

October 2022 MARKET REPORT

- Chicago market report - soyaoil

CRUDE SOYBEAN OIL IN CHICAGO SINCE 2001

cents / Livre (Pound)



Firmed market, driven by signs of good demand. Concerns and fears about the Ukrainian corridor negotiations remains, especially for exports.

Russia's position on the UN-negotiated deal is still uncertain, but reports show that vessels in the Black Sea were still moving.

Decent progress of the American soybean harvest. 88% of the US soybean crop is harvested versus 78% on the 5-year-average. Reports showed better-than-expected harvest yields. However, low water levels on the Mississippi River could cut into U.S. exports.

Heavy rains in portions of Brazil's southern soybean belt have begun to slow sowing efforts. 34% of the country soybean crop was planted as of 25-Oct. StoneX raised its forecast of the Brazilian 2022/23 crop to 154.35 million of tons, from 153.8 million previously. Exports could be lower compared with the same period last year (- 4 million of tons).

Brazil roadblocks in biggest farm state Mata Grosso reflect discontent over result of presidential election at the end of the month. This could disrupt shipments of agricultural products if they persist. Demand could be directed to the US market.

C. Giraud & Cie, de 1927 à aujourd'hui...

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S.A.S. au capital de 40.000 € - RCS Marseille B 055 803 282 - TVA n° FR 80 055 803 282 - APE : 4617B

There is a 75% chance of La Niña conditions continuing through the northern hemisphere winter (December-February) 2022-23 with 54% chance for neutral conditions during February to April 2023, a U.S. government weather forecast said.

<u>USDA Report – October 2022</u>		Estimation USDA	Market expected	Last month estimation
US 2022-23 soybean crop	<i>in million of bushels</i>	4 313	4 381	4 378
	<i>in million of tons</i>	117,38	119,23	119,15
US 2022-23 soybean ending stocks	<i>in million of bushels</i>	200	248	200
	<i>in million of tons</i>	5,44	6,75	5,44
Brazil 2021-22 soybean crop	<i>in million of tons</i>	152		149
Argentina 2021-22 soybean crop	<i>in million of tons</i>	51		51

NOPA members estimates – in U.S.A:

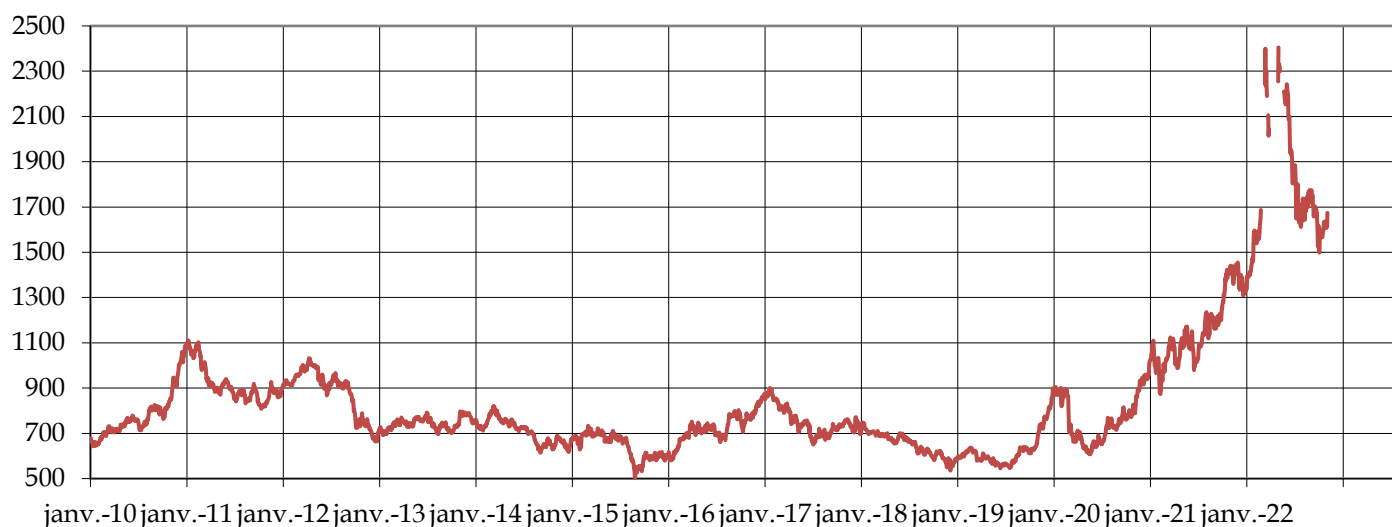
- Soyoil supplies as of September 30 dropped to 1.459 billion of pounds (lbs), the lowest since September 2020, down from 1.565 billion lbs at the end of August and 1.684 billion lbs a year ago.

- 158.109 million of bushels have been crushed last month, down 4.5% from August but up 2.8% from September 2021. The crush had been expected to dip to 161.627 million of bushels.

- **Palm oil**

Euros / Ton

Refined palm oil since 2010, Ex-works R'dam



The market remained firm, mainly due to concerns over the Russian-Ukrainian situation.

Malaysia : exports of palm oil products for October rose 11.7% versus last month, according to *AmSpec Agri*.

Storms and high risk of flooding during the year-end monsoon season (between October and January) are likely to disrupt harvesting activities and hurt production.

The country has maintained its November export tax for crude palm oil at 8% and reduced its reference price at \$760.81, from \$858.19 in October.

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MPOB Report <i>(Malaysian Palm oil Board)</i>	STOCKS <i>in tons</i>	PRODUCTION <i>in tons</i>	EXPORTS <i>in tons</i>
September 2022	2,315,464	1,770,441	1,420,235
August 2022	2,094,667	1,725,781	1,299,930
September 2021	1,756,404	1,703,740	1,611,800

According to Malaysia's Economic Outlook report, forecast of crude palm oil price would average 4,300 ringgits per ton in 2023, down from 5,000 ringgit this year and higher than the last 10-year average of 2,685 ringgits. The supply/demand balance is expected to remain tight.

LMC international forecast palm oil price to trade between 3,200-3,500 ringgit a ton next year (3,200 RGT in Q1 2023 and below 3,500 RGT in second half of 2023), as stocks rise and on demand destruction.

Palm Oil Analytics (POA) forecast prices to trend between 3,700-4,000 ringgits in November 2022, before declining further.

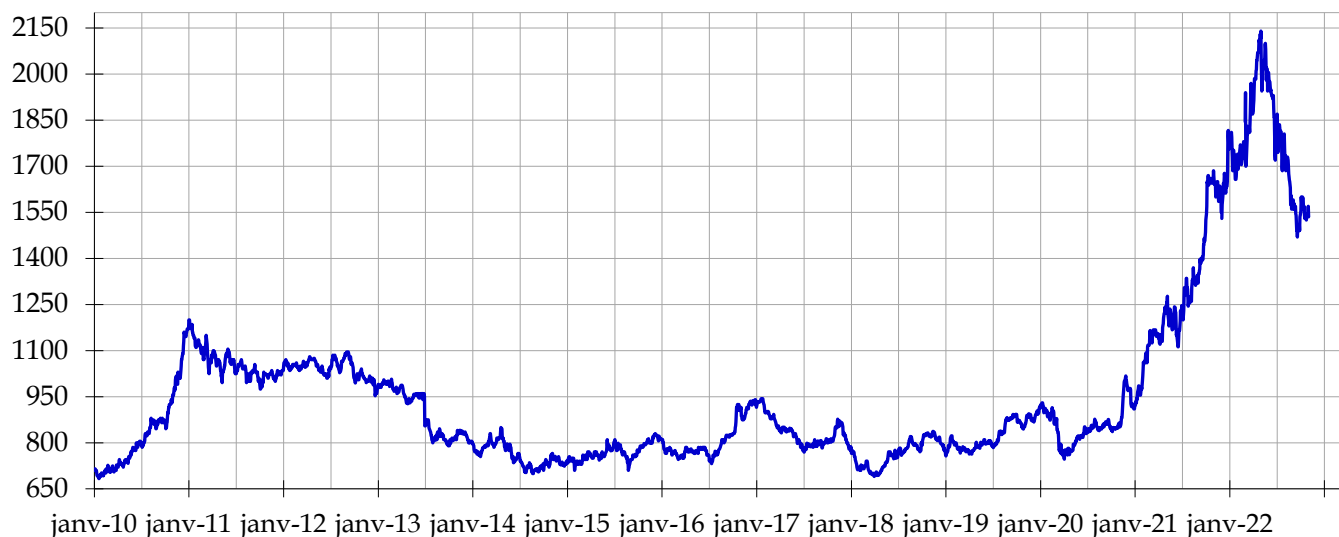
Indonesia: set its crude palm oil reference price at \$770.88 per ton for Nov. 1-15 versus \$713.89 per ton on Oct. 16-31. The export tax represents \$18 per ton, up from \$3 previously.

India palm oil imports in September jumped about 18% to 1.17 million of tons from 994,997 tons the previous month of which Malaysia supplied about 36.5%. They reached their highest in a year, boosted by strong demand ahead of the peak festival season.

- **Rapeseed oil**

Euros / ton

Refined rapeseed oil since 2010, Ex-works supplier's plant



Despite favorable fundamentals elements, rapeseed prices are evolving in the wake of vegetable oils.

In European Union, *Strategie Grains* raises its 2022 rapeseed crop to 19.46 million of tons from 19.15 million forecasted last month, up 14.5% versus 2021. In the near term, and during the winter, the consultancy does not anticipate any reduction in rapeseed price since demand for rapeseed oil from biodiesel producers will hold strong – but could fall relatively sharply in early 2023 when Australian canola and South American soybeans enter the market.

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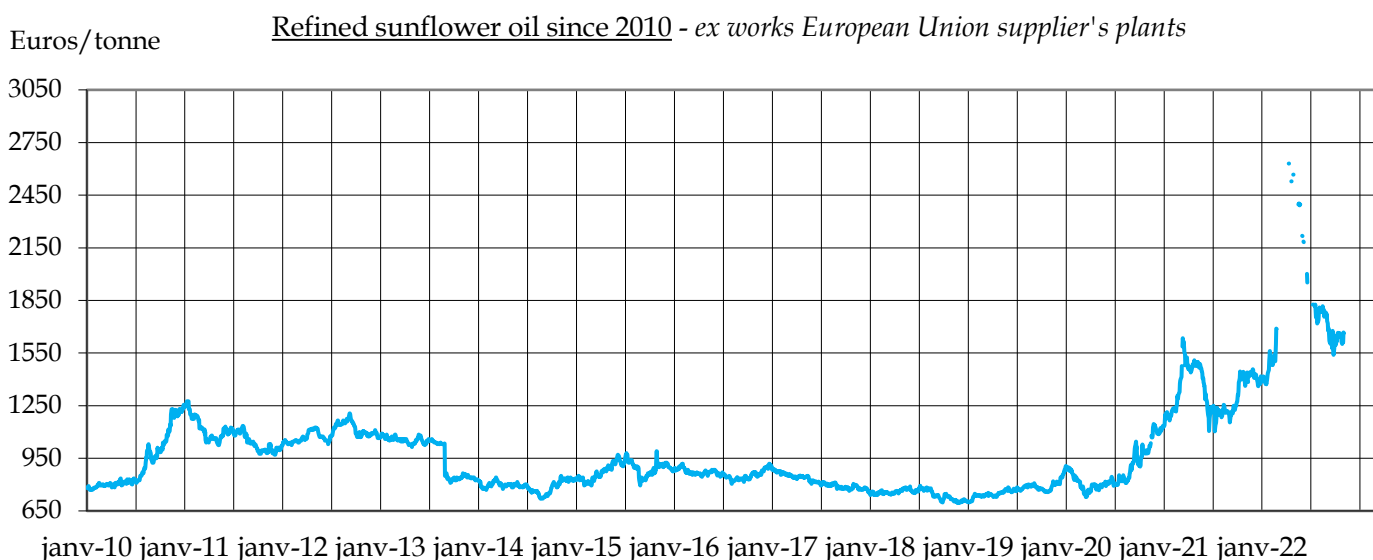
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French farm ministry raises forecast of 2022 rapeseed production to 4.51 million of tons vs 4,50 million estimated last month.

France is set to export about 40,000 tons of rapeseed to the United States in an unusual shipment for the oilseed. Some of the sources said it may reflect ample supplies in France and the EU after a bigger than expected harvest, strong early-season imports, and niche American demand for non-genetically modified oilseed.

In Canada, as harvest is reaching the final stage, operators are concerned about crop yields.

- **Sunflower Oil**



Ukrainian grain exports in the first 17 days of October were just 2.4% lower than in the same period of 2021 despite the closure of several seaports and the Russian invasion.

In European Union, *Strategie Grains* raised its sunflower seed crop forecast to 9.25 million of tons from 9.17 million seen last month but still 10% below last year. 2022 yields are at 1.97 tons per hectares (T/HA) versus 2.05 T/HA announced last month.

- **Euro/dollar**



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Manufacturing activity across the euro zone fell to a 27-month low in September. The dollar hit a fresh 24-year peak against the yen, after a blistering U.S. inflation report.

China's factory activity unexpectedly fell in October, weighed by softening global demand and strict domestic COVID-19 curbs, which hit production.

The International Monetary Fund cut its 2023 global growth forecast, warning that pressures from inflation, war-driven energy and food crises, and higher interest rates may tip the world into recession and financial market instability.

The euro attempted to break above parity following a sharp fall, after the European Central Bank raised rates by 75 basis points but took a more dovish tone on its rate outlook.

Federal Reserve Chair Jerome Powell said it was premature to discuss a pause in its hiking of interest rates to battle rising consumer prices, as there is "no sense that inflation is coming down." The Fed, as markets had expected, raised its key lending rate by 75 basis points for the fourth straight time.

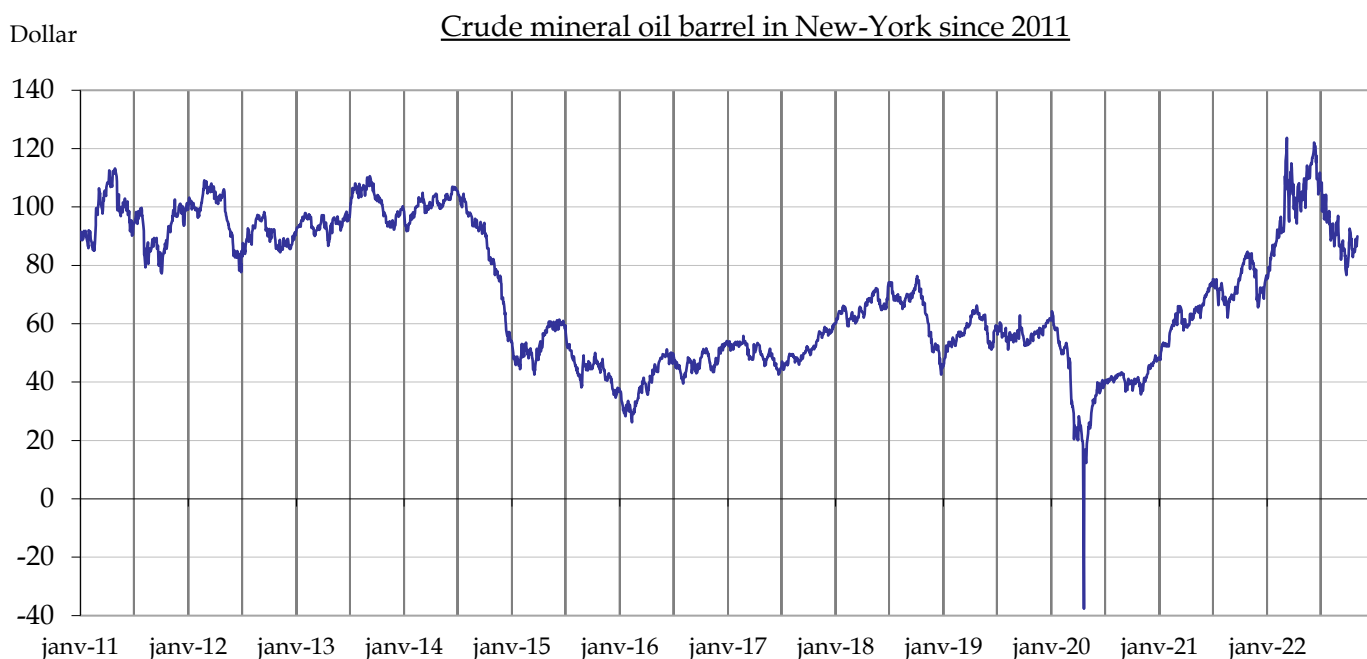
- **Crude oil**

OPEC+ agreed its deepest cuts to production since the 2020 COVID pandemic (2 million barrels per day), despite a tight market and opposition to cuts from the United States and others.

U.S. President Joe Biden announced a plan to sell off the rest of his release from the nation's emergency oil reserve (15 million barrels) by year's end and begin refilling the stockpile as he tries to dampen high gasoline prices ahead of midterm elections on Nov. 8.

European Union energy ministers will hold another emergency meeting on Nov.24 to try to make progress on a bloc-wide gas price cap, after talks on Tuesday left it unclear when Brussels would make a firm proposal on the measure.

France will join other European countries such as Spain and the Netherlands in pulling out of the Energy Charter Treaty which protected investments in the energy sector, said President Emmanuel Macron on Friday.



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