

Current situation

The Covid 19 crisis has severe impact on the world market of vegetable oils. Huge demand is from the biodiesel market (rapeseed oil, soybean oil and palm oil). In many countries logistics were nearly shut down by governmental actions. This led to a huge decreasing demand for biodiesel, too. Additionally, mineral oil prices declined due to the big supply. Consequently, biodiesel production is heavily declining and therefore also the demand for vegetable oils.

The food industry is affected, too. The lockdown in many countries led to declining oil demand in restaurants and other food services. Retail is experiencing huge increases, but this will not compensate the losses. The lockdown has also an impact on the supply of vegetable oils within Europe. In several countries production was reduced and ports were closed. For example, in India all economical activities were shut down until next week. Other countries in Asia are working only restrictedly. Many supply chains, also for vegetable oils do only work partially.

Gustav Heess has increased its stocks in Europe in recent months in order to provide their customers' demand continuously.

The Gustav Heess team is in direct and intensive contact with all their manufacturing sites worldwide daily.

Please contact us for additional requirements at short notice.

If you no longer wish to receive this Newsletter or you wish to add new recipients please send us an email.

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Market Report April 2020

■ GENERAL OILS AND FATS COMPLEX

Soybean Oil

The prices are very volatile, but still attractive, since there are missing quantities from the food sector and the biodiesel industry. In the last days small price increases have been reported.

Sunflower Oil

Sunflower oil is similar to rapeseed oil. Many food companies that are delivering gastronomies cannot take the contracted goods so that already sold quantities must be stored. However, early positions are still tight and if available only sold at high prices. Russia is currently not able to deliver due to the lockdown and hence prices increased.



Rapeseed Oil

Prices have increased in the last days. For early positions the availability is limited. The production is almost sold out. Since market participants cannot take their contracts as agreed, producers are hesitating with their production plans. Moreover, in June many oil mills are doing their maintenance, so that only small quantities are available.



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■ **KEY PRODUCTS FROM THE GUSTAV HEESS PRODUCTION IN THE USA**

Almond Oil

The bloom is over and was fantastic. It was so good that farmers will need to thin their trees because the nut set will be too heavy for the tree to handle.

Day time temperatures were warm enough to encourage bee flight, but also cool enough at night to extend the bloom period.

After the bloom was finished, the Valley received some much needed rain, from 1 – 3”.

February shipments and demand were very strong, 201.78 million lbs compared to 186.95 million lbs in 2019. This is a new record.

The 2019 crop has reported receipts of 2.539 billion lbs, should end up at 2.55 billion lbs.

Handlers and farmers are bullish – at the moment. Many of them believe that firm sales now will lead to small carry-forward for new crop.

Water

Drier than normal rain season this year for the valley, but timing of the rain has been almost perfect. April and some of May should also provide some more rain to finish the season. Mountain snow pack is slightly behind average, about 70%. But reservoirs are full. TID (Turlock Irrigation District) allotted 3 acre-feet for irrigation, this is more than enough to sustain the nut crop and in the normal range of allotment.

Walnut Oil

It is too early to predict the next crop and the current season is running as usual.

Visit our homepage for always up to date Specifications: www.gustavheess.de.

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