

# Oilseeds and Oils: Market Expectations

H2 2024

6<sup>th</sup> August 2024

# Agenda

- Introduction to Expana
- Speakers
- Market Update
  - Rapeseed
  - Sunflower
  - Soy
  - Palm
- Q&A



# About us

At Expana, we provide critical market insights, so our clients can make informed decisions with confidence. We bring clarity to the world's data. Our intelligence spans over 27,000 price series and 500+ price forecasts, so our clients have full visibility of the whole supply chain. This enables businesses to manage volatility, navigate strategically and improve margins. For more than 200 years, we have built trust and credibility in the market through our deep specialist knowledge and constant innovation. We are industry experts. And we are part of the bigger picture.

We feed the world with the data it needs. Our intelligence is integral to our clients' businesses and the entire supply chain. Our clients play a vital role in the world. Their decisions have a huge impact on people, communities and industries. And our data enables this. Every single day. We are Expana, and our market intelligence delivers a more resilient, more transparent and more sustainable supply chain.



# Speakers

Expana delivers independent business critical forecasts, proprietary prices and analysis on the grain, oilseed, feed and biofuels markets, providing market participants with extensive coverage in all key regions across the world.



Roxanne Nikoro  
Market reporter oilseeds  
and oils



Nouha Slama  
Oilseed and biofuel  
market analyst



Murphy Campbell  
Market reporter oilseeds, oils  
and grains



Kyle Holland  
Senior market reporter oilseeds  
and oils

# Rapeseed and rapeseed oil

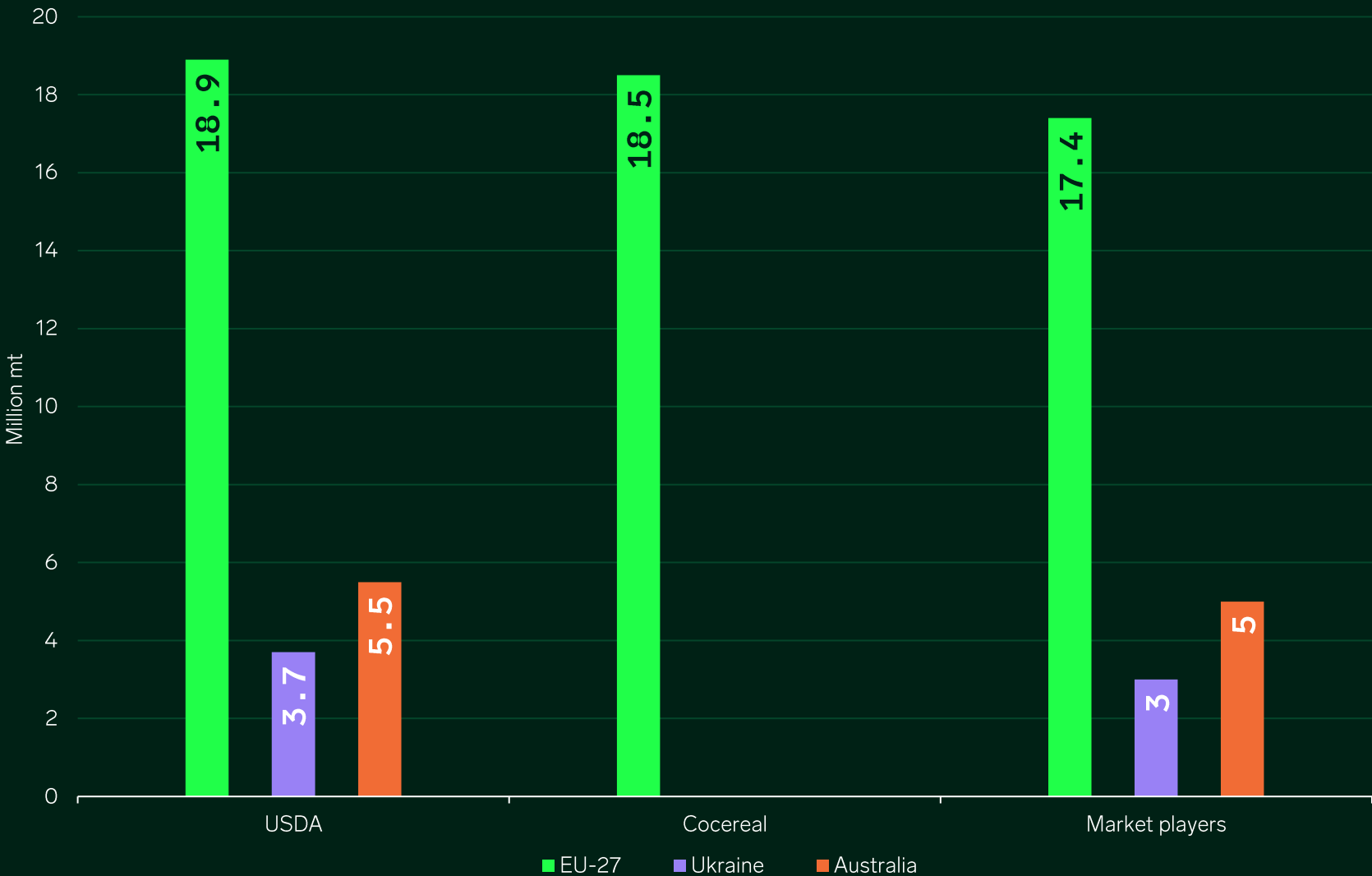
Kyle Holland, Murphy Campbell and Nouha Slama

# RME Margin

Month	Margin
ASO	\$75/mt
NDJ	\$80/mt
FMA-25	\$60/mt
MJJ-25	\$60/mt

Source: market players

Rapeseed production estimates



Source: USDA, Cocereal and market players

# Rapeseed and rapeseed oil price trend



## Recent Movement

- Prices for rapeseed had trended higher on estimates of poor production particularly for the EU-27
- Despite general agreement on the bullish fundamentals of rapeseed and therefore rapeseed oil players are exceedingly cautious
- General weakness emanating from the soy complex is adding downward price pressure
- Although the EU-27 crop is diminished harvest pressure is weighing on the market
- Concerns about biodiesel margins are largely keeping the industry on the sidelines when it comes to rapeseed and rapeseed oil.
- Rapeseed oil currently holds a significant premium over rival soy

Source: Mintec Analytics by Expana

# Canadian Canola (rapeseed)



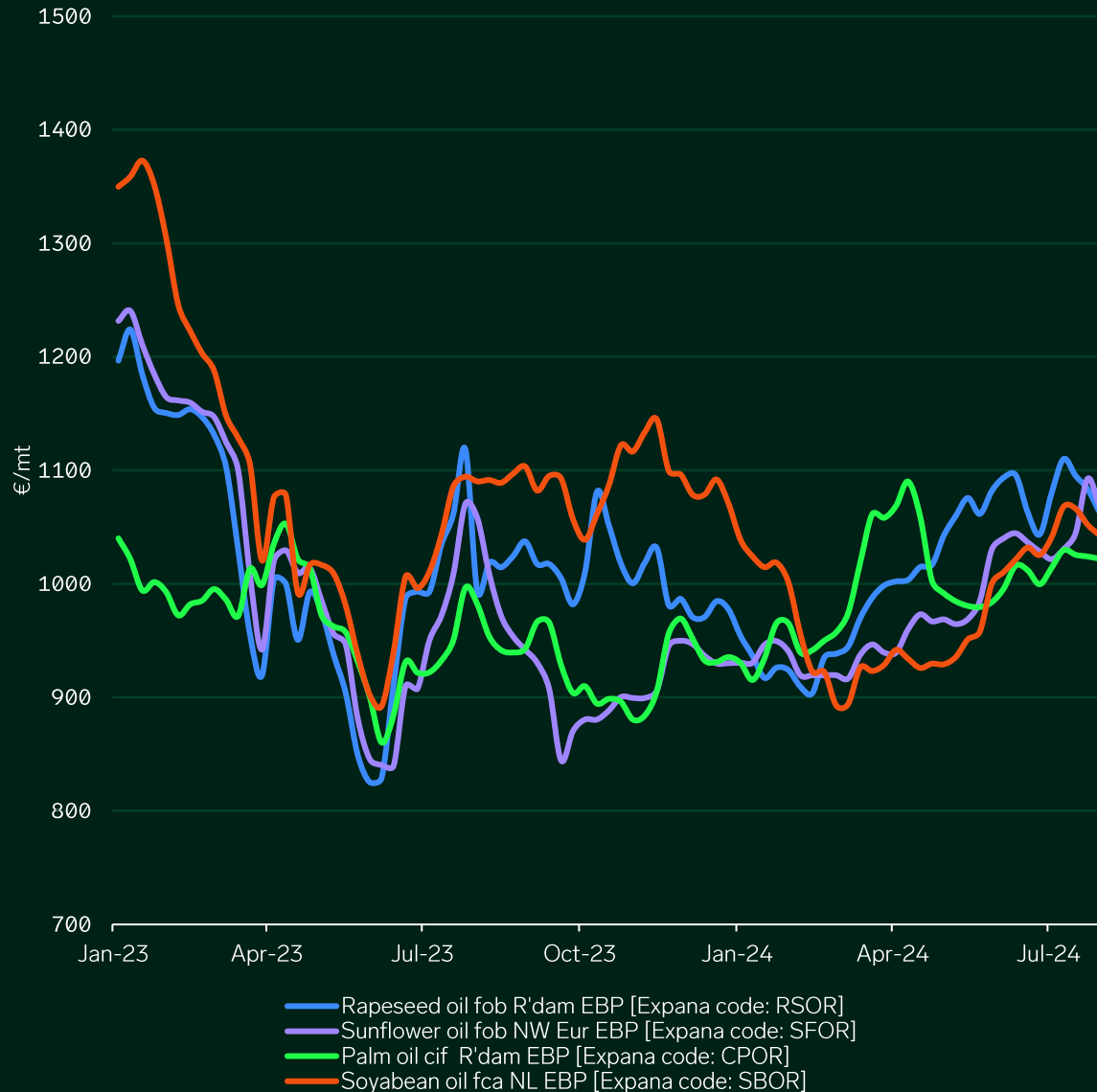
## Recent Movement

- Canadian canola prices typically follow US soybean prices
- Large speculators held a record net short position in early March 2024 and large net short in mid July 2024 before beginning to unwind
- The EU is starting to look to Canada for supply as rapeseed production in the EU is looking poor
- Market players say that the heat and dryness are increasing concerns of reduced yield

Source: Mintec Analytics by Expana



# Vegetable Oil Complex

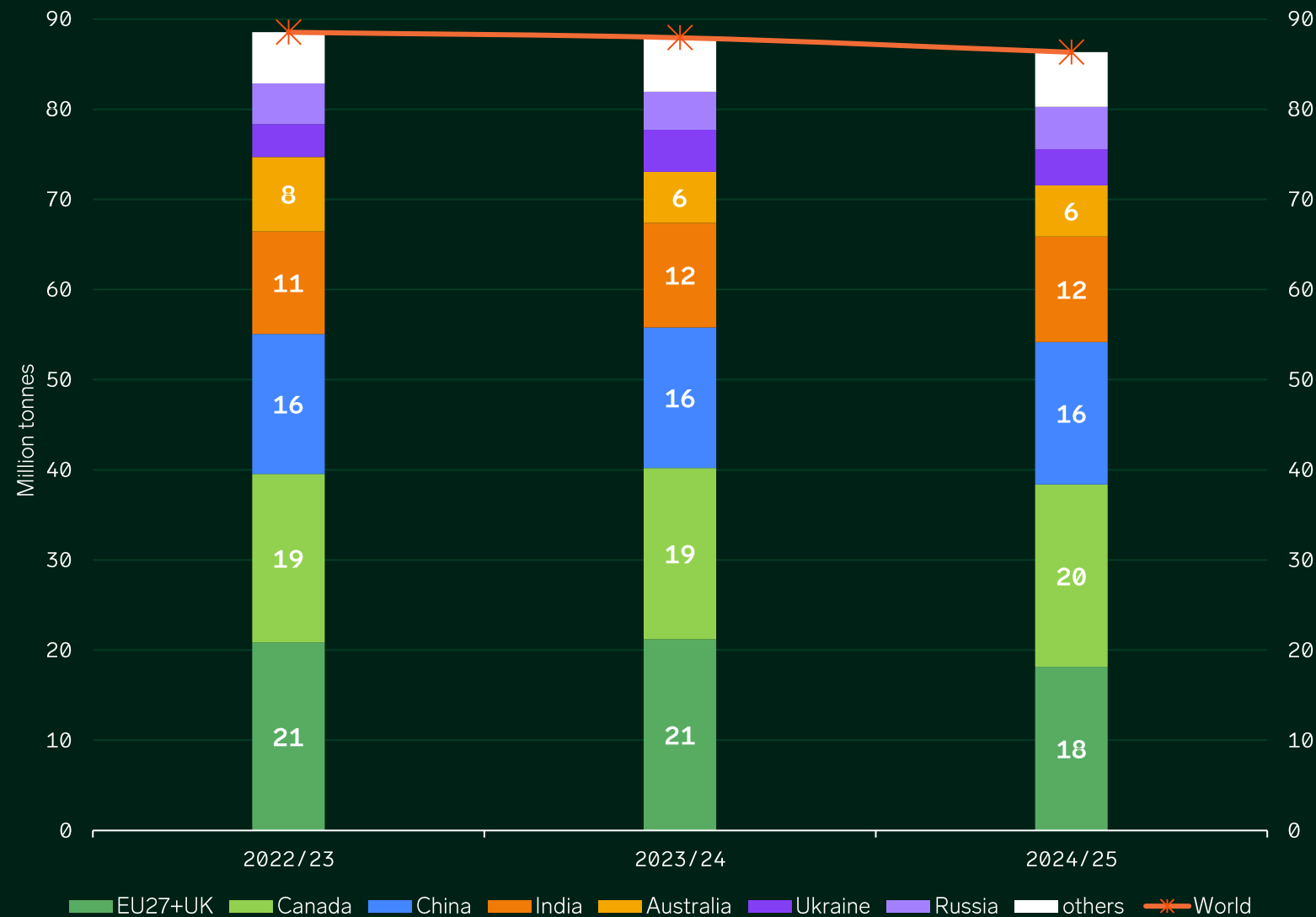


Source: Mintec Analytics by Expana

## Market players views on the weeks and months to come:

- Market players have commented to Expana that the lull in the rapeseed complex is temporary
- Industry insiders have commented that a significant number of buyers are only minimally covered
- Concerns about a potential global recession could limit significant buying particularly for far forward positions
- Weak energy prices at the time of writing could add significant downward pressure despite general agreement on bullish fundamentals
- Depending on how the EUDR works in practice the rapeseed complex could become a major beneficiary

# World Rapeseed Crop Outlook

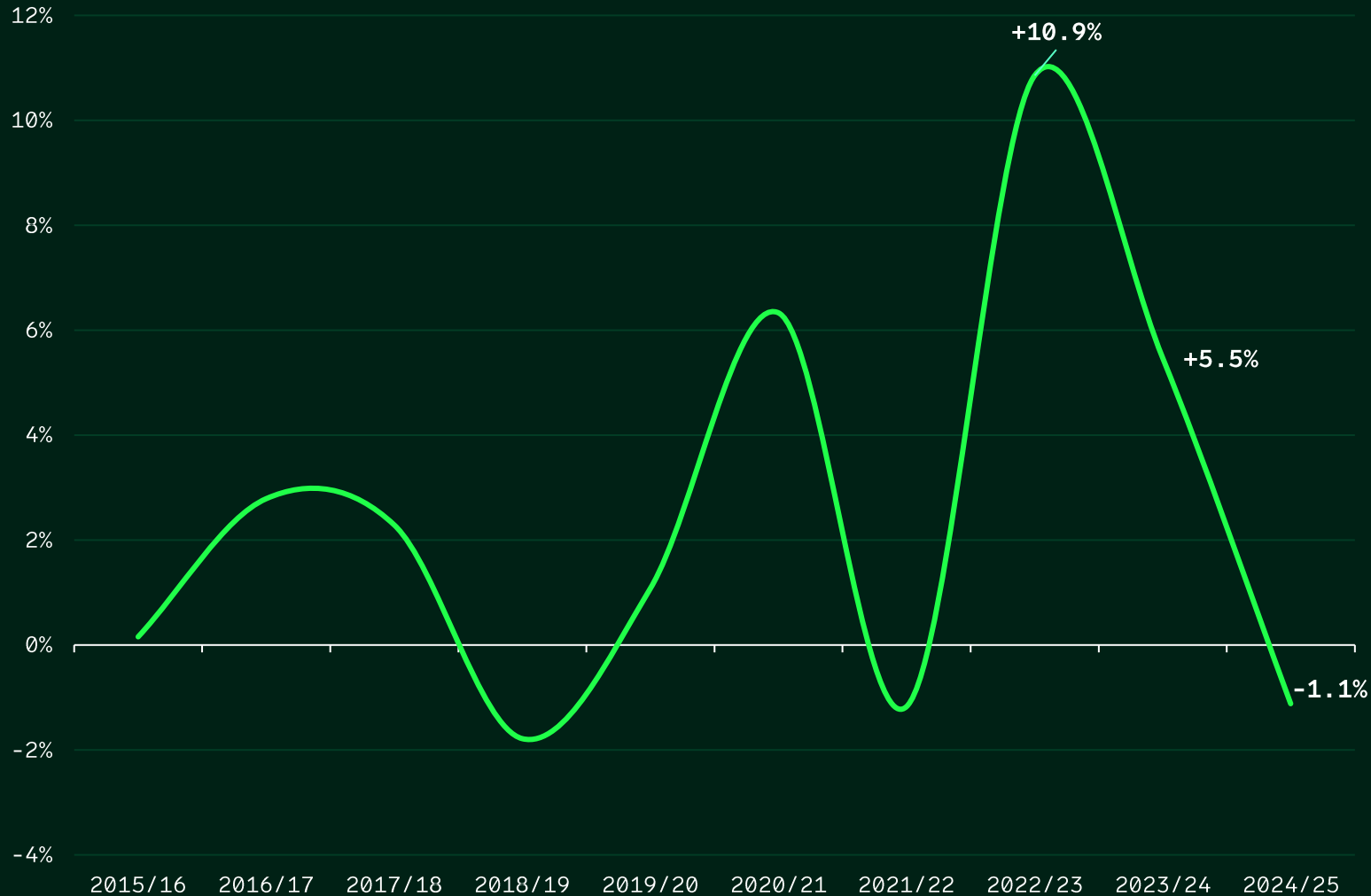


## Rapeseed production – Trends for 2024/25

- Global production expected down by 2% to 86.3 Mt: decline in total area and average yield
- Decrease mainly in the EU 27, UK, and Ukraine: reduced area and poor yield
- Increase in production in Canada (better yield), and in the USA and Russia (area)

Source: Stratégie Grains by Expana

# Growth of Crushing Demand of Rapeseed

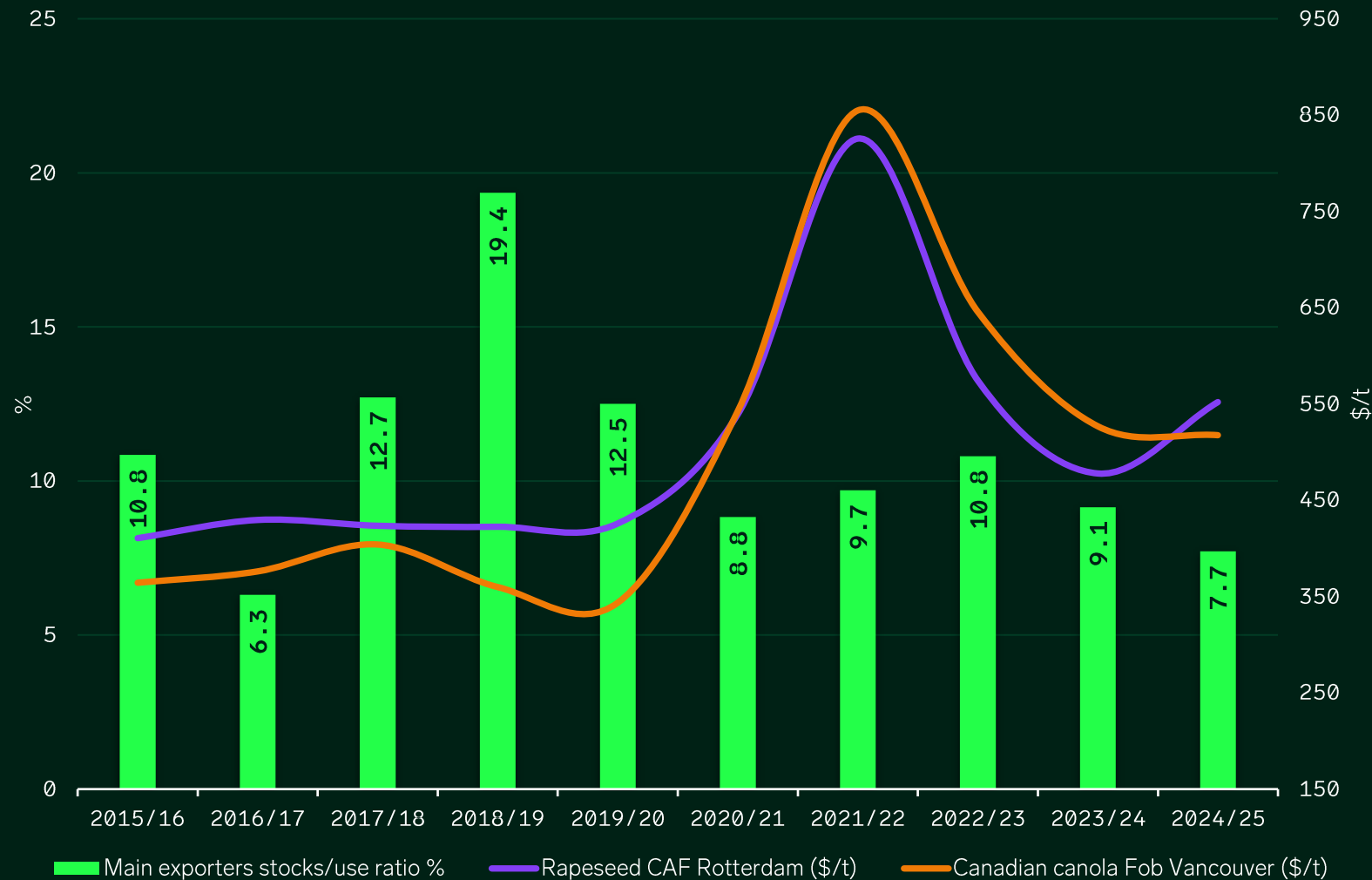


## Rapeseed Crushing demand

- Rapeseed crushing to decrease by 1.1% to 84 Mt: decline in production and beginning stocks
- Main decrease in the EU-27 (-7%) : Sharp reduction in local supply not offset by higher imports
- Increase in industrial demand forecasted in Canada, the USA, and Russia with expected growth in supply
- Driven also by the expected increase in crushing capacities in 2024/25

Source: Stratégie Grains by Expana

# Rapeseed Stocks/use ratio & Average Price Forecasts



## Stock situation & Price trends

### Global Outlook 2024/25:

- Tight situation with a stock-to-use ratio of 7.9% (compared to a 5-year average of 9.3%).
- Deficits anticipated among major exporters (Ukraine, EU 27, Canada, and Australia).

### Price Trends:

- Expected average price increase in the EU 27: +15% compared to 2023/24.
- In Ukraine, export price could rise by 28% YOY
- Canadian canola price could decrease slightly to gain competitiveness in the world market

Source: Stratégie Grains by Expana

# World Rapeseed Oil S&D

Oct.-Sept. (Mt)	2022/23	2023/24	2024/25	yoy change
Carry-in stocks	2 . 3	3 . 8	4 . 1	7%
Production	33 . 3	35 . 1	34 . 7	-1%
Trade	6 . 9	7 . 7	7 . 7	1%
Industrial use	8 . 9	9 . 8	9 . 8	0%
Food use	22 . 8	24 . 9	25 . 7	3%
Carry-out stocks	3 . 8	4 . 1	3 . 2	-22%
stocks-to-use	12%	12%	9%	

## Trends for 2024/25

- Rapeseed oil production expected down slightly
- Food use to increase by 3 %, boosted by the deficit in sun oil market
- Industrial use to stabilize vs. 2023/24
- Up mainly in USA and Canada (good demand for the biodiesel sector)
- Decrease in the EU due to lower supply and poor RME production margins
- Ending stocks to decline by 22%
- Stock/use ratio at 9%: tight situation

Source: Stratégie Grains by Expana

# Sunflower seed and oil

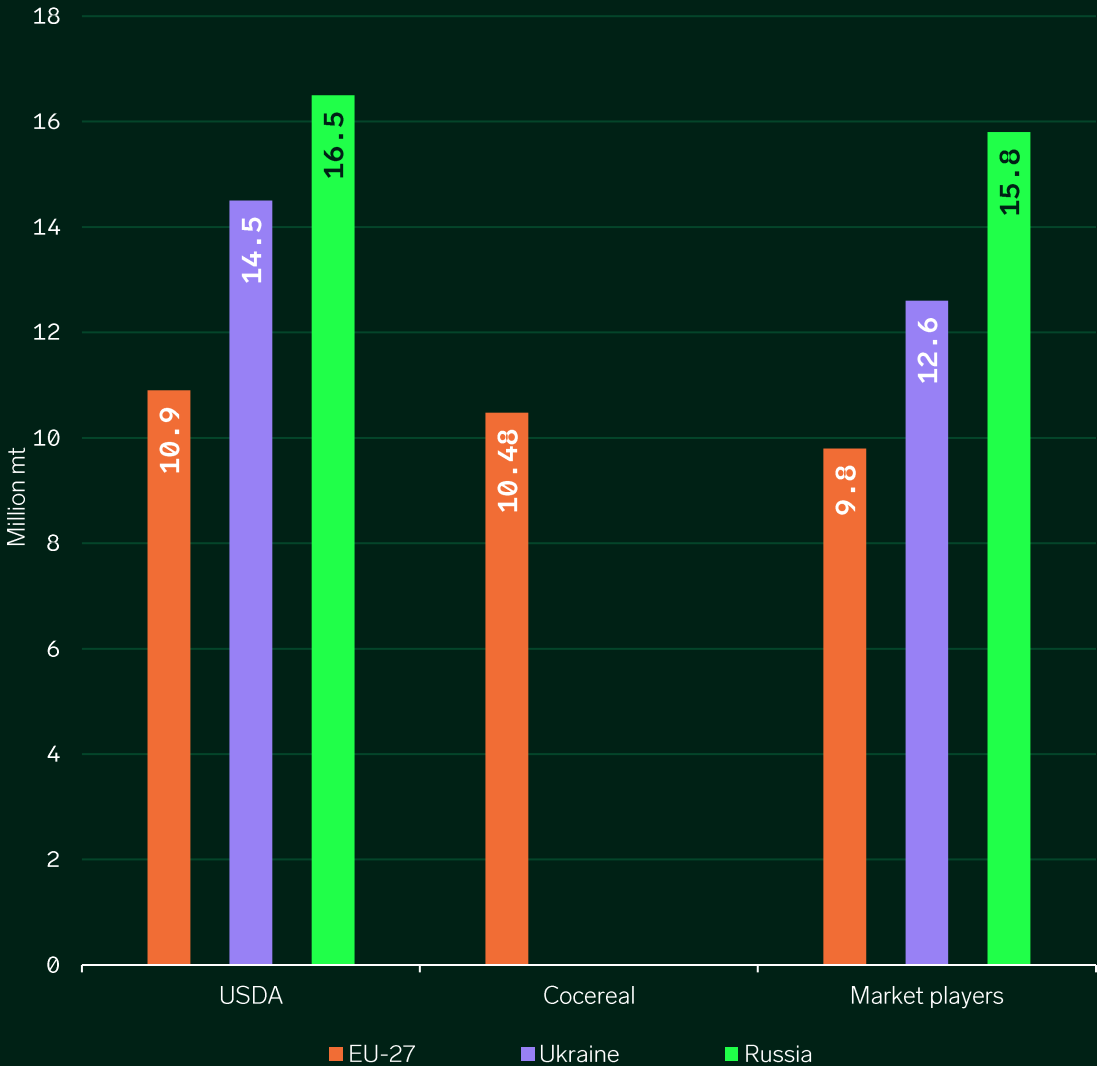
Kyle Holland and Nouha Slama

# Sunflower oil supplies

Sunoil, KMT	2022/23	2023/24	2023/24	2022/23	2023/24
Sep	566,81	357,38	330,00	566,81	357,38
Oct	433,18	406,98	420,00	999,99	764,36
Nov	448,05	538,08	550,00	1448,04	1302,44
Dec	455,18	671,61	610,00	1903,22	1974,05
Jan	385,90	610,58	600,00	2289,12	2584,63
Feb	365,17	602,79	560,00	2654,29	3187,42
Mar	455,15	608,10	600,00	3109,44	3795,52
Apr	475,88	628,45	580,00	3585,32	4423,97
May	452,86	714,28	620,00	4038,18	5138,25
Jun	475,72	405,51	440,00	4513,89	5543,76
Jul	502,70 -		100,00	5016,60 -	
Aug	390,45 -		-	5407,05 -	

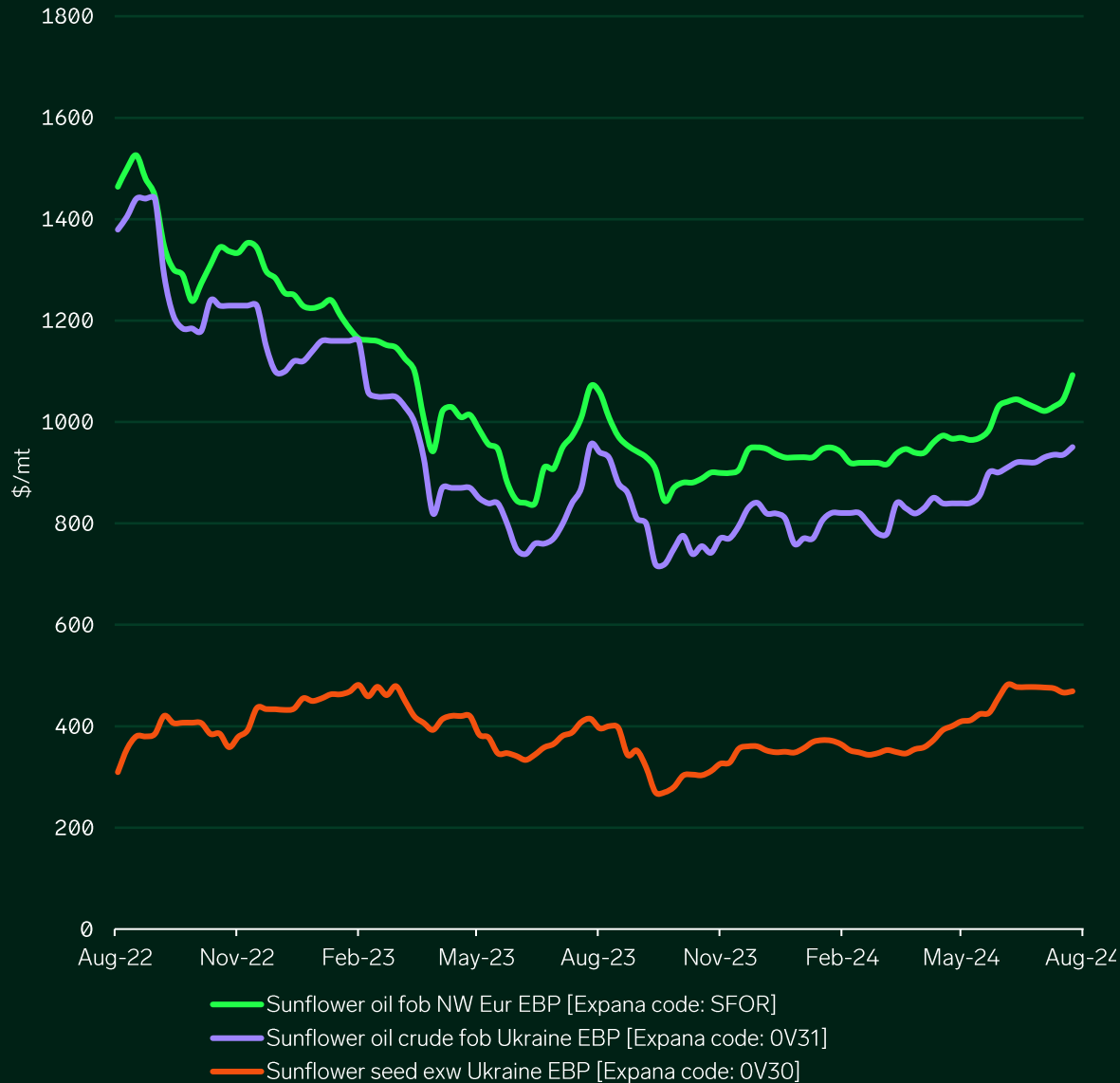
Source: market players

Sunflower production estimates



Source: USDA, Cocereal and market players

# Sunflower complex



## Recent Movement

- In a similar vein as rapeseed prices for oil and seed have been propelled by concerns over production for the 2024/25 season
- The near complete depletion of sunflower seeds and oil from Ukraine has caused them to switch to rapeseed crush
- Farmers are largely not willing to sell sunflower seeds forward which is impacting the market significantly
- Stocks to use for sunflower seed is exceedingly tight
- Although Russian players were able to supply the most recent GASC tender supplies within the nation are dwindling

Source: Mintec Analytics by Expana



# Sunflower and rival oils

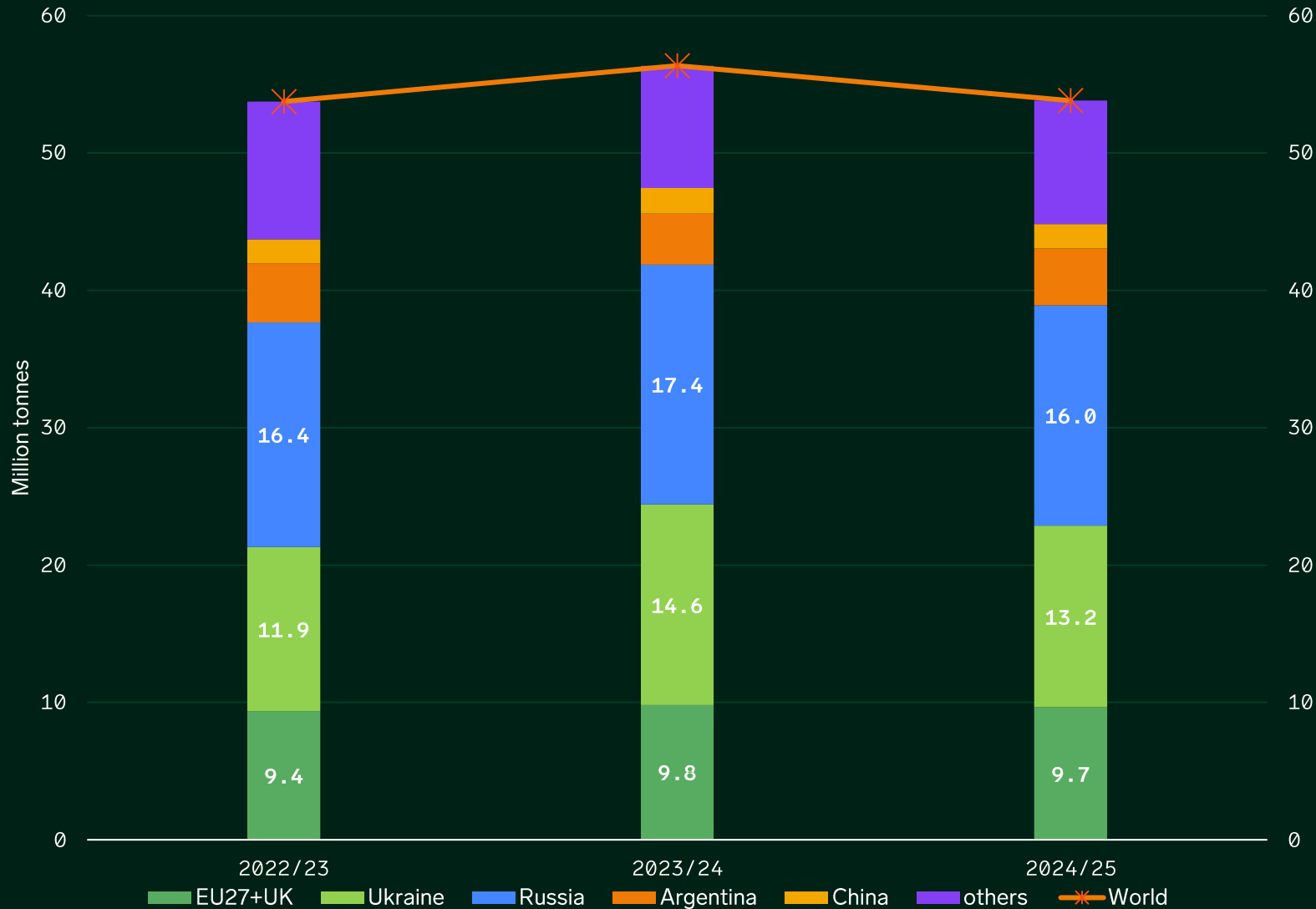


Source: Mintec Analytics by Expana

## Market players views on the weeks and months to come:

- Market players have commented to Expana that the lull in the sunflower complex is temporary. Due to Ukraine, Russia and other key producers of sunflower seed and oil are likely to have greatly diminished harvests according to market players
- Industry insiders have commented that a significant number of buyers are only minimally covered
- Concerns about a potential global recession could limit significant buying particularly for far forward positions
- Market players are watching the production figures for the 2024/24 season very closely
- Depending on how the EUDR works in practice the sunflower complex could become a major beneficiary

# World Sunflower Crop Outlook

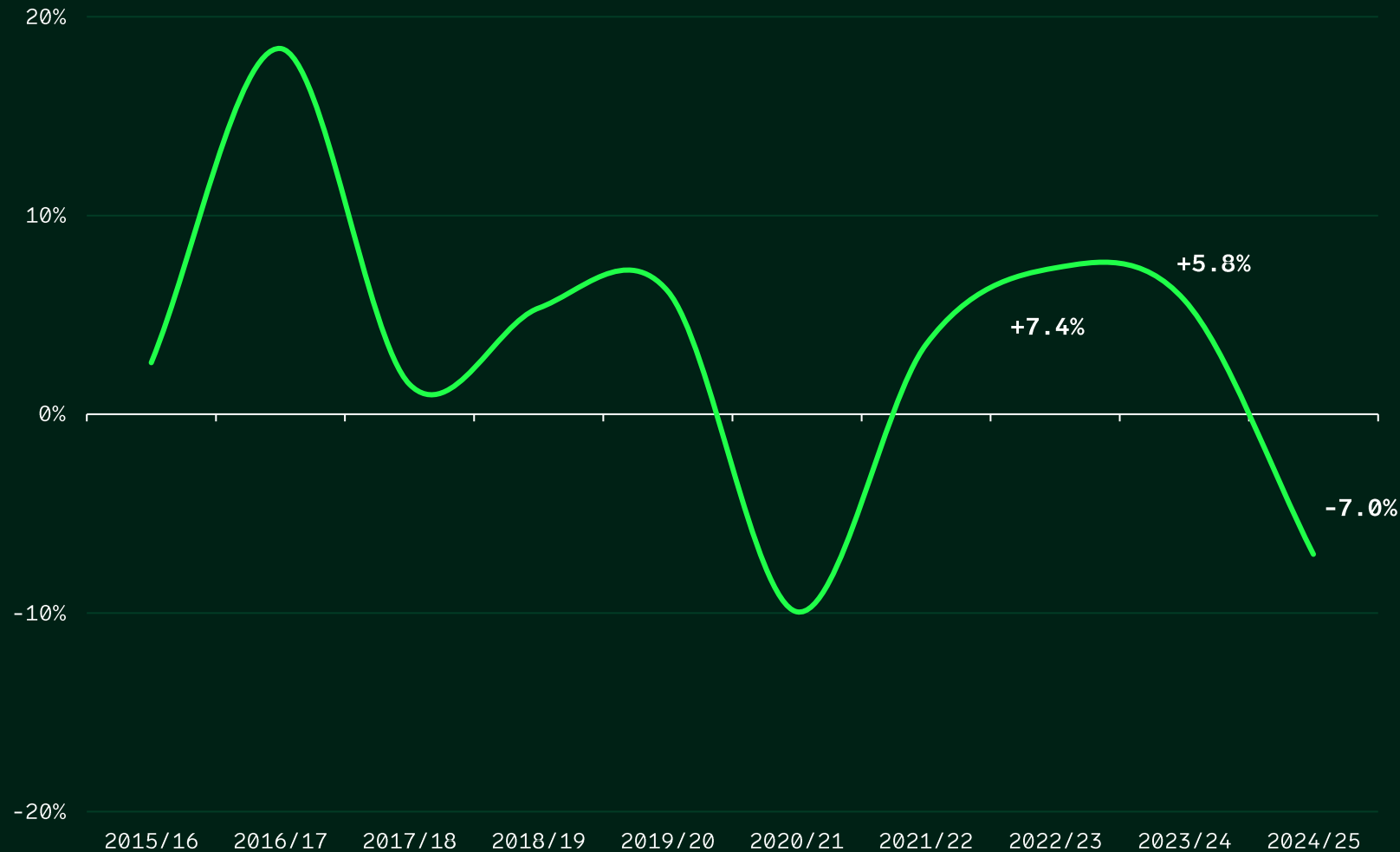


## Sunseed production – Trends for 2024/25

- Sunflower production is expected to decline significantly in 2024/25 despite a slight increase in acreage (Good competitiveness of this crop)
- Yields are badly impacted by dry and hot weather in the Northern Hemisphere
- Strong decreases in the Black Sea region (Ukraine, Russia, Moldova) and the EU-27
- Expected increase in Argentina (acreage) and Kazakhstan (acreage and yields)

Source: Stratégie Grains by Expana

# Growth of Crushing Demand of Sunflower



## Sunseed Crushing demand – Trends

- After sharp growth in the last 3 MY, global crushing is expected to decrease by 7% to 50.2 Mt (the largest annual decline since 2020/21)
- Sharp reductions expected in Ukraine and Russia
- Decreases also in the EU, Moldova, and Turkey
- Decline in crush demand to be limited by good industrial margins

Source: Stratégie Grains by Expana

# Sunflower Stocks/use ratio & Average Price Forecasts

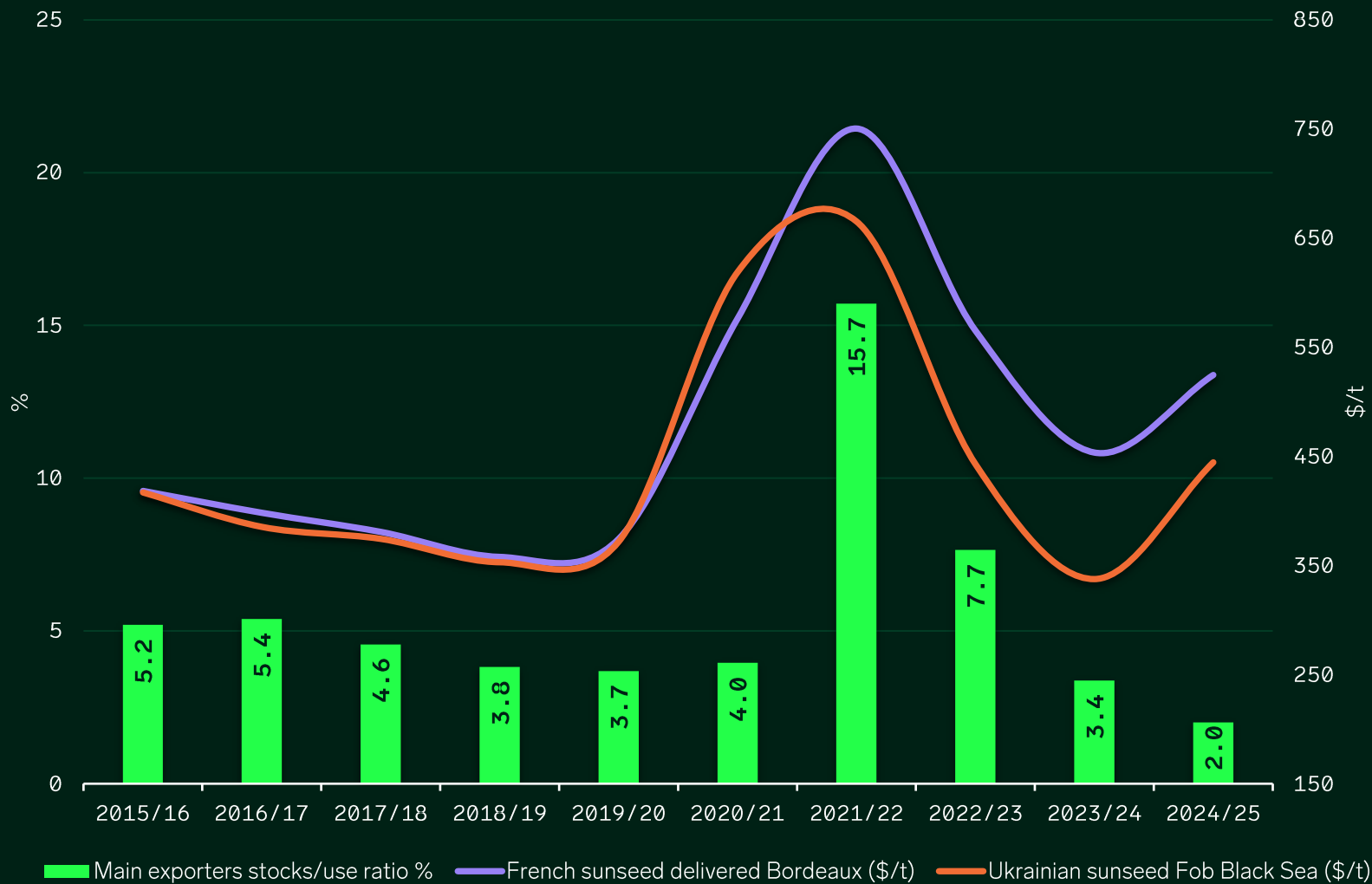
## Stock situation & Price trends

### Global Outlook 2024/25:

- Situation to get tighter with a stock-to-use ratio at historical low of 5,6%
- Large deficits expected (Ukraine, Russia, EU 27, Turkey)

### Price Trends:

- Sunflower prices to increase sharply vs. 2023/24 (+16 to 30%)
- Prices to be also supported by tight outlook in the sun oil market



Source: Stratégie Grains by Expana

Oct.-Sept. (Mt)	2022/23	2023/24	2024/25	yoy change
Carry-in stocks	2.7	3.7	2.8	-24%
Production	21.5	22.9	21.2	-8%
Trade	13.5	15.6	13.3	-15%
Industrial use	1.4	1.7	1.5	-16%
Food use	19.0	21.9	20.4	-7%
Carry-out stocks	3.7	2.8	2.0	-30%
stocks-to-use	18%	12%	9%	

## Trends for 2024/25

- Sun oil production is expected to decrease significantly by 8%
- World trade to drop by 15%
- Total demand to decrease less sharply than supply due to the good competitiveness
- Ending stocks are projected to fall to just under 2 Mt, or 9% of annual uses, indicating a very tight situation

Source: Stratégie Grains by Expana

# Soybean and soybean oil

Roxanne Nikoro, Murphy Campbell and Nouha Slama

# Soybean and Soybean Oil

Soybean oil FCA Netherlands Spot (EBP) & Soybean no. 2 CBOT



Source: Mintec Analytics by Expana

## EU Soybean Oil – Recent Price Trend

- The Expana Benchmark Prices (EBP) for Soybean Oil FCA Netherlands was assessed at €959.5/mt on Aug. 5
  - -0.05% m-o-m
  - -3.52% y-o-y
- According to the European Commission (EC) soybean and soybean oil imports between 1st July and 21st July declined by 26% and 92%, respectively, compared to the same period last year
- Ample global crop supply
- EUDR regulation

# US Soybean Prices



## US Soybeans – Recent Price Trend

- The CBOT Soybean futures (front month) was at \$10.29/bu on Aug 5
  - -2.4% w-o-w
  - -12.4% m-o-m
- Very good weather for crops in the US Midwest
- Imports of Used Cooking Oil causing downward price pressure on US soybean prices
- Market players are saying that farmer selling has been limited as they have been waiting for significant rallies. Buyers know that farmers are sitting on significant stocks and will have to make room once harvest starts. Both sides have been waiting to see who blinks first, but we have started to see the farmer begin to capitulate



# US vs South American Soybean Oil Price Competitiveness

US vs South American Soybean Oil



Source: Mintec Analytics by Expana

## South America Soybean Market

- In H1 2024, South American bean and oil prices were competitive against US origin due to ample supply from the region
- Trade Dynamics
  - China's soybean purchases from US declined by 50% y-o-y in March 2024
- Rise in soybean oil imports from India in lieu of palm oil
- The Expana Benchmark Prices (EBP) for Soybean oil Fob Argentina was assessed at \$912.5/mt on 31<sup>st</sup> July (-1.8% m-o-m; -13.1% y-o-y)
- The EBP for Soybean oil Fob Brazil was assessed at \$992.5/mt on 31<sup>st</sup> July (+6.0% m-o-m; -1.8% y-o-y)
- Biodiesel regulations
  - Rising Brazilian soybean oil prices and export premiums
  - Brazil increased biodiesel mandate from B12 to B14 on Mar. 1
- Governmental policies

# Soybean and Soybean Oil Market Sentiment

- ✓ South American Supply
- > Chinese demand
- > Biodiesel Policies
- > Governmental Policies
- ✓ US Crop Condition



With soybean plantings now complete in the US and as the crop enters its critical developmental stages, market sources opine that weather conditions and crop conditions will be a major watchpoint for the soybean market in August. China's demand direction will also be a major watch out factor



Demand direction particularly from China and India, will remain the main watch points for soybean oil prices in August. Higher biodiesel mandate in Brazil is likely to limit exportable supply.

# World Soybean Crop Outlook

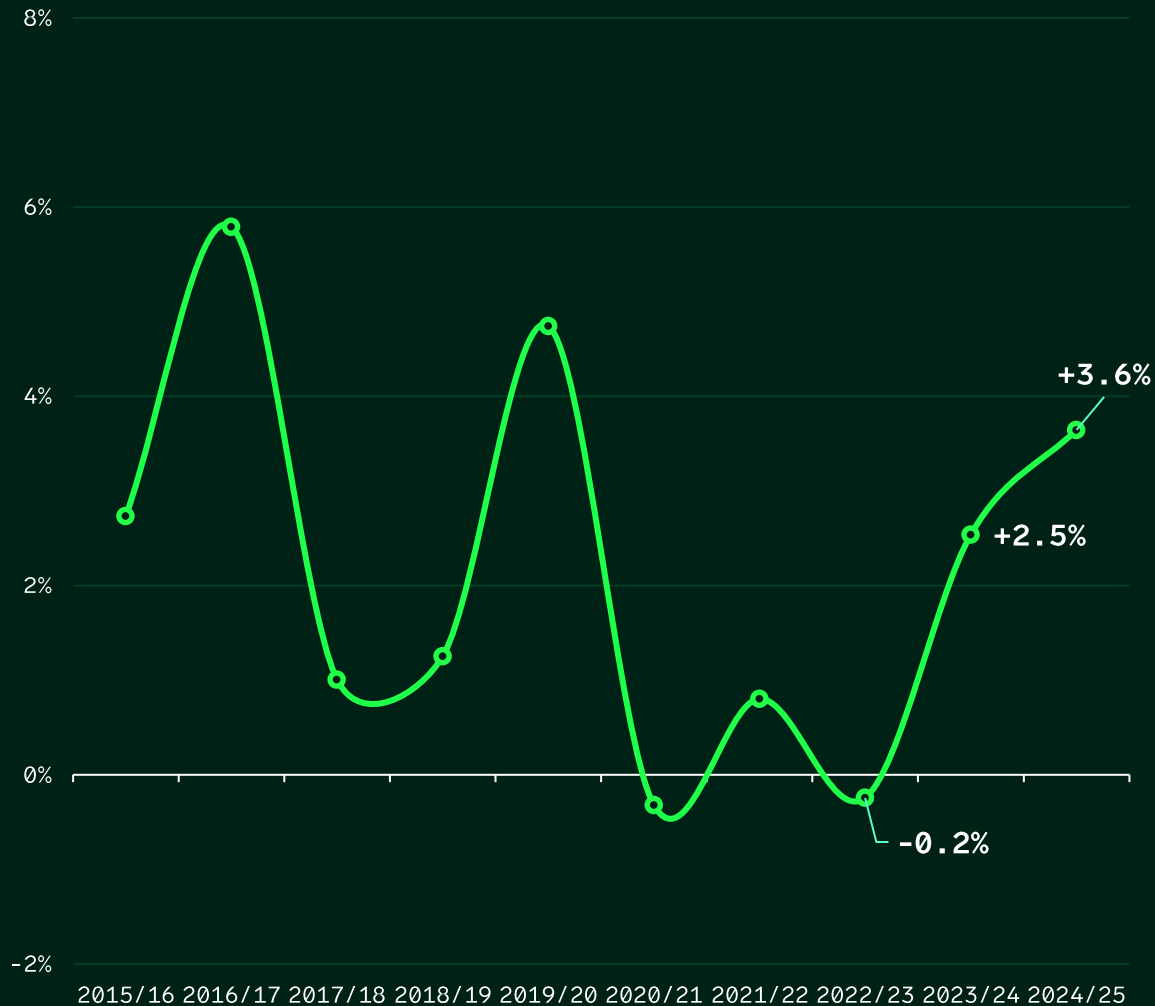


## Soybeans production – Trends for 2024/25

- World soybean production expected to increase by 4.3 %
- Brazil : production forecast up 5.2 % with higher planted area (High land availability and robust demand for biodiesel)
- Argentina : production higher than 5-year average, planted area expected to rise
- USA : production would increase by 6 % YOY on higher acreage (SB is more profitable than corn and high demand for biofuel), Good weather conditions prevail

Source: Stratégie Grains by Expana

# Growth of Crushing Demand of Soybeans

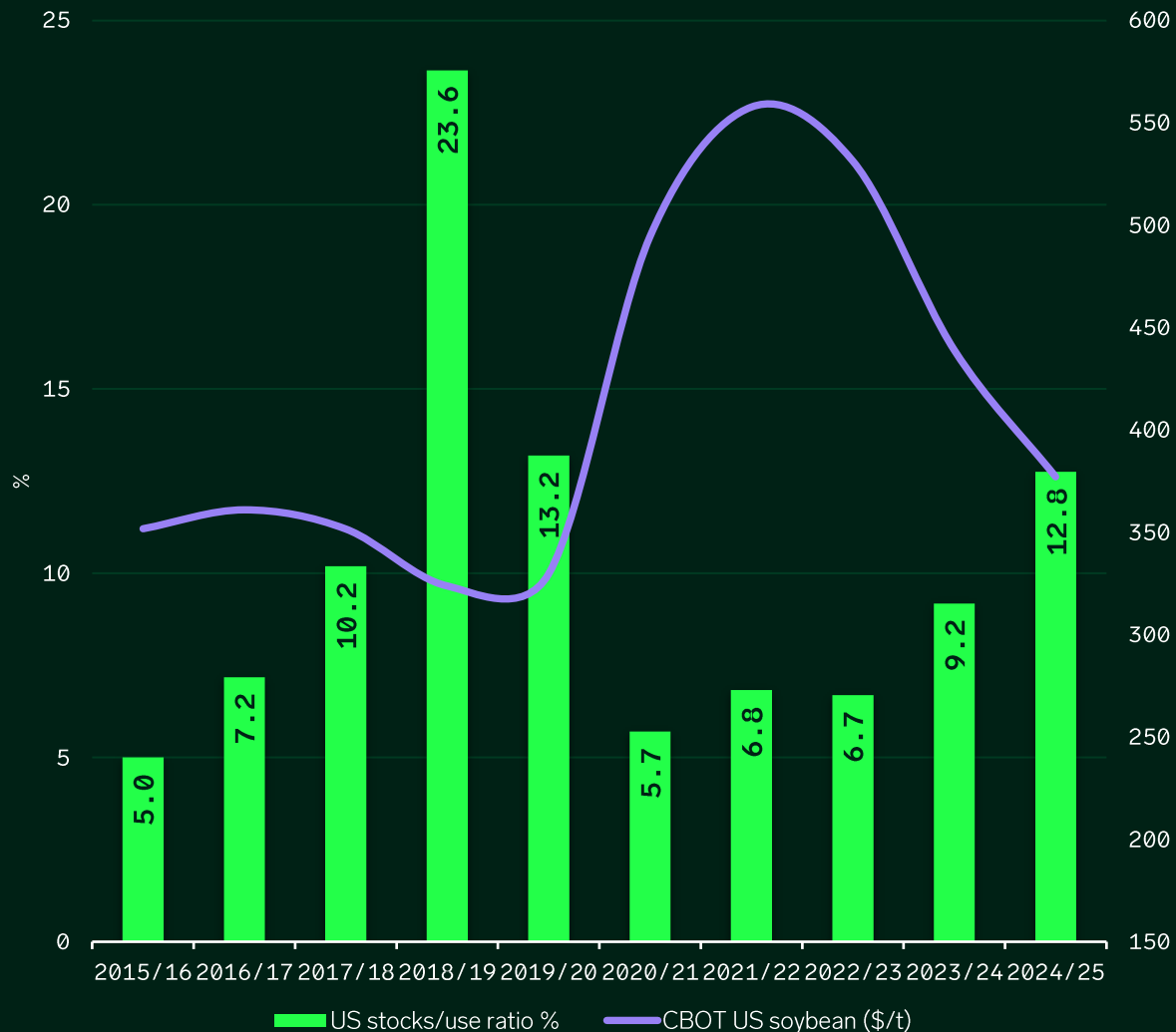


Source: Stratégie Grains by Expana

## Soybean Crushing demand – Trends

- Global soybean crushing volumes recovered in 2023/24 on higher supplies and profitable crush margins
- In 2024/25 soybean crushing demand is expected to rise by 3.6 % YOY on the back of:
  - Huge soybean supplies
  - High demand for soymeal which is more attractive than cereals (lower supplies)
  - High demand for soybean oil to offset the deficit in other vegoils

# US Stocks/use ratio & Average Price Forecast



Source: Stratégie Grains by Expana

## Stock situation & Price trends

- Global soybean stocks are expected to rise sharply by 12% to 121 Mt
- The situation is expected to be significantly heavy in the USA
- We also anticipate surpluses (albeit smaller) in Argentina and Brazil
- The stock-to-use ratio is projected at 31%, compared to the five-year average of 27%
- => MY average price are expected sharply down vs. 2023/24
- CBOT -14% ; Fob Paranagua -11%

Oct.-Sept. (Mt)	2022/23	2023/24	2024/25	yoy change
Carry-in stocks	5 . 5	6 . 3	6 . 4	0%
Production	59 . 3	61 . 2	63 . 1	3%
Trade	11 . 7	11 . 1	11 . 6	4%
Industrial use	12 . 7	14 . 5	15 . 8	9%
Food use	45 . 7	46 . 7	48 . 2	3%
Carry-out stocks	30 . 6	29 . 3	29 . 6	1%
stocks-to-use	11%	10%	9%	

Source: Stratégie Grains by Expana

## Trends for 2024/25

- Global Soybean oil output up 3% in 2024/25 (mainly in Argentina)
- World trade to increase by 4%
- Food consumption up by 3% yoy (mainly in China and India)
- Industrial use expected sharply up (especially for biodiesel), driven by increasing mandates in South America and USA
- Ending stocks up slightly; but world situation in deficit``

# Palm oil

Roxanne Nikoro and Nouha Slama

# Palm Oil Price Trend

Palm Oil EU EBP vs BMD futures



Source: Mintec Analytics by Expana

## Palm Oil Price Trend

- The Expana Benchmark Prices (EBP) for Crude Palm oil Cif Rotterdam was assessed at \$1,002/mt on Jul. 31 (+2.3% m-o-m; +4.3% y-o-y)
- Malaysian exports between Jul. 1 and 20 rose by 37.5% compared to the same period in June
- Price decline attributable to knock on effects from weakness in rival contracts into August, according to market players



# Palm Oil Market Sentiment

- > Uncertain demand from China and India
- ^ EU Deforestation Regulation
- > Malaysian Exports Soar



In August demand for palm is unlikely to be as robust as it has been in July with key buyers India and China filling pipelines. However, lower supplies and the continued need for European players to purchase palm are likely to keep the palm market slightly bullish according to market players

# World Palm Oil S&D

Oct.-Sept. (Mt)	2022/23	2023/24	2024/25	yoy change
Carry-in stocks	15.4	15.7	15.1	-4%
Production	79.6	79.5	80.4	1%
Trade	49.6	45.7	46.4	1%
Industrial use	26.6	27.1	27.5	1%
Food use	51.8	52.1	53.9	4%
Carry-out stocks	15.7	15.1	13.2	-13%
stocks-to-use	20%	19%	16%	

World Palm Oil stocks/use ratio & Average Price Forecast



## Trends for 2024/25

- Palm oil production up slightly by 1% ((Aging Malaysian palm trees affecting yields)
- World trade to increase moderately (limited supply)
- Food use up by 4%, driven by good competitiveness of palm oil and low sun oil supply
- Industrial use up by only 1%: increase in Indonesia and Malaysia, down again in the EU27
- Ending stocks down sharply, reflecting a tight outlook
- Average prices expected up by 10% vs. 2023/24

# Key Takeaways

H2 2024

Key Factors to watch out for in the second half of the year

## Diminished production

Rapeseed and sunflower production could be substantially reduced in the 2024/25 season potentially limiting supplies and adding upward price pressure

## Planting margins

Margins for key crops could impact the amount of grains planted instead of oilseeds

## Impact of the EUDR

The EUDR is set to come into force Dec 30, 2024, it will be critical to ascertain how this will impact the market

## Tight stocks across most oilseeds and oils

Lower production for key oilseeds and oils could lead to a supply deficit on a global scale

# Sample of reports/analysis





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# Thank you