

The Global Oils and Fats Market as well as Price Outlook

POTS South Africa, organized by MPOC in Johannesburg,
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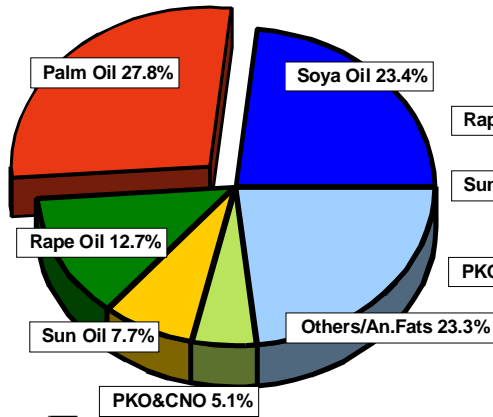
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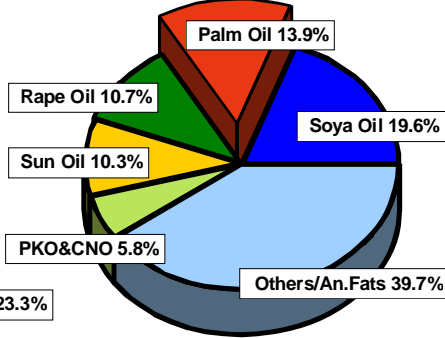
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World Production of 17 Oils & Fats

2011/12 -- 183.8 Mn T



1990/91 -- 81.2 Mn T



- Rising dependence on palm oil & soya oil
- Together they account for **more than 50%** of world production



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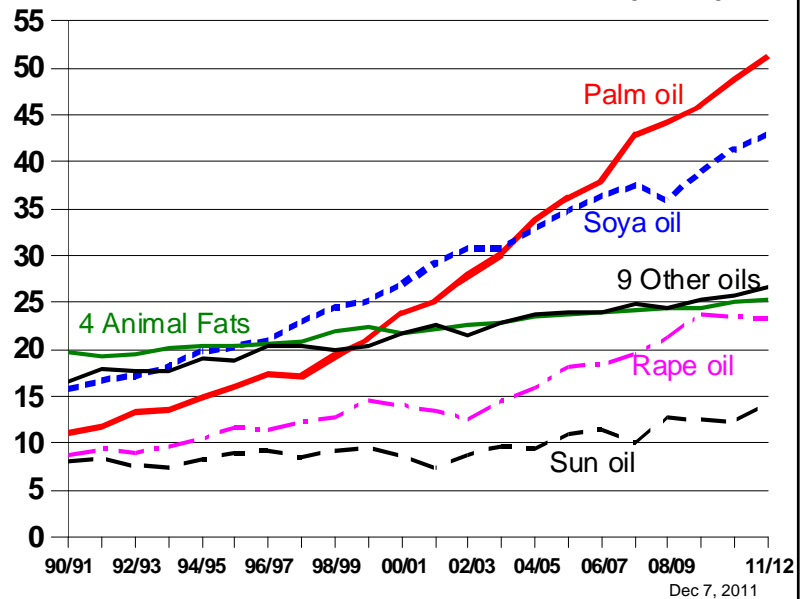
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Production Growth in Mn T

	2011/12	2010/11
Palm oil	+2.32	+2.80
Soya oil	+1.50	+2.54
Sun oil	+1.85	-0.15
Rape oil	-0.12	-0.22
others	+1.59	+0.85
17 oils & fats	+7.14	+5.82

17 Oils & Fats: World Production (Mn T)



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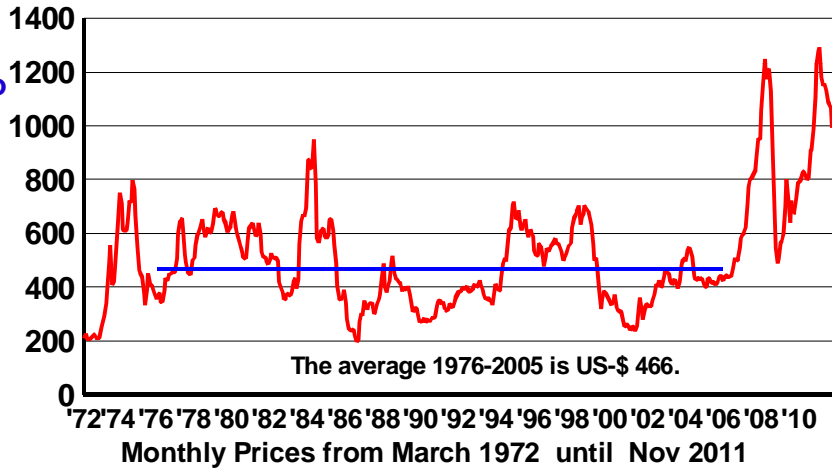
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Oilseed / Veg. Oil Prices partly reaching new highs in 2011

Monthly crude palm oil prices cif Rotterdam in US-\$ / MT

- Veg oil prices sharply above average
- High prices needed to curtail demand and stimulate new output
- Palm oil prices have come under pressure in 2011 but have probably bottomed out at around \$ 950 (contrary to 2008)



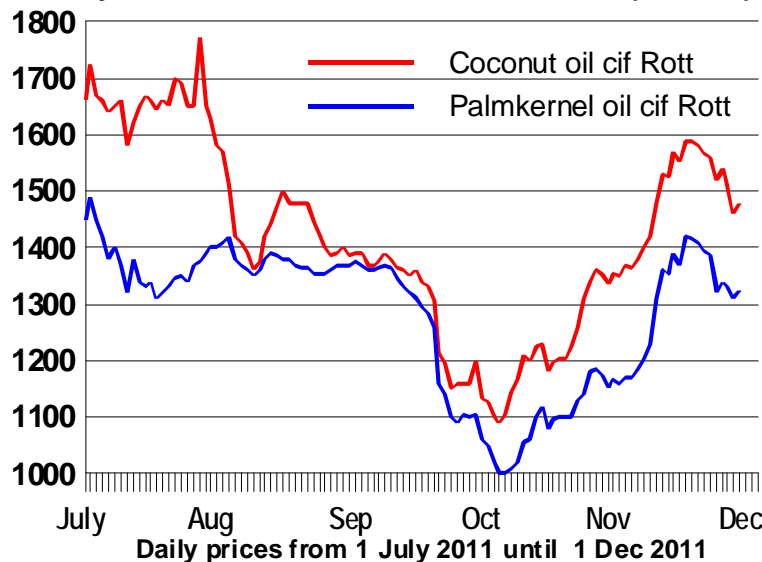
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- High volatility in the global veg oil markets
- Palm oil prices may have bottomed out,
- but lauric oils still overvalued
- **Big uncertainties of outside factors** - - > debt crisis, currencies, economic slowdown, negative sentiment, losses equity markets

Daily Prices of Coconut & Palmkernel Oil (US-\$/T)



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Accelerating growth in 2011 (higher yields)

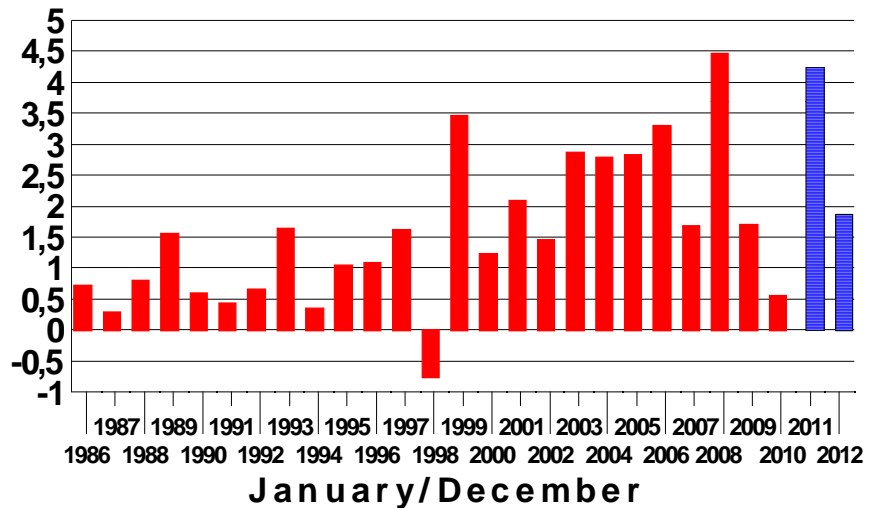
World output to jump 4.2 Mn T in Jan/Dec 2011

Indonesia +1.8 Mn T to 23.9 Mn T

Malaysia +1.9 Mn T to 18.9 Mn T

- **But the bearishness is already discounted**

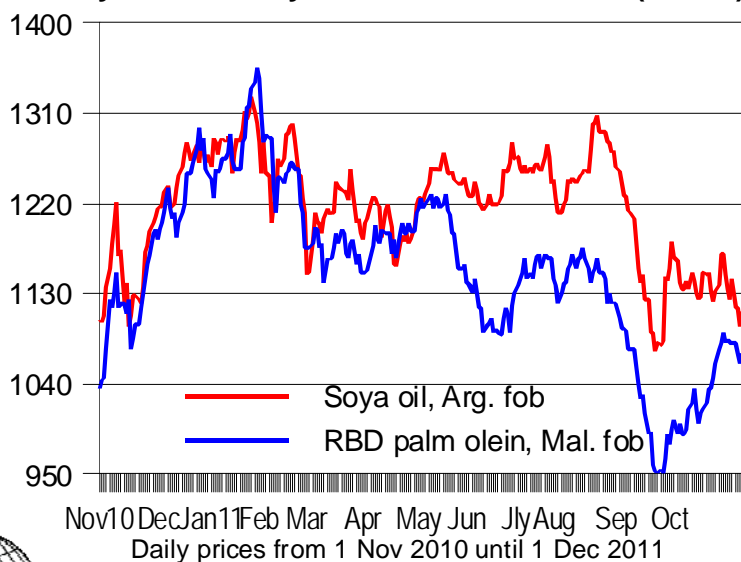
Palm Oil : World Production Annual Change (Mn T)



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Daily Prices of Soya Oil & RBD Palm Olein (US-\$/T)



Palm oil price discount at **US-\$ 48** on Dec 1.



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Palm oil output:

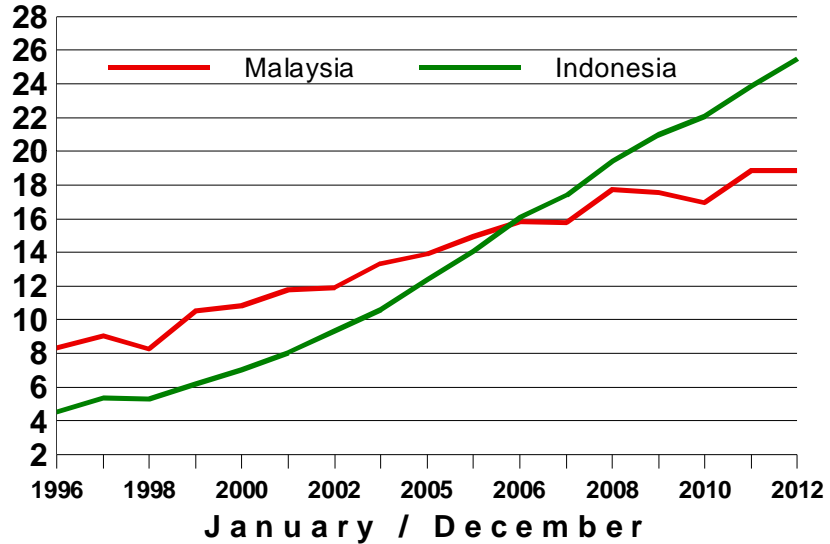
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Outlook for 2012
points to slow
down in growth

with Malaysia only
stagnating (18.9)

Indonesian increase
to slow to **1.6 Mn T**
(25.5) or less

Palm Oil Production in Key Countries (Mn T)



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The Challenge

World production of agricultural crops has to rise sufficiently to satisfy increasing demand

- **for food** - - > caused by 1) population growth of 79 million per year and 2) rising capita usage
- for the **oleo-chemical** industry
- for **biofuels**
- + other uses

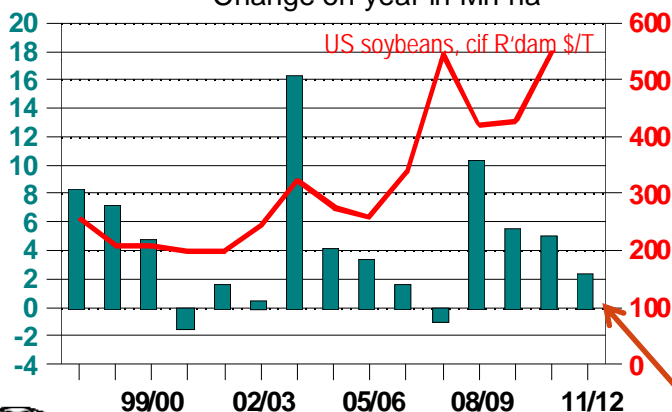
Conflict : Food versus Fuel

- Limiting factors: land, water, logistics, etc
- A break-through in yields is required (or more land)
- Need to find alternative feedstocks for biodiesel

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World Oilseed Area

Change on year in Mn ha



Oilseed shortage developing...?

- Acreage expansion **slowing down** despite high prices
- Stiffening competition from **grains** and other crops

+2.4 Mn ha



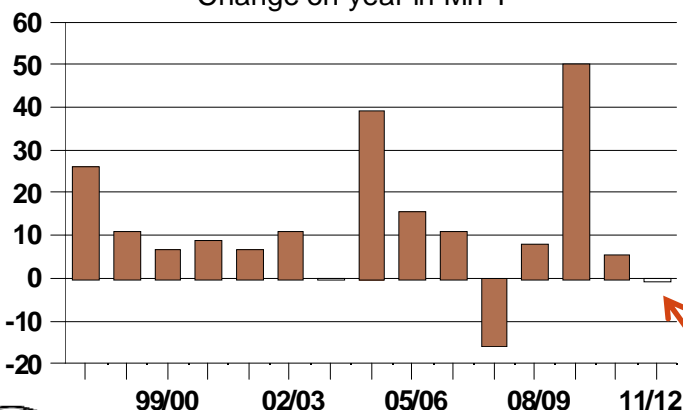
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World Oilseed Production

Change on year in Mn T



- Setback in **yields** in 2011/12
- Production declines in **soybeans** and **rapeseed**, the 2 largest oilseeds

Only stagnating



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Bearish: Record Sunseed Supplies

2011/12 in Mn T:

World 38.1 vs 33.5

Ukraine 8.9 vs 8.0

Russia 9.2 vs 5.7

EU-27 8.0 vs 7.0

Lower crops in USA,
Argentina & S.Africa

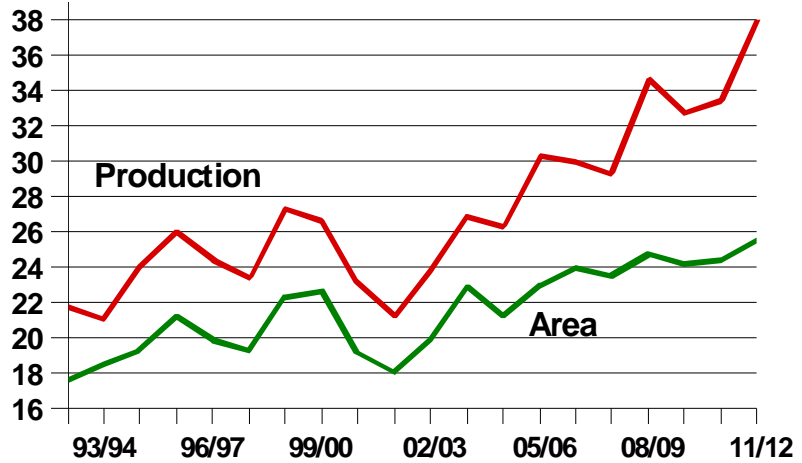


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SUNFLOWERSEED

World Production (Mn T) and Area (Mn ha)

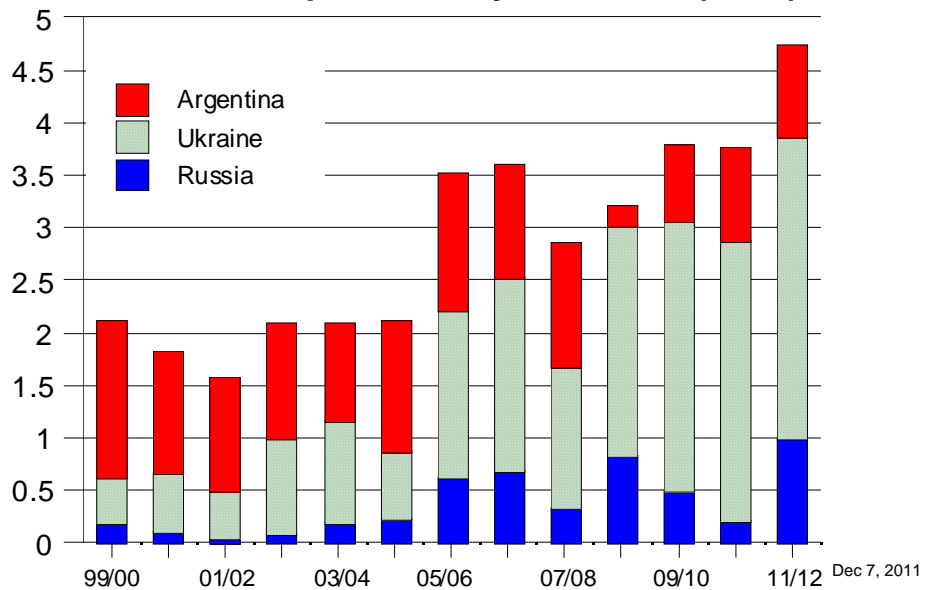


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SUN OIL: Exports of Key Countries (Mn T)



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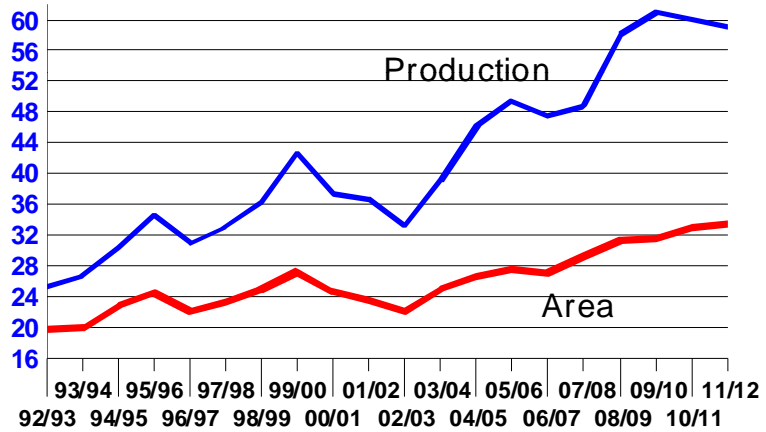
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- World production:
 - 2 Mn T in two years
- Poor weather hurting yields
- **Crushings** to decline for 1st time in years
- Huge deficit mainly in EU-27
- **Poor winter crop conditions for 2012 crop**

RAPESEED & CANOLA

World Production (Mn T) and Area (Mn ha)

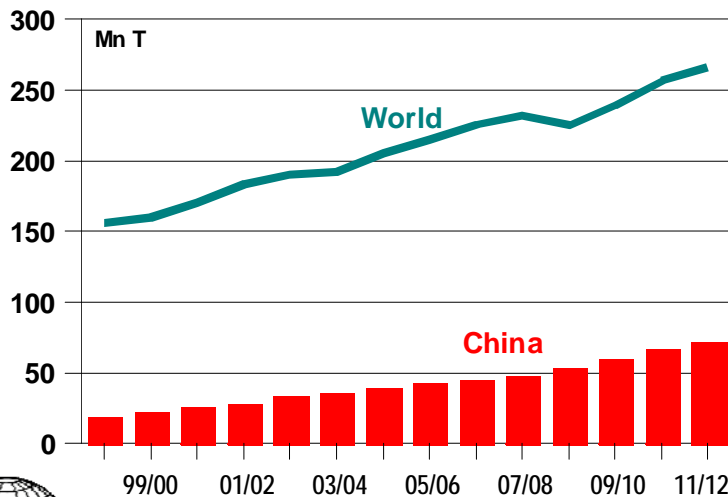


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World Soybean Usage



In last 10 years:

+ 85.4 Mn T

+ 40.7 Mn T



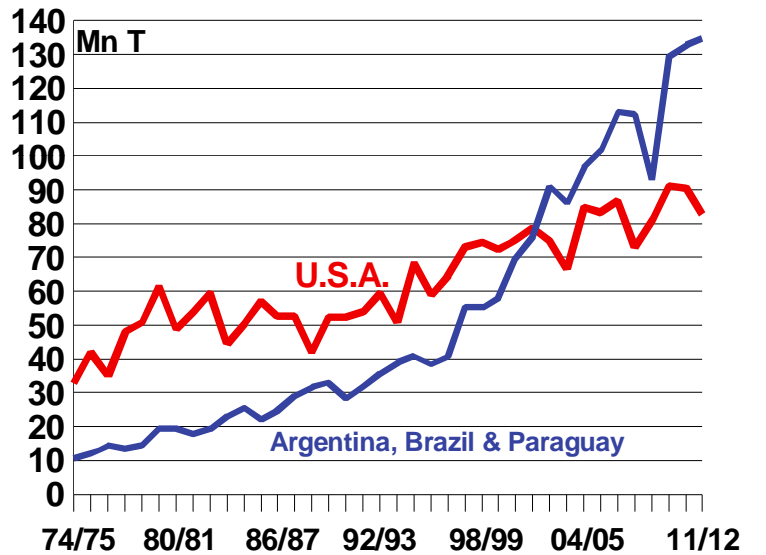
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- **USA: Acreage competition** with corn, wheat and cotton
- **Rising global dependence on South America**
- **World outlook for soybeans in 2011/12:**
output 261 Mn (- 5)
usage 265 Mn (+ 8)
end stock 72 Mn (- 3)

Soybean Crop Trend Since 74/75



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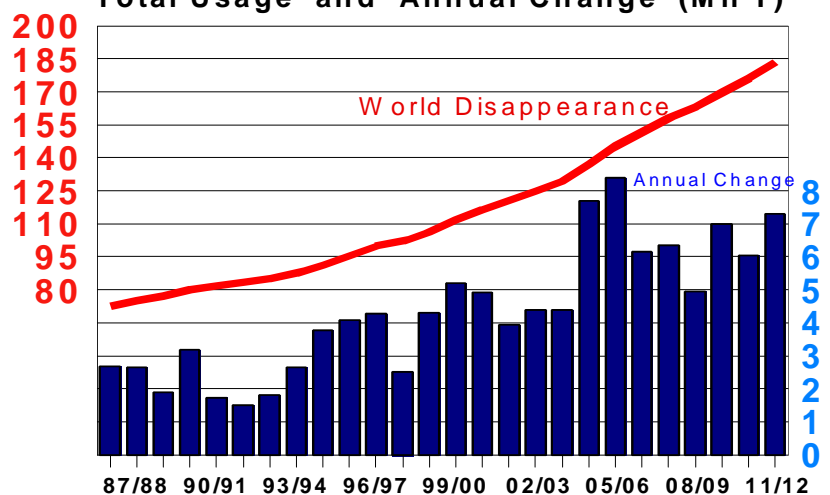
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Demand Growth doubled in last 10 years!

- biofuels
- population
- income

Demand increase of 59 Mn T in most recent 10 years !!

17 Oils & Fats : World Disappearance Total Usage and Annual Change (Mn T)



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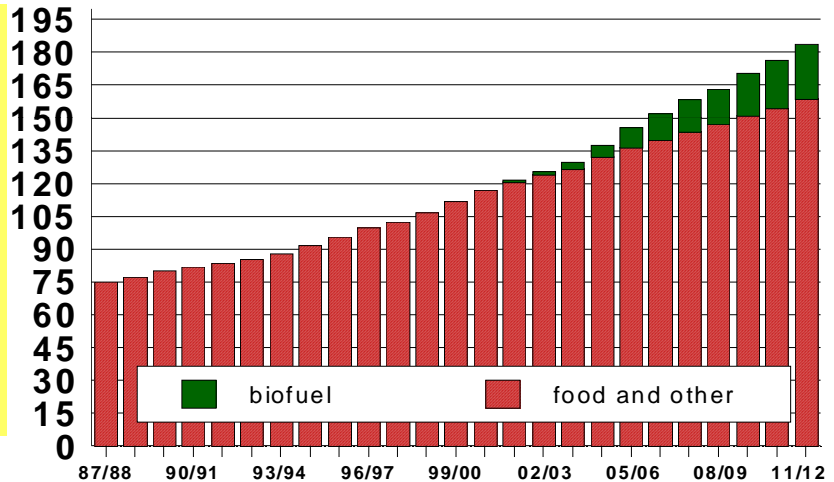
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17 Oils & Fats : World Consumption Total Usage in Mn T

Biofuels are making the difference...

- Accounting for 13-14% or
23-24 Mn T of total usage
in 2011/12

- Growing difficulties in
satisfying total demand



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Demand affecting prices – and vice versa...

- Higher prices needed in
2011/12 to slow global
consumption growth

- Demand destruction via
high prices in 2010/11,
e.g. in EU-27

- Biodiesel countries
accounting for large part
of demand growth

17 Oils & Fats: Consumption Growth

In Mn T	11/12	10/11	09/10	08/09
China	+1.27	+1.05	+1.45	+1.44
India	+0.61	+0.51	+0.79	+1.82
EU-27	+0.35	-0.86	+0.84	+1.45
U.S.A.	+0.57	+0.78	-0.16	-0.96
Argentina	+0.41	+0.64	+0.69	+0.42
Brazil	+0.66	+0.59	+0.88	+0.27
Indonesia	+0.87	+0.95	+0.55	+0.43
Others	+2.40	+2.35	+1.97	+0.07
World	+7.14	+6.01	+7.01	+4.94
CPO, \$/T	??	1146	807	628



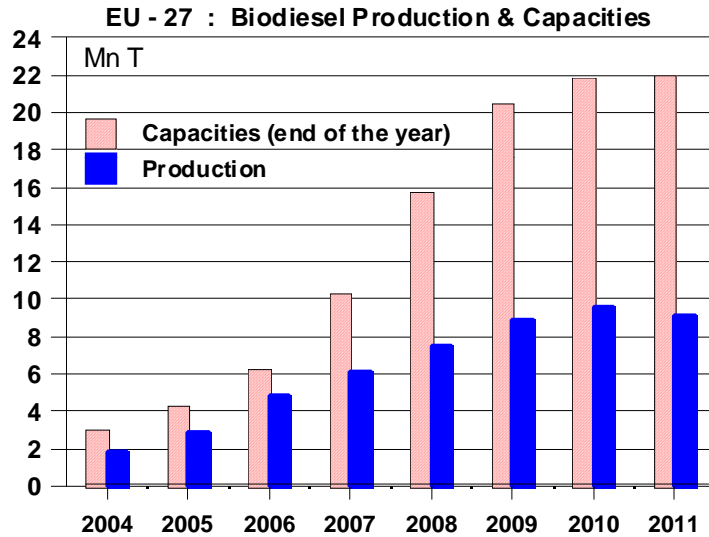
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- EU-27 biodiesel output to fall by 0.5 Mn to 9.1 Mn T

- EU import boost: 2.5 Mn T in 2011 (vs 2.0 last year). Record biodiesel arrivals from Argentina + Indonesia.

- Exports of biodiesel promoted by differential export taxes in Arg. (20% biodiesel vs. 35% on soya oil) & Indonesia (2% vs 13 ref PO)

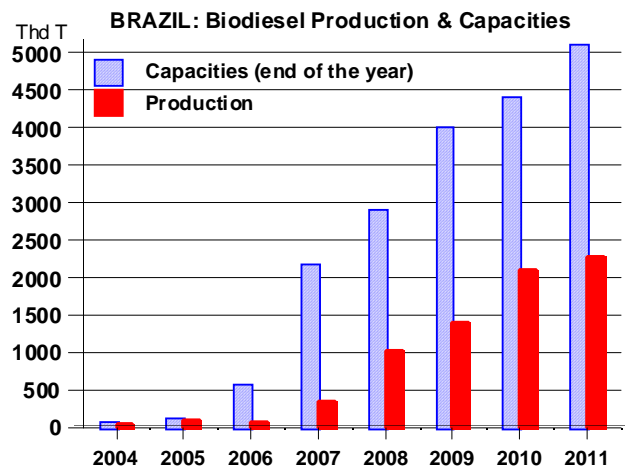
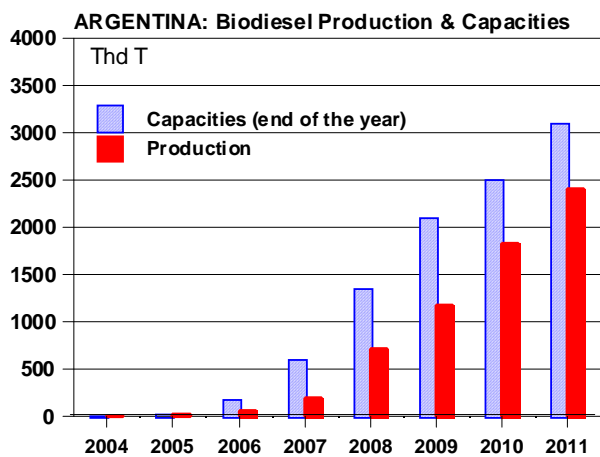


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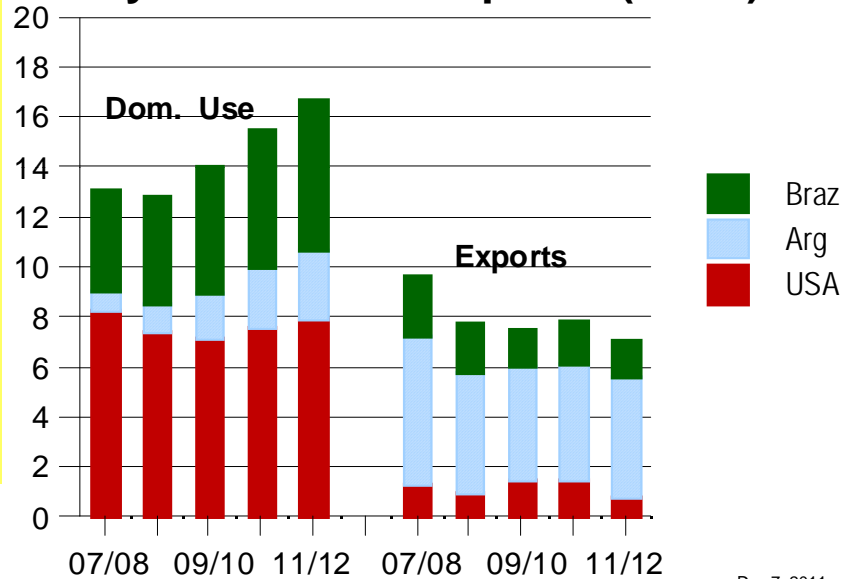
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SOYA OIL Shortage on World Market...

- Booming soya oil use for biodiesel in 2011 :
 - USA +0.9 Mn T
 - Argentina + 0.6 Mn T
 - Brazil + 0.2 Mn T
- Soya oil developing widening price premiums

Soya Oil Use & Exports (Mn T)



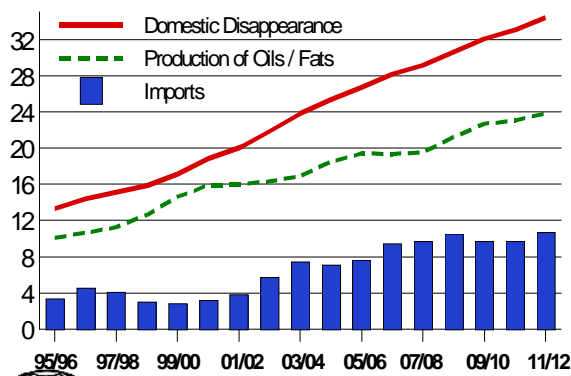
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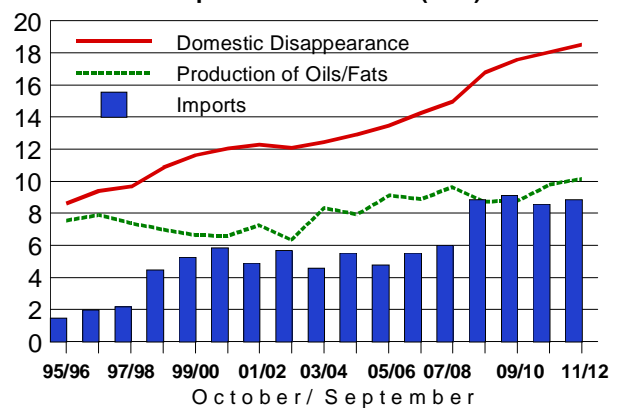
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China & India together need almost 2 Mn T more veg. oils each year - - > mainly for food

CHINA: Domestic Supply & Demand and Imports of Oils & Fats (MnT)



INDIA: Domestic Supply & Demand and Imports of Oils & Fats (MnT)



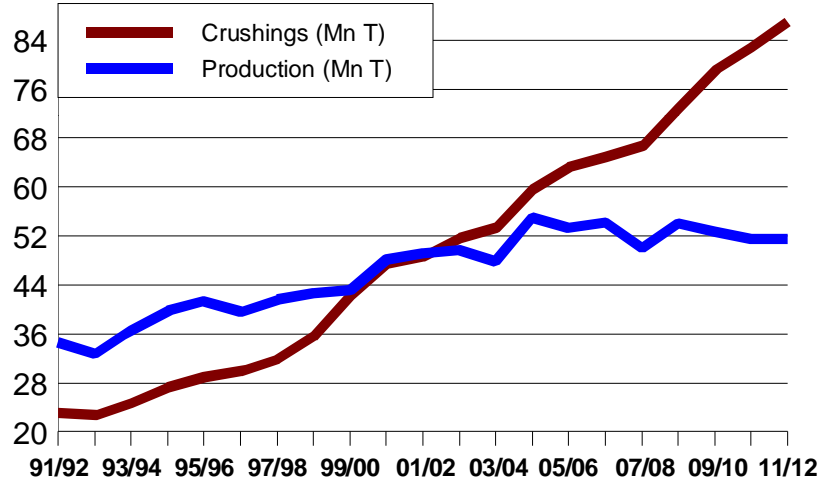
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- Rising Chinese import dependence on declining domestic oilseed crops
- Competition of other crops
- Total agricultural land shrinking

CHINA: Oilseed Output & Crashings



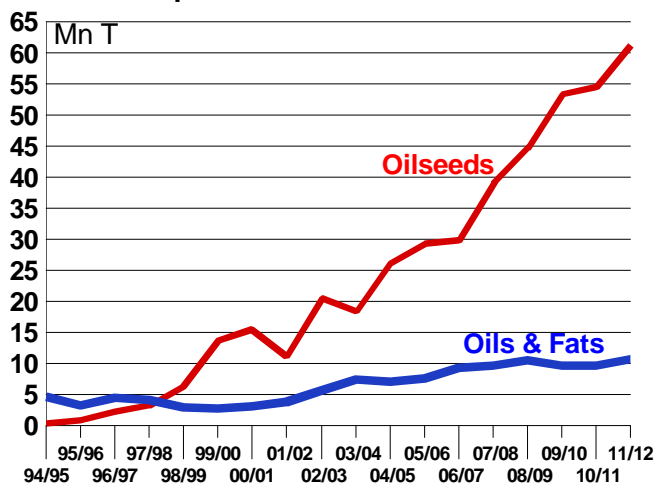
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China - a Potential Bullish Demand Factor in 2011/12

- Stocks of seeds & oils reduced in 2011
- Soybean imports to accelerate in 2012
- China active buyer of soybeans and soya oil recently

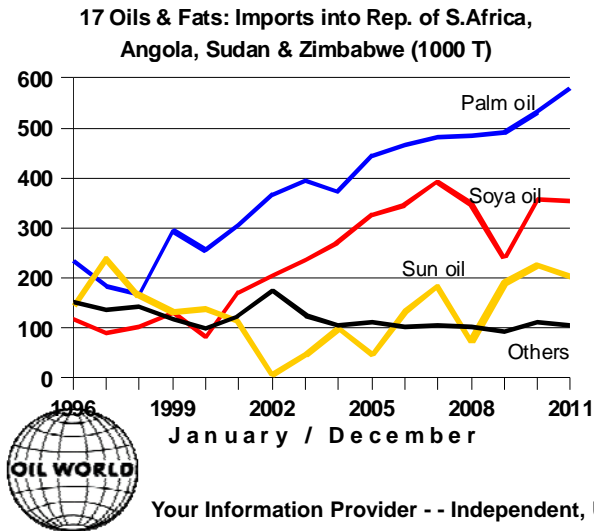
CHINA : Imports of Oilseeds and Oils & Fats



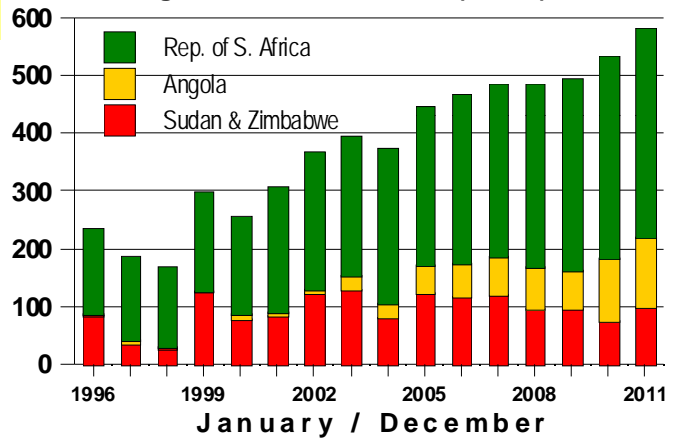
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Palm oil gaining market in the South of the African Continent



Palm Oil : Imports into Rep. of S.Africa, Angola, Sudan & Zimbabwe (1000 T)



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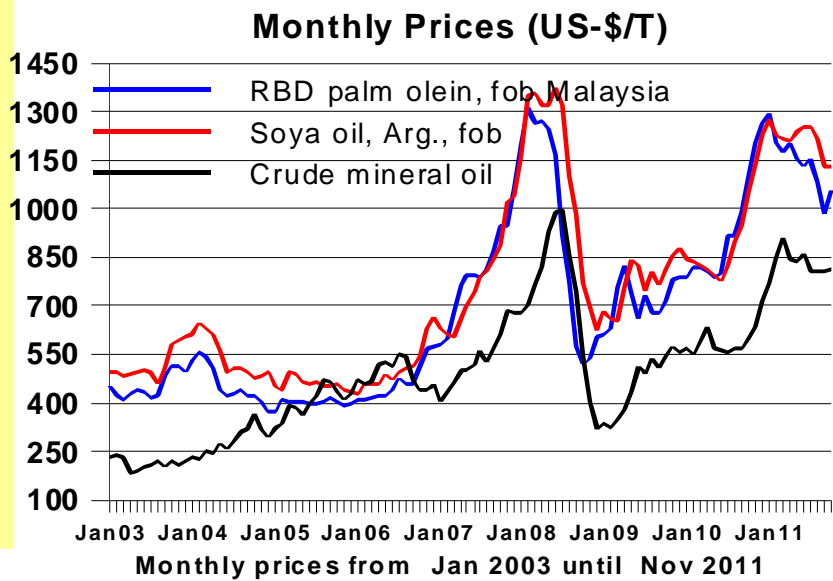
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Concluding Statements

- First of all, there is a volume problem that needs to be solved globally
- in soybeans and products, other oilseeds, veg. oils, meals and grains
- Limitation of land and water
- More focus to raise yields. (They stayed behind expectations in most of past 10 years.)
- Global dependence on palm oil will accelerate

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- World supplies are sufficiently ample until Dec 2011
- But after the recent severe setback, prices may have reached a bottom
- Palm oil prices seen recovering
- Impact on canola
- Key features : S.Amer. weather and world demand



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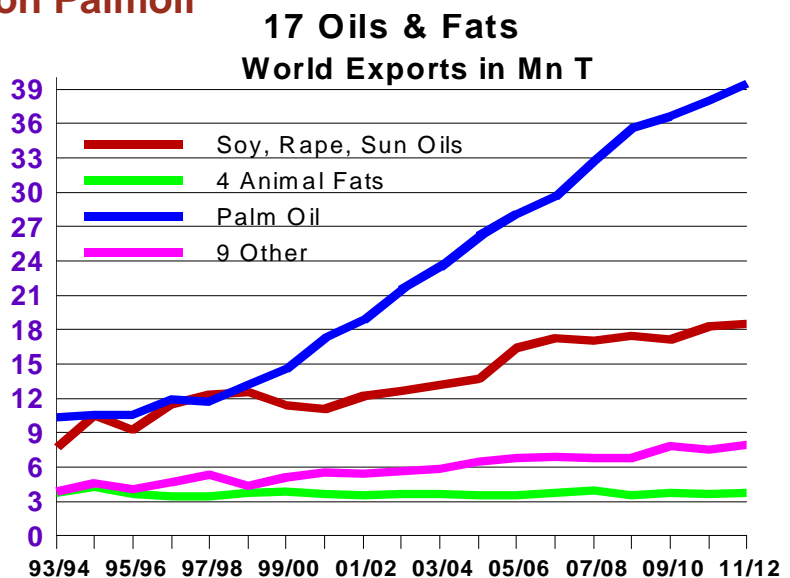
Rising Dependence on Palmoil

Since 1997/98:

- Palm oil exports +205%
- Exports of 17 Oils/Fats + 105%

In Jan/Dec 2011:

- PO exports to rise by at least 2.1 Mn T to 38.5 Mn
- Combined exports of soya, rape & sun oils stagnate at 18.2 Mn T



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The Success Story of the past 30 Years

- Substantial growth in world production of palm oil
- In 1980: 4.6 Mn T or 8% of 17 oils & fats
- In 1990: 11.0 Mn T or 14%
- In 2000: 21.9 Mn T or 19%
- In 2010: 45.6 Mn T or 27% (only 6% of area)
- In 2011: 50.1 Mn T or 28% (57% of exports)
- **In 2020 at least 77-78 Mn T palm oil required**



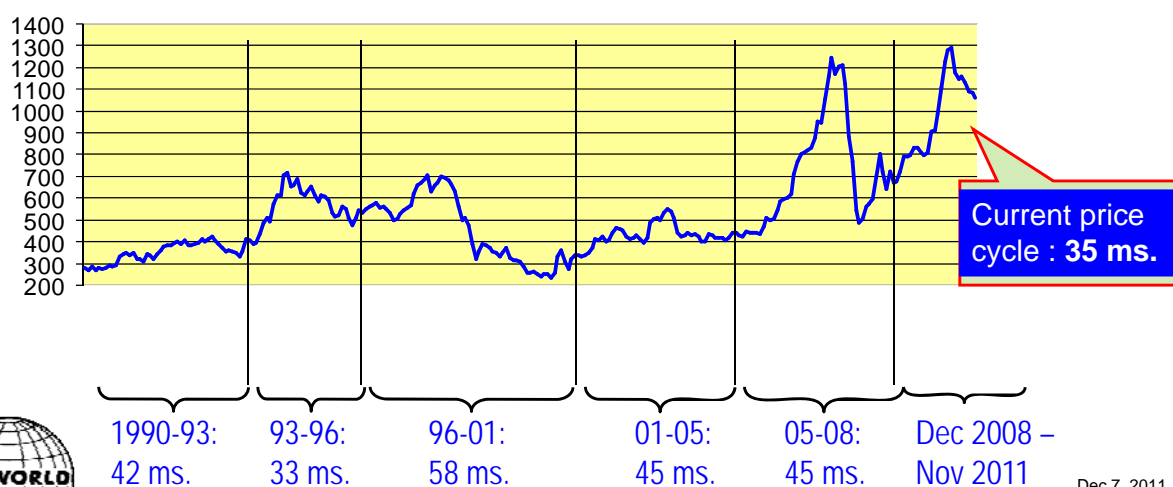
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Palm Oil Price Cycles have avg. Length of 40-44 Months

Palm Oil, crude, cif R'dam (US-\$/T)

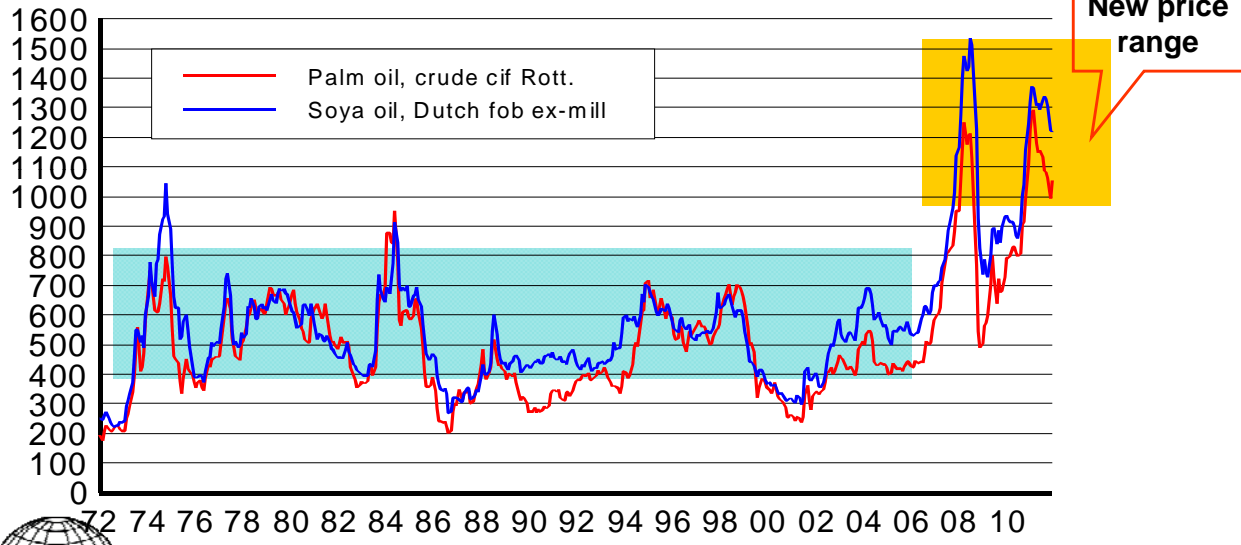


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Soya Oil & Palm Oil: Monthly Prices (US-\$/MT)



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