

## Market Report December 2021

### ■ GENERAL OILS AND FATS COMPLEX

#### Vegetable Oils

After the latest developments in the Corona pandemic became known, prices on the vegetable oil markets dropped significantly and mineral oil prices also fell. At the end of last week, the perception prevailed that the Omikron variant is to be taken seriously, but will not bring the recovery of the global economy to a complete standstill. Thus, commodity prices picked up significantly again

#### Soybean Oil

After the Brazilian government decided to leave the biodiesel amixture quota at 10% and not to increase it to 13%/14%, quotations on the Chicago exchange fell significantly at the end of November. In the short term, this price slide prompted Chinese buyers in particular to cover quantities for the December/January delivery date, as soybean oil was thus very competitive compared to sunflower oil and palm oil. Crop prospects improved in parts of Brazil, whereas Paraguay, Argentina and Brazil (south) suffered from the drought caused by "La Nina". Thus, accurate crop estimates are currently very difficult. In the meantime, prices have returned to their original firm levels, driven by demand.



#### Sunflower Oil

Quotations for sunflower oil continue to be firm. Ukrainian sellers are still reluctant to release volumes. The Russian government has further increased the export tax on sunflower oil for January deliveries (USD 280.8/tons.), so there is not much hope of relief or price pressure from there. At the same time, many consumers continue to be covered only "from hand to mouth". In Southern Europe, but also in Germany, processing capacities are very well utilised, so that only smaller quantities are being offered for the first quarter. The premiums for the oleic acid-rich quality have increased significantly, so that further price increases are to be expected here.

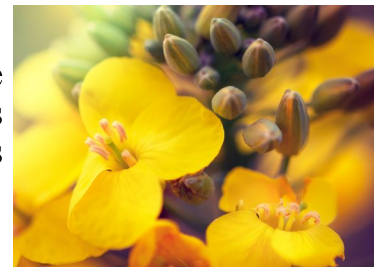
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### Rapeseed Oil

The situation in Europe remains tense. Smaller volumes are available for the first and second quarters, with price levels remaining very firm. However, the good harvest in Australia is having a dampening effect on prices.

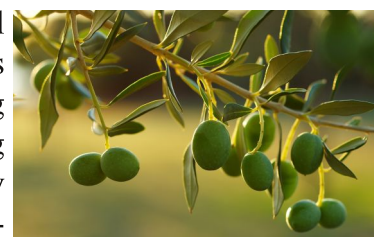


### Outlook

Developments in the coming year remain difficult to predict. There are indications of falling prices, as well as the good sunflower harvests, for example. The Corona pandemic is still not over, so that there may still be losses in the economic growth and thus falling demand. On the other hand, there are still direct consequences of the Corona pandemic: it is still uncertain whether palm oil production will recover, because it is not certain whether sufficient foreign workers will be allowed to enter Malaysia in January to work on the palm farms.

### Olive Oil

The new harvest has started about a month ago. In Spain, olive oil production is expected to be around 1.3-1.4 million tons, which is about average. It is still too dry in Andalusia, the main growing region in Spain, which will have a negative impact on the coming harvest in 2022. This in turn leads to the cooperatives being very reluctant to bring the production of the new crop to market. Long-term cover is not being offered. Local consumption in Spain has increased again in the current year. The domestic market was around 550.000 tons. Exports have also picked up after the US suspended prohibitive tariffs on Spanish olive oil. The forecasts for the other European producing countries are also good. Portugal in particular will produce a significantly larger quantity this campaign, and Italian production is also expected to be slightly higher. Only Greece will stagnate in terms of volume. With stocks from the last production campaign of slightly less than 500.000 tons., there are somewhat larger quantities available in the EU than last year. Uncertainty remains in regards to the coming harvest and thus the future price development.



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

#### Almond Oil

Shipments in October were down 30%. Buyers and sellers are unwilling to pay the premium sea freight which is required to get their product on the way. Even domestic shipments are down as fuel prices continue to rise. The inflationary pressures farmers will make way to the market eventually. The only market related news regarding almonds is the insect damage. So far it's up from 1.35% to 1.91% for the year.

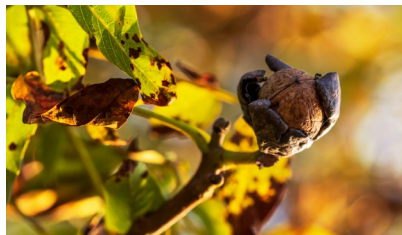


#### Pistachio Oil

No change in this market. Quality looks great and the prices remain firm.

#### Walnut Oil

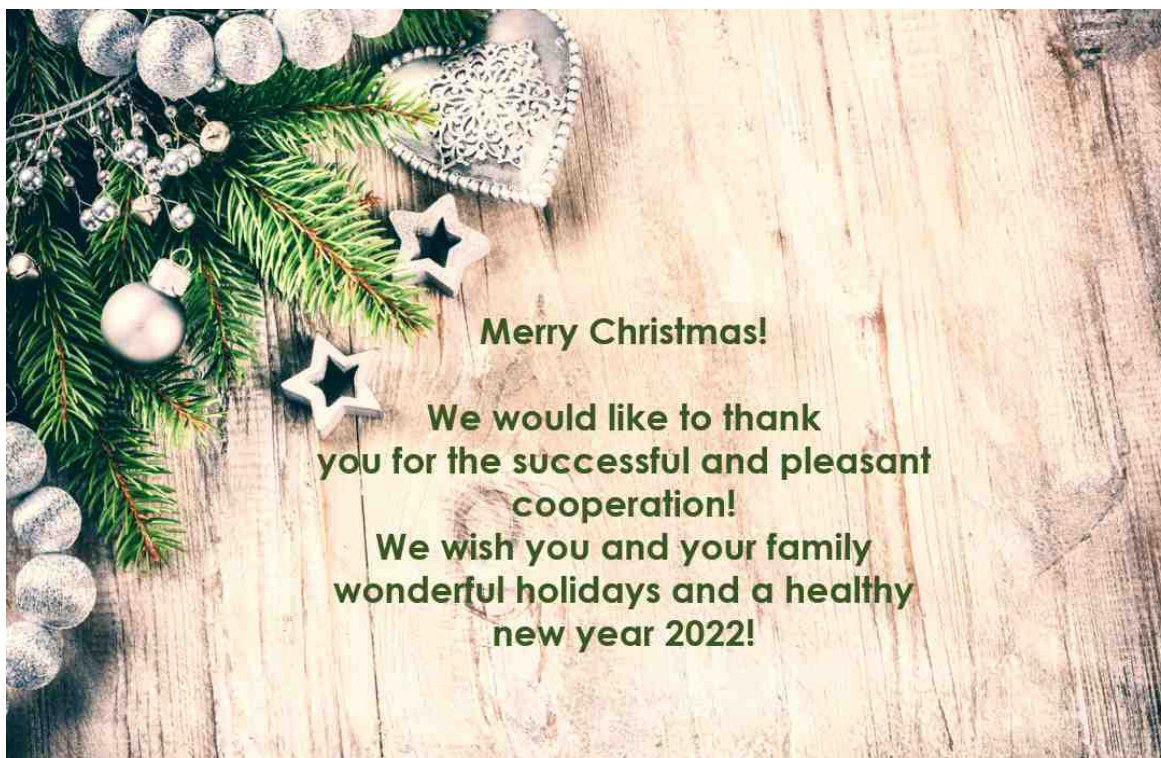
California walnut prices are up and sales are strong. Prices are up 40% from a year ago and supply is getting tight.



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we are closed on the following days:  
12/24/2021 Christmas Eve | 12/25/2021 Christmas Day  
12/26/2021 Boxing Day | 12/31/2021 New Year's Eve | 01/01/2022 New Year

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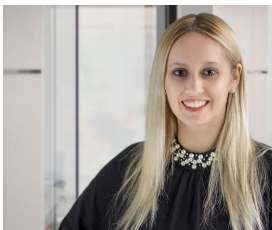
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### ■ AMENDED SPECIFICATIONS

Click [here](#) for all actual specifications.

- Each month we will send you current information on the vegetable oils and fats market in form of this market report. Stay tuned and assess the current developments. If you have any questions, please do not hesitate to contact your usual contact person or Mrs. Hofhansel.

Your Gustav Heess Team



**Kim Hofhansel**

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