

Global Supply & Demand Outlook of Vegetable Oils

2nd Sustainable Vegetable Oils Conference of CPOPC in Mumbai on 27 Sept 2023

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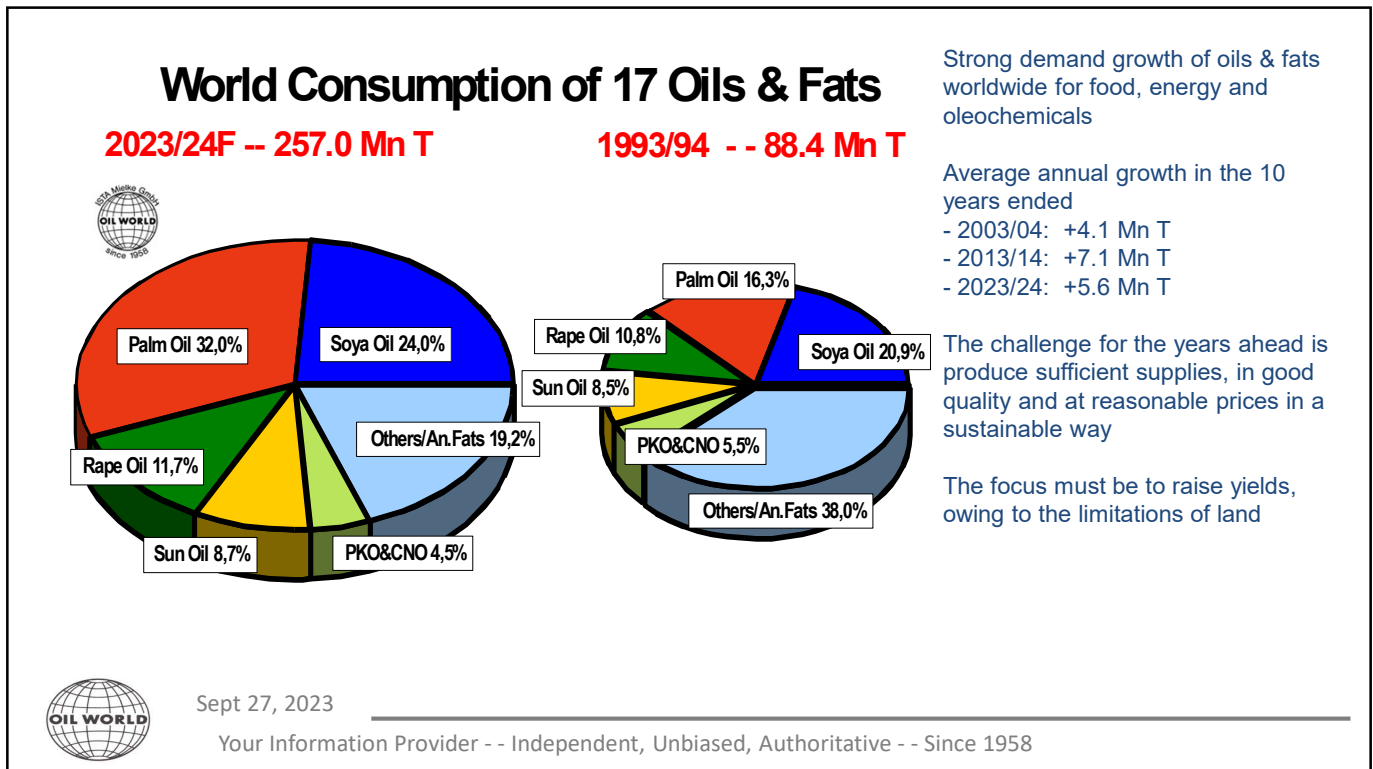
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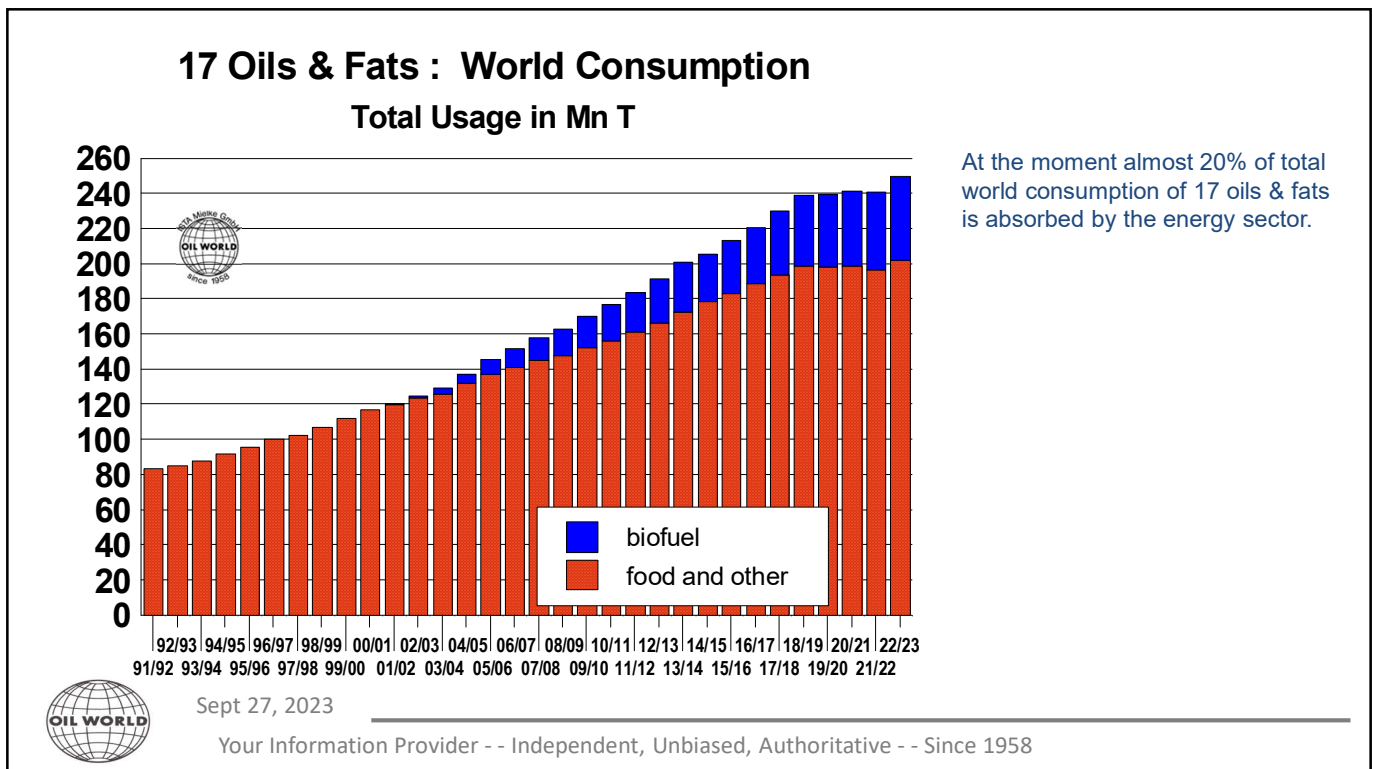
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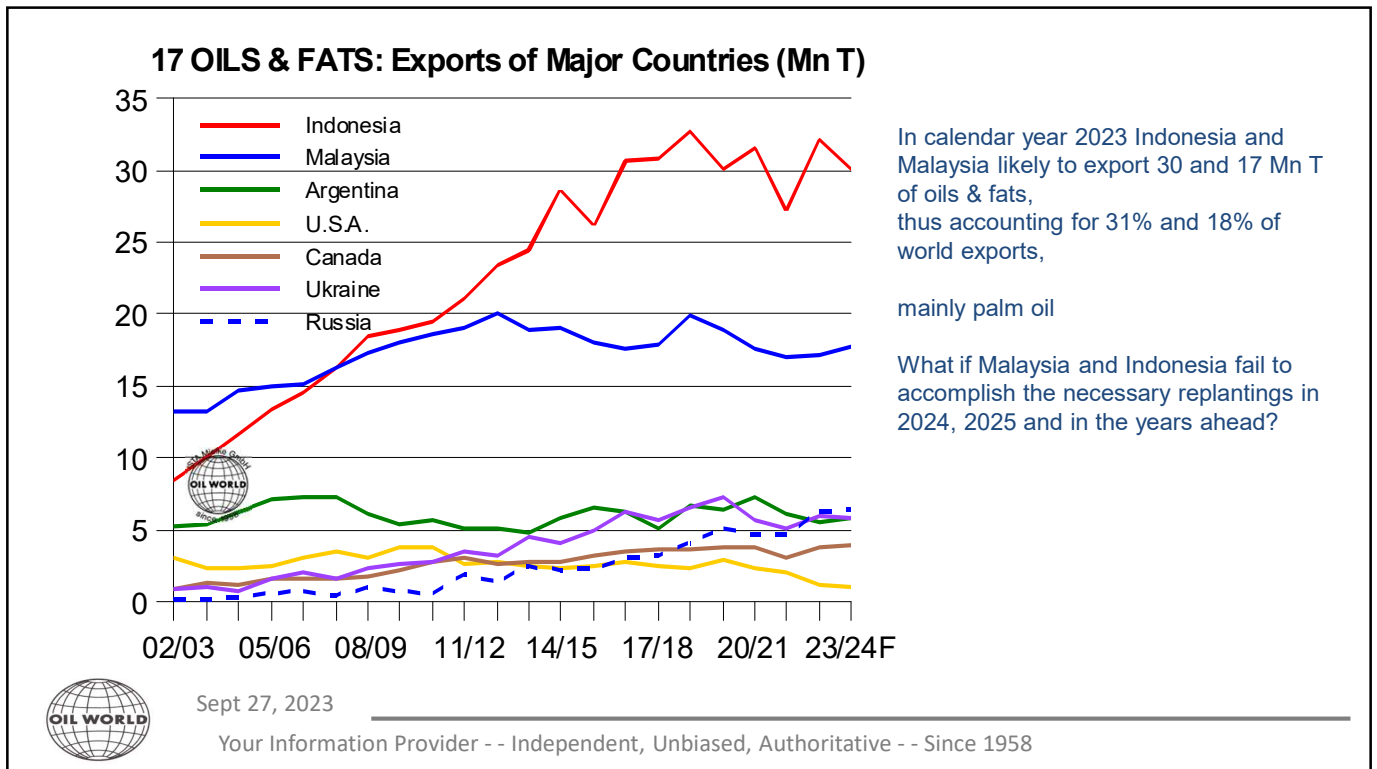
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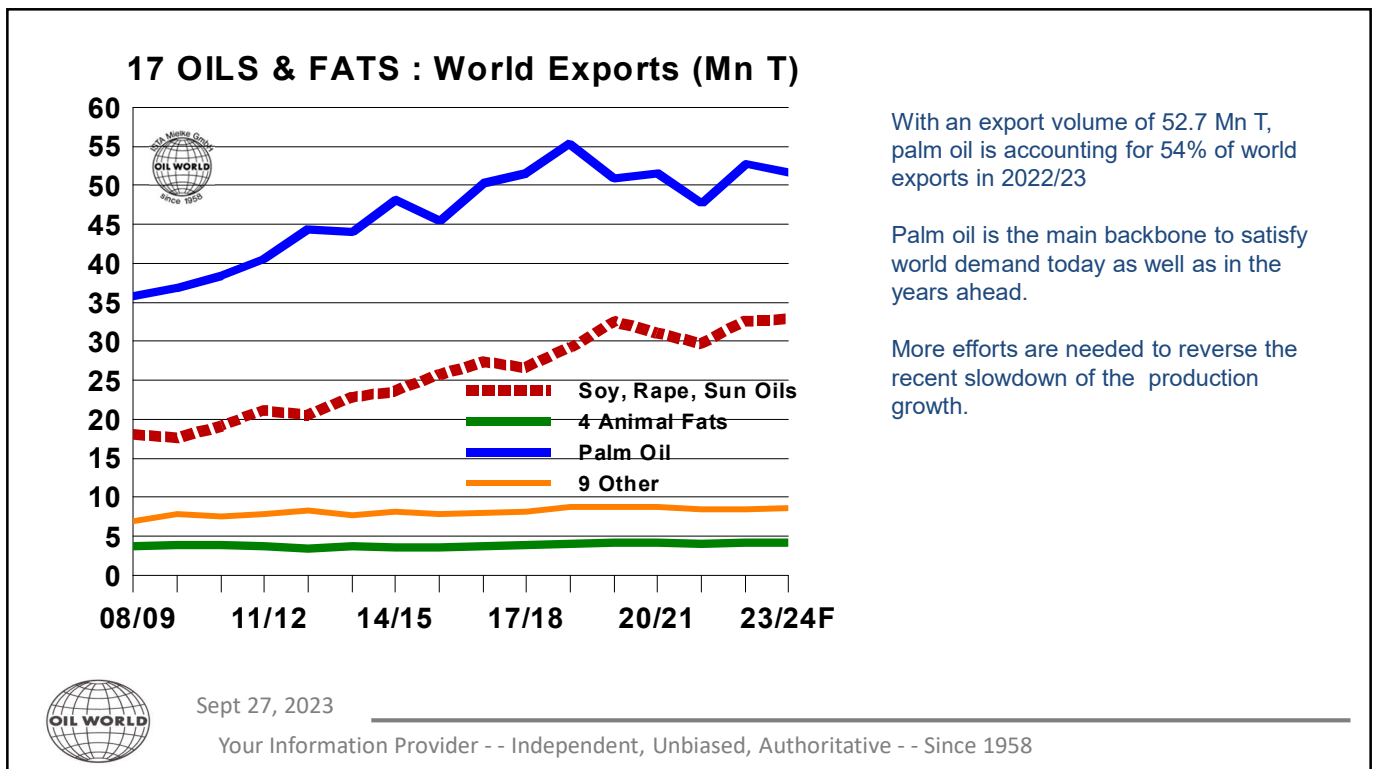
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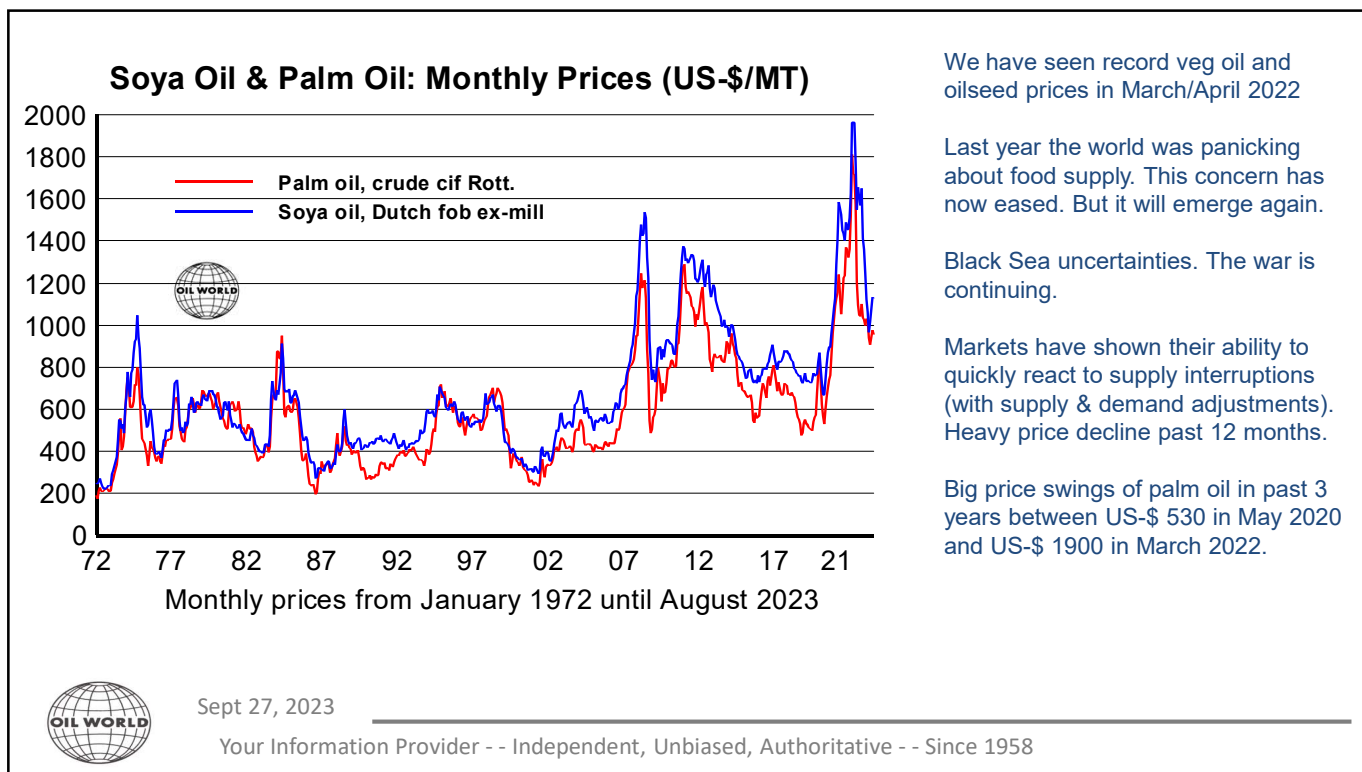
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We have seen record veg oil and oilseed prices in March/April 2022

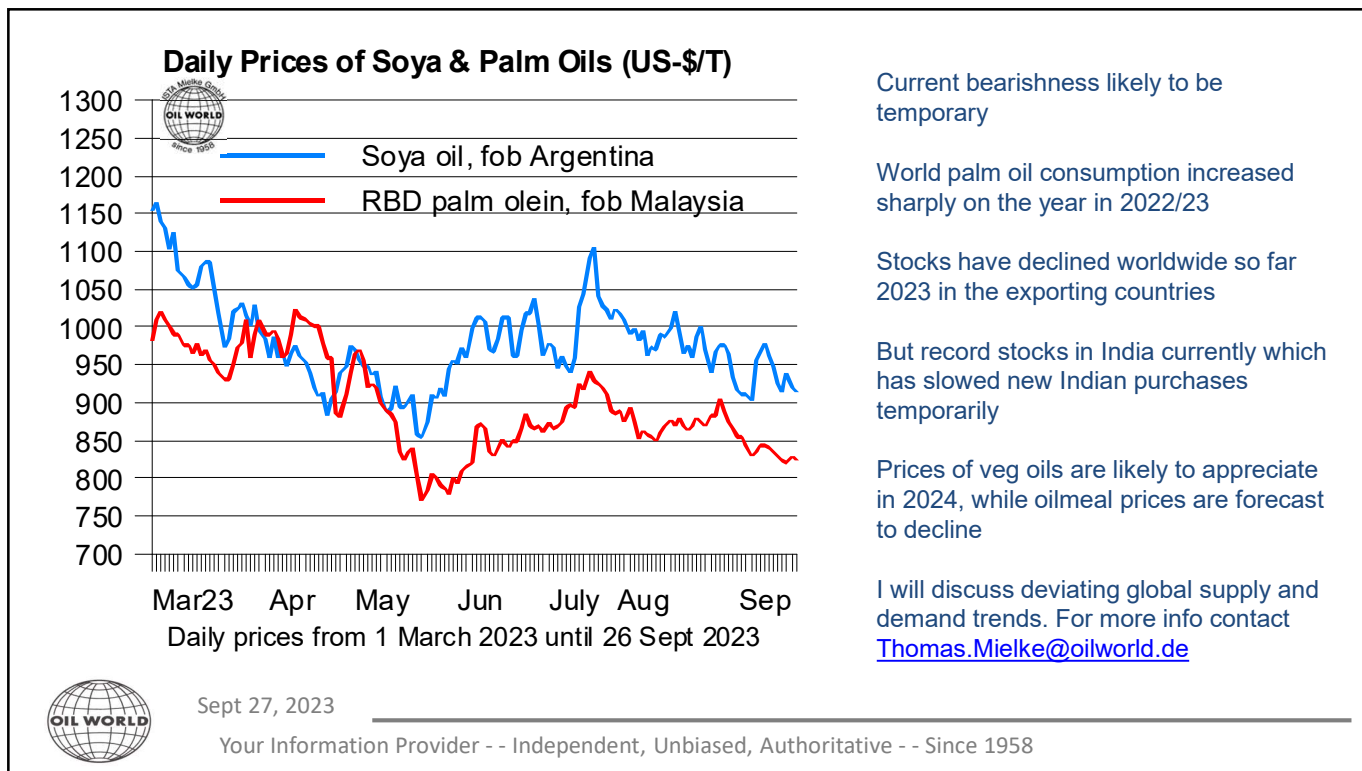
Last year the world was panicking about food supply. This concern has now eased. But it will emerge again.

Black Sea uncertainties. The war is continuing.

Markets have shown their ability to quickly react to supply interruptions (with supply & demand adjustments). Heavy price decline past 12 months.

Big price swings of palm oil in past 3 years between US-\$ 530 in May 2020 and US-\$ 1900 in March 2022.

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Current bearishness likely to be temporary

World palm oil consumption increased sharply on the year in 2022/23

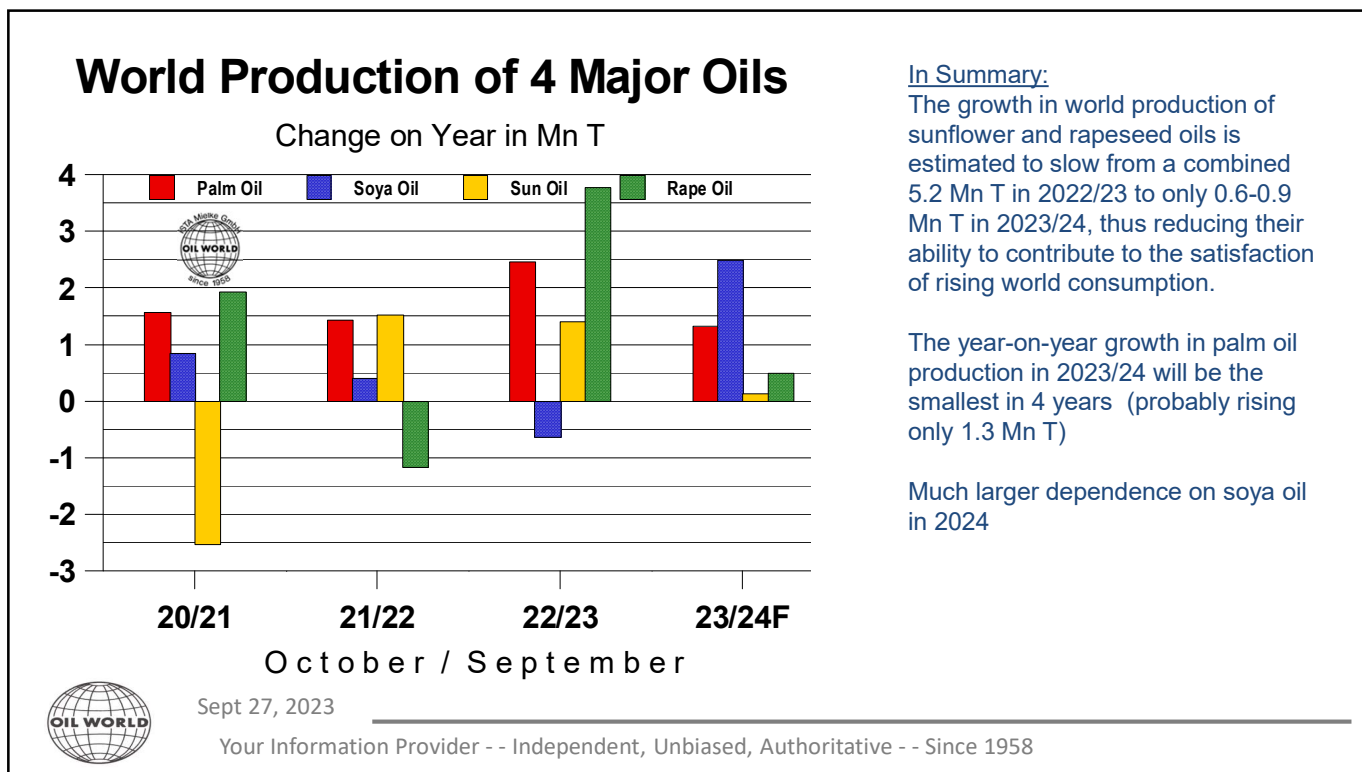
Stocks have declined worldwide so far 2023 in the exporting countries

But record stocks in India currently which has slowed new Indian purchases temporarily

Prices of veg oils are likely to appreciate in 2024, while oilmeal prices are forecast to decline

I will discuss deviating global supply and demand trends. For more info contact Thomas.Mielke@oilworld.de

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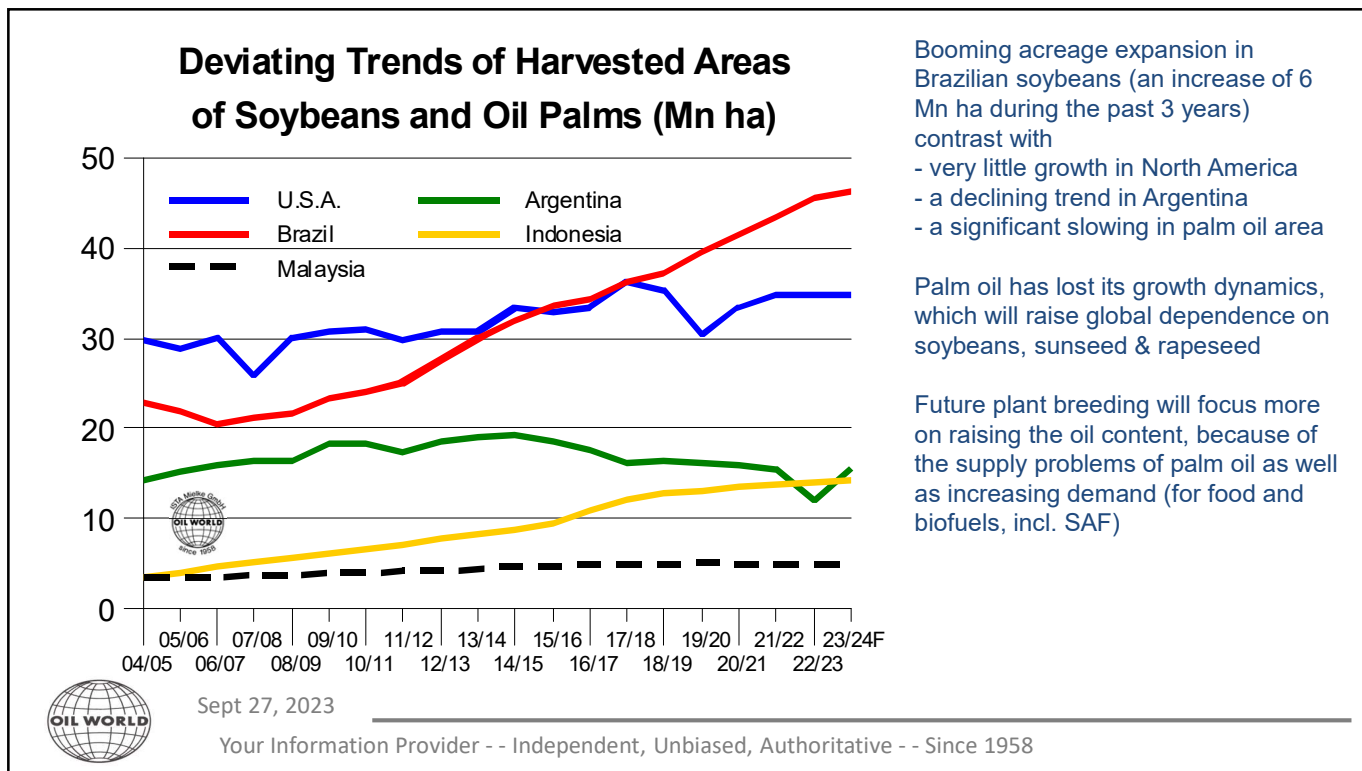
In Summary:

The growth in world production of sunflower and rapeseed oils is estimated to slow from a combined 5.2 Mn T in 2022/23 to only 0.6-0.9 Mn T in 2023/24, thus reducing their ability to contribute to the satisfaction of rising world consumption.

The year-on-year growth in palm oil production in 2023/24 will be the smallest in 4 years (probably rising only 1.3 Mn T)

Much larger dependence on soya oil in 2024

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Booming acreage expansion in Brazilian soybeans (an increase of 6 Mn ha during the past 3 years) contrast with

- very little growth in North America
- a declining trend in Argentina
- a significant slowing in palm oil area

Palm oil has lost its growth dynamics, which will raise global dependence on soybeans, sunseed & rapeseed

Future plant breeding will focus more on raising the oil content, because of the supply problems of palm oil as well as increasing demand (for food and biofuels, incl. SAF)

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AREA: Planted to Soybeans & Oil Palms (Mn ha)

	Planted Area Soybeans(a)			Planted Area Oil Palms		
	Braz.	Arg.	Total	Indo.	Mal.	Total
1990 . .	11.55	5.10	16.65	1.18	1.70	2.88
2000 . .	13.69	9.00	22.69	3.33	3.28	6.61
2010 . .	23.47	18.60	42.07	8.45	4.69	13.14
2020 . .	39.60	16.91	56.51	15.83	5.88	21.71
2023 . .	45.60	15.82	61.42	16.55	5.65	22.20

(a)Area planted for the crop harvested in the year shown.

The expansion in the Brazilian soybean area of 6 Mn ha during the past 3 years is exceeding the total palm oil area in Malaysia

The growth in soybean plantings has been much bigger than in palm during the past 20 years - - and even more so in the most recent 3 years.

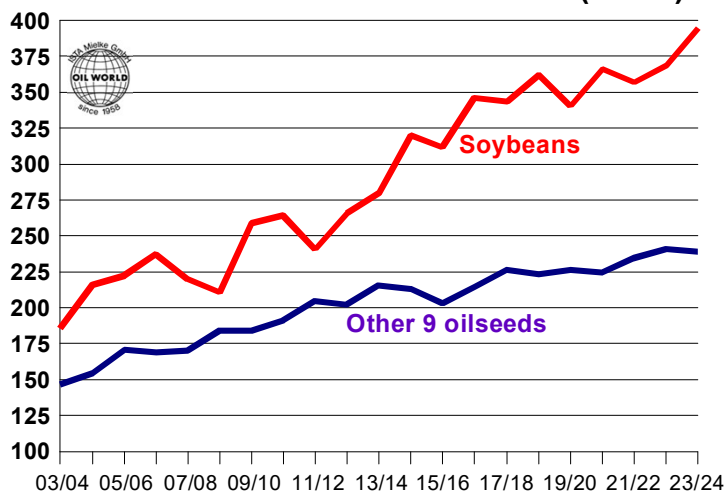


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The 2023/24 outlook for soybeans and other oilseeds

10 Oilseeds: World Production (Mn T)



World soybean production forecast to rise by 25 Mn T to a new high of 394 Mn T in 2023/24.

Global soybean production surplus of 15 Mn T anticipated by Oil World. Rising stocks.

But there are high weather risks.

Production of 9 other oilseeds is seen declining by a combined 2 Mn T in 2023/24, following a boost by 6 Mn T a year earlier



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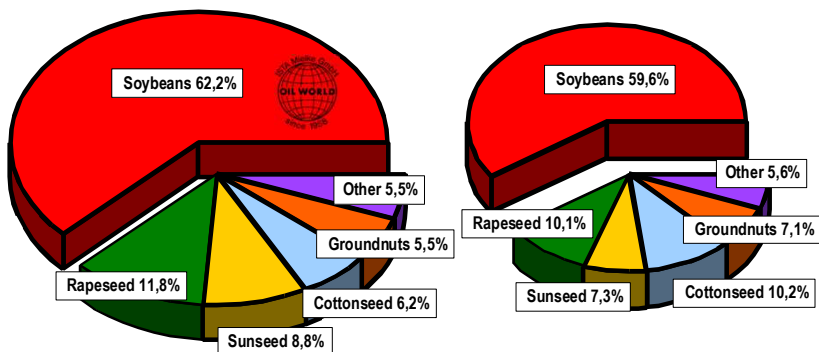
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Next season's outlook for soybeans and other oilseeds

World Production of 10 Oilseeds

2023/24 -- 633.7 Mn T

2002/03 -- 329.9 Mn T



Growing importance of soybeans worldwide and further big growth ahead. But demand uncertainties.

At the moment 1.0 Mn T of soybeans are used every day



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Palm oil has lost its growth dynamics.

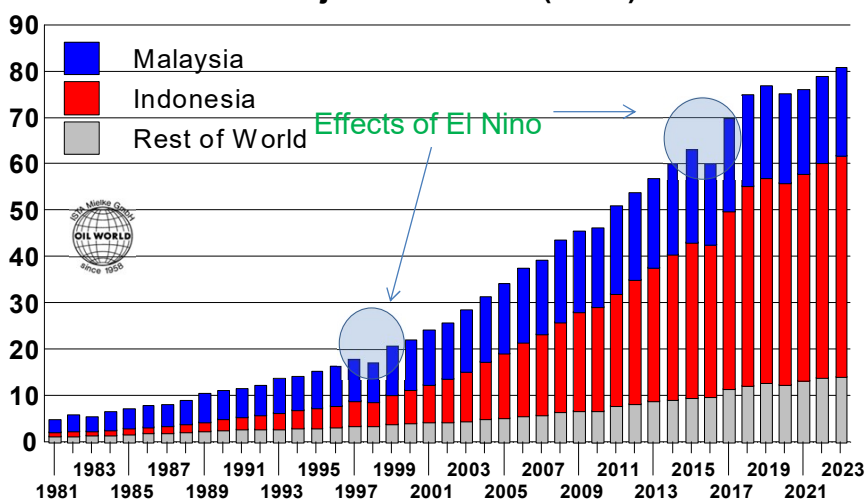
Annual growth is likely to slow to only 1.8 Mn T or less in the 10 years to 2030 from an average annual growth of 2.9 Mn T in the 10 years to 2020

Threat of El Nino to cause dryness in Sept/Dec 2023 and/or in early 2024

Palm oil is still dominating the global market of oils/fats with a production share of 32% and an export share of 53% (from only 6% of the area).

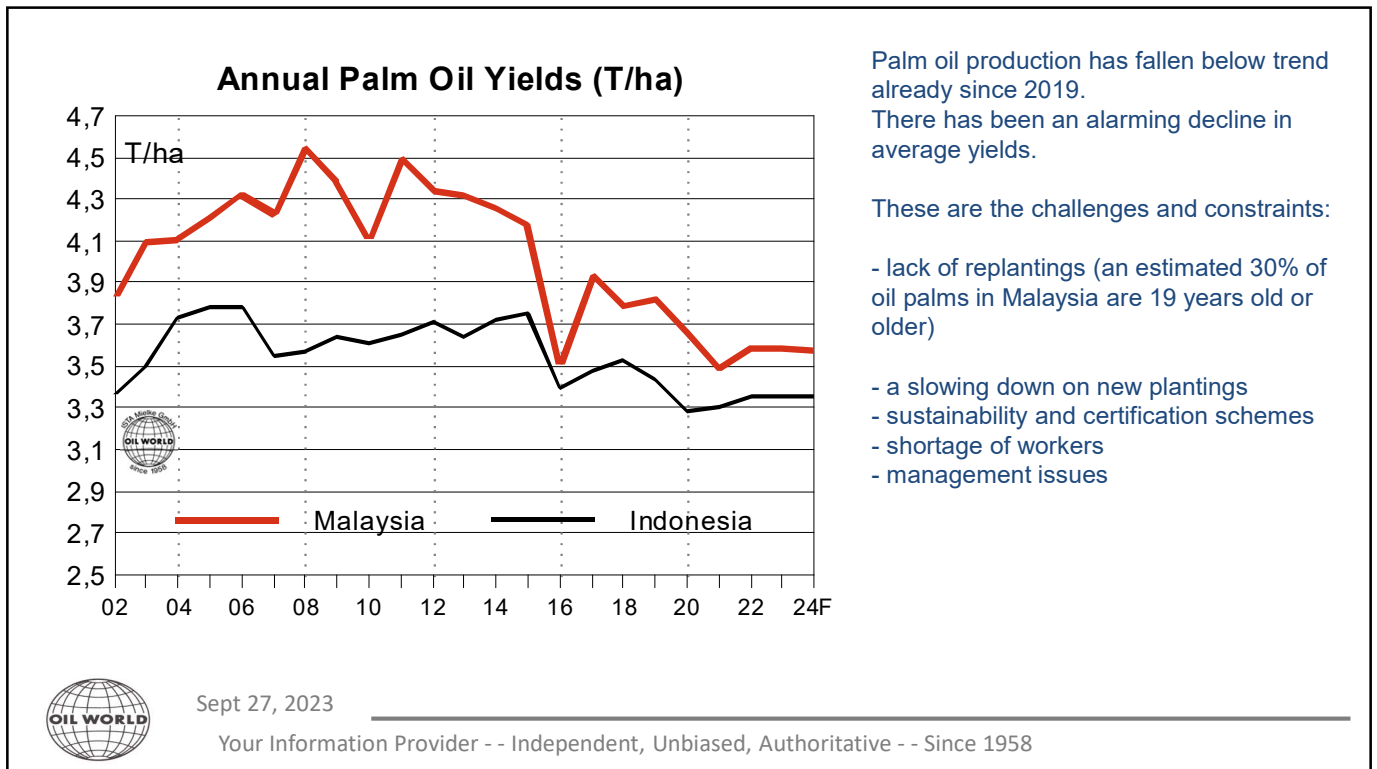
Palm oil the price leader

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

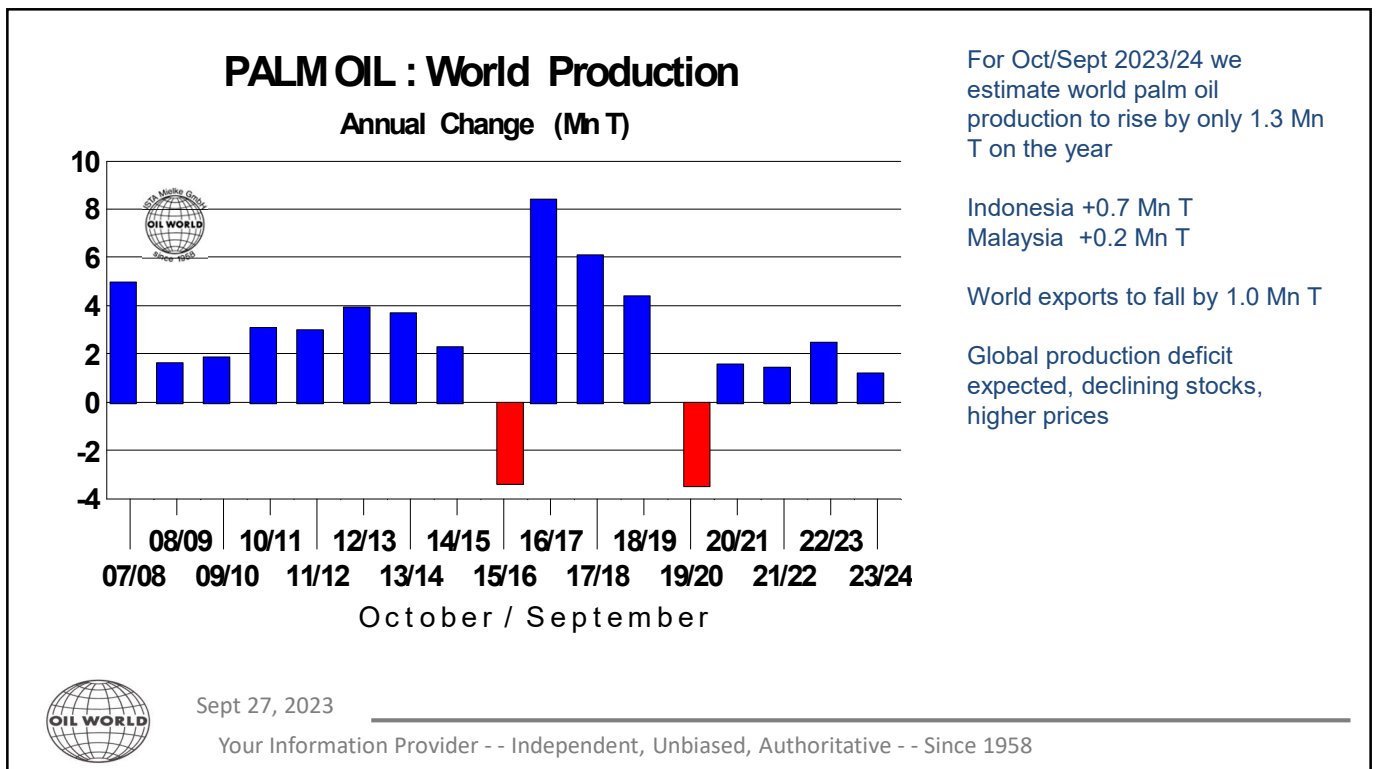


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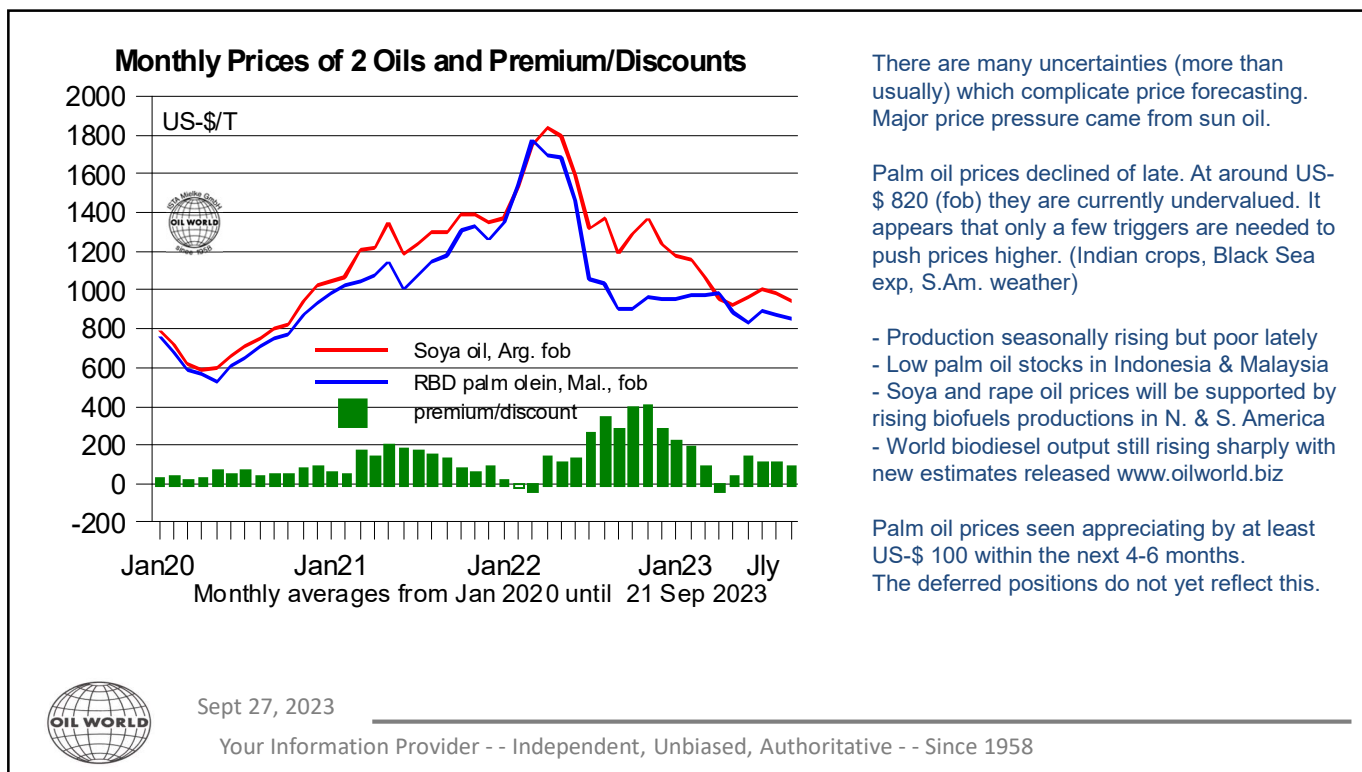
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There are many uncertainties (more than usually) which complicate price forecasting. Major price pressure came from sun oil.

Palm oil prices declined of late. At around US-\$ 820 (fob) they are currently undervalued. It appears that only a few triggers are needed to push prices higher. (Indian crops, Black Sea exp, S.Am. weather)

- Production seasonally rising but poor lately
- Low palm oil stocks in Indonesia & Malaysia
- Soya and rape oil prices will be supported by rising biofuels productions in N. & S. America
- World biodiesel output still rising sharply with new estimates released www.oilworld.biz

Palm oil prices seen appreciating by at least US-\$ 100 within the next 4-6 months. The deferred positions do not yet reflect this.

Thank you

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