

ProAgro Group Analytics

(27.12.21–07.01.22)

Oilseeds and processed products market

Key influencing factors

- According to Agro Perspektyva, the export of sunflower from Ukraine for 11 months of 2021 amounted to 75.52 thousand tons with a total of \$36.84 million worth against 153.68 thousand tons with \$54.66 million for 11 months of 2020. Recall that the profitability of sunflower seed production in 2020 was 39.4%, in 2019 - 23.5%, in 2018 - 32.5%, in 2017 - 41.3%, and in 2016 - 63.0%;
- Rapeseed prices on Paris-based Euronext hit another record high, while soybeans hit a 4-month high amid worries about a possible cut in South American yields due to rainfall shortages in Argentina and southern Brazil;
- According to experts from S&P Global Platts, Brazilian soybean producers will receive record volumes in 2021/22 MY (142.8 million tons), which is likely to put pressure on the markets of their main competitors - the United States and Argentina. USDA analysts expect that soybean production in Brazil in 2021/22 MY will amount to 144 million tons against 138 million in 2020/21 MY;
- Palm oil prices will remain high next year, according to a report from the Council of Palm Oil Producing Countries. This will be due to the fact that production remains limited due to the sharp rise in prices for mineral fertilizers and a lack of labor.

Dynamics of international markets

At the beginning of the new year, vegetable oils on the world market are becoming more expensive. One of the key factors behind this price movement is the rise in oil futures, while the relatively low demand from key importers is a powerful factor in restraining upward price trends.

The rise in oil prices is supported by news of dwindling stocks in the United States and information about a relatively mild disease from the Omicron strain.

Palm oil futures have risen in recent weeks amid expectations for lower production in December due to harvest difficulties following floods in eight Malaysian states.

Sunflower oil of Ukrainian production rose in price, despite a decrease in demand from key importers. According to Ukroilprom, Ukraine during September-November reduced the export of sunflower oil compared to the same period last year by 15% to 1.35 million tons due to a drop in demand from China and India.

On Euronext, quotes for rapeseed futures in February as of January 6, 2022 reached € 828.00 / t (€ 751.75 / t as of December 24).

Prices for oilseeds in the main ports of exporting countries

Forward april		min	max	avr	Δ,%
FOB price, USD/t					
Soybean, Ukraine Black Sea		540	555	548	-0.9%
Soybean, USA NOLA	553	556	560	558	3.8%
Soybean, Argentina	529	549	551	550	-5.2%
Soybean, Brazil	534	538	542	540	3.2%
Sunflower, Ukraine Black Sea		660	675	668	0.0%
Rapeseed, Ukraine Black Sea		765	780	773	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	660	670	665	675
Soybean	540	550	545	555
Rapeseed	765	775	770	780

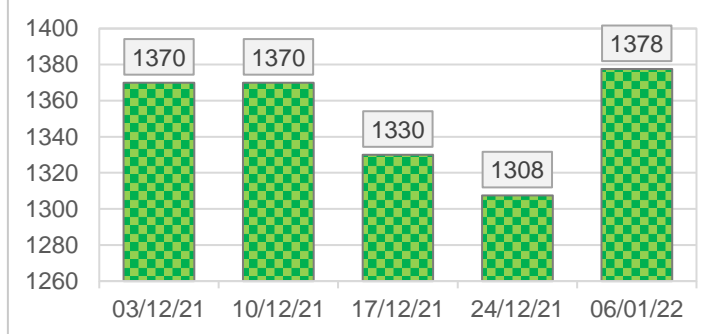
Supply and demand prices for Ukrainian oilseeds in the Black Sea ports

Product	min	max	min	max
Sunflower oil, FOB Black Sea	1370	1380	1375	1385
Sunflower grist, FCA	275	285	280	290
Sunflower oilcake, DAP	255	265	260	270
Soybean oil, FCA	1210	1220	1215	1225
Soybean grist, FCA	455	465	460	470

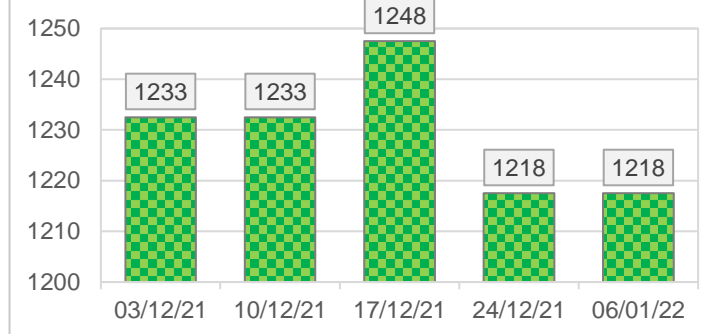
Prices for the main processed products in the ports of exporters

	Forward april	min	max	avr	Δ,%
FOB price, USD/t					
Sunflower oil, Ukraine FOB Black Sea		1370	1385	1378	0.7%
Sunflower grist, Ukraine		275	290	283	0.0%
Sunflower oilcake, Ukraine DAP		255	270	263	0.0%
Soybean oil, Ukraine		1210	1225	1218	0.0%
Soybean grist, Ukraine		455	470	463	0.0%
Soybean grist, protein 48%, USA FOB NOLA	492	509	513	511	4.1%
Soybean grist, protein 47%, Argentina FOB	452	464	468	466	1.7%
Soybean grist, protein 48%, Brazil FOB	458	472	476	474	2.8%

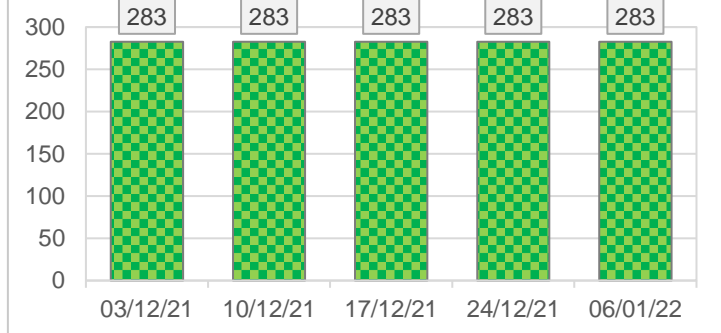
Average price dynamics, \$/t. Sunflower oil, Ukraine FOB



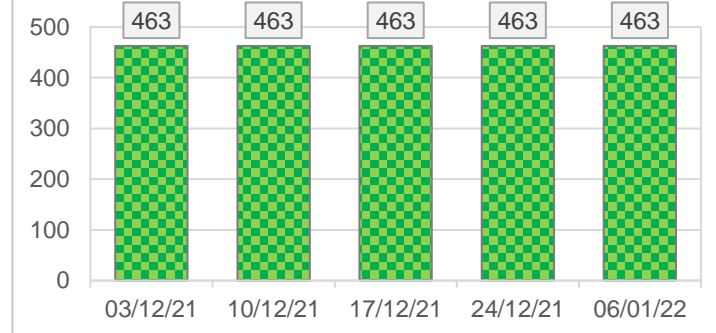
Average price dynamics, \$/t. Soybean oil, Ukraine FCA



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, mainly positive price adjustments were recorded on the domestic markets for key oilseeds and their derivatives.

In the sunflower segment, prices grew moderately during the reporting week. On the EXW basis, sunflower seeds were traded within 8400-18800 UAH/t (+3.3%), while on the CPT enterprise basis within 18600-19000 UAH/t (+3.3%). The key driver of this movement is the rise in sunflower oil prices.

Purchase prices for key oilseeds

	min	max	avr	Δ,%
EXW price demand, UAH/t				
Sunflower	18400	18800	18600	3.3%
Soybean	15500	15900	15700	0.0%
Rapeseed	20500	20800	20650	0.0%
CPT enterprise price, UAH/t				
Sunflower	18600	19000	18800	3.3%
Soybean	15900	16300	16100	0.0%
Rapeseed	20700	21200	20950	0.0%
CPT port price, UAH/t				
Sunflower	18800	19200	19000	3.3%
Soybean	16300	16700	16500	0.0%
Rapeseed	21000	21400	21200	0.0%

Sunflower oil of Ukrainian production on FOB basis in the Black Sea ports increased in price again and by the end of the reporting period was traded in the range of 1370-1385 \$/t. As mentioned above, the current price trend is driven by the movement of oil prices and the rise in prices of other key vegetable oils.

At the same time, it is likely that the current situation will last no more than a few weeks, since key importers have accumulated significant domestic stocks, and the supply of new crop of soybeans and its processed products from South America in the near future will significantly affect the market balance.

The prices of soybeans on the domestic market were stable during the reporting week. On the EXW basis, they were traded in the range of 15500-15900 UAH/t. On CPT port terms, beans occupied the price range of 16300-16700 UAH/t.

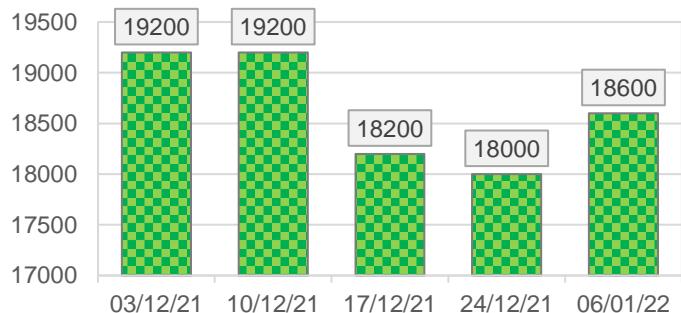
In the rapeseed segment, prices were also mostly stable last week, holding strong positions on both domestic and export bases. On FOB terms, they fluctuated in the range of 765-775 \$/t. It should be added that the value of the nearest futures contracts for rapeseed on the Euronext exchange almost daily resumes its historical maximum.

Prices for key types of vegetable oils				
Product	min	max	avr	Δ,%
EXW price (demand), UAH/t				
Sunflower oil	43800	44800	44300	7.3%
Soybean oil	38100	38500	38300	0.0%
EXW price (supply), UAH/t				
Sunflower oil	44000	45000	44500	7.2%
Soybean oil	38700	39300	39000	0.0%

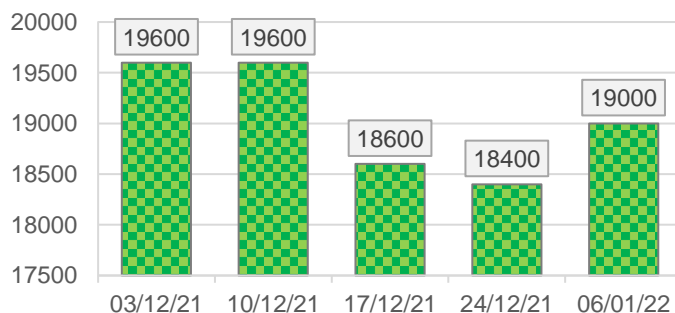
Sunflower oil price in Ukraine on CPT terms				
Product	min	max	avr	Δ,%
CPT port	42600	43000	42800	7.5%
CPT enterprise	42300	42700	42500	7.6%

Purchase prices for key types of vegetable grist				
Product	min	max	avr	Δ,%
EXW price (demand), UAH/t				
Sunflower grist	8000	8200	8100	8.0%
Soybean grist	15900	16100	16000	0.6%
EXW price (supply), UAH/t				
Sunflower grist	8100	8300	8200	7.9%
Soybean grist	16100	16300	16200	0.6%

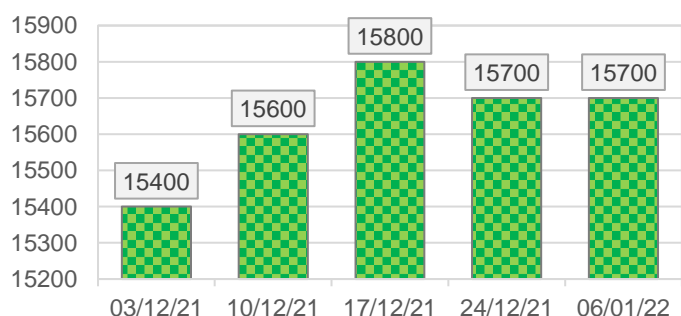
Average price dynamics, UAH/t.
Sunflower, EXW demand



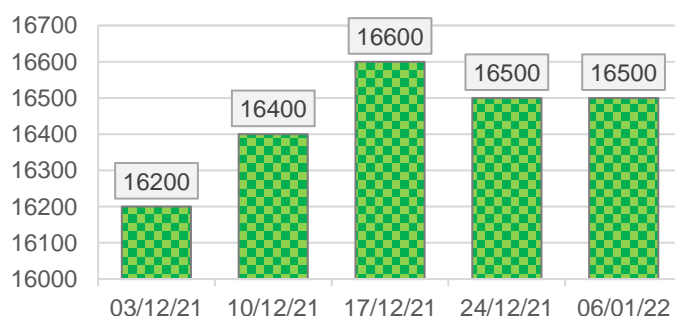
Average price dynamics, UAH/t.
Sunflower, CPT port



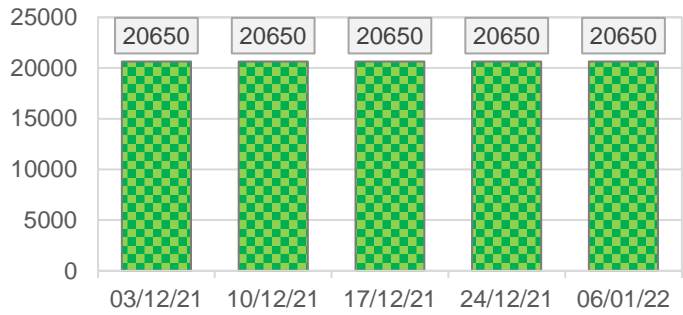
Average price dynamics, UAH/t.
Soybean, EXW demand



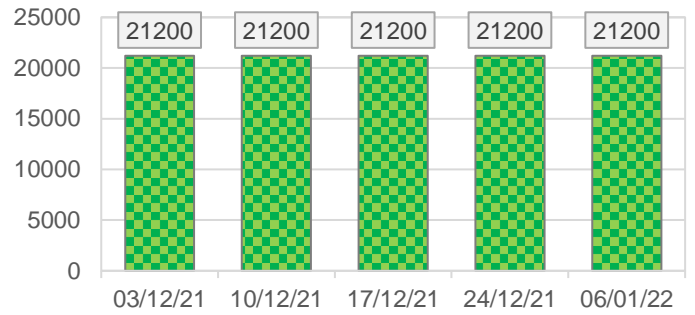
Average price dynamics, UAH/t.
Soybean, CPT port



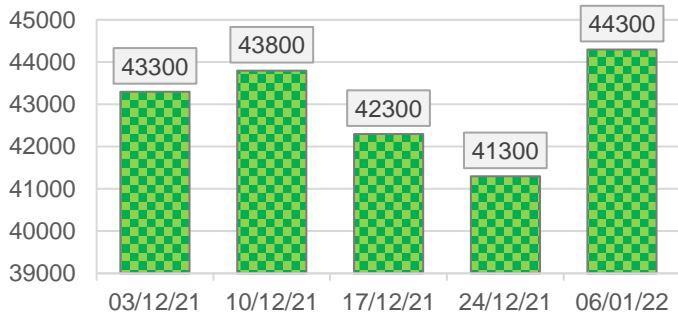
**Average price dynamics, UAH/t
RAPeseed, EXW demand**



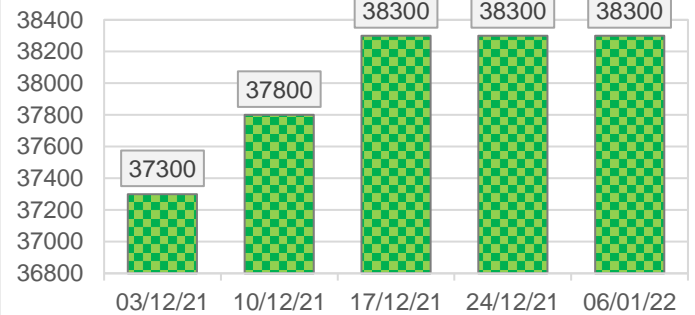
**Average price dynamics, UAH/t
RAPeseed, CPT port**



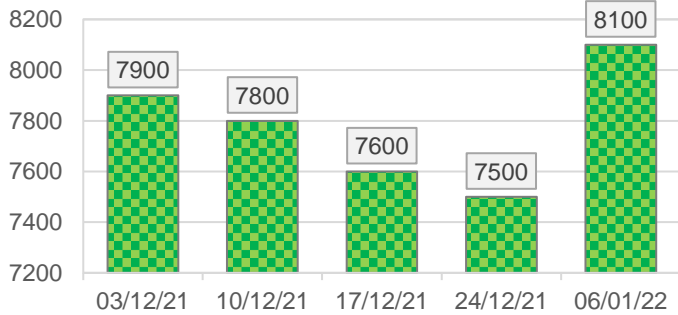
**Average price dynamics, UAH/t
Sunflower oil, EXW demand**



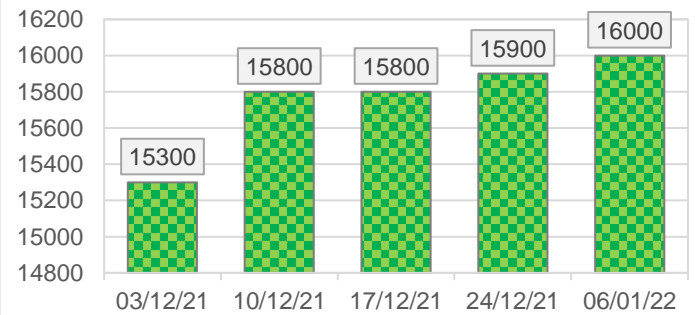
**Average price dynamics, UAH/t
Soybean oil, EXW demand**



**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 as of October 31 are Belgium (22%), Poland (16%) and Egypt (10%).

Purchase prices for niche oilseeds

	min	max	avr	Δ,%
EXW price demand, UAH/t				
Mustard	19500	20500	20,000	0.0%
Flax	18500	19500	19000	0.0%
CPT enterprise price, UAH/t				
Mustard	20,000	21000	20500	0.0%
Flax	19000	20,000	19500	0.0%
CPT port price, UAH/t				
Mustard	20500	21500	21000	0.0%
Flax	19500	20500	20,000	0.0%

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