

April 2023 MARKET REPORT

- Chicago market report - soyaoil

CRUDE SOYBEAN OIL IN CHICAGO SINCE 2001

cents / Livre (Pound)



News of abundant and cheap Brazilian soybeans are pressuring North American market. Planting has started in the United States and weather forecasts look favorable in several states.

In Brazil, 2023 soybean export is estimated at 93.7 million tons from 92.3 million, on strong Chinese demand, *Abiove* said.

Argentina has increased its foreign currency reserves by boosting soybean exports by offering producers an exchange rate higher than the official rate. It will run until May 24. The inflow of foreign currency is expected to ease Argentina's battered economy, although it is unlikely to significantly offset the negative effects of a historic drought. It would be the worst result in 23 years.

China's agriculture ministry issued a three-year action plan to reduce soymeal use in animal feed as it tries to reduce its heavy reliance on soybean imports. The new plan proposes soymeal ratios in animal feed should be reduced to less than 13% by 2025, from 14.5% in 2022.

U.S. forecasters have significantly increased confidence over the last few weeks that an El Niño event will unfold in the next couple of months as opposed to later in the year.

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

USDA Report - April 2023		Estimation USDA	Market expected	Last month estimation
US 2022/23 soybean crop	<i>in million of bushels</i>	4 276		4 276
	<i>in million of tons</i>	116,37		116,37
US 2022/23 soybean ending stock	<i>in million of bushels</i>	210	198	210
	<i>in million of tons</i>	5,72	5,39	5,72
Brazil 2022-23 soybean crop	<i>in million of tons</i>	154	153,67	153
Argentina 2022-23 soybean crop	<i>in million of tons</i>	27	29,30	33

NOPA members have processed 185.810 million bushels of soybeans last month, up 12.3% from the 165.414 million bushels processed in February, a 15-month high. Soyoil supplies as of March 31 rose to 1.851 billion of pounds, up from the 1.809 billion pounds at the end of February.

- **Palm oil**

Refined palm oil since 2010, Ex-works R'dam, Ex-works European plant
Month +1 or first period available



Exports of Malaysian palm oil for April fell 18.2% to 1,176,432 tons from 1,438,074 tons shipped during March, *ITS* said.

Palm oil remains less competitive compared to other vegetables oils. Demand is still uncertain. Also, talks on Black Sea Grain corridor deal have added additional tensions.

Indian buyers have opted to cancel 75,000 tons of palm oil purchases for the first time in many years and switch to rival soft oils, such as sunflower oil and soyoil.

The European Parliament approved a landmark deforestation law to ban imports into the EU. It will apply to soy, beef, palm oil, wood, cocoa, coffee, and other commodities if they are linked to the destruction of the world's forests.

Malaysia has said it could stop exporting palm oil to the EU in response to the law. The law needs formal approval from EU countries.

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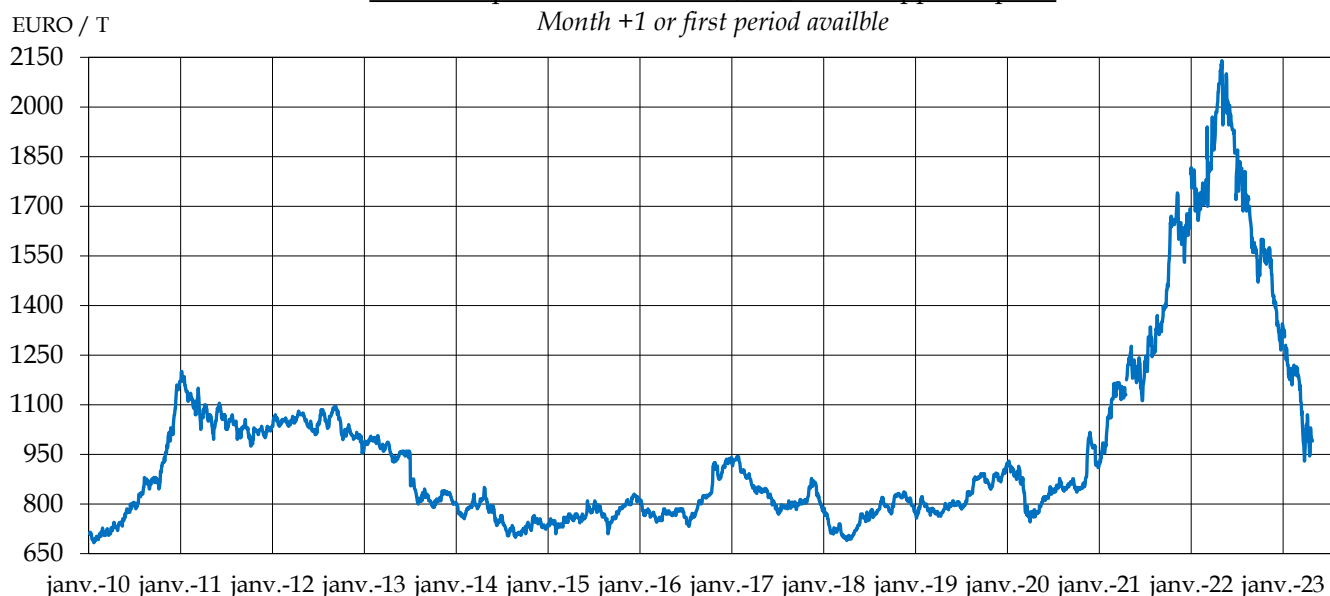
MPOB Report <i>(Malaysian Palm oil Board)</i>	STOCKS <i>in tons</i>	PRODUCTION <i>in tons</i>	EXPORTS <i>in tons</i>
March 2023	1,673,044	1,288,354	1,486,233
February 2023	2,119,848	1,253,664	1,127,953
March 2022	1,472,844	1,411,215	1,281,739

Malaysia's exports of palm oil and palm-based products to China are expected to increase this year following better cooperation between the two countries. China was Malaysia's second largest palm oil export market in 2022 and accounted for 11.2% of Malaysia's exports, according to MPOB data.

Indonesia will lower its mandatory domestic sales threshold for palm oil producers to 300,000 tons a month starting in May, from 450,000 tons currently. The government plans to set its crude palm oil reference price at \$955.53 per ton for May 1 to May 15, up from \$932.69 during last two weeks of April.

- **Rapeseed oil**

Refined rapeseed oil since 2010, Ex works supplier's plant
Month +1 or first period available



Strong fluctuations on rapeseed oil prices this month. European Union imports since July 2022 are seen at 6.37 million of tons vs 4.22 million tons in 2021/22. Hence, stocks are heavy and next crop (July 2023) is forecast to be good.

Several Eastern European states have imposed temporary bans on certain Ukrainian agricultural products, arguing that excessive Ukrainian supplies had affected local markets. Finally European Union is preparing 100 million euros (\$109.32 million) in compensation for farmers in five countries bordering Ukraine. Wheat, maize, sunflower seeds, and rapeseed are allowed to enter the five countries if they were set for export to other EU members or the rest of the world.

French farm ministry estimates 2023 rapeseed area including spring crop at 1.34 million hectares, up 9.3% vs 2022, partly in response to severe drought last year.

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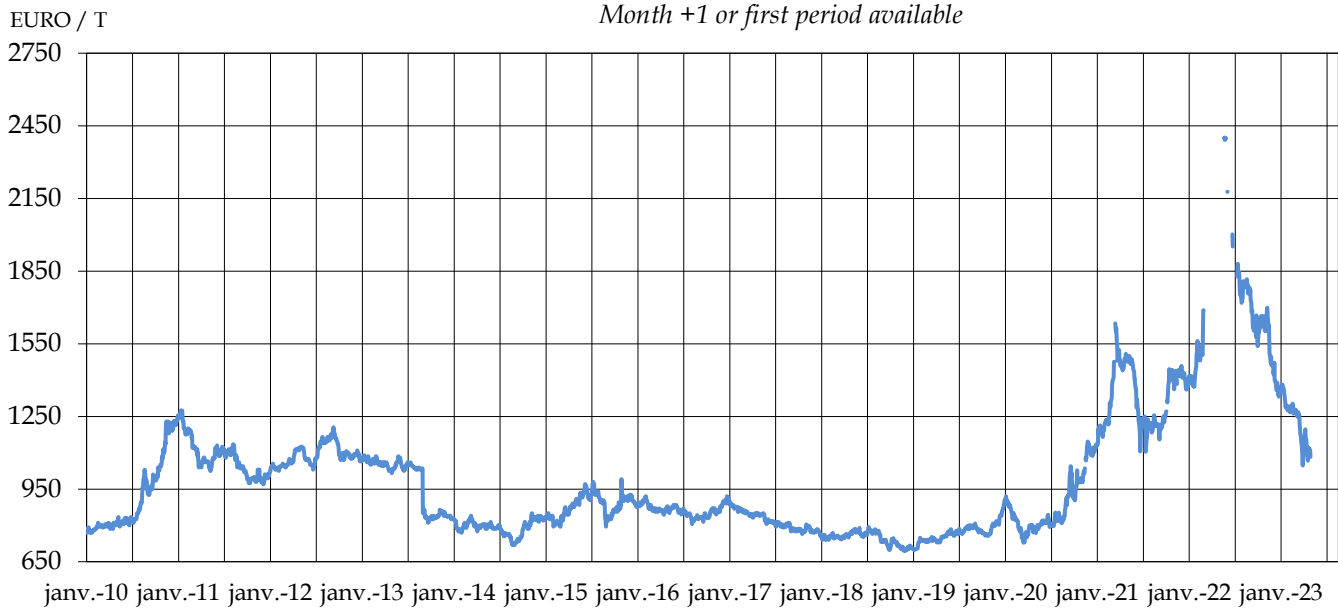
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- **Sunflower Oil**

Refined sunflower oil since 2010 - Ex-works European supplier's plant
Month +1 or first period available



Prices are quite stable, slightly bearish. Market is still concerned about the Black Sea Grain corridor deal that might not extend beyond May 18.

Poland, Slovakia, Hungary, and Bulgaria have been negatively affected by the inflow of cheap grains from Ukraine. Local farmers have losses as part of Ukrainian grain, intended mostly for delivery to African nations, ends up in European countries that are used as a transit route. Earlier this month, the European Commission said it would take emergency "preventive measures" compensating local farmers for the losses.

In France, farmers may sow more sunflower seed and less maize this spring (2023/24 crop), partly in response to severe drought last year, *FranceAgriMer* said.

Strategie Grains raised its forecast for this year's sunflower seed harvest to 11.3 million of tons from 11.2 million previously, 23% above last year's crop. It noted, however, that sunflower planting operations in Spain were affected by an ongoing lack of rainfall and that conditions were also very dry in Italy.

Russia's export duty on sunflower oil will drop 19.8% in May versus in April. The duties are expected to be valid until August 31, 2023, inclusive.

In Ukraine, sunflower oil output could rise by 11% in the 2023/24 September-August season to about 5 million tons, analyst *APK-Inform* said, citing the Ukrainian sunoil producers association, *Ukroliiyaprom*. Farm ministry said the sunflower seed harvest is forecast at 11.5 million of tons this year, up from 11.1 million of tons in 2022.

- **Euro/dollar**

Euro zone industrial production rose +1.5% month-on-month in February and +2.0% year-on-year, according to *Eurostat*. This increase is mainly due to an increase in the production of capital goods and non-durable consumer goods.

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The euro hovered near a one-year high versus the dollar as Europe's resilient economy contrasted with banking contagion risks in the United States. The German government has raised its economic growth forecast for this year to 0.4% from a previously predicted 0.2%.

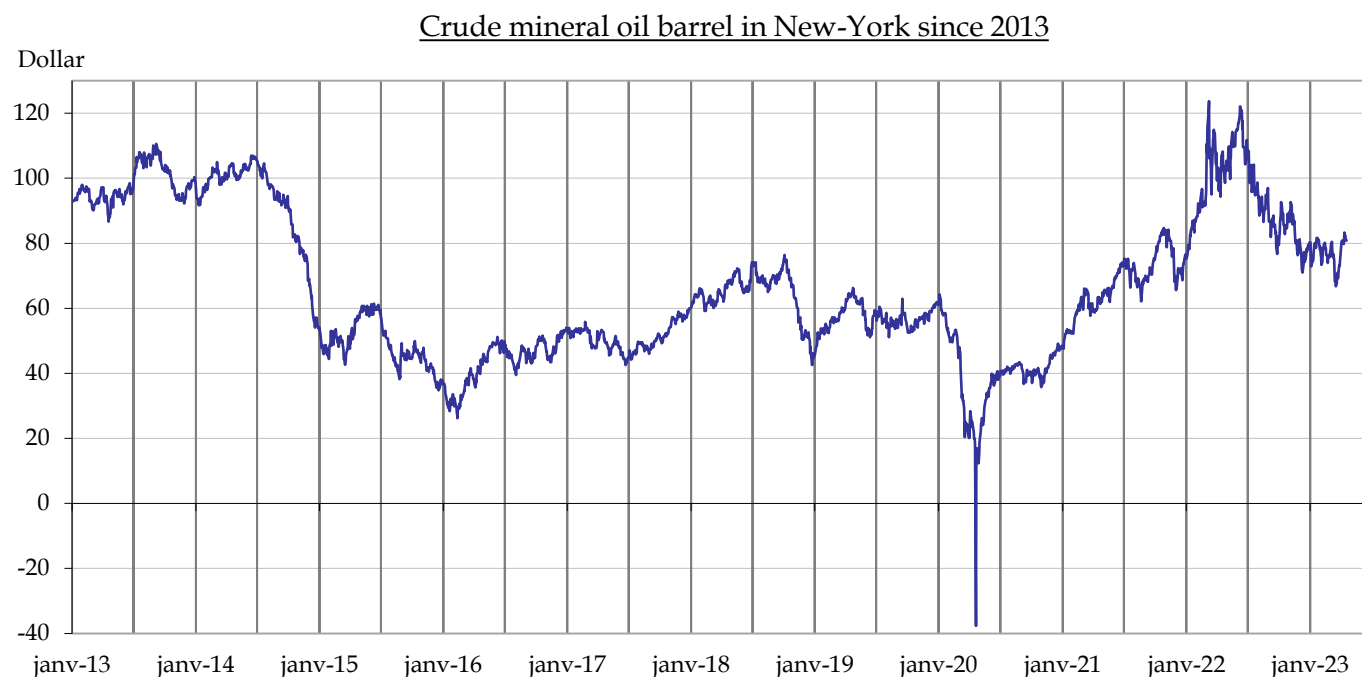
The ECB needs to keep raising rates given stubbornly high underlying inflation and its next move could be either a 25 or a 50-basis point increase, Governing Council member Bostjan Vasle said.



- Crude oil

Saudi Arabia and other OPEC+ oil producers announced further oil output cuts of around 1.16 million barrels per day, in a surprise move that analysts said would cause an immediate rise in prices.

Though market fears that looming Federal Reserve interest rate hikes could curb energy demand.



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