



MARKET REPORT

May 2024



CONTENT

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

1. Vegetable oil prices: Where do we come from, and where are we going?

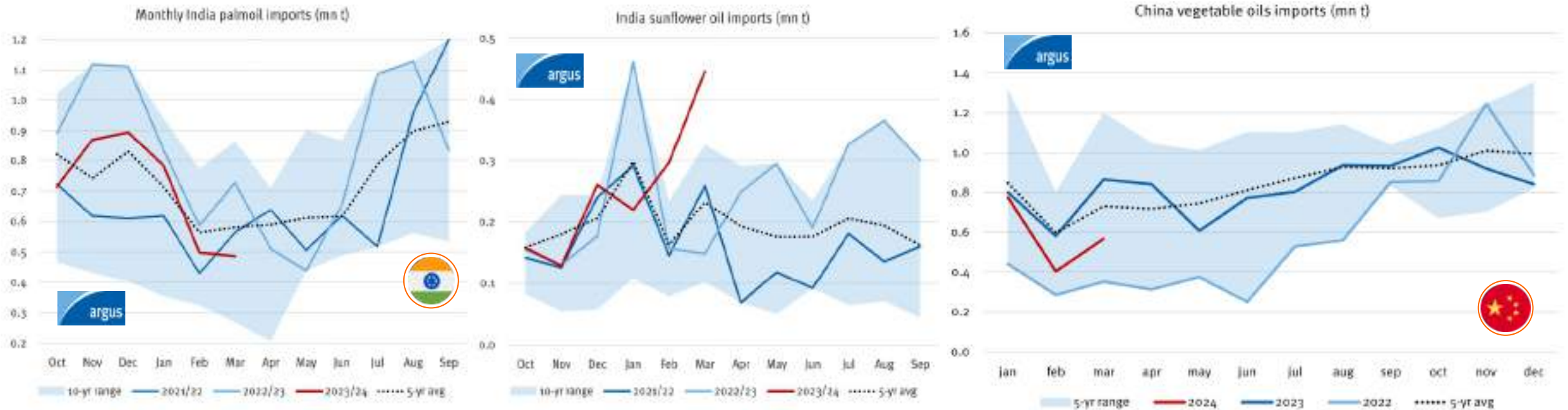


- **Sharp drop in CPO prices**, driven by the expectation of a **seasonal recovery in production, as well as a realignment of relative prices** after trading at a premium to other oils for several months.
- **Strong appreciation of RSO prices**, reaching highs not seen in several months, due to a tighter situation in Europe and a recovery in crush margins, despite weakness in the vegetable oil complex.
- **SFO prices have fallen less than CPO and SBO prices**, due to expectations of a slowdown in crushing for the remainder of the season.
- **SBO prices were affected by the arrival of South American crop and by a sharp decline in prices in Chicago market.**

Vegetable oils supply & demand



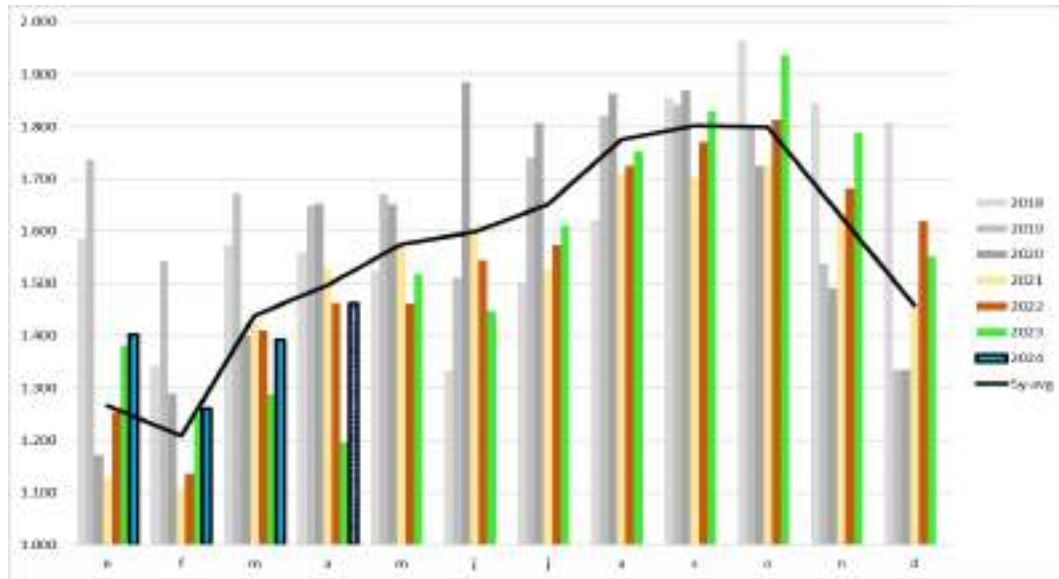
2. Vegetable oils demand: It is likely to see a recovery in import demand



India, like other major importing countries, has limited their CPO imports, contributing to reducing CPO premium over other vegetable oils. Palm oil is most likely to regain market share in the coming months as its competitiveness improves. **Large import requirements anticipated in India**, since its veg. oil stocks have declined approx. 0.8 MnT in the first half of this season.

3. Palm oil market: Malaysia

Malaysia: Monthly palm oil production



Malaysia: Monthly palm oil ending stocks

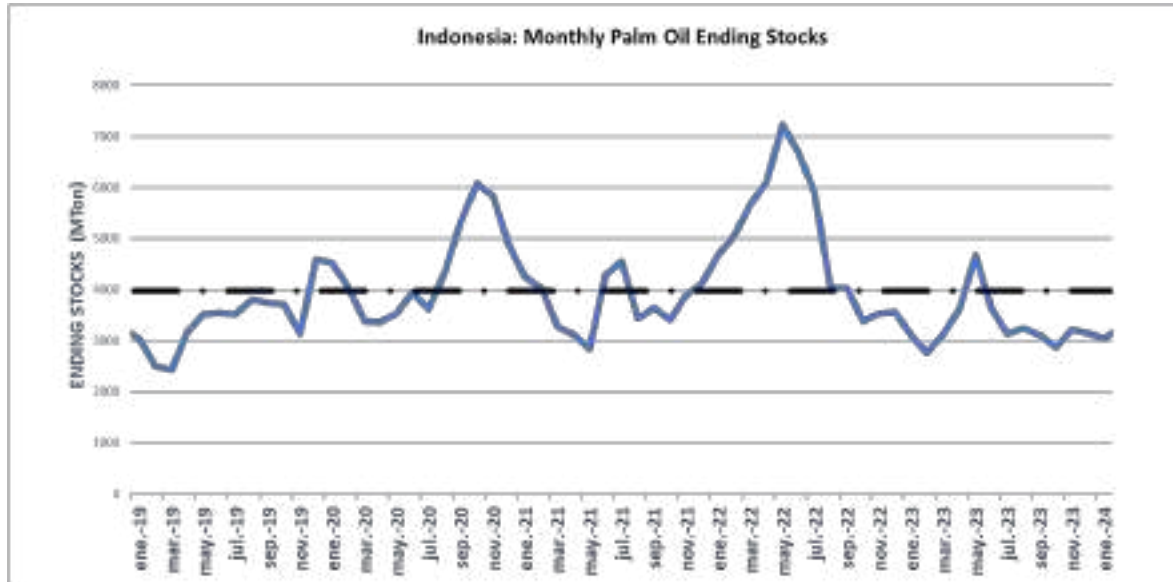


Jan/March is the seasonal period of lower production. It will increase seasonally from April onward.

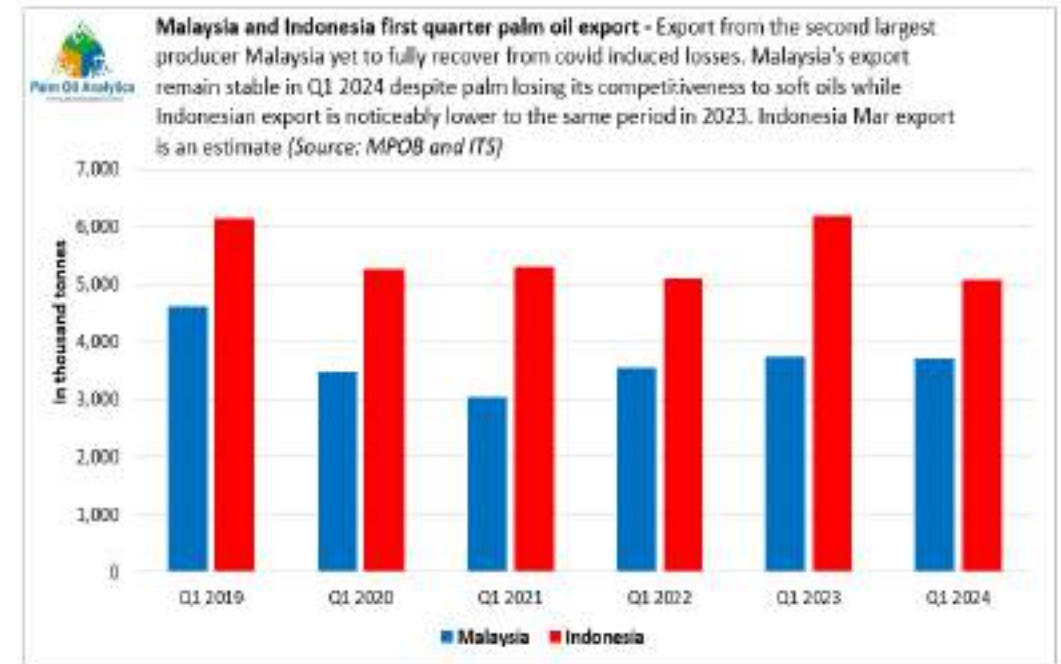
Malaysian CPO ending stocks at the end of March 2024 fell to their lowest level since May 2023.

3. Palm oil market: Indonesia

Indonesia: Monthly palm oil ending stocks




Indonesian CPO ending stocks at the end of Feb-24 was reported at 3.26 MNT. According to several sources, the situation remained **similar at the end of March**.



Sharp drop in exports in Q1-24. A recovery is expected in the coming months.

3. Palm oil market: Production and exports have started to increase

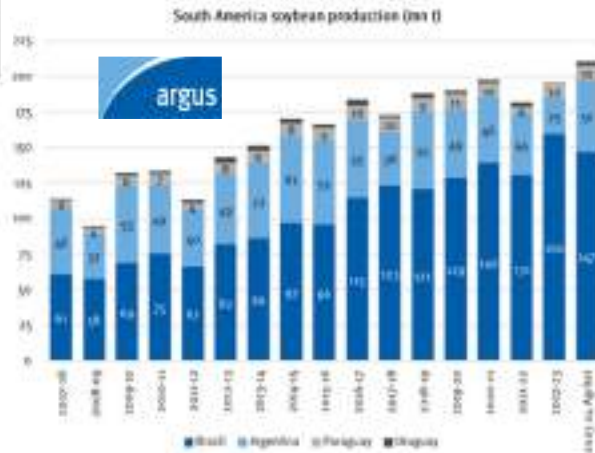
 Palm Oil: World Supply & Demand (Mn T)			
	Oct/Sept 23/24	Oct/Sept 22/23	Oct/Sept 21/22
Op'g stocks	14.9	14.7	12.5
Production	81.5	81.5	77.5
Indonesia	48.3	48.6	45.6
Malaysia	18.8	18.4	18.2
Imports	50.4	53.3	47.4
EU-27	5.7	6.4	6.6
India	9.3	10.3	8.3
China, PR	6.3	6.9	4.8
Export	50.3	53.5	47.8
Indonesia	27.6	30.7	25.0
Malaysia	15.5	15.4	15.5
Consumption	82.8	81.1	74.9
End'g stocks	13.7	14.9	14.7
<i>Stocks/usage</i>	<i>16.6%</i>	<i>18.4%</i>	<i>19.6%</i>

- **World palm oil production** will be virtually **stagnating in 2024:**
 - Jan/Mar: -0.6 MnT vs 2023
 - **Apr/Sep: +0.6 MnT vs 2023**
- **Palm oil stocks are increasing** after reaching the lowest level in several months during 1Q-2024. Oil World estimated ending stocks at 15.1 MnT at the end of Dec-23 and 13.2 MnT at the end of Mar-24.
- Despite this recovery, **global stocks are expected to reach a 3-year low** of 13.7 Mn T by the end of Sept 2024, with reductions in Malaysia, Indonesia, India, the EU-27 and probably China.
- **EUDR will be a challenge for the European Market.**

4. Soybean oil market: Argentina's Harvest Delayed. Brazilian Farmer Selling Improve

7 OILSEEDS: World Supply and Demand (Mn T)

	Forecast	Change	22/23	21/22
	23/24F	to 22/23		
Opening stocks	118.3	+7.5	110.8	115.2
Production	626.8*	+19.8	607.0	583.6
<i>thereof: Soybeans</i>	390.8*	+18.4	372.4	357.8
<i>Sunseed</i>	58.1*	+2.2	55.9	58.3
<i>Rapeseed</i>	78.5*	-1.3	79.8	67.5
<i>Cottonseed</i>	40.6*	-0.5	41.1	41.2
<i>Groundnuts (b)</i> . . .	34.6*	+1.0	33.6	34.8
<i>Palmkern & Copra</i>	24.2*	-0.1	24.3	24.0
Total supplies	745.1*	+27.3	717.8	698.8
<i>thereof: Soybeans</i>	483.9*	+23.2	460.7	457.4
Consumption	620.4*	+20.9	599.5	588.0
<i>thereof: Soybeans</i>	380.1*	+12.5	367.6	369.0
<i>Sunseed</i>	60.5*	+3.0	57.5	53.3
<i>Rapeseed</i>	80.5*	+5.8	74.7	66.8
Ending stocks	124.7*	+6.4	118.3	110.8
<i>thereof: Soybeans</i>	103.8*	+10.7	93.1	88.3
<i>Sunseed</i>	3.8*	-2.4	6.2	7.9
<i>Rapeseed</i>	12.8*	-2.0	14.8	9.7
Stocks/usage (a) . . .	20.1%		19.7%	18.8%
<i>thereof: Soybeans</i>	27.3%		25.3%	23.9%



A record soybean crop is being harvested in South America.

Due to **excessive rains** in some parts of Argentina, the harvest is delayed: 25.5% completed vs 48.3% average. Oil World have reduced its estimation by 0.5 MnT to 49.5 MnT.

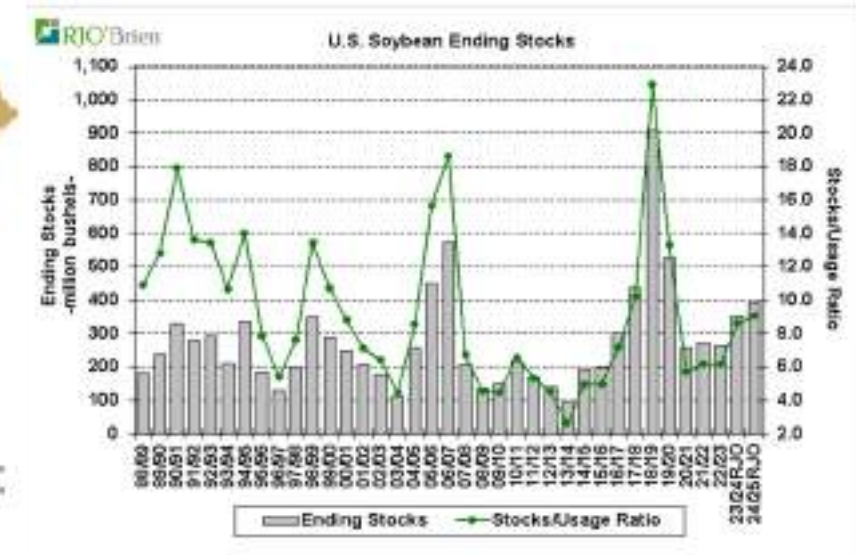
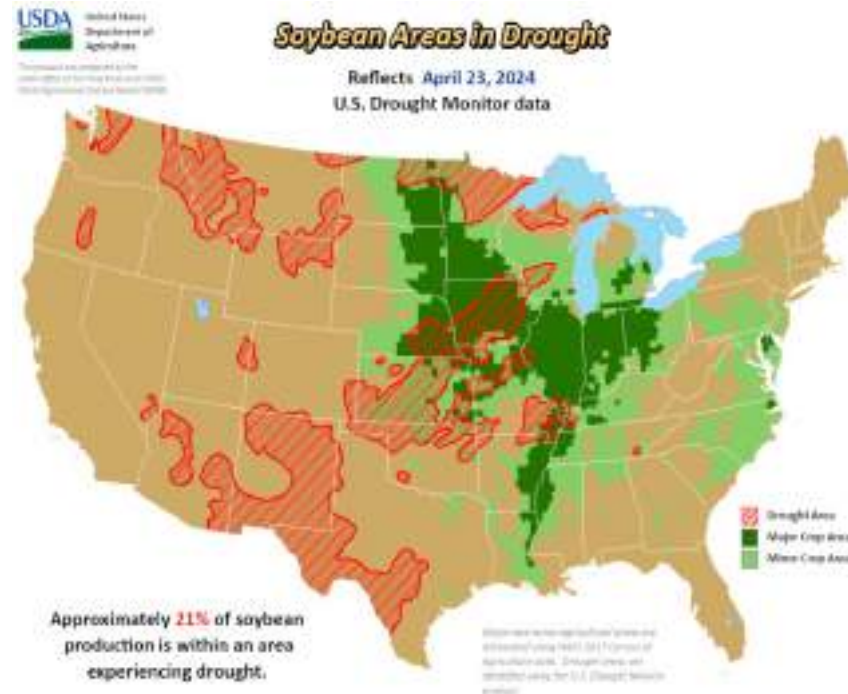
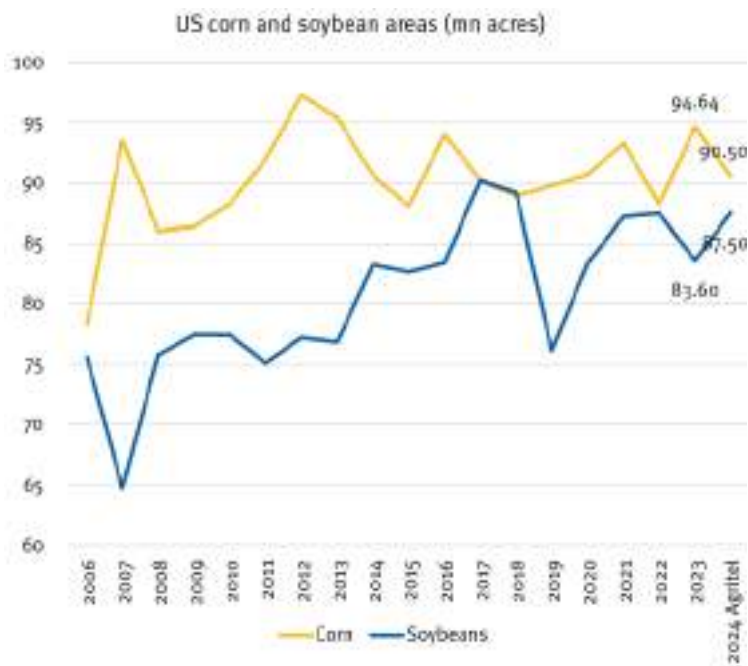
In Brazil, the soybean harvest is nearly complete. Market is a slightly more optimistic in relation to the final production, which could reach **148-149 MnT**. The Farmer selling has improve since March.

Figura 5 - Farmer Selling da soja (Mn t)
FS semanal (Fontes: Trading, cooperativas, brokers, Levantamento Agrinvest Commodities)



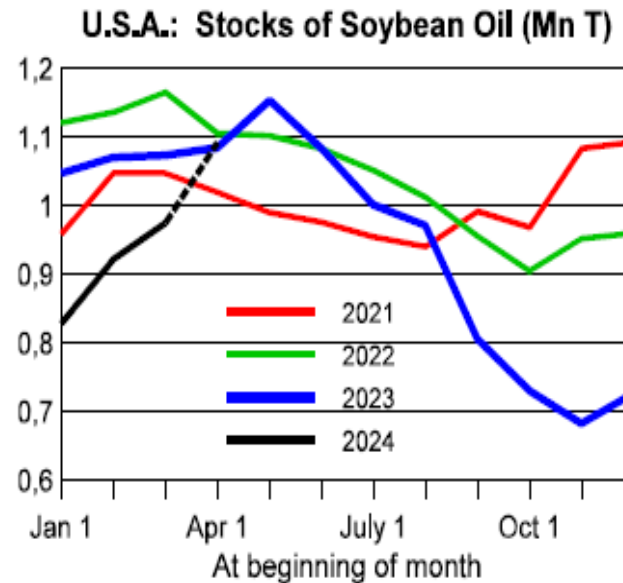
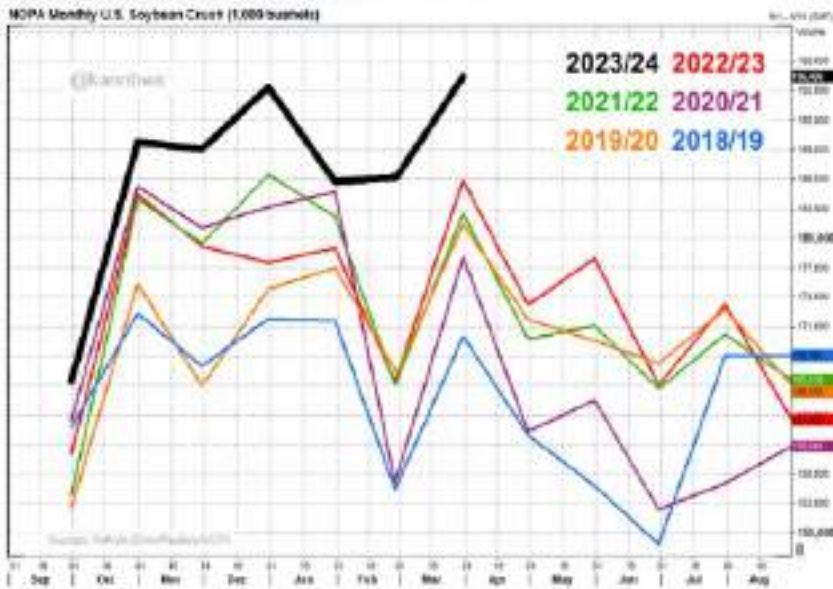
World supplies of oilseed are currently ample. However, it is **based on soybeans**, which has a relatively low oil content of 18-19%.

4. Soybean oil market: The Planting Season is Starting in the United States



Soybean planting is 18% completed, similar last year and ahead of the average. **So far, there are not major issues with the weather.** US Weather market is starting.

4. Soybean oil market: US soybean oil stocks are increasing



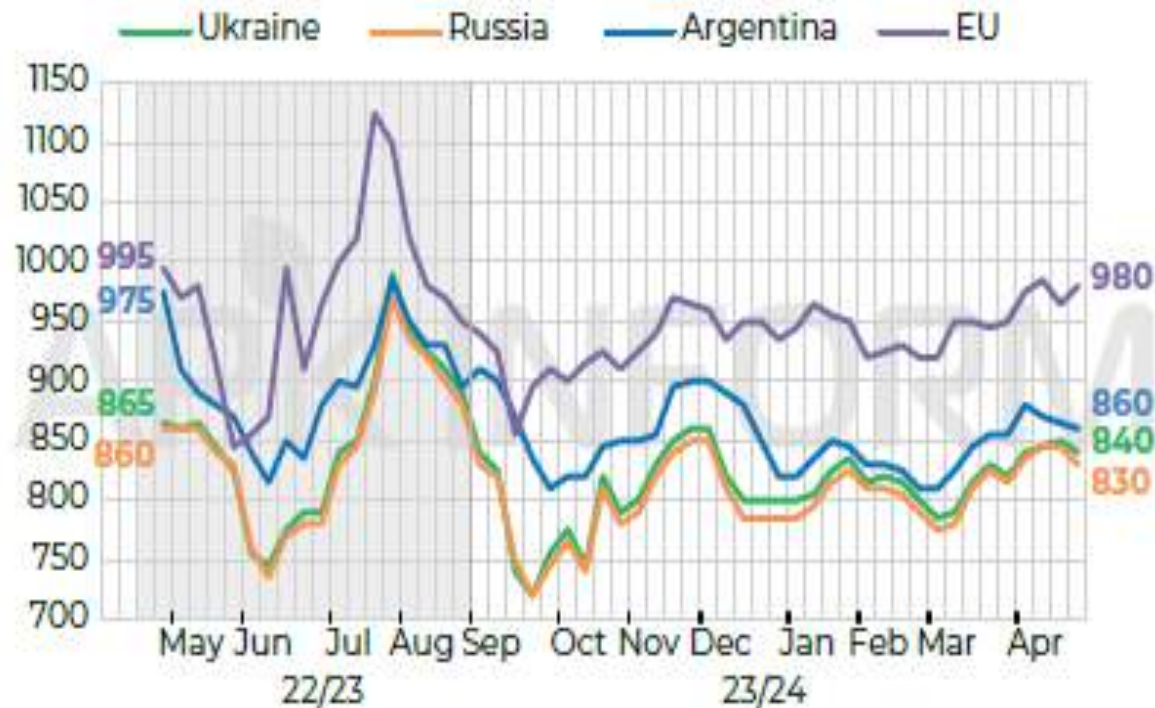
Record crushing and the partial shift of biofuel producers to alternative feedstocks led to a significant recovery of US SBO stocks since November.

During Feb-24, SBO use for biofuel production declined 8% m/m, lowest since Dec-22, according to EIA. Profit margins of US biodiesel/HVO producers have been under pressure in recent months, **driving a pronounced decline of SBO prices in the US.**

Funds have a considerably short position in the soybean complex in the Chicago market.

5. Sunflower oil market: SFO prices firmer than CPO and SBO

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



As we expected, **SFO prices were relatively firmer than CPO and SBO veg. oils during April.**

SFO production growth has already occurred in the first half of this season with **Russian and Ukrainian crushing up by 20% and 22%** respectively vs. last year. This explains the price pressure we have seen and why the SFO was cheaper than CPO, SBO and RSO for several months.

For April/Sept a slowing-down of sunflower oil production and export supplies is expected. Ukrainian sunflower seeds stocks at the end of April will be 0.8-0.9 MnT below the previous year. Russian stocks of SFS and SFO will also decline but remain at unprecedented high levels, which is why the SFO export tax remains at 0%.

Sunflower oil is likely to remain firmer vs. other oils and develop price premiums over CPO and SBO. Unfortunately, the war continues to pose a serious risk

5. Sunflower oil market: Planting is underway in Ukraine



Sunseed (Mt)	2022/23	2023/24	2024/25
Carry-in	3.49	0.07	0.04
Production	11.95	14.02	13.99
Total Supply	15.44	14.09	14.03
Net Exports	2.11	0.30	0.29
Crush	13.15	13.63	13.56
Other cons.	0.11	0.12	0.12
Carry-out	0.07	0.04	0.07

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The sunflower planting area in Ukraine is expected to be slightly higher than the previous year.

As of 25th April, farmers have planted **almost 2 Mn Has, or 38%** of the planned area (5.288 Mn Has), vs. 9% last year. Favorable sowing conditions have been experienced in most regions of Ukraine so far.

Last year, very favorable weather during the growing period resulted in significantly high yields. **It is reasonable to expect lower yields this year.**

SOURCES: APK INFORM/GRAIN TRADE/MAPU/OIL WORLD/STRATEGIE GRAINS

5. Sunflower oil market: A lower Russian production is expected



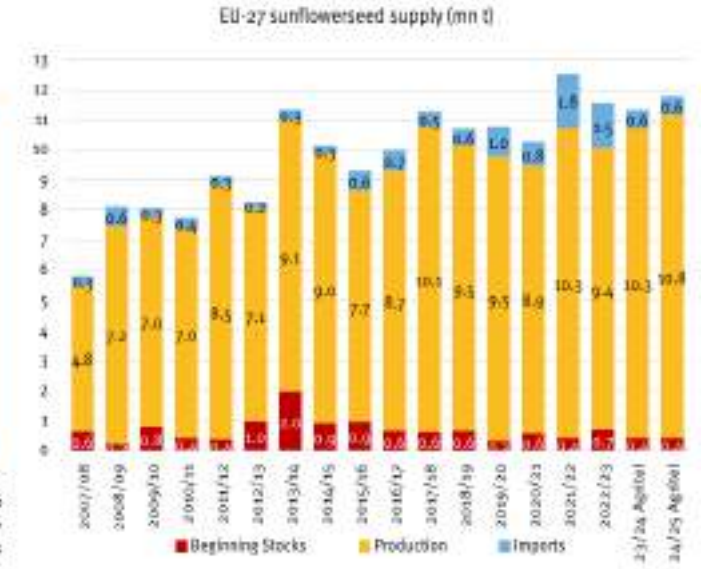
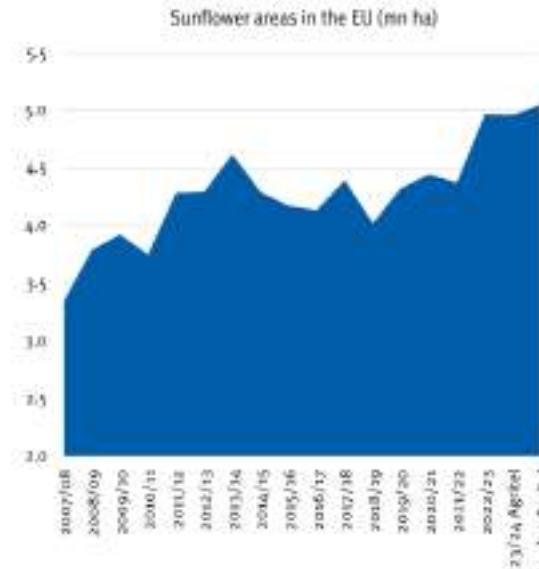
Sunseed (Mt)	2022/23	2023/24	2024/25
Carry-in	1.03	1.31	0.63
Production	16.36	17.44	17.06
Total Supply	17.39	18.75	17.69
Net Exports	0.08	0.27	0.18
Crush	15.10	17.2	16.75
Other cons.	0.90	0.65	0.59
Carry-out	1.31	0.63	0.16

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The reduction in **the beginning stock** will reduce the total supply in Russia. It's reasonable to expect **lower yields** following an excellent crop in 2023.

Some areas are experiencing a humidity deficit while planting is in progress.

2. Sunflower oil market: EU production forecast at 10.8 MnT, up 5% from 2023, due to a recovery in yields



Overall, **there are good conditions in the most important producing area in Europe**. In Romania and Bulgaria, the EU's largest and second-largest sunflower-producing countries, sowing started earlier than usual.

The arrival of rain would be beneficial for Bulgaria. **Spain is experiencing very good conditions.**

5. Sunflower oil market: A tighter balance is expected in 2024/2025

Sunseed (Mt) August - July	2022/23	2023/24	2024/25
Carry-in	8.4	5.8	4.0
Production	54.8	55.3	57.0
Total Supply	63.2	61.1	61.0
Trade	4.3	2.7	2.5
Crush	51.8	52.4	52.8
Other cons.	5.6	4.7	4.7
Carry-out	5.8	4.0	3.5
Stock/use ratio	10.1%	6.9%	6.1%

New-crop prospects, weather developments, the situation in Ukraine as well as magnitude of consumer purchases will be the key variables to watch.



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

6. Rapeseed oil market: A more fragile balance is expected in Europe

EU-27 : Rapeseed Area, Yields and Production

	2024F	2023	2022	2021	2020
Area (Mn ha)	5.61*	6.11	5.86	5.33	5.32
Germany	1.09*	1.17	1.09	1.00	.96
France	1.32*	1.35	1.23	.98	1.11
3 Baltics (a)	.49*	.53	.59	.54	.50
Czech Rep. . . . .	.36*	.38	.34	.34	.37
Romania . . . . .	.42*	.65*	.47	.45	.36
Yields (T/ha)	3.26*	3.27	3.34	3.23	3.23
Crop (Mn T)	18.32*	20.00	19.55	17.24	17.15
Germany	3.96*	4.24	4.29	3.50	3.62*
France	4.24*	4.27	4.59*	3.38*	3.42*
3 Baltics (a)	1.32*	1.29	1.44	1.57	1.76
Czech Rep	1.22*	1.29	1.17	1.05*	1.25
Romania	1.10*	2.08*	1.29*	1.38	.78

(a) Estonia, Latvia and Lithuania.

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

	July / June				
	24/25F	23/24	22/23	21/22	20/21
Opening stocks	1.24*	1.88	.91	.96	.98
Output	18.33*	20.00	19.55	17.23	17.15
Imports (a)	6.90*	5.75*	6.84	5.87	6.73
Exports (a) . . . . .	.38*	.72*	.58	.46	.17
Crushings	24.52*	24.93*	24.11	22.18	23.08
Other use . . . . .	.58*	.73*	.73	.52	.65
Ending stocks . . . . .	.99*	1.24*	1.88	.91	.96

(a) Intra-EU trade is excluded.



The European balance could be fragile at the end of 24/25 season.

The EU crop has been revised downward to 18.3 MnT, down 1.7 MnT from last year’s level due to detrimental weather in several countries.

In **Romania**, production is expected -1 MnT due to a severe dryness during planting and early crop development, as well as the expected reduction in yield following an excellent crop last year. **Cold weather and frosts** in certain regions of France, Germany, Poland and Ukraine may negatively affect winter rapeseed crops. In the UK, excess rains has reduced both the area and yield potential

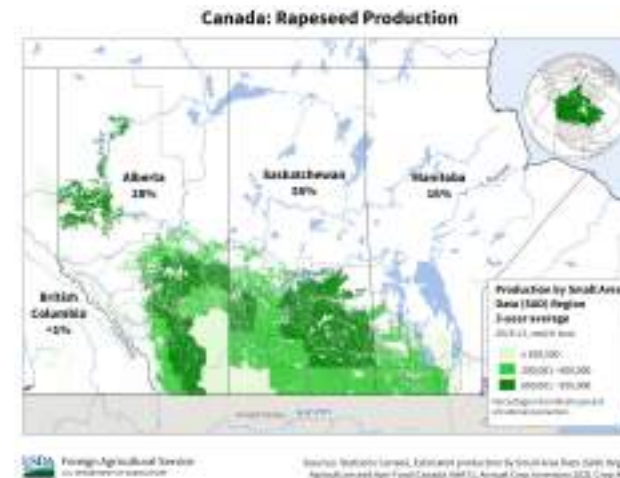
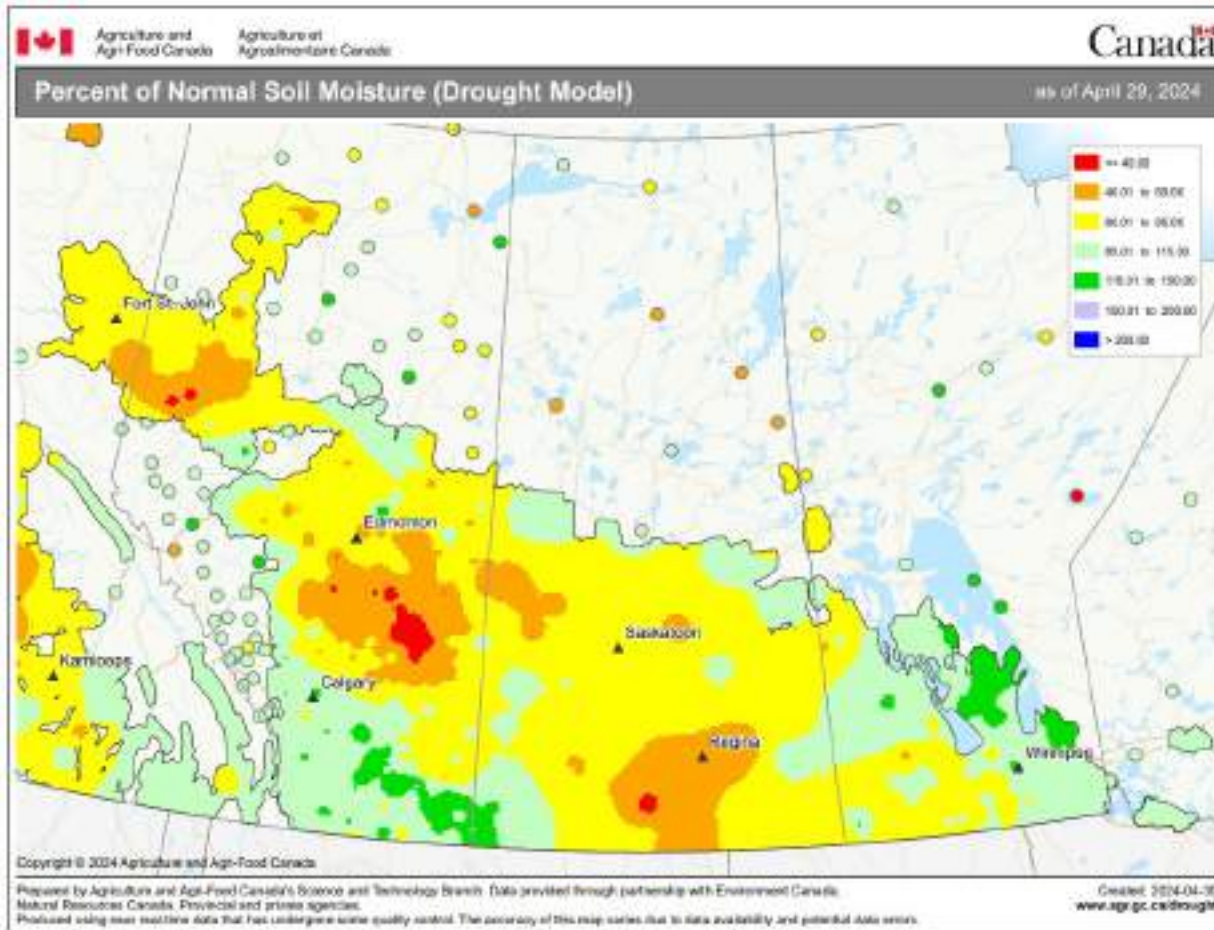
Due to lower domestic demand, **EU will be more dependent of imports. Ukrainian crops developments should be closely monitored.**

SOURCES: APK INFORM/OIL WORLD/STRATEGIE GRAINS

6. Rapeseed oil market: Canada Production Prospects Improve

According to StatsCan, the **canola area in Canada is forecasted to drop 3.6% to 8.5Mn Has**, due to declining prices, steady input costs, low late-fall soil moisture, and competitive wheat prices.

Weather conditions have improved during April, enhancing production potential slightly. The final production in Canada will be crucial for the global balance of rapeseed.



SOURCES: STATSCAN/STRATEGIE GRAINS/USDA

6. Rapeseed oil market: Heading Towards a Tighter Scenario

Rapeseed(Mt) July-June	2023/24	2024/25
Carry-in	9.0	8.7
Production	87.2	85.2
Trade	17.8	17.3
Crush	83.8	82.4
Other cons.	3.7	3.7
Carry-out	8.7	7.8
Stock/use ratio	9.9%	9.1%



AUSTRALIA: La Niña should bring favourable weather conditions for rapeseed crops. **So far, in the Western Australia (38% total production) we are seeing dry conditions.**



UKRAINE: Production is estimated at **4,0 Mnt vs. 4.5 Mnt last year.**



Canada's balance is expected to remain heavy, while the forecast is frágil to tight for the others main countries, especially the EU.



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

Conclusions



7. Conclusions: Vegetable oils market

A Tighter Balance in Q2/Q3 – 2024?

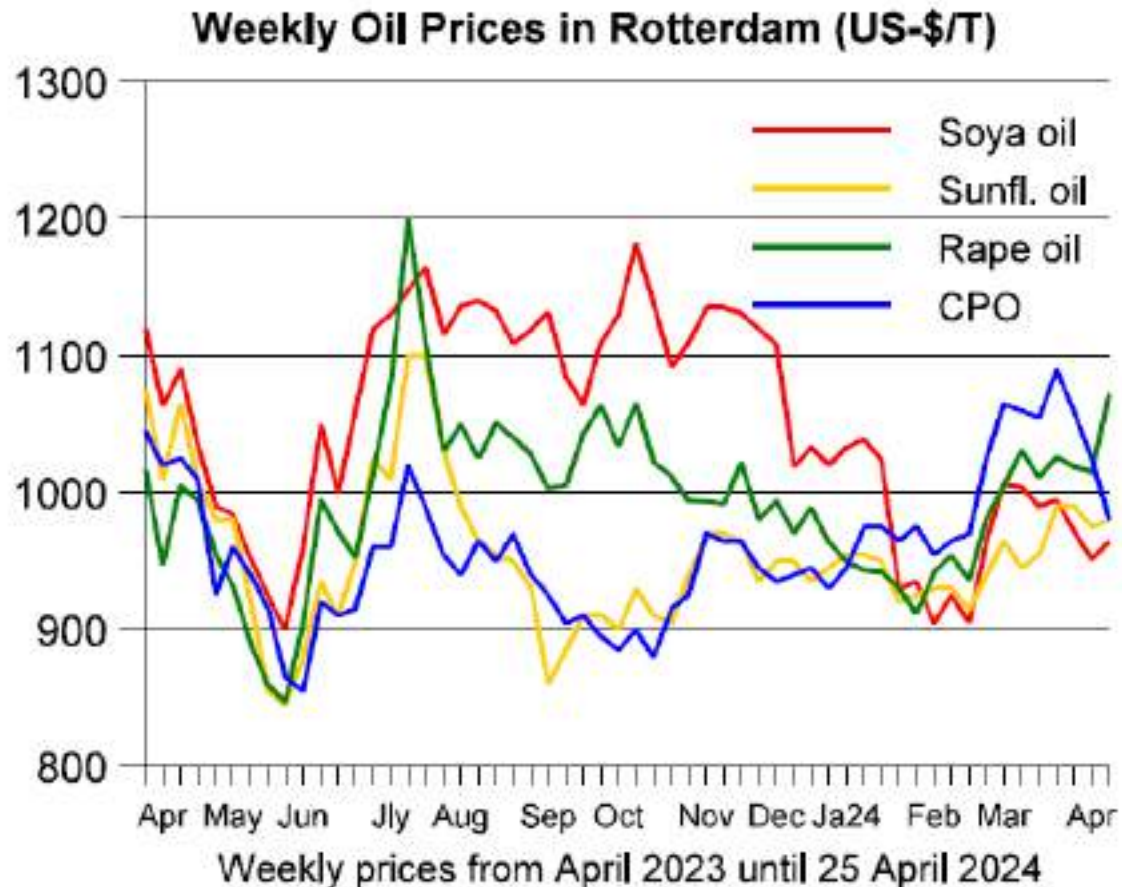
8 VEGETABLE OILS: World Balance (Mn T)					
	October / September				
	23/24F	22/23	21/22	20/21	19/20
Op'g stocks	32.43	29.75	27.47	27.65	29.22
Production	218.37*	213.63	204.40	201.48	200.08
<i>Change</i>	<i>+2.2%</i>	<i>+4.5%</i>	<i>+1.4%</i>	<i>+0.7%</i>	<i>-0.3%</i>
Imports	90.32*	92.60	82.85	88.58	89.20
Exports	90.44*	92.70	83.59	88.54	89.54
Consumption	219.13*	210.85*	201.39	201.69	201.31
<i>Change</i>	<i>+3.9%</i>	<i>+4.7%</i>	<i>-0.1%</i>	<i>+0.2%</i>	<i>+0.8%</i>
End'g stocks	31.54*	32.43	29.75	27.47	27.65
Stocks/use ratio	14.4%	15.4%	14.8%	13.6%	13.7%

- Stocks of oilseeds are ample, but based on soybean.
- Stocks of vegetable oils will be the lowest in the last 3 seasons. However, it is likely that the tighter quarter was the Q1-2024.
- Vegetable oils demand is projected to rise for both food & biofuels.
- Growth in sunflower and rapeseed crushing's will decelerate, while the supply of CPO and SBO will improve.

There is no room for a new production deficit!

Weather in North Hemisphere and evolution of palm production will be crucial.

7. Conclusions: Vegetable oils market



- For April/Sept a slowing-down of SFO production and export supplies is expected. SFO is likely to remain firmer vs other oils and develop price premiums over CPO and SBO. **The world balance for 2024/25 looks fragile.**
- **CPO supply will increase in coming months. It is likely that CPO continue improving its competitiveness vs. other oils,** despite the expected recovery in the demand caused by weakening supplies from other vegetable oils.
- RSO prices in Europe will be supported by a fragile balance. The world balance for 24/25 expected to be tighter than 23/24, characterized by **high stocks in Canada but a fragile situation in Europe, Australia and Ukraine.**
- The SBO market will be strongly influenced by the **evolution of crops in the US, domestic demand for biofuels, and farmer selling in South America.**

“A World of
Vegetable Oils”



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