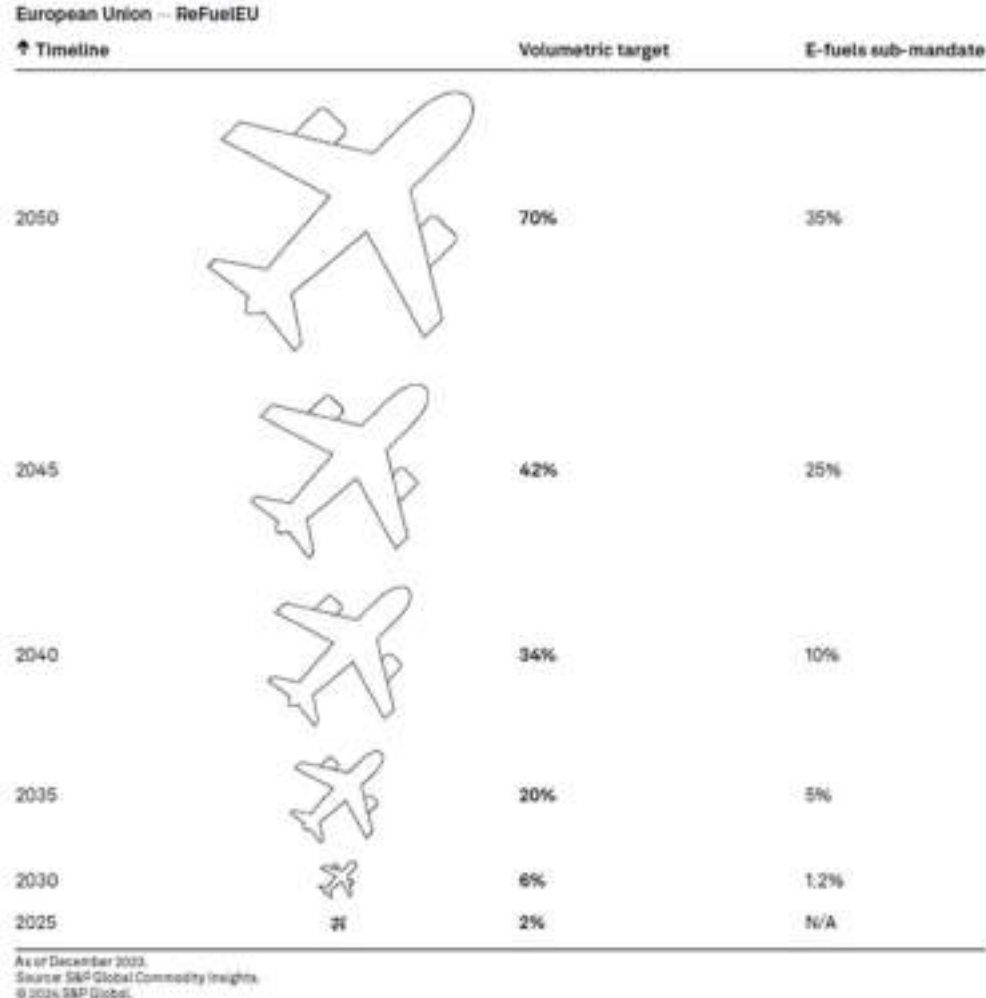


Biofuels demand driven by government policy and regulations. North America and Europe lead the way in terms of biofuel policies.

The high dependence for CPO, SBO and RSO as feedstock will continue: the growth in UCO, POME, Tallows, non-food feedstocks will be insufficient.

2.3. Vegetable Oils Demand: European Union Targets

2023 to 2024		Biofuel Mandates %		
Country	Type	2023	2024	2023-2024 change
France	Energy	10.0	10.7	7%
Germany	GHG	8	9.35	17%
Spain	Energy	10.5	11	5%
Sweden	GHG	30.5	6	-80%
Italy	Energy	10	10.8	8%
Poland	Energy	8.9	9.1	2%
Finland	Energy	13.5	13.5	0%
Belgium	Volume	9.55	9.8	3%
Netherlands	Energy	19.9	28.4	43%
Austria	Volume	6	7	17%
Romania	Energy	10	10	0%
Portugal	Energy	11.5	11.5	0%
Czech Republic		6	6	0%
Hungary		8.4	8.4	0%
Others	mixed			



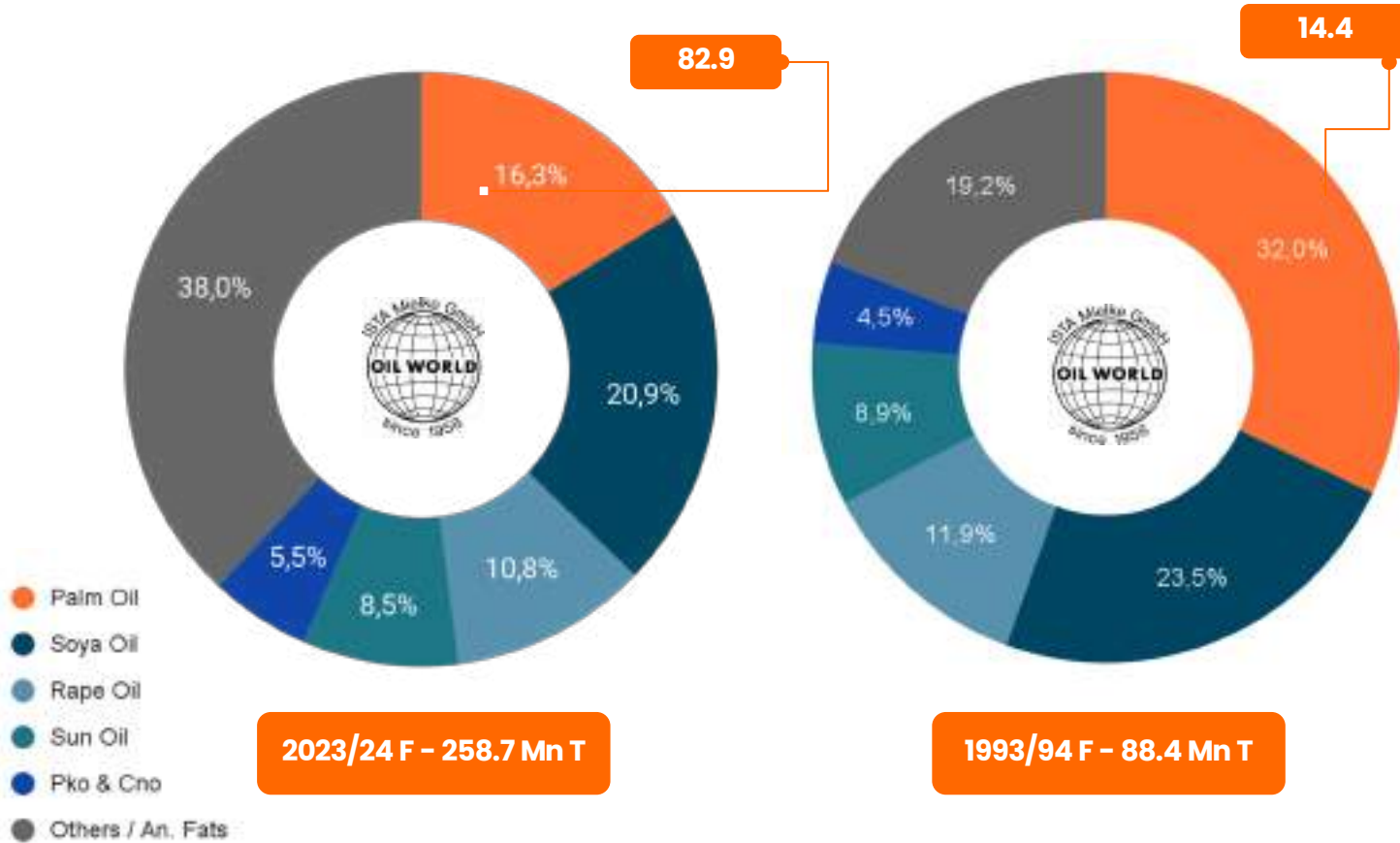
To watch:

- Any new bio diesel or SAF mandates.
- Elections in USA.

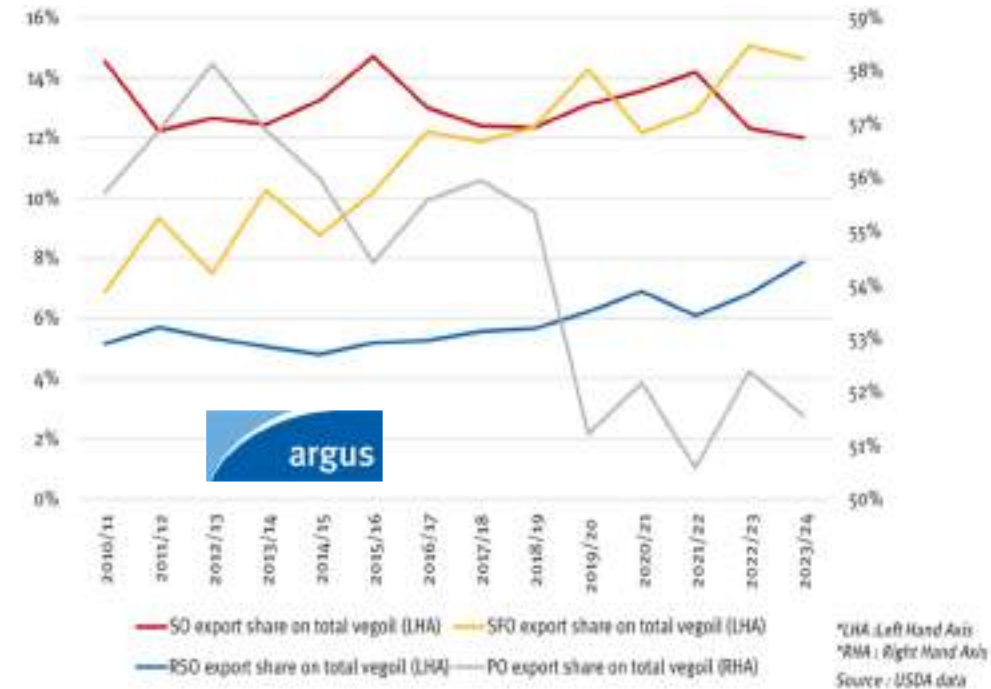
Will there be enough raw materials?

3.1. Vegetable Oils Markets: We should look at palm oil first

World Consumption of 17 Oils & Fats



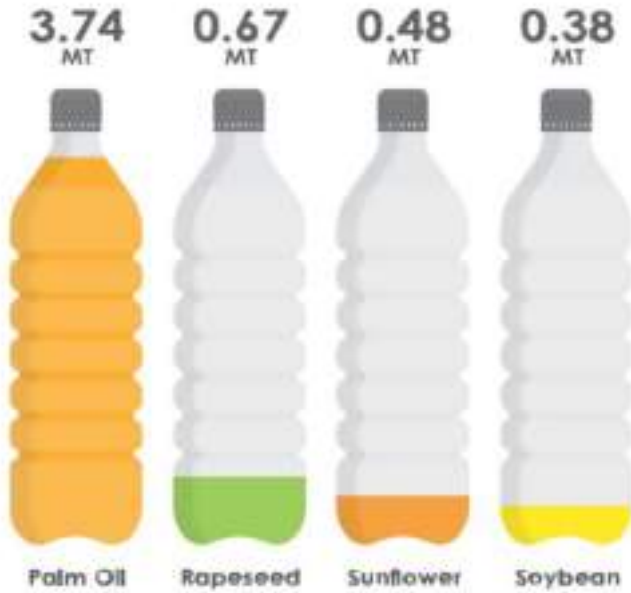
Share of Vegoil Export on World Vegoil Trade



3.2. Vegetable Oils Markets: Oils and fats efficiency



Vegetable Oil's Yield (MT/Ha/Year)

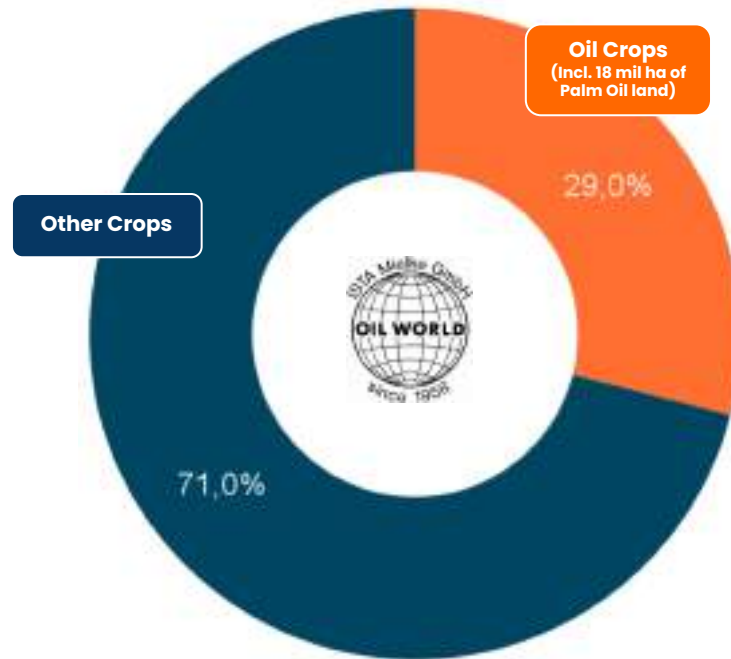


Source: GreenPalm

Global Edible Oils Production & Cultivated Area - 2022

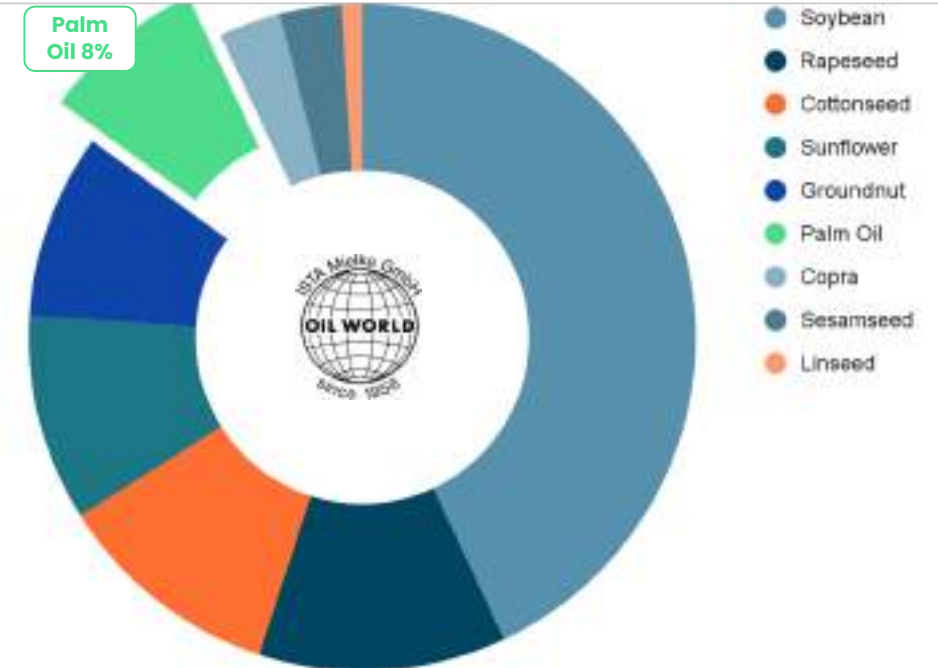
Breakdown of cropland use
% cropland use, 2018

Total Cropland: 1.1 bil ha



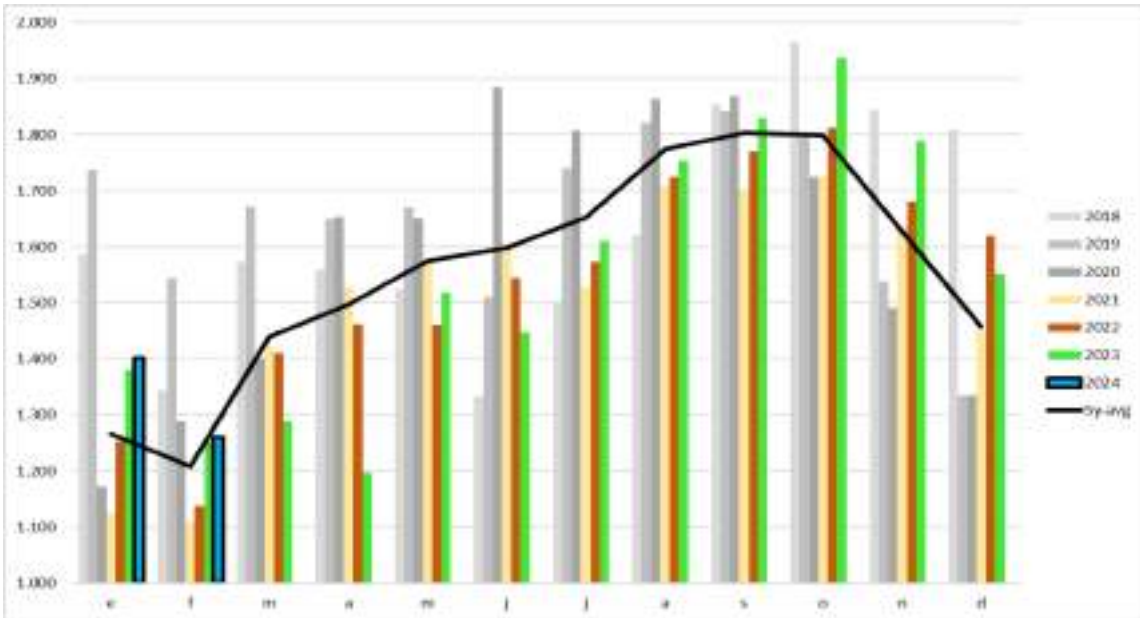
Share of Edible Oil Crops Land
Cultivation 2022

Total Cultivated: 310 Million ha



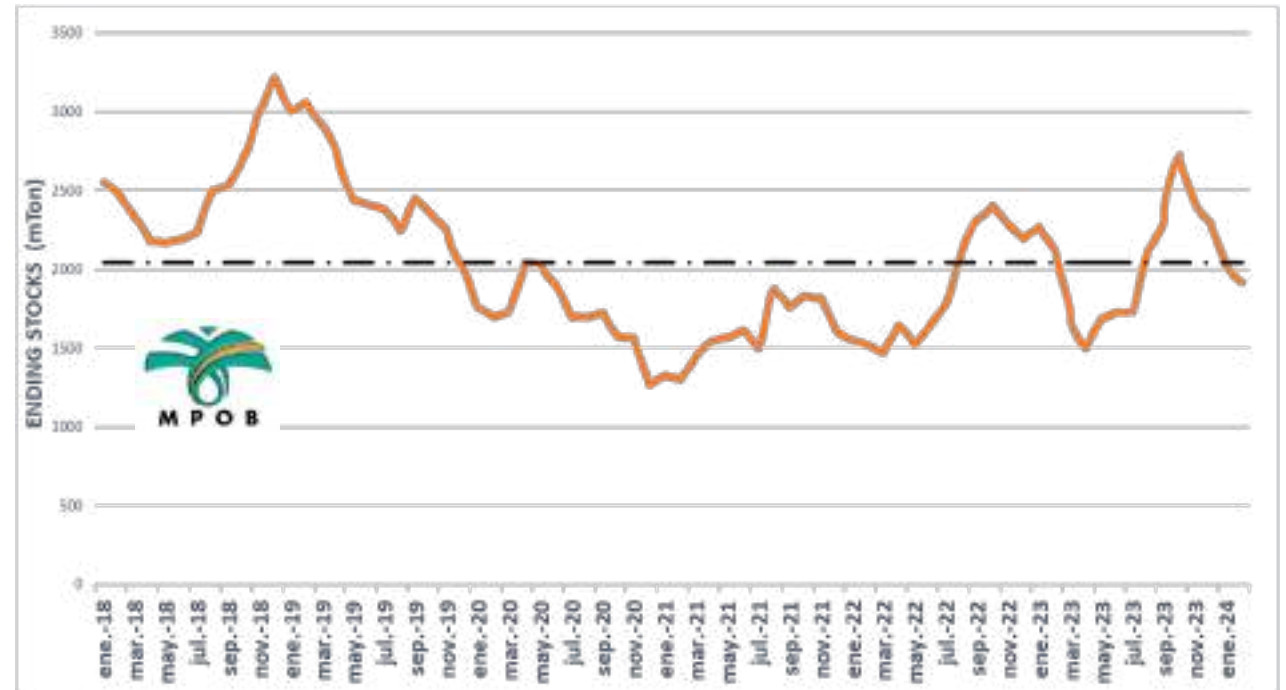
4.1. Palm Oil Market: Malaysia

Malaysia: Monthly Palm Oil Production



Jan/March is the seasonal period of lower production.
It will increase seasonally from April onward.

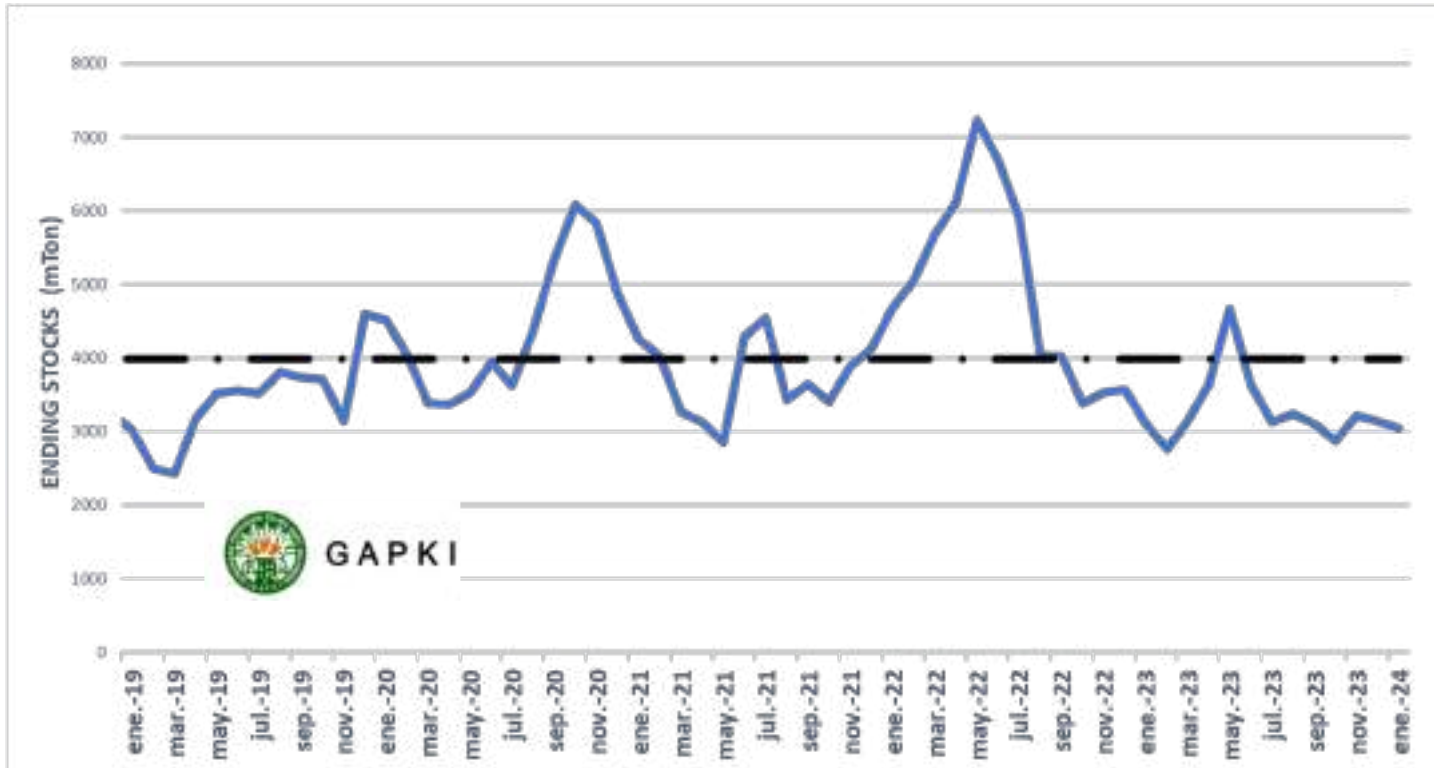
Malaysia: Monthly Palm Oil Ending Stocks



Malaysian CPO ending stocks at the end of Feb-24 fell to below 2 MnT for the first time in 7 months.

4.2. Palm Oil Market: Indonesia


Indonesia: Monthly Palm Oil Ending Stocks



Indonesian CPO ending stocks at the end of Jan-24 fell to below 3 MnT.

4.3. Palm Oil Market: Tight balance in Q2 2024

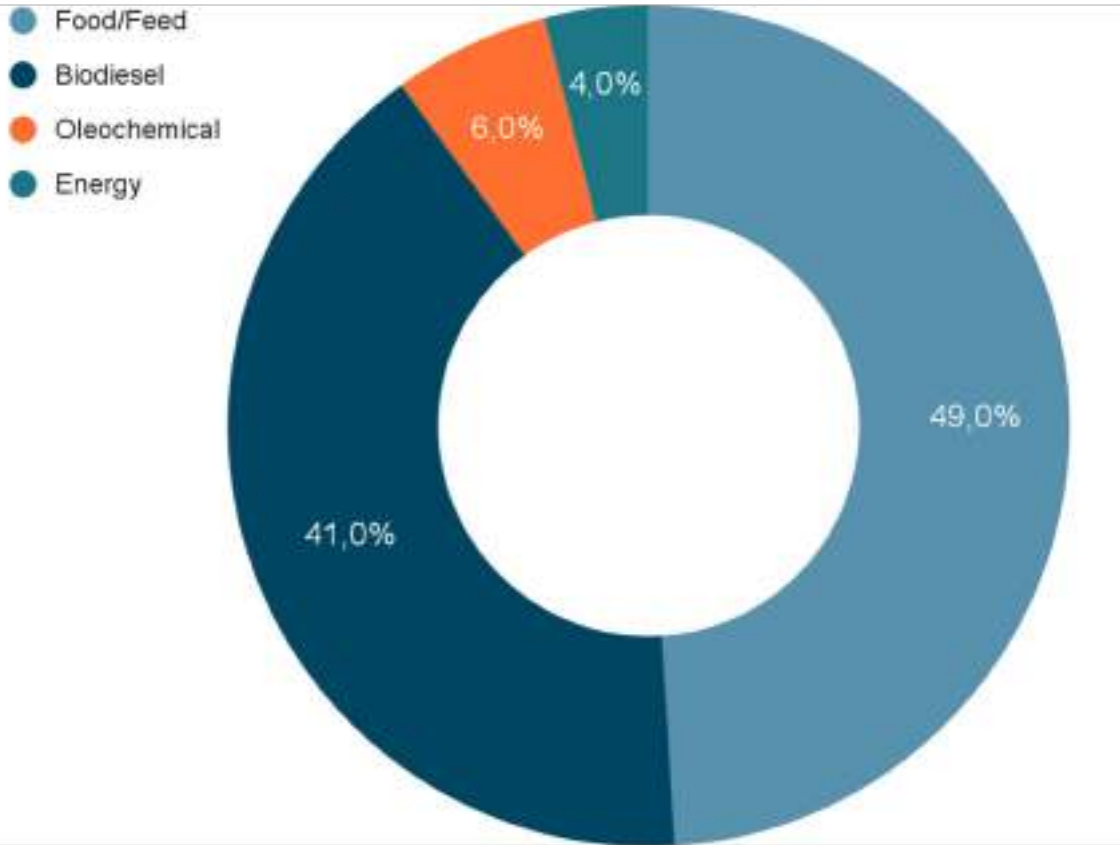
Indonesia: Monthly Palm Oil Ending Stocks

 Palm Oil: World Supply & Demand (MnT)			
	Oct/Sept 23/24	Oct/Sept 22/23	Oct/Sept 21/22
Op'g stocks	15.0	14.7	12.5
Production	81.5	81.5	77.5
Indonesia	48.3	48.6	45.6
Malaysia	18.8	18.4	18.2
Imports	50.7	53.3	47.4
EU-27	5.8	6.4	6.6
India	9.4	10.3	8.3
China, PR	6.3	6.9	4.8
Export	50.6	53.5	47.8
Indonesia	27.8	30.7	25.0
Malaysia	15.5	15.4	15.5
Consumption	82.9	81.0	74.9
Ending stocks	13.7	15.0	14.7
<i>Stocks/usage</i>	<i>16.6%</i>	<i>18.5%</i>	<i>19.6%</i>

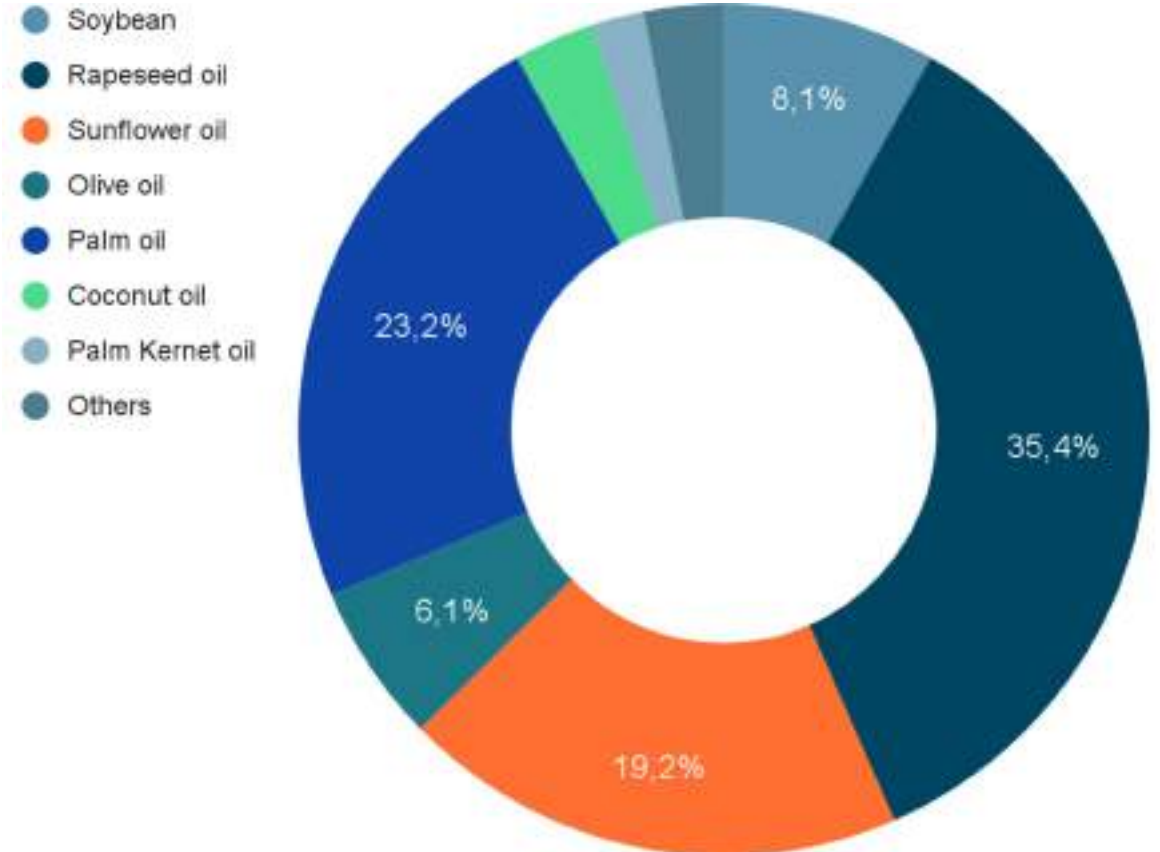
- **World Palm Oil Production will be virtually stagnating in 2024**
 - Jan/Mar: -0.5 MnT vs. 2023
 - Mar/Sept: +0.6 MnT vs. 2023
- The palm balance is expected to be considerably tighter than last year, especially for the months of **April/May/June, giving support to the oils complex in the short term.**

PARENTHESIS 1. Looking at the Short Term: EUDR: How are we going to replace palm and soy?

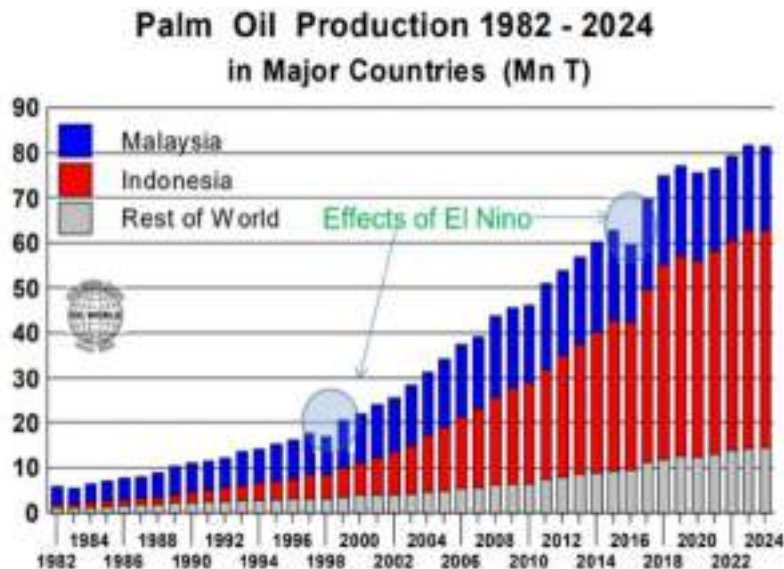
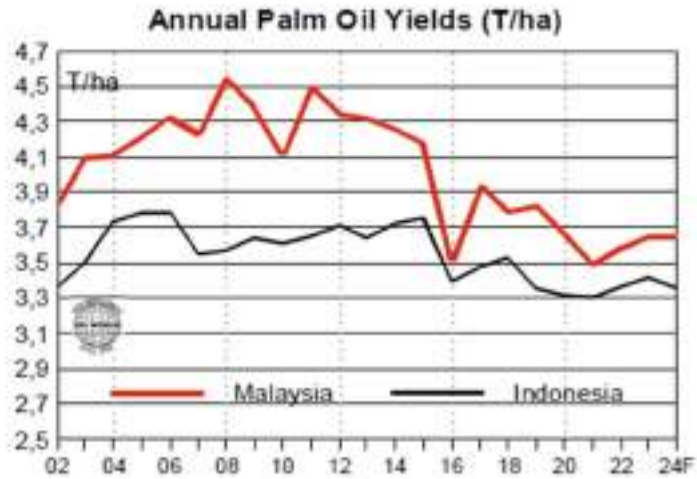
European consumption of oils and fats - 2022



European consumption of oils and fats - 2022



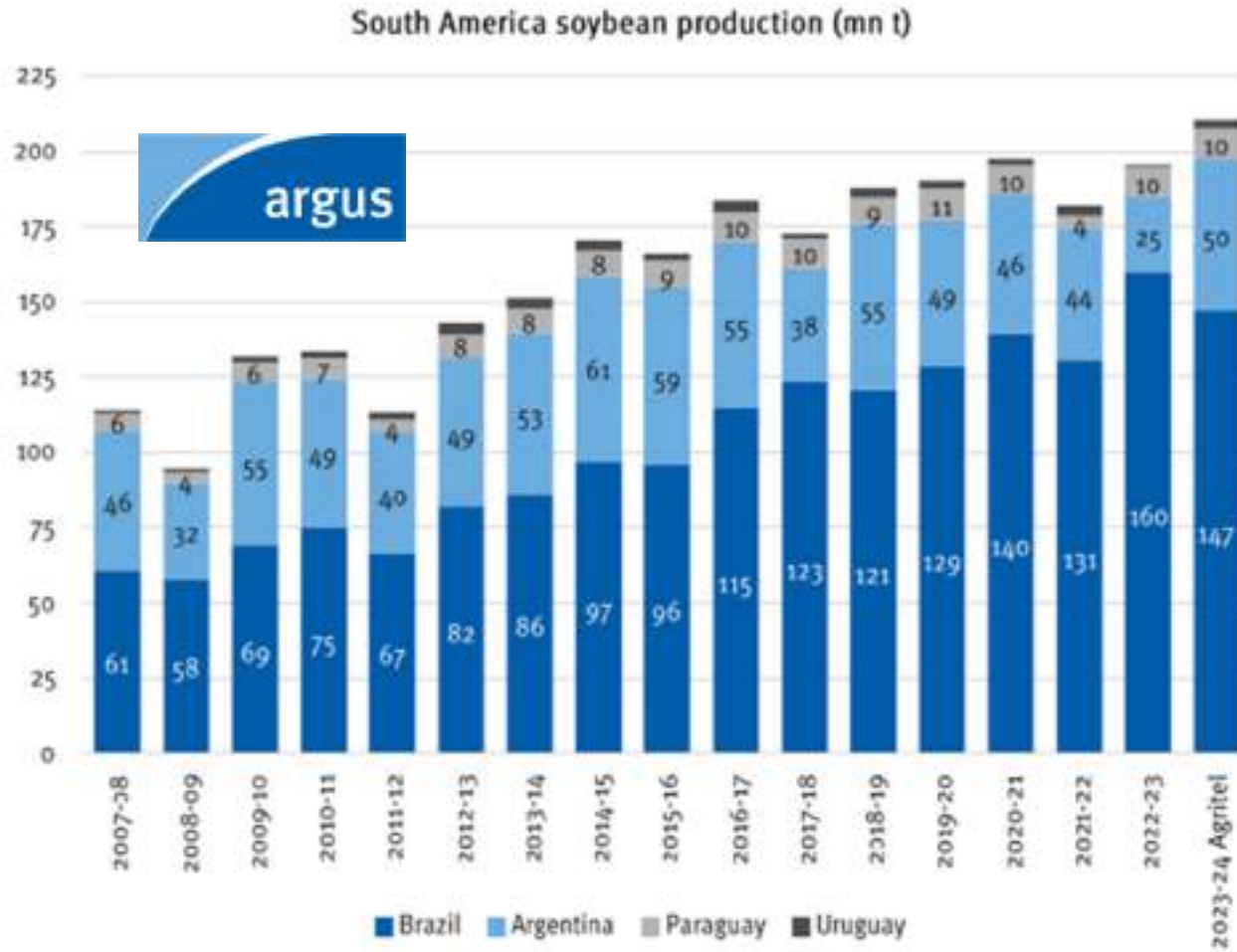
PARENTHESIS 2. Looking at the Long Term: Palm Oil Production is losing dynamism



All figures in Million MT	2000	2020	2010	2023	2030
Palm oil production	21.9	46.3	75.1	81.2	92.8
Average annual 10 - year growth of Palm oil	1.1	2.4	2.9	2.0	1.5
Average annual 10 - year growth of 17 Oil & Fats	3.5	6.0	6.1	4.6	5.0

- Lack of replanting and aging of palm trees.
- Slowing down on new plantings.
- Less application of technology.
- Shortage of workers.

5.1. Soybean Oil Market: South American crop in arriving

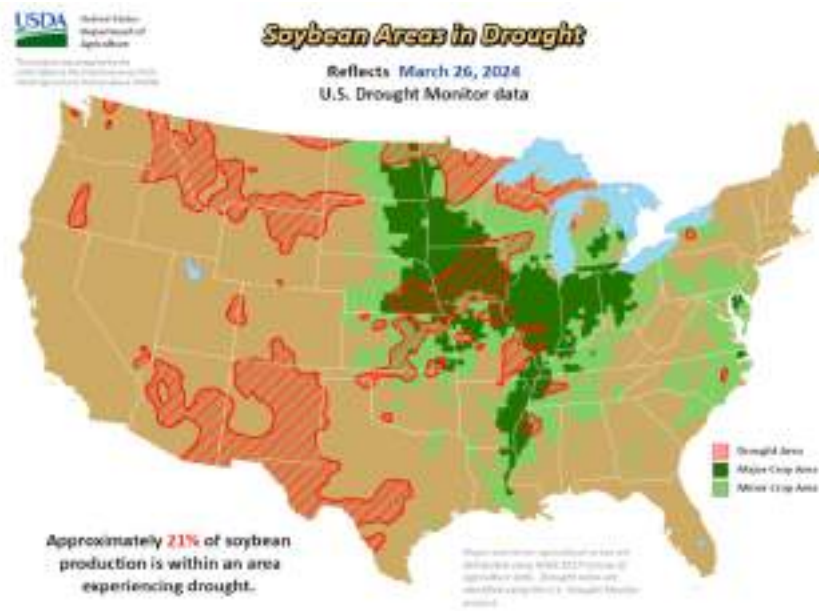
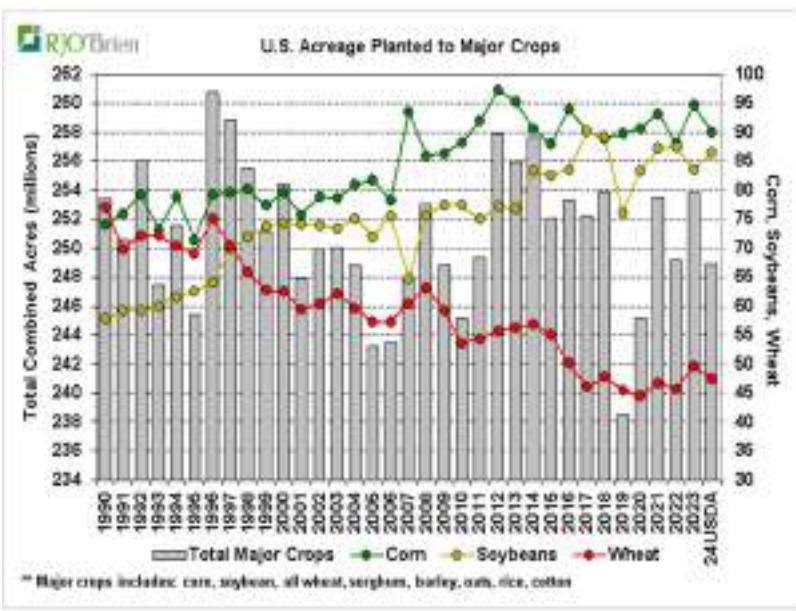


A record soybean crop is being harvested in South America, despite several drought conditions in some parts of Brazil during Nov/Dec. Excessive rains in some parts of Argentina

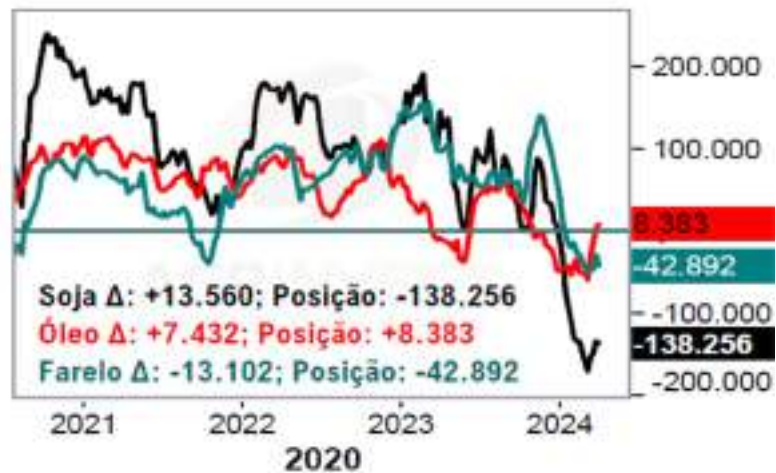
World supplies of soybeans are currently ample and are likely to remain ample also in 2024/25, However, soybeans has a relatively low oil content of 18-19%.

Be careful with farmer selling!

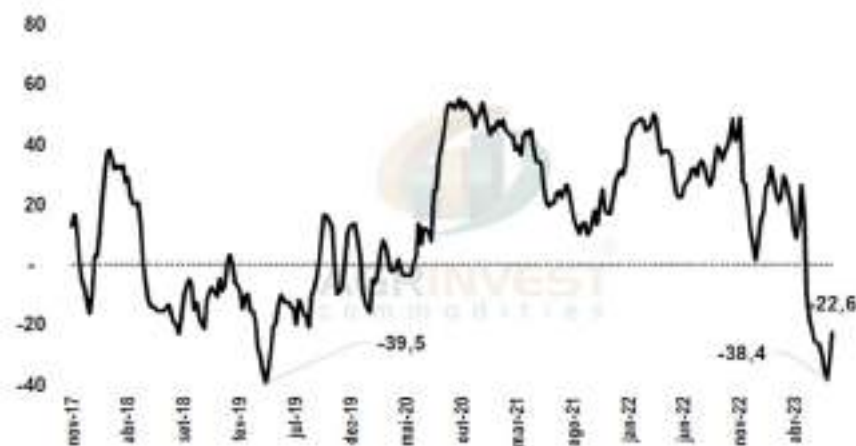
5.2. Soybean Oil Market: The Market will switch its focus to North America



5.3. Soybean Oil Market: Funds



4. Posição dos fundos no complexo da soja
 Posição dos fundos no complexo da soja em equivalente grão
 (em MI de t, soja, farelo e óleo)



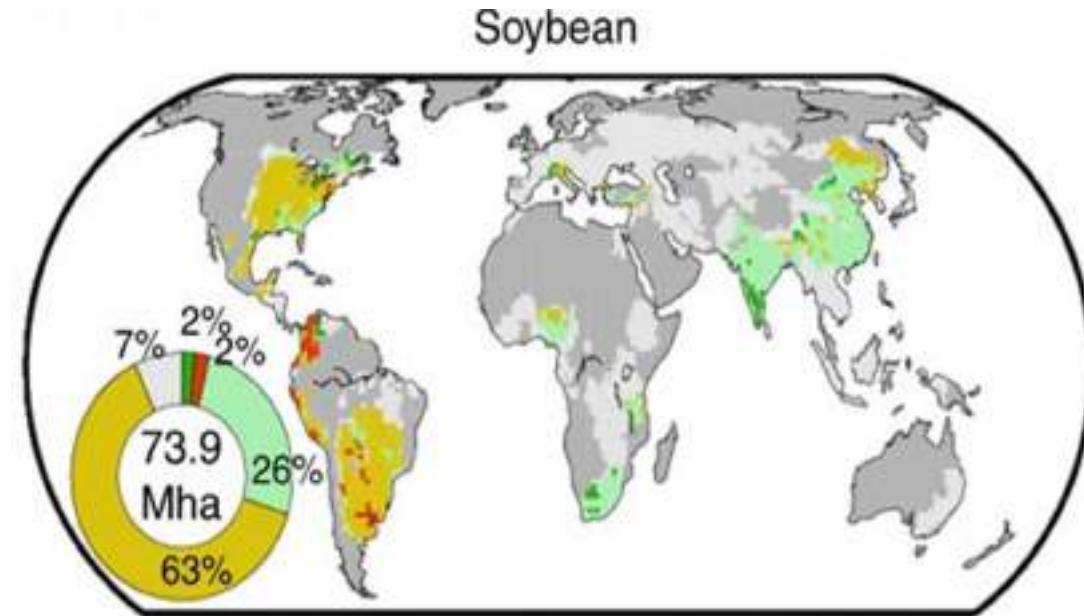
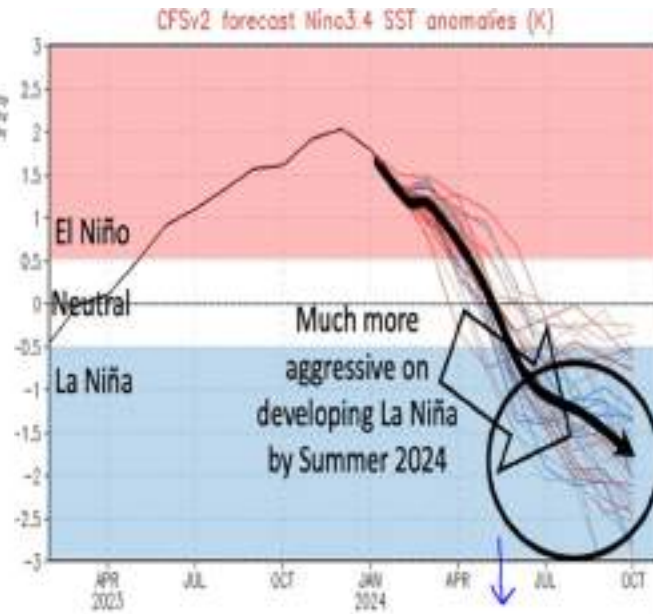
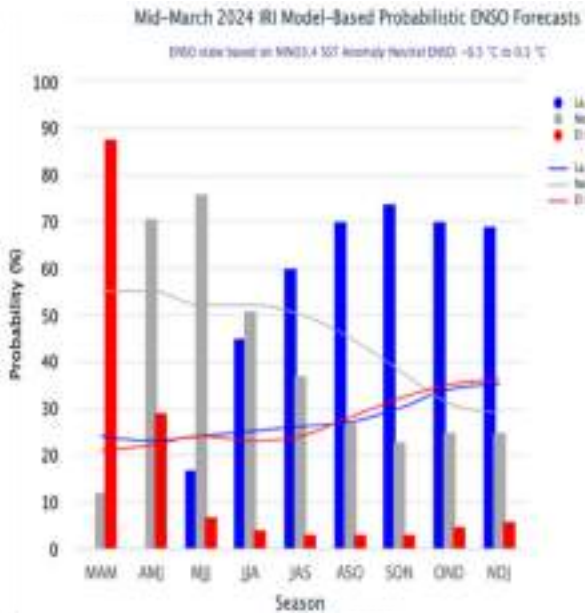
The funds have a big short position in soybean and soybean meal, but they are long in soybean oil.



Commodities will benefit from rate cuts. However, that gains in commodities won't be across the board



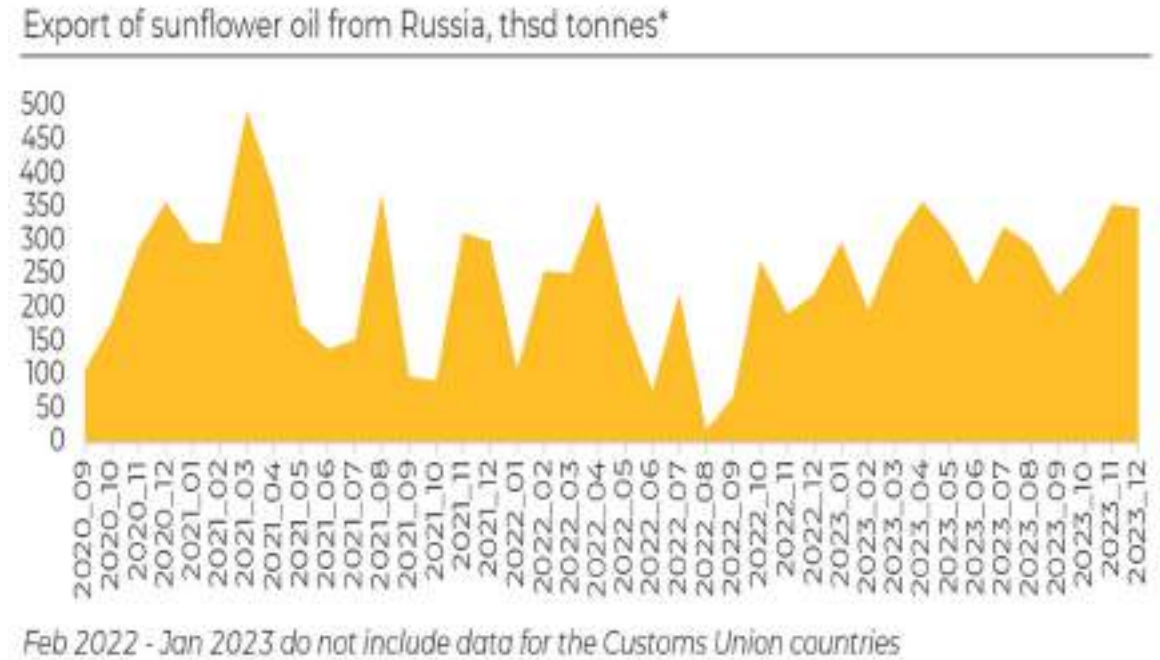
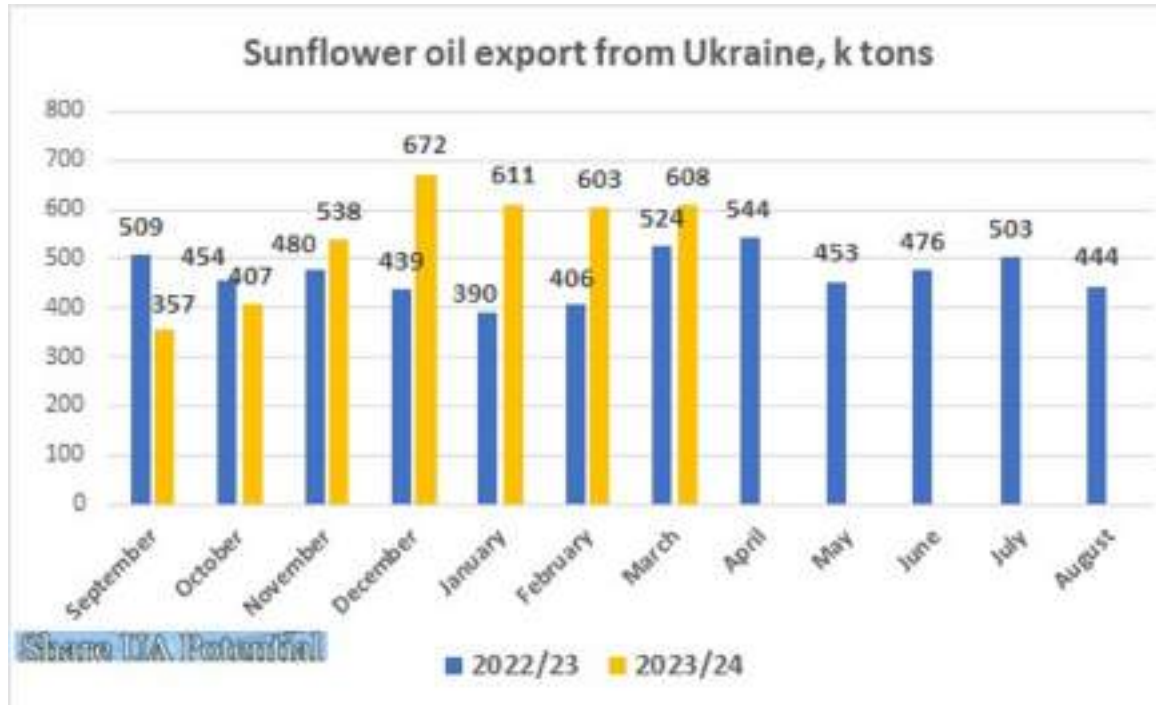
5.4. Soybean Oil Market: La Niña is coming back?



Soybean production risk in South America (last 2 seasons in Brazil and Argentina, respectively). The beneficial effect on palm was not seen in the past event. Delays of up to a year in yields.



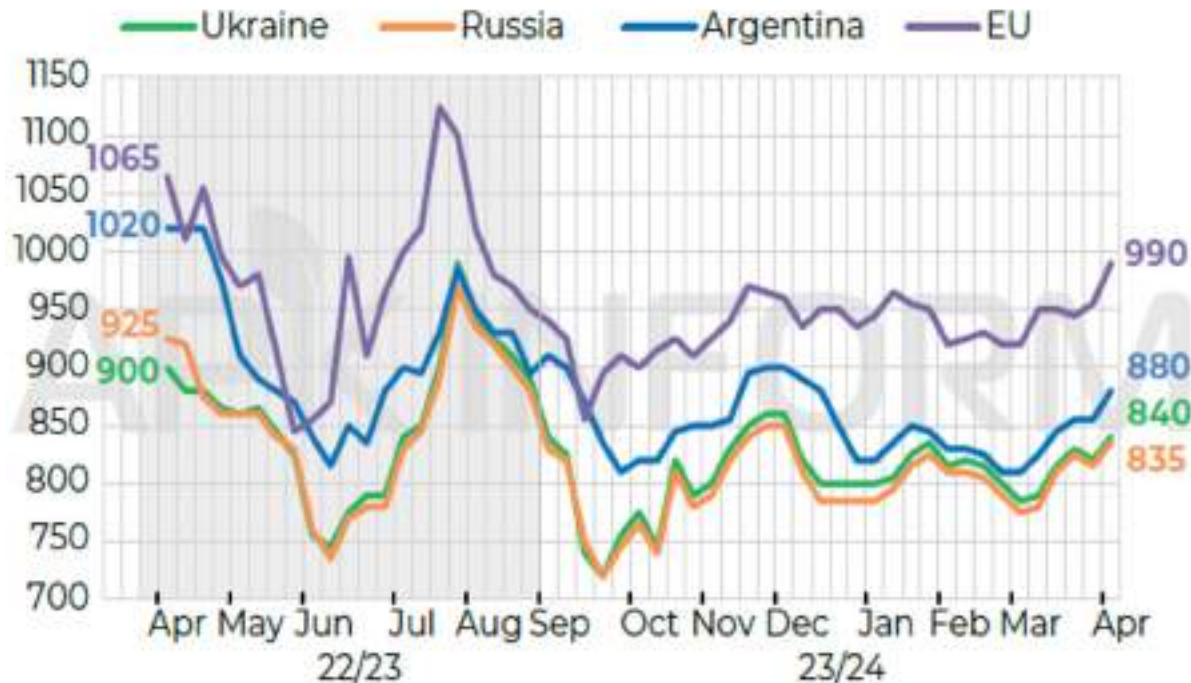
6.1. Sunflower Oil Market: Black Sea supply pressures the prices



SFO is currently the most attractively priced vegetable oil, mainly due to large export supplies from the Black Sea region, offered at significant discounts over CPO and SBO. **Unfortunately, the war continues to pose a serious risk.**

6.2. Sunflower Oil Market: The pressure on prices is expected to weaken

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



- **Increasing demand (India, China, North Africa)** for SFO, due to good competitiveness relative to other vegetable oils, may support prices in the short term.
- Additionally, **most of the increase in this season's global sunflower seed supplies has already been utilized in the first half of this season. This will curb sunflower seed crushing's** as well as the growth in export supplies of SFO during the period April/Sept 2024.
- **The price pressure from large SFO supplies is expected to weaken. SFO is likely to build price premiums over CPO and SBO, and there is an upward potential for prices from current levels in the deferred positions.**

6.3. Sunflower Oil Market: A tighter balance is expected in 2024/25

Sunseed (Mt) August - July	2023/24	2024/25
Carry-in	5.9	4.4
Production	55.4	56.9
Trade	2.7	2.7
Crush	52.1	52.7
Other cons.	4.7	4.8
Carry-out	4.4	3.9
Stock/use ratio	7.7%	6.8%

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EU: the production forecast at 10.6MnT vs 9,9 MnT in 2023, due to a recovery in yields.



UKRAINE: Production range 13.7/14.2 MnT assuming good weather.



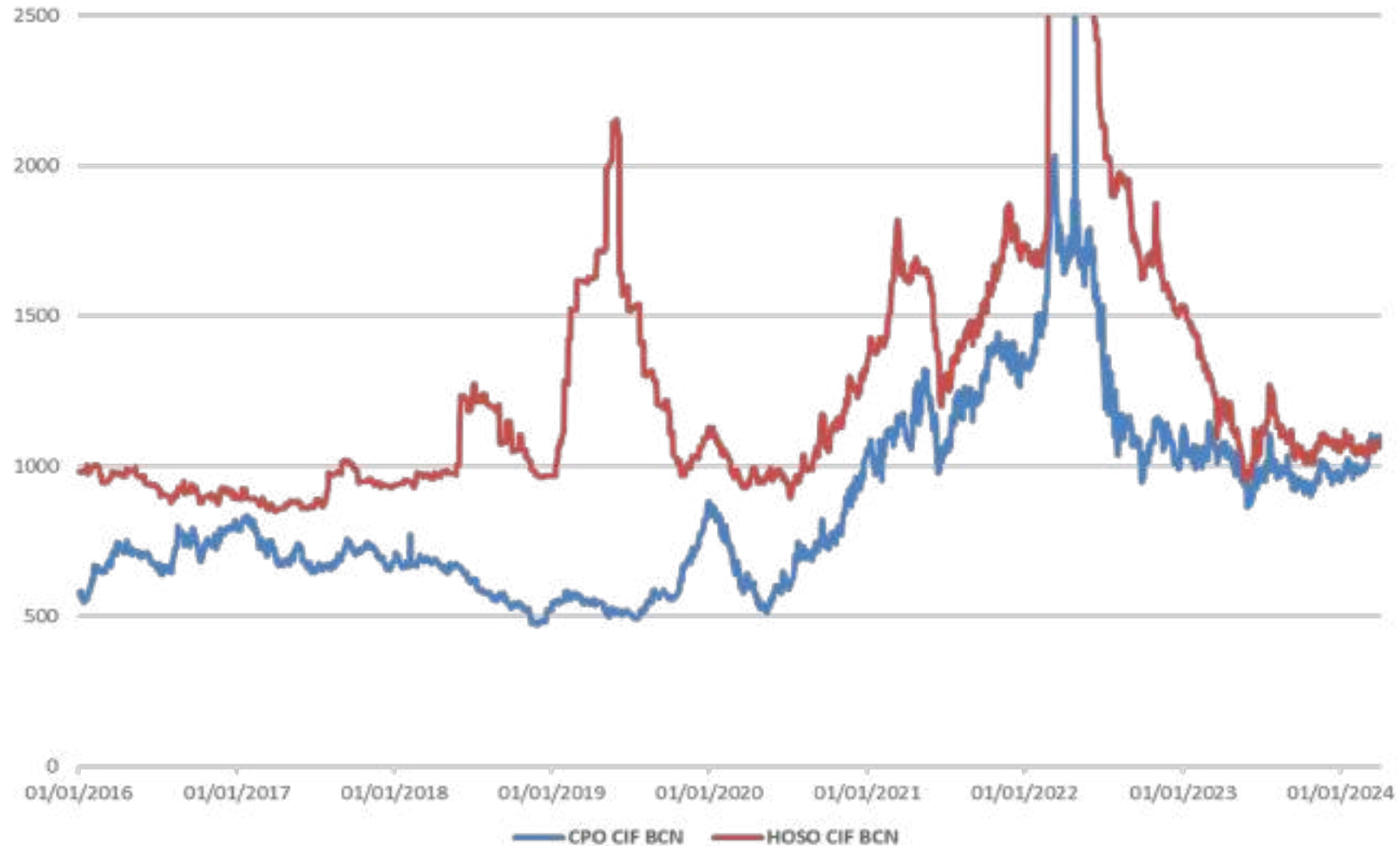
RUSSIA: the reduction in the beginning stock will reduce the total supply. It's reasonable to expect lower yields after an excellent crop in 2023.



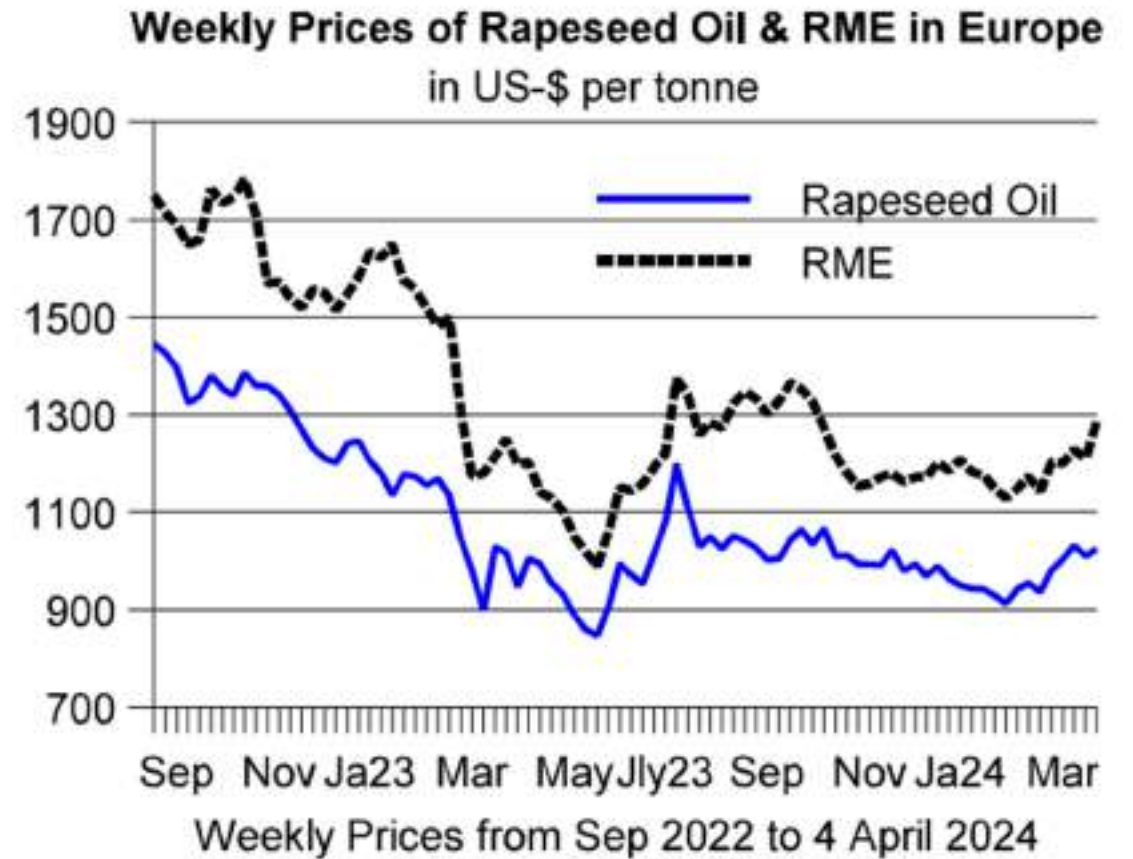
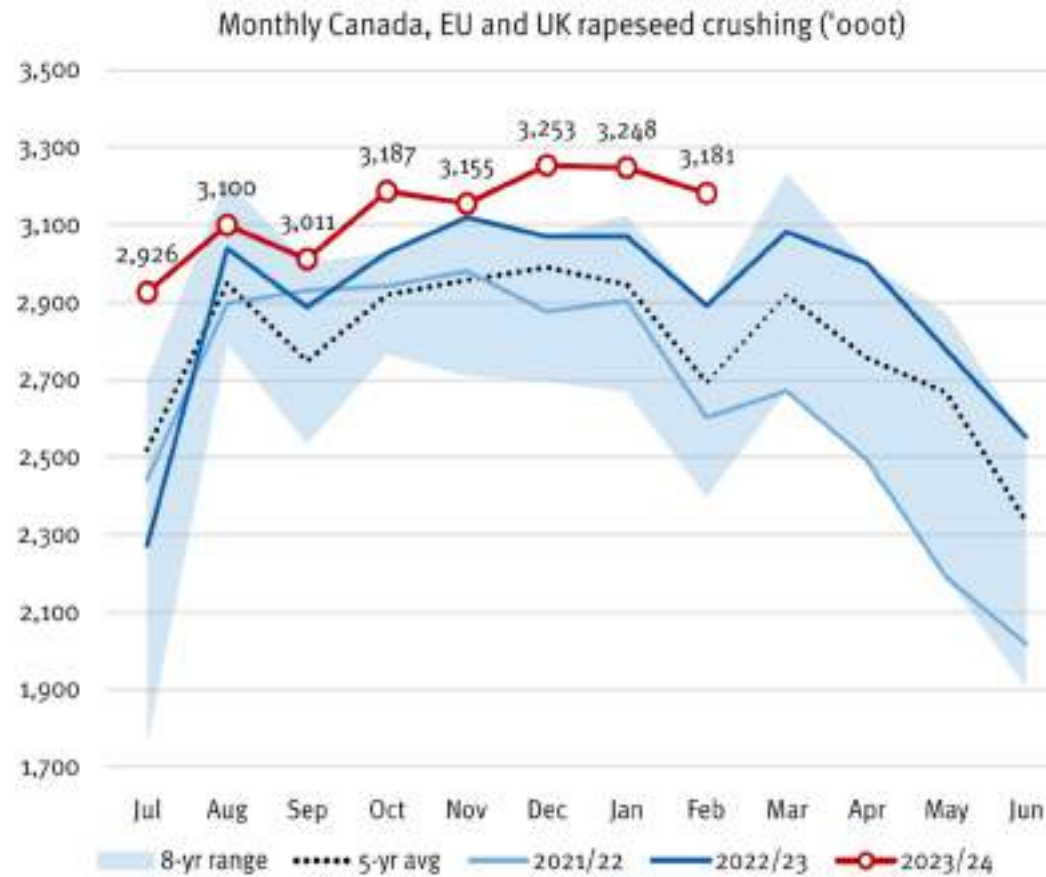
Even assuming favourable weather, the world balance of sunflower seed (and SFO) will be tighter in 2024/25.



6.4. Sunflower Oil Market: Palm oil at even of HOSO is reasonable?



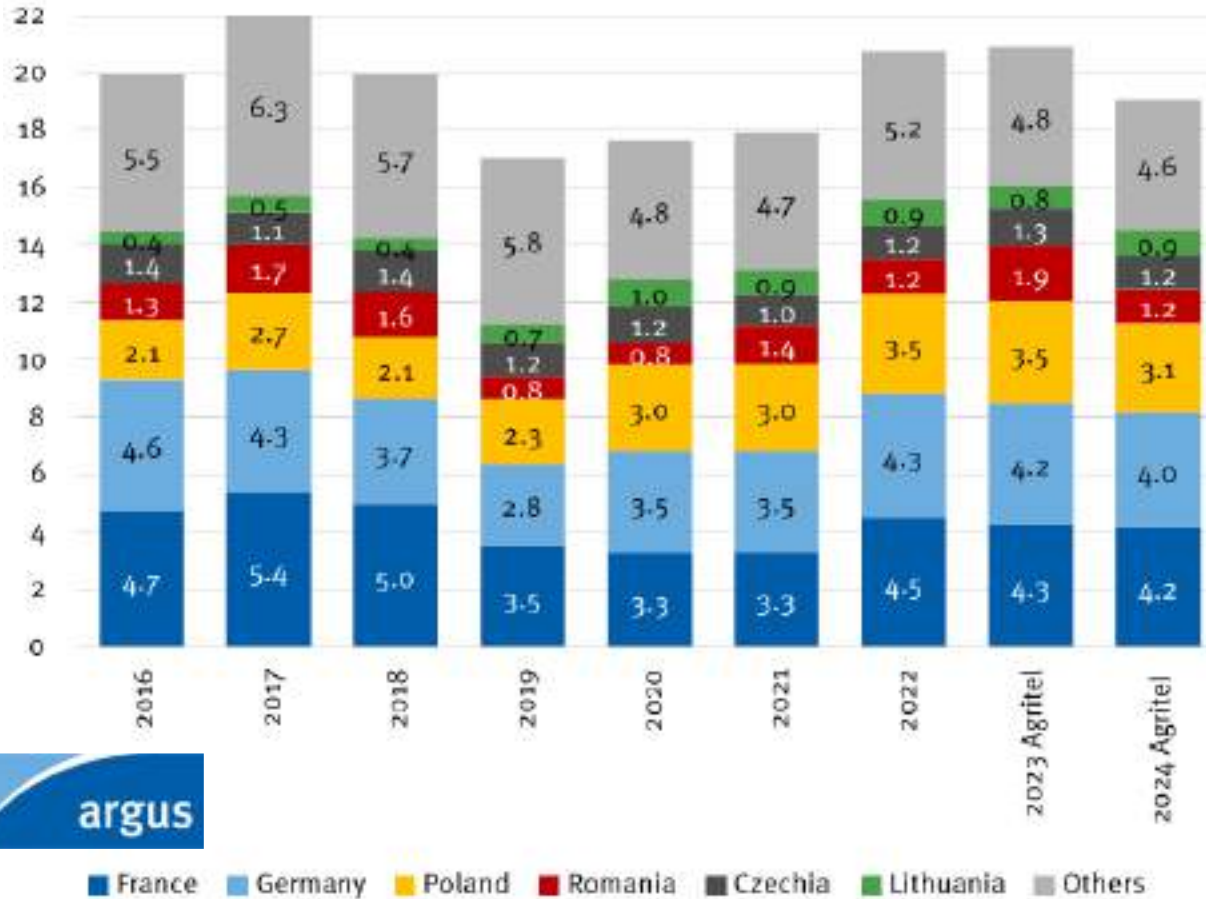
7.1. Rapeseed Oil Market: Record crushing pace



At these prices, RSO is competitive not only for food, but also for biodiesel.

7.2. Rapeseed Oil Market: Rapeseed production in the EU will decrease

EU+UK Rapeseed Production (mn t)



EU+UK: Production is forecast to decline by 1.5/1.8 Mnt



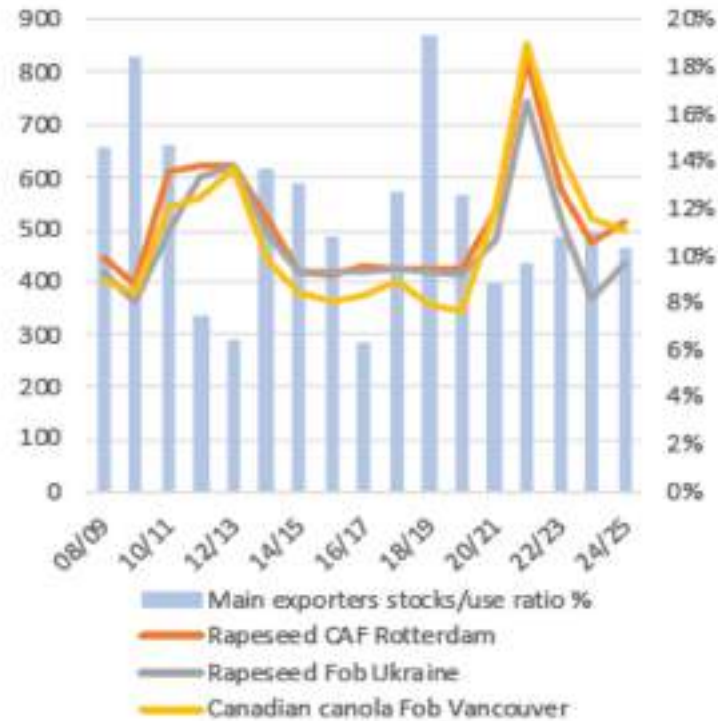
7.3. Rapeseed Oil Market: Heading towards a tighter scenario

Rapeseed(Mt) july-june	2023/24	2024/25
Carry-in	9.0	8.9
Production	86.6	85.1
Trade	17.8	17.0
Crush	83.1	82.3
Other cons.	3.7	3.7
Carry-out	8.9	8.1
Stock/use ratio	10.3%	9.4%

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1.2. RAPESEED AND CANOLA STOCKS-TO-USE RATIO AND WORLD PRICE (\$/T)



CANADA: According to StatsCan, the canola acreage will be 8.50 MHAs, which is 3.1% lower than in 2023.



AUSTRALIA: La Niña should bring favourable weather conditions for rapeseed crops.



The global balance of RSO will be tighter in 2024/25, but it will be in line with 5y average



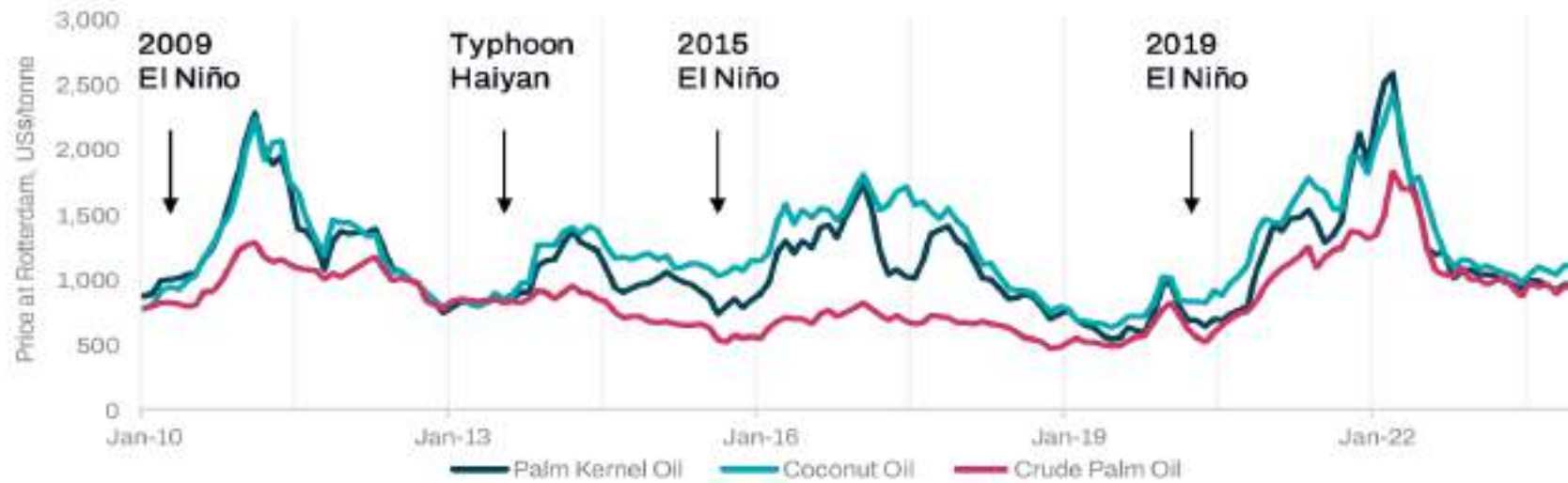
The European Balance could be fragile at the end of 2025



8.1. Lauric Oil Market: Price evolution

THE LAURIC OIL PRICE ROLLERCOASTER

The most exciting of the vegetable oil prices



Monthly crude palm oil, palm kernel oil and coconut oil prices, Rotterdam

El Niño droughts and typhoons reduce the supply of lauric oils and causes prices to rally.

As lauric oil supply recovers and buyers reformulate, prices decline sharply.

Coconut oil and palm kernel oil prices decline until they reach parity with palm oil.

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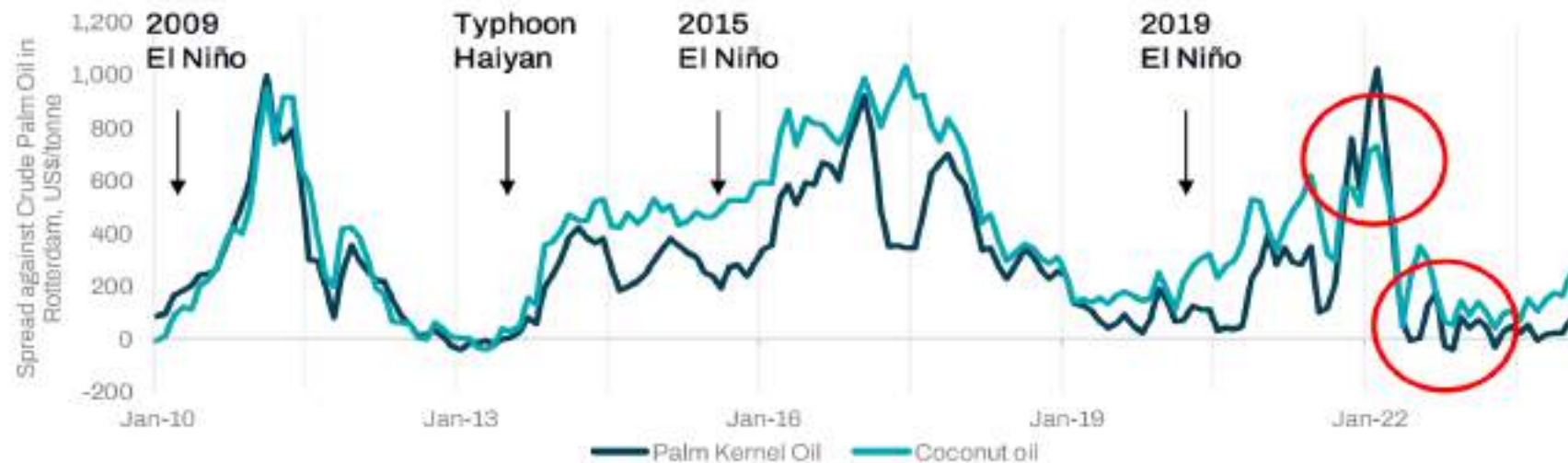


THE LAURIC OIL PRICE ROLLERCOASTER

8.2. Lauric Oil Market: CPKO/CNO vs. CPO

THE SPREADS SHOW THE PRICE MOVEMENTS VERY CLEARLY

From parity with crude palm oil to a 1,000 USD per tonne premium



Monthly spreads of palm kernel oil and coconut oil prices over crude palm oil

Coconut oil *should* be more expensive than PKO due to functionality, sustainability and reputation.

Palm kernel oil *should* not be at a discount to crude palm oil (CPO) as, at that price, it can be blended.

Recently coconut oil was at a discount to PKO and PKO below CPO. Is the elevator stuck at the ground floor?

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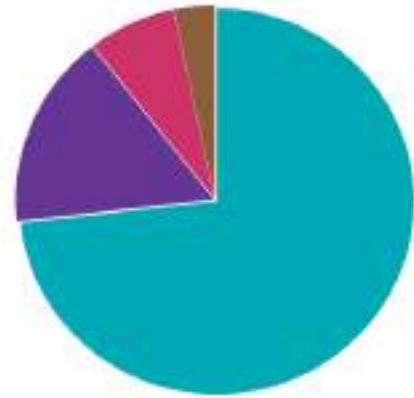


8.3. Lauric Oil Market: The demand

END USERS CANNOT SWITCH AWAY FROM LAURIC OILS EASILY

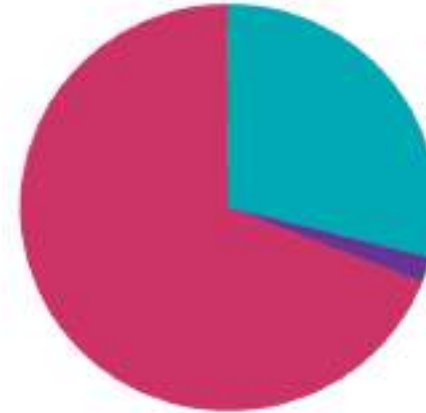
Unlike other oils – lauric buyers have no alternatives

The lauric oils are the only source of C12-14 lauric acids on which the detergent and surfactants industry rely. They also provide unique mouthfeel in speciality fat usage as moulding, coating or filling fats. As a result, they are very dependent on oleochemical demand and barely benefit from biodiesel demand.



■ Food ■ Biodiesel ■ Oleochemical ■ Other Industrial

Global vegetable oil demand by end use



■ Food ■ Biodiesel ■ Oleochemical ■ Other Industrial

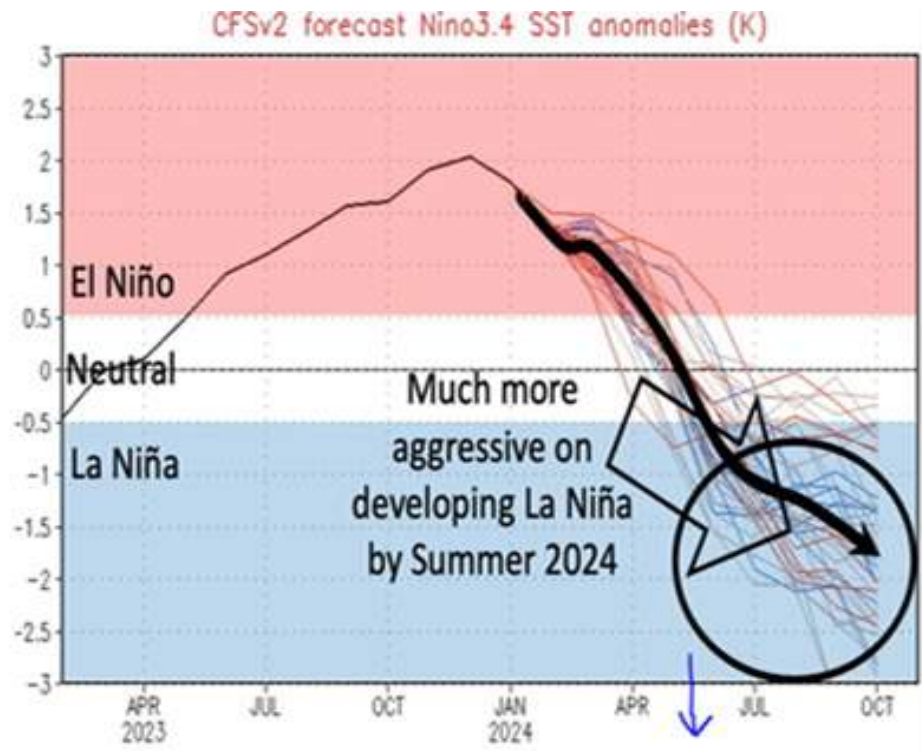
Lauric vegetable oil demand by end use

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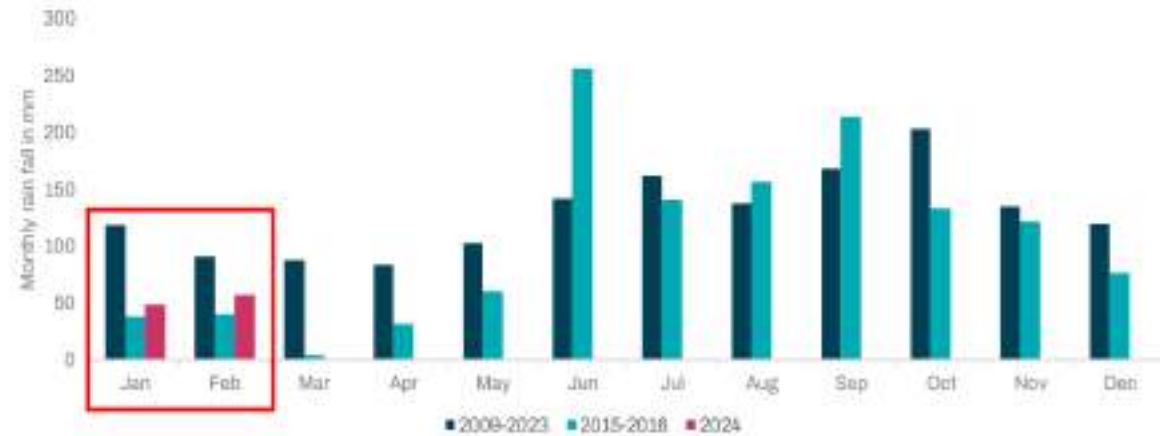
THE LAURIC OIL PRICE ROLLERCOASTER

8.4. Lauric Oil Market: The supply



THE EL NIÑO IS DISRUPTING RAINFALL IN THE PHILIPPINES

We are seeing dry patterns similar to those of 2015-16



Monthly rainfall averages in the Philippines coconut growing regions

Rainfall data from the main coconut oil export regions show the first half of the year is most drought prone. Current rainfall is close to the conditions around the El Niño which will reduce copra supply later in 2024. This will have an impact on copra supplies with a lag, particularly if the dryness continues into March.



8.5. Lauric Oil Market: Price evolution



The poor production growth, along with the strong price competitiveness of PKO compared to CPO and CNO, likely boosted export demand, leading to decreased inventories in Malaysia and Indonesia recently.

World production of PKO is forecast to increase by only 1% to 8.5 Mnt in Oct/Sept 2023/24, vs 3,5% last season

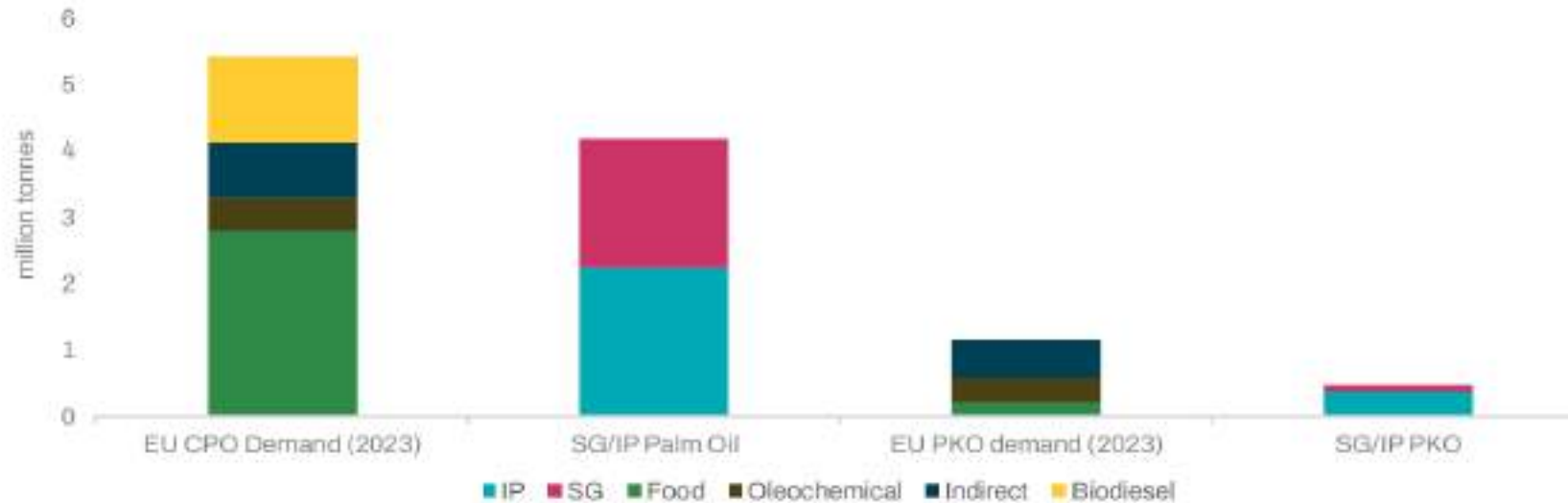
World CNO production it is likely to decline for the second year in a row to 3.1 Mnt in Oct/Sept 2023/24

- **Last CCNO spot offers rose at a highest level since Ag-22.**
- **CPKO prices also rose to a highest level since Sept-22.** Skyrocketing prices of cocoa may also have contributed to the recent uptrend of PKO prices.
- **Pricing in Rotterdam is likely to be disrupted by the EUDR as it is still not clear how it will work.**

8.6. Lauric Oil Market: The EUDR

THE EUDR POSES A MAJOR CHALLENGES FOR PKO AND DERIVATIVES

Which the European Commission doesn't seem to understand



EU CPO and PKO demand vs RSPO SG/IP palm oil and palm kernel volumes

While not all RSPO SG/IP complies with the EUDR, it is the best indicator we have of potential volumes.

The need to aggregate kernels from many farms means tracing PKO is extremely difficult.

Coconut oil, is not in the EUDR but volumes are insufficient and concern over MOAH levels limits use.

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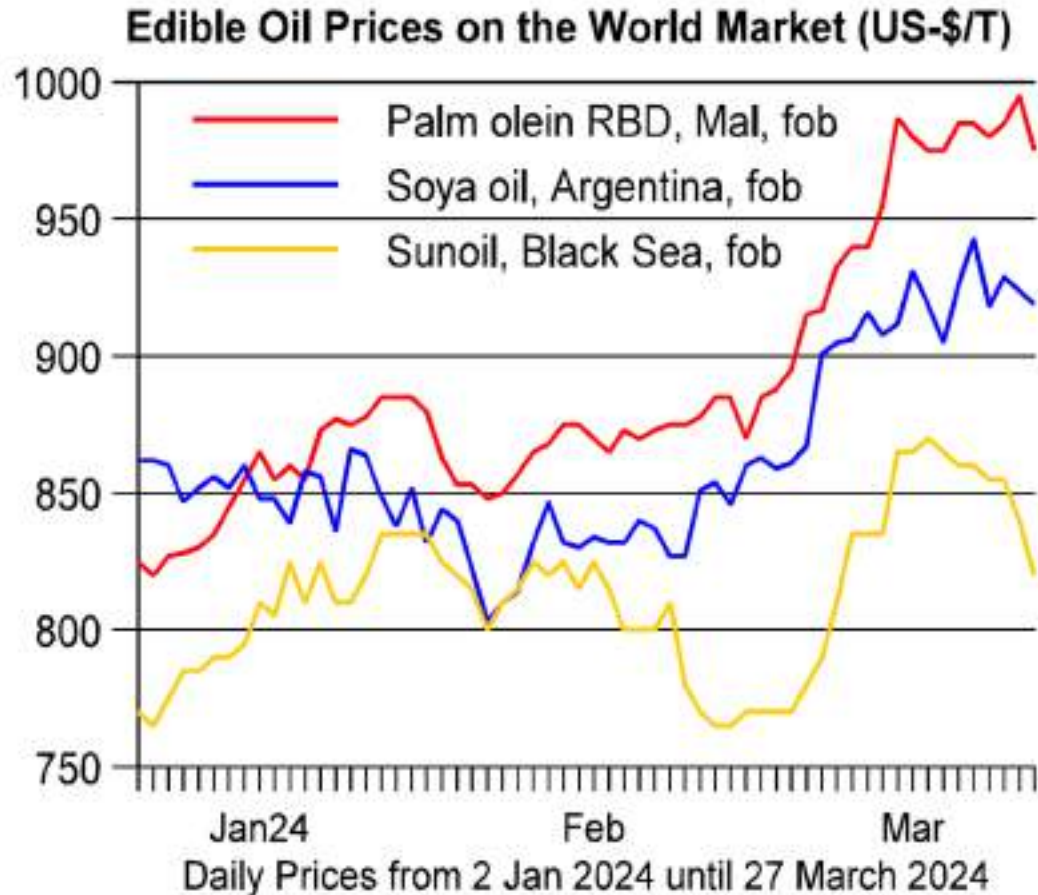
9.1. Conclusions: A tighter balance in Q2/Q3 – 2024?

8 VEGETABLE OILS: World Balance (Mn T)					
	October / September				
	23/24F	22/23	21/22	20/21	19/20
Op'g stocks	32.50	29.79	27.46	27.65	29.22
Production	217.53*	213.68	204.39	201.47	200.08
<i>Change</i>	+1.8%	+4.5%	+1.4%	+0.7%	-0.3%
Imports	90.55*	92.21	82.77	88.56	89.14
Exports	90.66*	92.60	83.55	88.53	89.53
Consumption	218.15*	210.57*	201.29	201.68	201.27
<i>Change</i>	+3.6%	+4.6%	-0.2%	+0.2%	+0.8%
End'g stocks	31.76*	32.50	29.79	27.46	27.65
Stocks/use ratio	14.6%	15.4%	14.8%	13.6%	13.7%

If 31.8 MnT will be ample stocks or not will depend on the balance for 24/25. There is no room for a new production deficit!

- **Stocks of oilseeds are ample, but based on soybean.**
- **Slowdown in the increase of veg. oil production, particularly for palm,** which is expected to remain virtually unchanged. Bigger dependency of SBO.
- **Stocks of Veg. Oils will decrease in 2024,**
- **Veg. Oil demand is projected to rise for both food & biofuels.** Some uncertainties, particularly regarding the Chinese economy.
- **Growth in sunflower and rapeseed crushing's will decelerate. Slowdown in Farmer selling in several countries.**
- **Following ample global vegetable oil supplies ample from Jul/ Dec 23, a prospective production deficit from Jan/Sep 2024 is likely to keep firm vegetable oil prices.**

9.2. Conclusions: Palm oil prices continue with a premium. Until when?



- **Palm Oil production will increase in coming months.** The current **premiums of CPO over SFO, RSO and SBO** prices are likely **to disappear in the medium term.**
- The price **pressure** from large **SFO** supply **is expected to weaken.** A **tight S&D** is expected in **24/25.** There is an **upward potential for prices.**
- **RSO prices supported by CPO and gasoil prices in the short term.**
- **SBO prices are expected firmer than Soybean and Soybean meal prices.**

9.3. Conclusions: Price determining factors



“A World of
Vegetable Oils”



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