

ProAgro Group Analytics

(7.02.22 – 11.02.22)

Oilseeds and processed products market

Key influencing factors

- According to the Institute of Agrarian Economics, the value of exports of seeds and oilseeds from Ukraine in 2021 amounted to \$2.4 billion, which is 33% more than in 2020. The main buyers of Ukrainian oilseeds and vegetable oil in 2021, as in previous years, are the countries of Asia and Europe;
- Canada Statistics Service estimated canola seed stocks in Canada at the end of 2021 at 7.56 million tons, which is 43% lower than the previous year and 47.5% lower than the annual average;
- Stocks of palm oil in Malaysia in January decreased to a six-month low - to 1.55 million tons (-3.9% for the month). At the same time, palm oil production in Malaysia in January decreased by 13.5% (to 1.25 million tons), and exports - to 1.16 million (-187%);
- The Brazilian state agency Conab has lowered the forecast for the soybean crop in the country in 2021/22 MY by 15 million to 140.7 million tons. The sharp deterioration in the forecast is associated with a drought that has damaged crops in the southern states. The reduction in soybean production will affect its exports, which are expected to reach 80.1 million tons (versus 86 million last season);

Dynamics of international markets

According to the USDA report published last week, the forecast for world production of vegetable oils in 2021/22 MY was again reduced by 0.7 million to 213.2 million tons. At the same time, this figure is still 6.8 million tons higher than the level of 2020/21 MY.

The main negative adjustments related to estimates of soybean oil production (-1 million to 60.3 million tons against 59.2 million tons in 2020/21 MY). The revaluation is based on expectations of a reduction in the soybean crop in South America. At the same time, the forecast for rapeseed oil production was increased by 0.43 million to 28.3 million tons.

American government analysts reduced the estimate of world consumption of vegetable oils by 0.4 million to 210.3 million tons (+5.1 million compared to 2020/21 MY) as a result of the expected decrease in biodiesel consumption and the persistence of high prices for vegetable oils.

They raised their estimate of world ending stocks by 0.3 million to 24.0 million tons due to an increase in palm oil stocks in Indonesia due to export restrictions. As a result, palm and soybean oil stocks are expected to decline in China and India, which could boost demand for cheaper oils.

Prices for oilseeds in the main ports of exporting countries, delivery period March/May 2022

	forward June	m in	max	avr	Δ, %
FOB price, USD/t					
Soybean, Ukraine Black Sea	587	592	590	590	0.0%
Soybean, US NOLA	617	625	629	627	1.0%
Soybean, Argentina	607	624	628	626	6.3%
Soybean, Brazil	615	619	623	621	-0.3%
Sunflower, Ukraine Black Sea	690	705	698	698	1.5%
Rapeseed, Ukraine Black Sea	770	785	778	778	0.0%

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

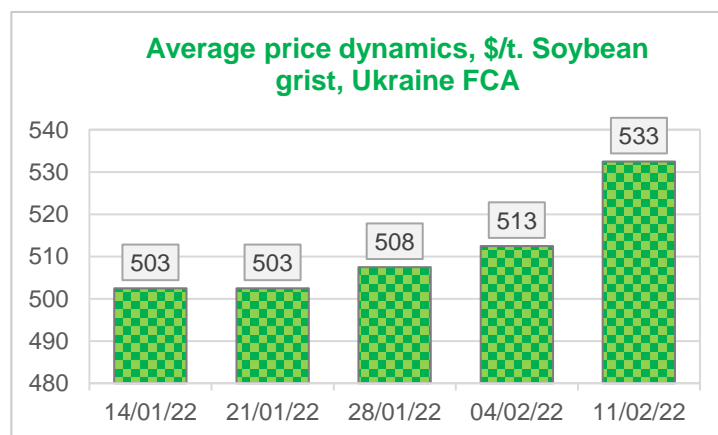
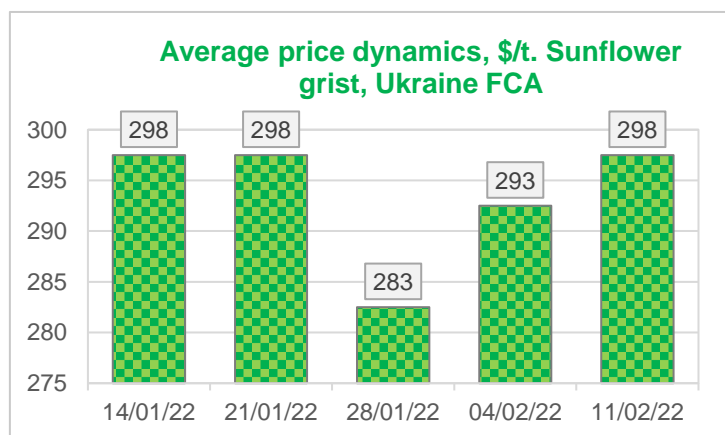
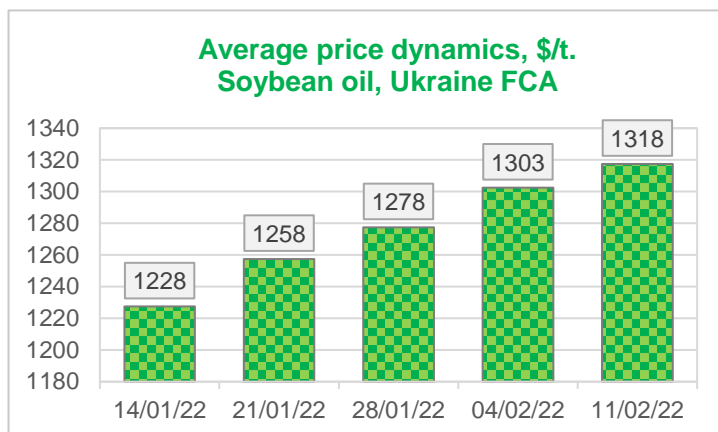
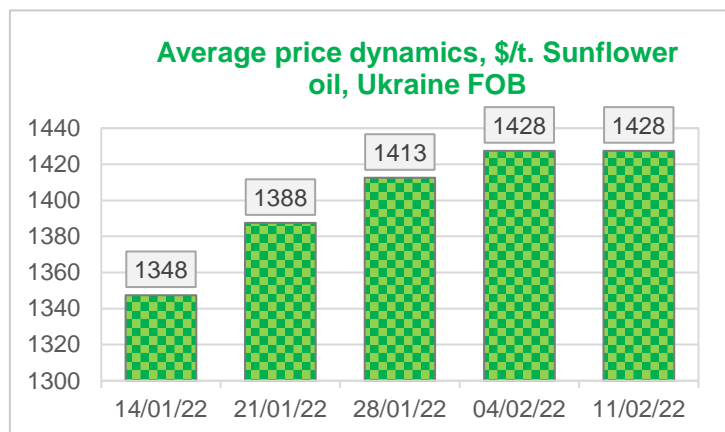
Product	Price FOB Black Sea, USD/t (demand)		Price FOB Black Sea, USD/t (demand)	
	min	max	min	max
Sunflower	690	700	695	705
Soybean	575	585	580	590
Rapeseed	770	780	775	785

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	290	300	295	305
Sunflower oilcake, DAP	270	280	275	285
Soybean oil, FCA	1310	1320	1315	1325
Soybean grist, FCA	525	535	530	540

Prices for the main processed products in the ports of exporting countries, delivery period March/May 2022

	forward June	min	max	avr	Δ, %
FOB price, USD/t					
Sunflower oil, Ukraine FOB Black Sea		1420	1435	1428	0.0%
Sunflower grist, Ukraine		290	305	298	1.7%
Sunflower oilcake, Ukraine DAP		270	285	278	1.8%
Soybean oil, Ukraine		1310	1325	1318	1.2%
Soybean grist, Ukraine		525	540	533	3.9%
Soybean grist, 48% protein, USA FOB NOLA	530	555	559	557	4.7%
Soybean grist, protein 47%, Argentina FOB	499	508	512	510	3.2%
Soybean grist, 48% protein, Brazil FOB	512	547	551	549	8.3%



Dynamics of the domestic market

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

Despite the persistence of high prices for sunflower oil on export bases, sunflower prices fell again following the results of the reporting week. On the basis of EXW, sunflower seeds were traded within 19300-19700 UAH/t (-4.9%), while on the terms of CPT-enterprise - 19700-20100 UAH/t (-3.9%).

Purchase prices for key oilseeds				
	min	max	avr	Δ, %
Price EXW demand, UAH/t				
Sunflower	19300	19700	19500	-4.9%
Soybean	17600	18000	17800	2.3%
Rapeseed	20500	20800	20650	0.0%
Price CPT-enterprise, UAH/t				
Sunflower	19700	20100	19900	-3.9%
Soybean	17900	18200	18050	2.8%
Rapeseed	20700	21200	20950	0.0%
CPT-port price, UAH/t				
Sunflower	20100	20500	20300	-2.9%
Soybean	18100	18600	18350	3.4%
Rapeseed	21000	21400	21200	0.0%

In addition to the cautious strengthening of the national currency, the growth in prices for raw oil is hampered by a reduction in demand from processors, who expect price cuts on the eve of the start of spring field work.

Despite a significant increase in prices for soybean and palm oil, Ukrainian-made sunflower oil on an FOB basis in the Black Sea ports continued to be traded in the range of \$1,420-1,435/t in the reporting period, given the relatively low demand.

Soybean prices on the domestic market, on the contrary, continued to grow during the reporting week amid a negative revaluation of future soybean gross harvests in South America. On an EXW basis, soybeans were traded in the range of UAH 17,600-18,000/t (+2.3%). On the terms of CPT-port, oilseeds occupied the price range of UAH 18,100-18,600/t (+3.4%). Rising prices encourage agricultural producers to intensify sales.

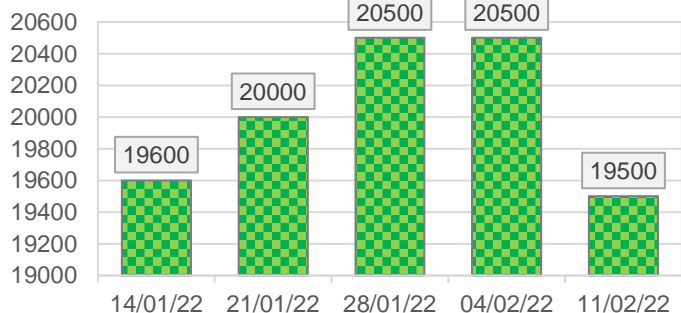
In the rapeseed segment, prices were mostly stable last week, holding high positions on both domestic and export bases. So, on FOB terms, they fluctuated in the range of \$765-775/t.

Prices for key types of vegetable oils				
Product	min	max	avr	Δ, %
Price EXW (demand), UAH/t				
Sunflower oil	45300	46300	45800	0.0%
Soybean oil	40600	41000	40800	2.5%
Price EXW (demand), UAH/t				
Sunflower oil	45500	46500	46000	0.0%
Soybean oil	41200	41800	41500	2.5%

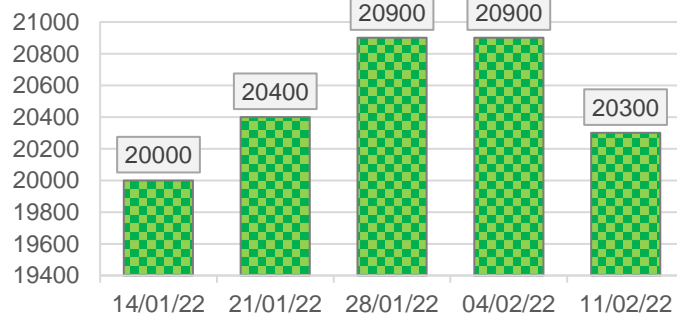
The price of sunflower oil in Ukraine on CPT terms				
Product	min	max	avr	Δ, %
CPT port	46000	47000	46500	0.0%
CPT-enterprise	45700	46700	46200	0.0%

Purchase prices for key types of vegetable grists				
Product	min	max	avr	Δ, %
Price EXW (demand), UAH/t				
Sunflower grist	8800	9000	8900	0.0%
Soybean grist	18100	18300	18200	2.8%
Price EXW (demand), UAH/t				
Sunflower grist	8900	9100	9000	0.0%
Soybean grist	18300	18500	18400	2.8%

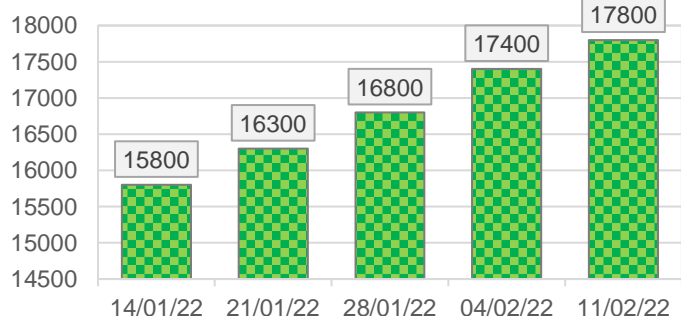
Average price dynamics, UAH/t.
Sunflower, EXW demand



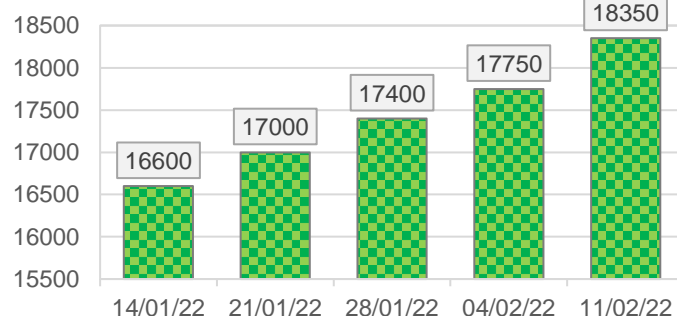
Average price dynamics.
Sunflower, CPT port



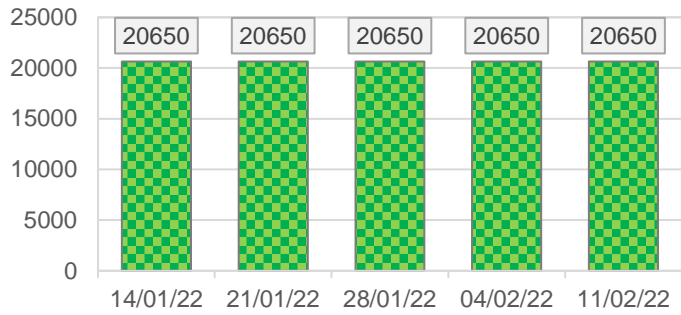
Average price dynamics, UAH/t.
Soybean, EXW demand



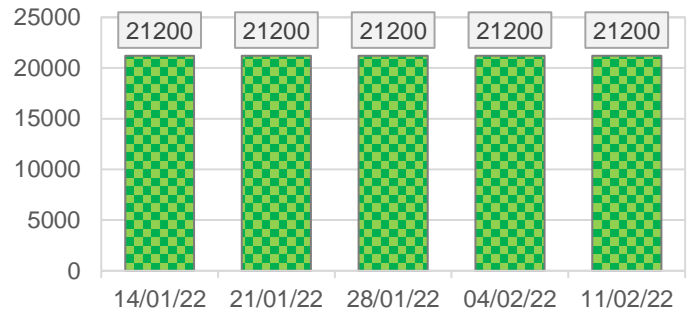
Average price dynamics, UAH/t.
Soybean, CPT port



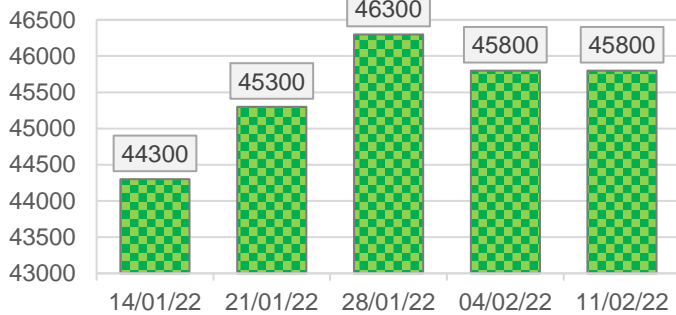
**Average price dynamics, UAH/t.
Rapeseed, EXW demand**



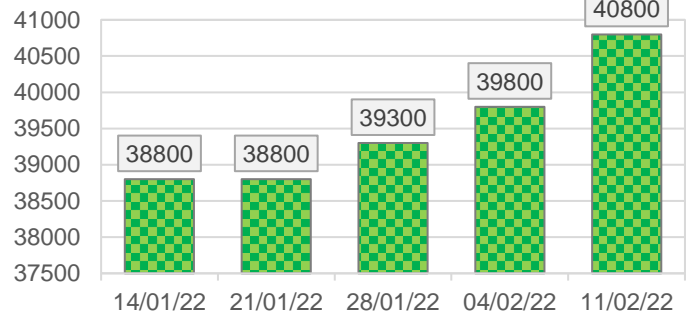
**Average price dynamics, UAH/t.
Rapeseed, CPT port**



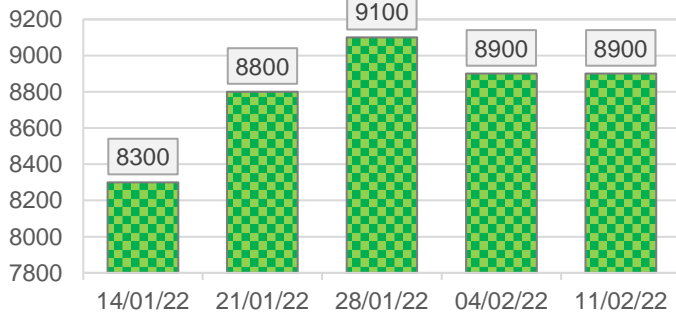
**Average price dynamics, UAH/t.
Sunflower oil, EXW demand**



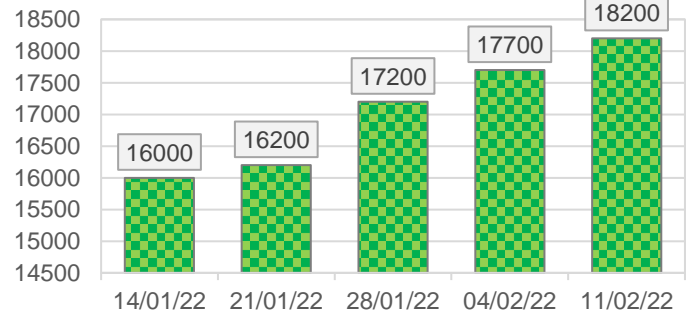
**Average price dynamics, UAH/t.
Soybean oil, EXW demand**



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



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



Dynamics of the niche oilseeds market

In accordance with the latest customs statistics, according to the results of 2021, flax seeds were shipped for export from Ukraine with a total value of \$17.23 million. The key importers of Ukrainian-made flax seeds as of December 31, 2021 are Belgium (19%), Poland (16%) and Egypt (9%).

According to Oil World experts, the world export of flax for 4 months of the current season decreased by 14% compared to last year against amid a decline in oilseed production in Canada and Kazakhstan.

Purchase prices for niche oilseeds

	min	max	avr	Δ, %
Price EXW demand, UAH/t				
Mustard	19500	20500	20000	0.0%
Flax	18500	19500	19000	0.0%
Price CPT-enterprise, 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%