

Global Supply, Demand and Prices of Edible Oils - - Outlook 2021

Presentation at the POC Event on March 24, 2021



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- **ISTA = International Statistical Agricultural Information**
- Leading private authority for global research and market analyses for oilseeds, oils & meals
- Independent, not involved in trading, unbiased information

- We provide a variety of reports - - the daily FLASH, the Weekly and updates from our huge statistical data base (monthly, quarterly and annual data) as well as the Oil World Annual (a 730-page compendium of world statistics), as described on www.oilworld.biz

- A Chinese report in Mandarin on oilseeds & products two times a week

- Individual customer support with conference call and extracts from our detailed data bank

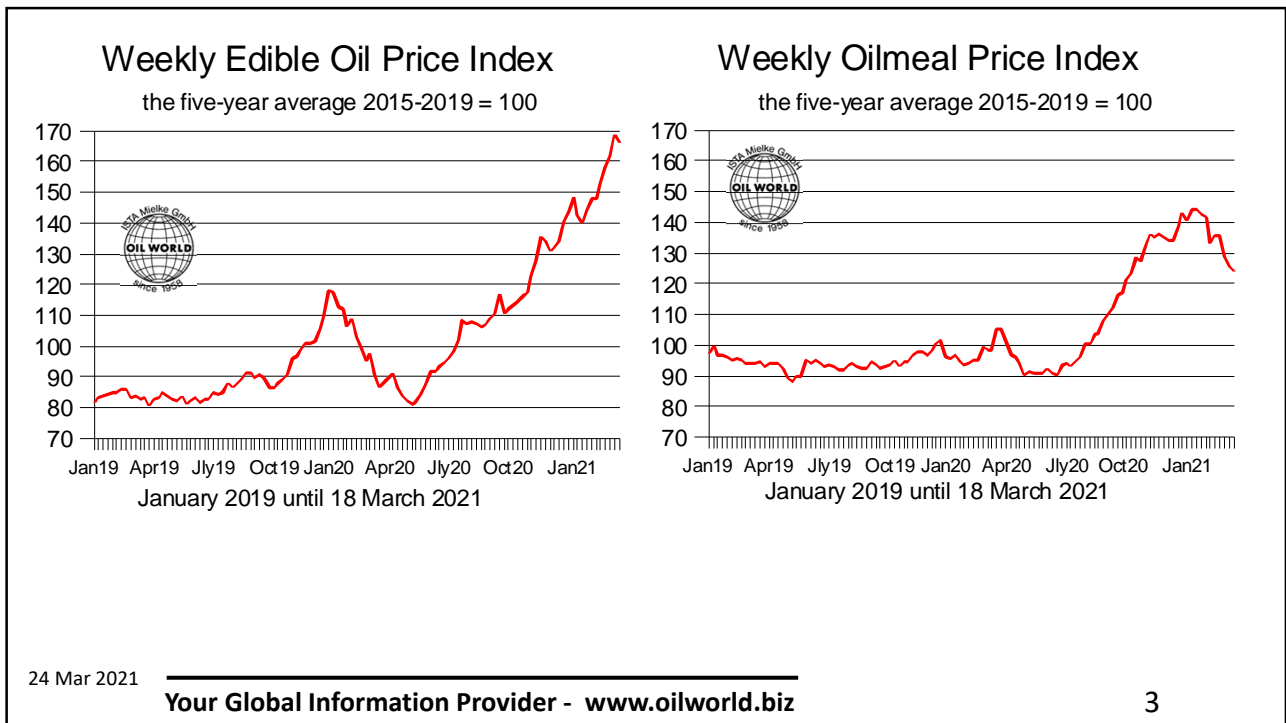
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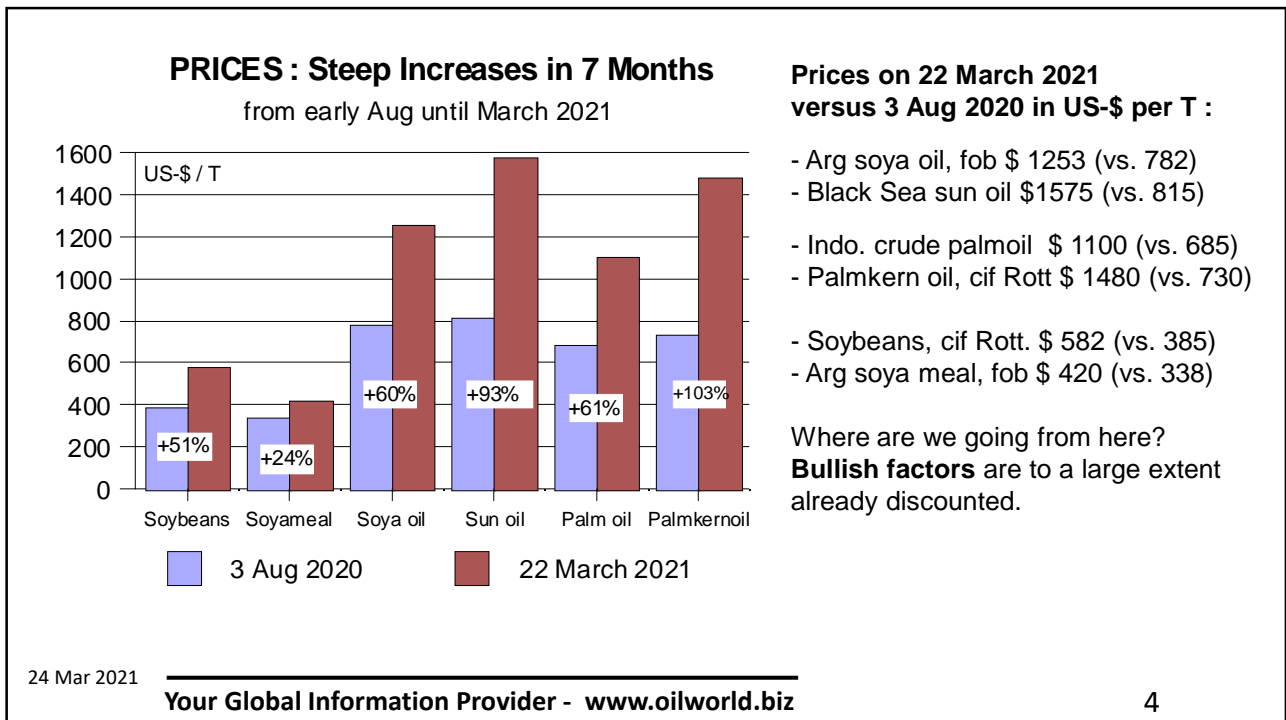
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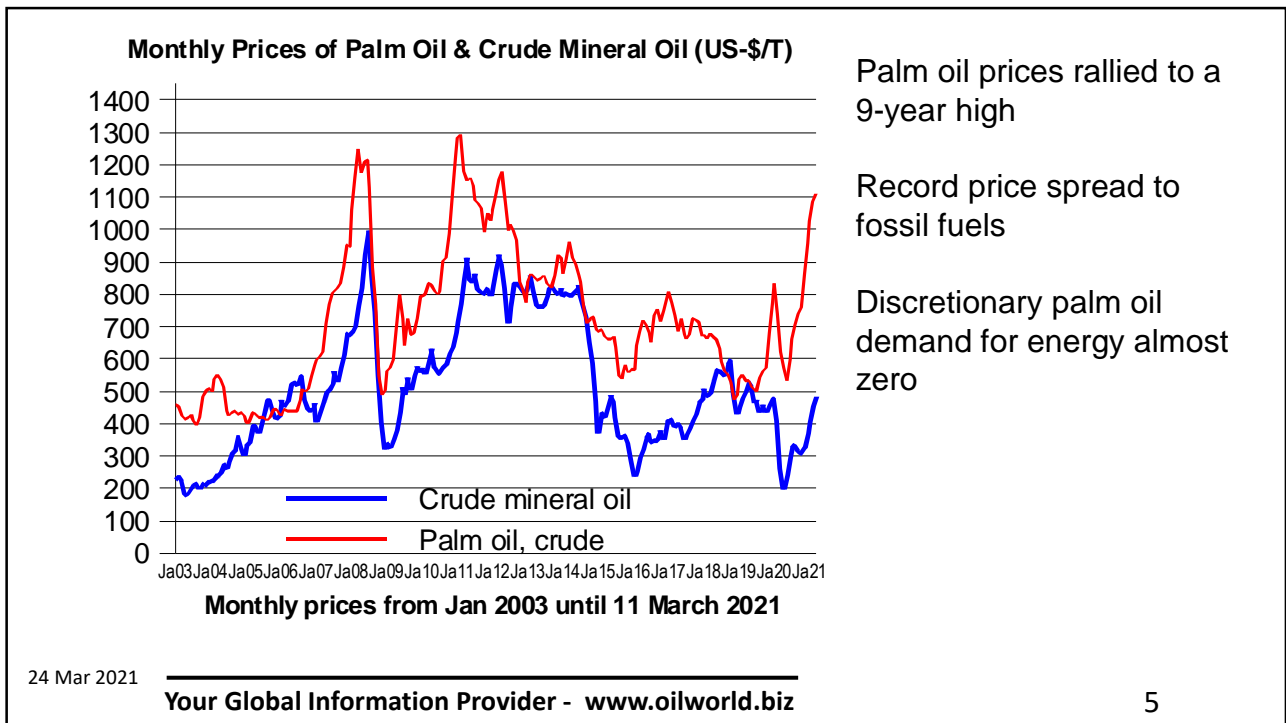
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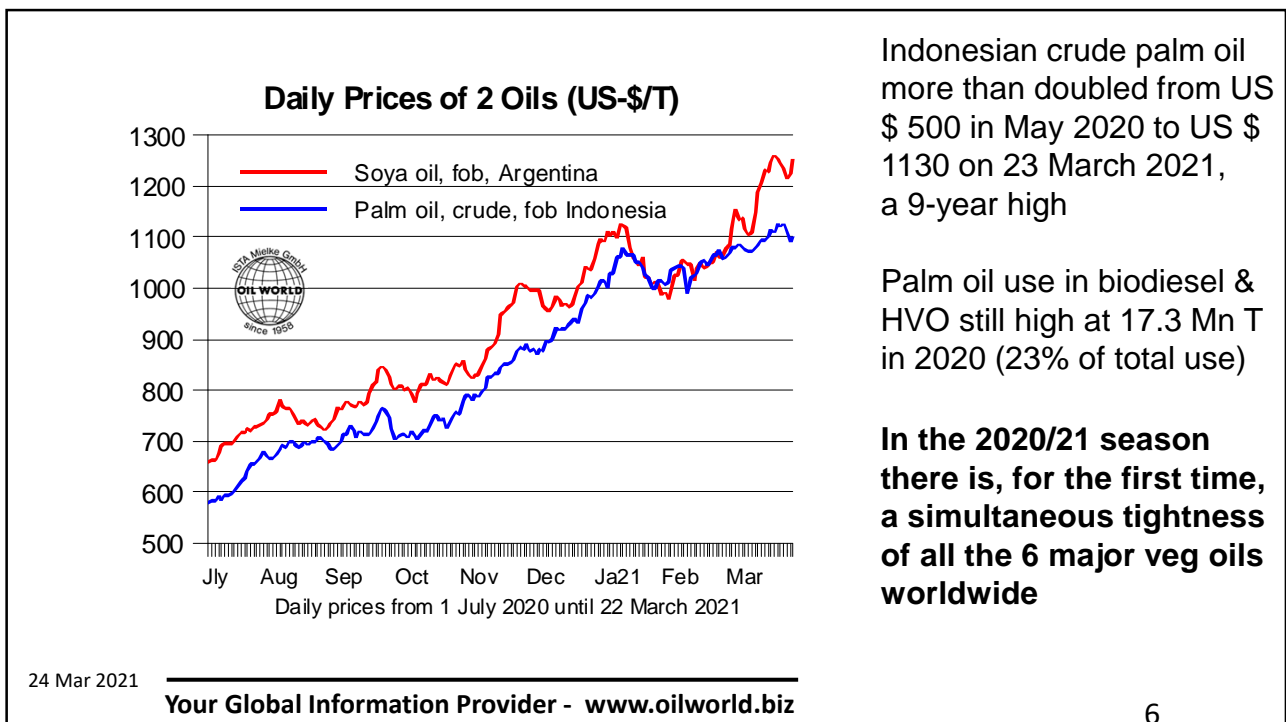


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Palm oil prices rallied to a 9-year high

Record price spread to fossil fuels

Discretionary palm oil demand for energy almost zero

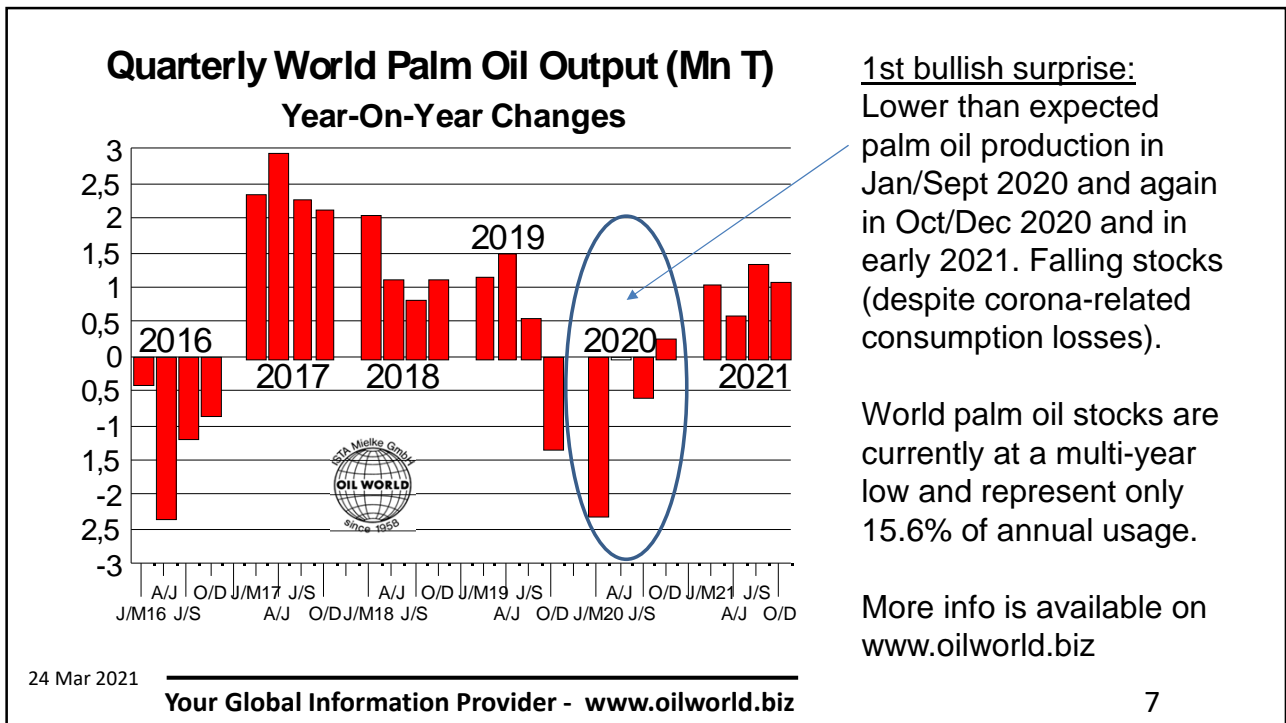


Indonesian crude palm oil more than doubled from US \$ 500 in May 2020 to US \$ 1130 on 23 March 2021, a 9-year high

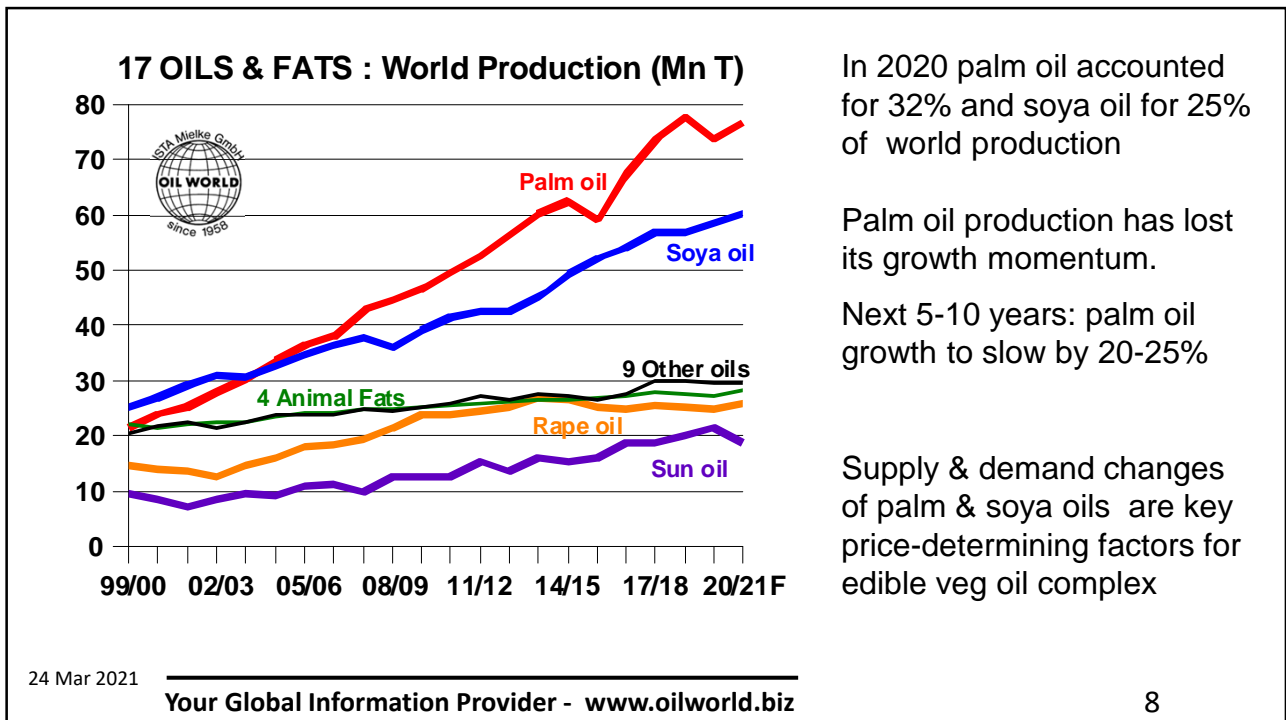
Palm oil use in biodiesel & HVO still high at 17.3 Mn T in 2020 (23% of total use)

In the 2020/21 season there is, for the first time, a simultaneous tightness of all the 6 major veg oils worldwide

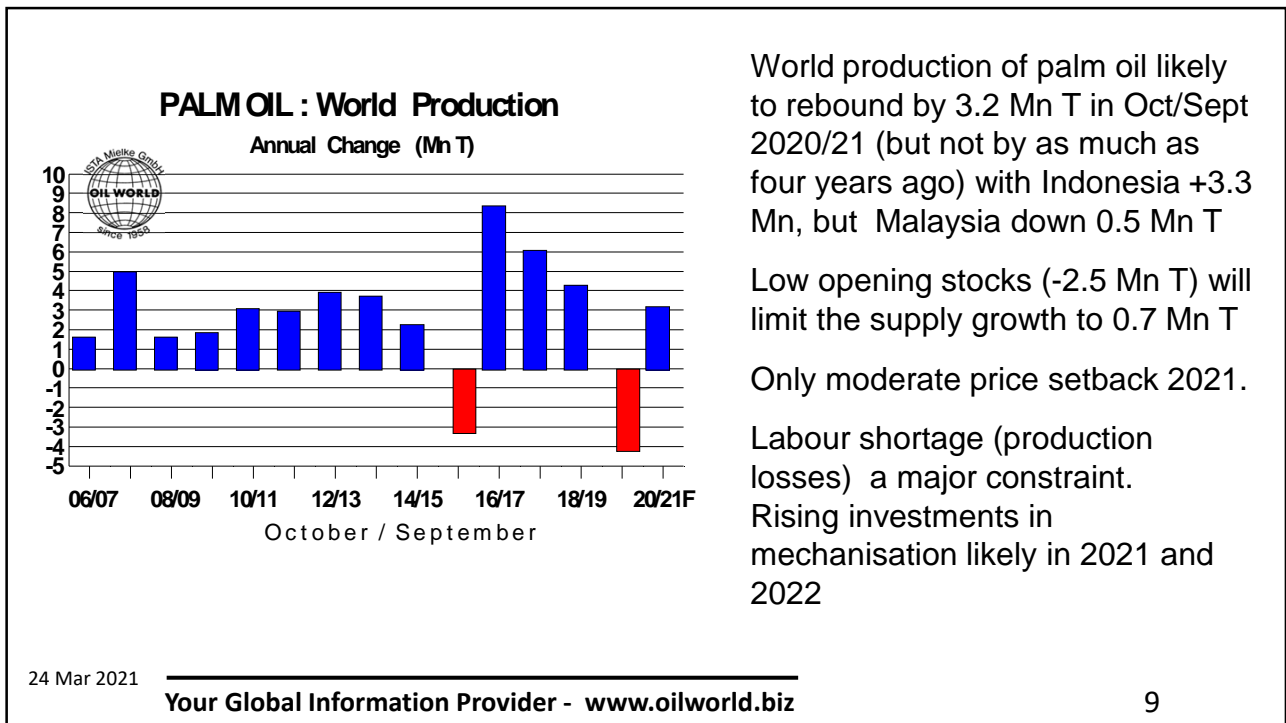
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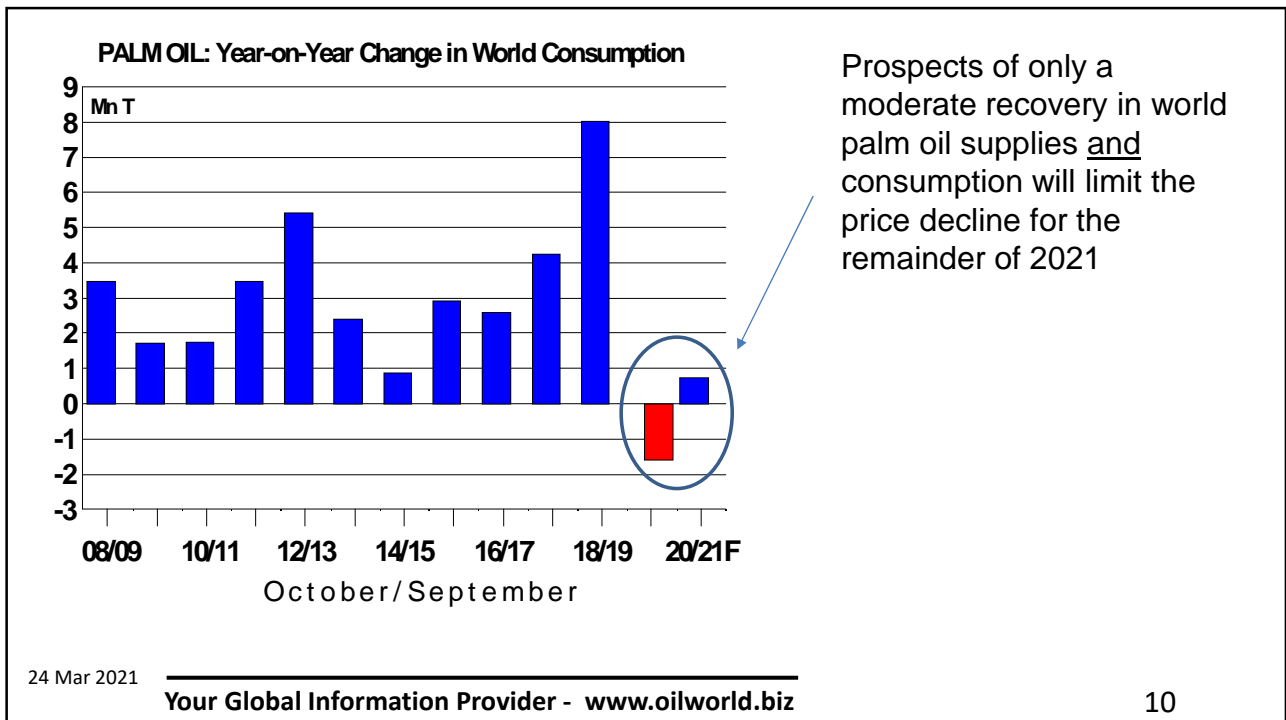
World production of palm oil likely to rebound by 3.2 Mn T in Oct/Sept 2020/21 (but not by as much as four years ago) with Indonesia +3.3 Mn, but Malaysia down 0.5 Mn T

Low opening stocks (-2.5 Mn T) will limit the supply growth to 0.7 Mn T

Only moderate price setback 2021.

Labour shortage (production losses) a major constraint. Rising investments in mechanisation likely in 2021 and 2022

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Prospects of only a moderate recovery in world palm oil supplies and consumption will limit the price decline for the remainder of 2021

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Big Production Losses in Sunflower Complex

2nd bullish blow:

Drought in July/Sept 2020 severely damaged sunflowerseed crops in the Black Sea region

World sunseed output down 5.5 Mn T in 20/21
 in Russia down 2.1 Mn
 in Ukraine down 2.4 Mn

Lower oil content

World production of sun oil down even 3.0 Mn T in Oct/Sept 2020/21. Sun oil exports down 2.9 Mn T.

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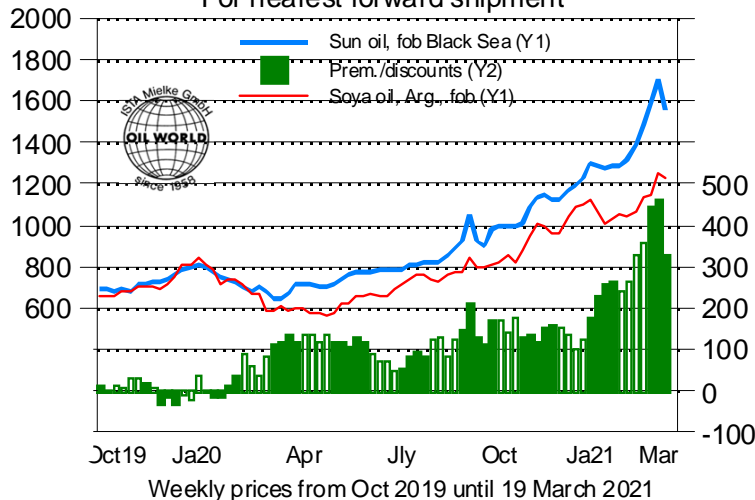
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Big Production Losses in Sunflower Complex

Weekly Prices of Sun Oil & Soya Oil (US-\$/T) For nearest forward shipment



Skyrocketing sun oil prices trigger rationing of consumption

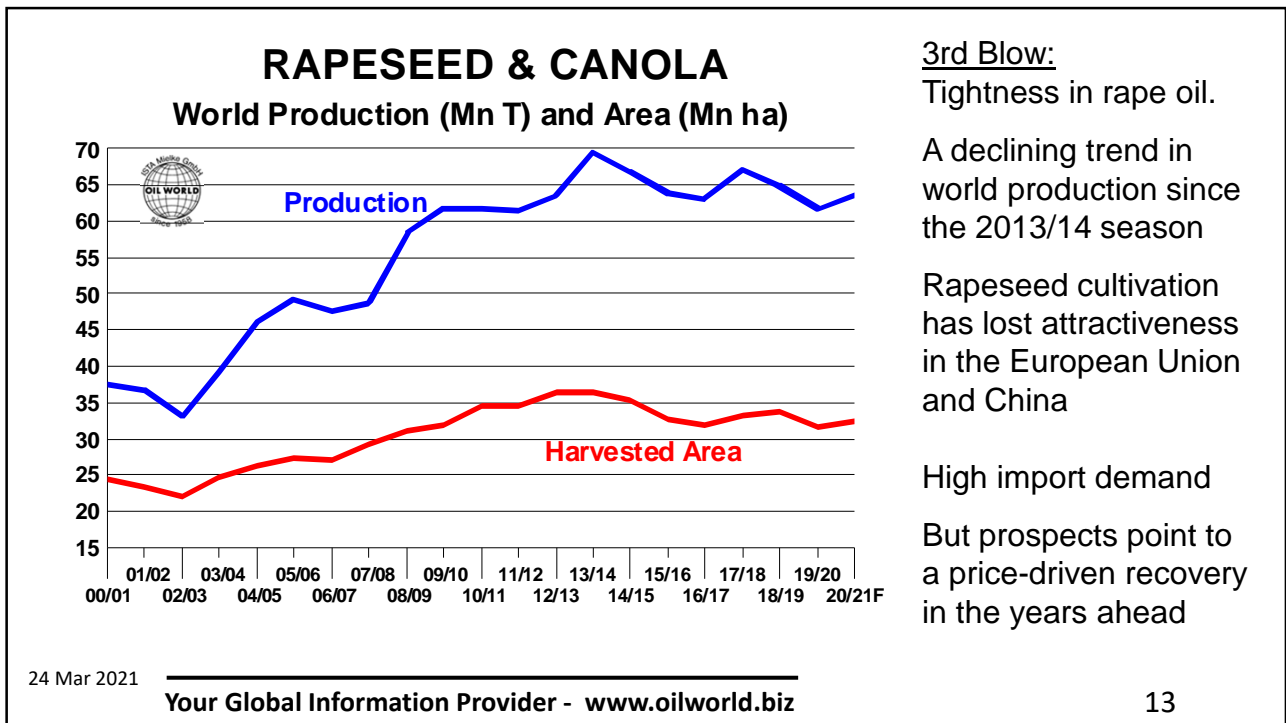
Demand shifts have been price-supportive for soya and palm oils

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3rd Blow:

Tightness in rape oil.

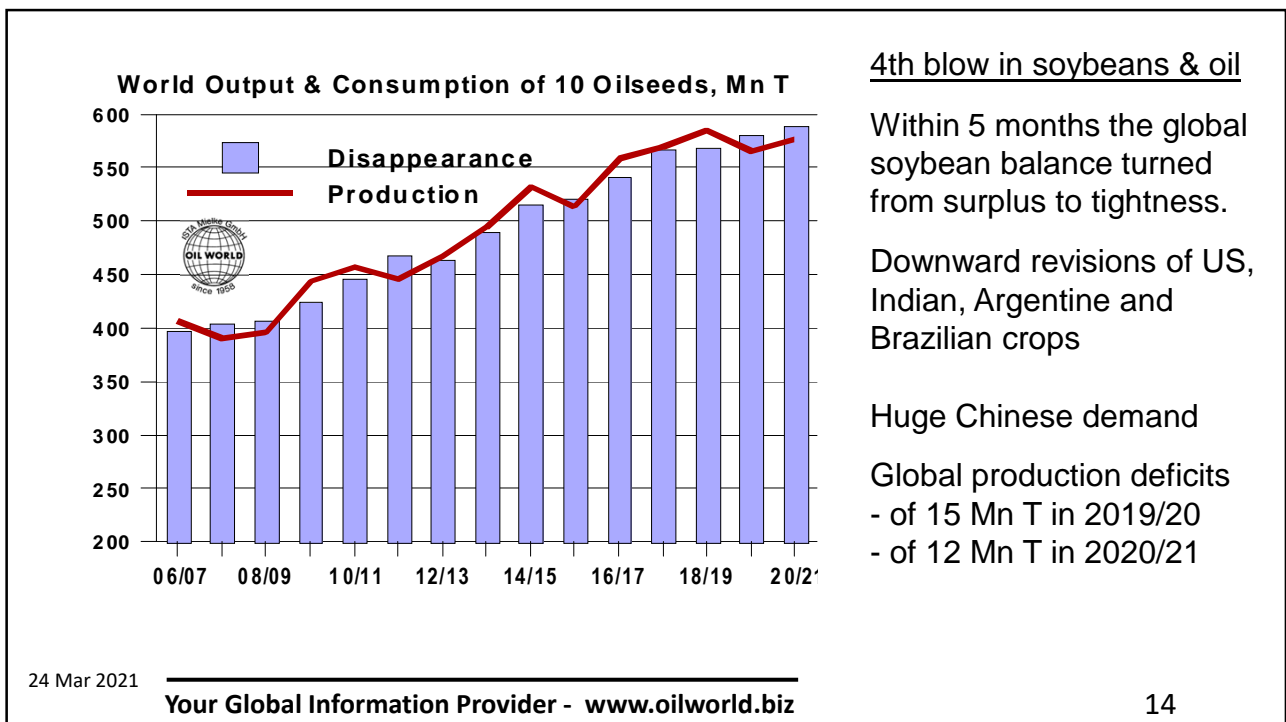
A declining trend in world production since the 2013/14 season

Rapeseed cultivation has lost attractiveness in the European Union and China

High import demand

But prospects point to a price-driven recovery in the years ahead

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4th blow in soybeans & oil

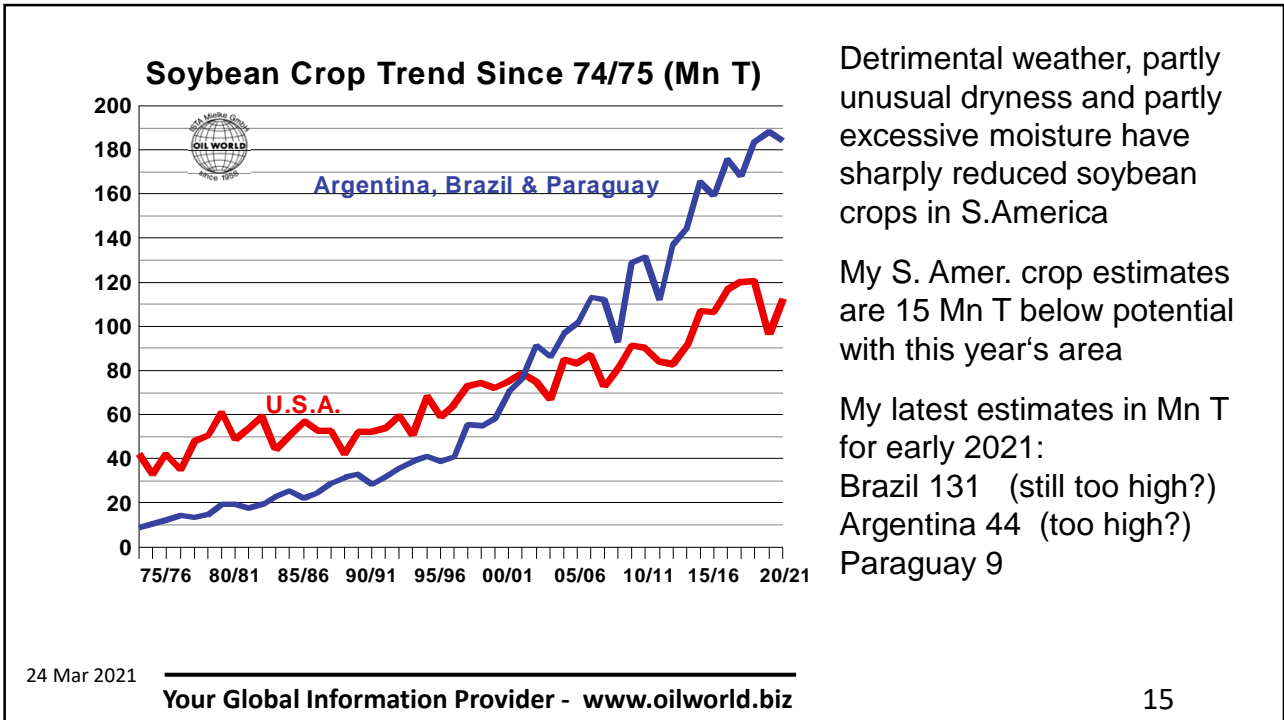
Within 5 months the global soybean balance turned from surplus to tightness.

Downward revisions of US, Indian, Argentine and Brazilian crops

Huge Chinese demand

Global production deficits
 - of 15 Mn T in 2019/20
 - of 12 Mn T in 2020/21

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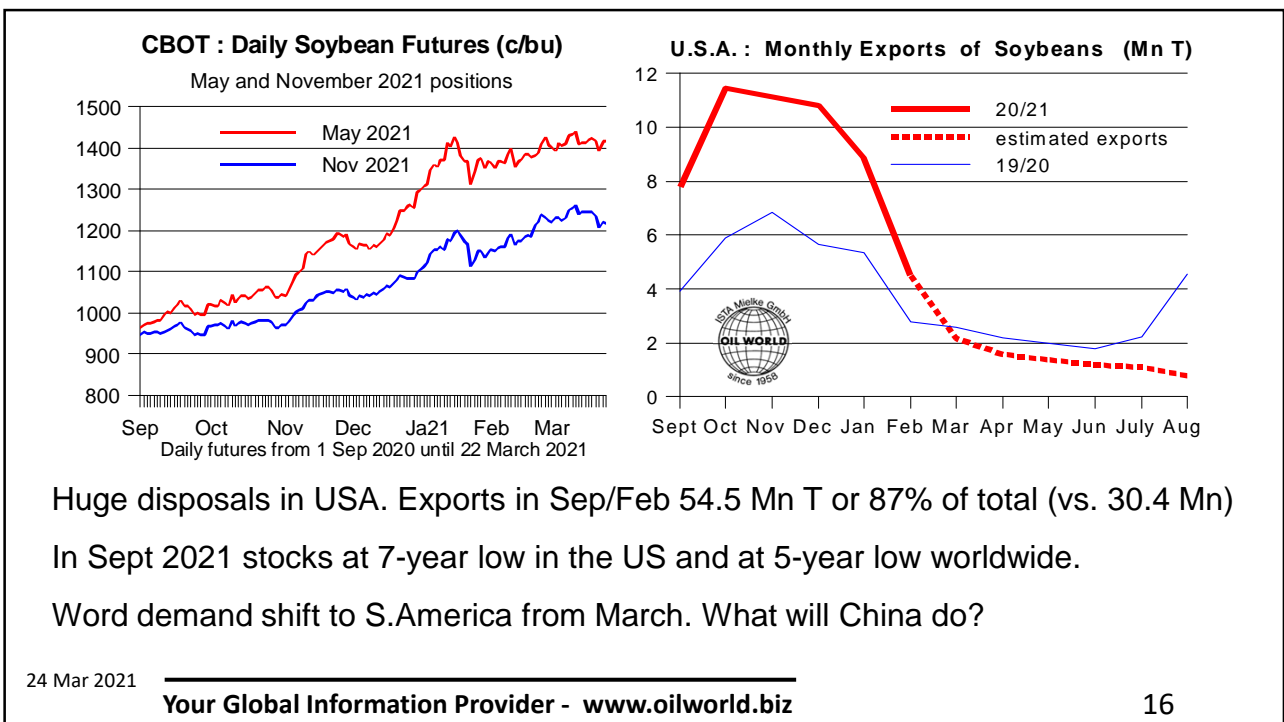


Detrimental weather, partly unusual dryness and partly excessive moisture have sharply reduced soybean crops in S.America

My S. Amer. crop estimates are 15 Mn T below potential with this year's area

My latest estimates in Mn T for early 2021:
 Brazil 131 (still too high?)
 Argentina 44 (too high?)
 Paraguay 9

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Production deficit this season in the 2nd consecutive year

Soybean crushings up 10-11 Mn T

Stocks declining worldwide (5-year low)

On the demand side Chinese buying is key uncertainty to watch

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SOYBEANS : World Supply and Demand (Mn T)

	20/21F	19/20	18/19	17/18
Opening stocks	98.60	111.35	93.56	93.77
Production	354.49*	339.93	361.36	343.36
Total supply	453.09*	451.28	454.92	437.13
Crush	320.60*	310.00	302.00	302.86
Other-use	43.90*	42.68	41.57	40.71
Ending stocks	88.59*	98.60	111.35	93.56
U.S.A. Aug 31	3.20*	14.28	24.74	11.92
Argentina Aug 31	31.80*	32.93*	32.90*	23.60*
Brazil Aug 31	25.20*	24.42*	36.63*	35.62*
Other countries	28.39*	26.97*	17.08*	22.42*
Stocks/usage	24.3%	28.0%	32.4%	27.2%

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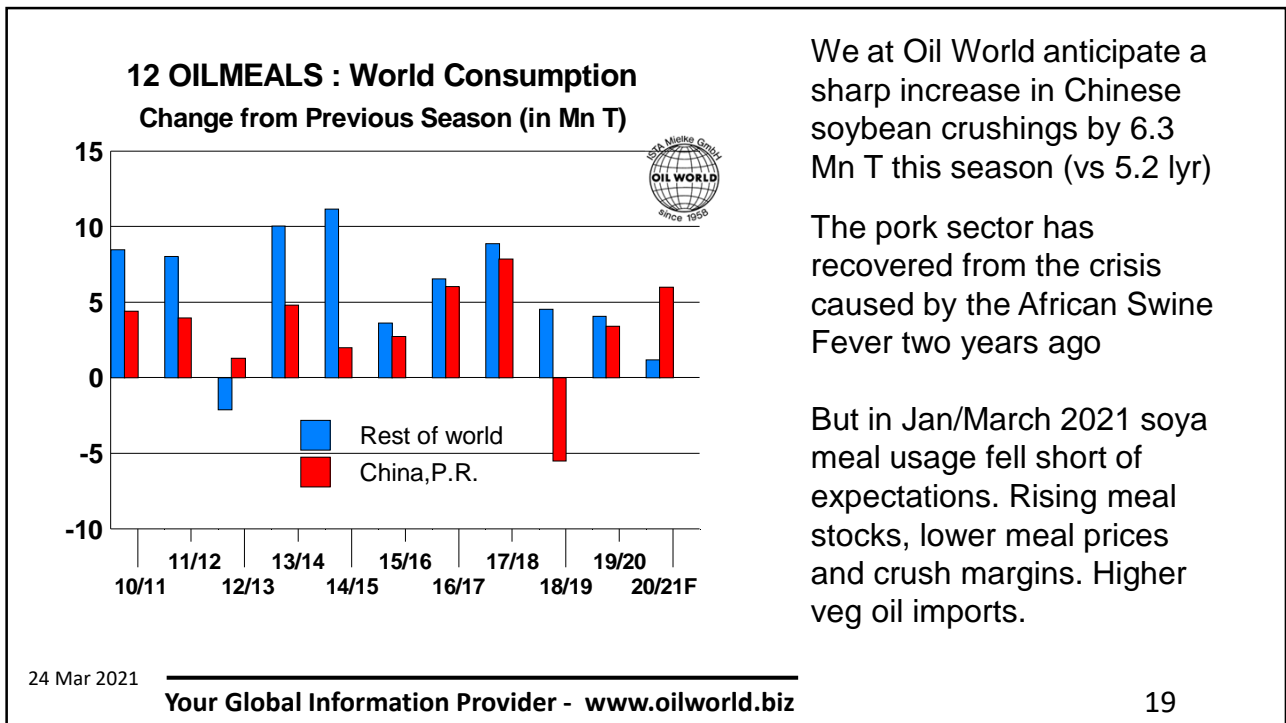
Increasing Dependence on Soya Meal Worldwide

12 Oilmeals: World Production (Mn T)

12 OILMEALS : World Production Change from Previous Season (in Mn T)

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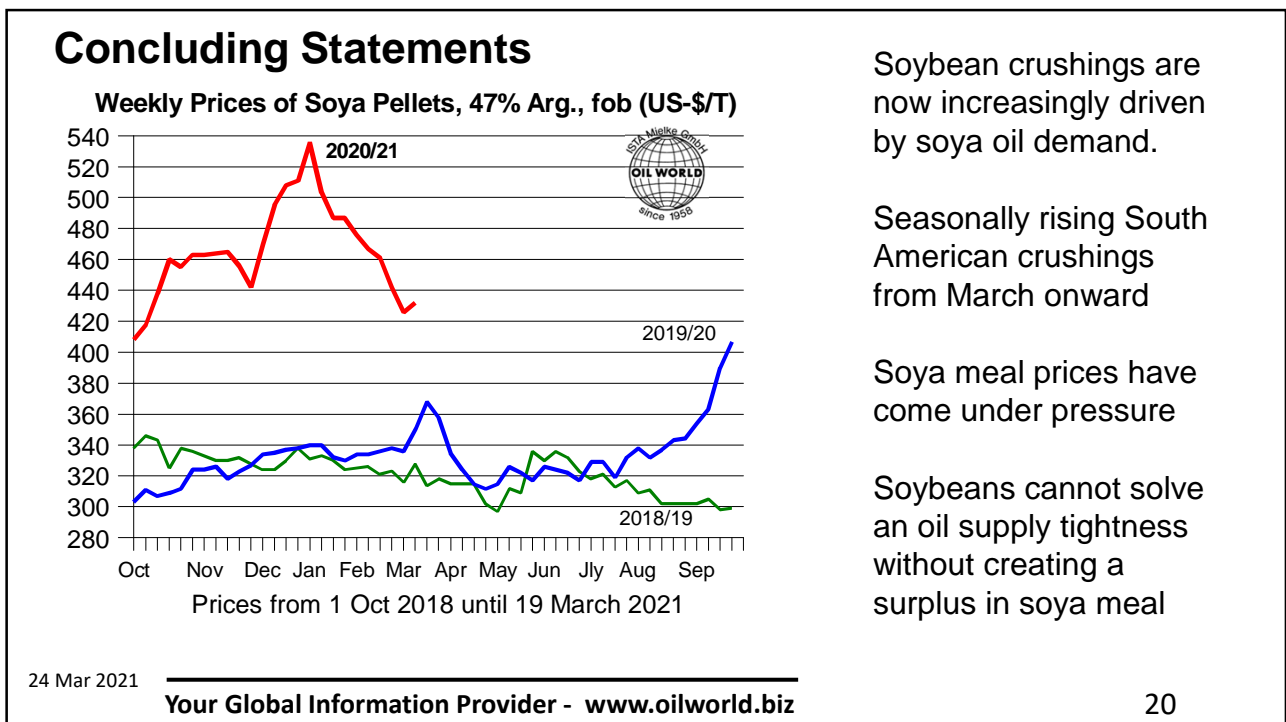


We at Oil World anticipate a sharp increase in Chinese soybean crushings by 6.3 Mn T this season (vs 5.2 lyr)

The pork sector has recovered from the crisis caused by the African Swine Fever two years ago

But in Jan/March 2021 soya meal usage fell short of expectations. Rising meal stocks, lower meal prices and crush margins. Higher veg oil imports.

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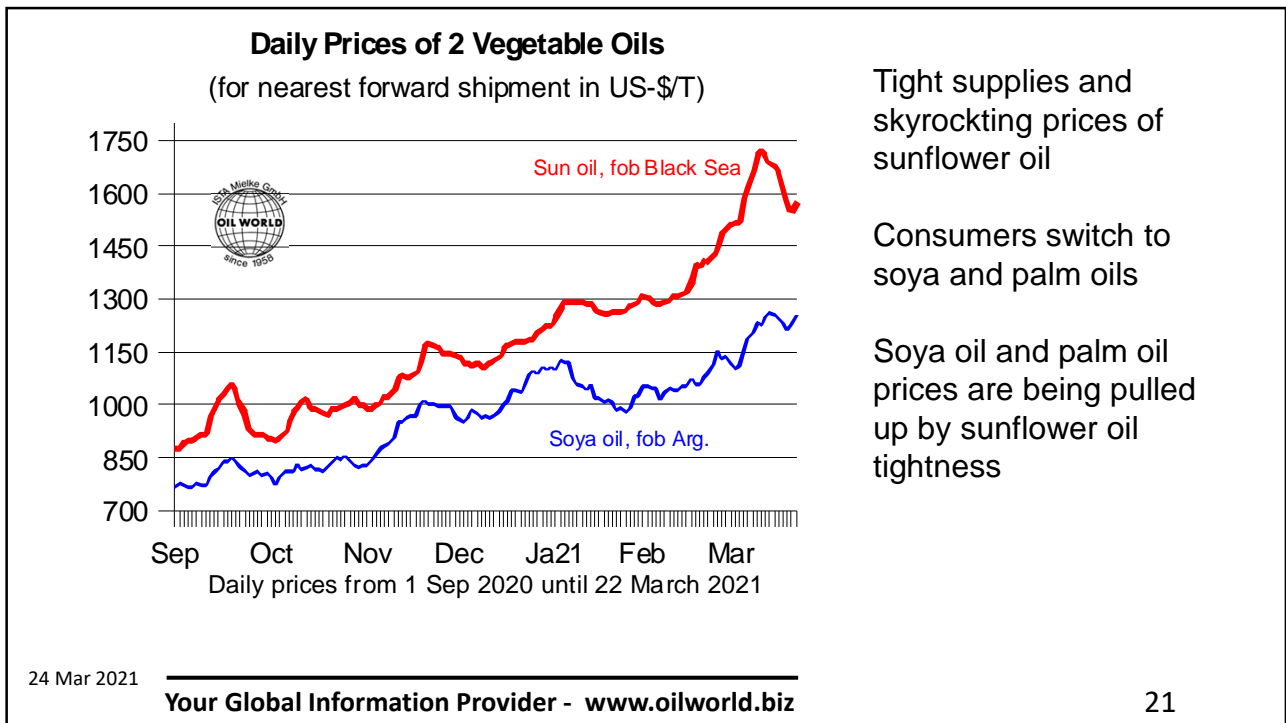
Soybean crushings are now increasingly driven by soya oil demand.

Seasonally rising South American crushings from March onward

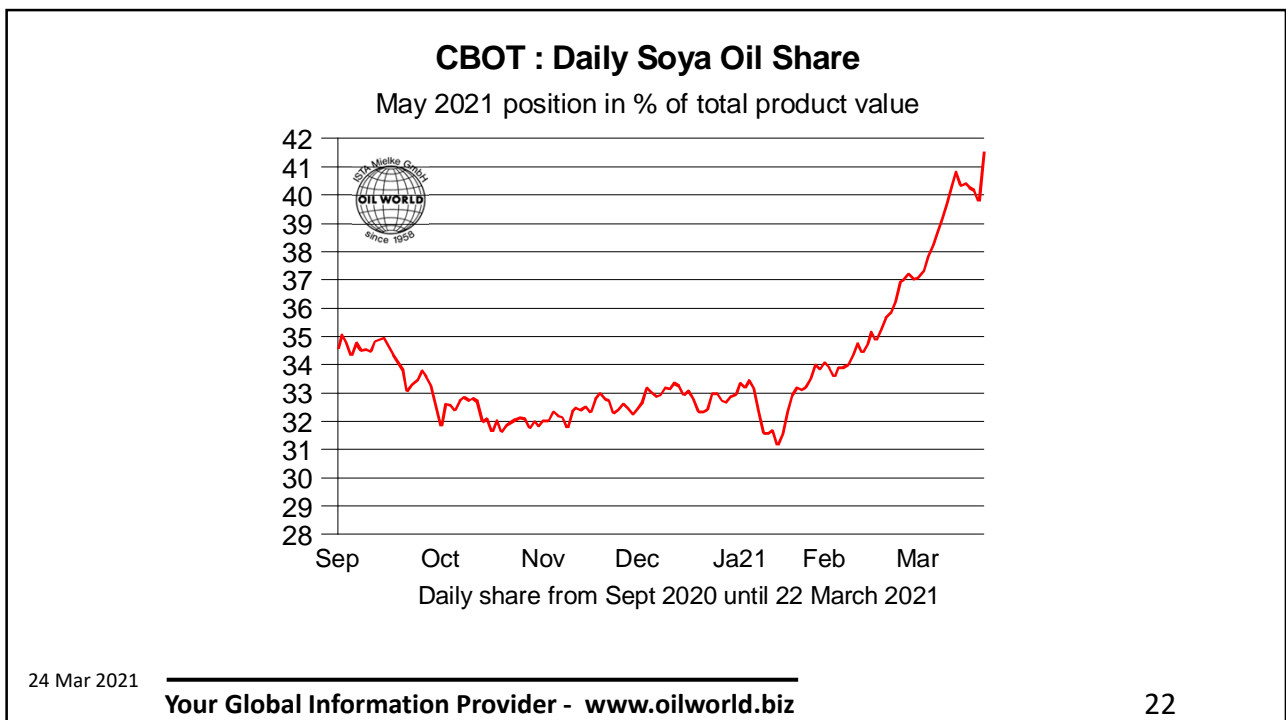
Soya meal prices have come under pressure

Soybeans cannot solve an oil supply tightness without creating a surplus in soya meal

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Concluding Statements



17 OILS & FATS : World Supply & Demand (Mn T)

	Forecast 20/21F	October / September			
		19/20	18/19	17/18	16/17
Op'g stocks	30.92*	32.79	32.55	28.21	27.61
Production	239.77*	235.49*	237.67	233.22	220.30
<i>Annual change</i>	<i>+1.8%</i>	<i>-0.8%</i>	<i>+1.9%</i>	<i>+5.9%</i>	<i>+6.9%</i>
Imports	95.62*	96.22*	97.04	89.31	88.69
Exports	95.37*	99.39*	97.46	90.28	89.47
Consumption	240.28*	237.20*	237.02	227.89	218.92
<i>Annual change</i>	<i>+1.3%</i>	<i>+0.1%</i>	<i>+4.0%</i>	<i>+4.1%</i>	<i>+3.3%</i>
End stocks	30.66*	30.92*	32.79	32.55	28.21
Stocks/usage	12.8%	13.0%	13.8%	14.3%	12.9%

For the first time, world consumption did not increase in 2019/20 (partly due to covid + lockdowns)

Vegetable oils stocks very low. (Exception is China)

Another production deficit in 2020/21, reducing stocks again

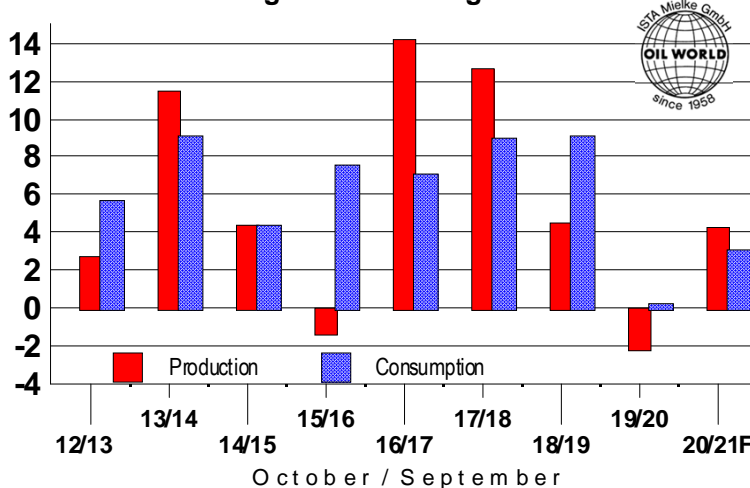
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17 OILS & FATS: Production & Use Change From Year Ago in Mn T



Another below-average consumption growth this season

17 oils: Biggest usage increases in 2020/21:
->US, Braz & Indonesia up 2.2 Mn combined

-> China up 1.0 Mn T
-> India up 0.3-0.4 Mn
-> Oth cties down 0.5

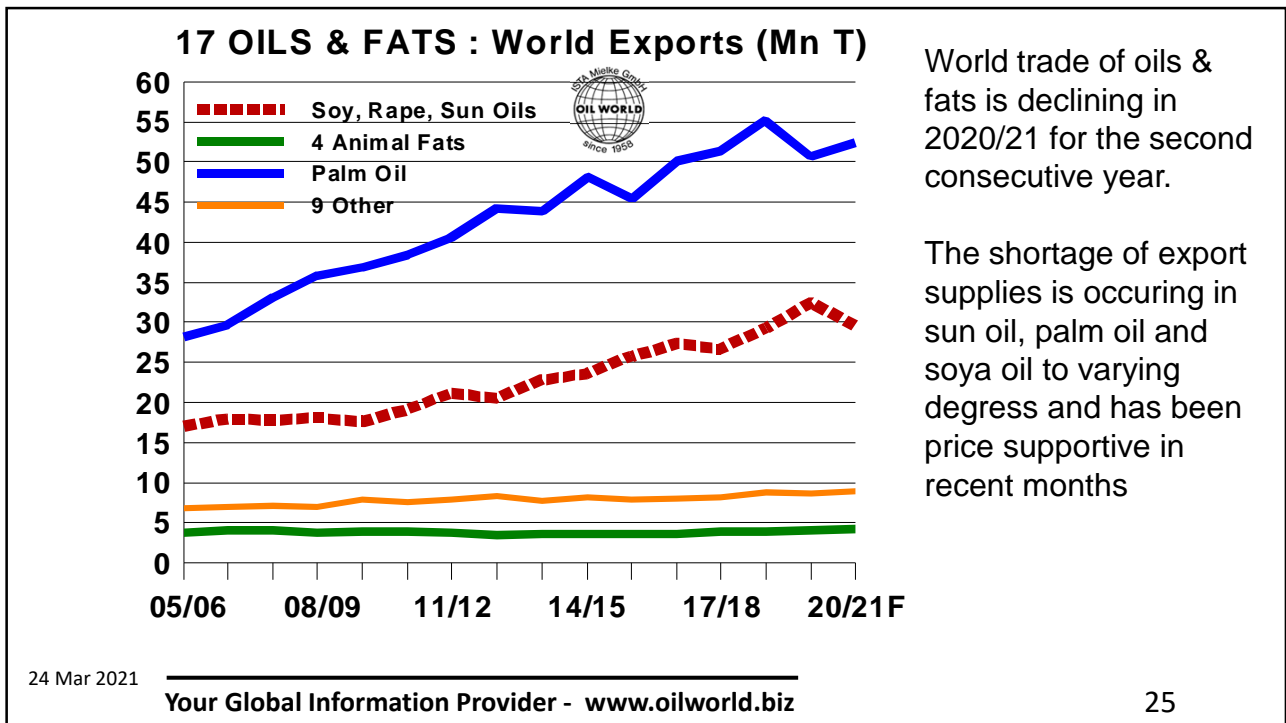
Details released in the new Oil World Monthly www.oilworld.biz

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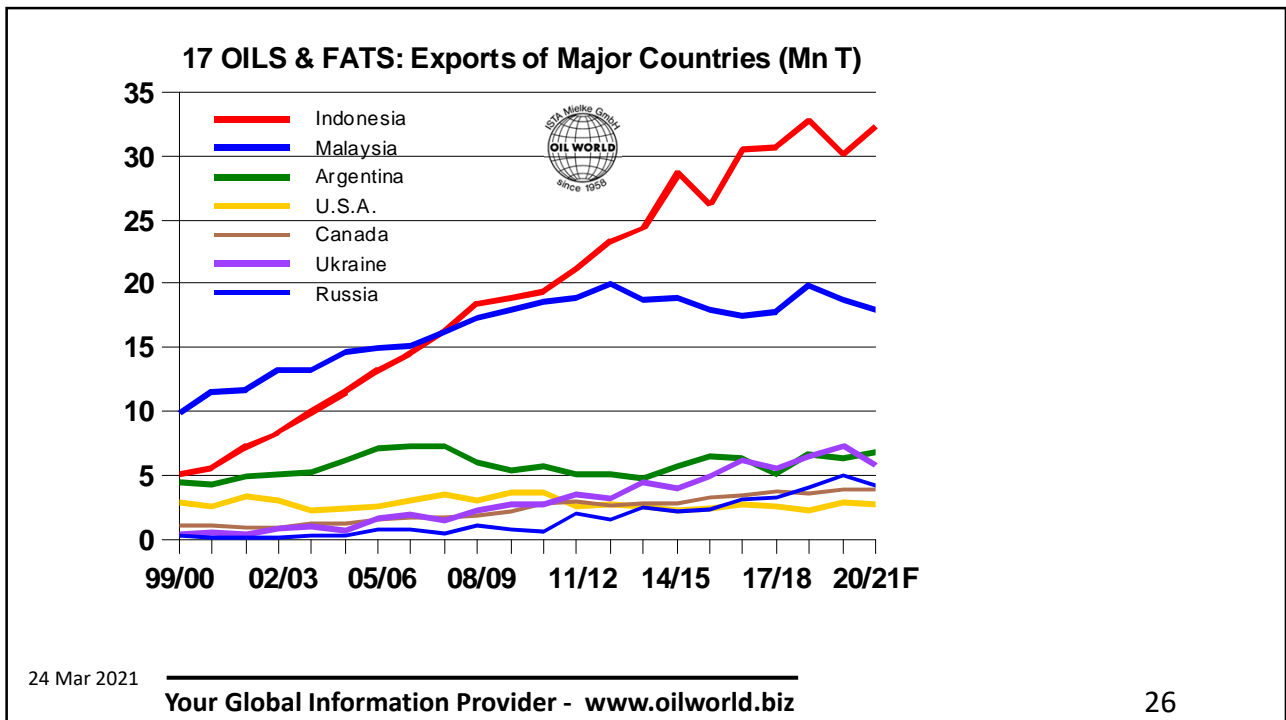
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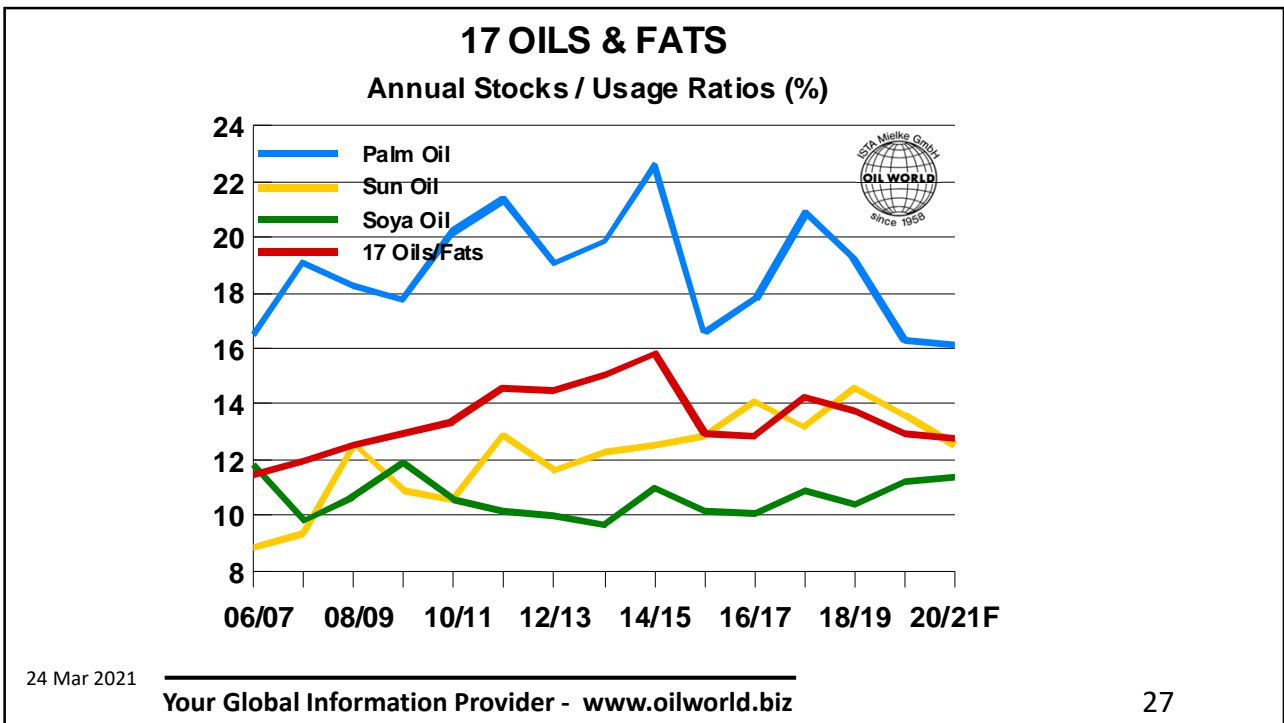
World trade of oils & fats is declining in 2020/21 for the second consecutive year.

The shortage of export supplies is occurring in sun oil, palm oil and soya oil to varying degrees and has been price supportive in recent months

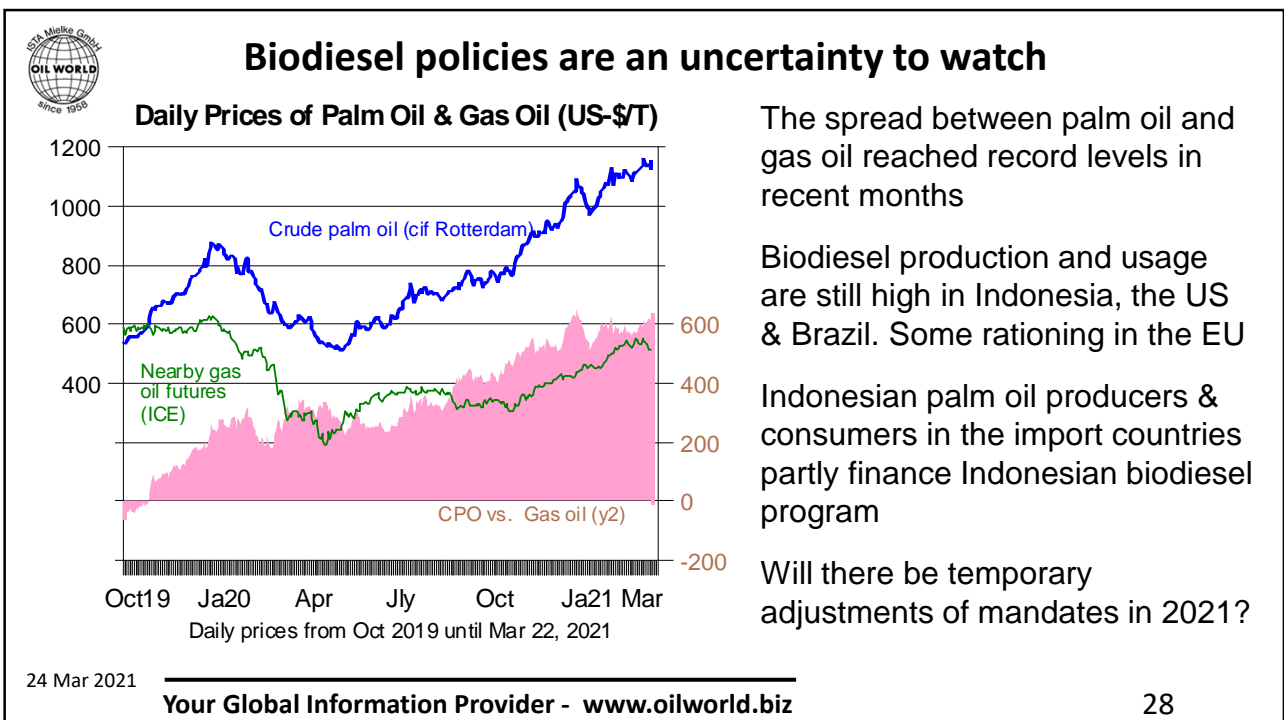
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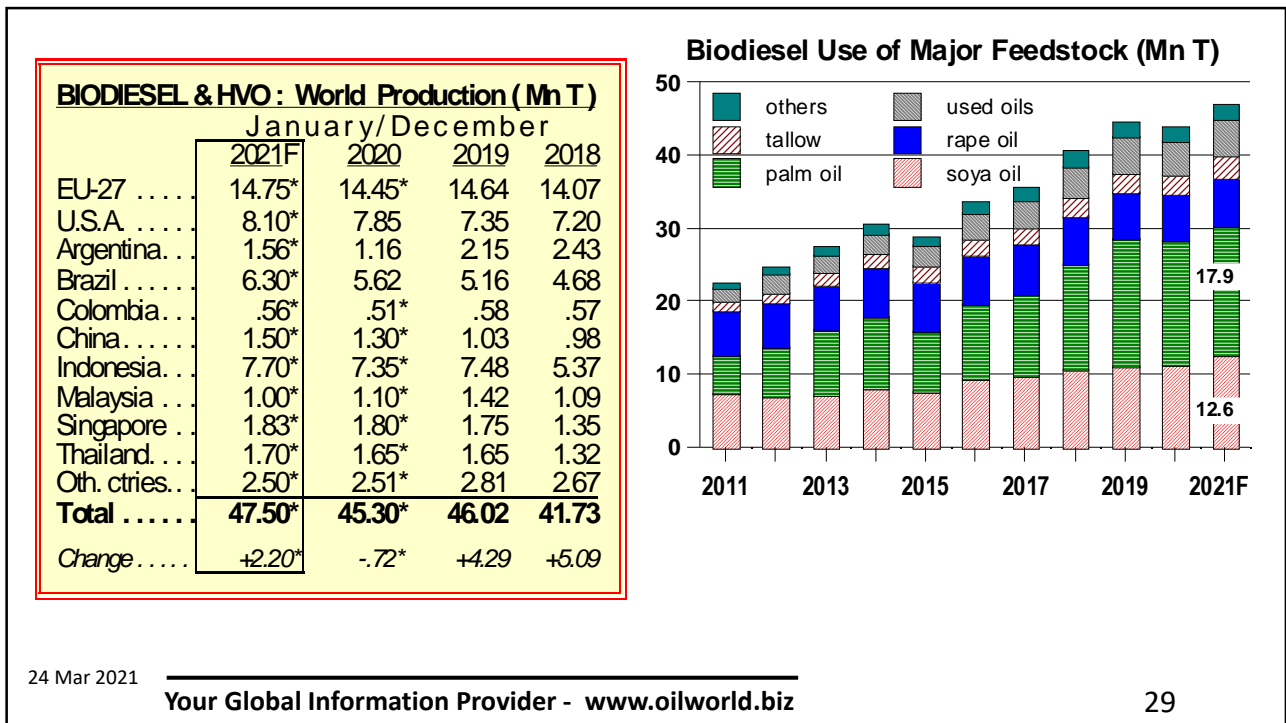
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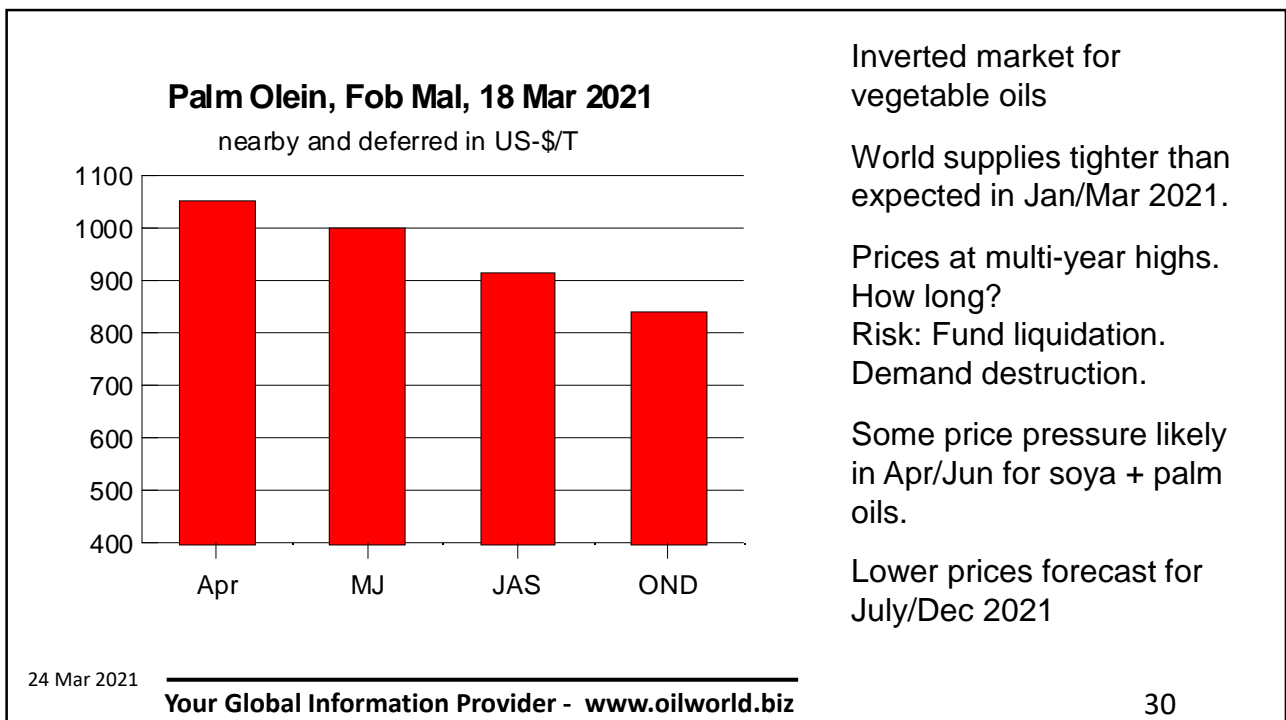
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Price forecasts Jan/Dec 2021 (average of range forecast)

Soya oil, Arg. fob, US \$ 1100

RBD palm olein, Mal fob, US \$ 950

Selected Nearby and Deferred Prices (US-\$/T)



As of March 18, 2021:	Nearby		Deferred Positions	
	1.	2.	3.	4.
Soybeans, cif Rot	579 Ap	579 My	588 Je	519 O
Soya pell, Arg, fob.	422 Ap	422 My	421 Je/Jy	424 Ag
Soya oil, Arg, fob.	1213 Ap	1198 My	1152 Je/Jy	1096 Ag/S
Sun oil, Black Sea,fob . .	1590 Ap	1610 My/Je		
Palm oleinRBD fob Mal . .	1055 Ap	1000 My/Je	915 Jy/S	840 O/D
Coconut oil, cif Rott.	1555 Ap/My	1550 My/Je	1545 Je/Jy	

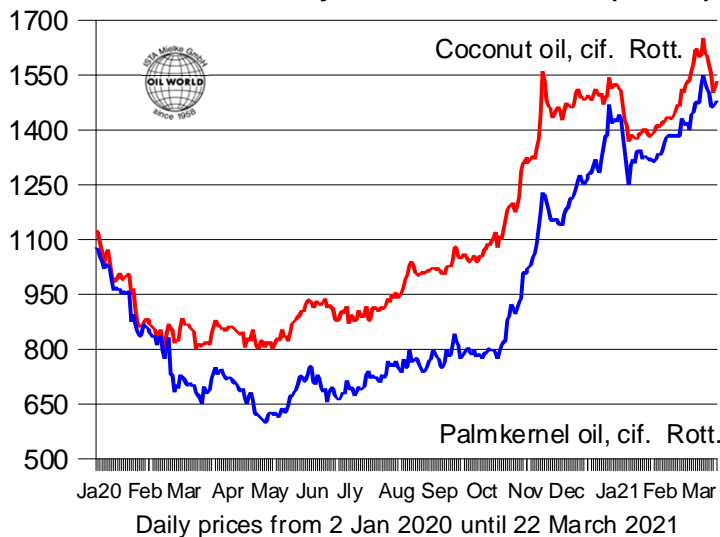
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LAURIC OILS: Daily Prices in Rotterdam (US-\$/T)



Coconut oil prices doubled during the past 10 months

CNO & PKO production lower than expected, but recovery in July/Dec 2021
Coconut oil premium set to narrow relative to PKO

Price forecasts J/D 2021:

Coconut oil - US \$ 1380
Palmkern oil - US \$ 1310

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How long will current tightness last? Uncertainties:

- 1) The weather. 2) Chinese policies (imports & reserve stocks)
- Covid-19 pandemic. How quickly can the vaccination be done?
- Several Governments apply export restrictions to curb domestic food-price inflation. More to come?
 - this is a disincentive for producers to expand (contra-productive)
- Impacts of current very high prices on consumption
 - In many developing countries edible oil consumption will be affected
- High volatility from rising fund activity and money flows
- Farmers will increase plantings and investments for 2021/22

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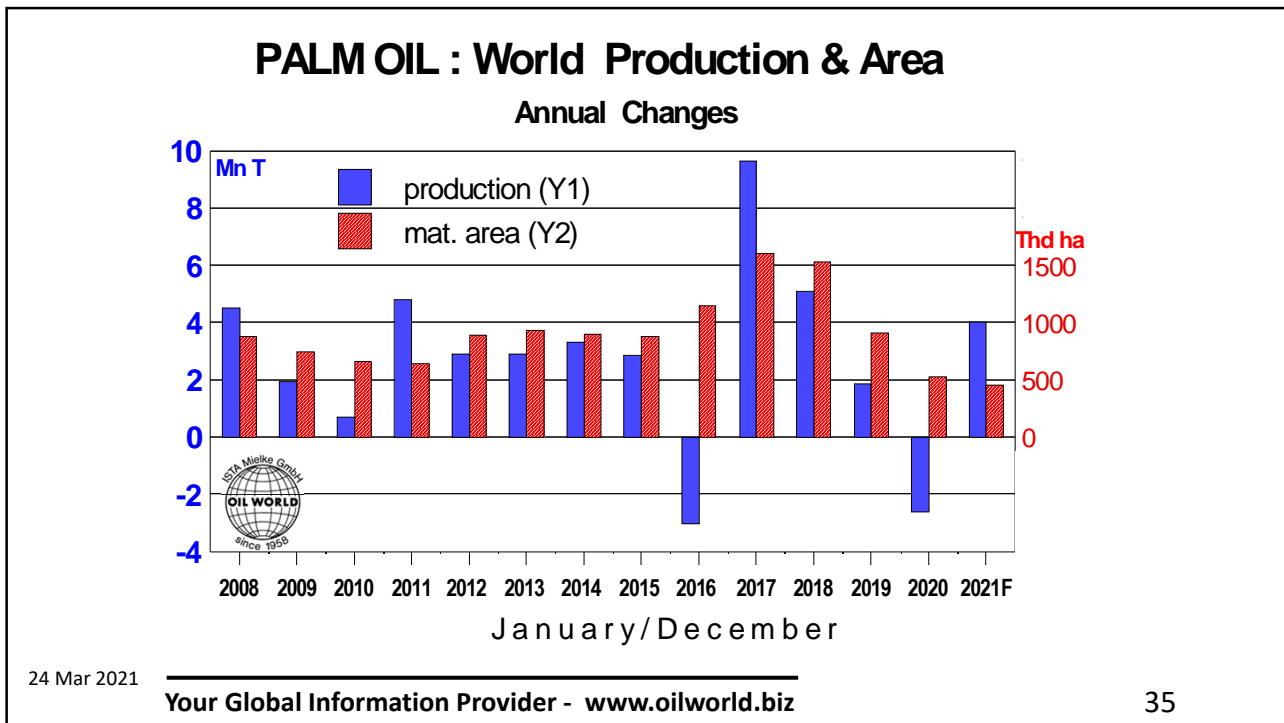
- Prices are likely to stay elevated and above average throughout 2021, but weaken from current levels, if world production of 10 oilseeds rebounds in 2021/22 (on the assumption of higher plantings and normal to favourable weather) and a global production surplus becomes likely.
- My 2021/22 world production forecasts (tentative):
 - soybeans to 379 Mn T (against 354 in 2020/21), of which the USA 122 Mn T (vs. 113), Brazil 138 (vs. 131), Arg. 50 (vs. 44).
 - Rapeseed & canola 66 (64) and sunflowerseed 56 Mn T (vs. 50).
- I currently expect a recovery of oilseed stocks in 2021/22.
- Veg oil stock recovery may take longer if palm oil growth is low

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Thank You for Your Attention!

More market info required?
You may get in touch with me

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