

Palm Oil the Leader in Global Oils & Fats Supply

Presentation at the Malaysia / Vietnam Palm Oil Trade Fair & Seminar in
Hoh Chi Minh City on July 1, 2013

**Thomas Mielke, Executive Director of ISTA Mielke GmbH,
Global Market Research on Oilseeds, Oils and Meals,**

E-mail <Thomas.Mielke@oilworld.de>



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- Independent, not involved in trading
- Leading private authority for global research and market analyses for oilseeds, oils & fats and oilmeals
- unbiased information on the past and current global supply, demand and price developments as well as forecasts
- Daily, weekly and monthly publications



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The Outline of my Presentation

- Introductory statements on how palm oil is linked within all oilseeds and oils & fats on the world market
- The dynamics of world supply & demand of oils & fats (edible & ined.)
- Biodiesel production has fallen below expectations
- Outstanding growth in world palm oil and palmkernel oil production
- Consumers worldwide are getting more dependent on palm oil, owing to insufficient supply growth of other oils & fats
- Price Outlook



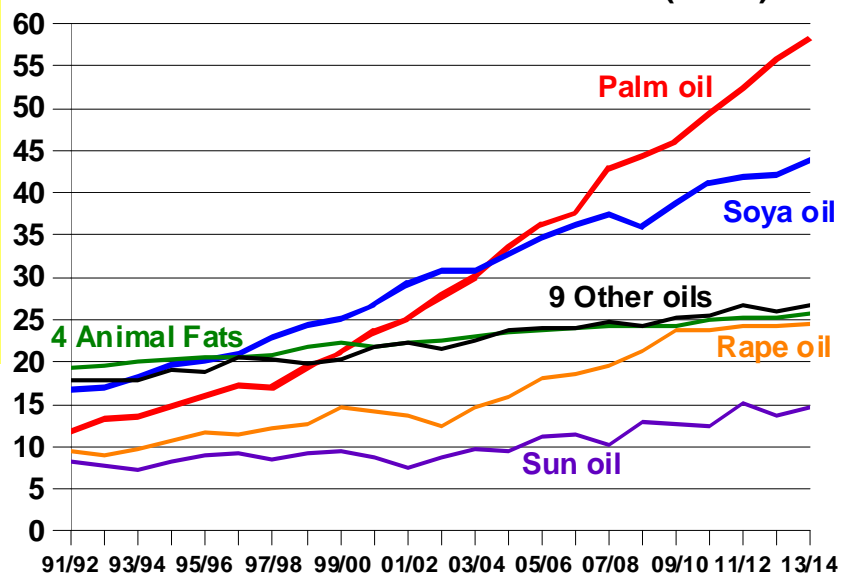
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Palm oil has become the most important veg. oil worldwide

Palm oil production was boosted by more than 4 times in the past 20 years from 14 Mn T in 1993/94 and is estimated to reach 58 Mn T in 2013/14

17 Oils & Fats: World Production (Mn T)



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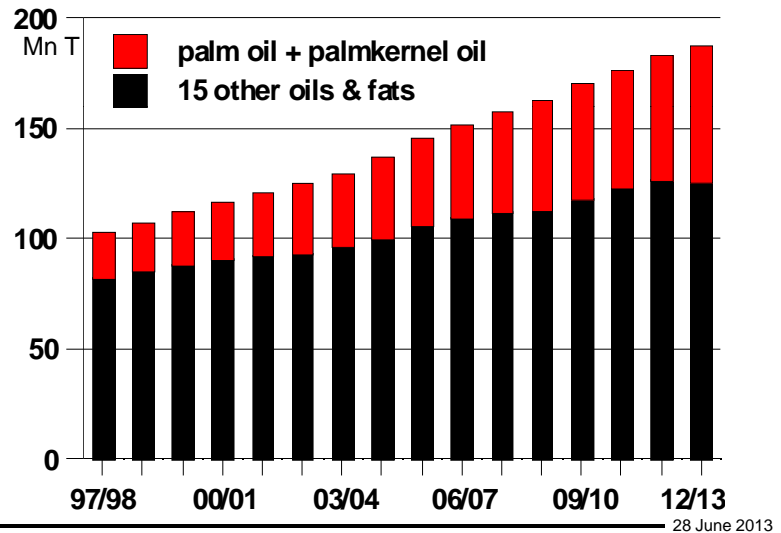
Growing Dominance of Palm Oil & Palmkernel Oil Worldwide

World consumption of all oils & fats more than doubled in the latest 20 years to 188 Mn T in 12/13

Palm oil and Pkernel oil: annual growth rates were more than double of those of other oils & fats.

Today both oils account worldwide for :
 -- 33% of consumption
 -- 63% of exports

World Consumption of 17 Oils & Fats



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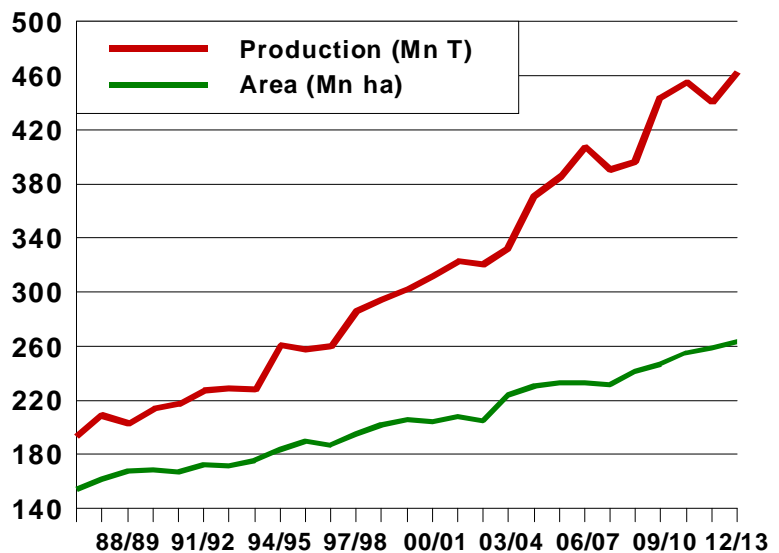
In the past 25 years world oilseed production more than doubled (from 190 to 463 Mn T)

On rising acreage and yields

About half of the acreage increased came from grains
 But this shift has come to an end and agricultural land has become increasingly tight

Land values more than doubled (partly more than trebled) in the past 10 years

10 Oilseeds: World Area and Production

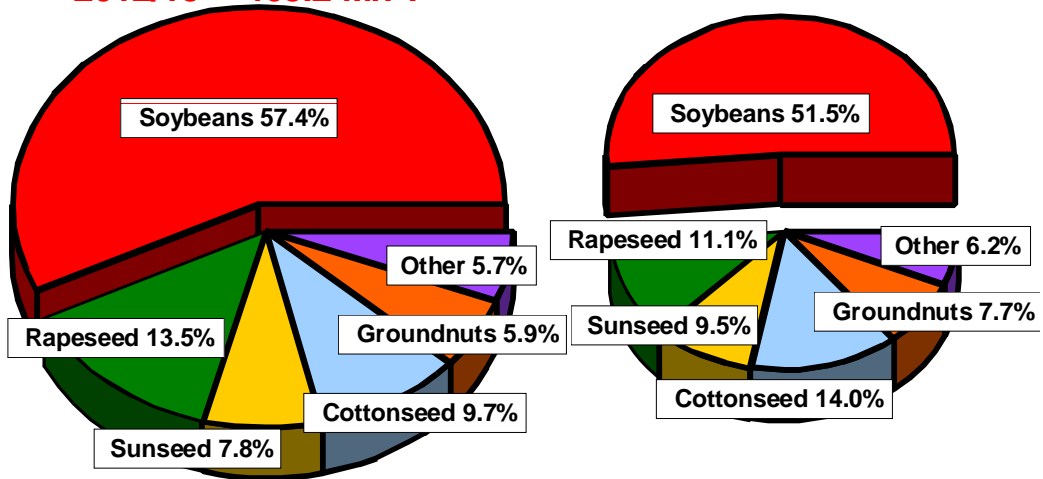


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World Production of 10 Oilseeds

2012/13 -- 463.2 Mn T

1992/93 -- 229.2 Mn T



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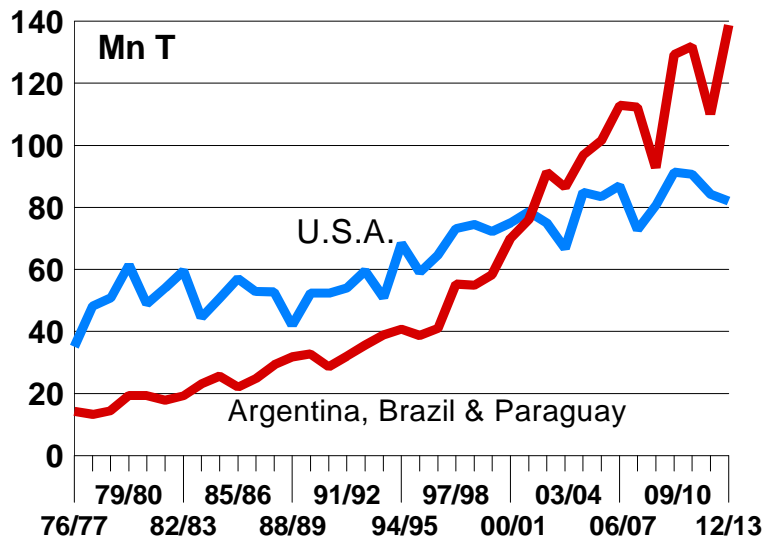
World supplies of soybeans were tight in the past 2 years (drought in USA and S.Ameri.)

World supplies of all oilseeds will only stagnate in 2012/13.

World oilseed consumption to plunge by 6 Mn T in 2012/13.

Growing dependence on South America -- but supply risks owing to weather, strike, infrastructure shortages + political issues

Soybean Crop Trend



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Throughout the past 20 years palm oil was a reliable source of supply for the consumers worldwide

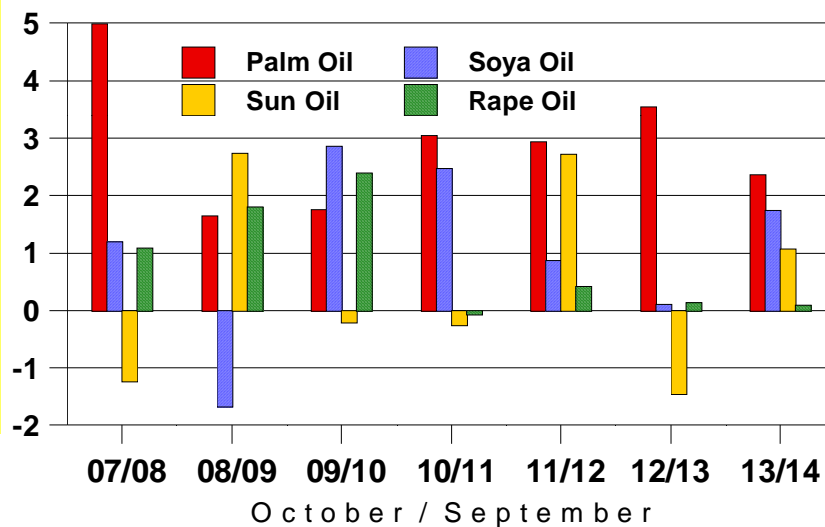
In Oct/Sept 2012/13 palm oil compensated the losses in seeds oils and in olive oil

World palm oil production has risen by 3.5 Mn in 12/13 while the other 16 oils/fats declined 1.9 Mn T combined

Early outlook 2013/14

World Production of 4 Major Oils

Change on Year in Mn T



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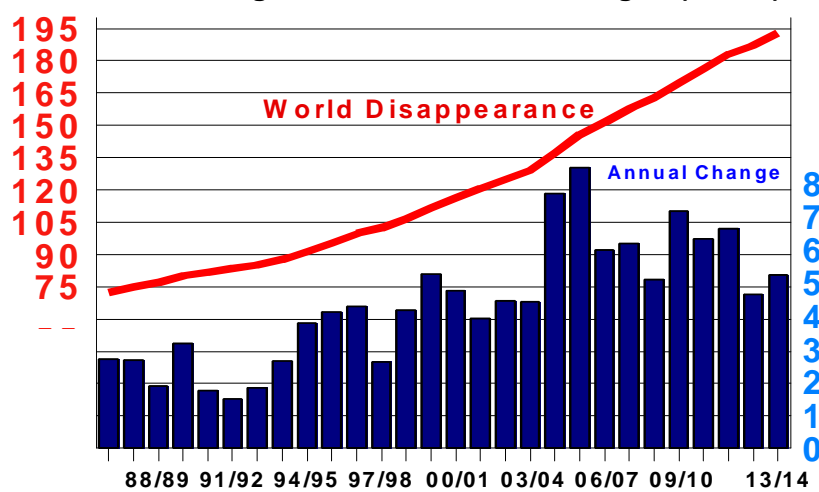
Rapidly Rising World Consumption of Oils & Fats

Demand Growth doubled in past 10 years (up 63 Mn T)

- biofuels
- population
- income

But major slowing down since mid-2012

17 Oils & Fats : World Disappearance
Total Usage and Annual Change (Mn T)

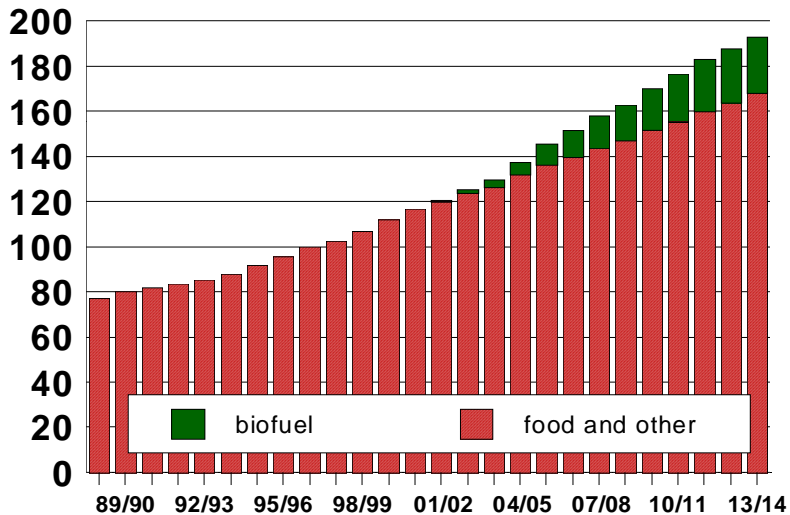


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17 Oils & Fats : World Consumption Total Usage in Mn T

- The year-on-year consumption growth of the biofuel sector has slowed down in **2012/13**

- The sluggish trend is likely to prevail in **2013/14** with little scope for further growth of veg. oil demand for biodiesel production



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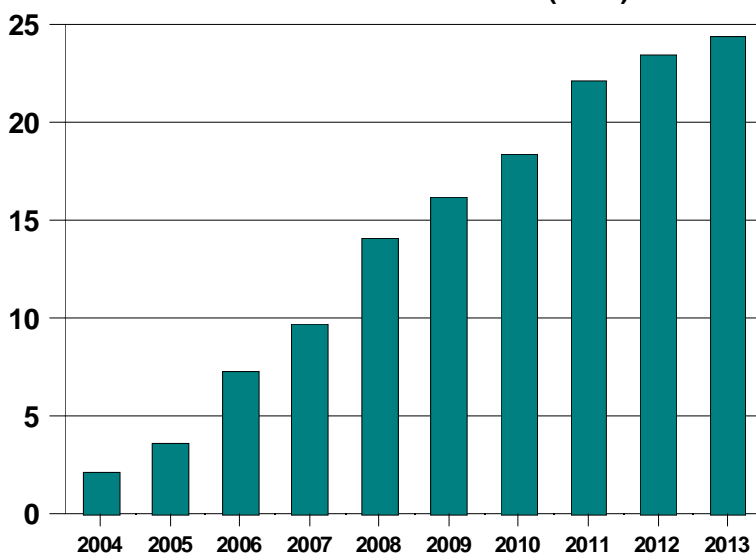
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World Production of Biodiesel (Mn T)

Rising needs of feed-stock for biodiesel production (soya oil, palm oil, rape oil and others) as well as for ethanol (corn, sugar) require additional agricultural land

This has contributed to a sizeable increase prices of most agricultural products as well as land values

But the growth in biodiesel consumption has recently slowed



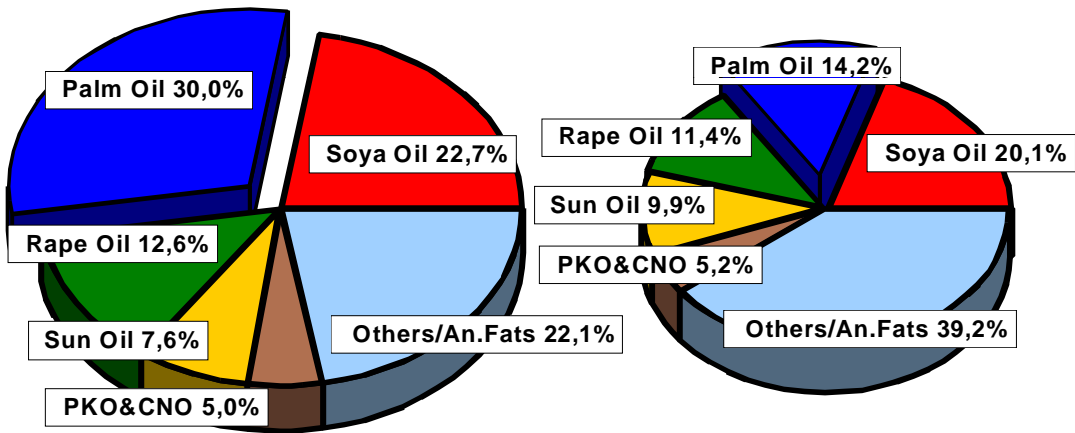
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World Production of 17 Oils & Fats

2013/14 - - 193.8 Mn T

1991/92 - - 83.5 Mn T



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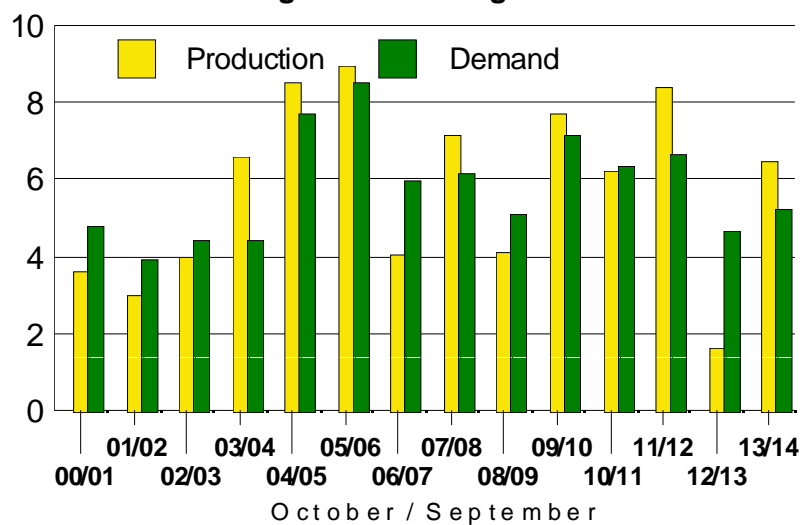
Insufficient production of seed oils coincided with a slowdown of demand from the biofuel sector in 12/13 and ample palm oil supplies

For 2013/14 we expect a major recovery in the output of seed oils led by sunflower and soya oils if weather cooperates

But the uptrend of palm oil production is likely to slow down next season from the exceptional growth rates in the most recent 3 seasons

17 OILS & FATS: Production & Demand

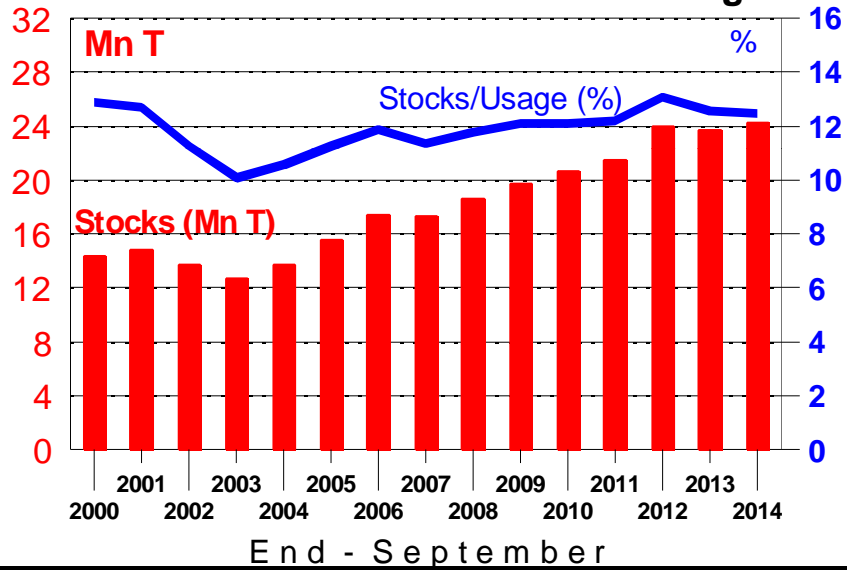
Change From Year Ago in Mn T



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17 Oils & Fats: Stocks & Stocks/Usage



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Growing Dependence on Palm Oil



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The Success Story of the past 30 Years

- Substantial growth in world production of palm oil
- In 1980: 4.6 Mn T or 8% of 17 oils & fats
- In 1990: 11.0 Mn T or 14%
- In 2000: 21.9 Mn T or 19%
- In 2010: 46.1 Mn T or 27% (only 6% of area)
- In 2011: 50.8 Mn T or 28% (57% of exports)
- In 2012: 53.7 Mn T (plus 5.9 Mn T of Palmkern oil)
- In 2020 at least 78 Mn T of palm oil required by consumers worldwide



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In 2013 production of palm oil is set to rise to

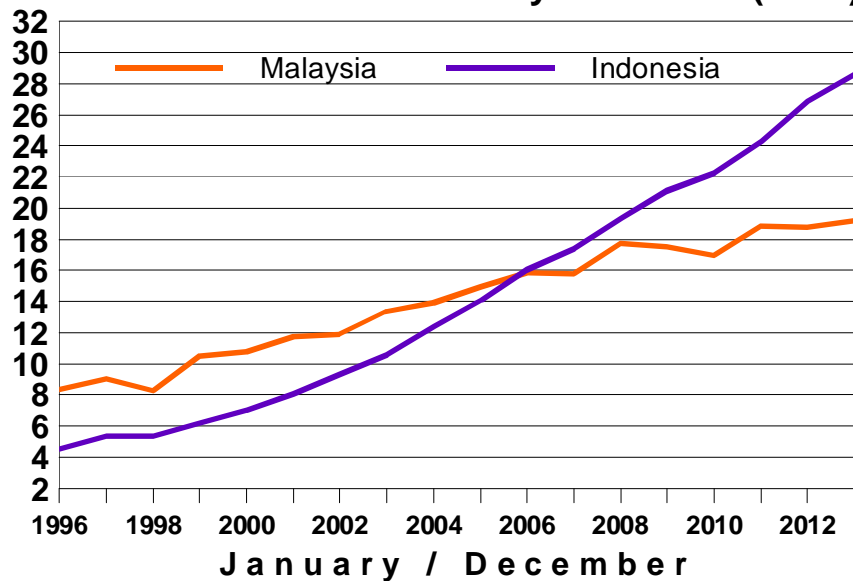
1) close to 29 Mn T in Indonesia and

2) to 19.2 Mn T in Malaysia

3) and 8.5 Mn T in the rest of the world

4) World output estimate at 56.3 Mn T in 2013

Palm Oil Production in Key Countries (Mn T)



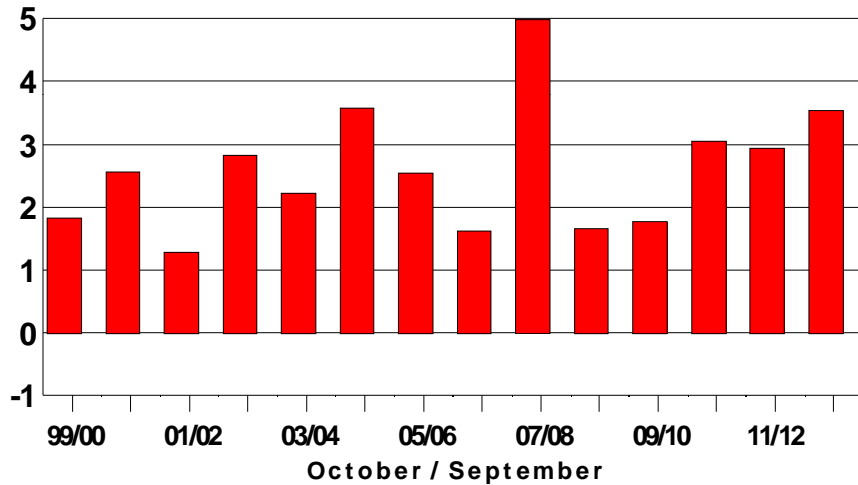
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World palm oil production increased in every year.

This is contrary in any other oil

Palm Oil : World Production Annual Change (Mn T)



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



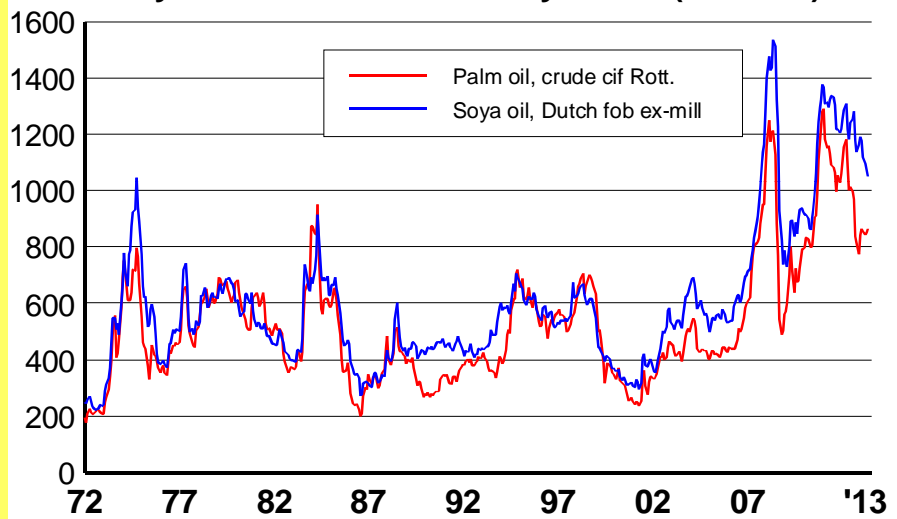
Prices from 1 Jan 2012 until 21 June 2013 © www.oilworld.de 28 June 2013

Palm oil established a low of US \$ 776 in Dec 2012 (in Rott.), ending its price cycle after 48 months

The latest low was much above those of preceding cycles. But veg.oil prices moved to a higher plateau since 2007.

If palm oil prices had continued to fall, it would have attracted too much demand from the energy sector.

Soya Oil & Palm Oil: Monthly Prices (US-\$/MT)



Monthly prices from Jan 1972 until 21 June 2013



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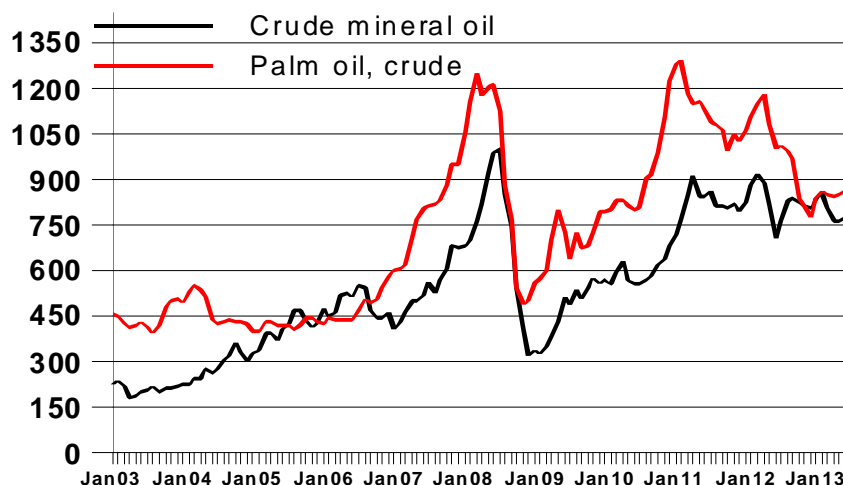
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Competitiveness of Palm Oil on Energy Market

The biodiesel market has clearly lost momentum

but crude mineral oil still constitutes a floor underneath vegetable oil prices, significantly above the historical average

Monthly Prices of Palm Oil & Crude Mineral Oil (US-\$/T)



Monthly prices from Jan 2003 until 21 June 2013



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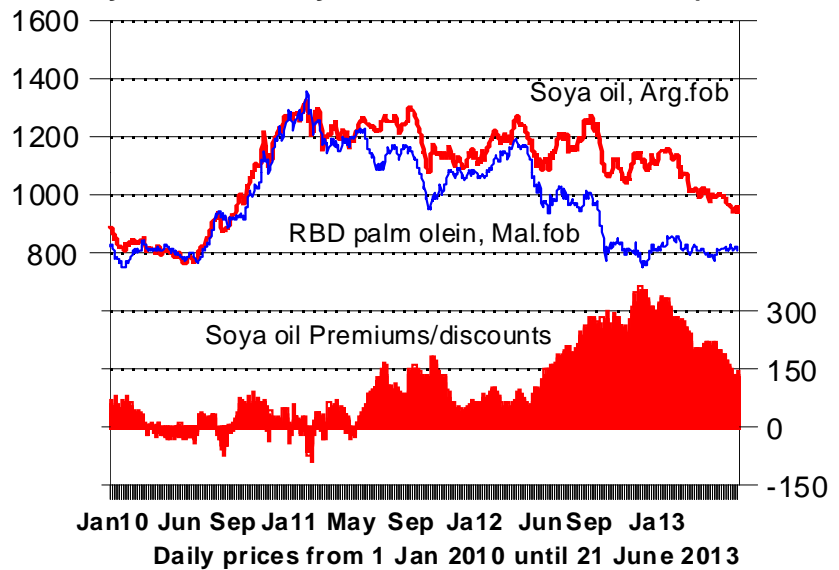
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Arg. soya oil prices have come under considerable pressure

and fell to the lowest in 32 months

reducing the premium over palm oil to only US \$ 140 lately

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

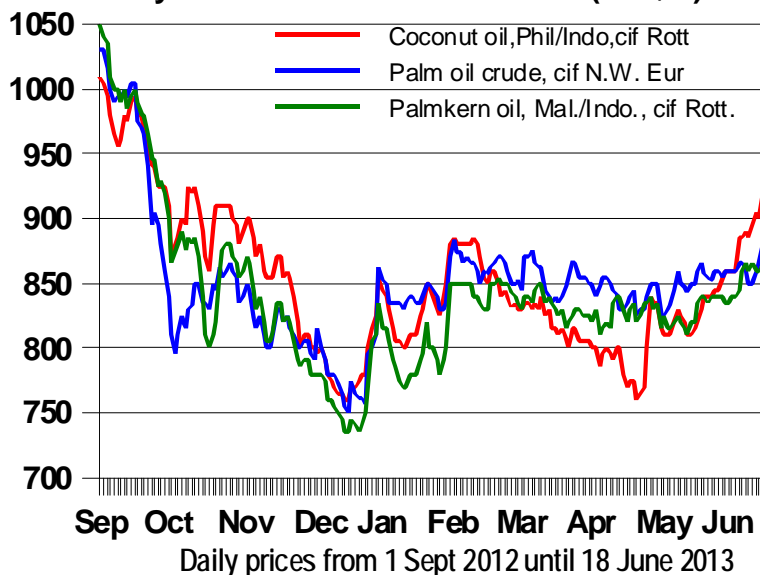


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Coconut oil prices rebounded by US \$ 150 over the past 2 months !

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



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Rising Dependence on Palmoil

17 Oils & Fats

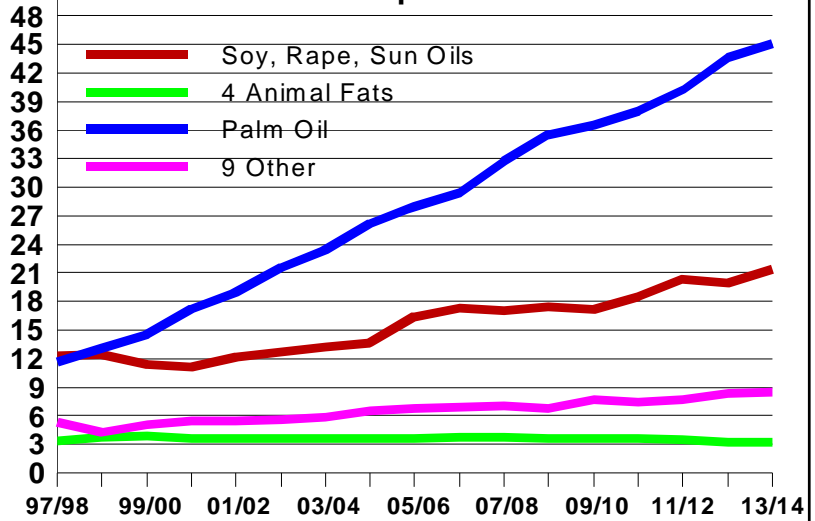
World Exports in Mn T

1997/98 - 2011/12:

- **Palm oil** exports +243%
- Exports of all 16 other Oils/Fats +50%

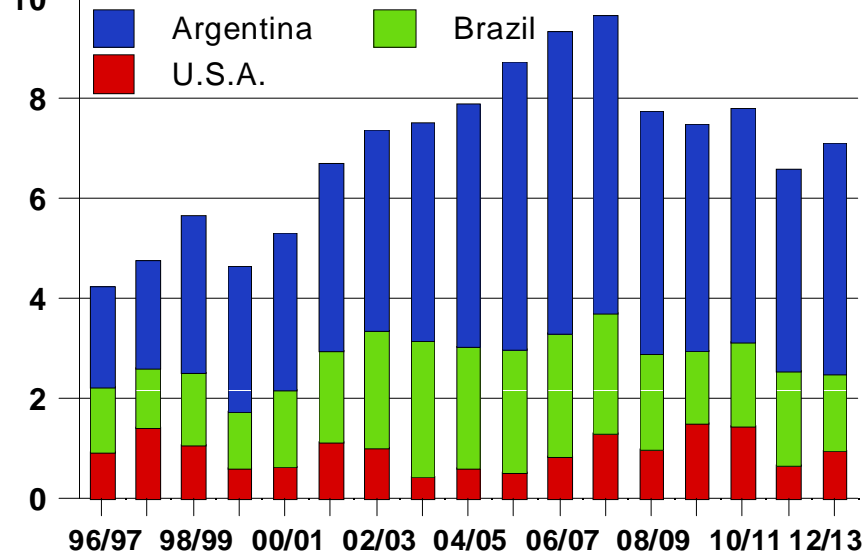
In Oct/Sept 2012/13:

- PO exports likely to be up by 3.4 Mn T to 43.7 Mn T
- Combined exports of soya, rape & sun oils down by 0.2 Mn T to 20.3 Mn T



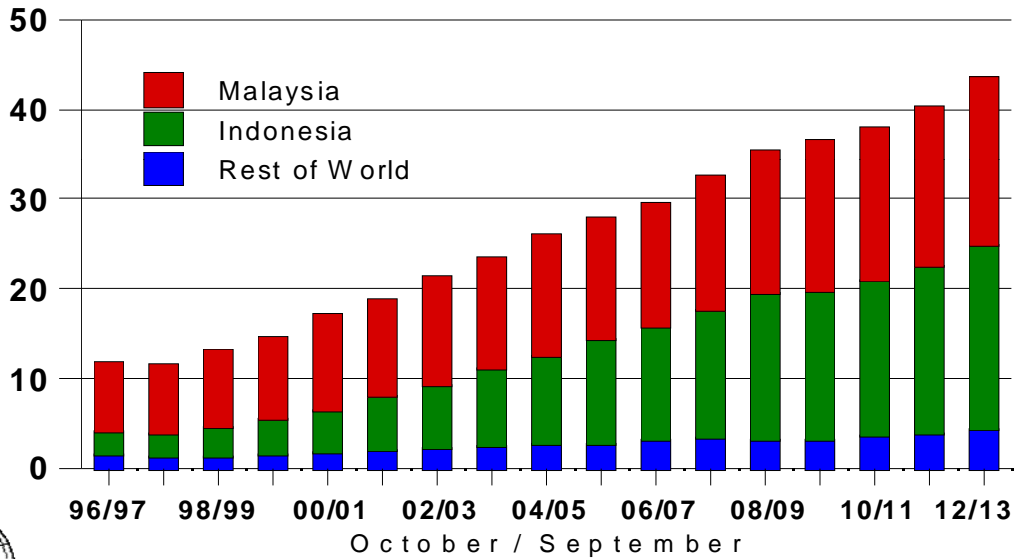
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Soya Oil Exports (Mn T)



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Palm Oil Exports (Mn T)

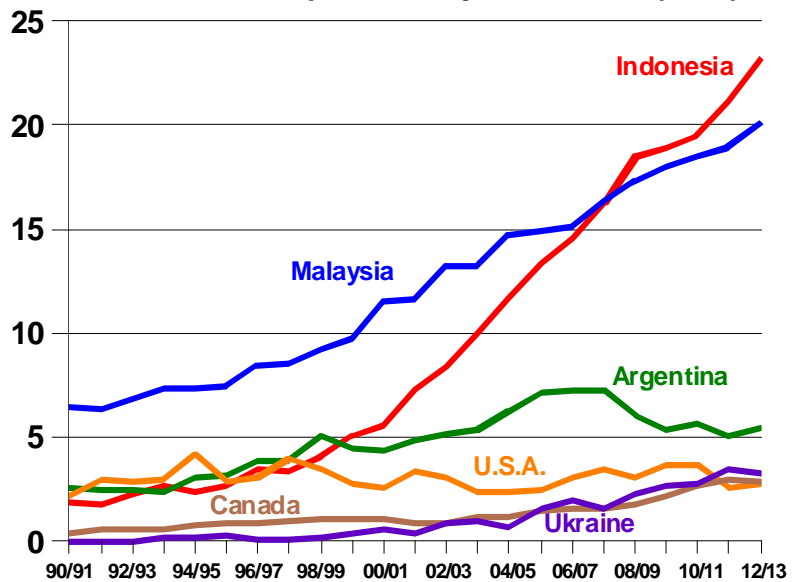


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17 Oils & Fats: Exports of Major Countries (Mn T)

Indonesia & Malaysia
expected to export
43.5 Mn T of oils &
fats in 2012/13,

.. thus accounting for
57% of total world
exports all oils &
fats this season.



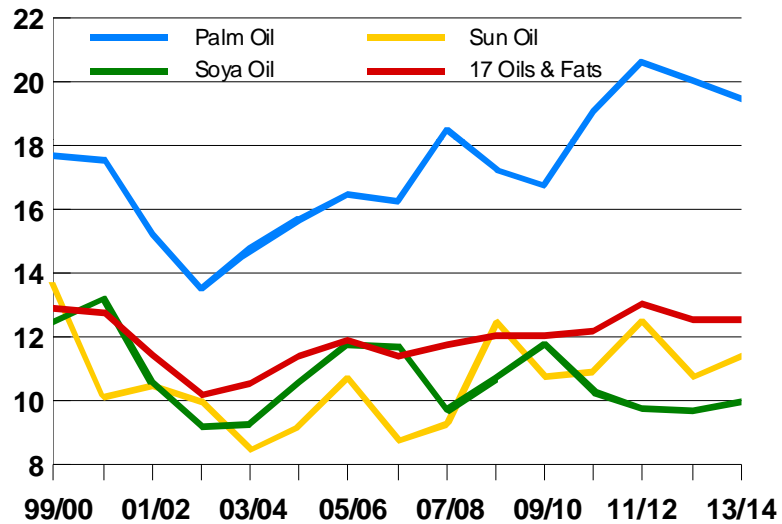
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World stocks of palm oil were boosted to a record 11.7 Mn T as of end-Dec 2012, Thereof: Malaysia 2.6 Mn T Indonesia 4.0 Mn T

But with consumption picking up more sharply, stocks declined by 1.6 – 1.8 Mn T in Malaysia & Indonesia combined

17 OILS & FATS

Annual Stocks / Usage Ratios (%)



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Concluding Statements

- The global dependence on palm oil will continue to rise in the years ahead owing to insufficient production of other oils & fats
- Palm oil has competitive advantages over other oils and fats, e.g. much higher yields and lower production costs
- Palm oil is generally priced at quite sizeable discounts versus other oils & fats
- Higher investments are necessary to raise oil palm plantings and yields to get ready for rising palm oil demand in the future
- But this has to done in a sustainable way, in line with the regulations of the Round Table of Sustainable Palm Oil (RSPO)



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Price Outlook 2013/14



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More ample oilseed supplies ahead in 2013/14. Biggest increases in soybeans, sunflowerseed, rapeseed and palmkernels

These 4 oilseeds were also the growth leaders in the past 15 years

In 2013/14 world production seen rising by 21 Mn T and opening stocks up 6 Mn T, boosting world supplies by 27 Mn T

10 OILSEEDS: World Production (Mn T)

	13/14F	12/13	11/12	10/11	Avg. Change 15 Years to 12/13
Soybeans	284.00*	265.91*	239.10	264.94	+3.5%
Cottonseed . . .	42.60*	44.84*	47.12	43.55	+1.8%
Grdnuts,shelled	28.00*	27.49*	27.15	27.75	+2.0%
Sunflowerseed	38.75*	35.98*	39.44	33.61	+2.9%
Rapeseed	63.48*	62.60*	60.62	61.06	+4.3%
Sesameseed . .	3.93*	3.71*	3.83	3.83	+2.3%
Palmkemels . .	14.59*	13.92*	13.29	12.54	+7.4%
Copra	5.33*	5.34*	5.26	4.80	+0.4%
Linseed	2.44*	2.04*	2.13	1.82	-0.8%
Castorseed . . .	1.32*	1.40*	2.03	1.56	+1.3%
Total	484.43*	463.23*	439.96	455.45	+3.3%



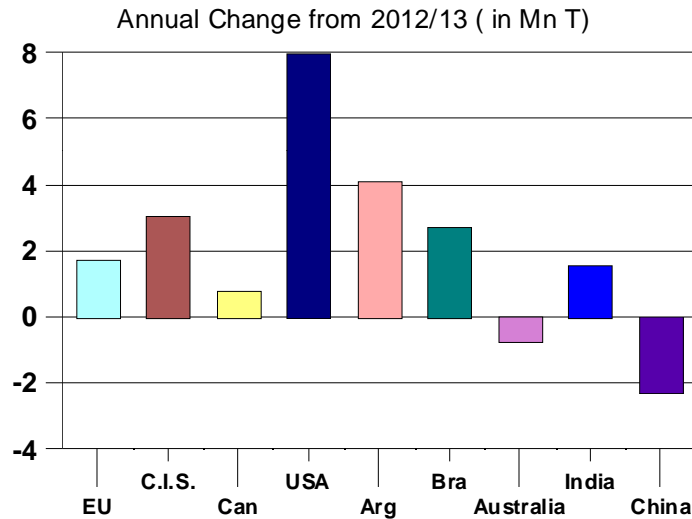
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Significant improvement in production in most countries ahead next season

Major exception is China, resulting in much higher Chinese import requirements of oilseeds and products in the 2013/14 season.

10 Oilseeds: Estimated Production Change in 2013/14



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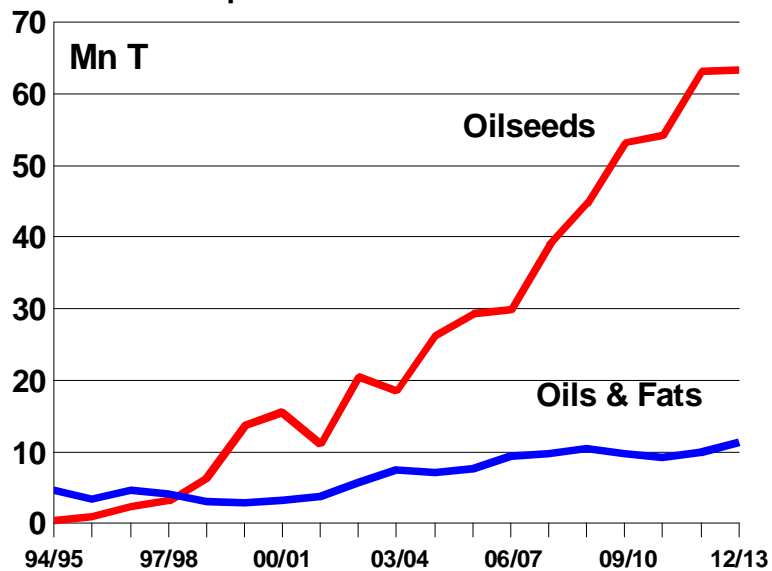
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CHINA: Rapidly rising import requirements

Mainly of soybeans, but also of rapeseed, groundnuts and many other agricultural commodities

Following a stagnation of oilseed imports (at the expense of stocks in 12/13), big jump in imports by 8-9 Mn T is likely in 2013/14

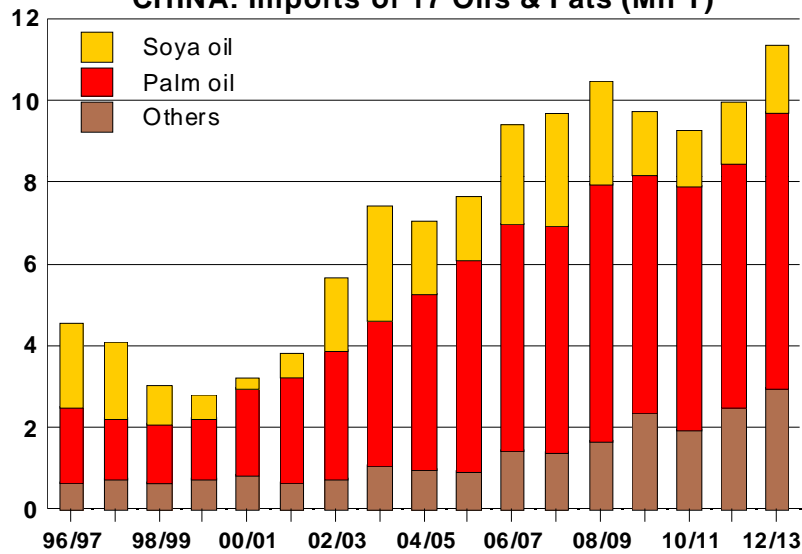
CHINA: Imports of Oilseeds and Oils & Fats



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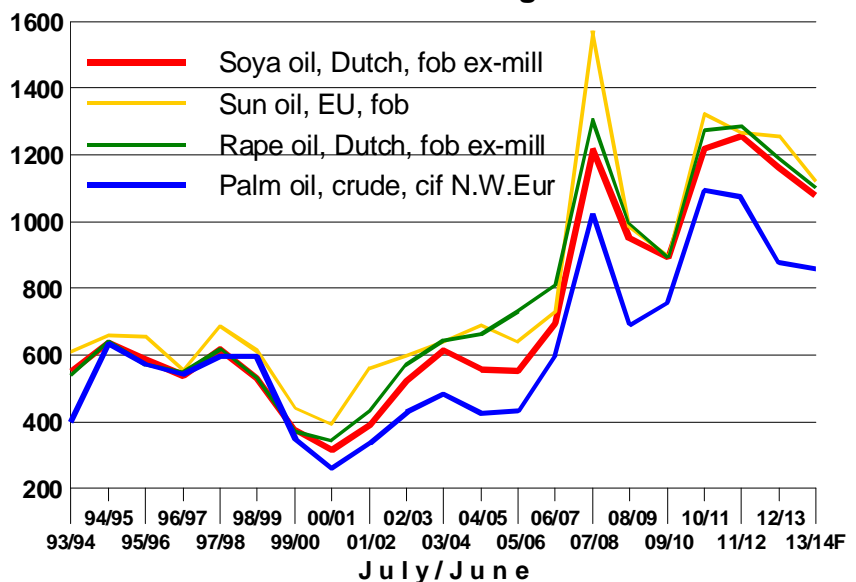
CHINA: Imports of 17 Oils & Fats (Mn T)



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MAJOR OILS : Annual Average Prices US-\$/T



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Prices of most vegetable oils to fall to a 4-year low in July/June 2013/14

Fob Export:
RBD Palm olein to \$ 840
Arg soya oil to \$ 980

In Rotterdam:
Crude palm oil \$ 860
Soya oil \$ 1050
Sunflower oil \$ 1100
Rapeseed oil \$ 1100

Thank You for Your Kind Attention !

If I can be of assistance to you in the future, you are invited to contact me any time.

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Thomas.mielke@oilworld.biz

ISTA Mielke GmbH, OIL WORLD Publications, Langenberg 25
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