



IMPACT OF Covid-19: CHALLENGES & OPPORTUNITIES

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PRESENTATION OUTLINES



Global Overview

Impact On Vegetable Oils & Fats

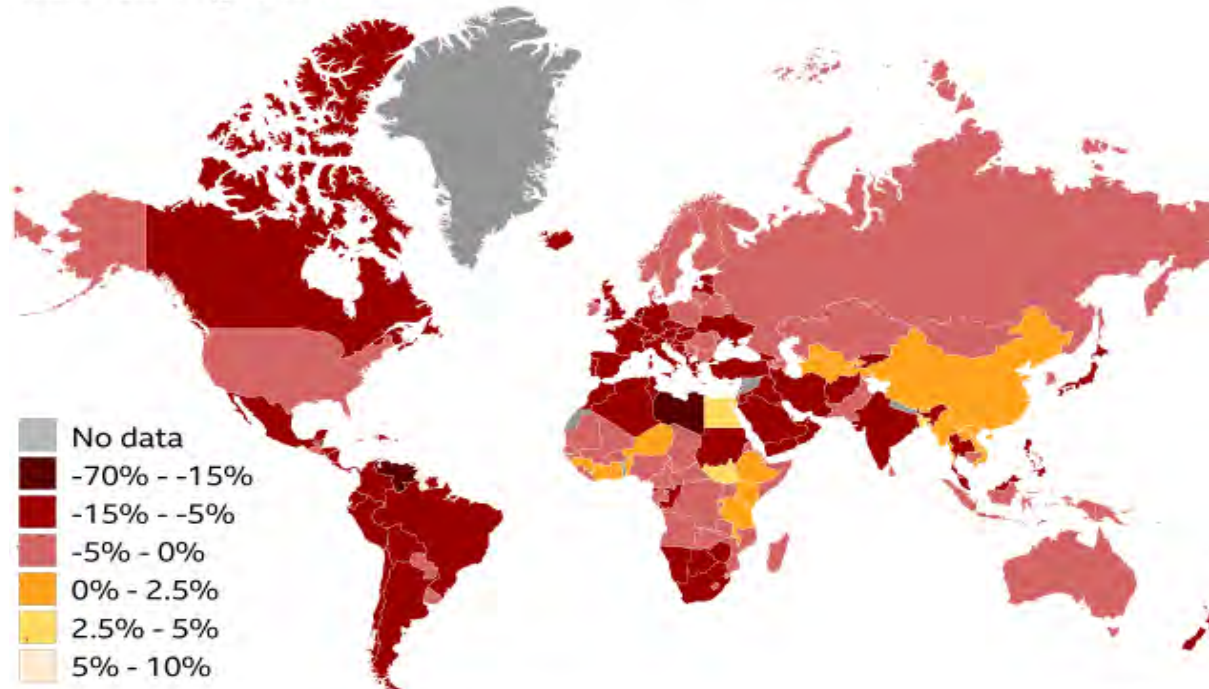
Production & Consumption

Challenges & Opportunities

Conclusion

Global Pandemic Affect on GDP

Majority of countries in recession Real GDP growth



Source: International Monetary Fund

BBC

- The only major economy growth in 2020 was China registered growth **2.3%**
- Global growth is predicted At 5.2% in 2021.

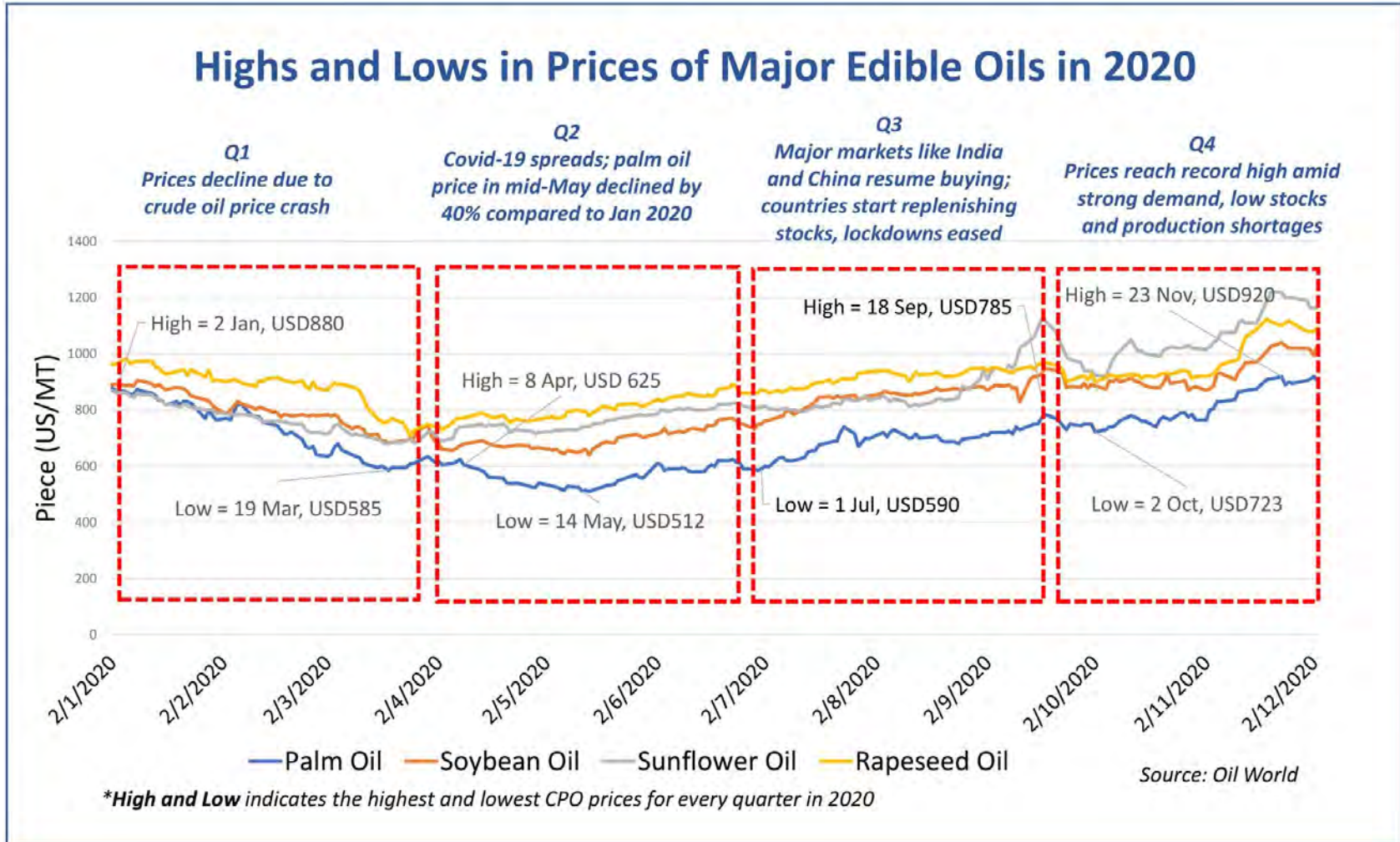
Impact Of Covid-19

- 2020 has been described as the worst year since the great depression that took place in 1930.
- Never the world have suffered such Economic, Social, and Medical Crisis in its entire existence.
- The Lockdown imposed caused major Economical setbacks and demand destruction.
- Crude Oil crash followed by other commodities caused many companies to go bankrupt before reviving at a very slow paste.
- Travel restrictions and lockdowns put tourism industry to sleep and led to many major global airlines to declare bankruptcy.
- Energy demand dropped to its lowest levels, Crude Oil stocks has risen to the highest.

US crude futures crash into negative territory



Impact on Vegetable Oils

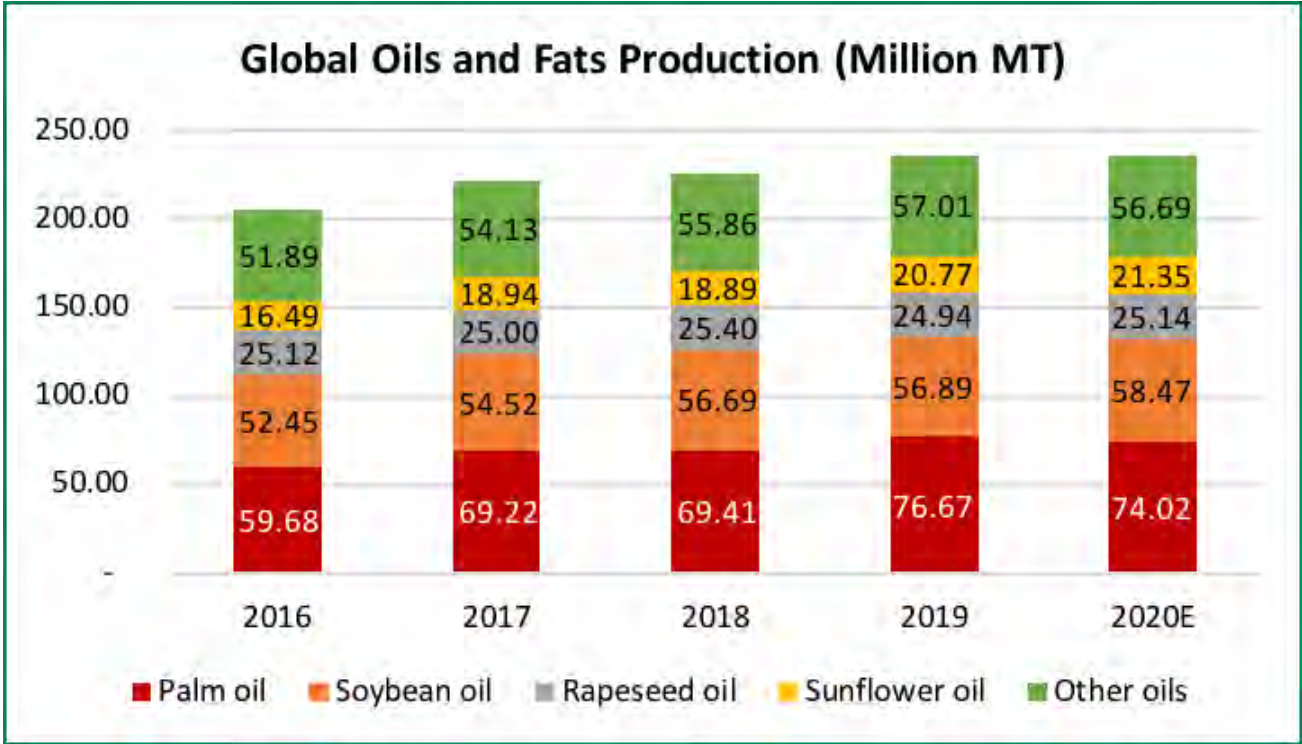


Scenario



- Crude Palm Oil price doubled from May 2020 to Dec 2020
- Tightness in production / supply of all 4 major oils
- Lower than expected Palm Oil production due to La Nina and labor shortage.
- World Palm Oil stocks down 2.5M tons compared to previous year.
- Indonesia maintained its B30 mandate and planning B40 mandate in 2021.
- Drought in black sea region severely damaged sunflower seeds crops.
- World production of sunflower dropped by 2.7m tons, due to lower seed production and less yield, expected to remain bullish until 3rd quarter 2021.
- High Sunflower Oil prices shifted demand to Soybean Oil and Palm Oil.
- Rapeseed Oil and Canola Oil have diminishing demand due to high premium.
- Soybean tightness due to drought in S.America and strikes in Argentina sent prices on a bullish trend and expected to stay that way until 3rd quarter 2021.

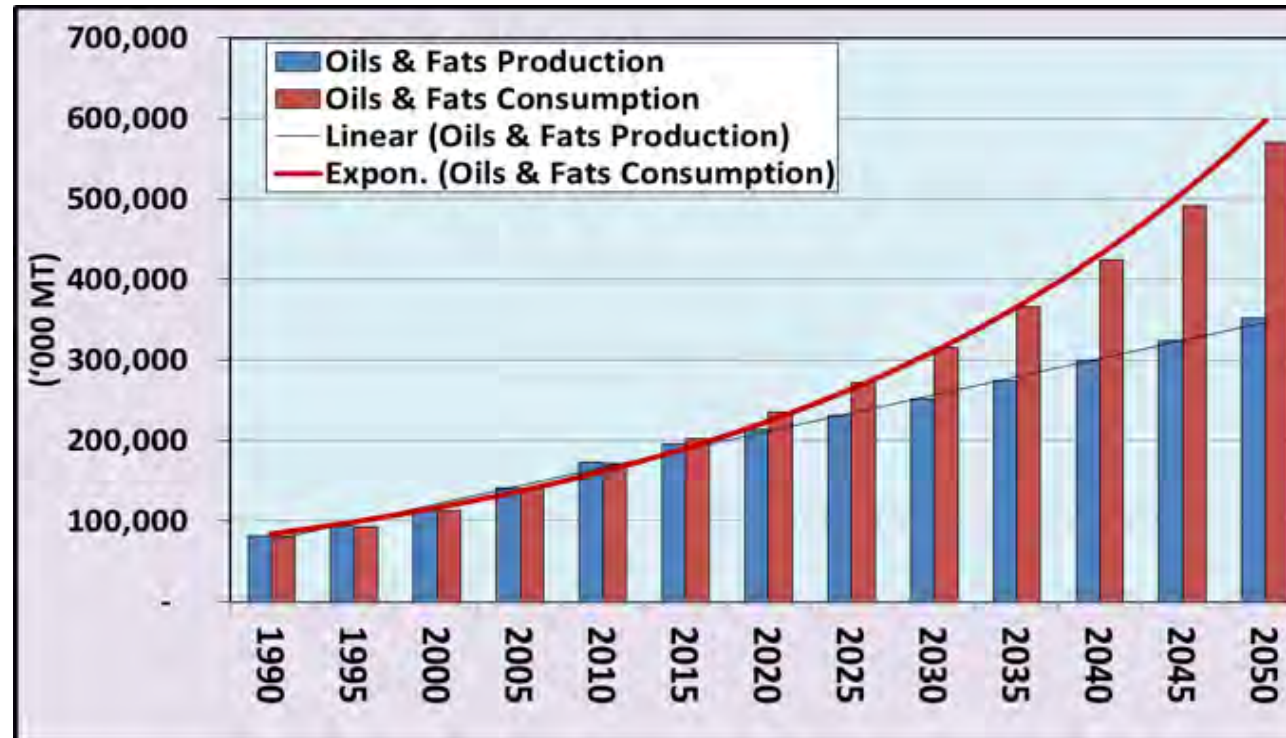
Oils and Fats Production



Source : MPOC

- Palm Oil, Soybean Oil, Rapeseed Oil and Sunflower Oil contribute 76% of World Production of Oil & Fats.
- Palm Oil accounts for 31.4% or 74million Tons from total Oils and Fats Produced globally in 2020.

Oils & Fats Consumption



Source : MPOC

- Consumption of Oils & Fats is growing with increase in world population
- Demand arises due to growth in food and beverages (HORECA), oleochemicals, animal feed, and biofuel sector.

Challenges



- Trade Barriers and change in policies in major importing countries have impact on export
- - Weaker demand due to drop in per capita consumption of Oils and Fats due to unemployment and inflation.
- Diminishing demand from HORECA due to lockdowns and travel restrictions.
- - Sharp rise in price of vegetable oils made it less attractive for importing countries and resulted them to look into their reserves and enhancing their own production.
- - The rise in price in general cost of goods have created credit crunch all over the world.
- - The rise in Freight rates (200%) have made cost of goods even higher and unbearable, resulting to many countries to import less or seek alternative and cheaper sources.
- - If the Freight issue is not solved, this will lead to a deeper credit crunch, less

With every challenge comes an opportunity



Opportunities

- Higher seed oil prices made Palm Oil relatively cheaper for consumers, there has been increase in demand from retail for palm oil.
- Mergers have been established between producers and importers to mitigate rising costs and logistic issues.
- Some countries started building their own shipping line and container fleet to mitigate the unbearable cost of freight. (Each country should build their own shipping line as it has become essential for their economic stability and growth).
 - Lower interest rates made borrowing cheaper and encouraged spending and speculation in the commodity market.
 - More companies are investing in e-commerce and digital marketing, which is the way forward.
 - More stimulus packages and incentives will be presented by governments to boost economies which will help SME's stay afloat or venture into new businesses.
 - Vaccine hopes will reopen borders and lessen travel restrictions, bringing back HORECA demand.
 - The anti palm oil campaign has quiet down recently, but producing countries

Conclusion



1

Palm Oil demand will remain solid for 2021 and price average RM3200/Mt or usd800/Mt.

2

Demand for commodities as a more lucrative business compared to other business.

3

Exporting countries to create their own shipping fleet to mitigate the freight cost.

4

Partnership between producers and Distributers.

5

Invest in e-commerce, create digital platforms to reach to customers and importers.

6

Create awareness to consumers on the advantages of consuming palm oil in both cost and health.

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VEGETABLE
COOKING OIL**



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GHEE**



**PURE VEGETABLE
FATS**



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ABOUT US



ALAMI COMMODITIES SDN. BHD.



Alami Group is a well established Malaysian industrial group with more than 30 years experience in Palm Oil and Vegetable Oils Refining, Production, Trading, and Export.

The Group is endowed with a vast knowledge in international trade, product innovation and development, and always cater to the markets requirements and expectations.



Alami Group designed and built award winning state-of-the-art industries in Malaysia and Saudi Arabia that fully complies with Good Manufacturing Practice (GMP), and certified by ISO and HACCP for Quality Assurance and Safety Management.

The Group is well recognised internationally, having its products exported and distributed to over 80 countries across the globe for the past 30 years; And, continues to innovate and expand throughout the world to ensure their products are available globally

THANK YOU

Stay Safe



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Thank you