

Oils & Fats Production Outlook 2016 and Beyond

World Supply, Demand and Price Outlook. The Importance of Palm Oil.

Presentation at POTS in Istanbul on May 16, 2016

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Global Market Research on Oilseeds, Oils and Meals

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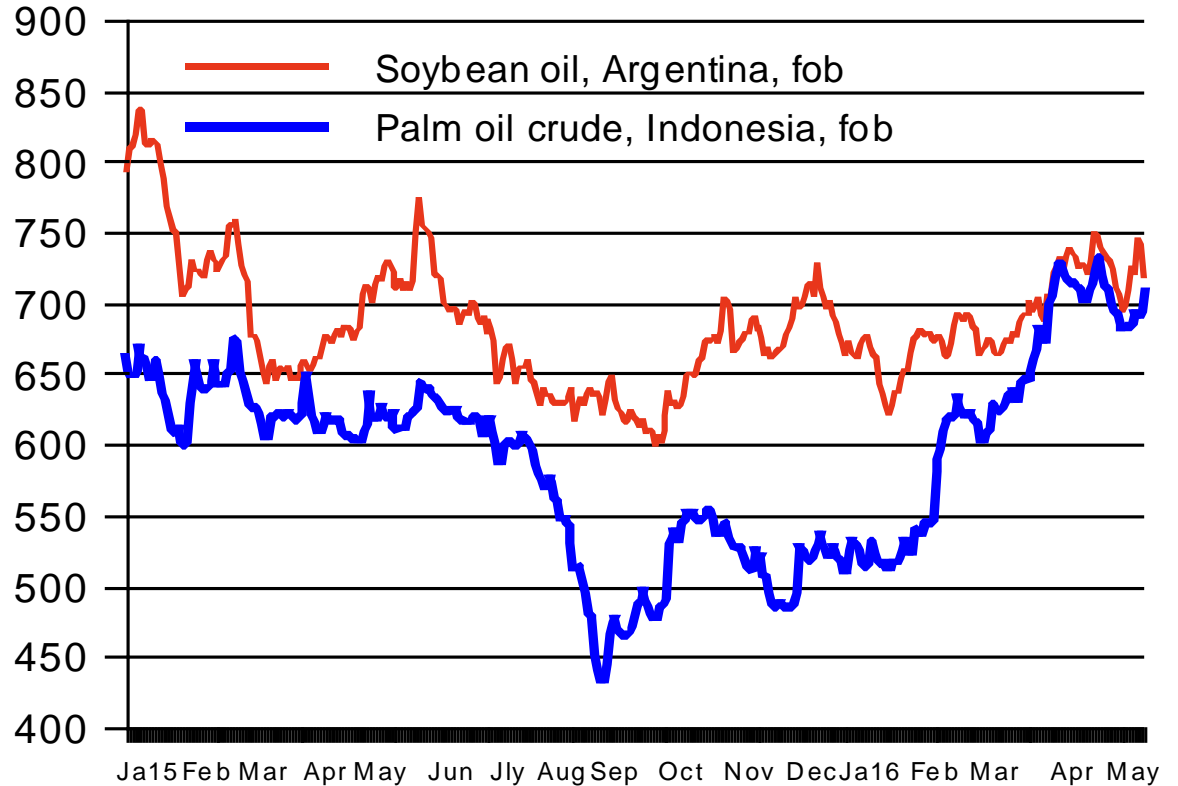
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Vegetable oil prices appreciated in the past 6 months

Among all veg oils, palm oil prices bottomed first. Indonesian palm oil up \$ 400 since August to a 20-month high on April 16

Also soy oil rising, while meal is on bearish trend

Daily Prices of Soya Oil & Palm Oil (US-\$/T)



Daily prices from 2 Jan 2015 until 12 May 2016



World Outlook of 17 oils & fats in Oct/Sept 15/16:

Production only +1.1 Mn

Total consumption growth to accelerate to 5.3 Mn T

Recovery in biodiesel, driven by Indonesia

Strong food demand

17 Oils & Fats: World Output & Consumption (Mn T)					
	<u>15/16F</u>	<u>14/15</u>	<u>13/14</u>	<u>12/13</u>	<u>11/12</u>
Production	206.0 +1.1	204.9 +3.7	201.2 +11.5	189.7 +2.6	187.1 +8.8
Consumption . .	208.4	203.1	198.8	189.6	183.9
	+5.3	+4.3	+9.2	+5.7	+7.2
for energy	+0.9	-1.4	+3.8	+2.5	+2.5
other uses	+4.4	+5.7	+5.4	+3.2	+4.7
Stock change . .	-2.4	+1.6	+2.3	+0.1	+3.2



**Demand drivers in
Oct/Sept 15/16 are
India and Indonesia
with growth in Mn T:**

India +1.3

Indonesia +1.2

China +0.4

Other Asia +0.8

America +1.1

European Union -0.2

C.I.S. +0.2

Africa +0.5

17 Oils & Fats: World Output & Consumption (Mn T)

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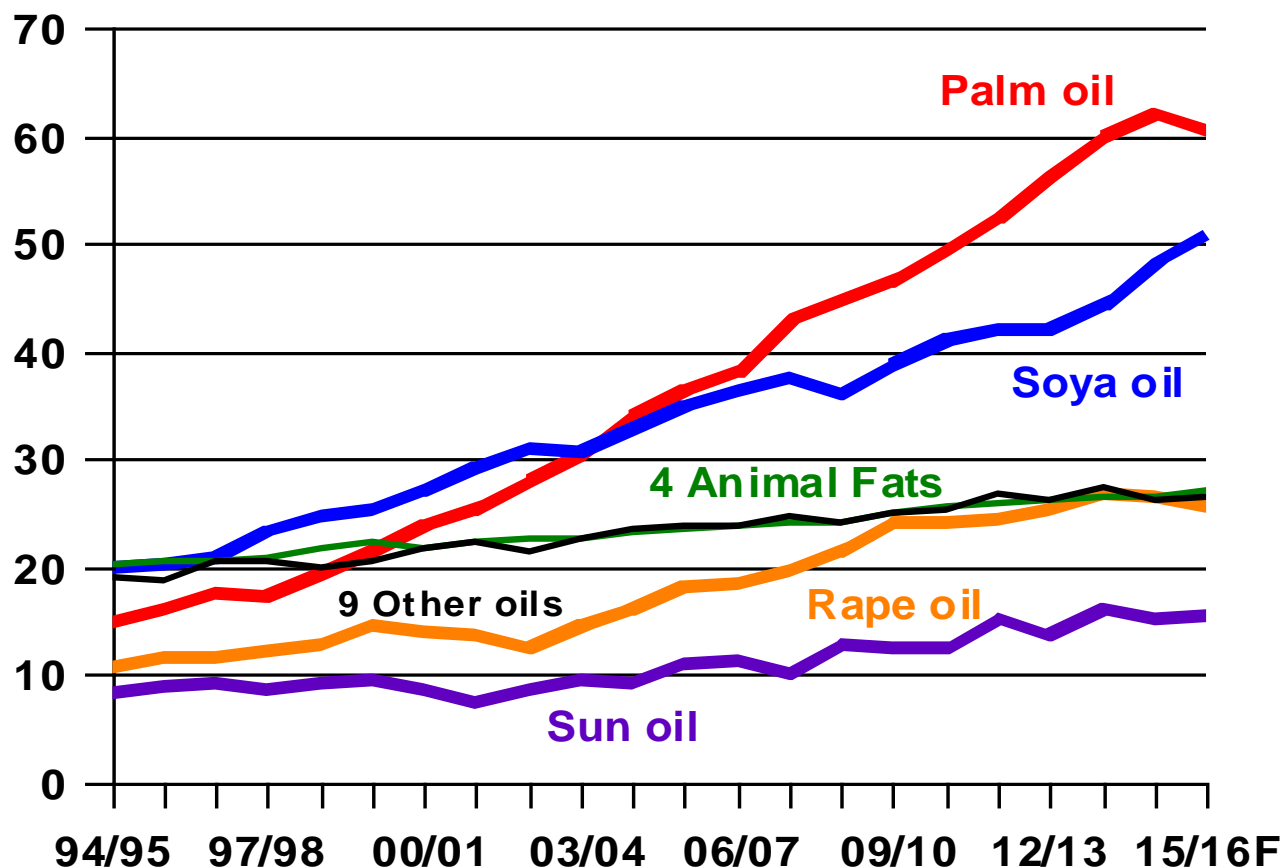


Soya oil output rises from 44.5 Mn T in 13/14 to 51.1 Mn T in 2015/16 (up 6.6 Mn T or +15%)

Soya oil share recovers to 24.8% in 15/16 from 22.2% in 13/14

World palm oil output 60.6 in 15/16 against 59.9 Mn T, +0.7Mn / +1%

17 OILS & FATS : World Production (Mn T)



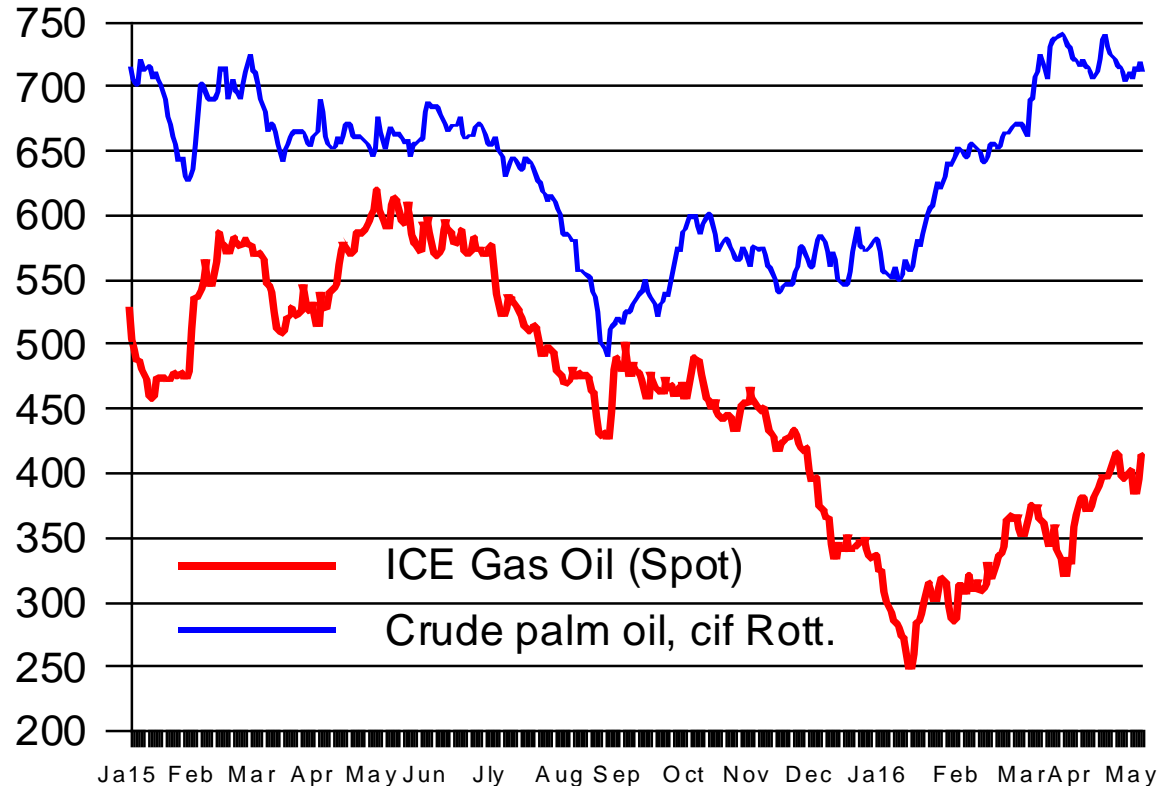
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Prices of palm oil and other veg. oils are divorcing from the trend of crude oil

Brent prices plunged to a 12-year low of less than US \$ 30 per barrel in Febr 2016, but recovered since

**Now a swing factor:
The enforcement of the biodiesel mandantes**

Daily Prices of Palm oil & Gas Oil (US-\$/T)



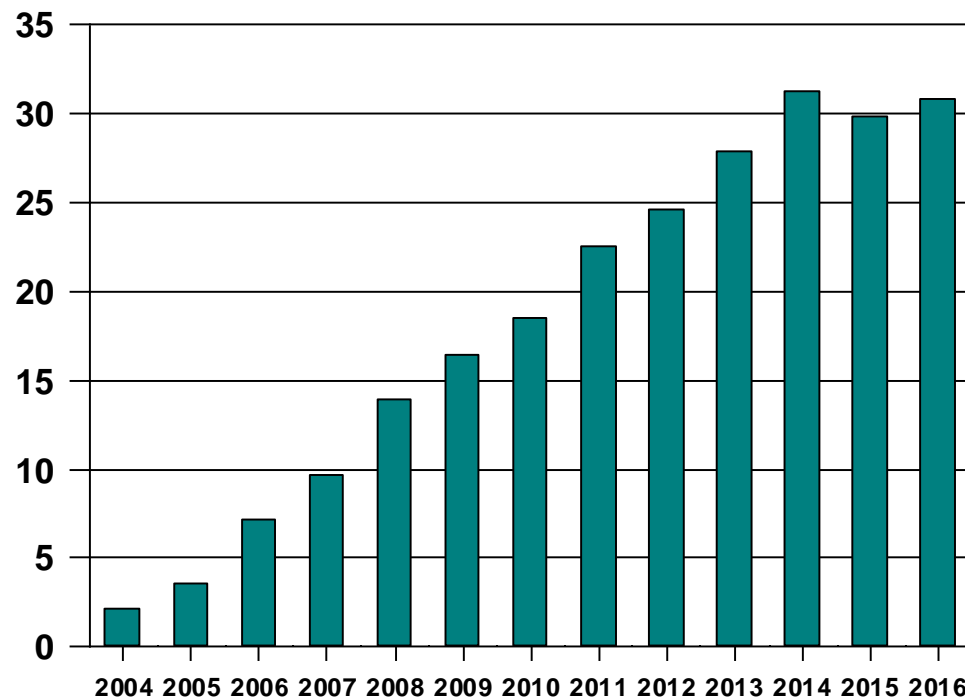
Daily prices from January 2015 until 12 May 2016



BIODIESEL: World Production by Country (Mn T)

	January / December				
	2016F	2015	2014	2013	2012
EU-28	11.84*	12.37	12.20	10.65	9.74
U.S.A.	5.25*	4.90	4.80	4.72	3.50
Argentina	2.00*	1.81	2.58	2.00	2.46
Brazil	3.65*	3.46	3.00	2.56	2.39
Colombia . . . . .	.53*	.51	.52	.50	.49
Singapore . . . . .	.94*	.92*	.76	.79	.73
Indonesia	2.40*	1.40*	2.86	2.60	1.91
Malaysia . . . . .	.50*	.67	.60	.47	.25*
Thailand . . . . .	.94*	.92*	.98	.95	.92*
Oth. ctres.	2.60*	2.80*	2.94*	2.66*	2.20
Total	30.75*	29.76*	31.24	27.90	24.59

World Production of Biodiesel (Mn T)

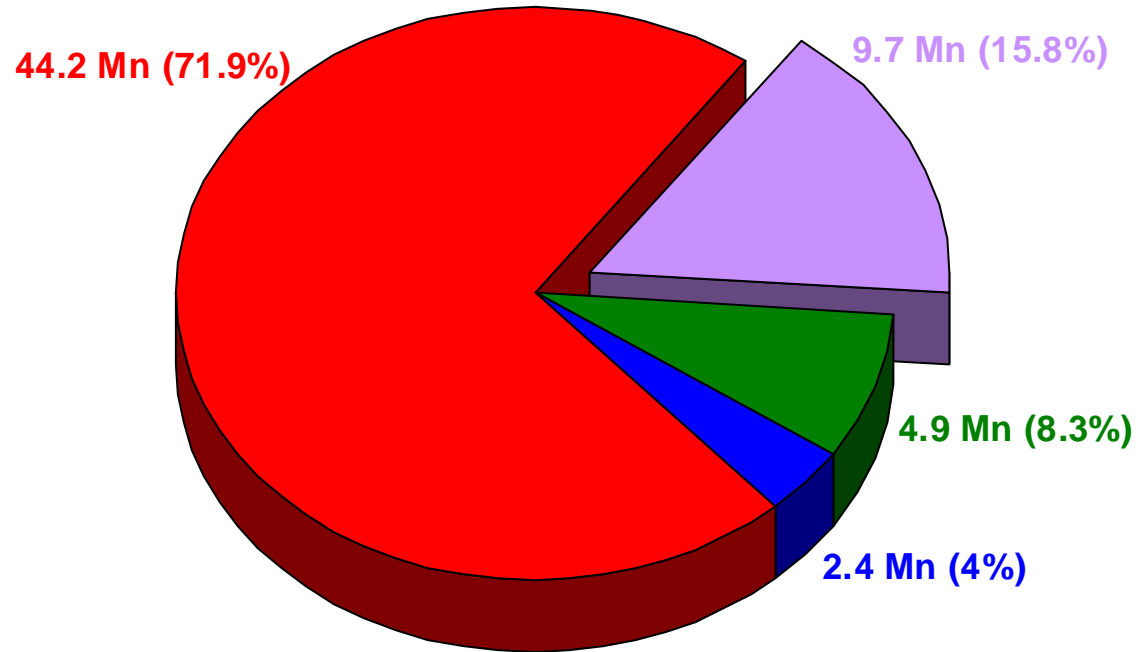


2016: Indonesia +1.0 Mn T ??
 Brazil +0.2 Mn T ??



PALM OIL: World Consumption, by Category

Jan/Dec 2015 total: 61.2 Mn T



- Food use
- Chemicals
- Other (animal feed, etc.)
- Energy (biofuels)

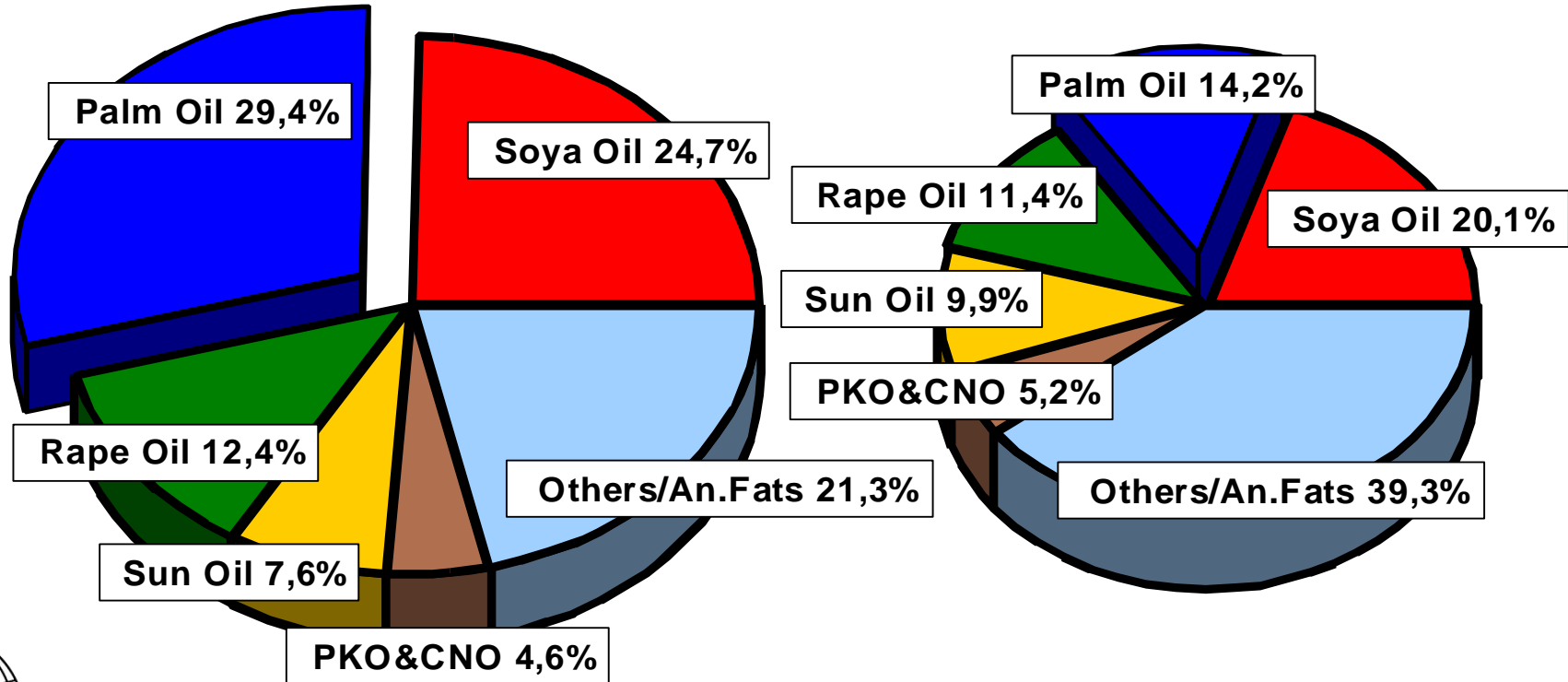


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World Production of 17 Oils & Fats

2015/16F - - 206.1 Mn T

1991/92 - - 83.5 Mn T



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Production Deficit in Palm Oil

Global Palm Oil Outlook in
Oct/Sept 2015/16 (in Mn T):

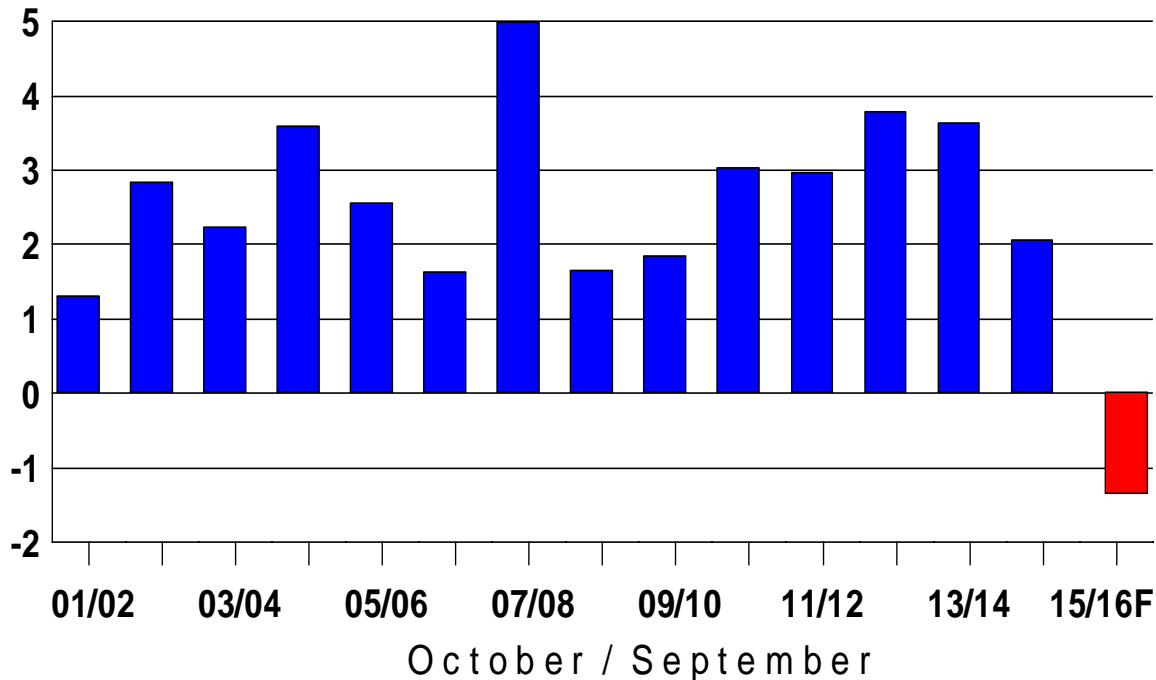
Production **-1.4** (vs +2.1)

Open stock **+1.3** (vs +0.7)

Supplies **-0.1** (vs +2.8 Mn)

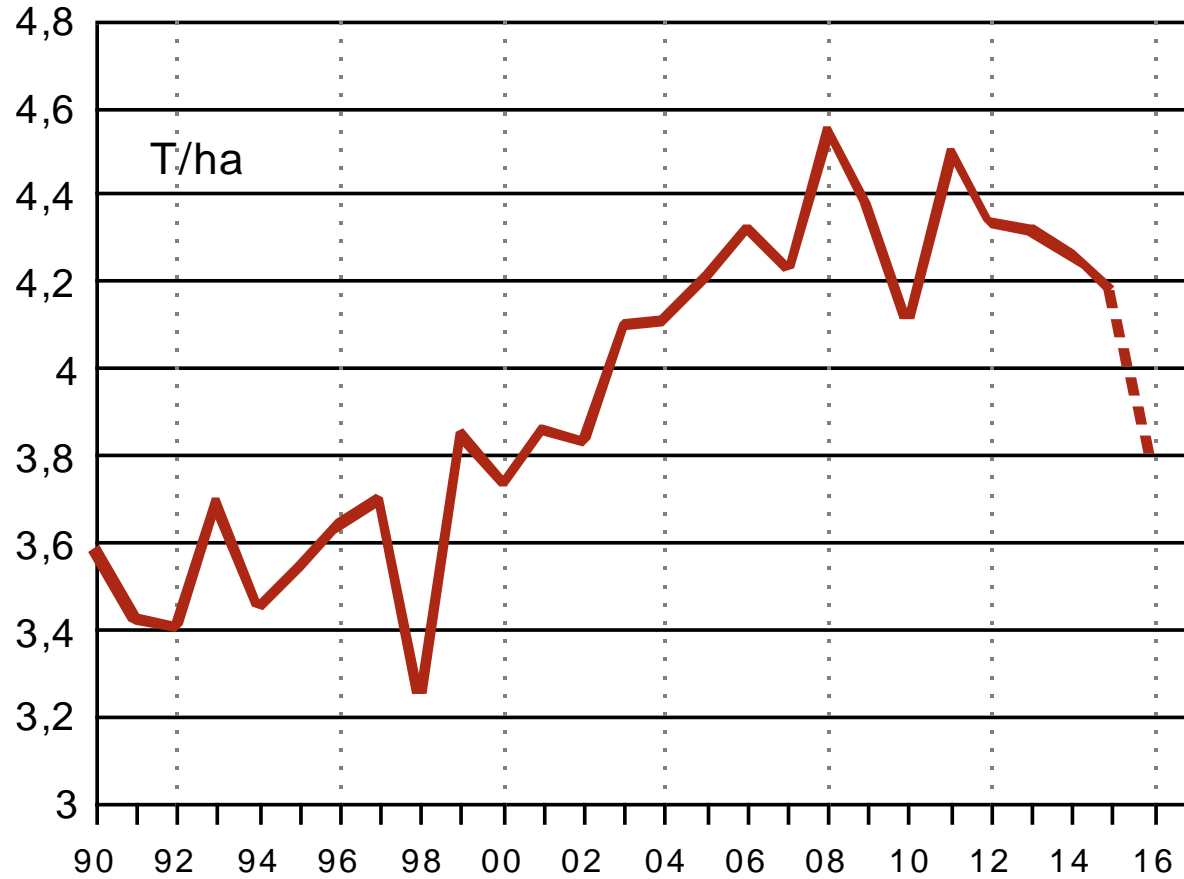
PALM OIL : World Production

Annual Change (Mn T)



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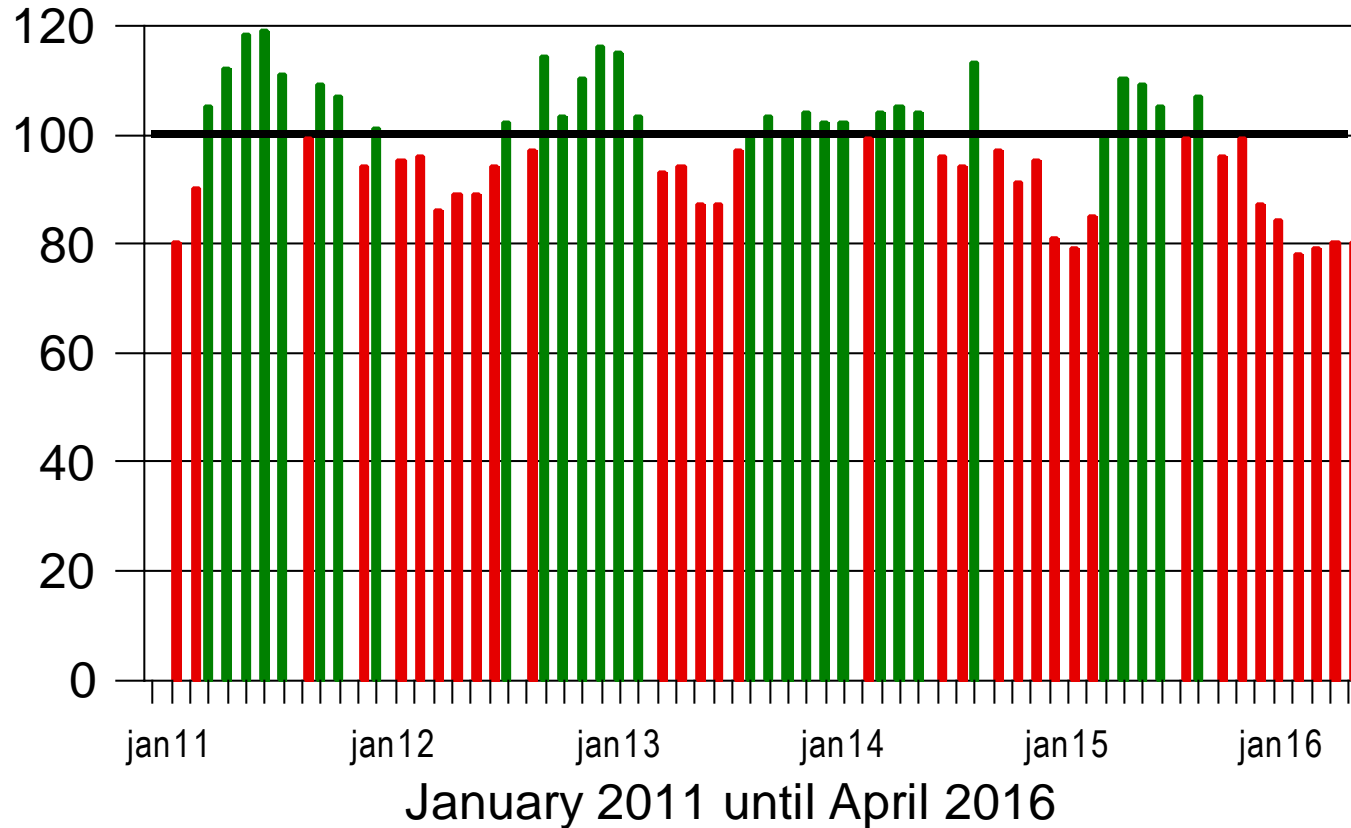
MALAYSIA: Annual Palm Oil Yields (T/ha)



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Palm Oil Yields in Malaysia

in % of 5-year average

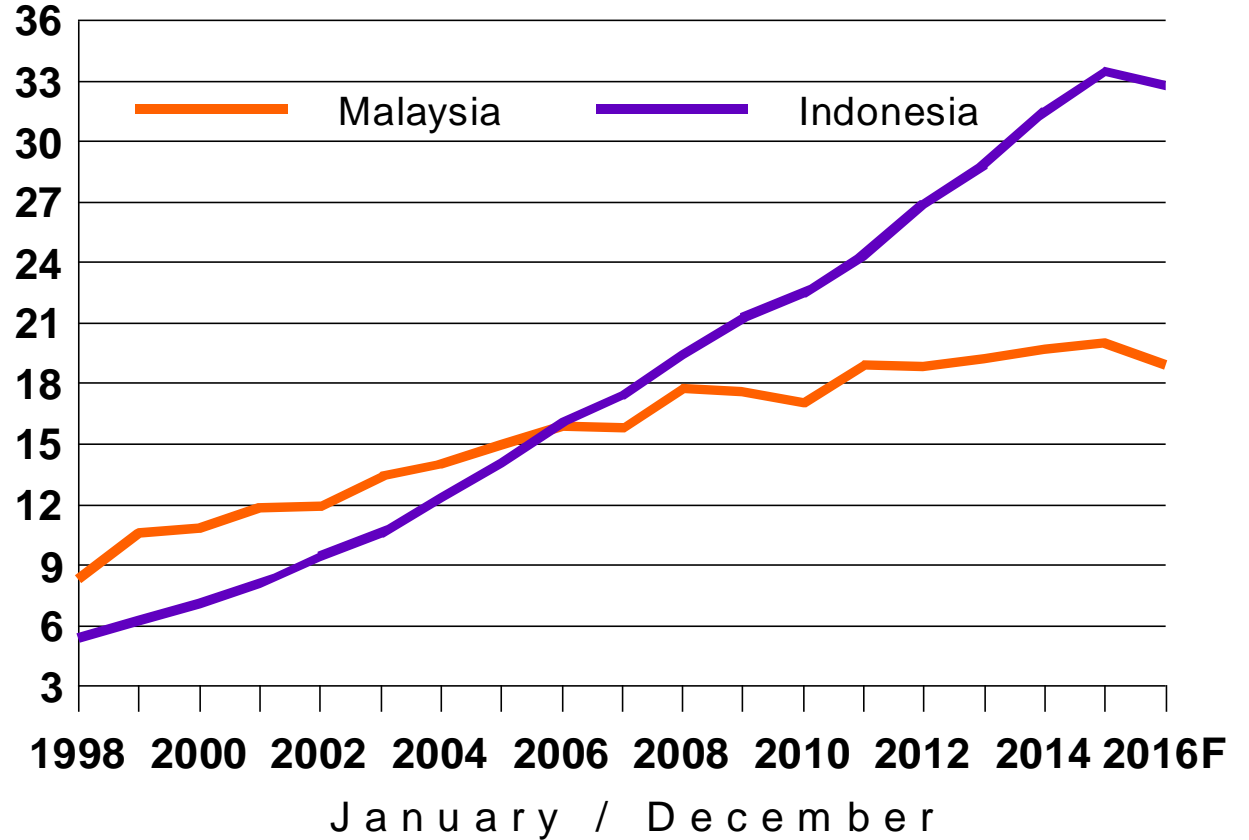


**Palm Oil Outlook in 2016
(in Mn T):**

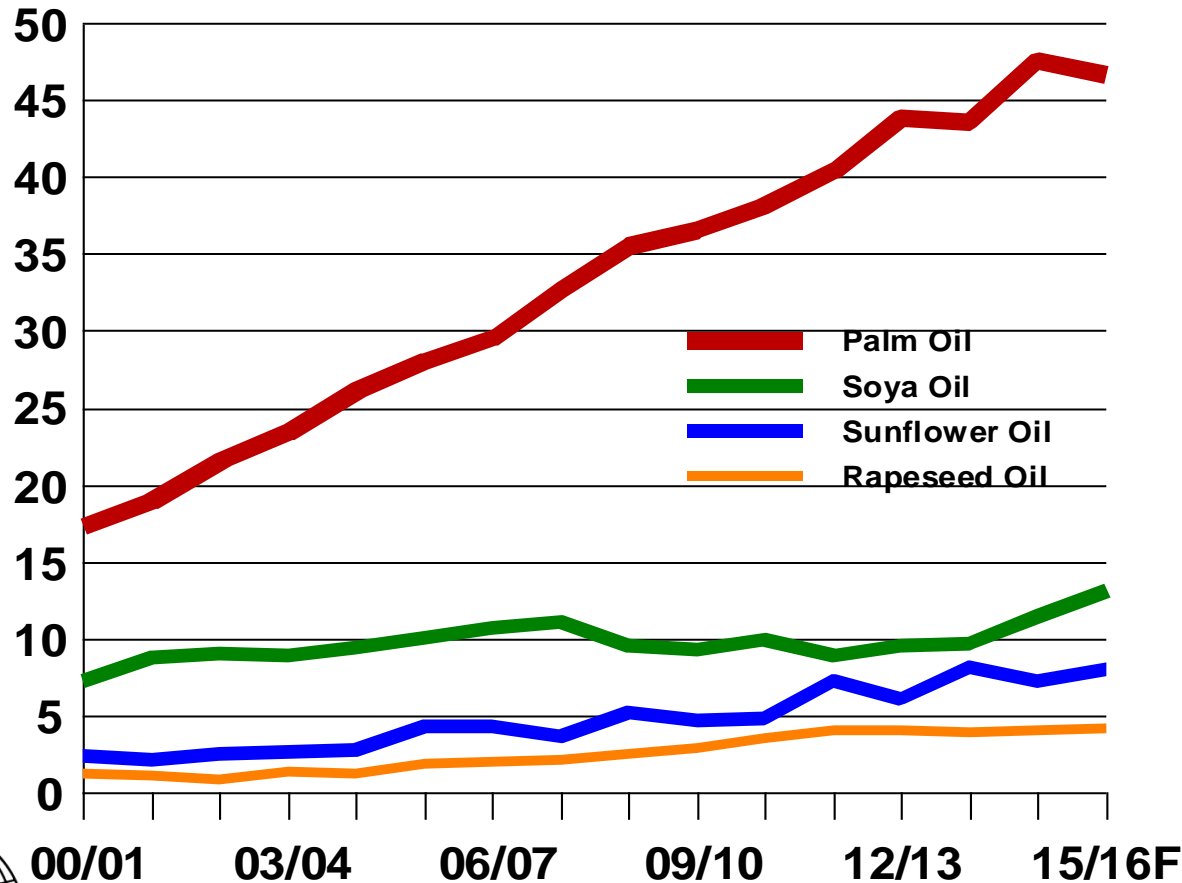
**Indonesia 32.7 vs. 33.4 in
2015 and 31.5 Mn in 2014**

**Malaysia 18.9 vs 20.0 in
2015 and 19.7 in 2014**

PALM OIL : Production in Key Countries (Mn T)



4 Major Oils : World Exports (Mn T)



World exports of 4 major veg oils **doubled in past 11 years.**

Avg annual growth:

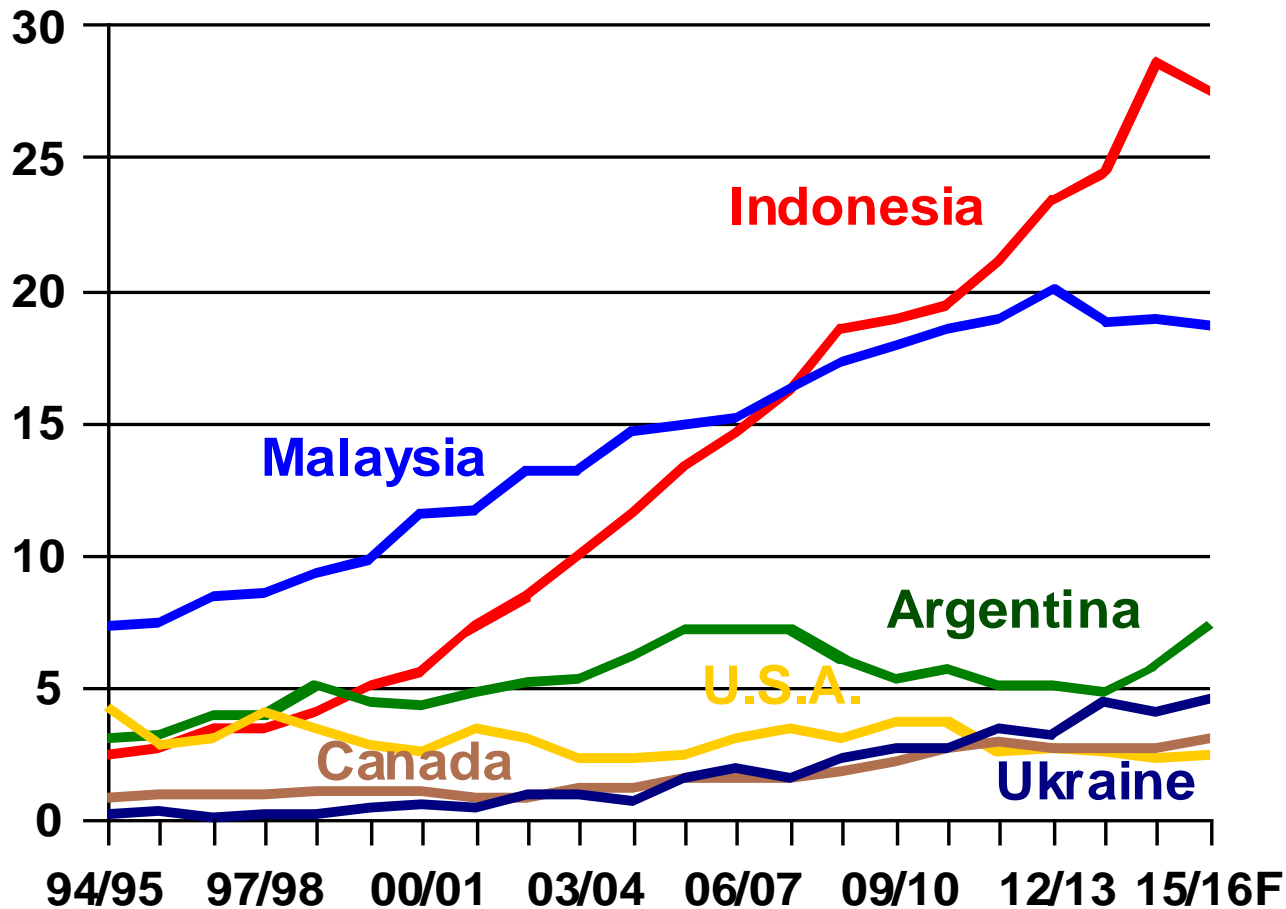
Palm oil + 2.12 Mn T
 Soya oil + .22 Mn T
 Sun oil + .40 Mn T
 Rape oil + .27 Mn T

4 oils + 3.01 Mn T

In 2015/16 exports
of palm oil -1.8 Mn T
of soya oil +1.6 Mn T



17 OILS & FATS: Exports of Major Countries (Mn T)

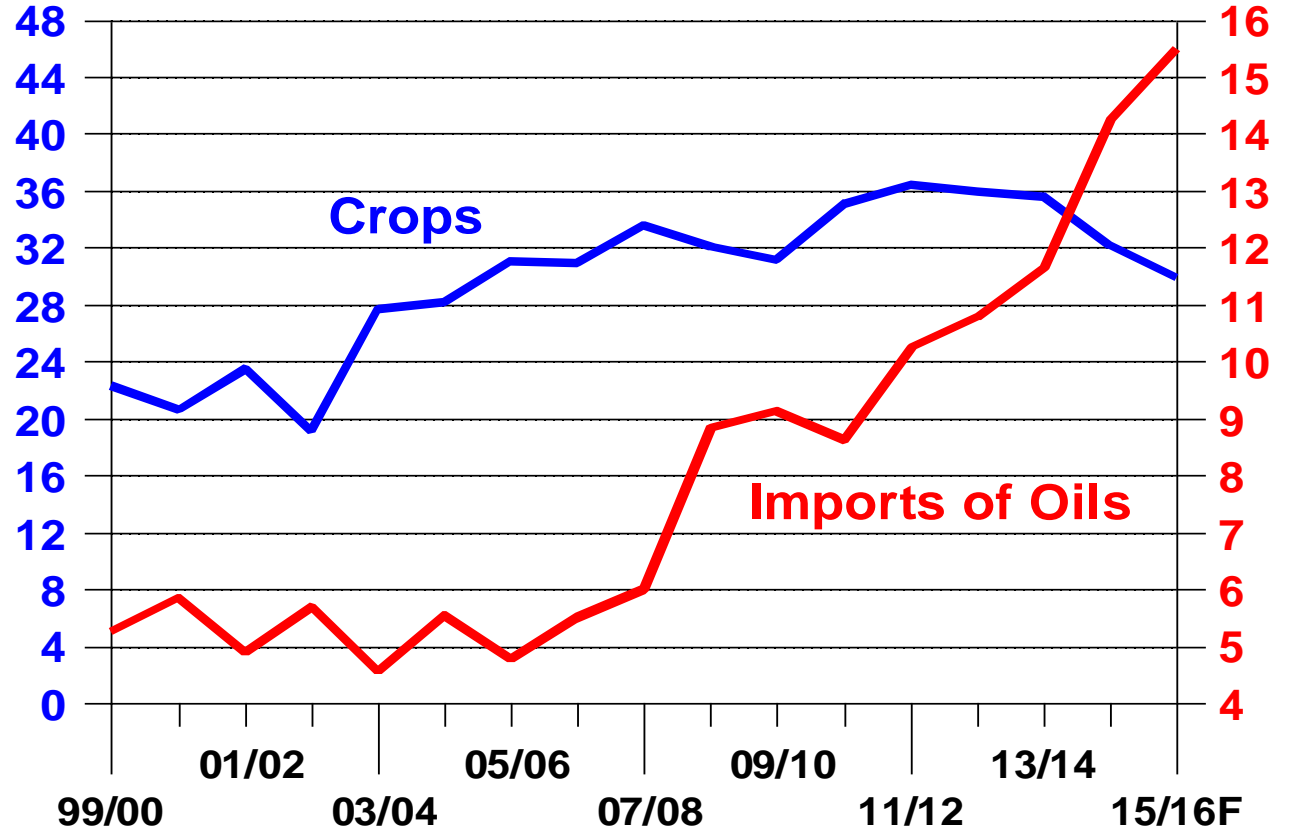


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Outlook in India

Alarming Trend !

INDIA: Oilseed Crops and Imports of Oils (Mn T)



INDIA: Imports of 6 Oils (1000 T)

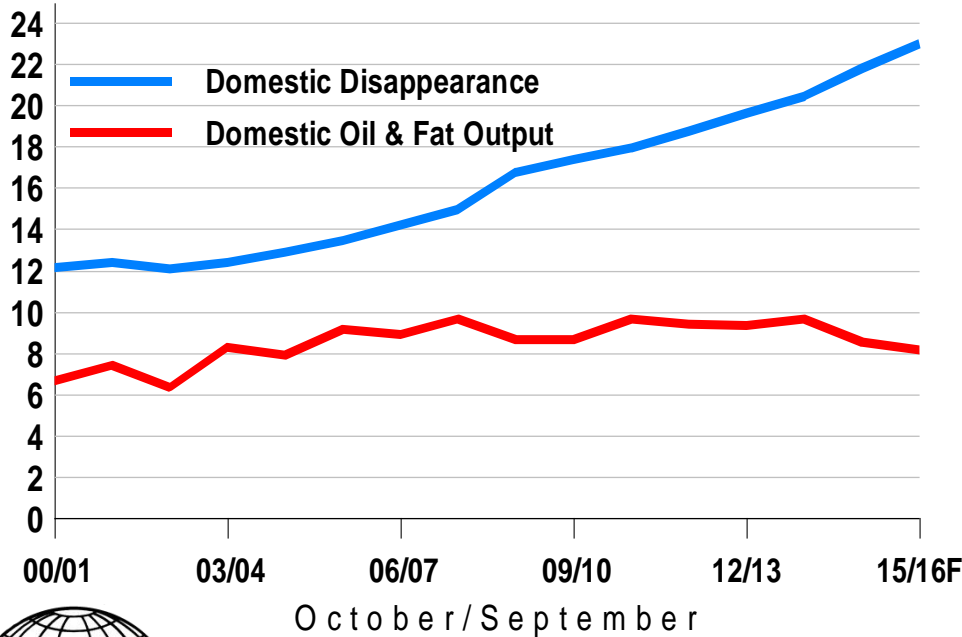
	Oct/Apr		January / December			
	<u>15/16</u>	<u>14/15</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Soybean oil	2687	1279	3629	2101	1174	1180
Sunfloweroil	884	980	1477	1678	1084	1171
Rapeseed oil	169	246	332	227	57	93
Palm oil	5396	5066	9496	7931	8472	7817
Palmkern oil	79	136	190	242	350	181
Coconut oil	3	9	8	9	4	9
Total	9218	7717	15132	12188	11141	10450

World palm oil exports increased steeply to 48.2 Mn T in 2015 (up 3.8 Mn), of which to India 9.5 Mn T (up 1.6 Mn)

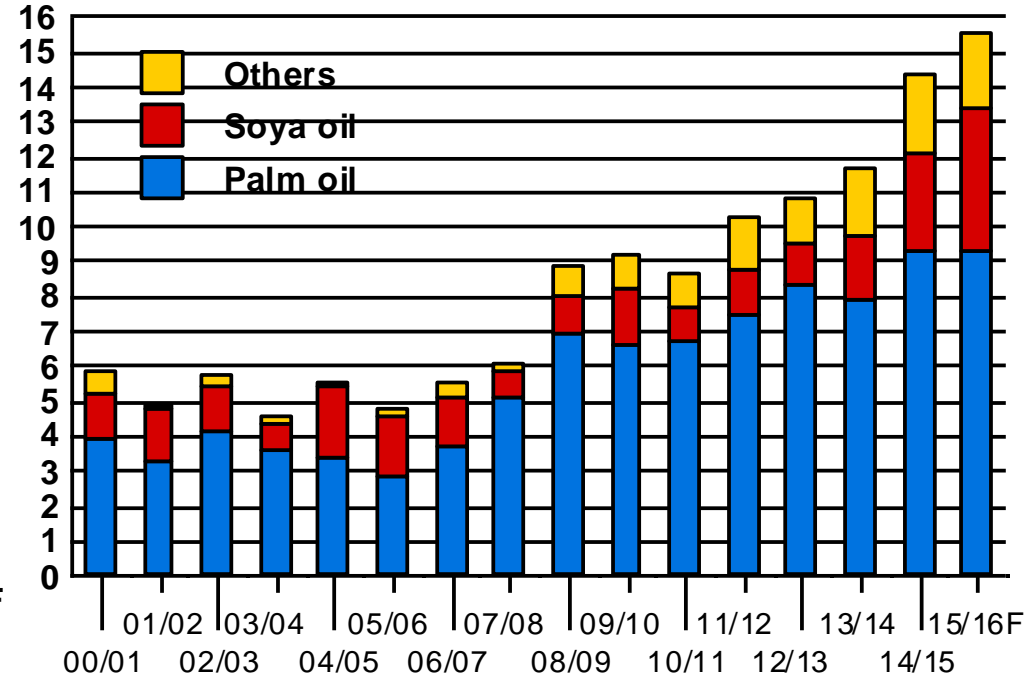


India's rising dependence on veg. oil imports

INDIA: Domestic Supply & Demand and Imports of 17 Oils & Fats (MnT)

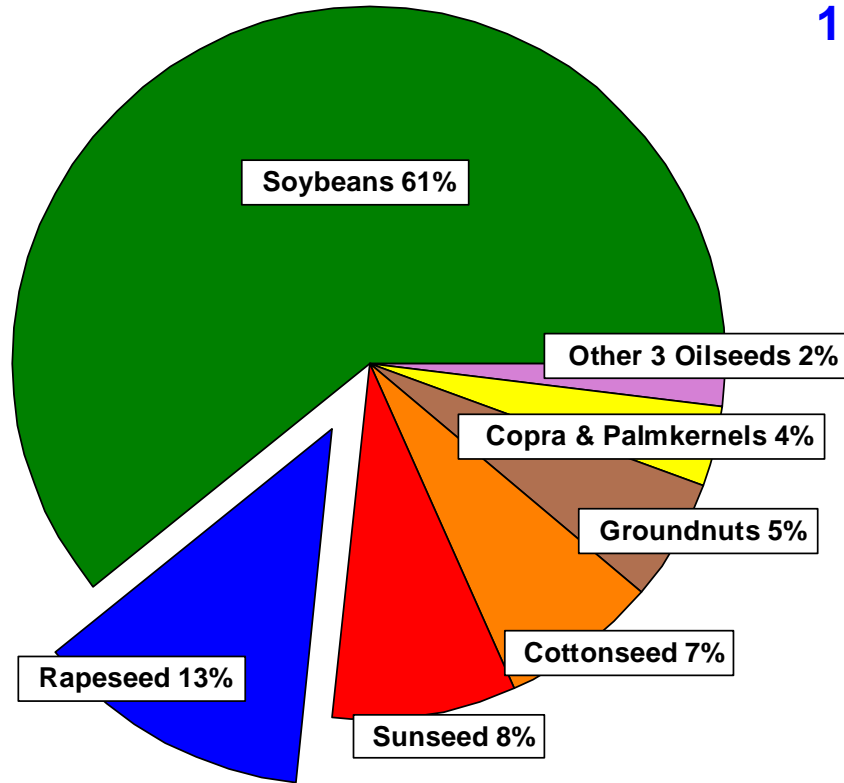


INDIA: Imports of 17 Oils & Fats (Mn T)

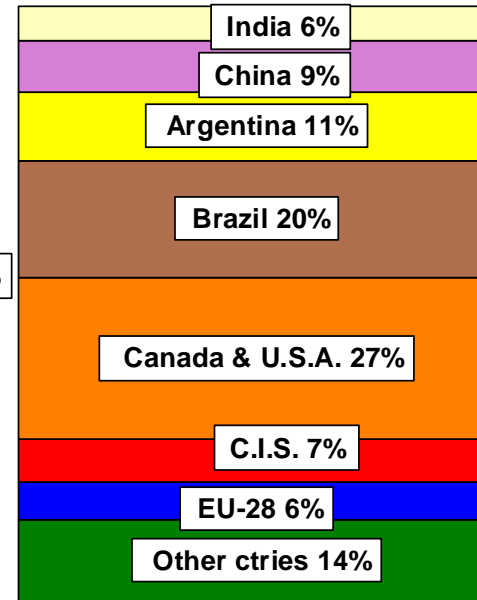


Global Production of 10 Oilseeds

2015/16 -- 513.7 Mn T



10 Oilseeds - - 513.7 Mn T



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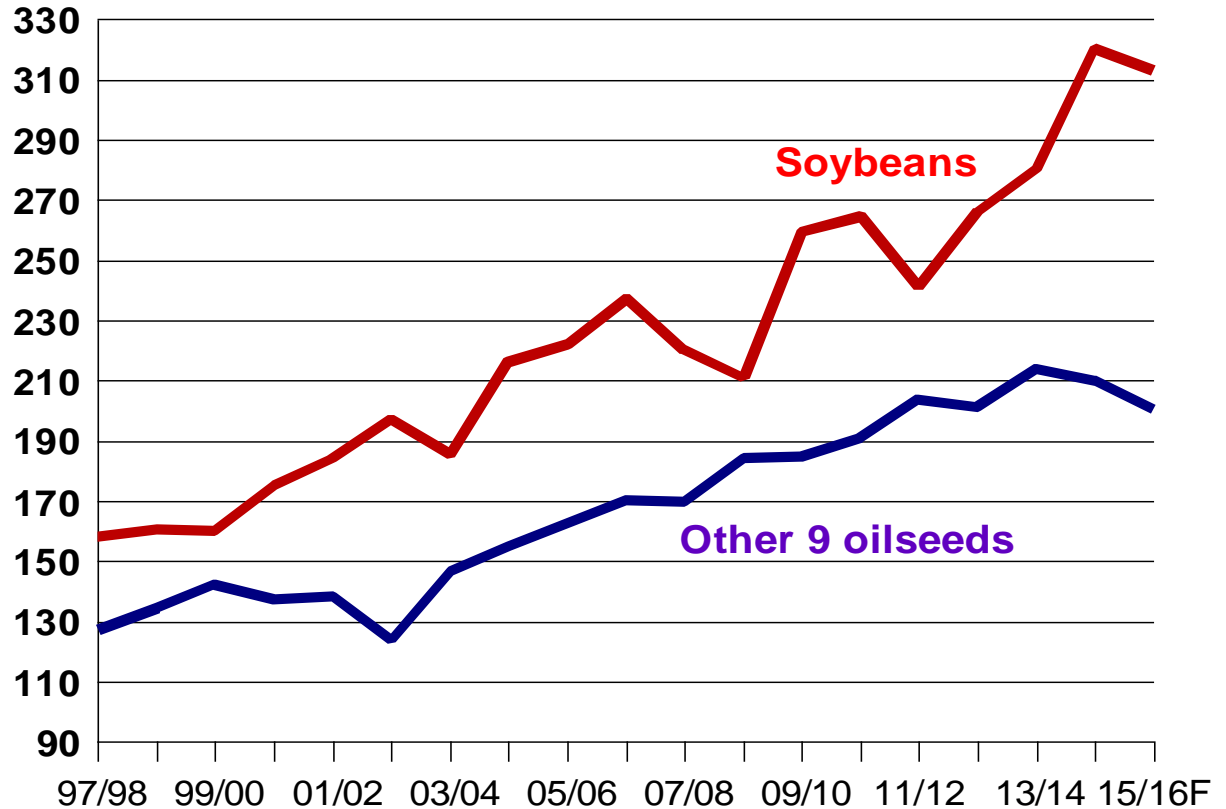
**Production of soybeans
has increased
much faster than
that of other oilseeds**

**In early 2016 in S.America
weather-caused crop
damage of at least 6 Mn T**

**Most of which in South
America and the USA**

**Other oilseeds output
down a combined 13.5 Mn
T in 2 years to 2015/16**

10 Oilseeds: World Production (Mn T)

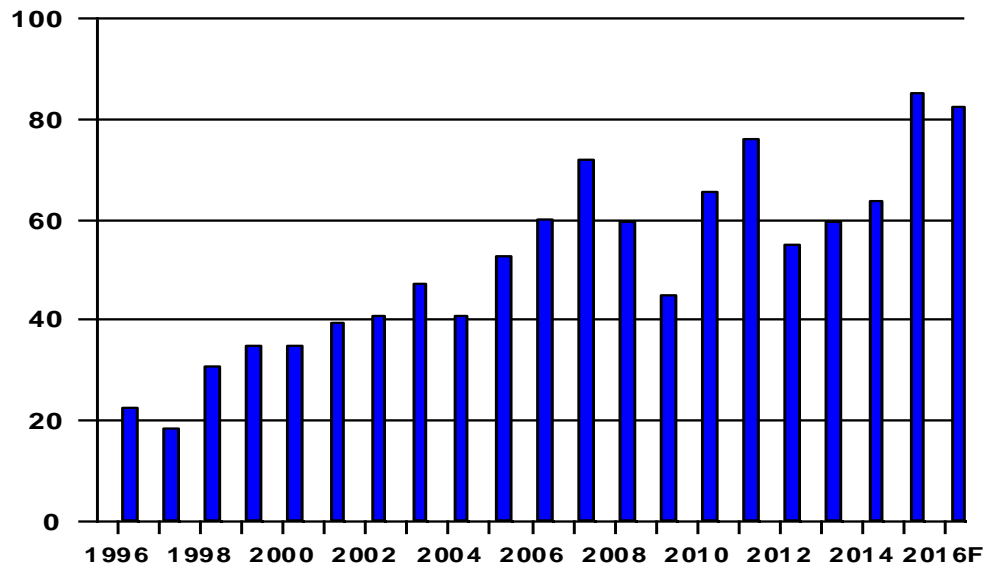


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Soybeans: World Production and Consumption (Mn T)

	<u>15/16</u>	<u>14/15</u>	<u>13/14</u>	<u>12/13</u>	<u>11/12</u>
Production	313	321	282	266	241
Consumption . . .	316	299	276	261	262
Stock change . .	-3	+22	+6	+5	-21

Soybeans: World Stocks as of end-August (Mn T)



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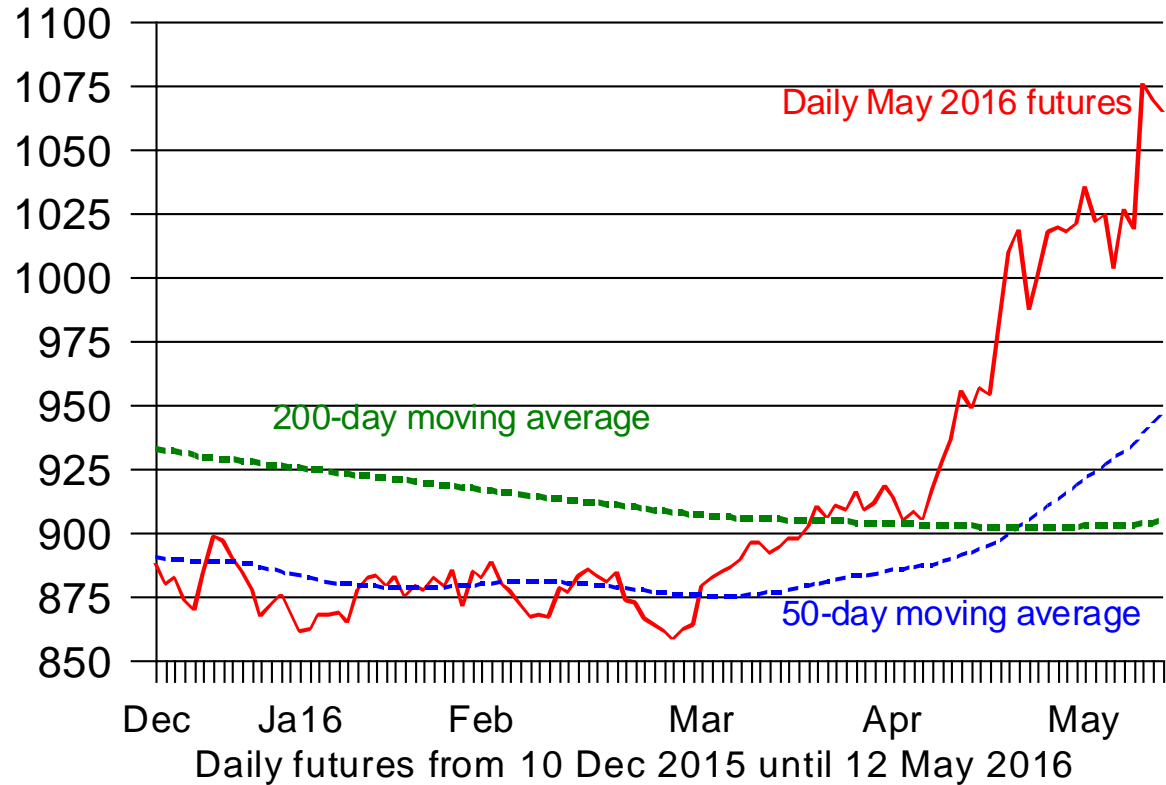
**At least 7 Mn T of
crop damage in
South America from
end-March until early
May**

**Flooding in Argentina
and Uruguay**

Drought in Brazil

CBOT: Daily Soybean Futures (c/bu)

With moving averages



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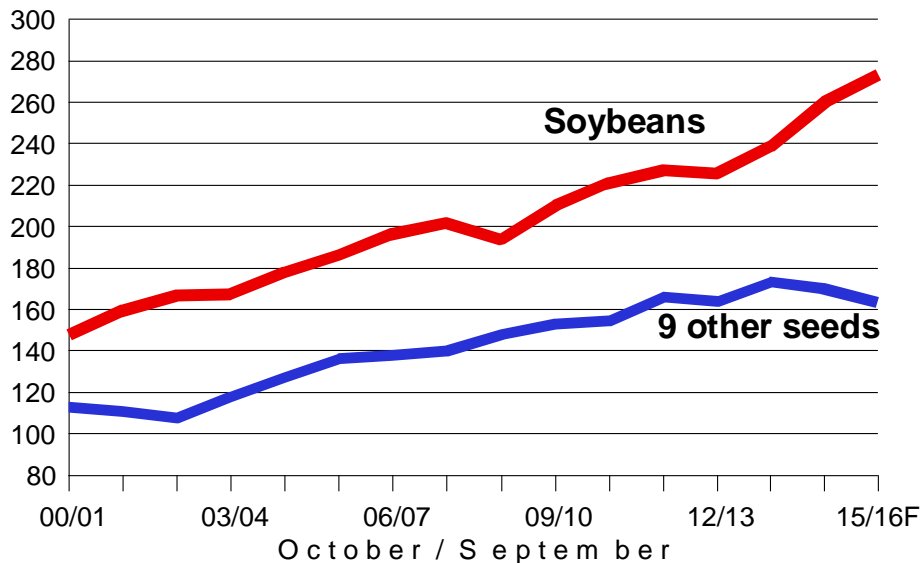
departamento San Cristóbal.-



departamento Las Colonias.-



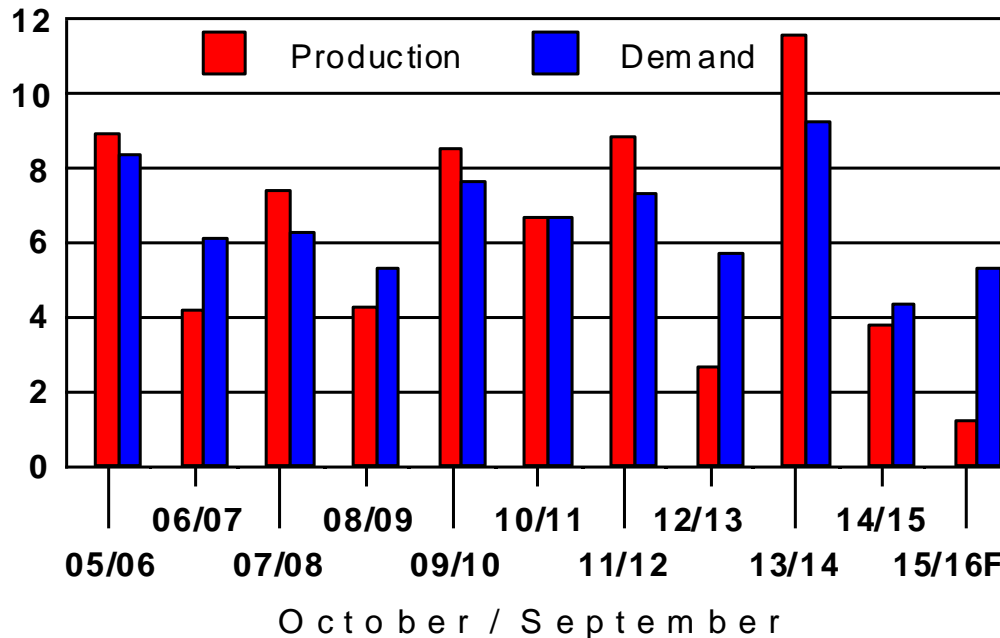
10 Oilseeds : World Crushings (Mn T)



Record drop of 6.9 Mn T in crushings of 9 other seeds in 2015/16

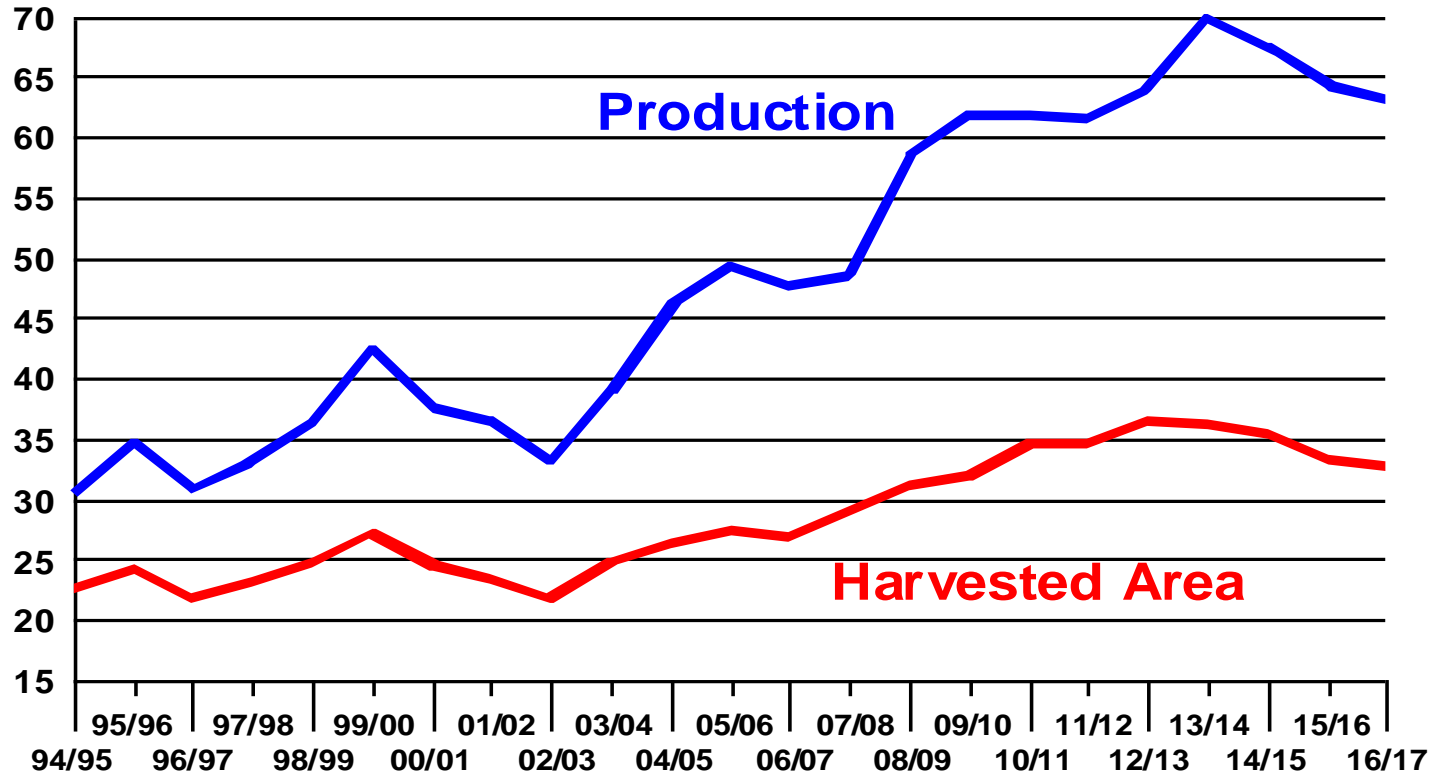
17 OILS & FATS: Production & Demand

Change From Year Ago in Mn T



RAPESEED & CANOLA

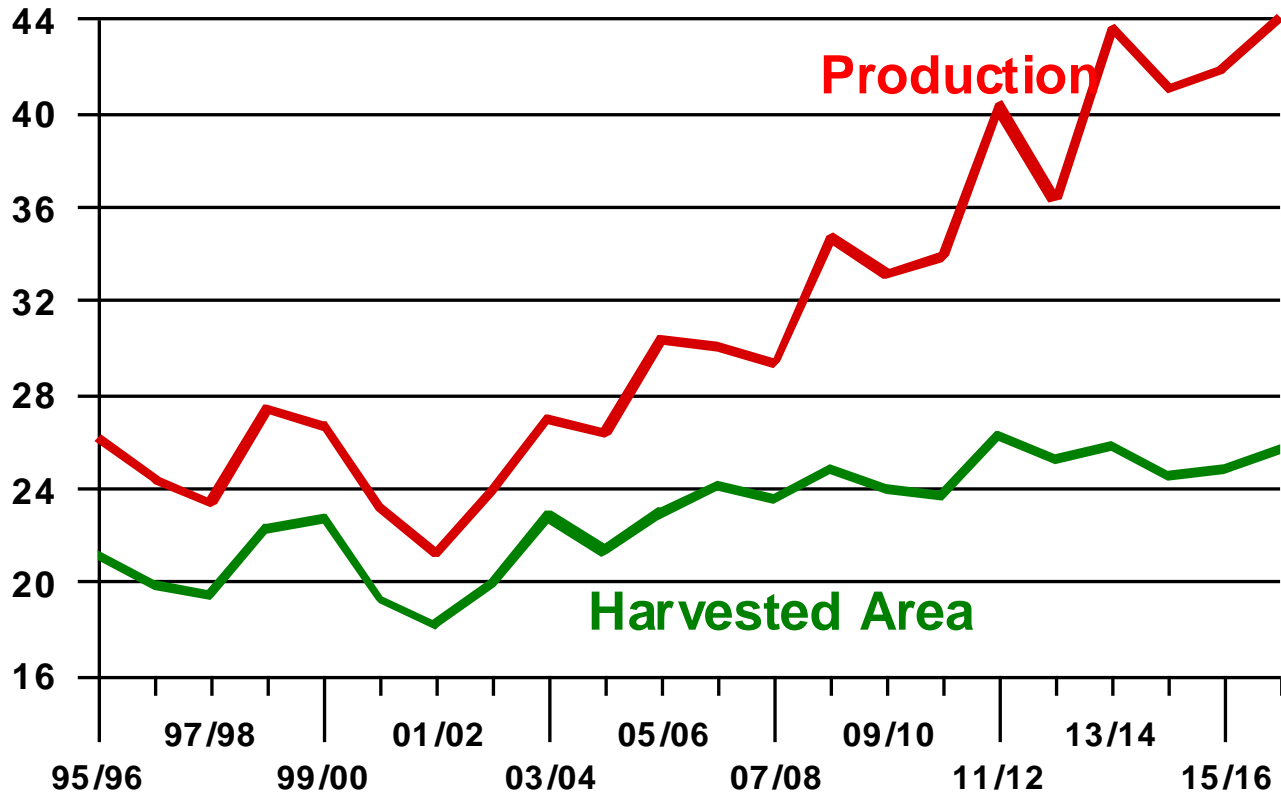
World Production (Mn T) and Area (Mn ha)



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SUNFLOWERSEED

World Production (Mn T) and Area (Mn ha)



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Concluding Statements



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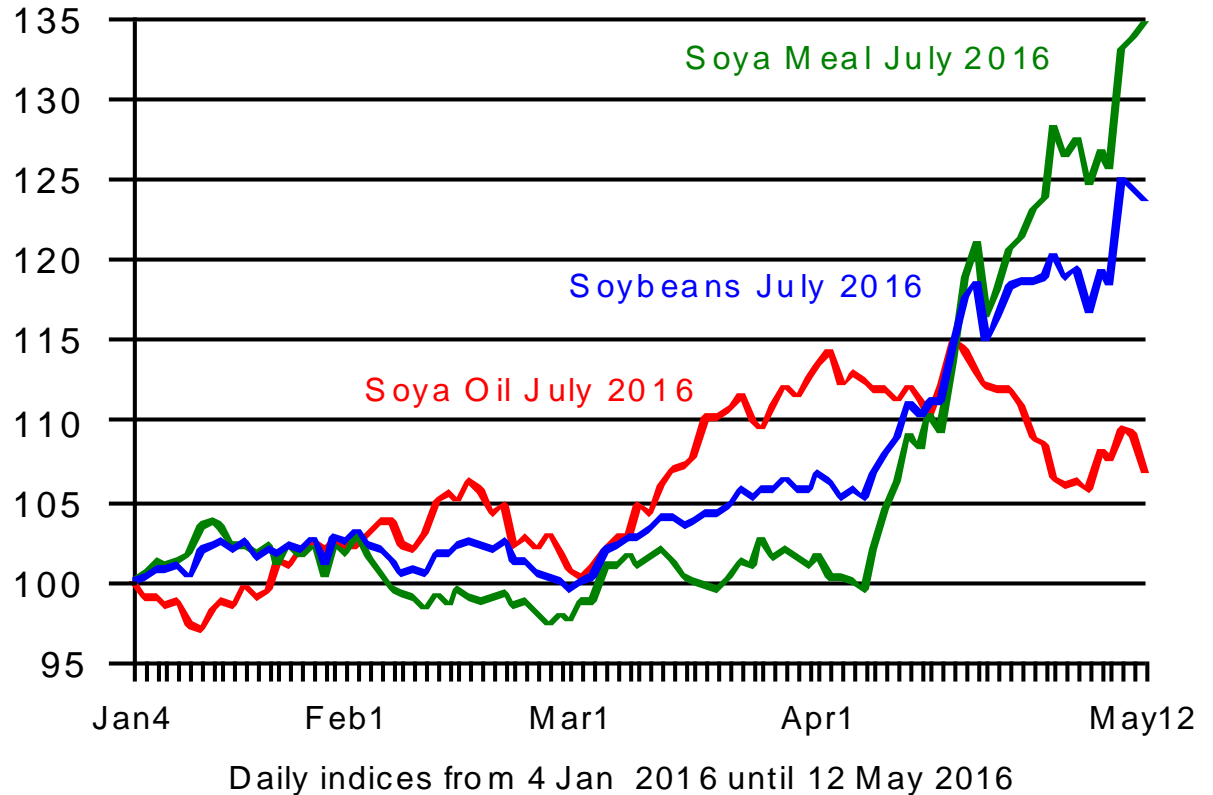
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CBOT: Daily Indices of Soybean Complex

4 January 2016 = 100

Soya oil price increase likely to be resumed and support palm oil prices

Soya meal supported by lower than expected soybean crops and crush



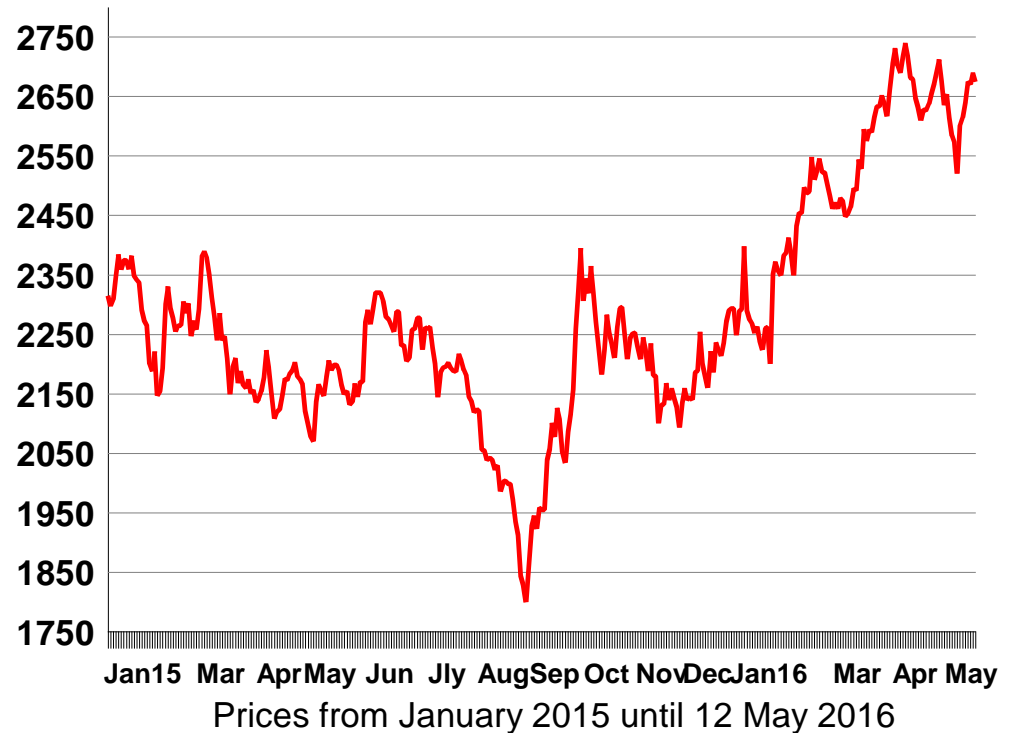
Palm oil price appreciation will be resumed

The extent of the recovery will depend on:

- Palm oil production and stocks in coming months,
- the buying activity of the consuming countries,
- biodiesel developments

Palm oil futures are likely to recover to 2800 Ringgit and above

MALAYSIA: Crude Palm Oil Futures Close
First position in Malaysian Ringgit/T



World Outlook of 17 oils & fats in Oct/Sept 15/16:

Production only +1.1 Mn

Total consumption growth to accelerate to 5.3 Mn T

Recovery in biodiesel, driven by Indonesia

Strong food demand

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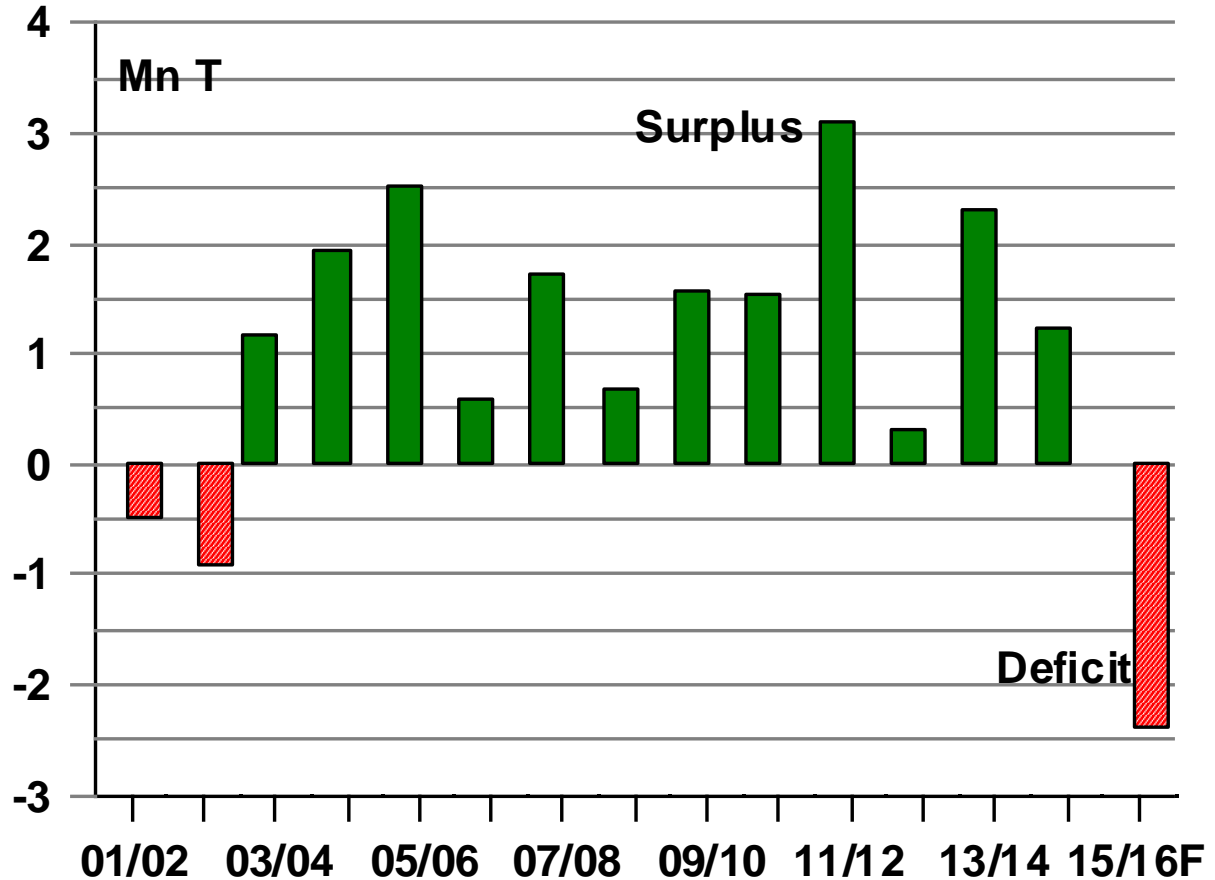
17 oils & fats in
Oct/Sept 15/16:

Production deficit

Declining stocks

Appreciating prices

17 OILS & FATS: Surplus/Deficit of Output vs. Usage

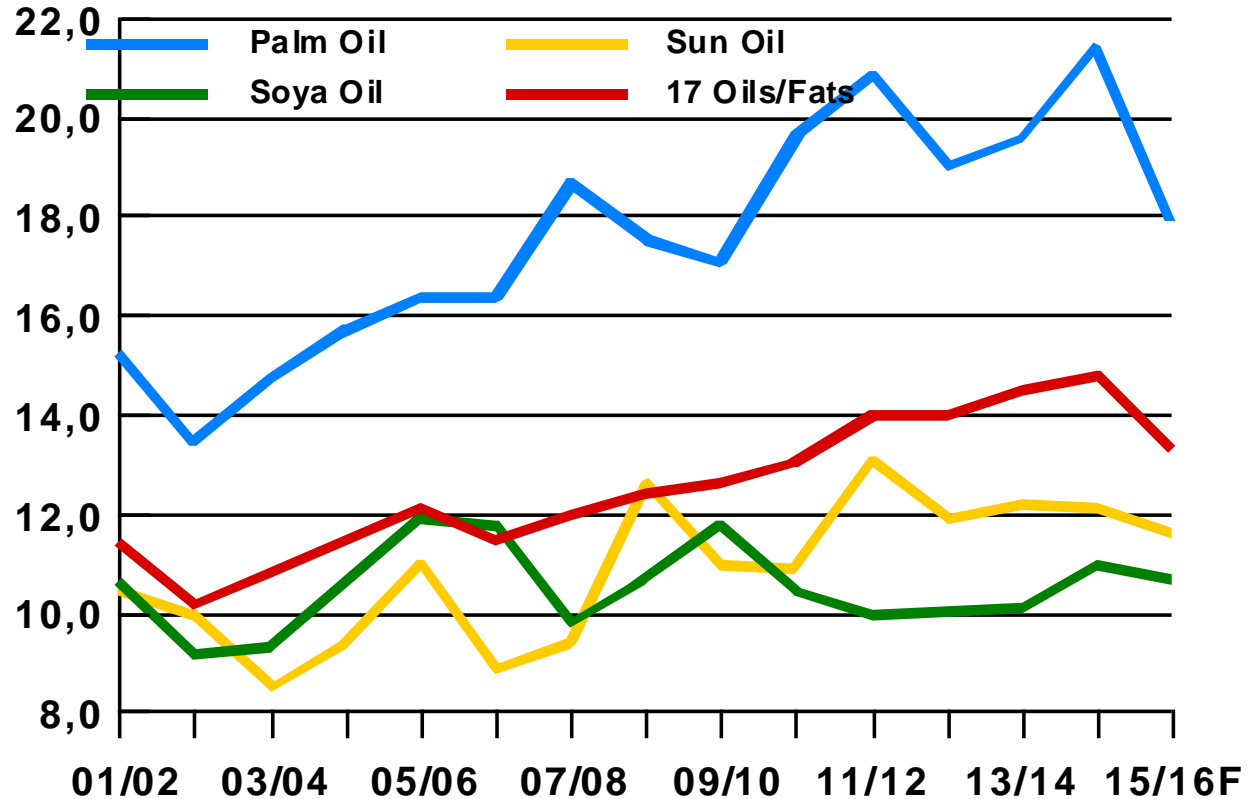


17 OILS & FATS

Annual Stocks / Usage Ratios (%)

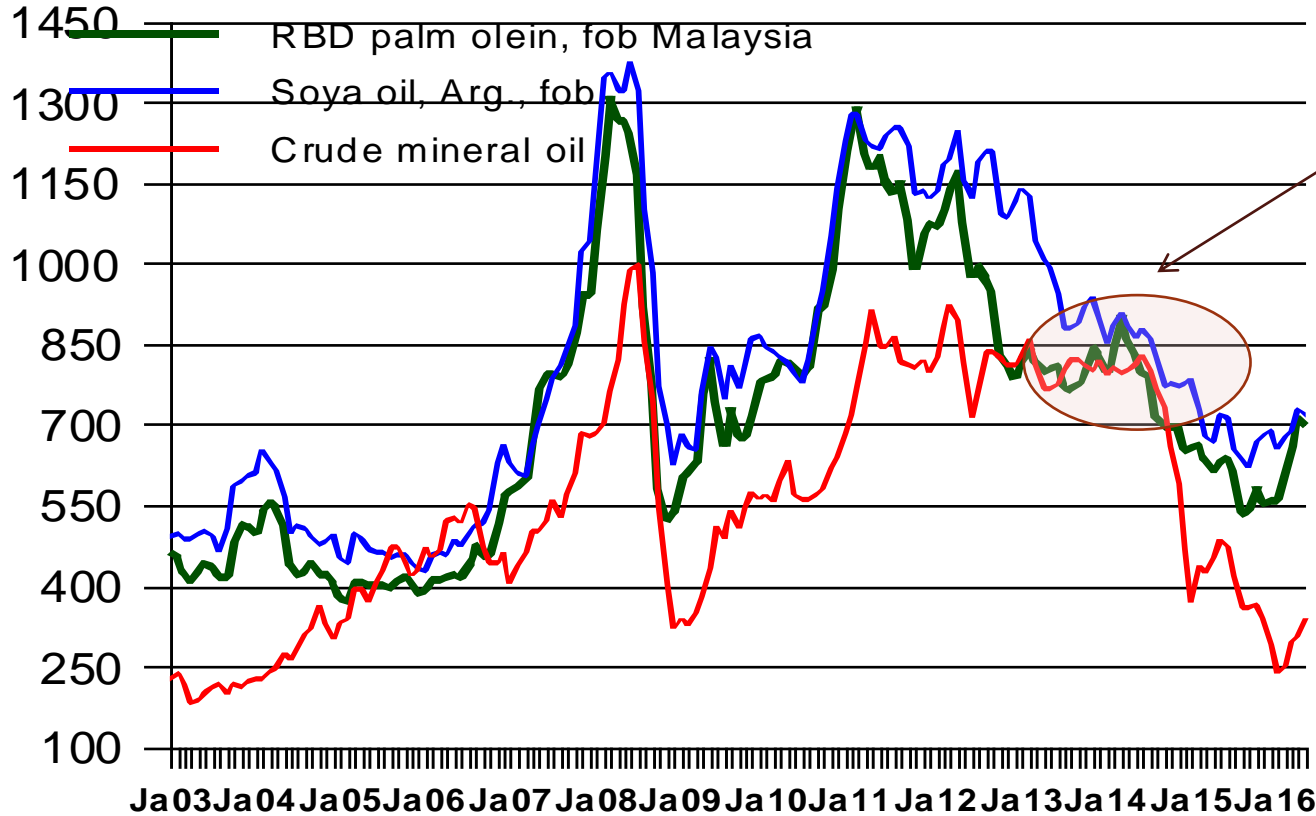
While global soybean supplies are ample and seed stocks increasing further this season,

Oils & fats are tightening and stocks declining sharply



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Monthly Prices (US-\$/T)



High price competitiveness in the energy sector

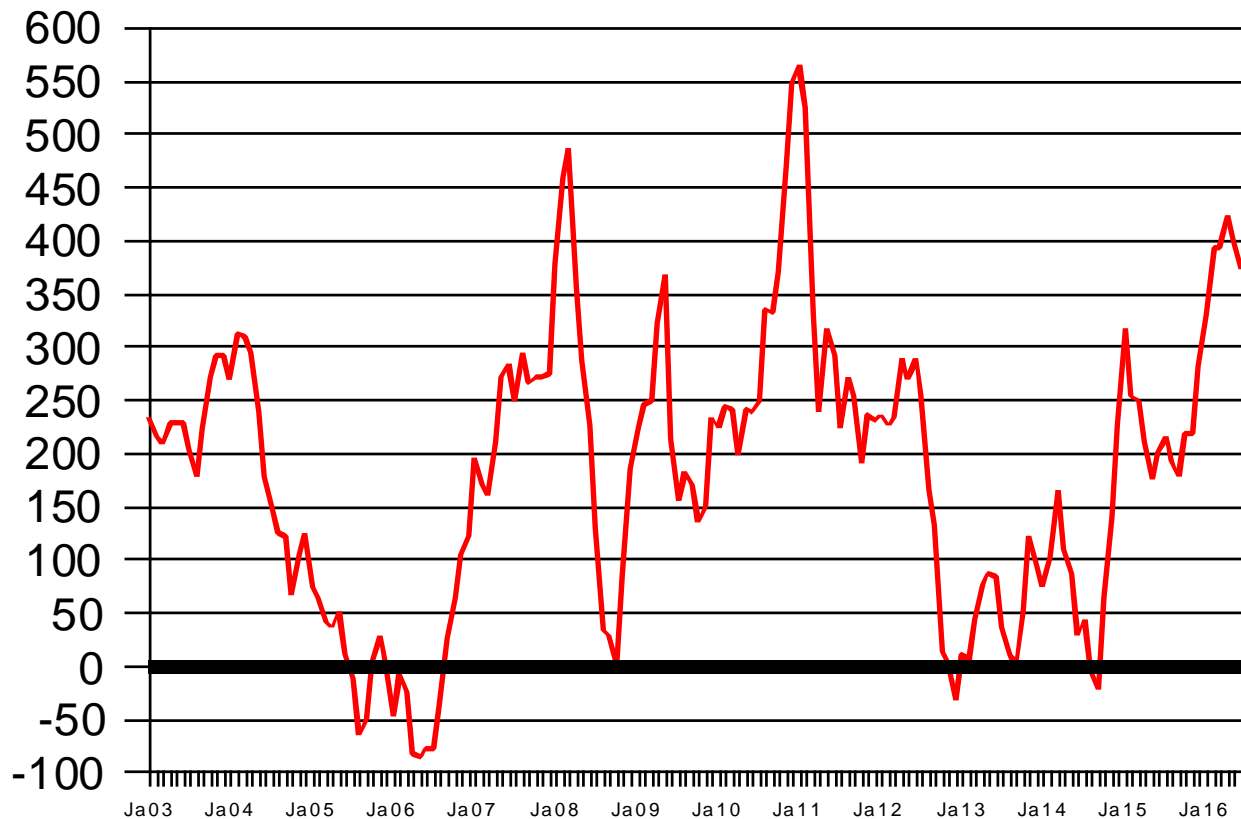
Energy use of veg oil only where mandates are enforced

Monthly prices from Jan 2003 until 12 May 2016



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Monthly Price Premiums Palm Oil vs Crude Mineral Oil (US-\$/T) nearest forward shipment

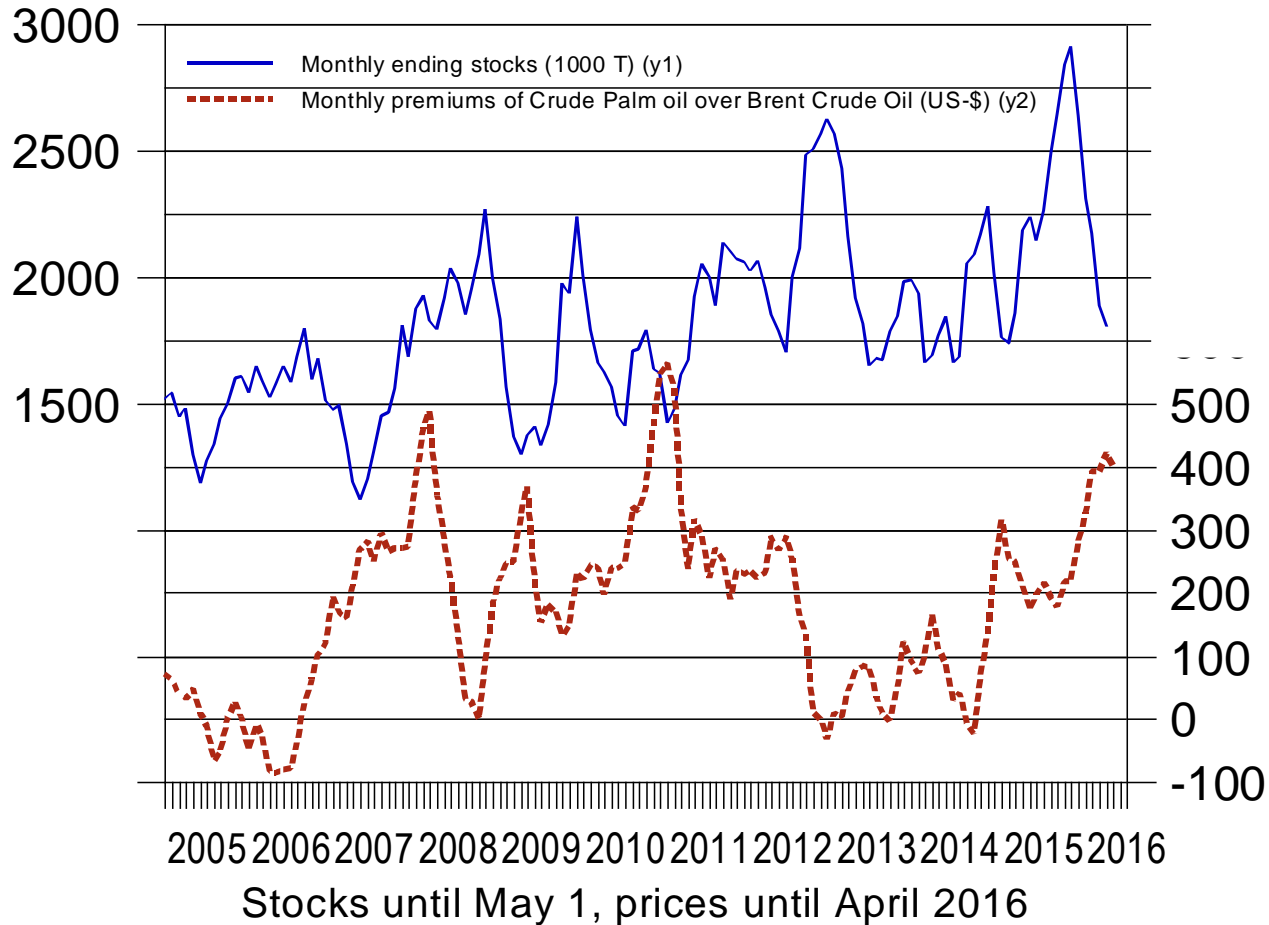


Monthly premiums/discounts from Jan 2003 until 12 May 2016

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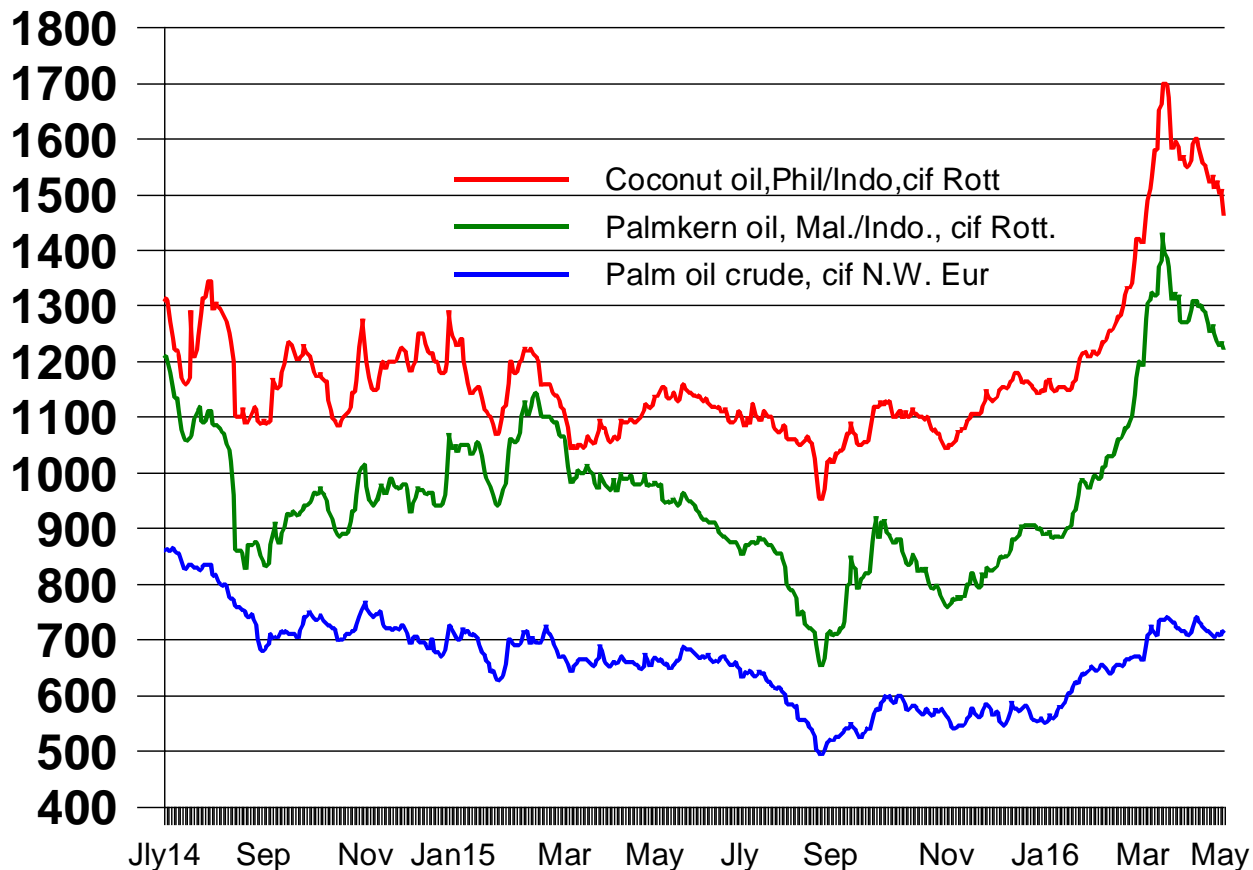
MALAYSIA: Palm Oil Stocks & Price Premiums



Stocks until May 1, prices until April 2016

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Daily Prices of 3 Oils in Rotterdam (US-\$/T)



About 87-90 Mn T of Palm Oil Required in the Year 2025

PALM OIL : World Production by Major Countries (Mn T)

<u>Production</u>	<i>Forecasts</i>		<i>Actual Data</i>				
	<u>2025F</u>	<u>2020F</u>	<u>2015</u>	<u>2010</u>	<u>2005</u>	<u>2000</u>	<u>1995</u>
Malaysia	24.50*	22.00*	19.96	16.99	14.96	10.84	7.81
Indonesia	47.00*	40.50*	33.40*	22.50	14.10	7.05	4.22
Nigeria	1.47*	1.24*	.94*	.78	.80	.74	.66
Colombia	1.85*	1.50*	1.28*	.75	.67	.52	.39
Thailand	3.35*	2.76*	1.85*	1.36	.70	.53	.35
Oth ctrs.	8.83*	7.00*	5.04*	3.87	2.94	2.26	1.70
WORLD	87.00*	75.00*	62.47	46.25	34.17	21.94	15.13



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More market info required? Just get in touch with me:

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