

MARKET DEVELOPMENTS

In Malaysia palm oil prices have been under pressure today, primarily in the nearby positions. The April contract suffered a setback by 21 ringgit, pressured by today's announcement to peg the export tax on crude palm oil at 5% in April after a 3-month suspension.

While the reintroduction of an export duty did not come unexpected, the market is also discounting reports of a pronounced increase of palm oil output in southern parts of the Malaysian Peninsula by 36% in March according to a producer association. Nationwide the seasonal production increase in March fluctuated between 16 and 33% in the past four years. Considering the high basis of comparison established in February, the preliminary indications indeed point to an unusually high production level in March.

US soybean futures prices continued to recover slightly yesterday but are still far from recouping the steep losses suffered on Monday. The announcement of additional US import tariffs on Chinese products scheduled for today is expected with some nervousness in the agricultural sector. There are reports that Chinese officials are considering to raise duties on imports of US soybeans, sorghum and hogs, depending on the level of protectionist measures taken in the US. The threat of a trade conflict involving the soybean market is thus still real.

The major Argentine soybean growing areas received no rainfall yesterday and it will remain dry today and tomorrow. Some rainfall expected on March 24 and 25 will predominantly benefit the northern producing areas but miss the bulk of the soybean belt. The prevailing dry spell is speeding up harvesting of early sown soybeans and further erodes the yield potential of the late sown crop which will be harvested only towards the end of April/early May.

Argentine soybean crushings are expected to recover from unusually low levels in coming months when the decimated new-crop supplies become available. However, a localized strike of workers at crushing plants may expand in the near term if unions and processors cannot settle their dispute regarding the recent dismissal of workers.

In Europe rapeseed prices recovered somewhat yesterday but are still at sizable discount versus soybeans. Rapeseed prices are supported on a relatively low level by the rally of rape meal prices so far this month, which, in turn, received support from limited rape meal output in Europe and growing requirements owing to the soya meal shortage.

Rapeseed oil widened the discount versus soya oil to US-\$ 31 this week and was quoted below sunflower oil, illustrating the need to revive demand for rapeseed oil in the food and fuel sectors. The combination of relatively low crushings and large imports

FUTURES: Closes Chicago, Minneapolis & Winnipeg

Chicago B.o.T.		March 21	March 20	March 14
Soybeans	May 2018	1029.75	1028.25	1032.25
(c / bu)	July 2018	1040.50	1039.00	1043.00
	Nov 2018	1026.25	1025.00	1028.75
Soya oil	May 2018	32.37	31.74	31.71
(c / lb)	July 2018	32.60	31.97	31.95
	Dec 2018	33.17	32.55	32.50
Soya meal	May 2018	364.50	361.70	370.90
(\$ / ST)	July 2018	366.80	364.20	372.50
	Dec 2018	359.00	357.80	363.30
Corn	May 2018	375.00	374.50	388.75
(c / bu)	July 2018	383.00	382.50	396.75
	Dec 2018	396.75	397.25	407.75
Winter wheat (a)	May 2018	453.50	453.00	488.75
(c / bu)	July 2018	469.25	468.75	506.25
	Dec 2018	507.25	506.50	543.50
Minneapolis				
Spring wheat (b)	May 2018	589.25	593.25	621.75
(c / bu)	July 2018	598.75	602.50	628.25
	Dec 2018	620.00	624.50	642.25

Price ratios on the CBoT:

Nov 2018 soybeans vs. Dec corn	2.59	2.58	2.52
Nov 2018 soybeans vs. Dec wheat	2.02	2.02	1.89

S.American basis vs. nearby CBoT soya oil futures (c/lb)

Brazil fob	+1.69	+1.83	+1.92
Argentina fob	+1.60	+1.78	+1.83

ICE Winnipeg

Canola	May 2018	521.00	519.80	518.40
(Can\$ / T)	July 2018	526.60	525.30	524.10

(a) Soft red variety. (b) Hard red variety.

FUTURES: Closes in Europe, Kuala Lumpur and New York

Euronext (Matif) Paris		Mar 21	Mar 20	Mar 14
Rapeseed	May 2018	347.50	346.00	346.75
(Euro/T)	Aug 2018	345.50	343.75	343.75
Wheat	May 2018	162.75	162.50	165.00
(Euro/T)	Sep 2018	167.50	167.75	170.25

Palm oil on the Bursa Malaysia Derivatives (BMD)

Ringgit	Apr 2018	2459	2450	2448
per Tonne	May 2018	2458	2444	2440
	Jun 2018	2448	2435	2436

Crude mineral oil (US-\$ per barrel)

Brent, ICE	May 2018	69.47	67.42	64.89
WTI, NYMEX	Apr 2018	65.17	63.40	60.96

Exchange Rate, ECB

US-\$ per 1 Euro spot . . .	1.2286	1.2276	1.2369
Euro per 1 US-\$ spot . .	0.8139	0.8146	0.8085
Can\$ per 1 US-\$ spot . .	1.2980	1.3066	1.2930
CN-Yuan per 1 US-\$ spot	6.3300	6.3330	6.3133
CN-Yuan per 1 Euro spot	7.7770	7.7744	7.8089

primarily from Australia is keeping the European rapeseed market well supplied and prices under pressure.

BIODIESEL

World production of biodiesel and of HVO is tentatively forecast to increase by approximately 2.2 Mn T in Jan/Dec 2018, implying an acceleration from the subdued growth of an estimated 1.2 Mn T in 2017. Political parameters will continue to be of utmost importance for biodiesel production. In Brazil the increase of the admixture mandate from 8 to 10% in March is seen raising biodiesel production by 0.6-0.7 Mn T to a record 4.4 Mn T in 2018. This will absorb an estimated 3.4 Mn T of soya oil and 0.5-0.6 Mn T of tallow.

For Indonesia we assume an increase of biodiesel production in the vicinity of 0.8 Mn T, following a slight setback in 2017. The fulfilment of the Indonesian biodiesel mandate depends on the price spread between palm oil and crude mineral oil, which determines the costs of the subsidy programme to be covered by returns from the palm oil export levy. The converging price trends narrowed the spread to US-\$/T 170-200 in the past four months, down from an average US-\$ 370 in Jan/Dec 2017, which should promote a higher fulfilment of the mandate. However, the quantitative allocation to biodiesel producers for Nov/April 2017/18 (released in late 2017 when costs were still relatively high) was still subdued at 1.2-1.3 Mn T (vs. 1.35 Mn T a year before). This week's decision of the European Court of Justice to eliminate import duties on Indonesian biodiesel will improve export demand. It remains to be seen whether this comes at the expense of domestic use or whether Indonesian biodiesel output turns out even higher than currently estimated.

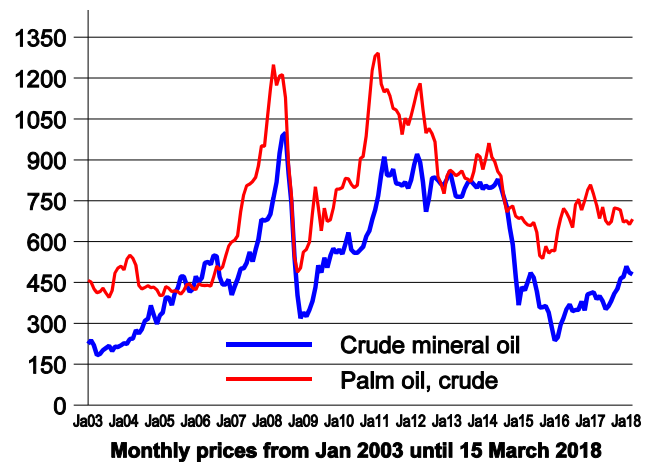
In the US several proposals to reform the RFS are still debated, including measures to raise ethanol supplies and thereby reduce RIN prices. The outcome could have repercussions on US biodiesel production. For the time being we anticipate an increase of US biodiesel and HVO production by 0.6-0.7 Mn T in 2018. According to the latest USDA forecasts soya oil use for biodiesel production is seen increasing by 0.4-0.5 Mn T in Oct/Sept 2017/18, implying an increase of biodiesel output in the vicinity of 0.8-0.9 Mn T. In Jan/Feb 2018 production increased by 0.25 Mn T.

For the EU-28 we assume biodiesel and HVO production at 13.2 Mn T in 2018, up 0.2 Mn T from a year ago. Production will be torn between some higher mandates and possibly increasing competition from biodiesel imports from Argentina and Indonesia. EU biodiesel production increased sharply by 0.4 Mn T to 13 Mn T in 2017, possibly even more according to some observers, primarily mirrored in a substantial increase of EU usage of palm oil and products.

DAILY WORLD MARKET PRICES (US-\$/T)

	Mar 21 2018	Mar 20 2018	Feb 2018	Jan 2018
Soybeans,Bra,cif Rdm	439 Ap	435 Ap	424	410
Soybeans,US,cif Rdm	430 Mr/Ap	425 Mr/Ap	418	405
Soyaoil,US, fob Gulf	758 Ap	744 Ap	766	781
Soyaoil,fob Decat,pt	681	672	682	706
Soyaoil,Dutch,exmill	817 Ap	816 Ap	842	864
Soyaoil, Brazil, fob	751 Ap	740 Ap	757	767
Soyaoil, Arg, fob	749 Ap	739 Ap	757	768
Soyapell,47%,Arg,fob	404 Ap	404 Ap	402	353
Soyameal,Arg,cif Rdm	441 Mr	438 Mr	431	386
Soyapell,Bra,cif Rdm	437 Mr	434 Mr	421	378
Sunseed fob BlackSea	388 Ap	390 Ap	380	373
Sun oil, EU, fob	785 Ap	790 Ap	794	784
Sun oil, Arg., fob	745 Ap	745 Ap	746	746
Sunoil,fob Black Sea	760 Ap	760 Ap	756	752
Sunmeal,Ukraine,DAF	240 Ap	235 Ap	206	176
Rapeseed,EU,cif Hbg	420 Ap/My	419 Ap/My	429	426
Rape oil,Dutch, fob	786 My/Jy	787 My/Jy	829	848
Rapemeal,Hbg,exmill	298 Ap	293 Ap	267	241
PalmoilCrude cif Rdm	687 Ap	682 Ap	663	677
PalmoilCrude fobIndo	648 Ap	648 Ap	650	643
PalmOleinRBD fob Mal	657 Ap	655 Ap	660	654
PalmStearinRBD fobMa	658 Ap	658 Ap	673	667
Palmkern oil cif Rdm	1030 Ap/My	1040 Ap/My	1148	1260
Palmkern exp. 21/23%	161 Ap	161 Ap	169	171
Coconut oil, cif Rdm	1125 Ap/My	1140 Ap/My	1252	1399
Fishmeal,64/65%,Brem	1597 Ap	1596 Ap	1605	1572

Monthly Prices of Palm Oil & Crude Mineral Oil (US-\$/T)



BIODIESEL and HVO : World Production (Mn T)

	January / December				
	2018F	2017	2016	2015	2014
EU-28	13.20*	13.00	12.61	12.41	12.29
U.S.A.	6.75*	6.10	6.21	4.72	4.80
Argentina	2.25*	2.87	2.66	1.81	2.58
Brazil	4.40*	3.75	3.33	3.46	3.00
Colombia . . . . .	.57*	.55*	.51	.51	.52
Singapore	1.12*	1.05*	.99	.87	.80
Indonesia	3.70*	2.92*	3.18*	1.22	2.92
Malaysia . . . . .	.85*	.72	.51	.67	.60
Thailand.	1.36*	1.33*	1.18	1.14	1.04
Oth. cties.	3.32*	3.06*	2.95*	2.89*	2.94*
Total	37.52*	35.35	34.13	29.70	31.49
Change in (Mn T)	+2.17*	+1.22	+4.43	-1.79	+3.48

ARGENTINA

Exports of soybeans and soya oil fell short of expectations in Febr, while those of soya meal were in with our estimate released in early March.

At 1.89 Mn T Argentine soya meal exports reached only a three-year low for the month of February, besides declining on the year for the sixth consecutive month primarily because of reserved farmer selling. In February Argentine production of soya meal fell short of the year-earlier level even for the seventh month in a row and is likely to stay decimated in coming months, limiting export supplies of both soya meal and oil.

Major declines occurred in Argentine soya meal shipments to the EU-28 and Vietnam in February. While exports to Algeria, Iran and Thailand declined on the month, they were still up from comparable 2017. Exports to Egypt, Indonesia, Malaysia and Turkey, on the contrary, increased from the Jan 2018 level. The EU-28 and Vietnam accounted for 53% of the setback in total Argentine soya meal shipments in Oct/Febr 2017/18.

In February a decline was registered primarily in Argentine exports of soya oil to India which received 100 Thd T (vs. 166 Thd T a year before) last month and 0.54 Mn T (vs. 0.89 Mn T) in Oct/Febr 2017/18.

MEXICO

Ongoing growth in domestic processing kept cumulative **oilseed imports** on an uptrend in Jan/Febr 2018, also reflected in further declining arrivals of oils & fats as well oilmeals.

While soybean imports declined from last year's unusually high level in the first two months of the year, canola arrivals increased to a 4-year high of 0.17 Mn T, keeping total oilseed imports above the year-ago level and bringing the cumulation since October to a multi-year high of 2.52 Mn T (up 6%).

Mexican soybean meal imports continued to decline so far this year, owing to larger domestic oilseed crushings (primarily soybeans) and record imports of DDGS (exclusively from the US). Mexican oilmeal demand is expected to increase further in 2018 as domestic poultry and pork producers are expected to benefit from robust Mexican meat demand and the looming trade conflict with the US.

Production of red and poultry meat reached a record 1.1 Mn T in Jan/Febr 2018, with the biggest increase in poultry (up 3.4%).

CORN

World exports of corn increased pronouncedly in Sept/Dec 2017 and continued to recover in Jan/Febr 2018 from the decimated year-earlier level, primarily on account of large South American shipments and front-loaded disposals in the CIS countries. Owing to strong competition from other origins exports from the US declined sharply in the first half of this season, reducing that country's share in total G-6 corn shipments from 48% a year before to 31% in Sept/Febr 2017/18 (still above 25% registered two years earlier).

However, prospects of reduced 2018 corn production in Argentina, uncertainties regarding output of second-crop corn in Brazil (which makes up the bulk of the country's export supplies) and the rally of prices at the Black Sea export locations promoted a significant increase of US corn export sales in Jan/Febr 2018, viz. by 7.5 Mn T from a year before calculated from the week ended Jan 11 until March 8. Even though actual shipments have

ARGENTINA: Exports of Soya Complex (1000 T)

	Jan		Feb		Oct/Febr	
	2018	2017	2018	2017	17/18	16/17
Soybeans	6	10	24	705	421	
EU-28	-	-	-	-	-	-
Egypt	-	-	-	114	-	-
China, PR ..	-	-	-	491	300	
Soya oil	244	219	266	1463	1979	
EU-28	-	2	1	6	6	
Algeria	-	9	1	100	16	
Egypt	31	30	-	181	136	
Morocco ...	21	9	-	55	16	
Peru	10	35	10	138	132	
Bangladesh	30	19	33	208	250	
India	100	88	166	541	885	
Iran	-	-	-	30	65	
Soya meal	1885	2235	2185	10704	12526	
EU-28	514	727	857	3557	4290	
Algeria	110	202	73	574	433	
Egypt	141	104	53	383	159	
S.Africa.Rep	40	32	36	149	283	
Indonesia ..	231	55	256	1043	1044	
Iran	54	118	-	288	538	
Malaysia ...	101	33	162	536	579	
Philippines .	81	83	-	373	150	
Saudi Arabia	45	32	-	211	159	
Turkey	84	-	197	275	625	
Vietnam ...	241	371	279	1483	1710	
Australia ...	29	77	28	283	279	

MEXICO : Imports of Oilseeds & Products

(1000 T)	Jan/Febr		Oct/Febr		
	2018	2017	17/18	16/17	15/16
10 oilseeds	801	789	2523	2389	2239
Soybeans	582	617	1690	1662	1607
Rapeseed	173	132	697	610	546
17 oils & fats	226	240	572	617	596
Soya oil	34	59	81	130	117
Rape oil	14	18	47	44	37
Palm oil	92	80	208	219	211
Tallow & Gr.	40	50	114	132	143
12 oilmeals	371	381	957	1023	1094
Soya meal	345	353	894	939	1007

not yet recovered year-on-year, we expect the US to regain some market share from other exporters in March/Aug 2018.

In Sept/Febr 2017/18 sharp increases in G-6 corn exports occurred primarily in shipments to the EU, Egypt, Mexico, China and Vietnam. In the same period exports to Iran and South Korea declined notably.

CORN : Exports of 6 Major Countries (Mn T)

From:	Jan/Feb		Sept / Feb		
	2018	2017	17/18	16/17	15/16
Russia .....	.91*	.94	2.76*	3.27	2.57
Ukraine	4.11	4.12	8.56	10.46	9.77
Canada .....	.12*	.18	.58*	.49	.50
U.S.A.	8.16*	9.72	20.68*	27.92	16.42
Argentina ...	3.18*	.95	10.82*	7.60	7.21
Brazil	4.28	1.94	22.75	7.94	29.86
Total	20.75	17.85	66.14	57.68	66.33
<u>Of which to:</u>					
EU-28	2.73*	2.19	9.02*	5.72	8.43
Africa	2.87*	2.49	8.27*	7.47	9.19
Algeria .....	.59*	.74	1.74*	1.68	2.10
Egypt	1.45*	.59	4.35*	2.52	4.05
Morocco ....	.41*	.29	1.13*	.93	.92
America	5.27*	4.80	17.44*	16.10	14.67
Mexico	1.88*	1.94	7.48*	6.38	6.23
Chile .....	.26*	.24	1.01*	.68	.24
Colombia ...	.87*	.73	2.36*	2.14	2.37
Peru .....	.58*	.42	1.77*	1.39	1.22
Asia	9.83*	8.32	31.28*	28.25	33.82
Bangladesh	.33*	.05	.89*	.62	.60
China&H.K.	.23*	.10	1.01*	.41	1.19
Iran	2.08*	1.67	4.06*	5.30	3.36
Japan	2.14*	2.44	7.03*	7.12	7.27
S. Korea	1.11*	1.28	3.83*	4.38	4.97
Malaysia ....	.50*	.51	2.05*	1.60	2.21
Saudi Arabia	.29*	.42	1.61*	1.37	1.68
Taiwan30*	.59	1.90*	1.78	2.72
Vietnam	1.35*	.56	4.40*	3.28	4.83
Rest of world	.05	.05	.13	.14	.22

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