

ProAgro Group Analytics

(15.11.21–19.11.21)

Oilseeds and processed products market

Key influencing factors

- The transshipment of vegetable oils in the seaports of Ukraine in January-October 2021 decreased to 3.944 million tons (-21.4%). All ports have reduced the shipment of oil, except Odessa. Mykolaiv seaport remains the leader in transshipment of processed products. Port enterprises shipped 54.1% of the total transshipment volume;
- According to the experts of the Solvent Extractors' Association of India (SEA), at the end of 2020/21 MY, India significantly increased the worth of imports of vegetable oils - by 63% per year to \$15.71 billion, due to the rise in prices on the world market. In absolute terms, the volume of imports increased slightly - from 13.52 to 13.53 million tons.
- Analyst firm Strategie Grains expects EU farmers to increase rapeseed acreage by 7% for the next harvest, driven by high prices and expected reserves to decline to record lows. According to the first forecast of the company for 2022, the area under rapeseed in EU will increase from 5.23 million hectares up to 5.60 million hectares;
- Egyptian state agency GASC purchased 12 thousand tons of sunflower oil from an external supplier and 8 thousand tons of soybean oil on the domestic market for delivery on January 10-20, 2022. Turkey has also announced a tender for the purchase of 6,000 tons of sunflower oil. The closing date of the tender is November 23;

Dynamics of international markets

The World Trade Organization, in a release last week, noted that after a sharp recovery from the initial shock of the COVID-19 pandemic, global merchandise trade is slowing, while disruptions to production and supply in key sectors are holding back growth, along with a cooling in import demand.

The outlook for global trade continues to be clouded by downside risks: regional disparities, weak trade in services and low vaccination rates, especially in poor countries. COVID-19 continues to pose the greatest threat to trade prospects as new waves of infection could easily disrupt recovery.

The United Nations Conference on Trade and Development (UNCTAD) in a report published last week highlighted the impact of such a factor as high tariffs on container shipping on the growth of world prices for agricultural products. If the current rate of price growth continues, consumer prices are expected to rise by an average of 1.5% by 2023.

On EURONEXT, February futures quotations of rapeseed as of November 19 reached 677.75 €/t (710.25 €/t as of November 12). On CBOT, futures contracts for soybeans supply in January, on November 19 stopped at 12.63 ¢/B (12.44 ¢/B as of November 12).

Oilseeds prices in the main ports of exporting countries

	new crop	min	max	avr	Δ,%
FOB price, USD/t					
Soybean, Ukraine Black Sea		535	550	543	0.0%
Soybean, USA NOLA	498	496	499	498	1.1%
Soybean, Argentina	476	548	552	550	2.8%
Soybean, Brazil	481	515	519	517	1.8%
Sunflower, Ukraine Black Sea		690	705	698	0.0%
Rapeseed, Ukraine Black Sea		760	775	768	1.3%

Price for Ukrainian oilseeds in the Black Sea ports

Product	FOB Price Black Sea, USD/t (demand)		FOB Price Black Sea, USD/t (supply)	
	min	max	min	max
Sunflower	690	700	695	705
Soybean	535	545	540	550
Rapeseed	760	770	765	775

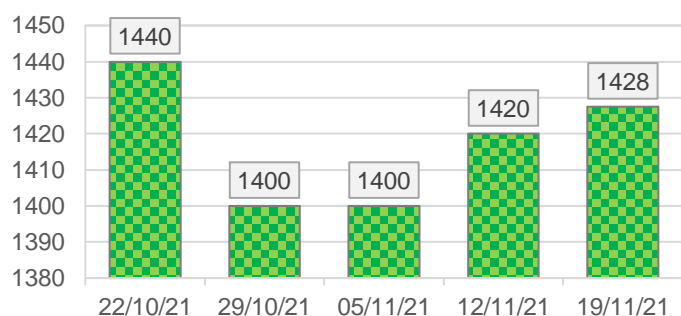
Supply and demand prices for Ukrainian oilseeds in the Black Sea ports

Product	min	max	min	max
Sunflower oil, FOB Black Sea	1420	1430	1425	1435
Sunflower grist, FCA	275	285	280	290
Sunflower grist, DAP	255	265	260	270
Soybean oil, FCA	1245	1255	1250	1260
Soybean grist, FCA	470	480	475	485

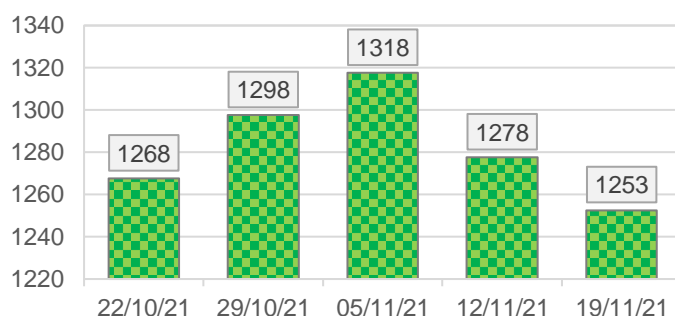
Prices for the main processed products in the ports of exporters

	new crop	min	max	avr	Δ,%
FOB price, USD/t					
Sunflower oil, Ukraine FOB Black Sea		1420	1435	1428	0.5%
Sunflower grist, Ukraine		275	290	283	0.0%
Sunflower grist, Ukraine DAP		255	270	263	0.0%
Soybean oil, Ukraine		1245	1260	1253	-2.0%
Soybean grist, Ukraine		470	485	478	0.0%
Soybean grist, protein 48%, USA FOB NOLA	436	454	458	456	2.5%
Soybean grist, protein 47%, Argentina FOB	394	404	408	406	1.8%
Soybean grist, protein 48%, Brazil FOB	385	398	402	400	0.3%

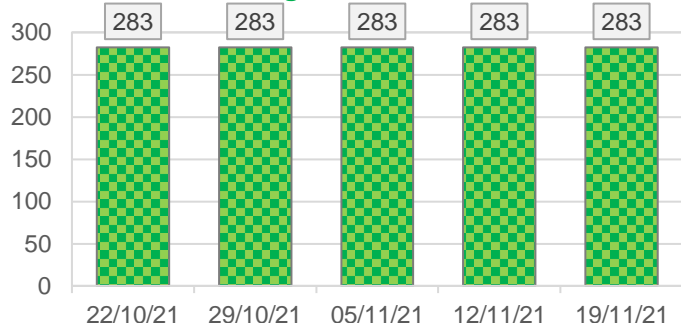
Average price dynamics, \$/t. Sunflower oil, Ukraine FOB



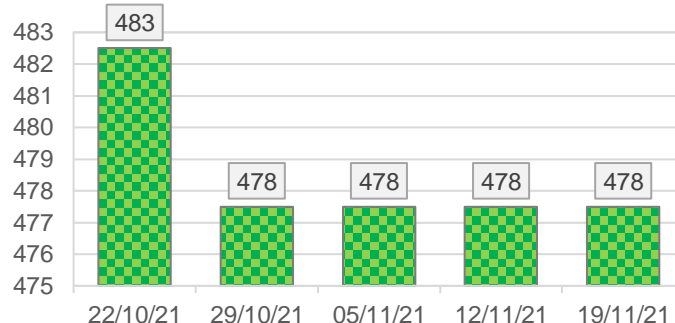
Average price dynamics, \$/t. Soybean oil, Ukraine FCA



Average price dynamics, \$/t. Sunflower grist, Ukraine FCA



Average price dynamics, \$/t. Soybean grist, Ukraine FCA



Domestic market dynamics

According to our price monitoring data, during the reporting period, multidirectional price adjustments were recorded on the domestic markets for key oilseeds and their derivatives.

In the sunflower segment, prices continued to rise during the reporting week. On the EXW basis, sunflower seeds were traded within the range of 18800-19200 (+ 1.6%), while on the CPT enterprise basis - 19100-19500 UAH/t (+ 1.8%).

The price of vegetable oil continues to rise, despite the completion of the harvest campaign and the expectation of a record harvest this year, amid a lack of supply and a rise in the price of palm oil.

Purchase prices for key oilseeds

	min	max	avr	Δ,%
EXW demand price, UAH/t				
Sunflower	18800	19200	19000	1.6%
Soybean	14800	15200	15000	0.0%
Rapeseed	20500	20800	20650	0.0%
CPT enterprise price, UAH/t				
Sunflower	19100	19500	19300	1.8%
Soybean	15200	15600	15400	0.0%
Rapeseed	20700	21200	20950	0.0%
CPT port price, UAH/t				
Sunflower	19300	19700	19500	2.1%
Soybean	15500	15900	15700	-0.6%
Rapeseed	21000	21400	21200	0.0%

Agricultural producers are holding back sales, expecting an increase in sunflower prices and a decrease in transportation costs, which have risen significantly in recent months.

The limited supply of sunflower seeds supports sunflower oil prices. On non-export basis, Ukrainian-made sunflower oil holds high positions - on the FOB basis in the Black Sea ports at the end of the week it was traded in the range of 1420-1435 \$/t. One of the drivers of price growth is the negative revaluation of gross soybean harvest in the United States, as mentioned above, as well as growing expectations for soybean imports by India in 2021/22 MY.

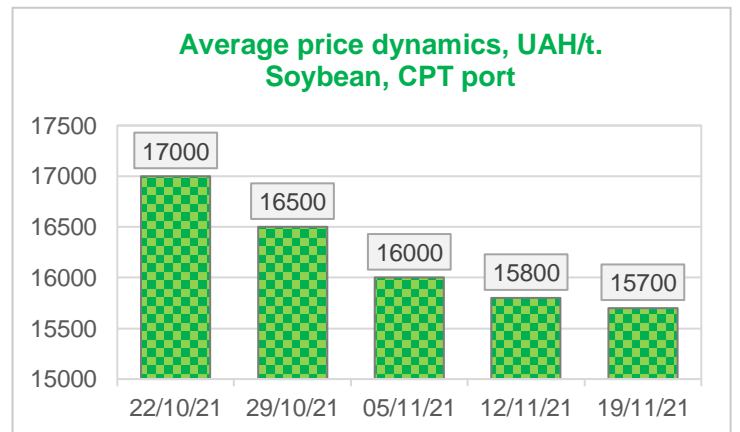
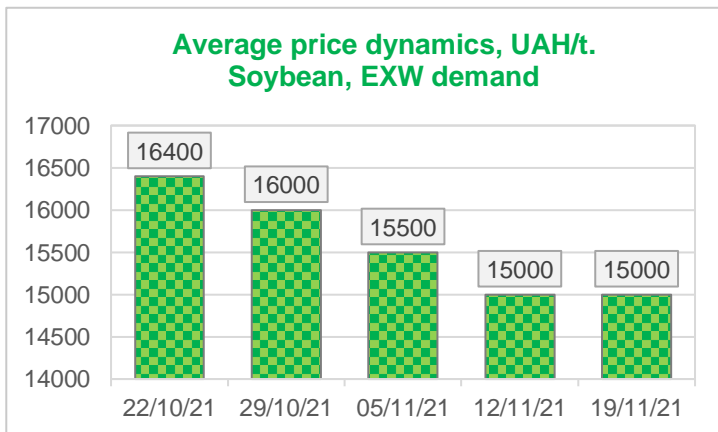
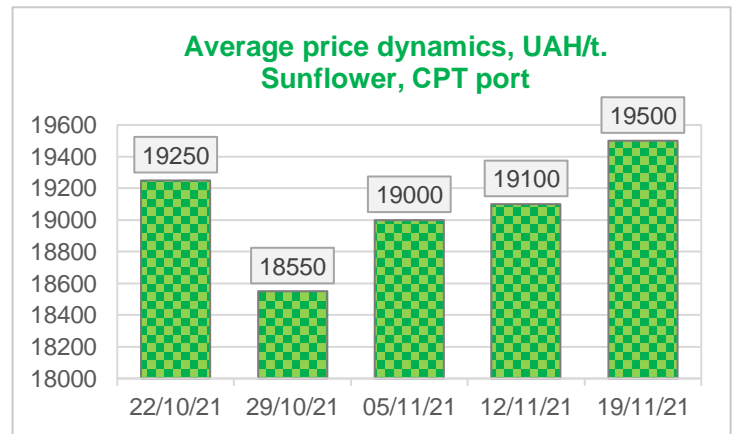
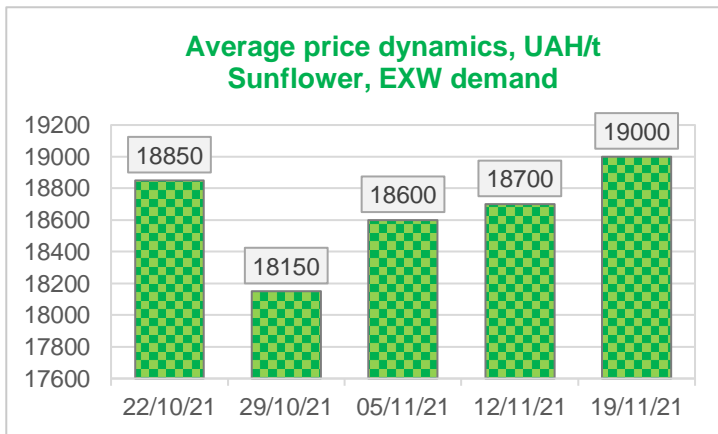
Domestic soybean prices showed limited negative adjustments. On the EXW basis, soybeans were traded in the range of 14800-15200 UAH/t. On CPT port terms, they occupied the price range of 15500-15900 UAH/t (-0.6%).

In the rapeseed segment last week prices were growing on the export basis, which is in line with the global market trends. So, on FOB terms, they fluctuated in the range of 760-775 \$/t. Prices on the domestic market also remain high.

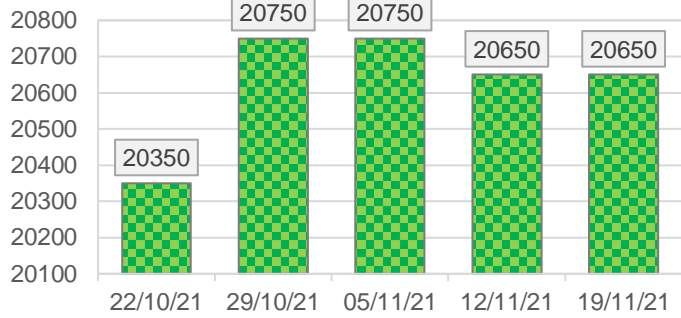
Prices for key types of vegetable oils				
Product	min	max	avr	Δ,%
EXW price (demand), UAH/t				
Sunflower oil	41300	42300	41800	0.0%
Soybean oil	36600	37000	36800	-1.3%
EXW price (supply), UAH/t				
Sunflower oil	41500	42500	42000	0.0%
Soybean oil	37200	37800	37500	-1.3%

Sunflower oil prices in Ukraine on CPT terms				
Product	min	max	avr	Δ,%
CPT port	40100	40500	40300	0.0%
CPT enterprise	39800	40200	40000	0.0%

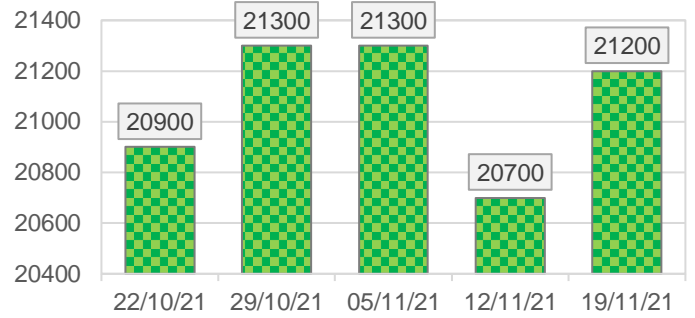
Purchase prices for key types of vegetable grist				
Product	min	max	avr	Δ,%
EXW price (demand), UAH/t				
Sunflower grist	7400	7600	7500	0.0%
Soybean grist	15500	15700	15600	-1.3%
EXW price (supply), UAH/t				
Sunflower grist	7500	7700	7600	0.0%
Soybean grist	15700	15900	15800	-1.3%



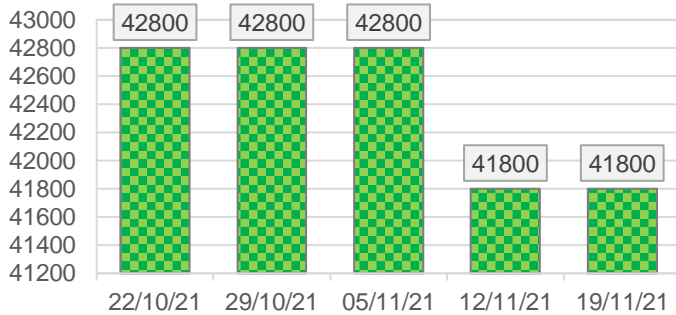
**Average price dynamics, UAH/t.
Rapeseed, EXW demand**



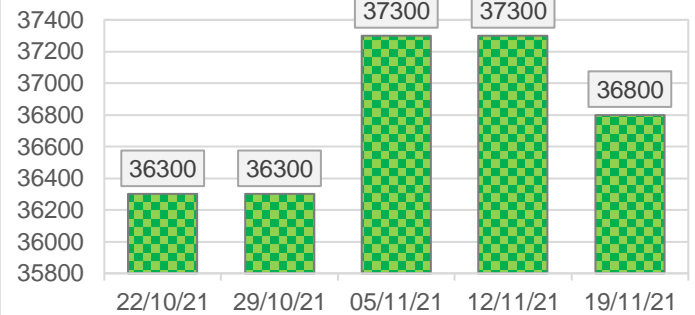
**Average price dynamics, UAH/t.
Rapeseed, CPT port**



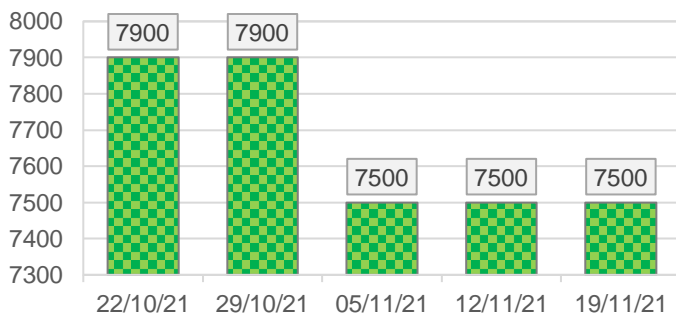
**Average price dynamics, UAH/t.
Sunflower oil, EXW demand**



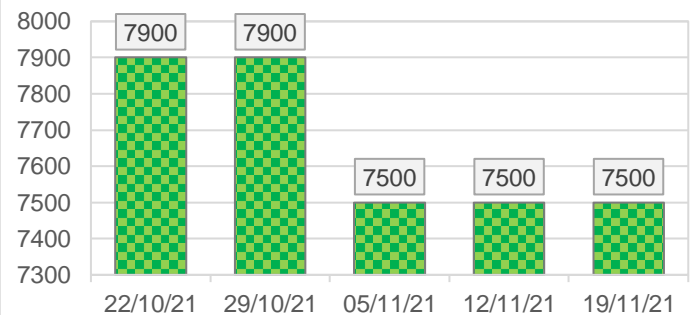
**Average price dynamics, UAH/t.
Soybean oil, EXW demand**



**Average price dynamics, UAH/t.
Sunflower grist, EXW demand**



**Average price dynamics, UAH/t.
Sunflower grist, EXW demand**



Market dynamics of niche oilseeds

According to the Association for the Development of Flax and Hemp Growing of Ukraine, the gross yield of flax in Ukraine in 2020 amounted to 12 thousand tons, which is almost five times less than in 2011 (51.1 thousand tons). If in 2011 there were 59 thousand hectares under this crop, then in 2020 - only 14 thousand hectares.

According to the latest data from customs statistics, for 8 months of 2021, 3.77 thousand tons of flax seeds worth \$3 million were shipped for export from Ukraine. The key importers are Germany, Bulgaria and Serbia.

Purchase prices for niche oilseeds

	min	max	avr	Δ, %
EXW demand price, UAH/t				
Mustard	19500	20500	20000	2.6%
Flax	18500	19500	19000	2.7%
CPT enterprise price, UAH/t				
Mustard	20000	21000	20500	2.5%
Flax	19000	20,000	19500	2.6%
CPT port price, UAH/t				
Mustard	20500	21500	21000	2.4%
Flax	19500	20500	20000	2.6%