

Global Oils & Fats Outlook – A Forecast on Demand and Consumption

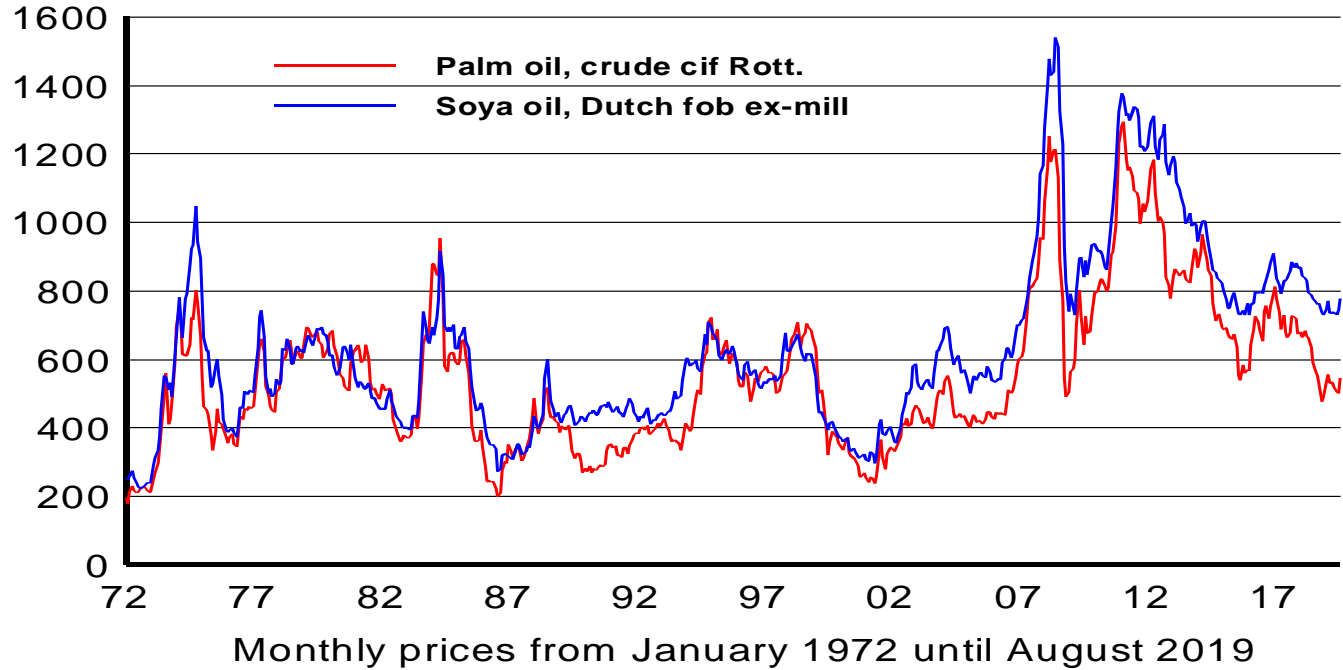
POTS Vietnam at the Sheraton Saigon Hotel, 13 Sept 2019
Ho Chi Minh, Vietnam

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Global Market Research on Oilseeds, Oils and Meals**

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



Palm oil prices have started to recover in July 2019



WORLD NET EXPORTS OF OILSEEDS, OILS AND FATS (1000 MT)

Edible vegetable	Jan/June		Jul / Dec		January / December		
	1962 ^P	1961 ^P	1962 ^a	1961 ^P	1962 ^a	1961 ^P	1960 ^P
Groundnuts.....	775	752	605	544	1 380	1 296	1 047
Groundnut oil.....	125	119	165	121	290	240	272
Total, as oil	466	450	431	360	897	810	733
Cottonseed.....	199	187	217	138	416	325	256
Cottonseed oil.....	103	116	120	73	223	189	248
Total, as oil	135	146	155	95	290	241	289
Soybeans.....	2 171	1 743	3 919	2 390	6 090	4 133	5 146
Soybean oil.....	260	138	341	137	601	272	519
Total, as oil	607	417	968	520	1 575	937	1 342
Rapeseed.....	150	126	175	46	325	172	171
Rapeseed oil.....	9	4	11	8	20	12	29
Total, as oil	63	49	74	25	137	74	91
Sunflowerseed.....	87	89	147	113	234	202	226
Sunflowerseed oil.....	45	62	91	46	136	108	81
Total, as oil	68	85	129	76	197	161	140
Sesame.....	94	86	60	63	154	149	158
Total, as oil	44	40	28	30	72	70	74
Olive oil\$.....	105	132	71	53	176	185	200
Totals: Seeds.....	3 476	2 983	5 123	3 294	8 599	6 277	7 004
Oils.....	647	571	799	438	1 446	1 009	1 349
Combined, as oil..	1 488	1 319	1 856	1 159	3 344	2 478	2 869
Palm							
Copra.....	633	838	909	809	1 542	1 647	1 580
Coconut oil.....	119	111	159	157	278	268	194
Total, as oil	525	648	740	675	1 265	1 323	1 205
Palm kernels.....	331	348	348	368	679	716	740
Palm kernel oil....	22	25	29	29	51	54	53
Total, as oil	178	189	192	202	370	391	401
Palm oil.....	253	285	277	274	530	259	586
Totals: Seeds.....	964	1 186	1 257	1 177	2 221	2 363	2 320
Oils.....	394	421	465	460	859	881	833
Combined, as oil..	956	1 122	1 209	1 151	2 165	2 273	2 192

In 2018 world exports were in Mn T:

Soybeans 151.0 Mn T

Soya oil 11.1 Mn T

Palm oil 50.2 Mn T

Palmkern oil 3.3

Coconut oil 1.9

In 2019 the global market requires:

- 77 Mn T of palm oil

- 57 Mn T of soya oil

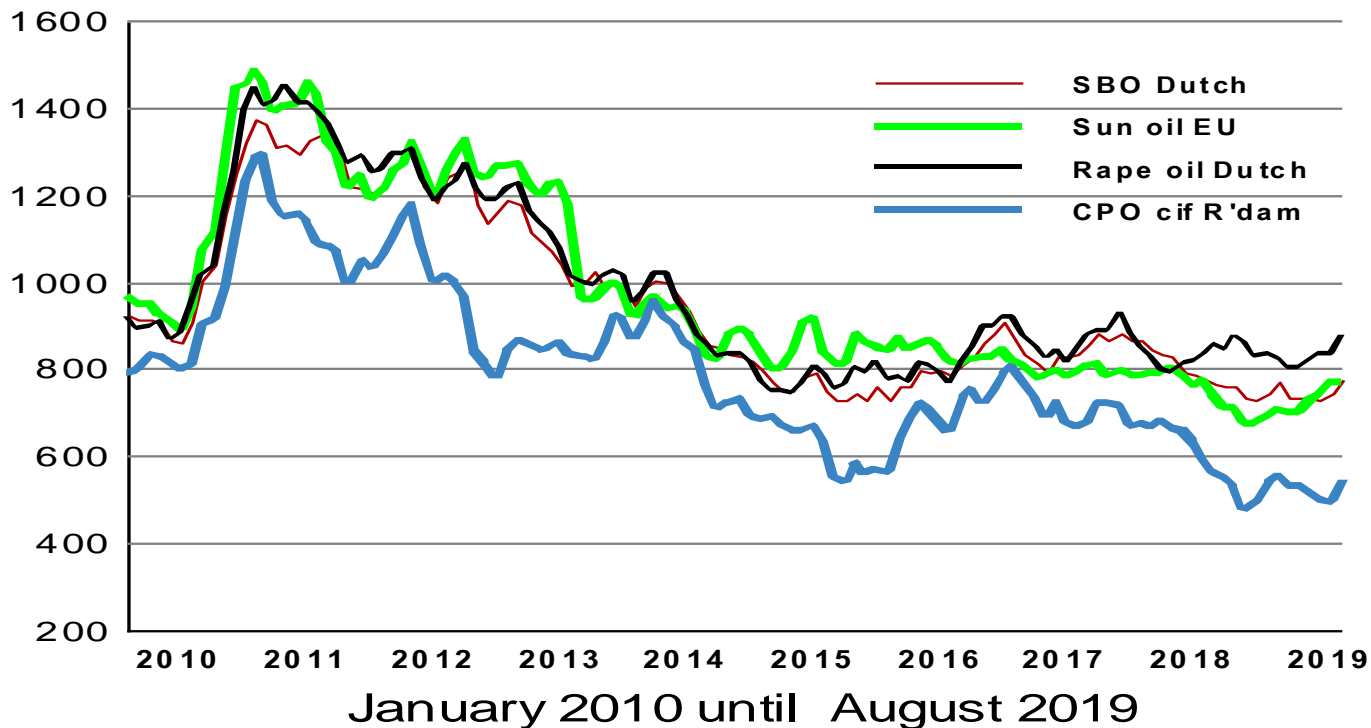


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Monthly Prices of 4 Oils (in US-\$/T)



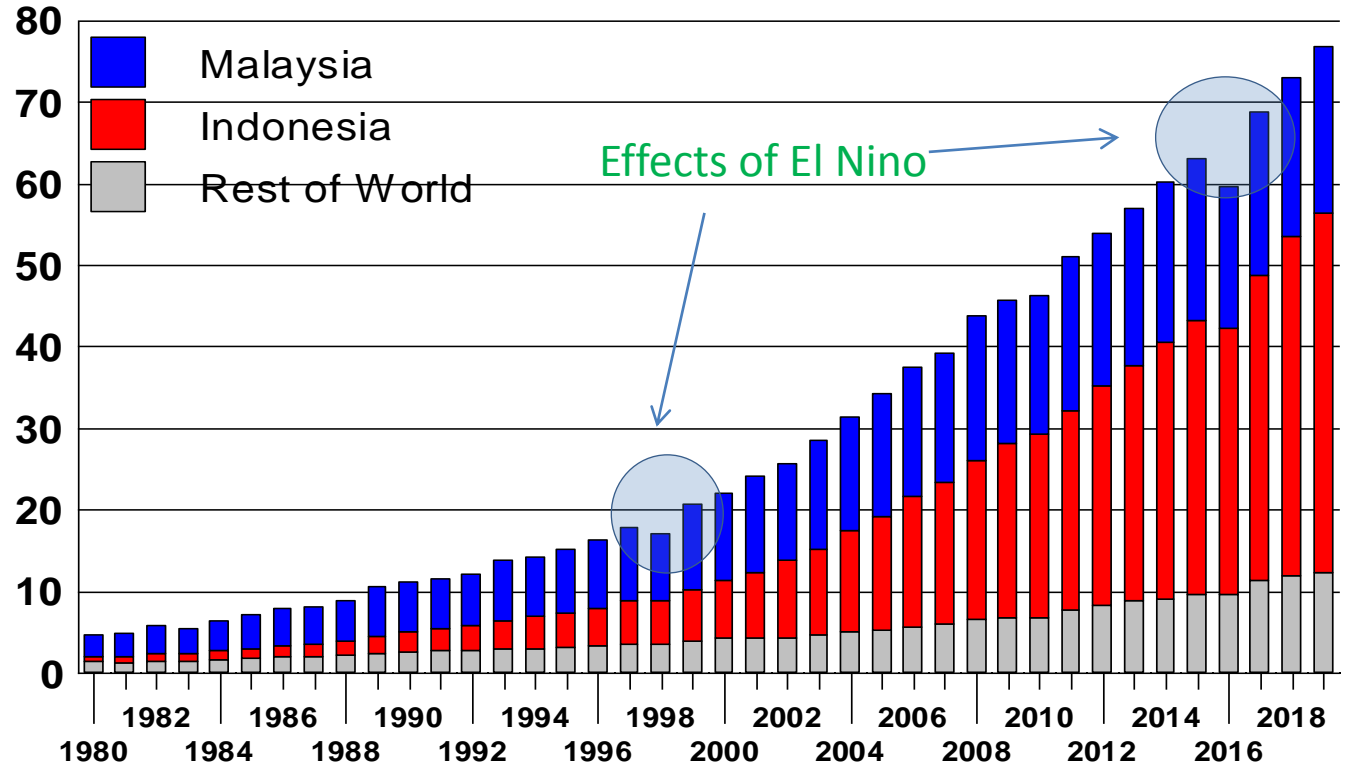
The 40-Year Success Story of Palm Oil.

Will it continue?

Many Challenges

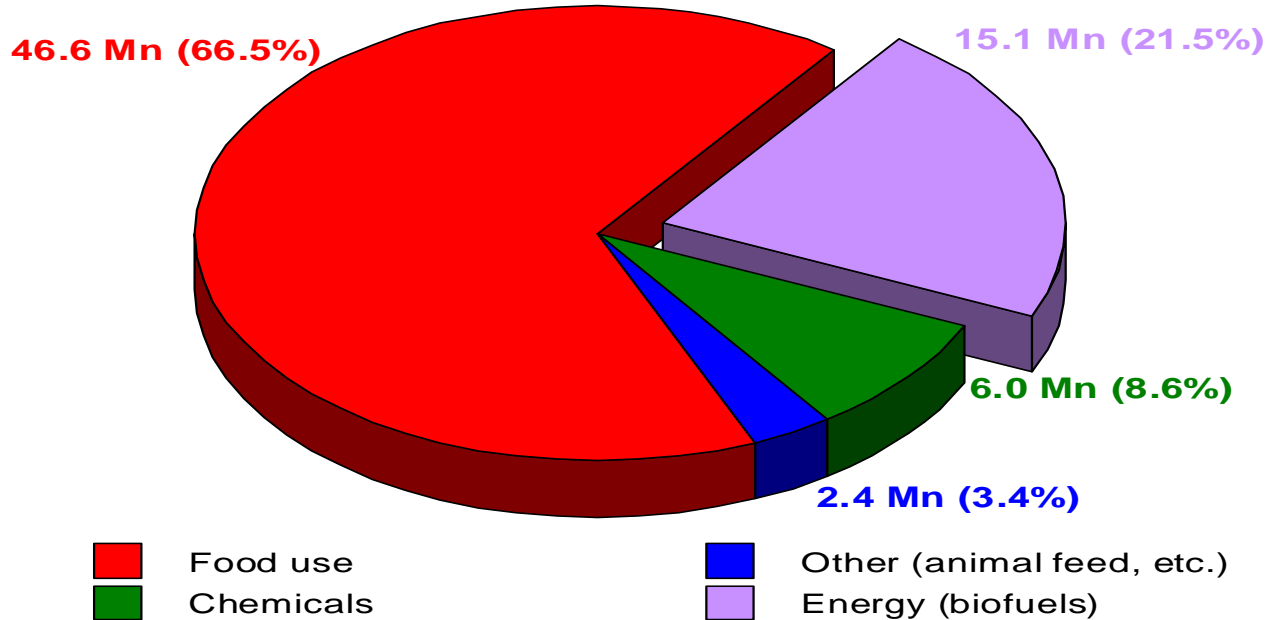


Palm Oil Production 1980 - 2019 in Major Countries (Mn T)



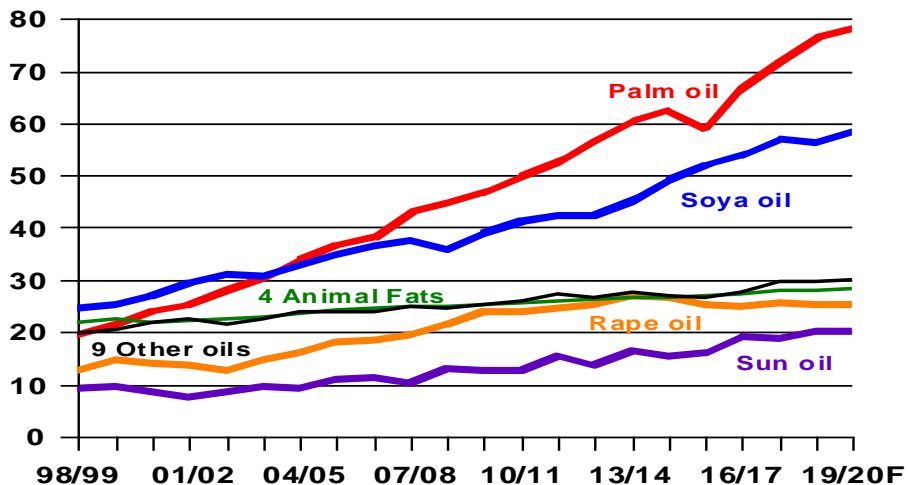
PALM OIL: World Consumption 2018, by Category

Jan/Dec 2018 total: 70.1 Mn T

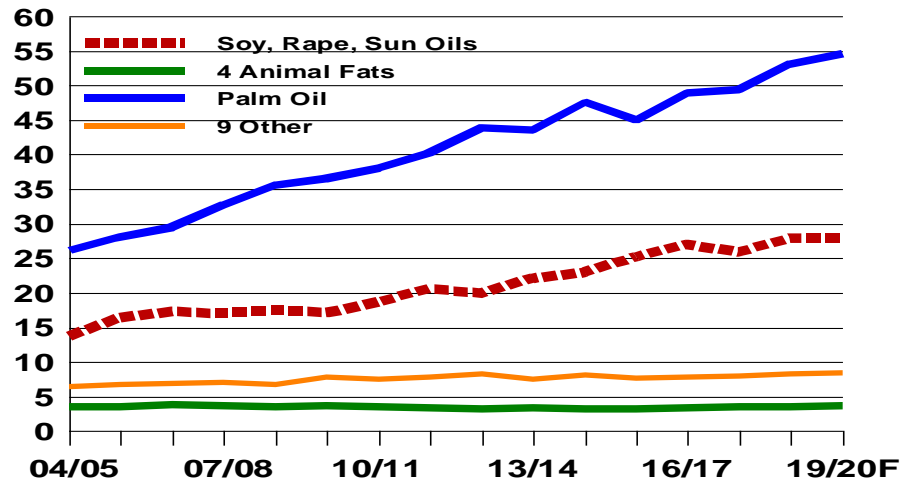


The Dominance of Palm Oil and of Soya oil

17 OILS & FATS : World Production (Mn T)



17 OILS & FATS : World Exports (Mn T)

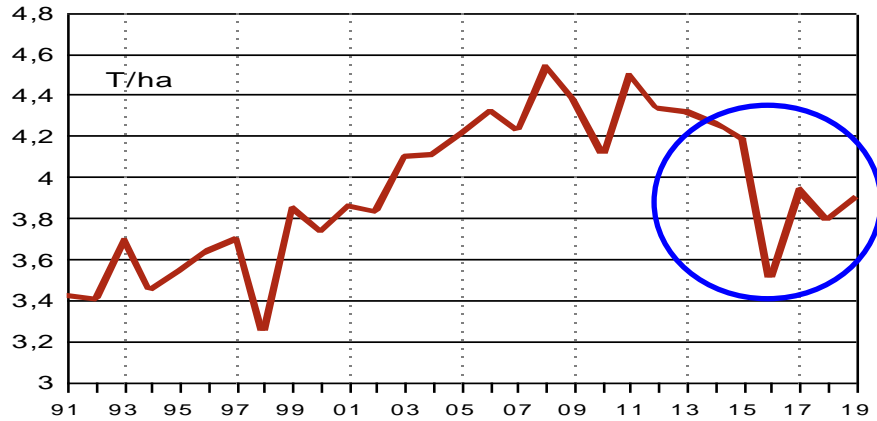


Palm Oil Losing Competitiveness

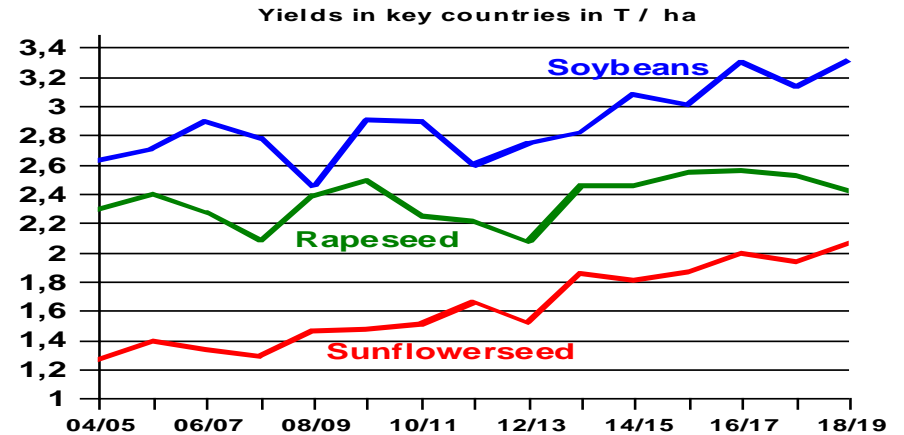
Yield increases in the past 15 years:

Soybeans	+26%
Rapeseed	+6% (+42% without EU)
Sunflowerseed	+62%

MALAYSIA: Annual Palm Oil Yields (T/ha)



SOYBEAN, RAPESEED & SUNFLOWERSEED



PALM OIL Outlook:

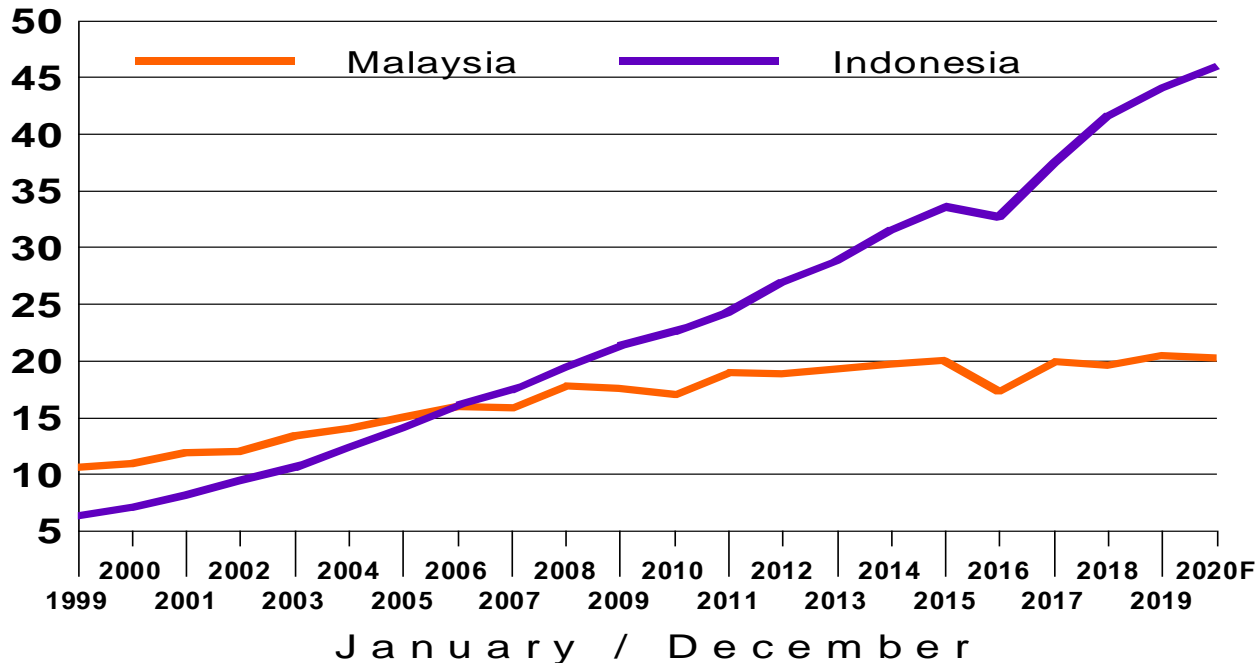
Reduced investments
(in new area; in fertilizers)

Slow down of the
production growth in
Indonesia to 2.5 Mn T in
2019 (44.1 Mn T) from 4.2
Mn T growth in 2018 (41.6
Mn T).

Malaysian production set
to rise by 1.0 Mn T in 2019
to about 20.5 Mn T

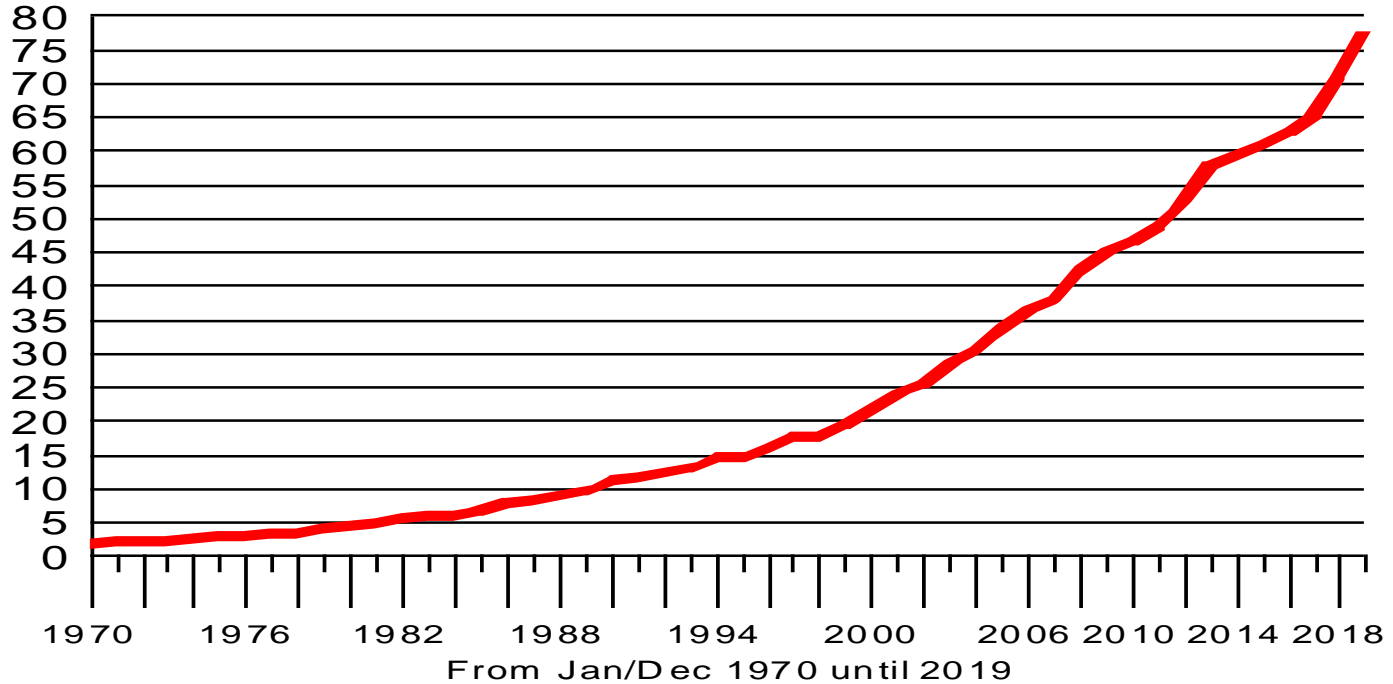
Rest of world: output to
grow by 0.5 Mn T

PALM OIL : Production in Key Countries (Mn T)



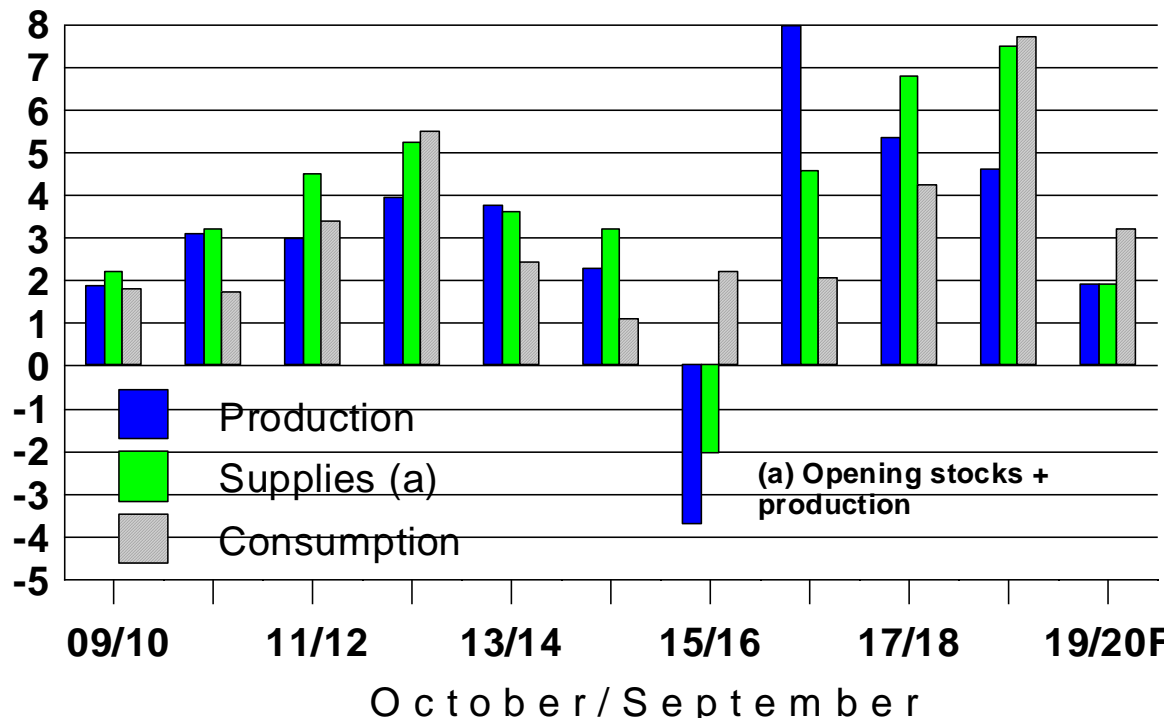
Importance of palm oil in global oils & fats market

PALM OIL: World Consumption (Mn T)



PALM OIL: World Consumption & Supplies (a)

Annual Change (Mn T)



PALM OIL Outlook:

World output to rise by 4.6 Mn T in Oct/Sept 2018/19. (76.6 Mn T)

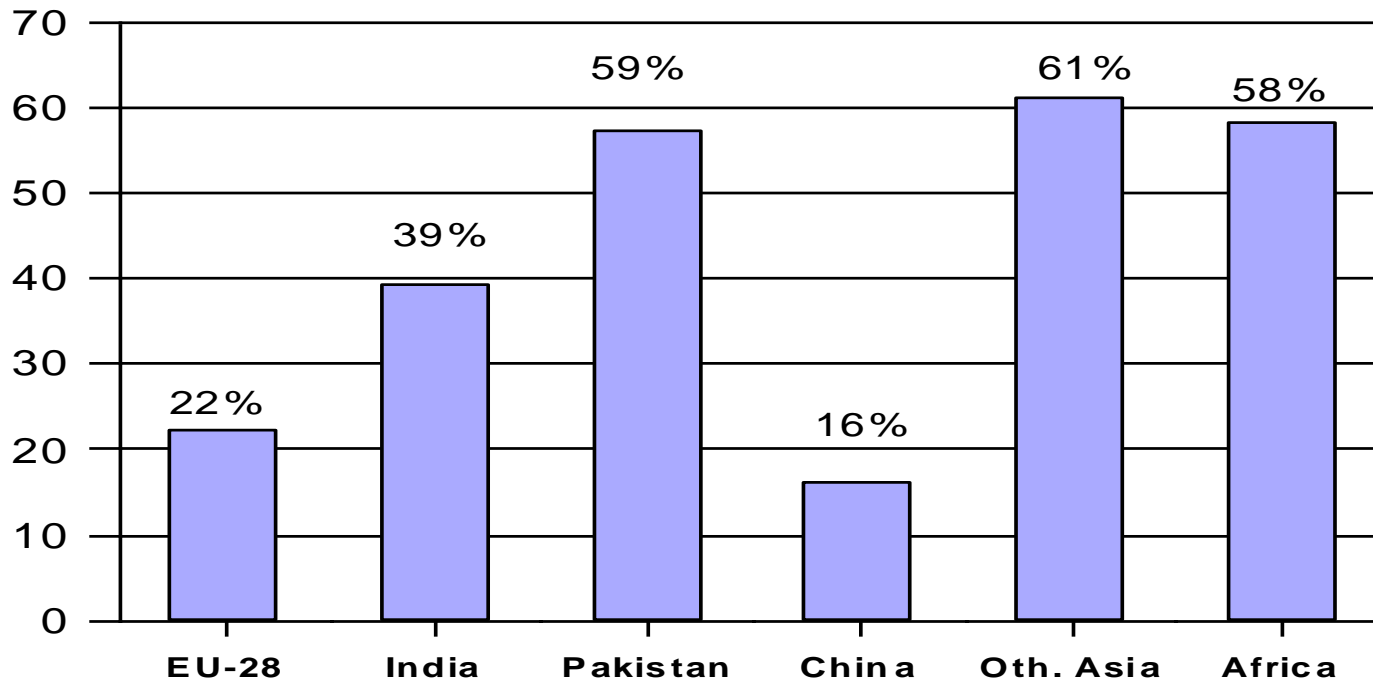
Consumption is forecast to increase by 7.7 Mn T in 2018/19.

Global supply & demand balance expected to tighten in 2019/20, as production will probably be only 78.5 Mn T (+1.9)

Palm oil stocks peaked in Dec 2018



PALM OIL: Share of Total Consumption of 17 Oils & Fats in 2018/19 in %



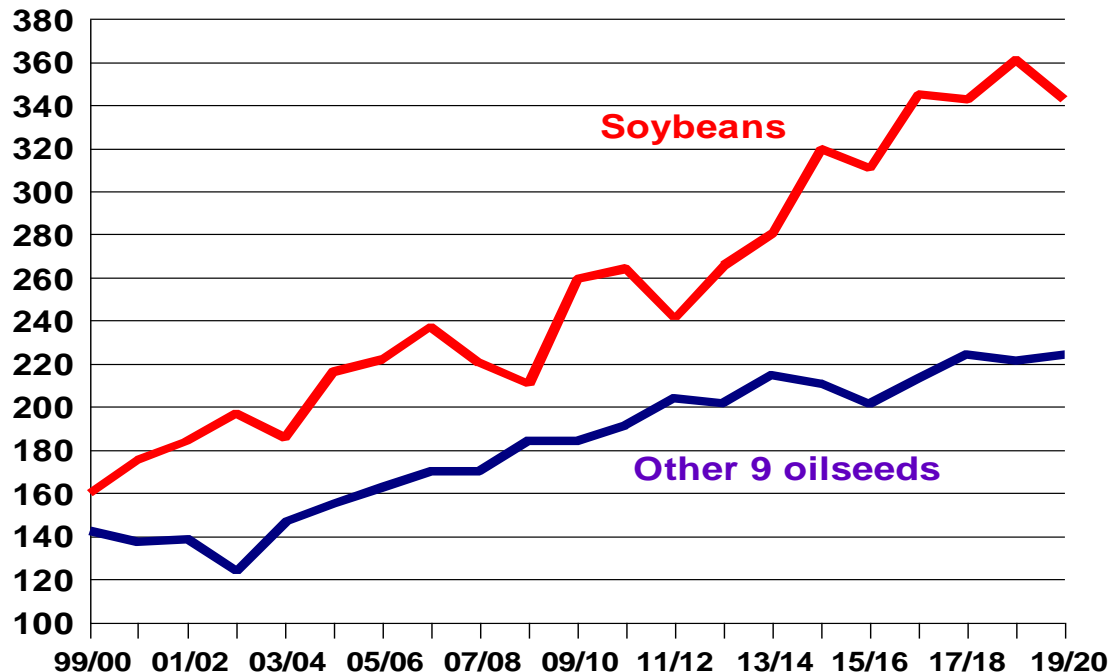
The Global Oilseed Outlook in 2019/20

Unusually strong world demand

Growing importance of soybean worldwide and further big growth ahead

In past 30 years world soybean imports doubled every 10 years

10 Oilseeds: World Production (Mn T)



Outlook 2019/20:

World Production of Soybeans: -19 Mn T

Open'g stocks +19 Mn T

End Stocks -11 Mn T

Our current soya crop estimates 2019/20:

USA 99* (vs 124)

Brazil 124* (vs 118)

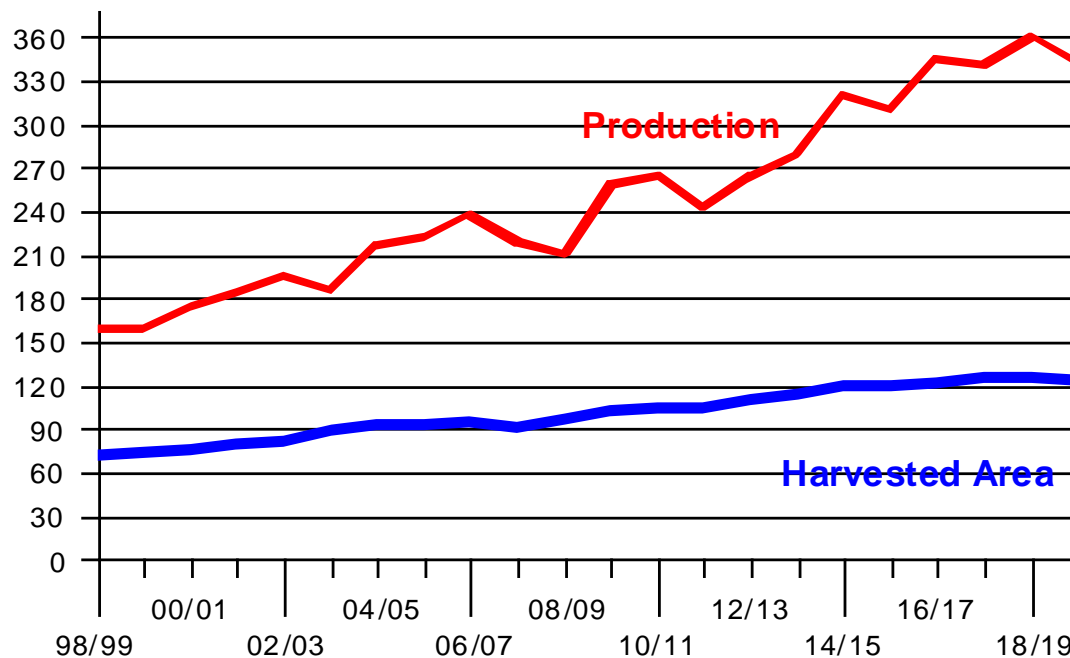
Argentina 53* (vs 56)

India 9.6* (vs 10.5)

World 343* (362 Mn)

SOYBEANS

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



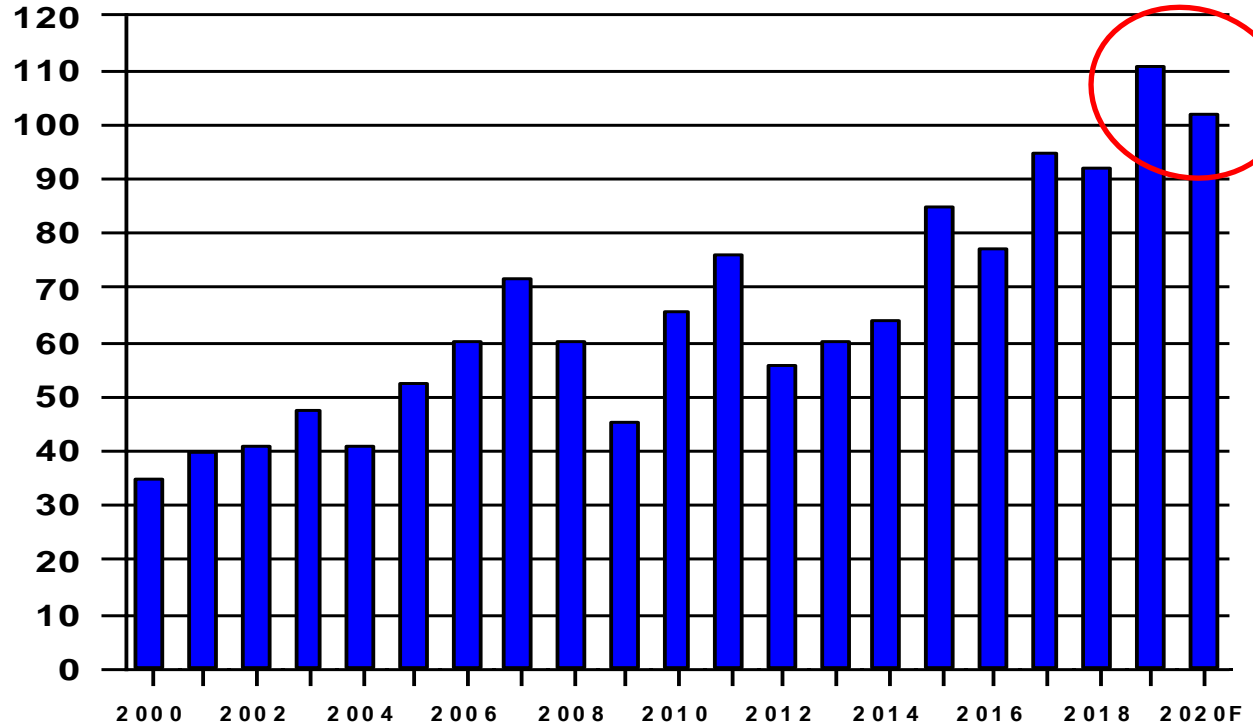
Record soybean stocks in 2018/19.

Situation likely to remain relatively ample in 2019/20, despite the looming sharp decline of 25 Mn T in US production...

Of course, uncertainties remain in

- China/US trade war
- In the US: date of first frosts
- S. America: the weather
- China: Impacts of ASF

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



World production on a declining trend and down again in 2019/20 and fall to an 8-year low of 62.1 Mn T.

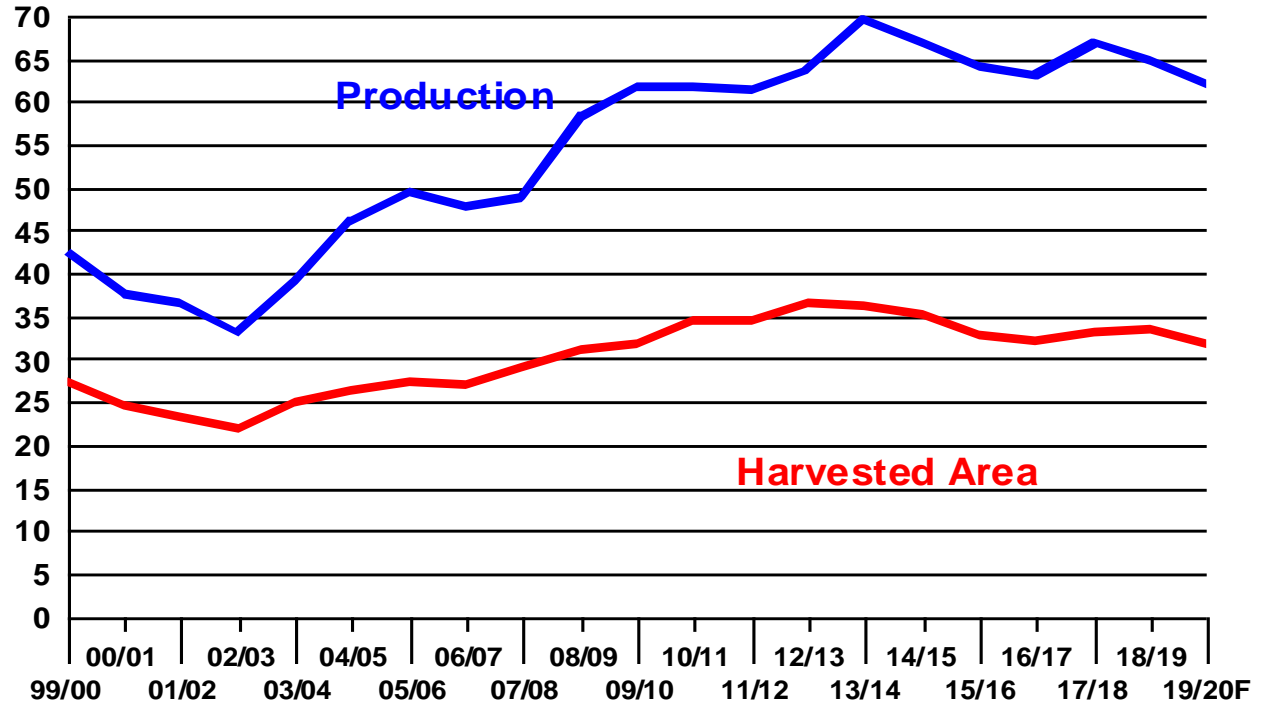
In some countries farmers losing interest in rapeseed cultivation.

Biggest crop losses in the past few years where in:

- the EU
- China
- Australia

RAPESEED & CANOLA

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



Record imports of rapeseed & canola will be required to mitigate the severe production shortfall in 2019/20

Low oil yields will additionally curb EU rape oil supplies, raising the need for veg. oil imports

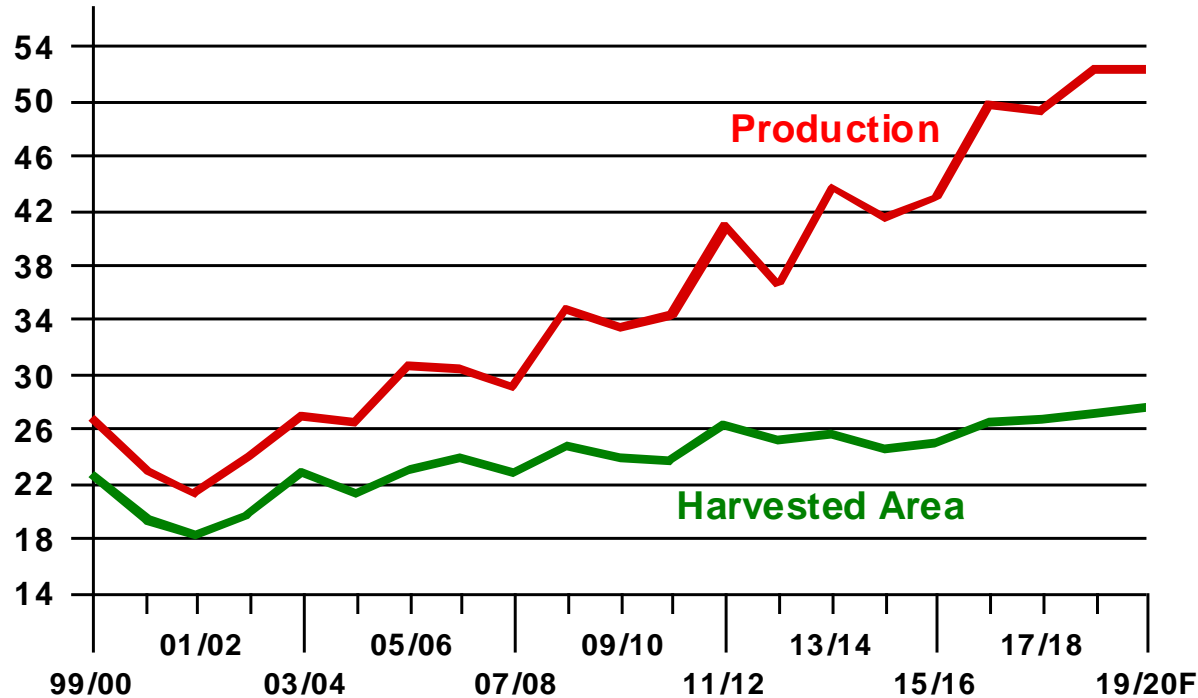
EU- 28 : Rapeseed Supply & Demand (Mn T)

	<u>19/20F</u>	July / June			
		<u>18/19</u>	<u>17/18</u>	<u>16/17</u>	<u>15/16</u>
Opening stocks . . .	2.04*	2.20	1.28	1.17	.88
Output	17.11*	19.99	21.88	20.50	22.31
<i>thereof: France . . .</i>	<i>3.54</i>	<i>4.98</i>	<i>5.24*</i>	<i>4.74</i>	<i>5.33</i>
<i>Germany</i>	<i>2.97*</i>	<i>3.68</i>	<i>4.28</i>	<i>4.58</i>	<i>4.92</i>
<i>Poland</i>	<i>2.42</i>	<i>2.11*</i>	<i>2.65*</i>	<i>2.17</i>	<i>3.08</i>
<i>U.K.</i>	<i>1.87*</i>	<i>2.07</i>	<i>2.08*</i>	<i>1.78</i>	<i>2.54</i>
<i>Czech Rep.</i>	<i>1.19</i>	<i>1.41</i>	<i>1.15</i>	<i>1.36</i>	<i>1.26</i>
<i>Romania</i>	<i>.67*</i>	<i>1.61</i>	<i>1.85*</i>	<i>1.73</i>	<i>1.09</i>
Imports	5.70*	4.29	4.24	4.96	3.50
<i>thereof: Ukraine . .</i>	<i>2.52*</i>	<i>2.17</i>	<i>1.73</i>	<i>1.00</i>	<i>1.11</i>
<i>Canada</i>	<i>1.57*</i>	<i>.42</i>	<i>.47</i>	<i>.76</i>	<i>.44</i>
<i>Australia</i>	<i>1.37*</i>	<i>1.44</i>	<i>1.86</i>	<i>3.12</i>	<i>1.83</i>
Exports03*	.06	.13	.32	.35
Crushings	22.93*	23.55	24.18	24.17	24.32
Other use (b)78*	.82	.89	.86	.87
Ending stocks	1.10*	2.04	2.20	1.28	1.17



SUNFLOWERSEED

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



Phenomenal growth in sunflowerseed cultivation and production especially in Russia & Ukraine in 2018:

Russia: 12.8 Mn T (+1.8 Mn T)

Ukraine: 15.4 Mn T (+2.0 Mn T)

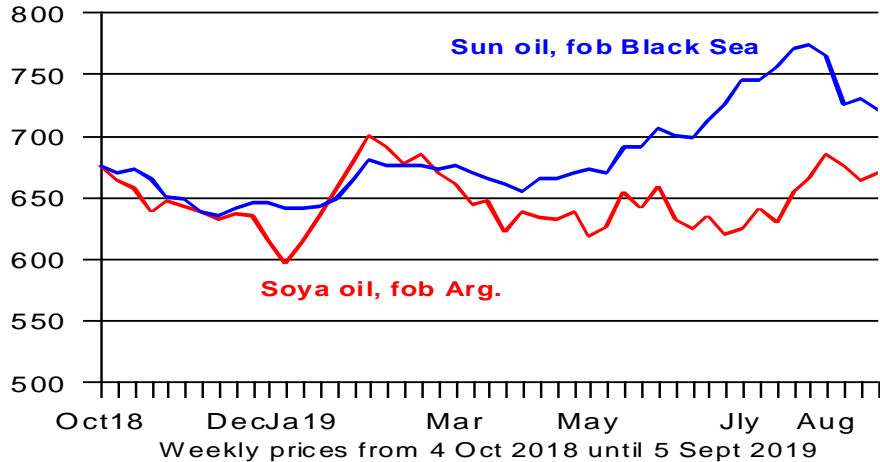
World production in 2019/20 is expected to marginally exceed the 2018/19 record of 52.3 Mn T



Sun oil prices rally in Jun & July was not sustainable - - > with big crops coming

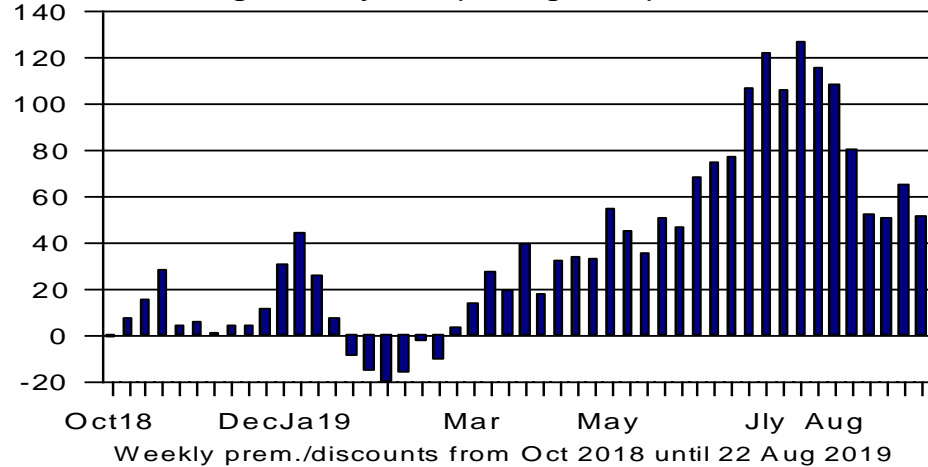
Weekly Prices of 2 Oils (US-\$/T)

Sun Oil, fob Black Sea and Soya Oil, fob Argentina



Price Premiums and Discounts of Sun Oil (fob Black Sea)

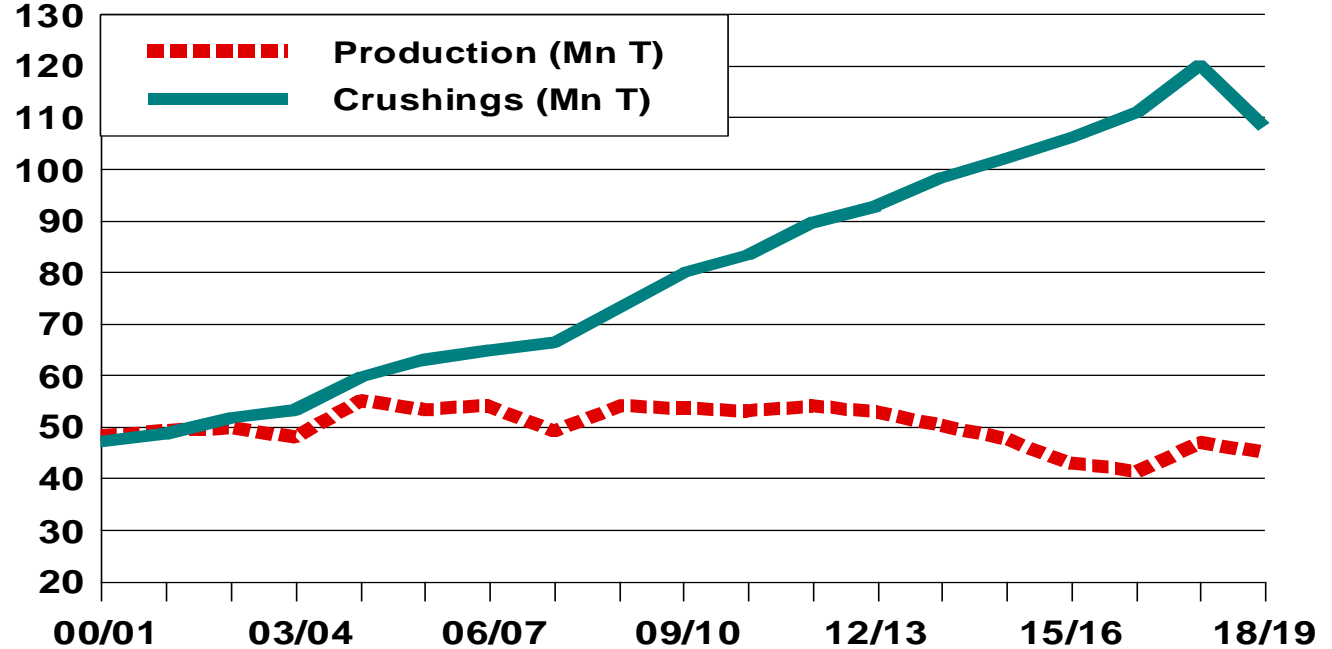
Against Soya Oil (fob Argentina) in US-\$/T



Impacts of the Trade War China - USA

Oilseed crush in
China down sharply
by 12 Mn T in
Oct/Sept 2018/19

CHINA: Oilseed Output & Crushings



Impacts of the Trade War China - USA

Chinese imports of veg. oils
skyrocketing in 2019/19

Imports estimated to
increase by 2.4 Mn T

Boost in rapeseed oil unlikely
to be sustained in 2019/20

Chinese import demand
bullish for CPO prices

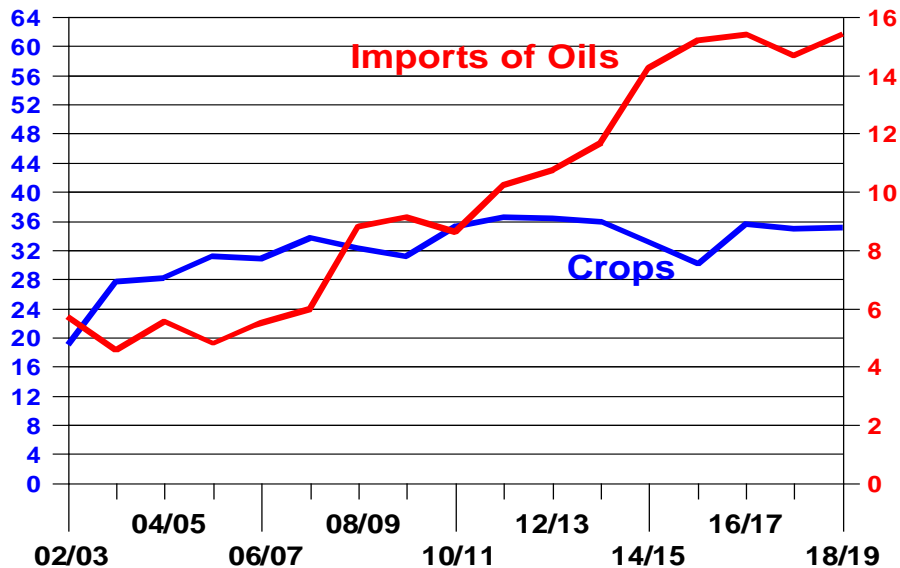
CHINA, P.R.: Imports of Major Veg. Oils (1000 T)

	October / September				
	18/19F	17/18	16/17	15/16	14/15
Soybean oil	820*	481	711	586	773
Groundnut oil. . .	154*	112	111	113	141
Sunflower oil . . .	1000*	785	725	878	534
Rapeseed oil . . .	1490*	1067	802	768	732
Palm oil	6550*	5422	5016	4798	5822
Palmkern oil. . . .	880*	701	595	560	578
Coconut oil	170*	140	134	136	136
Total	11064*	8708	8094	7840	8717

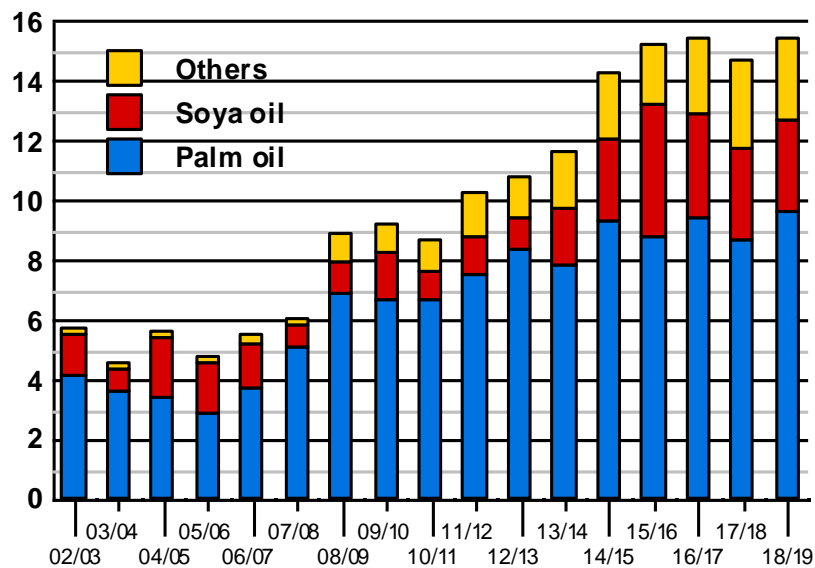


Indian import demand for veg. oils to remain high

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



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



Substantial Growth in World Demand of Oils/Fats

17 Oils & Fats : World Consumption

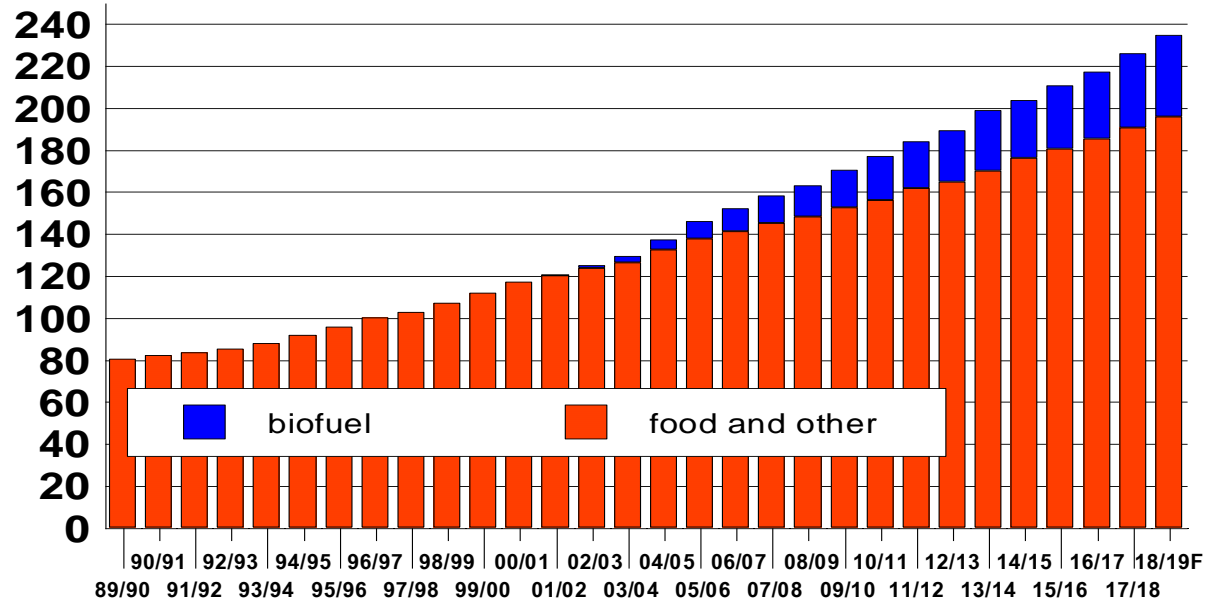
Total Usage in Mn T

Average demand growth in past 5 seasons:

Total +7.2 Mn T
per year

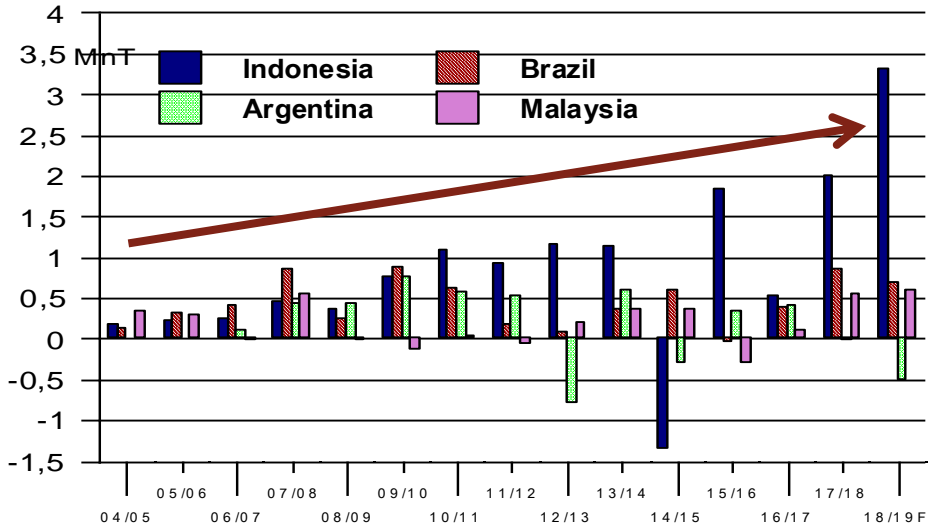
Biofuel +2.1 Mn T
Food/other +5.1 Mn T

In 2018/19 about 17% of the world consumption of 17 oils/fats of 235 Mn T used for energy



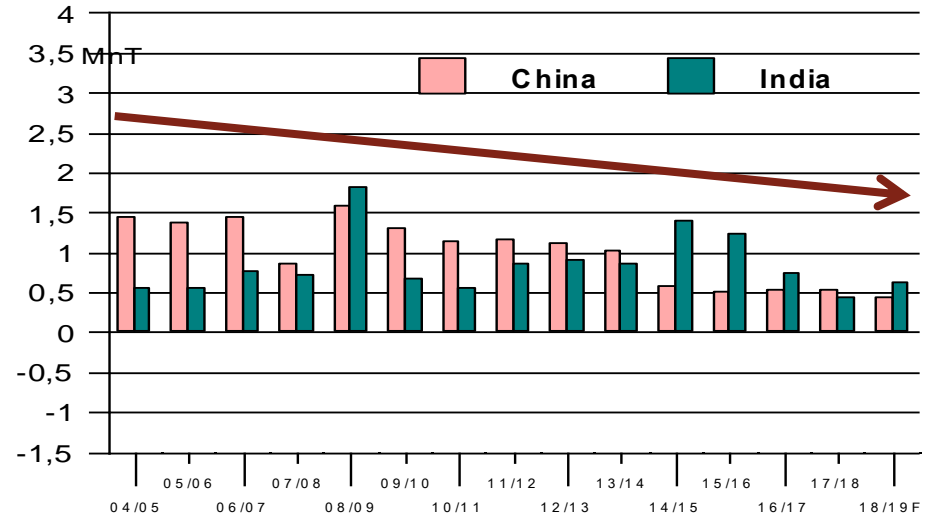
Demand boost from biodiesel

17 Oils & Fats: Usage Growth in Major Countries

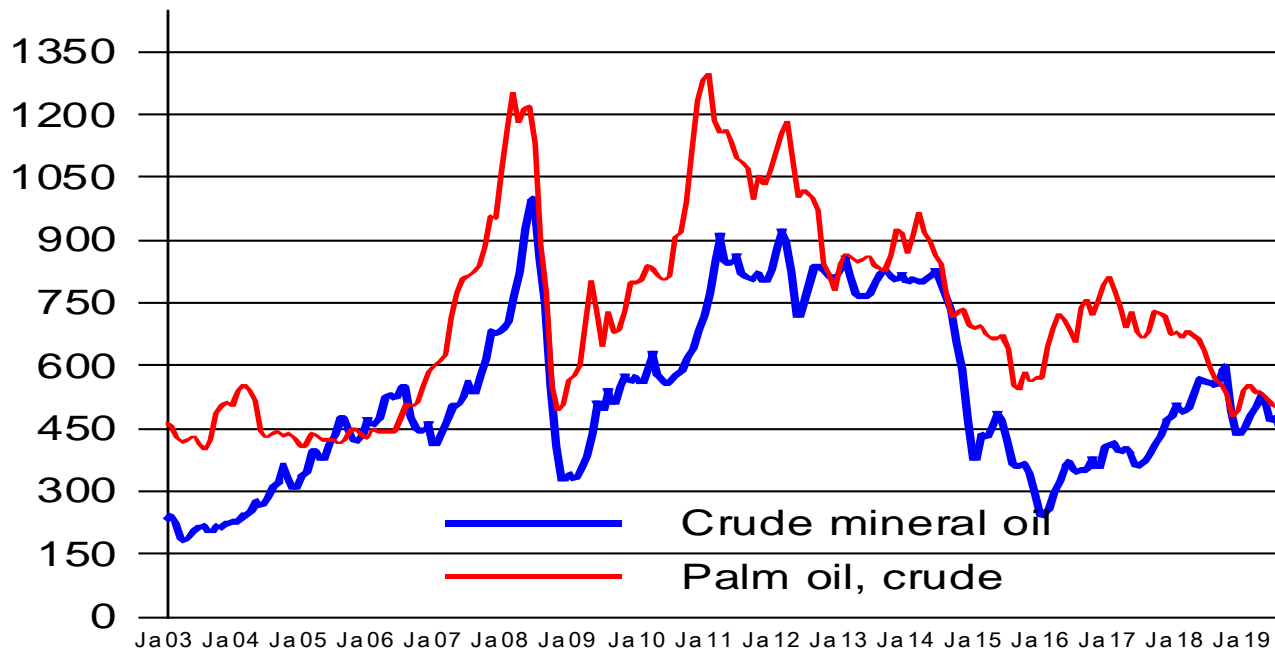


Slowdown in food sector

17 Oils & Fats: Usage Growth in Major Countries



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

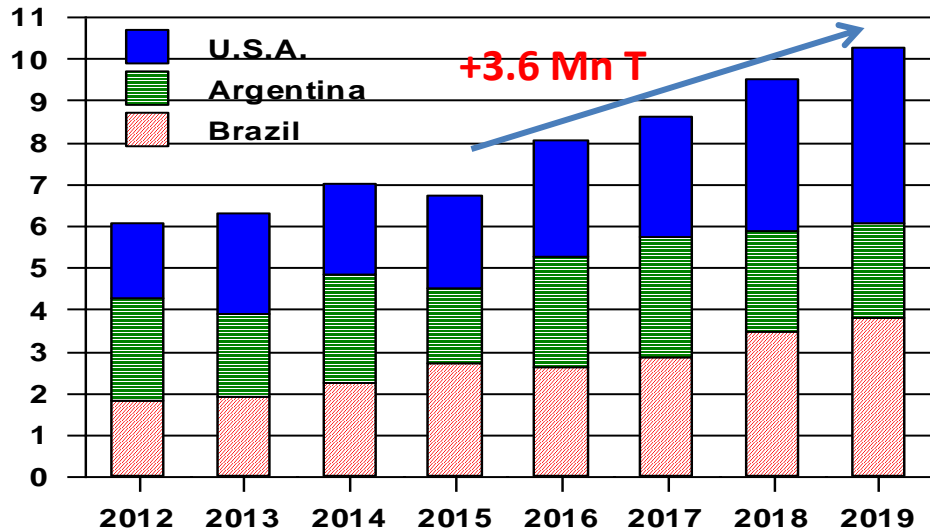


Monthly prices from Jan 2003 until August 2019

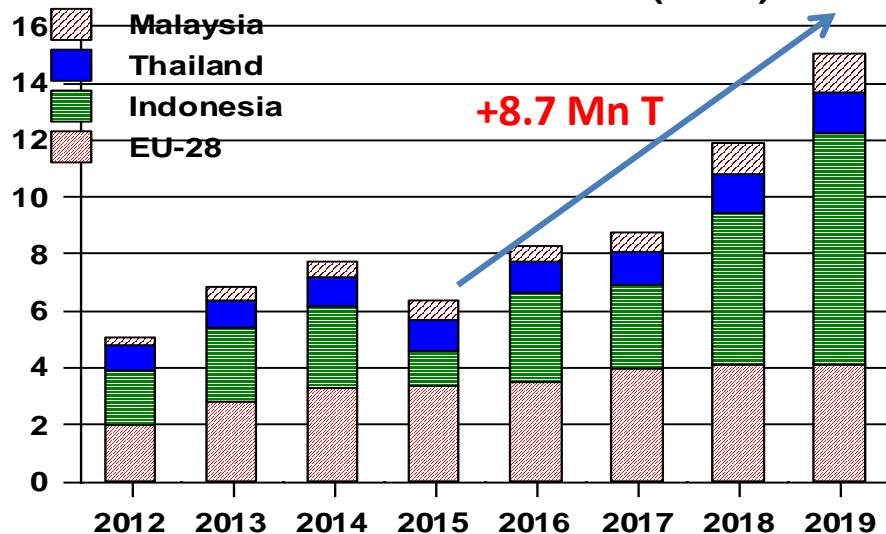


Policy Measures Boost Use of Soya Oil & Palm Oil for Biodiesel Production

Soya Oil Use for Biodiesel (Mn T)



Palm Oil Use for Biodiesel (Mn T)



**Booming world
production of
biodiesel & HVO**

**with year-on-year
increases by 5.1 Mn T
in 2018 and by 4.6 Mn
T in Jan/Dec 2019**

BIODIESEL & HVO : World Production (Mn T)

January/December

	<u>2019F</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
EU-28	14.27*	14.11*	13.83	12.87	12.45
U.S.A.	8.00*	7.19	6.15	6.25	4.77
Argentina . . .	2.20*	2.43	2.87	2.66	1.81
Brazil.	5.16*	4.68	3.75	3.33	3.46
Colombia62*	.57	.54	.51	.51
Singapore . .	1.16*	1.12*	1.08*	1.04	.87
Indonesia . . .	8.10*	5.37	2.97	3.18	1.22
Malaysia	1.32*	1.09	.72	.50	.67
Thailand. . . .	1.45*	1.32*	1.15*	1.07	1.10
Oth. cties. . .	3.52*	3.30*	3.04*	2.89*	2.78*
Total	45.80*	41.18	36.10	34.30	29.64
<i>Change in (Mn T)</i>	+4.62*	+5.08	+1.80	+4.66	-1.81

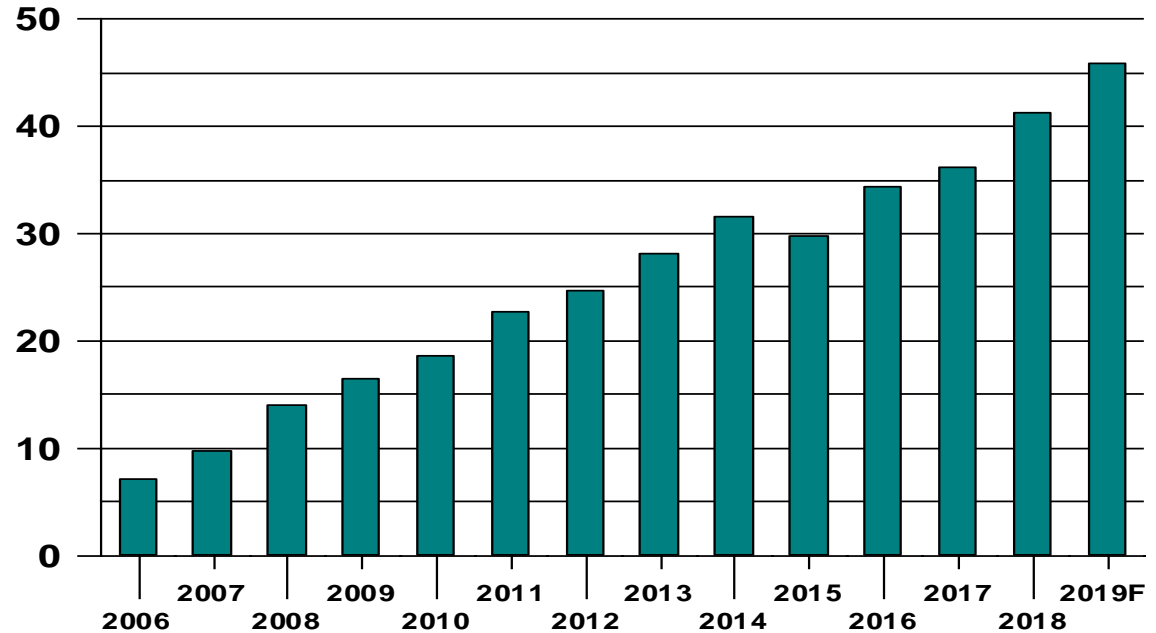


Biodiesel production almost trebled in the past 11 years. And will rise sharply again to 45-46 Mn T in 2019. Slowdown from 2020 onward.

15.3 Mn T of palm oil for biofuels in 2018 or 21% of world PO consumption
(14.3 for biodiesel and 1 Mn for electricity)

Driven by Indonesia and Malaysia, probably 18.6 Mn T of palm oil will be used worldwide in Jan/Dec 2019

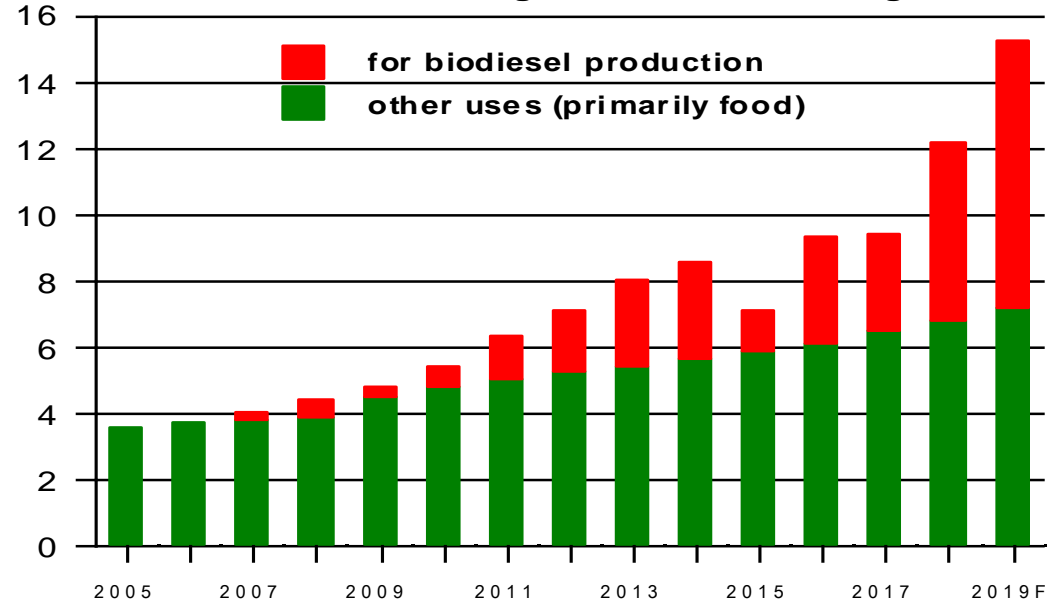
World Production of Biodiesel (Mn T)



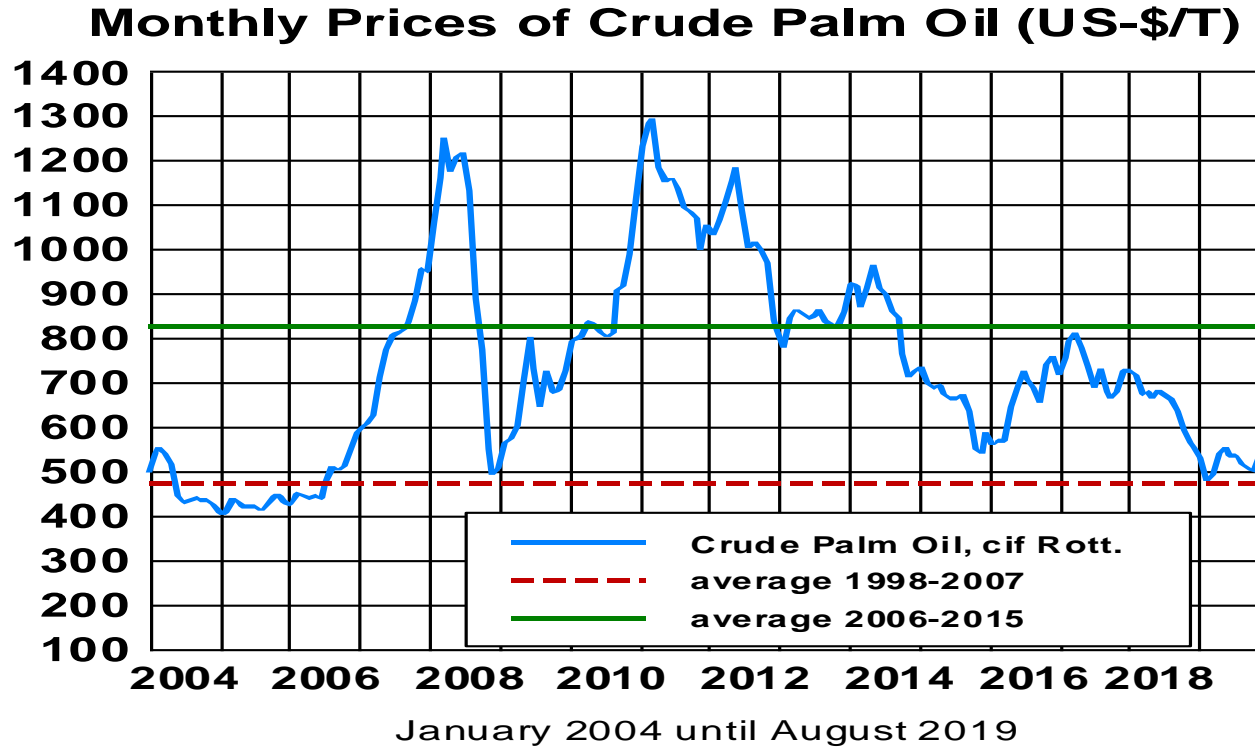
INDONESIA: Palm Oil Usage (Mn T)

	January/December				
	<u>2019F</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total dom. use . . .	15.27*	12.17	9.41	9.30	7.09
for:					
Biodiesel production	8.10*	5.37	2.97	3.18	1.22
<i>thereof</i>					
<i>Dom. use</i>	7.05*	3.81	2.81	2.76	.92
<i>Exports</i>	1.05*	1.56	.16	.42	.30
food/other uses . .	7.17*	6.80	6.44	6.12	5.87

INDONESIA: Booming Dom. Palm Oil Usage



Concluding Statements....



Swing factors to watch...

... on the demand side:

- US/China Trade war
- African Swine Fever
- India
- BIODIESEL!

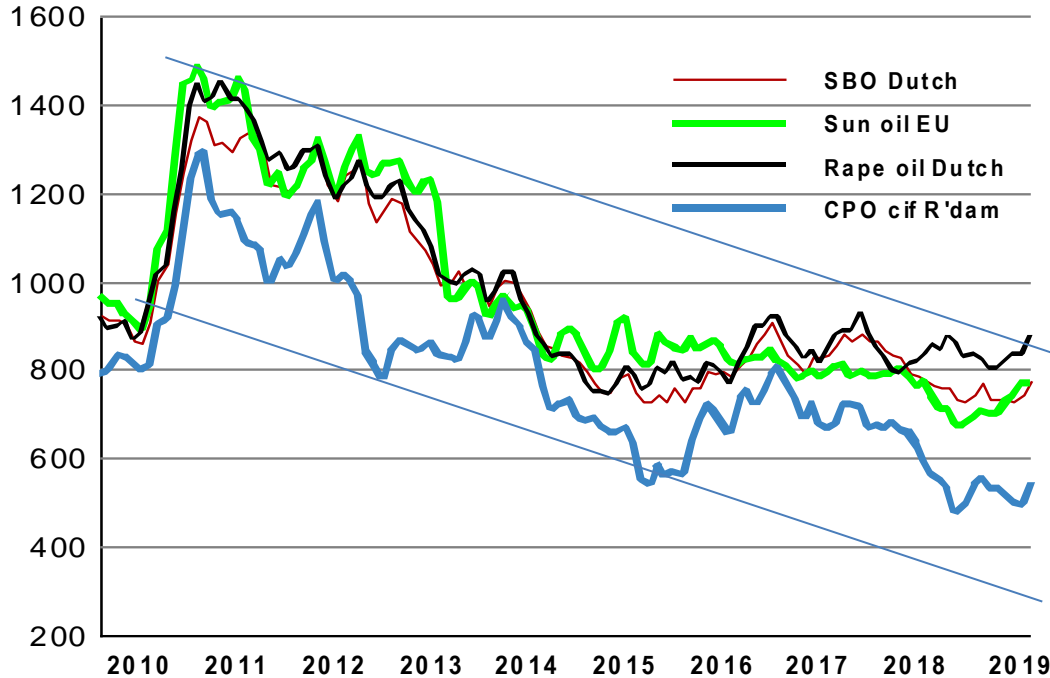
... on the supply side:

- Weather in coming months in South America (Soy) and SE Asia (Soy)
- Political situation in ARG

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



Monthly Prices of 4 Oils (in US-\$/T)



January 2010 until August 2019

Palm oil & Sun oil fell to 10-year lows in Nov/Dec 18

Veg oil prices started to recover and are set to rise more

Forecasts for the average of Jan/June 2020 (vs Aug 2019):

Palm oil (fob Indo) US-\$ 570 (509)

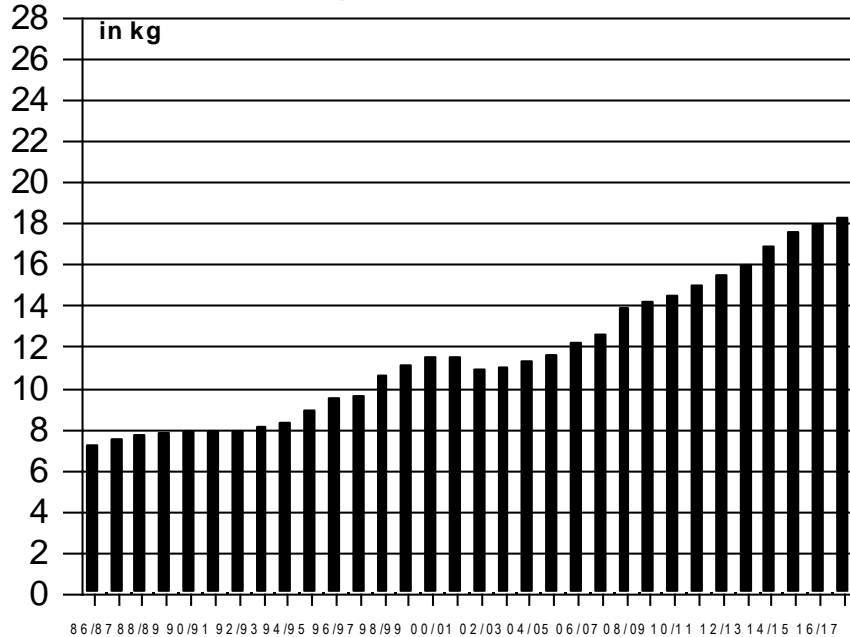
Soya oil (fob Arg.) US-\$ 700 (675)

Sun oil (fob Black Sea) \$740 (748)

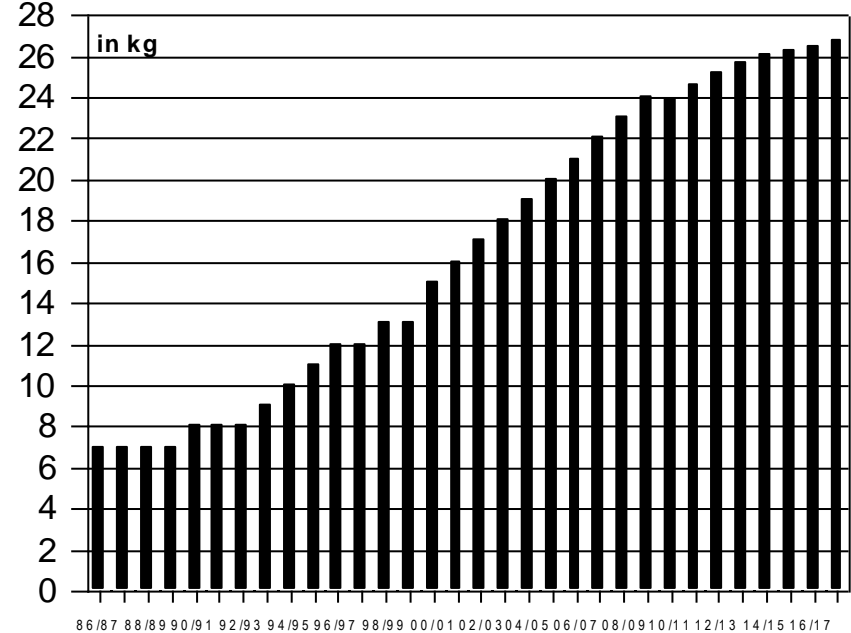


Looking Ahead – Prospective Demand Developments

INDIA: Per Capita Use of 17 Oils & Fats



CHINA, P.R.: Per Capita Use of 17 Oils & Fats

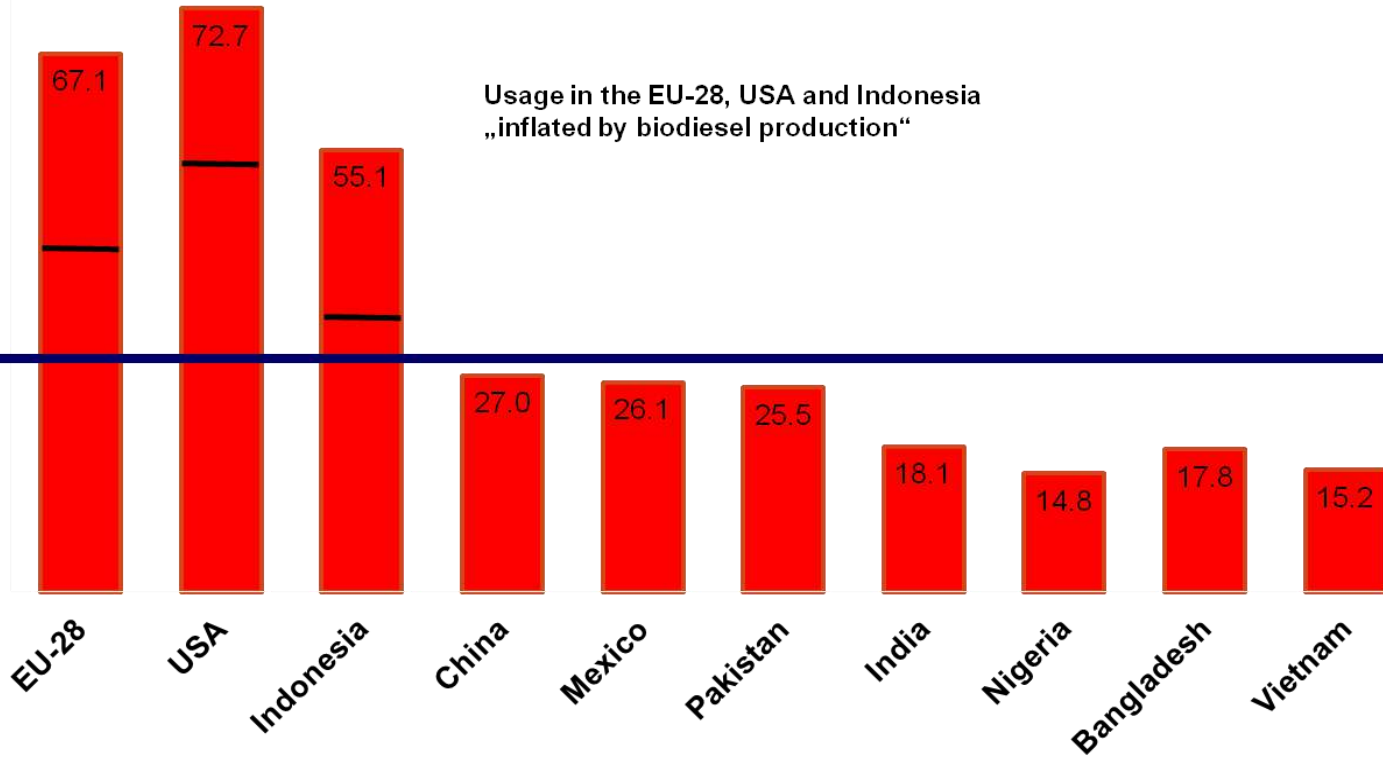


Per capita consumption of Oils & Fats 2018

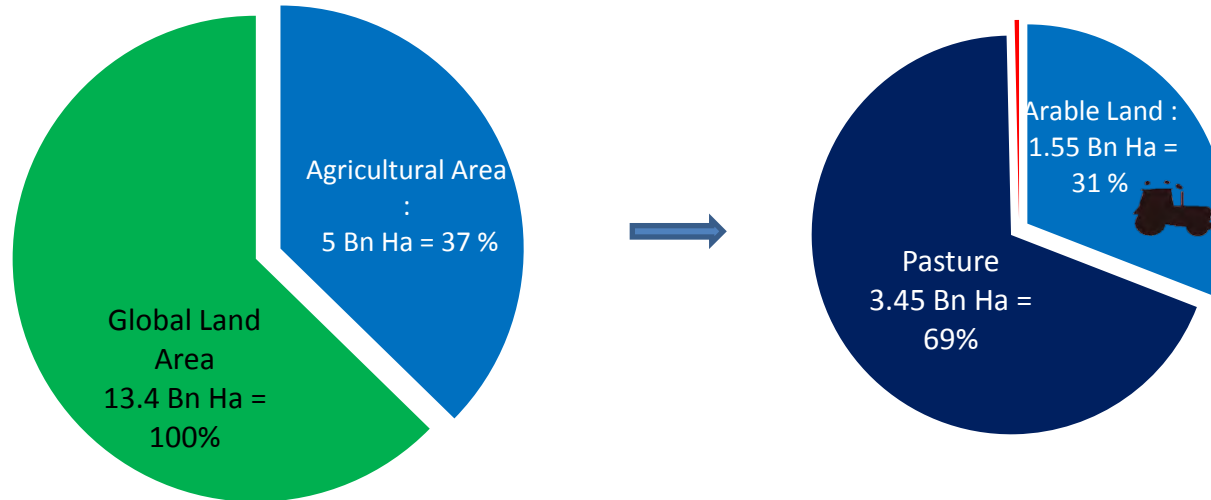
(Kg)

80
70
60
50
40
30
20
10
0

Usage in the EU-28, USA and Indonesia
„inflated by biodiesel production“



Put into Perspective



About 98% of all food comes from land...

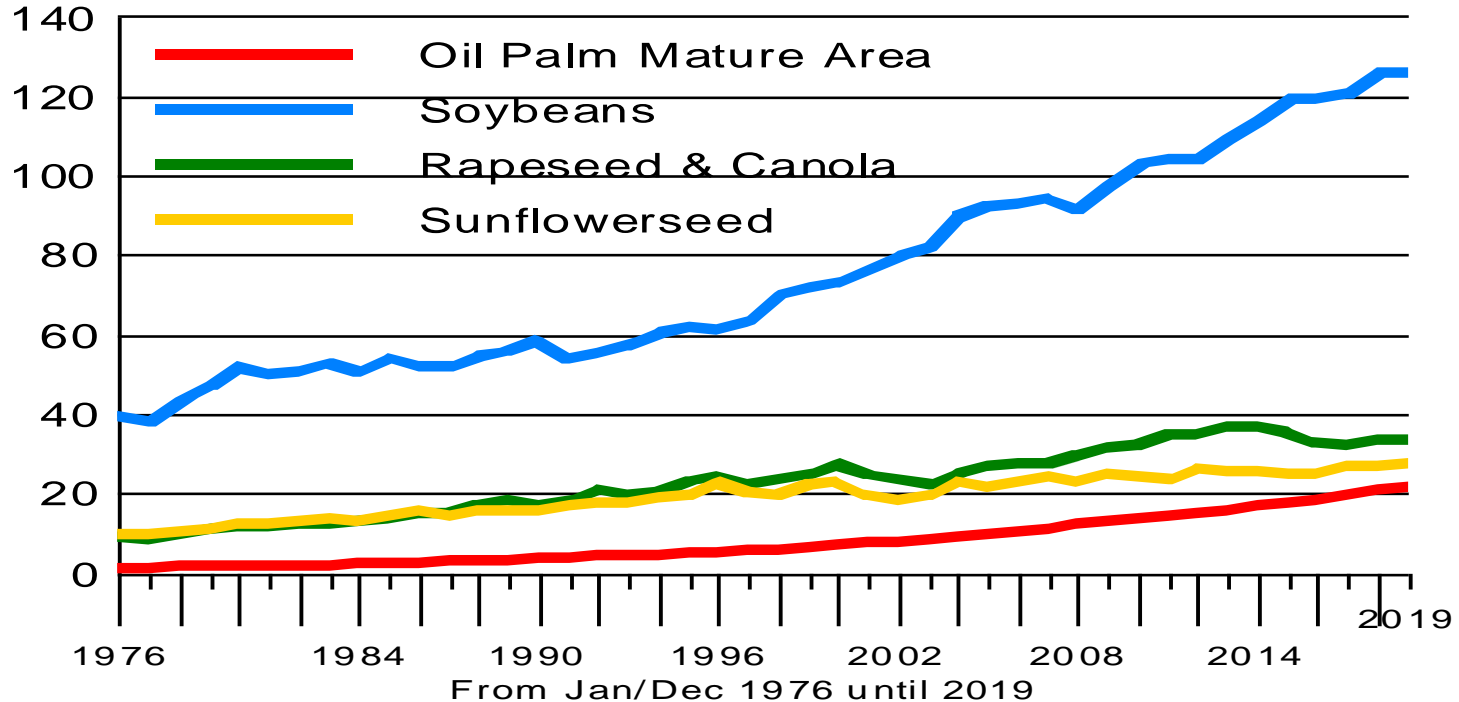
About 30% of humanity or 2.3 bn people are in one way or the other involved with farming...

Palm oil is grown on 21 Mn ha or less than 1% of world agricultural land...

BUT accounts for 35% of global oils & fats production and 55% of world exports of oils & fats....



OIL PALMS and 3 OILSEEDS: World Area (Mn ha)



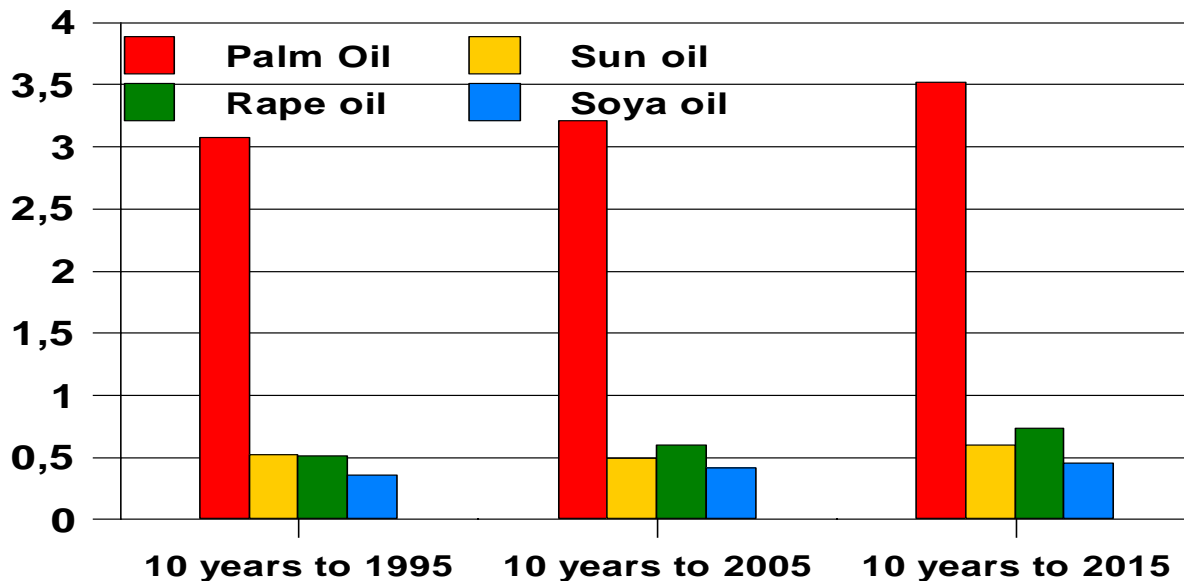
Oil palms the by far most productive crop

To produce 1 Tonne of soya oil requires 8 times as much acreage than in the case of palm oil

But there is the risk that palm oil is losing its competitive advantage

World Average Oil Equivalent (a)

in Tonnes per Hectare



(a) Calculated based on average crush and seed yield



“It is always wise to look ahead but difficult to look further than you can see!”

Winston Churchill

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