

Market Report April 2022

■ GENERAL OILS AND FATS COMPLEX

Vegetable Oils

The markets continue to be characterized by very high volatility following the outbreak of the Ukraine war. Due to the lack of larger quantities of sunflower oil, other oils (like rapeseed oil and palm oil) for front dates are also only available to a very limited extent and have very high price premiums. After the enormous price increases in March, quotations have calmed down somewhat.

Soybean Oil

Soybean oil remains firm. In Brasil, soybeans will probably have to be reduced for export until the end of the year. The blending quota for biodiesel has also been withdrawn. In the USA, according to the "Planting Intention Report", for the first time in 15 years the areas planted with soybeans (approx. 36.8 million hectares) will exceed the areas planted with maize this year. However, we have to wait until the actual sowing has taken place.



Sunflower Oil

The supply of sunflower oil remains tight. Existing contracts are being cut by the large European producers because the quantities originally agreed by the latter to cover them cannot leave the Ukraine by sea. There are indeed smaller quantities of sunflower oil offered from the Ukraine via Moldova or Romania by unknown traders. However, there is a risk here as to whether the quantities will actually be delivered and whether the product will meet the quality requirements. There are also only a few offers for the new harvest. Most market participants have held back so far, as no one knows whether and what quantities will actually be available. Sowing has started in Ukraine, but no one can really predict what quantities can finally be harvested in September/October, because in addition to the dangerous starting situation, farmers also lack fuel and fertilizer. Other producing countries have expanded the areas under cultivation and can thus compensate for at least part of the shortfall.

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Rapeseed Oil

Rapeseed oil prices also remain very firm, as many consumers, especially in Northern and Central Europe, have switched from sunflower oil to rapeseed oil. Old products up to and including July are no longer offered. Existing production in Germany is mainly made from Australian rapeseed, as there are almost no quantities available from the EU harvest until the new harvest. For the new crop from August onwards, quantities are offered, but the offer prices are clearly above the quotations from the beginning of the year. The coming global rapeseed harvest could reach 71 million tons. under normal weather conditions, which could contribute to an easing of the markets.



Outlook

Spring sowing in the USA, Canada and other countries is increasingly becoming the focus of interest for market participants. To compensate for the tight supply situation, larger areas need to be cultivated and yields should be above average. Risk factors lie in the high fertilizer prices and the enormous increase in energy costs. Therefore, the situation will certainly remain characterized by volatility and tight availability until the end of the year. Even if the armed conflicts in the Ukraine end, it will take a long time before the infrastructure and sea routes there are restored. This means that the Ukraine will initially no longer be available as a main supplier to the EU. Russia will certainly continue to export agricultural commodities to other parts of the world to generate revenue, but must also be increasingly interested in supplying its own population. As already mentioned in the last market report, a partial reduction in the blending quotas for biodiesel could provide more relief for vegetable oil prices in the EU. However, nothing has been decided yet.

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■ KEY PRODUCTS FROM THE GUSTAV HEESS PRODUCTION IN THE USA

Almond Oil

The beautiful almond bloom is over. There were a few hours of frost during the bloom, but the impact on the final crop should be neglectable. More precise information about this year's crop will be available in the next month as the buds begin to mature.

Walnut Oil

Final crop size is down 8.3% from last year which has firmed up the price level.



■ 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



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