

PRICE OUTLOOK CONFERENCE
 OF PALM AND LAURIC OILS
 6-8 MARCH 2023, KUALA LUMPUR, MALAYSIA

The Global Supply, Demand and Price Outlook of Palm Oil and Impacts from Soya, Sun & Rape Oils

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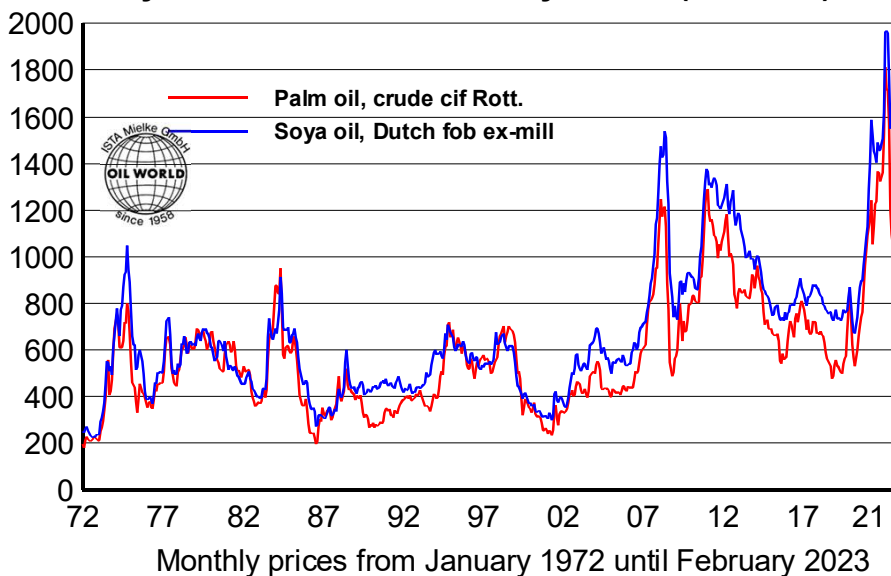
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Soya Oil & Palm Oil: Monthly Prices (US-\$/MT)



High price volatility

Tightness early 2022

**The global market has adapted to the tightness of last year relatively quickly
 → demand & supply reactions.**

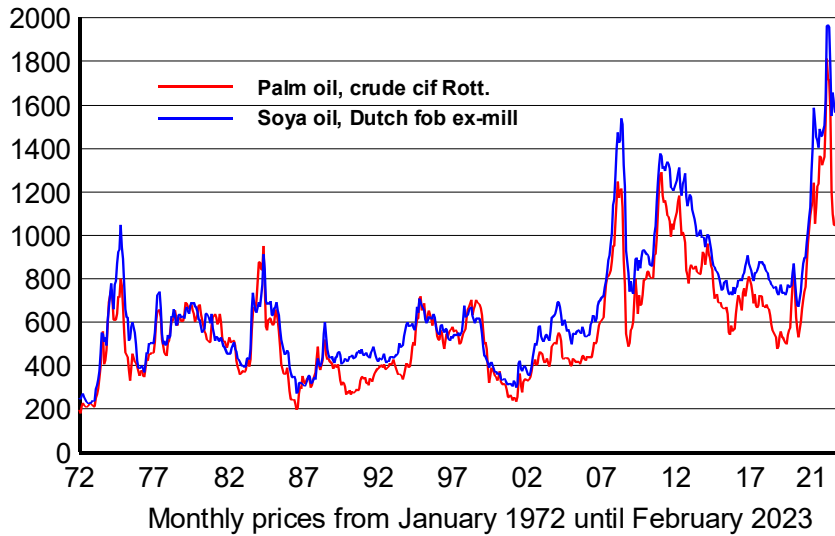
**Stocks recovered in producing ctries.
 Prices declining**



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Soya Oil & Palm Oil: Monthly Prices (US-\$/MT)



Chinese imports of all oils & fats plummeted by more than 50% on the year to 4.4 Mn T in Jan/Aug 2022 (down 5.0 Mn T), thereof

- Palm oil 2.3 Mn (-2.0 Mn)
- Soya oil 0.2 Mn (-0.8 Mn)
- Sun oil 0.3 Mn (-0.8 Mn)
- Rape oil 0.7 Mn (-1.1 Mn)

Steep decline in stocks and consumption in China in 22

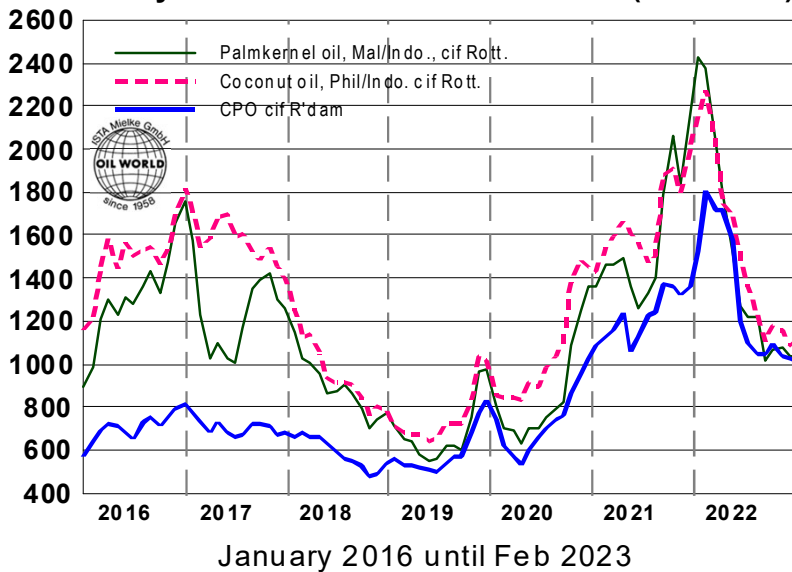
Demand now coming back. Imports up 3.5 Mn in 22/23.



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Monthly Prices of Palm & Lauric Oils (in US-\$/T)



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CNO World Exports, 1000 T				
	<u>22/23</u>	<u>21/22</u>	<u>20/21</u>	<u>19/20</u>
World	2068	2295	1834	1979
Philippines	1030	1257	824	996
Indonesia	680	689	600	599
PNG	42	44	34	31
Sri Lanka	17	21	18	17

CNO World Imports, 1000 T				
	<u>22/23</u>	<u>21/22</u>	<u>20/21</u>	<u>19/20</u>
World	2036	2355	1916	1961
EU-27	610	689	586	619
U.S.A.	460	535	445	481
China	195	221	172	148
Malaysia	287	334	238	220
S. Korea	57	58	54	55
Sri Lanka	12	25	126	38

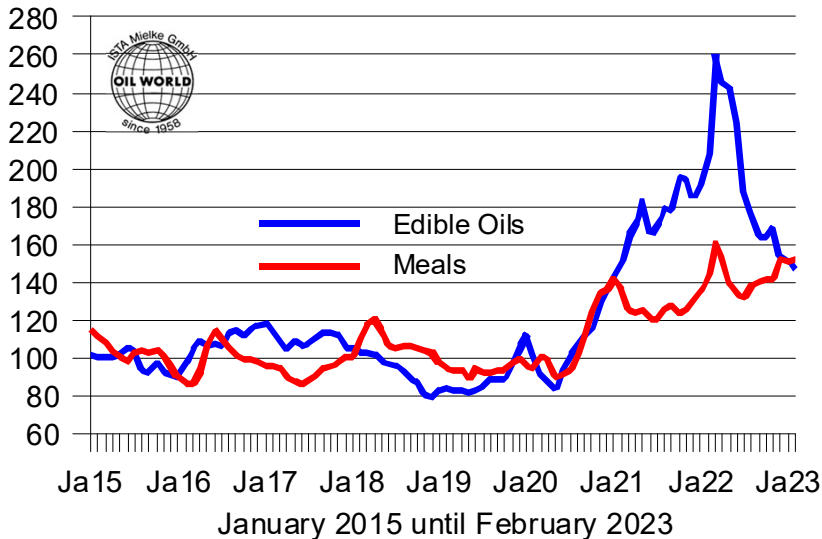


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Monthly OIL WORLD Price Indices

the five-year average 2015-2019 = 100



The OIL WORLD price index of edible oils fell to a 25-month low in Febr.

Edible oils weaker than oilmeals

Downtrend led by
- palm in June/Oct 22
- sun/rape in Nov/Mar



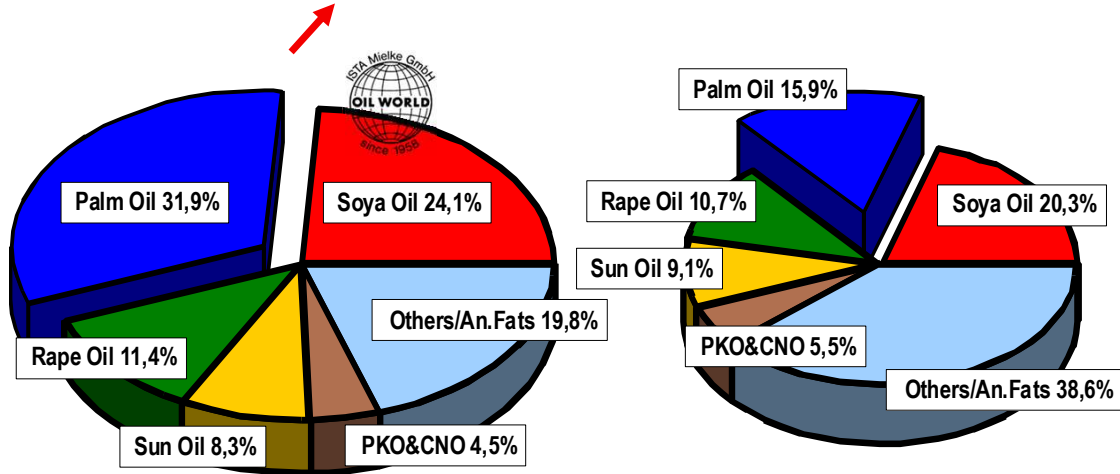
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World Production of 17 Oils & Fats

2022/23F - - 251.9 Mn T

1992/93 - - 84.6 Mn T



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Price Determining Factors:

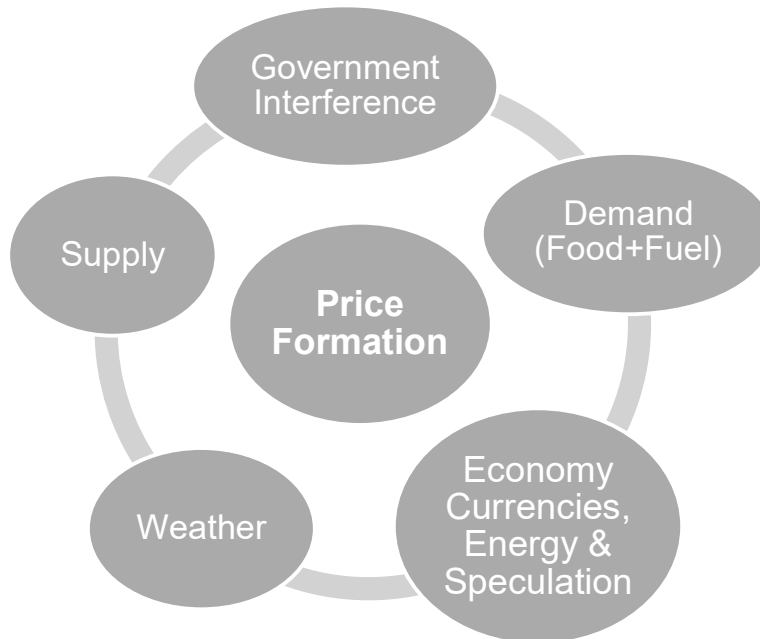
S & D Fundamentals

Politics /Framework

Energy Markets

Financial Markets

Other factors
(logistics, geopolitical uncertainties, etc.)



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Company Profil and Services

- **ISTA Mielke GmbH** – publisher of OIL WORLD - was founded in 1958
- **ISTA = International Statistical Agricultural Information**
- Leading private authority for global research and market analyses for oilseeds, oils & fats and oilmeals
- Independent, not involved in trading, unbiased information
- Providing monthly and quarterly world supply and demand balances
- Daily, weekly and monthly reports on oilseeds, oils and oilmeals.
- **We also provide a Chinese Report in Mandarin.**
- We want to be your provider for global analyses and forecasts



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SOYBEANS : Production in South America (Mn T)

	2023F	2022	2021	2020	2019
Brazil	152.00*	128.10*	140.20*	129.30*	121.90*
Argentina	28.00*	42.00*	43.80*	49.30*	54.30*
Paraguay	9.20*	4.10*	9.80*	10.24	8.52
Uruguay	2.40*	3.25*	1.85*	2.25*	2.98*
Bolivia	3.30*	3.08	3.32	2.83	2.99
Total	194.90*	180.53	198.97	193.92	190.69

From today's point of view,
the Arg soya crop will turn
out even lower

A few weeks ago we still
expected that world
soybeans supplies would
be ample this year

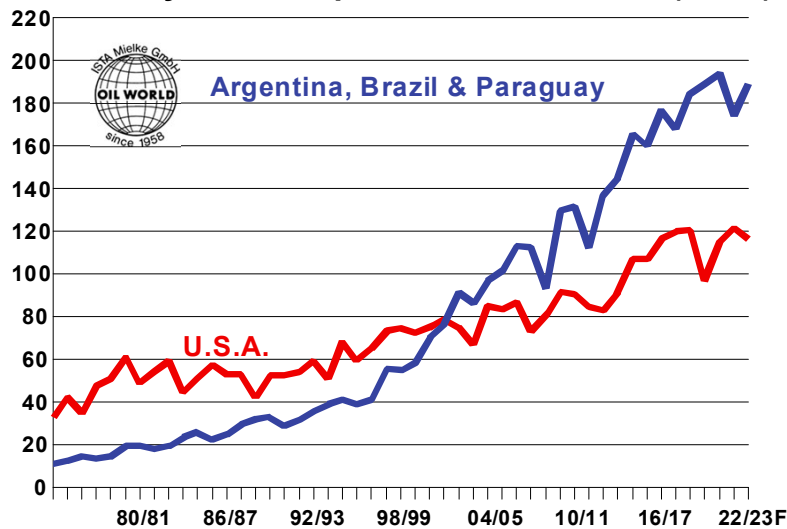
But new Argentine soya
crop losses imply a
decline in world soybean
crushings
→ tightening soya meal
and oil supply. The
reductions could become
dramatic, if the soya crop
could turns out at or
below 25 Mn T



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Soybean Crop Trend Since 74/75 (Mn T)



Production for 2022/23 now forecast at only 370 Mn T worldwide (about 15 Mn T above last season, but lower open stock).

- U.S.A. 116.4 (vs 121.5)
- Brazil 152.0 (vs 128.1)
- Arg. 28.0 or less (vs 42.0)
- Paraguay 9.2 (vs 4.1)

The outcome of the S. American crop and the pace of exports are key factors to watch



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SOYBEANS: World Supply and Demand (Mn T)

	22/23F	21/22	20/21	19/20
Opening stocks	87.26	100.19	97.62	112.42
Production	370.44*	355.28	366.00	340.59
Canada	6.54	6.22	6.36	6.15
U.S.A.	116.38	121.53	114.75	96.67
China, P.R.	20.30	16.40	17.85	15.97
India.	10.90*	10.50*	9.30*	8.50*
Argentina	28.00*	42.00*	43.80*	49.10*
Brazil	152.00*	128.10*	140.20*	129.30*
Paraguay	9.20*	4.10*	9.80*	10.24
Total supply	457.70*	455.47	463.62	453.01
Crush (Sept/Aug)	316.30*	318.82	316.34	310.95
Other use	51.40*	49.39	47.09	44.44
Ending stocks	90.00*	87.26	100.19	97.62
U.S.A. Aug 31	9.20*	7.47	6.99	14.28
Argentina Aug 31	22.60*	31.05*	32.52*	32.22*
Brazil Aug 31	39.10*	32.46*	37.05*	26.72*
Stocks/usage	24.5%	23.7%	27.6%	27.5%

The world soybean balance has become rather tight. Could become tighter.

Farmer selling?? (in April new soya dollar scheme)

Soybean crushings will probably decline by 3-5 Mn T this season.

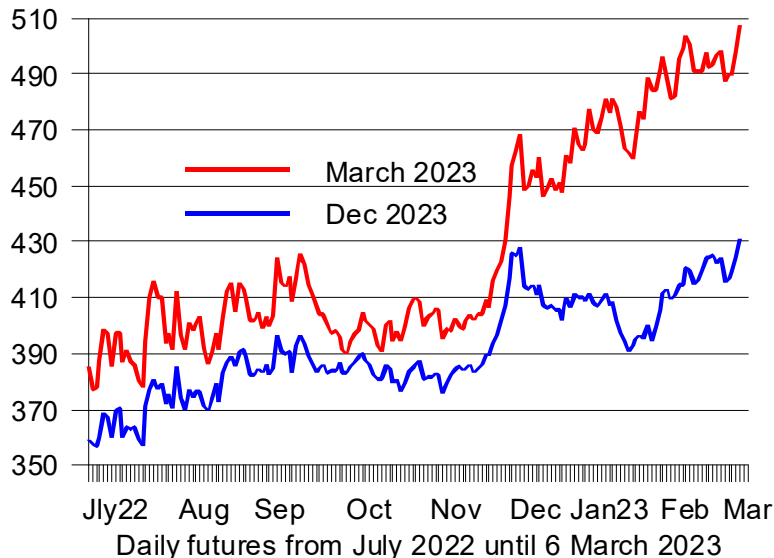
Soya meal prices reached multi-year highs lately.



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CBOT : Daily Soya Meal Futures (\$/ST)



Soya meal futues reached new contract highs this week in the nearby

Soya meal prices may give way slightly (on Brazil supplies) but will be supported also in Apr/June



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SOYBEANS : World Exports (Mn T)

	March/August			Sept/Febr	
	2023F	2022	2021	22/23	21/22
Argentina . .	.50*	1.28	4.13	4.26*	1.26
Brazil	72.00*	57.75	69.99	18.30*	22.14
Paraguay . .	4.50*	1.62	4.97	.84*	1.69
Uruguay . . .	2.20*	2.94	1.63	.13*	.16
Subtotal . .	79.20*	63.58	80.73	23.53	25.25
U.S.A.	8.70*	17.21	8.04	43.00*	41.65
Canada . . .	.89*	.98	.97	3.56*	3.34
Russia . . . .	.59*	.56	.13	.51*	.27
Ukraine . . .	.42*	.49	.31	1.93*	.88
Oth. c'tries .	1.72*	2.07	1.48	1.97*	1.61
World	91.52*	84.89	91.66	74.50	73.00

Importers worldwide are getting increasingly dependent on Brazil.

US exports now plummeting

Delays in Brazilian harvesting (rain) and in inland transportation (shortage of trucks) has kept supplies on the world market tight in the nearby (beans & meal).



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SOYBEANS: World Imports (Mn T)



	22/23F	October / September		19/20	12/13
	21/22	20/21	19/20	12/13	
EU-27	13.03*	15.01	14.81	15.54	12.47
Russia	1.30*	1.75*	2.00	2.05	.75
Egypt	4.30*	4.65*	4.00	4.42	1.78
Oth. Africa . .	2.13*	2.10*	1.64	1.41	.57
Mexico	6.53*	6.49	5.96	5.75	3.38
Argentina . .	7.50*	3.84	4.82	4.94	.
Oth America	2.91*	3.04*	3.37	2.73	3.05
China, P.R	97.20*	91.61	99.79	98.46	59.86
Oth. Asia . .	27.04*	27.33*	28.15	28.79	14.82
Other cties	2.02*	1.94*	1.79	2.12	1.46
Total	163.96*	157.76	166.33	166.21	98.14

Argentine soybean imports likely to be boosted to 7-9 Mn T in calendar year 2023.

Chinese importers started their soybean purchases early and built stock before prices increased. Imports up 2.6 Mn T to 45.9 Mn in Sept/Feb 22/23



7 OILSEEDS: World Supply and Demand (Mn T)



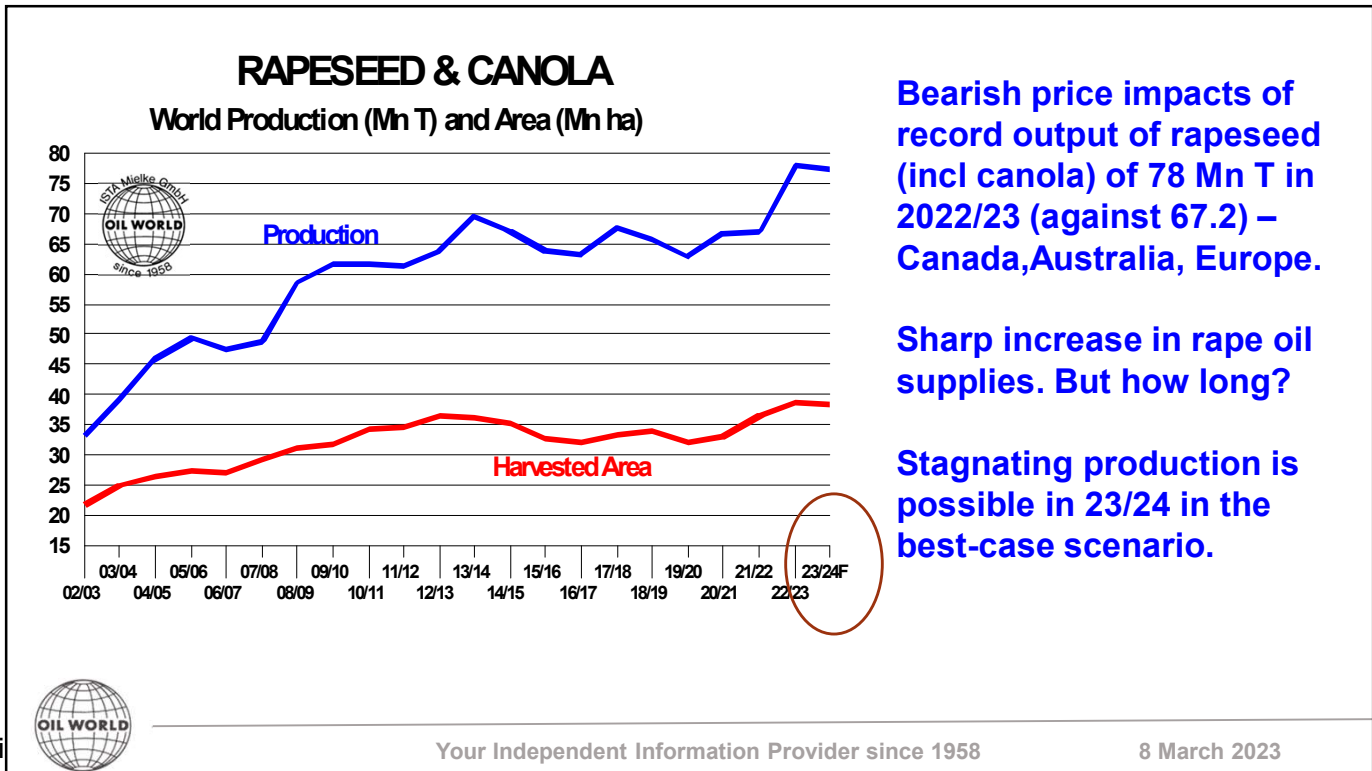
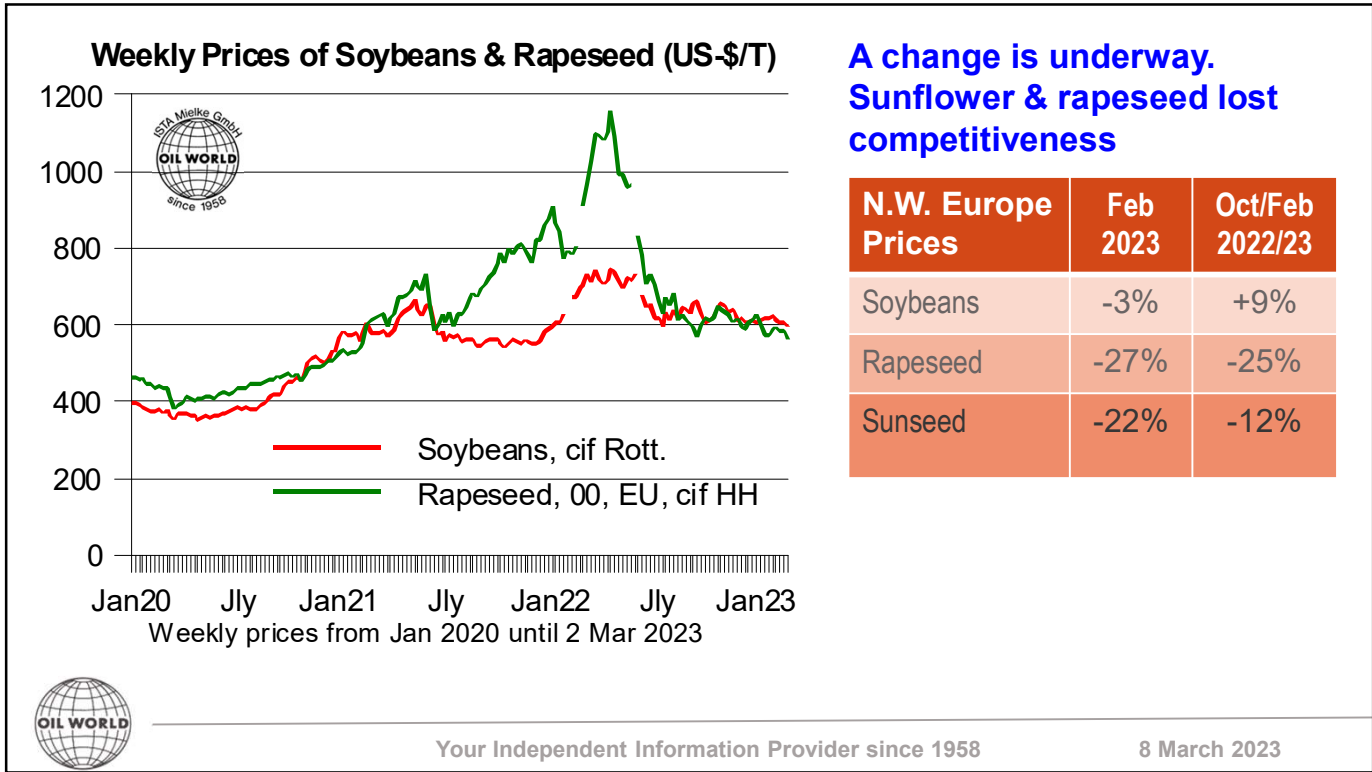
	Forecast	Change	21/22	20/21
	22/23F	to 21/22	21/22	20/21
Opening stocks	105.8	- 7.5	113.3	113.1
Production	598.3*	+18.3	580.0	579.5
<i>thereof: Soybeans</i>	370.4*	+15.1	355.3	366.0
<i>Sunseed</i>	53.0*	- 5.0	58.0	50.8
<i>Rapeseed</i>	77.9*	+10.7	67.2	66.9
<i>Cottonseed</i>	40.0*	- 1.1	41.1	40.2
<i>Gdnuts</i>	33.1*	- 1.4	34.5	33.1
<i>Palmkern & Copra</i>	23.9*	- 0.1	24.0	22.6
Total supplies	704.1*	+10.8	693.3	692.6
<i>thereof: Soybeans</i>	457.7*	+2.2	455.5	463.6
Consumption	595.8*	+8.4	587.4	579.4
<i>thereof: Soybeans</i>	367.7*	-0.5	368.2	363.4
<i>Sunseed</i>	55.6*	+1.9	53.7	51.3
<i>Rapeseed</i>	74.6*	+7.7	66.9	69.1
Ending stocks	108.3*	+2.5	105.8	113.3
<i>thereof: Soybeans</i>	90.0*	+2.7	87.3	100.2

The shortfall in world crushings of soybeans is mainly affecting the meal market worldwide. Argentine soya meal accounts for 29% of world exp of 8 meals, but Arg soya oil for 6% of 8 oils.

Big increases in other oilseeds prod and crush

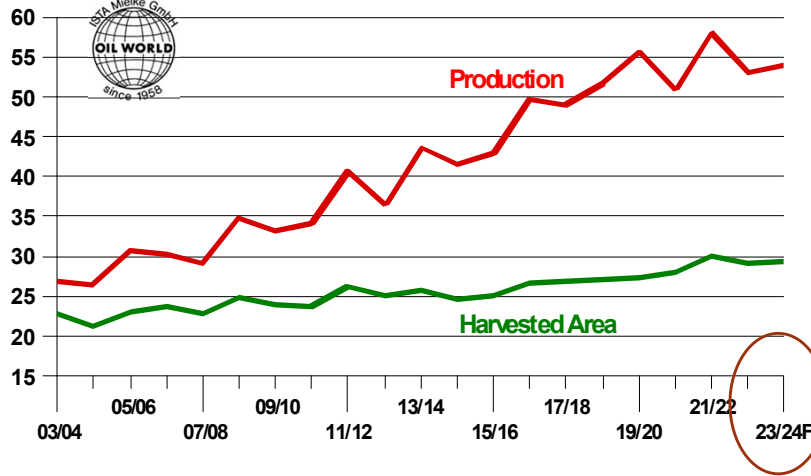
At the moment, palm, rape & sun oils can compensate Arg losses. But how long?





SUNFLOWERSEED

World Production (Mn T) and Area (Mn ha)



Devastating war in Ukraine, after the Russian invasion, has decimated sunflower plantings and output.

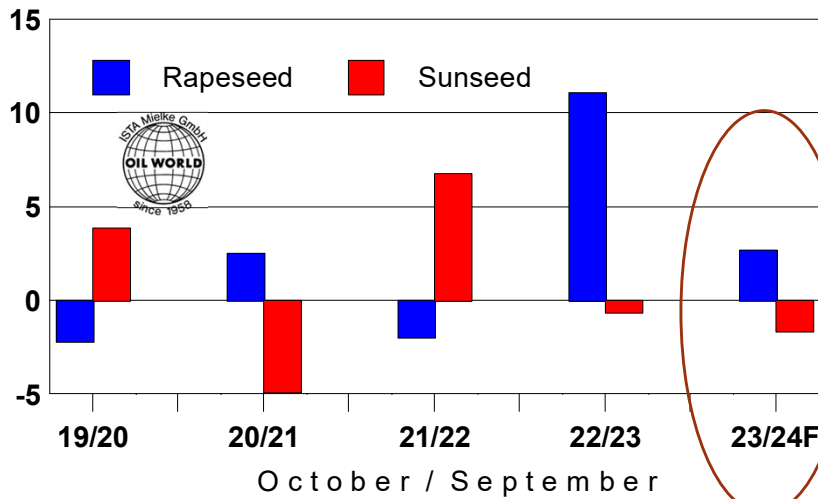
But the shortage in sun oil was only shortlived in March/June 2022. After that sun oil has become a price leader downward (due to a slowdown of consumption and logistical solutions to move Ukraine supplies).

Discussion of 23/24 outlook



World Supplies of Rapeseed & Sunseed

Annual Change (Mn T)



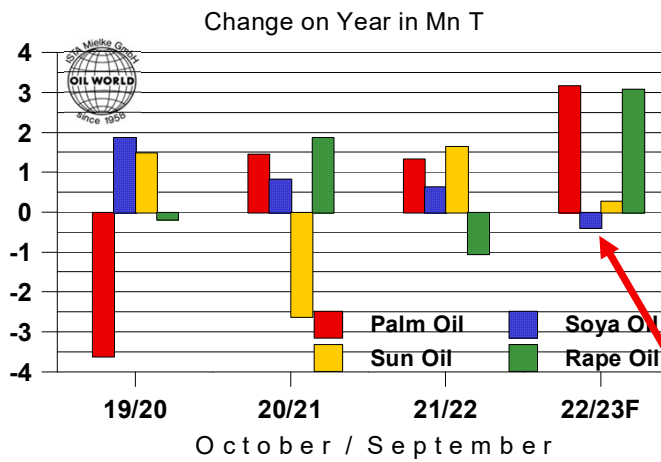
Current bearishness of sun and rapeseed oils is unlikely to continue in 2023/24.

Plantings unchanged. Weather and geopolitical developments.

Are consumers currently too complacent in covering future demand, considering the uncertainties ahead?



World Production of 4 Major Oils



Changes YoY	Feb 2023	Oct/Jan 2022/23
Soya Oil Arg.	-24%	-8%
Sun Oil Bl. Sea	-25%	-14%
Rape Oil Dutch	-33%	-28%
Palm Oil Indo.	-38%	-32%
CNO Rdam	-48%	-40%
PKO Rdam	-57%	-47%

Risk that world soya oil output declines by 1 Mn T



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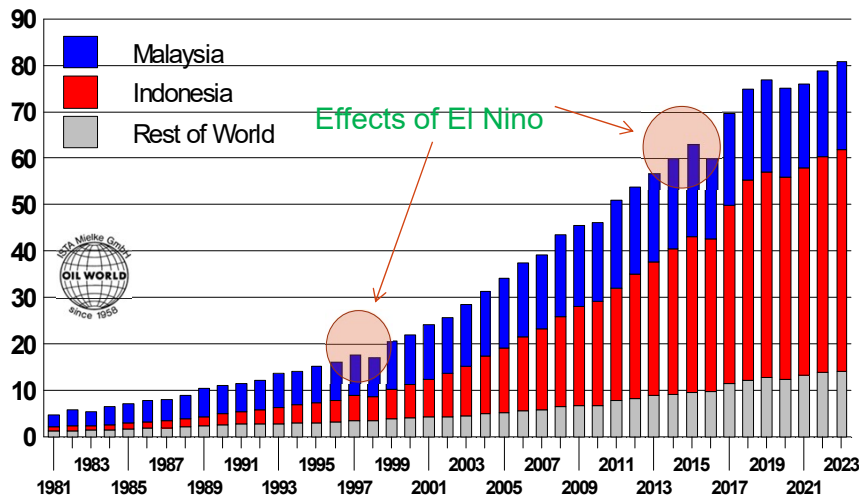
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Palm oil has lost its growth dynamics.

Annual growth is likely to slow to only 1.9 Mn T or less in the 10 years to 2030 from an average annual growth of 2.9 Mn T in the 10 years to 2020

Threat of El Nino in July/Dec 2023 and/or in Jan/June 2024

Palm Oil Production 1981 - 2023 in Major Countries (Mn T)

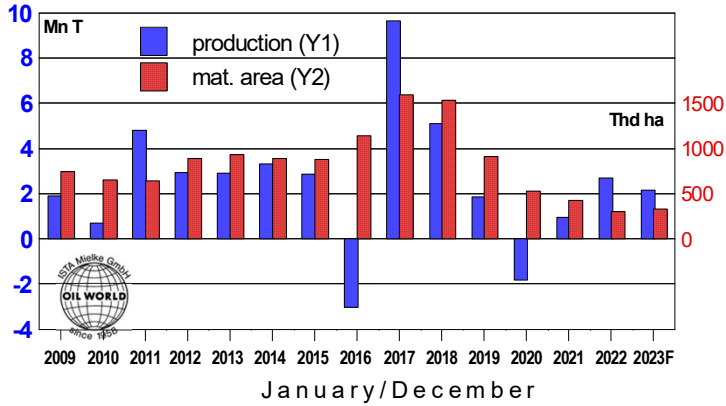


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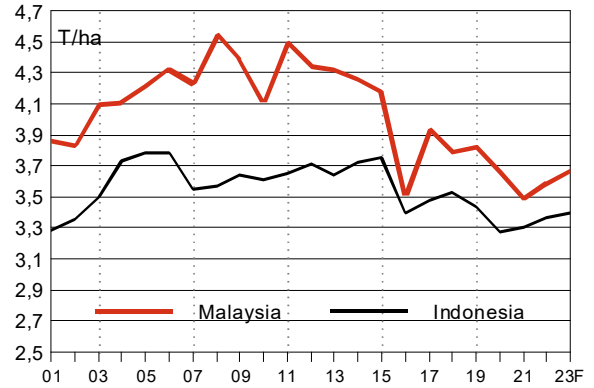
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PALM OIL : World Production & Area

Annual Changes



Annual Palm Oil Yields (T/ha)



Palm oil output in J/D 2023:
Malaysia 19.0 Mn T (+0.6)
Indonesia 47.7 Mn T (+1.2)
World output 80.9 Mn (+2.1)

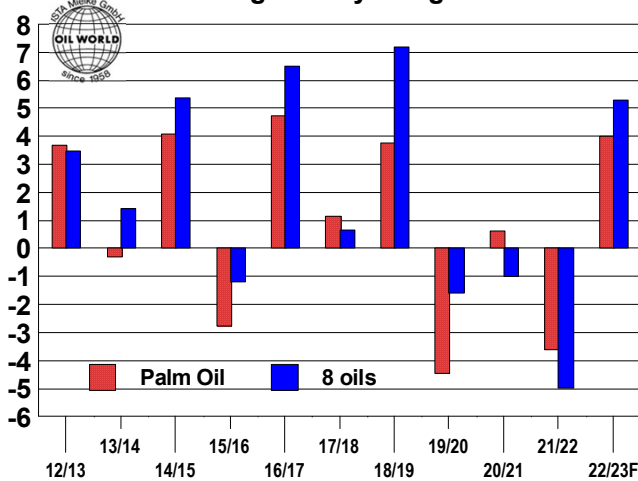


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8 Major Oils : World Exports (Mn T)

Change from year ago



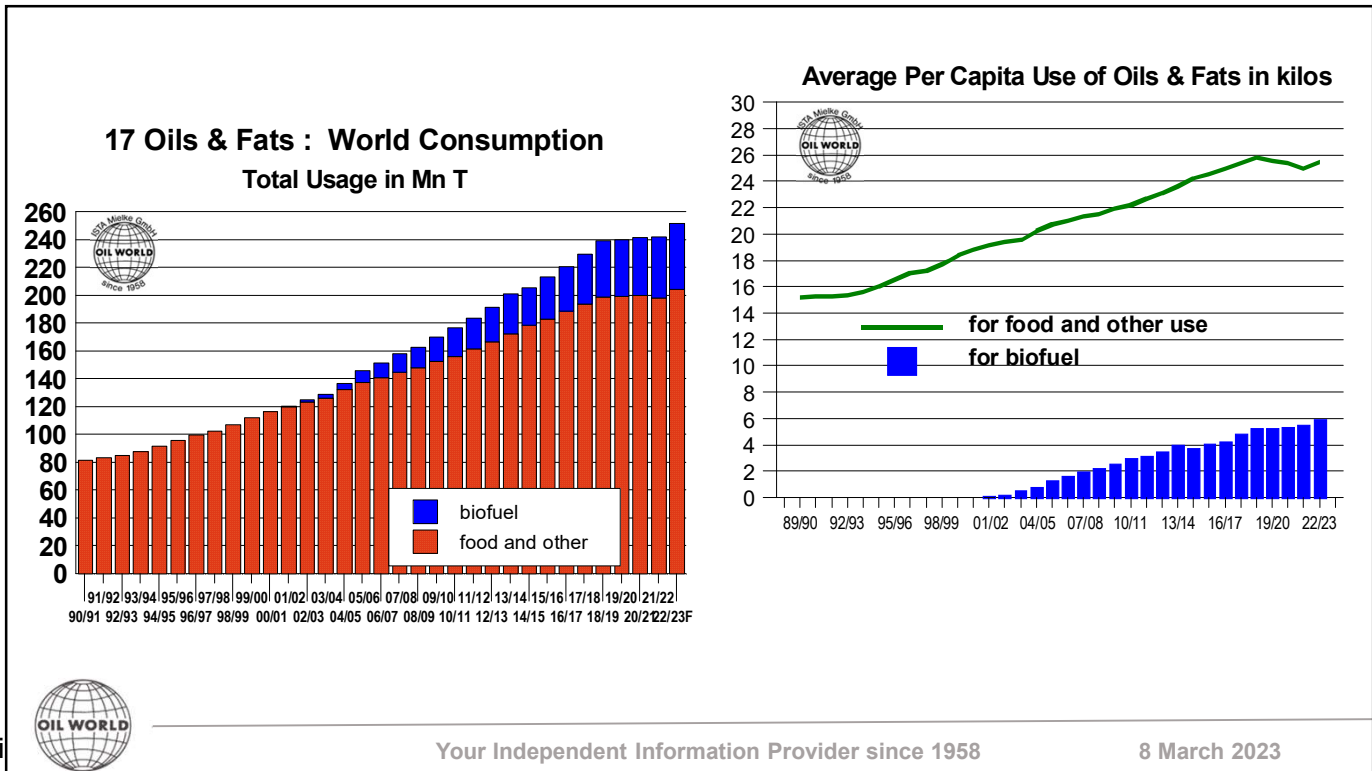
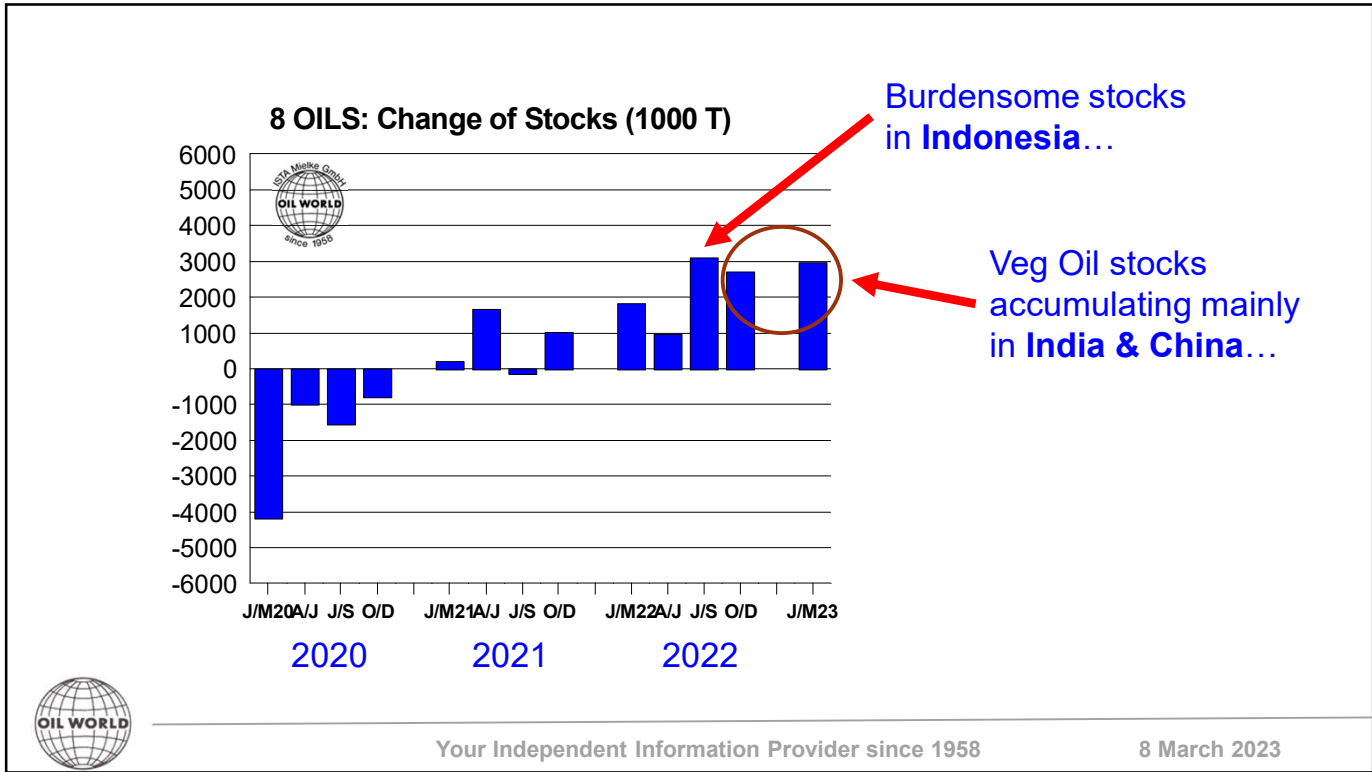
World Exports:
Change on Year in Mn T

	Apr/Sept 2023	Oct/March 22/23
Palm Oil	+0.8	+3.2
8 Oils	+1.4	+3.9

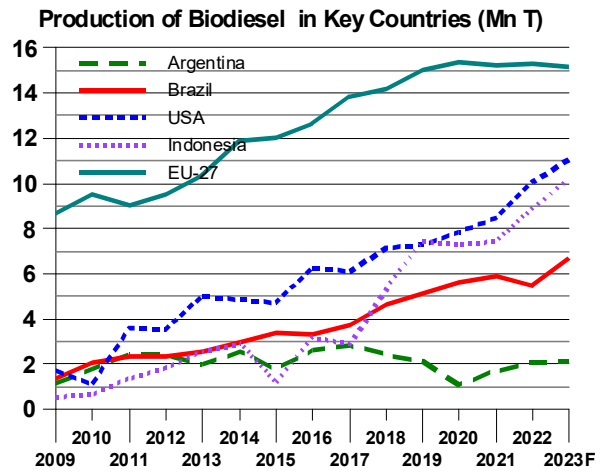
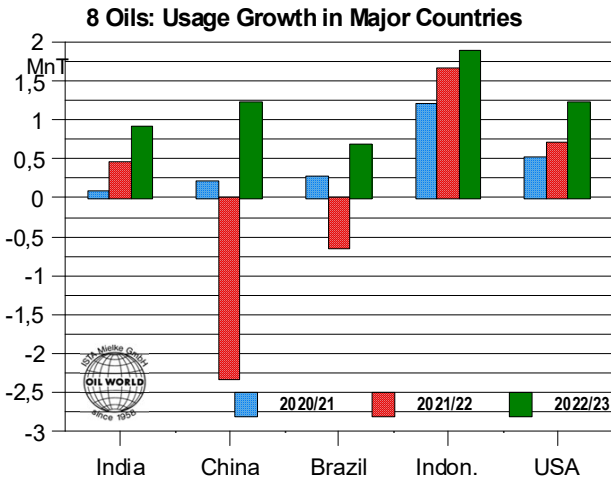


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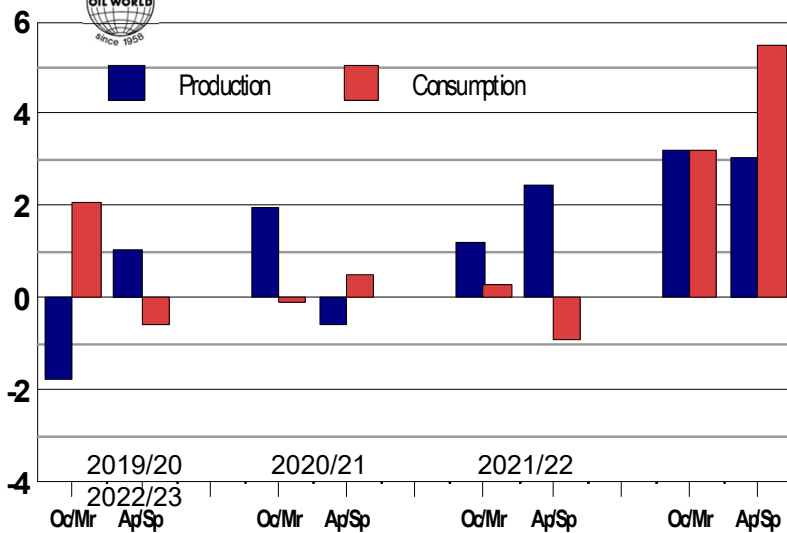
Large Vegoil Demand Growth for Food and Energy



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8 OILS: Half-yearly Production & Use Change From Year Ago in Mn T



Big consumption increase by 5 Mn T anticipated in Apr/Sep

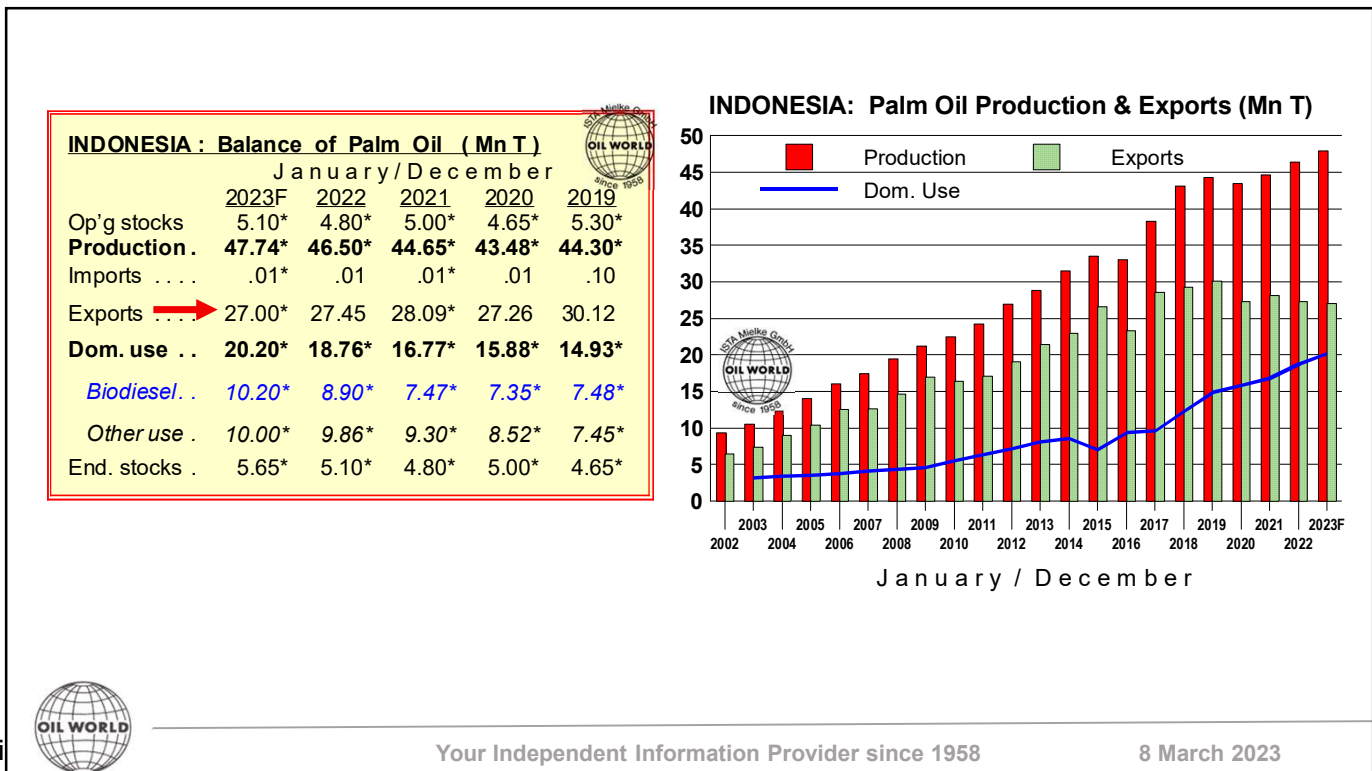
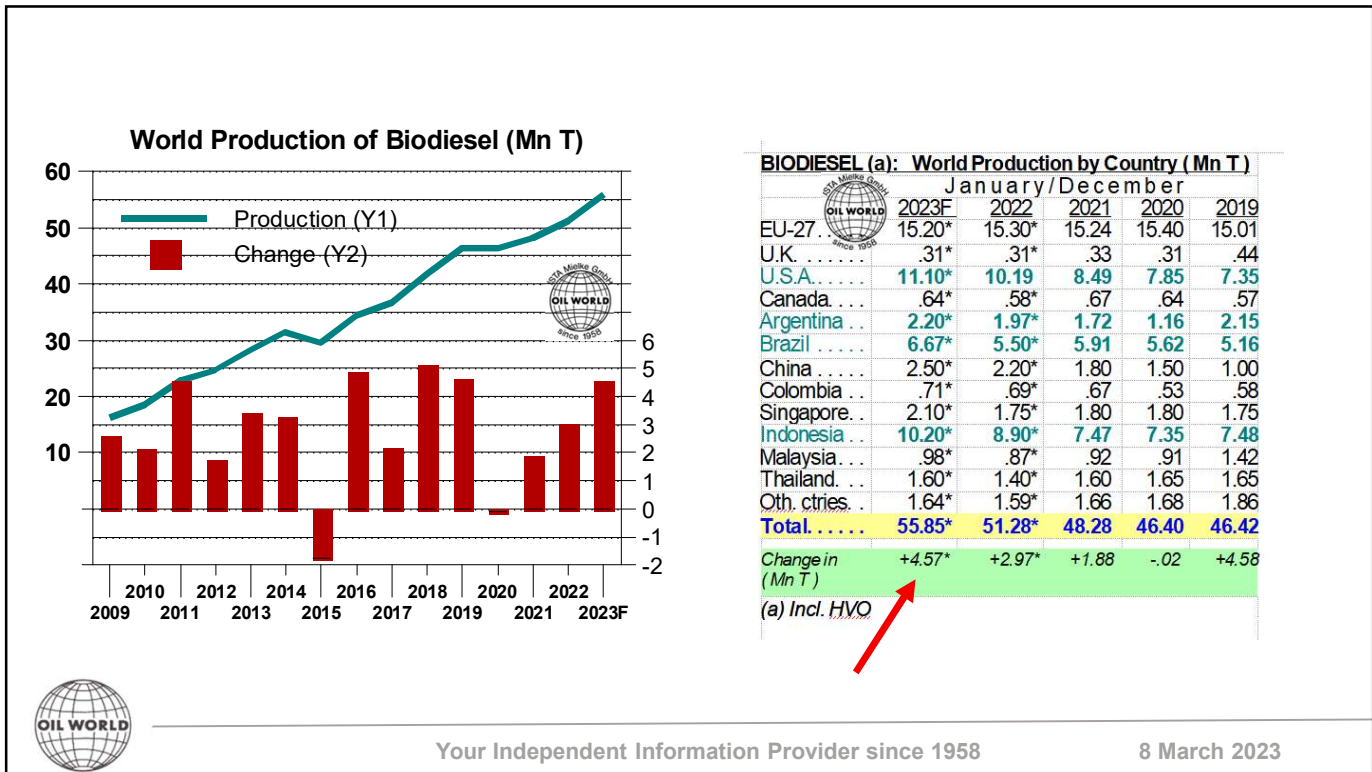
Last year is a low basis of comparison

Are we heading to a global production deficit in the second half of the year?



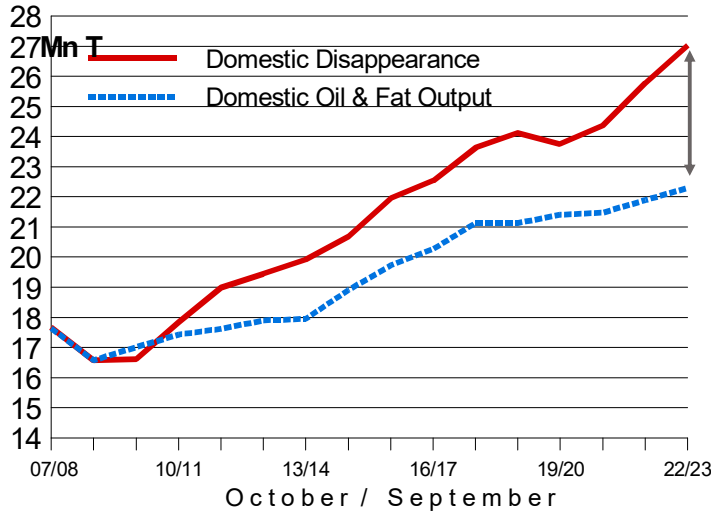
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Effects of Biodiesel/HVO Boom...

U.S.A: Production & Demand of Oils/Fats



Net imports
of ~ 5 Mn T

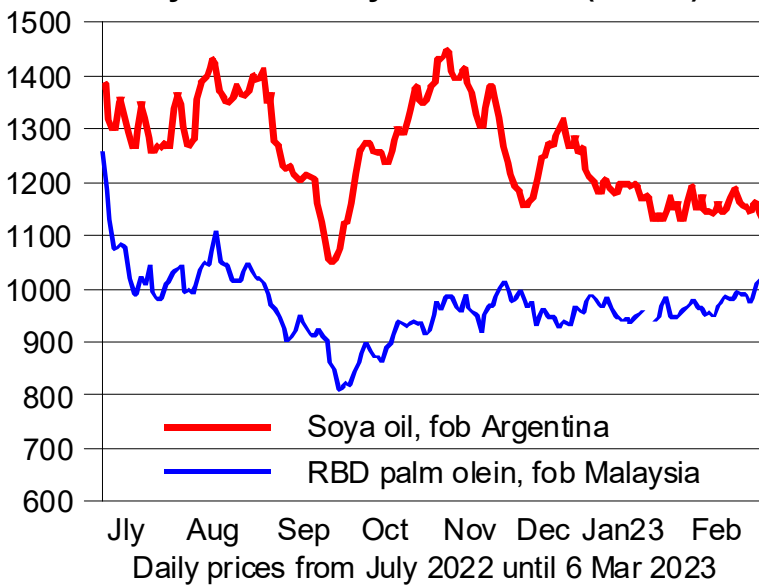
U.S.A.: Production & Imports of Biodiesel/HVO

(1000 T)	Dec 2022	Nov 2022	Dec 2021	Jan/Dec 2022	2021
Production	985	1042	946	10231	8494
Biodiesel .	482	471	552	5394	5678
HVO	503	571	394	4837	2816
Imports	288	229	336	2287	2263
Biodiesel .	143	113	171	800	694
HVO	145	116	165	1487	1569

Note: Quantities used to generate renewable identification numbers (RINs). Source: EPA.



Daily Prices of Soya & Palm Oils (US-\$/T)



Palm oil prices already reached their lows in Sept 2022. Recovered on record exports and declining Indonesian stocks.

Soya oil not yet reacting to the Argentine shortfall. The meal price rally has pressured the oil share temporarily.



Concluding Remarks

- Severe dryness in South America has tightened world soybean supplies in early 2023. At least 20 Mn T have been lost so far in Argentina and 3 Mn T in Brazil.
- Soya meal prices reached multi-year highs lately due to declining soybean crushings.
- Global vegetable oil supplies are currently sufficiently large with world stocks about 3.0 Mn T above a year earlier. But this is likely to change from July or Aug onward.
- Veg. oil prices are seen appreciating for the remainder of this year. The growth in production of sun and rapeseed oils set to disappear next season - the 2 oils losing their bearish momentum.
- Palm oil has lost its growth momentum. Area expansion has slowed down considerably. Insufficient replantings and management constraints are keeping yields below potential. Soaring input costs and strict sustainability criteria are discouraging investments.
- Fulfilment of the current biofuel targets would contribute to a bullish scenario shaping up for the second half of 2023 as well as for 2024.



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Price Forecasts for the average of July/Dec 2023:

- **RBD palm olein (fob) US-\$ 1150**
- **Arg soya oil US-\$ 1320 and Black Sea sun oil US-\$ 1300**
- **Lauric oil to widen their premium vis-a-vis palm oil → under the lead of coconut oil**
- **The forecasts are based on these assumptions:**
 - 1) the biodiesel & HVO targets are achieved in Indonesia, the USA and Brazil, and
 - 2) Chinese imports of oils & fats recover by 3.5-4.0 Mn T in 2022/23 and imports in the rest of the world rise by 2.0-2.5 Mn T,
 - 3) As soya oil output will still be declining in July/Dec 2023 and sun & rape oil production is weakening, a global production deficit is likely to occur, if the expectation of a slowing down of the growth in palm oil output materializes
 - 4) At least a moderate El Nino develops later this year
 - 5) The war in Ukraine continues (but does not escalate), the corridor in the Black Sea remains open, and energy prices remain supported (by the uncertainties of the war)



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Thank you for your attention!

More market info? Just get in touch with me:

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