

Oilseeds and processed products market

Key influencing factors

- After a decline in soybean prices at CBOT in the middle of the week due to concerns about a new variant of the coronavirus, Chinese importers contracted several cargo of soybeans with deliveries in December-January. According to information from market operators, importers purchased 240 thousand tons of soybeans originating from the USA and Brazil;
- The FAO Vegetable Oil Price Index averaged 184.6 points in November, slightly below the all-time high recorded last month. The slight decline was attributed to lower quotes for soybean and rapeseed oil, while palm oil was virtually unchanged.;
- Oil World analysts in a fresh report raised the forecast for global soybean oil production in 2021/22 MY to 61.9 million tons compared to 61.54 million in the previous forecast, which is also 4% higher than in the previous season (59.3 million tons). Prognosis is set to rise as production increases in the US, China, Brazil and Argentina;
- According to Oil World analysts, canola production in Australia in 2021/22 MY may turn out to be higher than previous forecasts supposed. It was increased by 0.4 million to a record 5.7 million tons, which is also 1.2 million tons higher than the result of the previous season.

Dynamics of international markets

The global palm oil market will largely bounce back next year. According to analysts from India's Godrej International Limited, in Malaysia, the problem of labor shortages caused by the Covid-19 pandemic will be resolved in early 2022. As a result, crude palm oil production is projected to grow from 18 million in 2021 to 19 million tons during 2022. Oil production in Indonesia is also expected to increase by 1 million tons. A noticeable resumption of production will come in the second quarter of the year.

Border closures and a ban on the entry of migrants last year contributed to severe labor shortages on plantations in Malaysia and Indonesia, where 78% of workers came from countries such as Indonesia, India and Bangladesh. FGV Holdings, a major palm oil producer in Malaysia, which now has 72% of the workforce required for optimal capacity, told Reuters that the first batch of 7,000 workers to be hired will arrive by the end of the first quarter of 2022.

On EURONEXT, rapeseed February futures quotations as of December 3 reached 682.75 €/t (673.25 €/t as of 26 November). On CBOT, soybean January futures contracts on December 3 stopped at 12.67 ¢/B (12.53 ¢/B as of November 26).

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	494	498	502	500	0.4%
Soybean, Argentina	473	512	516	514	-5.9%
Soybean, Brazil	480	508	512	510	0.4%
Sunflower, Ukraine Black Sea		670	685	678	-2.9%
Rapeseed, Ukraine Black Sea		760	775	768	0.0%

Supply and demand prices 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	670	680	675	685
Soybean	535	545	540	550
Rapeseed	760	770	765	775

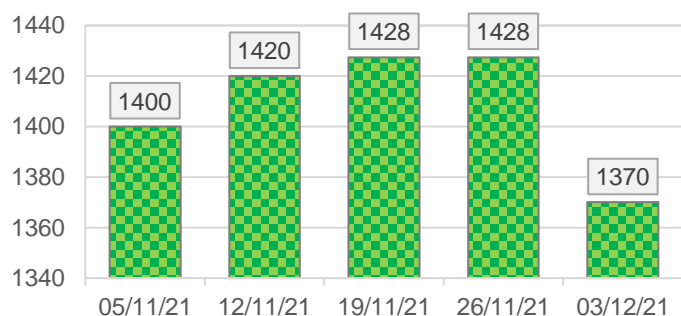
Supply and demand prices for Ukrainian oilseeds in the Black Sea ports

Product	min	max	min	max
Sunflower oil, FOB Black Sea	1360	1375	1365	1380
Sunflower grist, FCA	275	285	280	290
Sunflower oilcake, DAP	255	265	260	270
Soybean oil, FCA	1225	1235	1230	1240
Soybean grist, FCA	455	465	460	470

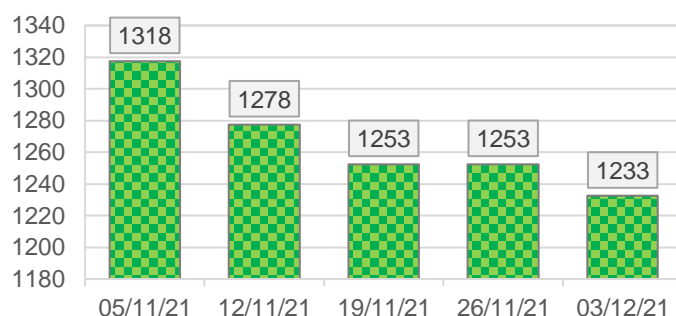
Prices for the main processed products in the ports of exporters

	new crop	min	max	avr	Δ, %
FOB price, USD/t					
Sunflower oil, Ukraine FOB Black Sea		1360	1380	1370	-4.0%
Sunflower grist, Ukraine		275	290	283	0.0%
Sunflower oilcake, Ukraine DAP		255	270	263	0.0%
Soybean oil, Ukraine		1225	1240	1233	-1.6%
Soybean grist, Ukraine		455	470	463	0.0%
Soybean grist, protein 48%, USA FOB NOLA	414	421	425	423	-1.2%
Soybean grist, protein 47%, Argentina FOB	377	397	401	399	2.8%
Soybean grist, protein 48%, Brazil FOB	376	388	392	390	3.2%

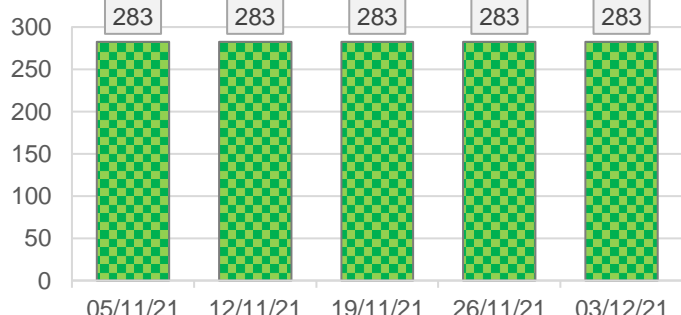
Average price dynamics, \$/t.
Sunflower oil, Ukraine FOB



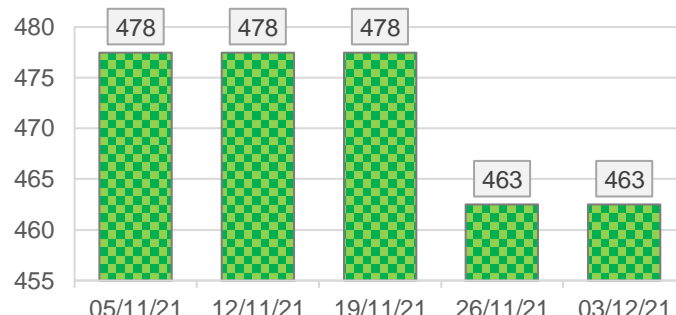
Average price dynamics, \$/t.
Soybean oil, Ukraine FCA



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 trends were recorded on the domestic markets for key oilseeds and their by-products.

In the sunflower segment during the reporting week, prices dropped significantly. On the EXW basis, sunflower seeds were traded within the range of 19000-19400 UAH/t (-2%), while on the CPT enterprise within 19200-19600 UAH/t (-2%). Sunflower prices in Ukraine are falling in line with the decline in world prices for vegetable oils and the collapse of crude oil quotes.

Purchase prices for key oilseeds

	min	max	avr	Δ, %
EXW demand price, UAH/t				
Sunflower	19000	19400	19200	-2.0%
Soybean	15200	15600	15400	2.7%
Rapeseed	20500	20800	20650	0.0%
CPT enterprise price, UAH/t				
Sunflower	19200	19600	19400	-2.0%
Soybean	15600	16000	15800	2.6%
Rapeseed	20700	21200	20950	0.0%
CPT port price, UAH/t				
Sunflower	19400	19800	19600	-2.0%
Soybean	16000	16400	16200	2.5%
Rapeseed	21000	21400	21200	0.0%

So, on the FOB basis in the Black Sea ports, Ukrainian-made sunflower oil was traded in the range of 1360-1380 \$/t by the end of the week. The decline in prices was simultaneously limited by the still low volumes of raw oil on the domestic market, which is associated with the restraint of seed sales by agricultural producers.

According to the relevant ministry, in Ukraine, from 6.476 million hectares or 99% of the planned area, 16.2 million tons of sunflower were harvested with an average yield of 2.5 t/ha. According to the State Statistics Service of Ukraine, as of November 1, sunflower stocks in our country increased compared to last year by 1.519 million to 8.761 million tons, and soybeans - by 369.8 thousand to 1.76 million tons. At the same time, rapeseed stocks decreased by 200.7 thousand - to 205.6 thousand tons.

Prices of soybeans on the Ukrainian domestic market, in contrast to the previous week, have significantly increased. On the EXW basis, they were traded within the range of 15200-15600 UAH/t (+ 2.7%). On the terms of the CPT enterprise, beans occupied the price range of 16000-16400 UAH/t (+ 2.5%).

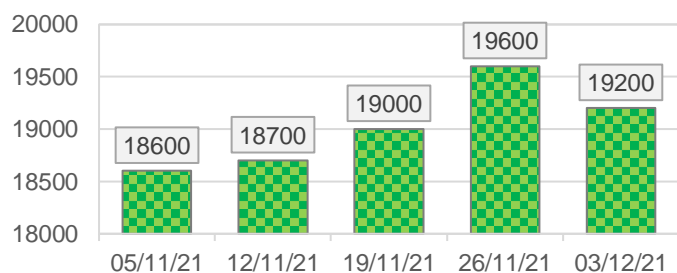
In the rapeseed segment, prices last week were mostly stable, holding high positions both on domestic and export bases. So, on FOB terms, prices fluctuated in the range of 760-775 \$/t.

Prices for key types of vegetable oils				
Product	min	max	avr	Δ, %
EXW price (demand), UAH/t				
Sunflower oil	42800	43800	43300	0.0%
Soybean oil	37100	37500	37300	1.4%
EXW price (supply), UAH/t				
Sunflower oil	43000	44000	43500	0.0%
Soybean oil	37700	38300	38000	1.3%

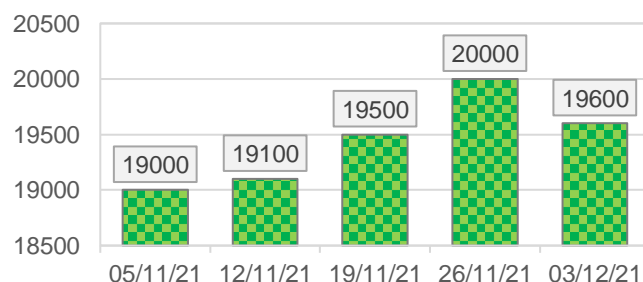
Sunflower oil prices in Ukraine on CPT terms				
Product	min	max	avr	Δ, %
CPT port	41600	42000	41800	0.0%
CPT enterprise	41300	41700	41500	0.0%

Purchase prices for key types of vegetable grist				
Product	min	max	avr	Δ, %
EXW price (demand), UAH/t				
Sunflower grist	7800	8000	7900	5.3%
Soybean grist	15200	15400	15300	-0.6%
EXW price (supply), UAH/t				
Sunflower grist	7900	8100	8000	5.3%
Soybean grist	15400	15600	15500	-0.6%

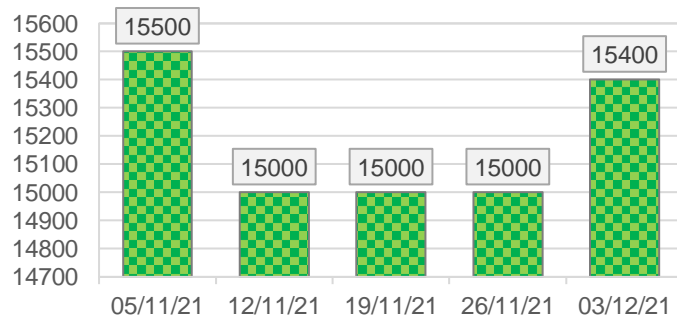
Average price dynamics, UAH/t.
Sunflower, EXW demand



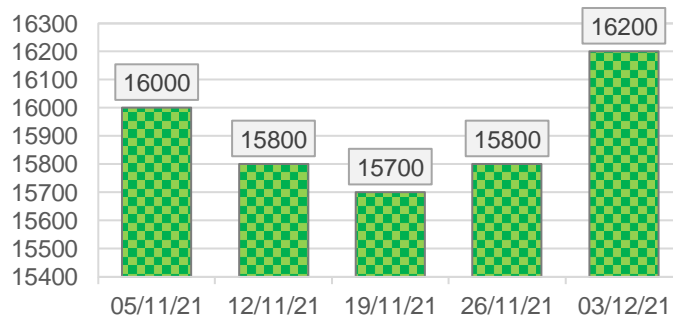
Average price dynamics, UAH/t.
Sunflower, CPT port



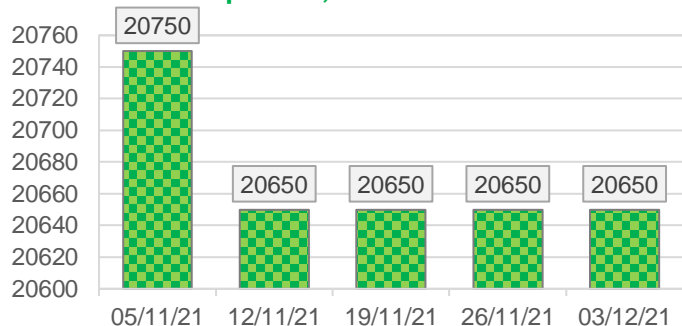
Average price dynamics, UAH/t.
Soybean, EXW demand



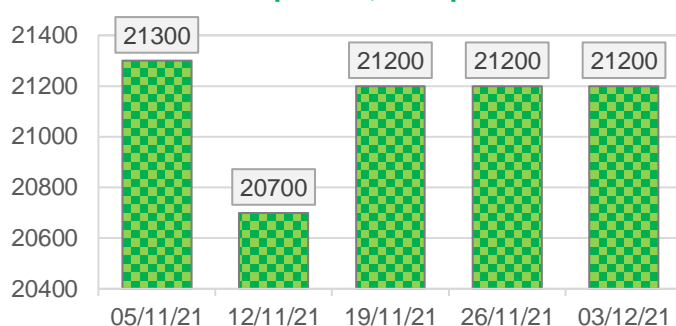
Average price dynamics, UAH/t.
Soybean, CPT port



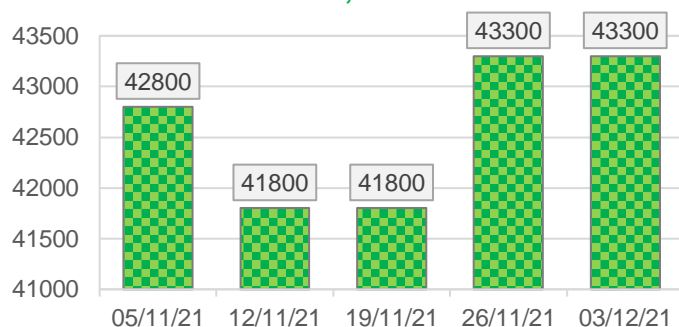
**Average price dynamics, UAH/t.
Rapeseed, EXW demand**



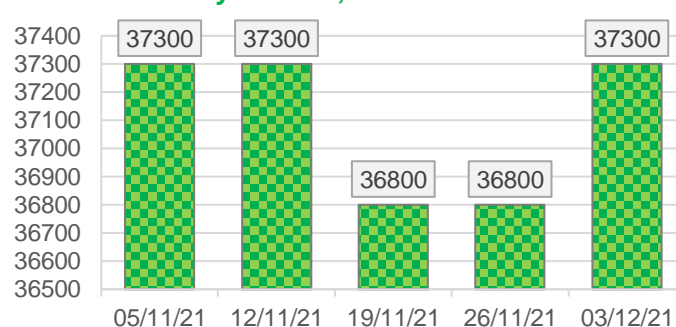
**Average price dynamics, UAH/t.
Rapeseed, CPT port**



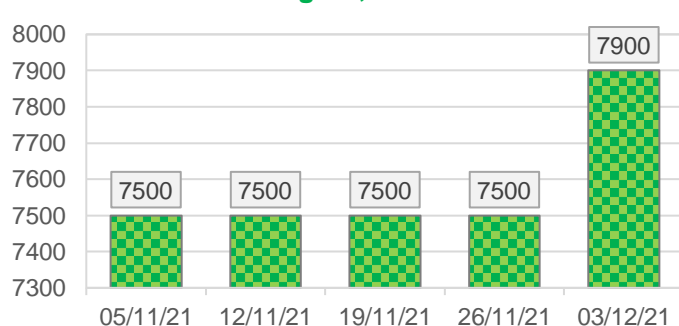
**Average price dynamics, UAH/t.
Sunflower oil, EXW demand**



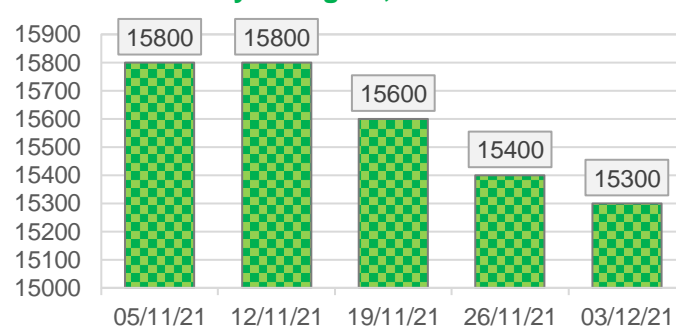
**Average price dynamics, UAH/t.
Soybean oil, EXW demand**



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



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



Market dynamics of niche oilseeds

According to the latest data from customs statistics, for 10 months of 2021, 17.5 thousand tons of flax seeds were shipped for export from Ukraine with a total value of \$ 11.3 million.

The key importers of Ukrainian flax seeds, according to official data as of October 31, were Belgium (22%), Poland (16%) and Egypt (10%).

Purchase prices for niche oilseeds

	min	max	avr	Δ, %
EXW demand price, UAH/t				
Mustard	19500	20500	20000	0.0%
Flax	18500	19500	19000	0.0%
CPT enterprise price, UAH/t				
Mustard	20000	21000	20500	0.0%
Flax	19000	20000	19500	0.0%
CPT port price, UAH/t				
Mustard	20500	21500	21000	0.0%
Flax	19500	20500	20000	0.0%

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