

MARKET DEVELOPMENTS

The gradual replenishment of the Brazilian soybean pipeline is seen limiting the upside potential for US soybean prices, partly offsetting the bullishness emanating from the rapidly declining US supplies. On Febr 16, March soybean futures on the CBOT continued their recovery from the collapse registered on Febr 10 but closed below the May position for the first time since Dec 17, 2020, potentially signalling that the improvement of the soybean supply situation globally is lessening strains in the US soybean market -- at least to some extent.

High prices of soya oil and meal in late 2020 prompted US processors to crush a very large volume of an estimated 5.3-5.4 Mn T of soybeans last month, again up sizably on the year and rivalling the record level achieved in Oct 2020. However, processing margins in the US have been declining noticeably since the beginning of 2021 in order to ration soybean demand also in the domestic crush sector.

U.S.A.: Supply & Demand of Soya Oil & Meal (Mn T)

	Jan 2021	Dec 2020	Jan 2020	Oct/Jan 20/21	19/20
Soya Oil					
Open. stocks . . .	1.01	.96	.97	.84	.81
Production	1.04*	1.01	.98	4.09*	3.82
Imports . . . . .	.01*	.01	.01	.04*	.06
Exports . . . . .	.15*	.11	.06	.42*	.37
Dom. usage (b)	.85*	.87	.84	3.49*	3.24
End. stocks	1.06*	1.01	1.07	1.06*	1.07
Soya Meal					
Op'g stocks (a)	.36	.42	.34	.31	.36
Production	4.22*	4.14	4.01	16.65*	15.66
Imports . . . . .	.05*	.06	.06	.23*	.18
Exports	1.18*	1.31	.98	4.65*	4.14
Dom. usage (b)	3.10*	2.95	3.12	12.19*	11.74
End stocks (a) . .	.35*	.36	.31	.35*	.31

(a) At mills only. (b) Residual of the balance.

One of the highlights of yesterday's NOPA report was a steep increase in the US soya oil yield to 11.8 pounds per bushel in January, the highest level since Sept 2019 and compared with 11.5 lbs/ bu a year ago. This contributed to higher production of US soya oil and a further recovery of stocks to an estimated 1.06 Mn T as of end-Jan 2021. Domestic usage of soya oil continued to exceed the year-earlier level last month, benefiting primarily from strong demand as feedstock for biodiesel.

Also, the soya meal yield increased in January, viz. to 47.4 lbs/ bu, the highest level since Aug 2018 and compared with 46.9 lbs/ bu a year ago. US consumption of soya meal rose sizably on the year in Oct/Jan 2020/21, benefiting (among other things) from the reduced availability of distillers dried grains.

While the shortage of DDGS is likely to continue to support demand for alternative feed ingredients in coming months, total feed consumption in the US may be curtailed by recent high

FUTURES: Closes Chicago, Minneapolis & Winnipeg

Chicago B.o.T.		Feb 16	Feb 12	Feb 09
Soybeans	Mar 2021	1384.75	1372.00	1401.75
(c / bu)	May 2021	1385.75	1371.25	1398.75
	Nov 2021	1185.75	1173.00	1190.75
Soya oil	Mar 2021	47.27	46.04	46.52
(c / lb)	May 2021	46.61	45.40	45.77
	Dec 2021	42.24	41.27	42.00
Soya meal	Mar 2021	428.40	427.20	438.70
(\$ / ST)	May 2021	428.90	427.00	437.60
	Dec 2021	373.90	372.80	377.50
Corn	Mar 2021	552.25	538.75	556.25
(c / bu)	May 2021	549.75	536.50	554.25
	Dec 2021	457.75	448.75	455.75
Winter wheat (a)				
SRW	Mar 2021	657.50	636.75	649.50
(c / bu)	May 2021	661.50	641.25	654.00
	Dec 2021	649.75	635.75	644.50
Minneapolis				
Spring wheat (b)				
HRS	Mar 2021	631.25	616.00	626.50
(c / bu)	May 2021	641.25	626.00	637.50
	Dec 2021	662.50	649.75	657.25

Price ratios on the CBOT:

Mar 2021 soybeans vs. Mar corn	2.51	2.55	2.52
Mar 2021 soybeans vs. Mar wheat	2.11	2.15	2.16

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

Brazil fob	..	+1.90	..
Argentina fob	+1.40	+1.68	+1.11

ICE Winnipeg

Canola	Mar 2021	738.00	730.40	706.30
(Can\$ / T)	May 2021	709.20	701.00	691.90

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

FUTURES: Closes in Europe, Kuala Lumpur & New York

Euronext (Matif) Paris		Feb 16	Feb 15	Feb 09
Rapeseed	May 2021	461.50	454.00	446.25
(Euro/T)	Aug 2021	419.50	416.25	409.00
Wheat	Mar 2021	230.50	228.50	223.75
(Euro/T)	May 2021	223.25	222.50	218.75

Palm oil on the Bursa Malaysia Derivatives (BMD)

Ringgit	Mar 2021	3938	3939	3818
per Tonne	Apr 2021	3725	3715	3572
	May 2021	3535	3524	3378

Crude mineral oil (US-\$ per barrel)

Brent, ICE	Apr 2021	63.35	63.30	61.09
WTI, NYMEX	Mar 2021	60.05	..	58.36

Exchange Rate, ECB

US-\$ per 1 Euro spot	1.2143	1.2129	1.2104
Euro per 1 US-\$ spot	0.8235	0.8245	0.8262
Can-\$ per 1 US-\$ spot	1.2653	1.2652	1.2735
Mal. Ringgit per 1 US-\$ spot .	4.0300	4.0345	4.0480
CN-Yuan per 1 US-\$ spot . . .	6.4582	6.4582	6.4354
CN-Yuan per 1 Euro spot . . .	7.8422	7.8332	7.7894

prices and uncertainties regarding the further development of pork and poultry exports to China, which has recently been building up its own production capacities.

Prices of several major vegetable oils appreciated yesterday at key export and import locations, deriving strength from the ongoing global supply deficit. Some consumers are at the crossroads, postponing their purchases in the hope that prices will decline in coming months. Indeed, we expect that the current high prices will undergo a correction in Apr/Sept 2021 partly because of seasonally rising palm oil production in Southeast Asia after output fell short of expectations in Oct/Dec 2020 and in early 2021 and partly because of the prospective increase in oilseed production in the northern hemisphere this summer and autumn.

Production of soya oil in South America is expected to increase seasonally in coming months, but it remains to be seen how much of that increase will become available for export. Domestic demand for soya oil has picked up in Argentina lately due to a recovery both in biodiesel production and exports. Export prices of Argentine soya oil are currently supported also by strong export demand and still relatively low stocks. Quotations, fob Argentina, rose to a 5-week high of US-\$ 1073 on Febr 16.

Still, the discount vis-a-vis Ukrainian sun oil widened to US-\$ 277. The price gap is likely to widen further today as sun oil quotations are heading towards US-\$ 1380-1400, up US-\$ 80-100 as of end-January. Reportedly, there are currently only very few sellers in the market, while consumers in several countries are seeking to cover their requirements, following insufficient purchases in recent weeks.

World production and exports of sun oil exceeded expectations in the first 4-5 months of 2020/21. However, this implies that the supply situation in the remainder of this season will be tighter than assumed hitherto owing to decimated sunseed supplies in Russia and Ukraine and probably only limited relief coming from Argentina due to a further decline in the 2021 crop. The sharply reduced sun oil availability is the primary reason for the 1.0 Mn T reduction in world exports of the 8 key vegetable oils in Apr/Sept 2021, according to the latest OIL WORLD Monthly.

MALAYSIA

For the first time ever the total oil palm area declined last year and reached 5865 Thd ha in December 2020, 35 Thd ha below a year earlier, with reductions primarily in Johor and Perak. The total mature area still increased slightly by 15 Thd ha to 5232 Thd ha at the end of last year, while the immature area dropped to 634 Thd ha.

Replantings declined in calendar year 2020 as a result of comparatively high prices, leading to a further deterioration in the age profile of the oil palms.

The latest acreage statistics released by the Malaysian Palm Oil Board came as a surprise. We had expected a slowing-down of the growth in the total area cultivated with oil palms in line with the restrictive policy of the Malaysian government on new licenses. The total oil palm area showed an average annual increase by 160 Thd ha per annum in the 10 years until 2016, but the average annual growth slowed to only 54 Thd ha in the three years until 2019.

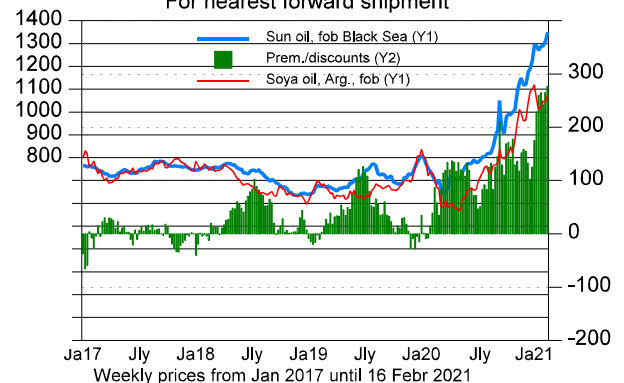
We expect very little growth in the mature palm oil area in the next few years, probably most of it occurring in Sarawak.

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

	Feb 16 2021	Feb 15 2021	Jan 2021	Dec 2020
Soybeans,Bra,cif Rdm	559 Mr	554 Mr	560	505
Soybeans,US,cif Rdm	583 Mr	578 Mr	574	513
Soyaoil,US, fob Gulf	1142 Mr	..	1084	1021
Soyaoil,fob Decat,pt	1075	..	983	905
Soyaoil,Dutch,exmill	1140 Mr	1122 Mr	1081	1020
Soyaoil, Brazil, fob	..	1057 Mr	1060	1042
Soyaoil, Arg, fob	1073 Mr	1052 Mr	1042	1022
Soypell,48%,Braz,fob	..	484 Mr	509	471
Soyapell,47%,Arg,fob	474 Mr	473 Mr	511	469
Soyameal,Arg,cif Rdm	520 Mr	518 Mr	562	494
Soyapell,Bra,cif Rdm	517 Mr	516 Mr	556	494
Sunseed fob BlackSea	715 Mr	715 Mr	684	623
Sun oil, EU, fob	1385 Mr	1355 Mr	1299	1191
Sun oil, Arg., fob	1290 Mr	1290 Mr	1264	1149
Sunoil,Black Sea,fob	1350 Mr/Ap	1325 Mr	1280	1160
Sunmeal,Ukraine,DAF	355 Mr	355 Mr	339	309
Rapeseed,EU,cif Hbg	557 Mr	546 Mr	529	500
Rape oil,Dutch, fob	1293 Mr	1274 Mr	1112	1079
Rapemeal,Hbg,exmill	373 Mr/Ap	374 Mr	379	327
PalmoilCrude,cif Rdm	1100 Mr	1115 Mr	1025	959
PalmoilCrude fobIndo	1065 Mr	1065 Mr	1037	959
PalmOleinRBD fob Mal	1050 Mr	1050 Mr	985	930
PalmStearinRBD fobMa	1005 Mr	1010 Mr	973	929
PFAD, Malaysia, fob	930 Mr	940 Mr	864	815
Palmkern oil,cif Rdm	1380 Mr/Ap	1375 Mr/Ap	1366	1246
Palmkern exp. 21/23%	230 Mr	228 Mr	228	218
Coconut oil, cif Rdm	1435 Mr/Ap	1430 Mr/Ap	1449	1480

(a) Prompt. (b) 5% ffa, Malaysian/ Indonesian origin.

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



Major challenges for the Malaysian palm oil industry are 1) the shortage of foreign labour, 2) a reduction of harvest losses, 3) replantings of old trees and 4) a reversal of the declining yield trend.

For Oct/Sept 2020/21 we estimate Malaysian palm oil production to decline to a 5-year low of 18.8 Mn T compared with 19.3 one year earlier and 20.8 Mn T in Oct/Sept 2018/19. Details were given in the MONTHLY of Febr 12.

UKRAINE

Rapeseed production and export supplies will again be below potential and probably reach a 4-year low in 2021/22, thus falling sizably short of requirements of major importing countries, above all the EU.

While plantings of winter rapeseed last autumn turned out noticeably higher than some in the market had feared, they still declined by more than 20% on the year to 1.0 Mn ha. Under normal weather conditions this year's yields are set to recover. Yet, Ukrainian rapeseed production will struggle to reach, let alone exceed, the 2.7 Mn T achieved in 2020. Our current tentative crop estimate is 2.6 Mn T, assuming that spring plantings will rise to a 3-year high of 60 Thd ha.

The stage is set for a recovery in the Ukrainian wheat crop in 2021, considering the growth of winter wheat plantings to a 6-year high of 6.7 Mn ha and assuming about normal weather conditions from now on. Ukrainian wheat sowings benefited from the setback in the area planted with rapeseed last autumn, with expansions noted also in barley and rye. Winter varieties accounted for 96-98% of the total wheat, around 60% of the total barley and virtually the entire rye crop in recent years.

AUSTRALIA

Efforts of Australian producers to rebuild the national cattle herd, which had been reduced to the lowest level in two decades by partly severe drought conditions between 2017 and 2019, continued to limit slaughterings in Oct/Dec 2020. Output of beef & veal plummeted by 21% from a year earlier in that quarter, reducing the total to 2.13 Mn T in Jan/Dec 2020 (down 0.3 Mn T or 12%).

Much-improved rainfall in key producing regions throughout most of the year significantly improved soil moisture supplies as well as pasture conditions, boding well for the producers' intentions to rebuild their herds. The recovery in fodder supplies was also reflected in a pronounced setback in Australian imports of oilmeals, with total arrivals falling by roughly one third on the year in Oct/Dec.

Biggest reductions were registered in soya meal and palmkernel meal. However, large imports in the first six months of the year limited the decline in total oilmeal arrivals to 5% in Jan/Dec 2020.

Also mutton output continued to decline in Oct/Dec 2020, contrasting with a further uptrend in pork as well as poultry production.

SAFFLOWERSEED

Combined exports of safflowerseed from Russia and Kazakhstan increased by 22% to 72 Thd T in Sept/Dec 2020. This was in line with the uptrend of production to a record 227 Thd T in Kazakhstan according to official data. In Russia, production of safflowerseed declined sharply from the record 286 Thd T in 2016 but apparently stabilized on a lower level in recent years.

OIL PALM AREA in Malaysia (December of each year)

(1000 ha)	Mature		Immature		Total area	
	2020	2019	2020	2019	2020	2019
Johor	688	694	53	64	741	759
Kelantan	132	127	36	44	168	171
Negeri Sembilan	173	171	17	18	190	189
Pahang	702	668	80	100	782	768
Perak	353	364	39	44	392	408
Selangor	114	118	13	13	127	131
Terengganu	148	154	30	27	179	181
Other States (a)	146	148	14	15	160	162
Peninsula	2456	2444	282	325	2738	2769
Sabah	1345	1354	198	191	1543	1544
Sarawak	1432	1419	153	167	1585	1587
Total Malaysia	5232	5217	634	683	5865	5900

(a) Kedah, Melaka, Perlis and Pulau Pinang.

Source: Malaysian Palm Oil Board.

UKRAINE : Winter Plantings (1000 ha)

	2020	2019	2018	2017	2016	2015	2014
Wheat	6714	6409	6449	6274	6169	6199	6803
Barley	1080	1047	1008	826	889	1042	1109
Rye	167	135	115	149	168	159	166
3 Grains	7961	7591	7572	7249	7226	7401	8078
Rapeseed	1012	1296	1292	1010	899	655	885
Grand total	8973	8887	8864	8259	8125	8056	8963

Note: Sowings for the crop of the following year.

AUSTRALIA : Production of Red Meat & Poultry

(1000 T)	Oct/Dec		Jan / Dec		
	2020	2019	2020	2019	2018
Beef & veal	496	628	2131	2433	2309
Pork	109	99	419	399	424
Mutton/lamb	156	185	639	727	737
Poultry meat	323	308	1267	1226	1214
Total	1083	1219	4455	4786	4684

Safflowerseed exports from the two key countries to China increased notably to a new high of 49 Thd T in 2020 while shipments to the EU and Turkey were only moderately higher. Turkish import demand for safflowerseed was curtailed in recent years by an import duty which is currently pegged at US-\$/T 140.

U.S.A.

Soybean export inspections plunged to 0.81 Mn T in the week to Febr 11, less than half the volume registered in the preceding seven days and down 0.2 Mn T on the year. This is the first year-on-year decline since the beginning of this season, resulting primarily from reduced clearances to Egypt, Mexico, Bangladesh and Japan.

SAFFLOWERSEED : Exports of Key Countries (Thd T)

Exports of:	S e p t / D e c			J a n / D e c	
	2020	2019	2018	2020	2019
Kazakhstan . . .	33	22	20	51	32
Russia	39	37	12	63	53
Total	72	59	32	114	85
thereof to:					
EU-28	9	12	6	21	20
Turkey	25	24	4	31	29
China,PR	32	21	12	49	30

U.S.A.: Soybean Export Inspections (1000 T)

	Week to		Week to		Since	
	Feb11	Feb13	Feb 4	Feb 6	Since	Sep 1
	2021	2020	2021	2020	2020	2019
China PR . . .	405	203	877	135	33821	11768
Rest of world	405	802	1027	475	16260	16491
<i>Thereof to:</i>						
<i>W.Europe . . .</i>	86	-	302	89	3688	3624
<i>Egypt</i>	-	121	114	-	1756	1544
<i>Mexico</i>	120	217	160	88	2392	2309
<i>Bangladesh . .</i>	-	111	.	86	594	1117
<i>Indonesia . . .</i>	94	78	73	31	1076	903
<i>Japan</i>	17	100	49	28	961	1062
<i>Korea,S</i>	.	1	58	3	489	495
<i>Pakistan</i>	-	-	-	-	887	935
<i>Taiwan</i>	32	26	96	25	1046	1232
<i>Thailand</i>	14	18	18	21	923	860
<i>Vietnam</i>	5	12	81	13	764	600
Total	810	1005	1904	610	50081	28259

© Copyright 2021 ISTA Mielke GmbH.

This information service is destined for the subscriber only. Any copying, reproduction and/or redistribution of the proprietary content without the prior written consent of ISTA Mielke GmbH is strictly prohibited.

Any violation of our copyright will be PROSECUTED.

The information and analyses given in this service are considered to be reliable. Every care is taken to ensure the accuracy and completeness of the contents. We cannot, however, accept any responsibility for them nor for the accuracy of our forecasts and opinions or any liability for the subscriber's use.

We invite you to visit us on www.oilworld.de

Phone: +49 40 7610500 for requests and orders.