

Vegetable Oil Monthly Pricing Update

European Vegetable Oil, Spot

MINTEC BENCHMARK PRICES	MINTEC CODE	JANUARY PRICE	DECEMBER PRICE	M-O-M	M-O-M %
Rapeseed Oil FOB Rotterdam *	RSOR	€1,490.50/mt	€1,610.50/mt	-€120.00/mt	-7%
Palm Oil Crude CIF Rotterdam *	CPOR	\$1,410.50/mt	\$1,300.00/mt	+\$110.50/mt	+8%
Soyabean Oil FCA Netherlands *	SBOR	€1,380.00/mt	€1,280.00/mt	+100.00/mt	+7%
Sunflower Oil FOB NW Europe *	SFOR	\$1,450.00/mt	\$1,375.00/mt	+\$75.00/mt	+5%
Sunflower Seed EXW Ukraine **	OV30	UAH 21,150/mt	UAH 19,100/mt	+UAH 2,050/mt	+10%
Olive oil Extra Virgin EXW Andalucía ***	8G39	€3.38/kg	€3.43/kg	-€0.05/kg	-1%

*January Prices as at 16:00 London time: 31-January-2022

*December Prices as at 13:00 London time: 31-December-2021

**January Prices as at 16:00 London time: 27-January-2022

**December Prices as at 16:00 London time: 30-December-2021

***January Prices as at 16:00 London time: 28-January-2022

***December Prices as at 13:00 London time: 31-December-2021

Key Points

- Rapeseed Oil prices decreased due to lower demand.
- Palm Oil prices move upward on Indonesia export policy changes.
- Sunflower Oil prices remained firm as availability of sunflower seed remains limited, and demand continued to be strong.
- Market expectations February is mixed with rapeseed thought to continue downward moves whilst palm and sunflower continue to be strong.

During January the Mintec Benchmark Prices [MBP] for vegetable oils largely moved up as some commodities picked up on policy changes and increased demand. This increased the amount of interest across palm oil in particular seeing the commodity gain \$110.50/mt. The key exception, due to declining demand from the biodiesel sector, was the MBP for Rapeseed Oil FOB Rotterdam which eased €120/mt over the month.

Rapeseed Oil

The Mintec Benchmark Prices [MBP] for Rapeseed Oil [Mintec Code: RSOR] was assessed at €1490.50/mt which, compared to December, is down €120/mt (-7%).

Towards the end of January interest in Rapeseed became lacklustre, this was in part due to the absence of buyers from the biodiesel industry who use rapeseed oil as a feedstock to produce the biodiesel RME (Rapeseed Methyl Ester).

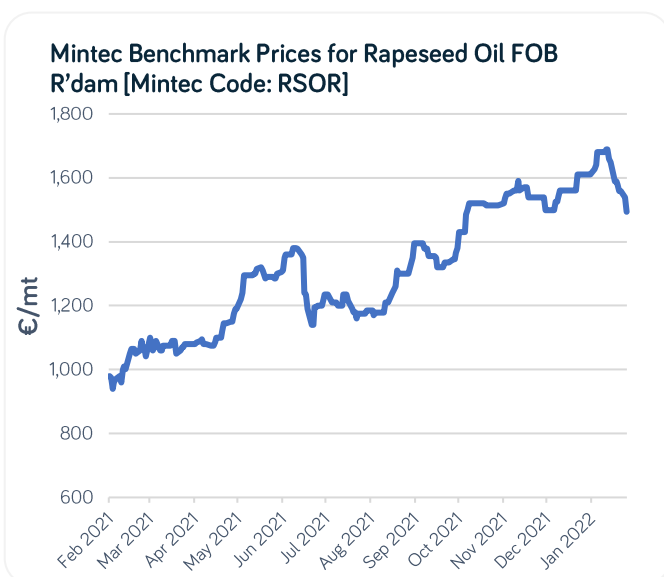
In addition to the lower margin for creating RME from rapeseed oil, the biodiesel industry is moving away from winter grade RME. This has limited rapeseed oil demand as more rapeseed oil was being purchased to create the winter RME blend. This is because winter grade has a higher percentage of rapeseed oil due to its anti-waxing properties which are important during the winter period.

A trader said 'biodiesel players aren't interested in rapeseed oil right now. They have enough stock of winter grade RME and we are nearly out of the period that requires the use of rapeseed oil anyway. Demand in February is a real question mark for me. Most players are wrestling with huge year-on-year cost increases and do not want to buy anything if they can help it. All in all, prices hit their ceiling in early January and now the only way is down. The only potential saviour that rapeseed oil has is the food sector, but I am unsure if the food sector is willing to pay the prices that would be needed to instill a bull run again'.

Despite the bearish sentiments expressed by the trader demand could emerge from the food sector. Due to prices trending at the highest levels since...

...the commodity super cycle of 2008, many food sector buyers were 'paralysed' and attempted to stretch current oil supplies. This however has left some of them needing to secure significant volumes as they have all but run out of current supply. If realised this could bolster demand for rapeseed oil whilst the food sector attempts to secure volumes.

A buyer in the food sector told Mintec, 'the lower prices are a bit of a relief - we can buy a little more easily, and although the increase year-on-year is still substantial it's a little more palatable. The concern I have is that many players are in the same boat as us [and] they need supply, and it could cause a little bit of a battle to secure the volumes. I think with the lower prices some are forgetting that supply is still very limited and will be until the new harvest.'



Looking at the rapeseed and rapeseed oil from a different angle, rapeseed stock levels within the European Union are low. Market players surveyed by Mintec held a consensus that the EU holds stocks of an estimated 8.3 million metric tonnes of rapeseed which would mean that stock levels are at the lowest level for a January since 2019. This is in part due to the limited amount of imports the EU has been able to get from Canada and the Ukraine who themselves are thought to have less than 6 million tonnes combined according to market sources. This is particularly important as there is a long way to go before the harvest. Stock levels being this low so early in 2022 could mean that supply begins to run out. If realised prices for rapeseed could move higher during February, on the back of dwindling supplies. This could trigger higher rapeseed oil prices due to refiners needing to pay more for the raw material, according to market participants.

On this a trader said 'the lower rapeseed prices may well be short lived. The amount of rapeseed left to create oil is disappearing and as the supply gets slimmer some players might get more trigger happy with purchases. The price could rise quite quickly in this type of situation. I will put my cards on the table - we have covered some significant volume already to insulate ourselves from this scenario which we view as inevitable.'

Sunflower Oil

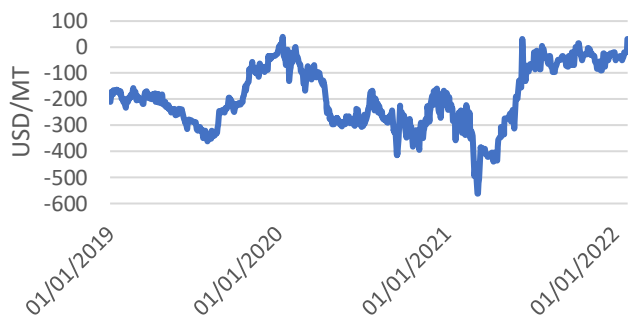
The Mintec Benchmark Prices [MBP] for Sunflower Oil 6 Ports Option [Mintec Code: SFOR] was assessed at \$1,450/mt which, compared to December, and is up \$75/mt (+5%). The upward move was in part due to continued limited sunflower seed sales by farmers which led to the Mintec Benchmark Price being assessed on 27 January at UAH 21,150/mt (\$734/mt) up 3.55% from the week prior. To this end market players surveyed by Mintec hold a consensus that Ukrainian farmers have sunflower seed stocks of more than 10 million metric tonnes. This level of stock would be unprecedented and far above the January average of around 5 million tonnes. The lack of seed selling has meant that refiners have been unable to crush seeds to make sunflower oil limiting the amount of sunflower available to buyers in the marketplace. This has led to sunflower oil prices remaining firm whilst the other oils in the complex have been far more volatile. A pattern that is thought to continue in February according to market players.

On this topic a trader said 'I won't even pretend - I thought prices of sunflower oil would be far lower by now. The sunflower seed crop was large and a crop of this size, when sold, would move prices down significantly. As soon as prices are not where the sunflower seed farmers want they stop selling. Buyers then react and must bid more to get the product, the price then rebounds or settles. Personally, I can't see prices falling as sunflower oil is gaining demand as an alternative to palm oil as the prices for palm oil are insane.'

To this end palm oil currently holds a premium over sunflower oil of \$30/mt. This is particularly unusual as palm oil is commonly the 'cheaper' oil which is used as an affordable substitute for the other vegetable oils. This has caused switching from palm oil into other...

...soft oils such as sunflower oil a trend that market players expect to continue in February. If realised this could be an extra factor in sunflower oil maintaining its current trend.

Sunflower Oil FOB Ukraine Premium Over Palm Oil CIF Rotterdam



A buyer said 'sunflower oil is gaining a lot of demand from palm prices being too high. I think we need to remember that many players prefer sunflower oil over palm particularly in the EU. With sunflower oil being at a discount to palm oil it makes the decision a no-brainer – of course I am going to buy sunflower oil. The only issue in February that could limit some of the demand is that if many players switch from palm into sunflower the demand will increase dramatically. If demand increases a price increase won't be far behind. However, unless the price goes way above palm [which I don't think it will] it's too attractive to buyers like myself.'

Looking at the sunflower seed and sunflower oil market from another angle the potential conflict between Russia and Ukraine could yet weigh on the market. This is due to the fact that Ukraine and Russia produce the majority of sunflower seeds and account for the lion's share of sunflower oil export. The potential conflict could see a significant proportion of the sunflower seed and oil market unavailable to buyers as ports could be inaccessible and sanctions placed on the market. The potential issues that could arise has already seen one of the key global importers, India, looking for alternative origins or at different vegetable oils all together. This could cause sunflower oil prices to move upward from all alternative origins as supply on the global marketplace, if Russia and Ukraine are excluded, is minimal according to market participants.

On this topic a trader commented 'If anything happens between Ukraine and Russia the sunflower oil prices will move up. The key suppliers will be paralyzed with the

struggle and that will leave more or less no one to pick up the slack. We know others have been looking to cover in case this potential nightmare becomes a reality. Prices are likely to continue at the current levels or move \$20-50/mt higher in my view.'

Palm Oil

Finally turning to palm oil, the physical palm oil market moved upward by \$110.50/mt compared to December when this report was last published. This was largely due to rumours of a potential change in policy by Indonesia on exports of vegetable oil, and more details on these plans have been published during January.

The changes released on 27 January explain that exporters are required to state how much palm products they have sold, and intend to sell, both to the domestic market and abroad. The figures, as seen by Mintec, show that a minimum of 20% of palm products must be supplied domestically in order to receive permits to export the remaining 80%. If players do not abide by the rules, the ministry of trade will withdraw the market participants export approval documents. The new policy represents a large departure from the prior rules in which exporters only needed to produce customs declarations. The rules have caused a real lack of consensus about what the longer-term impacts over February and beyond will be, as Indonesia's domestic consumption of palm oil products already exceeds 30% and under these conditions it is hard to envisage what impact this will have on the supply and demand balance, according to the industry.

On this a trader said 'prices for now are moving up on the back of the Indonesian policy changes. To be honest I don't understand the rules. The mandates at 20/80 mean nothing, the supply remains the same as it was before this news. Despite my confusion, if we are talking about February prices they continue to move up. There is very little bearish talk to counteract all the players on the bull train. That being said, I feel that there is something that the market has not yet been told with these policy changes a close and I suggest we watch this closely during the next couple of months'.

Speculation has emerged from market players who have reported to Mintec that the domestic and export rules could be used more broadly. They note that this is because domestic sales are harder to prove than exports which have greater levels of documentation. According to industry sources this is an attempt by the government to restrict exports through...

...the back door. Market players have also suggested that the rules as they sit make it particularly easy for the Ministry of Trade to deny export permits for a huge variety of reasons, not just being below the domestic sale threshold. This could mean that many market participants are unable to export volumes on the open market, limiting the availability of palm oil-based products on the international marketplace.

A trader said 'the Indonesia government need to be seen to be doing something about the very high domestic palm prices which the local population can barely afford. This policy is just for show, I think there is a greater plan at play. The government wants to reduce crude palm oil exports and haven't hidden this fact. This is their chance to have a trial run and look like they are solving a problem at the same time - a win-win for them. Prices during February won't cool as the market hasn't quite realised the domestic and export numbers mean next to nothing, it's a greater plan to reduce Indonesia's exports'.

In a departure from months prior where it seemed Indonesia had scrapped testing higher palm percentages in their biofuel, industry sources noted that these tests are now taking place. The test is seeing B40 used, which is a 40% palm blend with diesel used in vehicles, an increase from the current B30 mandate. The test is set to last around five months before any decision is made, yet if B40 becomes the accepted blend it could limit the exportable palm oil supply.

One broker commented 'the B40 issues isn't a concern for February but it's such big news it has to be considered. The move to B40 will have a huge impact on supply from Indonesia, if it goes ahead and that's ignoring all the policy changes. With everything mixed together who knows how much Indonesia end up exporting in the longer term. It's a situation I don't think the market is prepared for. It's

possible that Indonesia may never export volumes as they have in seasons prior.'

Some market sentiment questioned how much demand exists for palm oil at these current price levels for February. Exports over January from Malaysia look to show a decline of 33% compared to the same period in December. The decline in exported volumes is due to a lack of destination demand as key global importers China and India look to other vegetable oils. If this trend continues over February, it is possible that palm oil demand continues to be limited, capping the upward price moves which seem likely according to market players.

A buyer said 'the safest option in this market is simply to not play. I am going to sit February out and use what we have and perhaps get a few very small top ups in if necessary. I think this is a fairly common thread for most buyers - palm is just too expensive and I would not be shocked to see prices move sideways or down a little.'

Methodology, Feedback & Forward-Looking Statements

Mintec is committed to ensuring all published Mintec Benchmark Prices are representative of market value and in line with Mintec's transparency principles we encourage industry participants to reach out to the Proprietary Pricing Team. Any feedback and comments related to this document and prices contained within are welcomed and should be directed to PRA@Mintecglobal.com.

All forward looking statements in this report are the views and expectations of the individual market participants. The Mintec Proprietary Pricing Team does not have a forward-looking view and are not involved in price forecasting.

The Vegetable Monthly Pricing Update is published each month and contains proprietary data exclusive to Mintec. If you would like to gain access to this report, contact PRA@Mintecglobal.com.

For details on the methodology used to assess the Mintec Benchmark Prices visit this [link](#).



Appendix – Price Points Observed

Date Reported	Source Type	Commodity	Specification	Origin	Incoterm	Location	Price	Currency	Unit	Delivery Horizon	Type	Date Occurred
31/01/2022	Industry Publication	Coconut Oil	Crude Coconut Oil	Philippines	FOB	Philippines	2250	USD	MT	Feb	Indication	28/01/2022
31/01/2022	Market News	Coconut Oil	Crude Coconut Oil	Philippines	FOB	Philippines	2300	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Coconut Oil	Crude Coconut Oil	Philippines	CIF	Rotterdam	2365	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Market News	Coconut Oil	Crude Coconut Oil	Philippines	CIF	Rotterdam	2300	USD	MT	Feb	Indication	31/01/2022
31/01/2022	traders	RBD Coconut Oil	RBD Coconut Oil	any	CIF	Rotterdam	2462	USD	MT	Feb	Indication	28/01/2022
31/01/2022	Industry Publication	RBD Coconut Oil	RBD Coconut Oil	any	CIF	Rotterdam	2500	USD	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Soybean CIF Rotterdam	Soybean CIF Rotterdam	US	CIF	Rotterdam	630	USD	MT	Feb	Indication	31/01/2022
31/01/2022	trader	Soybean CIF Rotterdam	Soybean CIF Rotterdam	US	CIF	Rotterdam	628	USD	MT	Feb	Indication	31/01/2022
31/01/2022	trader	Sunmeal	Sunmeal	NW EUR	CIF	NW EUR	298	USD	MT	Feb	Indication	31/01/2022
31/01/2022	traders	Sunmeal	Sunmeal	NW EUR	CIF	NW EUR	290	USD	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Coconut Oil	Crude Coconut Oil	any	FOB	Indonesia	2250	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker / Analyst	Coconut Oil	Crude Coconut Oil	any	FOB	Indonesia	2200	USD	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Rapeseed Oil	Crude Degummed FOB	any	FOB	Rotterdam	1575	Euro	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Rapeseed Oil	Crude Degummed FOB	any	FOB	Rotterdam	1490	Euro	MT	Feb	Bid	31/01/2022
31/01/2022	Broker	Rapeseed Oil	Crude Degummed FOB	any	FOB	Rotterdam	1595	Euro	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Rapeseed Oil	Crude Degummed FOB	any	FOB	Rotterdam	1580	Euro	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Rapeseed Oil	Crude Degummed FOB	any	FOB	Rotterdam	1515	Euro	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Soyabean Oil	Crude Degummed Soybean Oil	Netherlands	FCA	Netherlands	1410	Euro	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Palm Kernel Oil	Palm Kernel Oil	Any	CIF	Rotterdam	2450	USD	MT	Feb	Bid	31/01/2022
31/01/2022	Broker	Crude Palm Oil	CPO	Any	CIF	Rotterdam	1445	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Soyabean Oil	Crude Degummed Soybean Oil	Netherlands	FCA	Netherlands	1410	Euro	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Crude Palm Oil	CPO	Any	CIF	Rotterdam	1500	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Palm Kernel Oil	Palm Kernel Oil	Any	CIF	Rotterdam	2550	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Palm Oil	RBD Palm Oil	Malay	FOB	Malay	1462.5	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Palm Stearin	RBD Palm Stearin	Malay	FOB	Malay	1450	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker / Analyst	Palm Oil	RBD Palm Oil	Malay	FOB	Malay	1462.5	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker / Analyst	Palm Stearin	RBD Palm Stearin	Malay	FOB	Malay	1450	USD	MT	Feb	Offer	31/01/2022
31/01/2022	Broker	Palm Oil	CPO	Malay	FCA	Malay	1396	USD	MT	Feb	Indication	31/01/2022
31/01/2022	Broker / Analyst	Palm Oil	CPO	Malay	FCA	Malay	1396	USD	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Soyabean Oil	Crude Degummed Soybean Oil	Netherlands	FCA	Netherlands	1400	Euro	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Palm Oil	RBD Palm Oil	Malay	FOB	Malay	1455	USD	MT	Feb	Indication	31/01/2022
31/01/2022	Broker	Palm Stearin	RBD Palm Stearin	Malay	FOB	Malay	1440	USD	MT	Feb	Indication	31/01/2022