

Market Report July 2023

■ GENERAL OILS AND FATS COMPLEX

Soybean Oil

After declining, following the announcement of the current biofuel blending quotas in the U.S. by the EPA (Environmental Protection Agency) which were below expectations, soybean oil prices have risen significantly in recent days. This is due to the change in focus: the production of the biodiesel industry in the U.S. has increased significantly in 2023 and the outlook for the rest of the year is also positive. As a result, demand for soybean oil is on the rise. At the same time, market participants are looking at weather conditions, which will be the key for the upcoming crop in fall. After being very dry in many areas in the Midwest, some very heavy rain has fallen in recent days.



Rapeseed Oil

Canola oil prices have also risen in recent days in the wake of soybean oil prices. In Canada, larger areas than originally expected have been cultivated, however, it is too dry for this time of the year, again fueling concerns about yields per hectare. In Europe, large volumes continue to be available and the new crop will hit the market shortly. Ukraine is also expecting a good crop. China continues to import large volumes from Russia, so European exports there are declining. Therefore, the potential for further price increases remains rather limited.

Sunflower Oil

Prices have risen in recent days after sunflower oil gained market share from soybean oil and palm oil in recent months due to an attractive price. Export volumes from the Black Sea region are gradually declining, which was expected after the exceptional volumes of the past crops.



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Conclusion

The continuing high demand from the biodiesel industry is keeping vegetable oil prices stable. Nevertheless, demand continues to suffer from high inflation, which has restricted purchasing power in many regions of the world. Retailers and the processing industry continue to struggle with the reluctance of many customers to buy, who are additionally confused by political discussions and decisions. In some cases, contracts are being called-off only slowly and with long delays, leading to difficulties in production planning. Adding to this is the uncertainty to whether the Black Sea Agreement will be extended by Russia.

■ KEY PRODUCTS FROM THE GUSTAV HEESS PRODUCTION IN THE USA

Almond Oil

The USDA announced their decision to delay the objective estimate of the 2023 crop until July 12th. This delay is perfectly in line with the progression of the almond crop which is a couple of weeks behind. With the additional time, the USDA should have plenty of extra data for an accurate estimation. Current predictions for the total almond crop in 2023 are 2.5 billion pounds, down for the 2nd year in a row due to freezing temperatures and rain in early spring. This was following record productions in 2020 and 2021. Both crop years saw over 3 billion pounds of almonds grown in California.



Pistachio Oil

The United States pistachio crop is looking great in 2023. Although Tulare basin's flooding had many farmers worried earlier in the year, most orchards will produce a healthy crop this year. Current projections for the 2023 American crop are at 1.3 billion pounds. As the supply expands, demand around the world also continues to increase. Pistachios are becoming a more popular option for farming every year.



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Hazelnut

Oregon also saw a lot of frost in late March that had some worried the crop would be affected. However, it looks as if the Oregon Hazelnuts are unaffected. The International Nut and Dried Fruit Council is currently projecting a crop of over 175 million pounds which will be one of the largest in history. The hazelnut industry has overtaken pears as the number 5 most valuable crop in Oregon, but with a record production it will also overtake blueberries and become the 4th most valuable crop in Oregon.

■ NEWS

Caloy, as part of the Gustav Heess group, is awarded as Top 10 Fats and Oils producer by Food Business Review.

The Food Business Review article is available as attachment to this market report.



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- 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.

Your Gustav Heess Team

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