

Market Report February 2025

Palm Oil

Prices for palm oil have continued to rise in recent days due to low production and low stock levels in Malaysia. The increase in palm oil production has slowed significantly in recent years, causing palm oil's share of the global total production of major oils to decline from 32 % to 30 %. On the other hand, Indonesia's biodiesel program, which envisions further increasing blending quotas, could significantly boost the demand for palm oil. As a result, palm oil has lost its status as the cheapest vegetable oil for many consumers, leading buyers to shift their focus more and more towards soybean oil and sunflower oil.



Soybean Oil

This has also supported soybean oil prices. In the U.S., demand from the biodiesel industry has continued to rise. The current plans to ban the import of UCO (used cooking oil) from China as feedstock for biodiesel will further increase the industry's need for vegetable oils, leading to higher imports. Additionally, market participants are unsettled by the current strategy of the U.S. administration to impose significant tariffs on imported products from neighboring countries. Favorable rainfall in Argentina's soybean-growing regions has slightly improved harvest estimates. In Brazil, harvesting has begun, and a so-called "bumper crop" of over 170 million tons is expected. These developments contribute to stabilizing price levels.

Rapeseed Oil

The below-average demand for biodiesel in the EU is freeing up more quantities for other industries. As a result, rapeseed oil remains a cost-effective alternative to other vegetable oils (especially sunflower oil) for near-term deliveries (old-crop supply) until June. It is still too early to predict how good the upcoming harvest will be. Therefore, later delivery dates are being traded with only minor discounts.



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Sunflower Oil

Sunflower oil continues to widen its premium over rapeseed oil and soybean oil. After large quantities of sunflower seeds were processed between October and January, availability has tightened significantly, particularly in the Black Sea region. Producers are holding back the limited supply, which is expected to lead to price increases in the coming weeks. In April, when sowing begins, more accurate conclusions about the upcoming harvest can be drawn. Many market participants are no longer offering contracts for near-term deliveries (Q2), and Q3 is already well booked, further tightening supply. High-oleic sunflower oil has seen a stronger price increase compared to standard quality.

Olive Oil

In Spain, 1,234,000 tons of olive oil were produced between October and the end of February, suggesting a total production of approximately 1.45 million tons. Favorable rainfall in January has fueled hopes for another good harvest in 2025/26. However, this rain has negatively impacted the quality of the current harvest. The proportion of so-called lampante oils is unusually high this year, leading to a significant price gap between refined olive oil and extra virgin olive oil. Buyers are hoping for lower prices due to the decent harvest and recent rainfall and are refraining from signing larger contracts. Meanwhile, cooperatives are adopting a wait-and-see approach and are holding onto large stocks. Market movement could occur around mid-year when the upcoming harvest becomes clearer based on the olive blossom. However, Andalusia still requires additional rainfall to compensate for past deficits, with these expected mainly in March and April. It remains uncertain how the availability of high-quality sensory oils will develop from June onward. Many consumers face a dilemma: whether to secure high-quality oil now at current prices or speculate on falling prices in May/June - without knowing if prices will indeed drop and, if they do, what quality will still be available. At the same time, more buyers from Italy are entering the market after Italian production has hit a historic low of under 150,000 tons. These buyers are purchasing the best batches from Spanish producers at current prices, further stabilizing price levels. Italian olive oil is currently trading at a 100 % premium over Spanish oil. Thanks to average harvests in Spain and Greece and good harvests in Tunisia and Turkey, the global supply has stabilized, making olive oil once again available to households at a reasonable price.



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■ **KEY PRODUCTS FROM THE GUSTAV HEESS PRODUCTION IN THE USA**

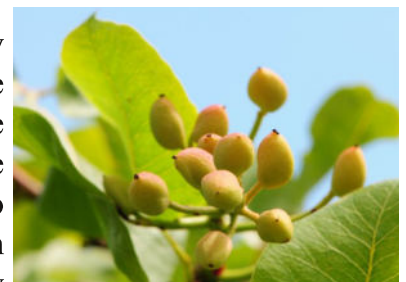
Almond Oil

The California almond bloom is beginning and orchards all around the state are looking beautiful. The bees are busy pollinating, and the farmers are beginning to see the trees wake up from their winter slumber. The Almond Board of California (ABC) released their January position report, and it has beat expectations in every category. California was expected to export 210 million pounds in January but ended up exporting 228 million. The industry has been expecting a slow down in shipments, but the market remains strong. The current inventory rests at 1.169 billion pounds, which is up from last year at this point which had only 1.126 billion pounds. With shipments and sales remaining steady and a strong inventory, we should see stability in Almond pricing.



Pistachio Oil

As mentioned in last month's report, this year's pistachio inventory was down 22 % from the previous year. This falls perfectly in line with the pistachio 2-year production cycle. This year we are expecting a record production if we continue to see favorable weather. Demand for pistachios in the US and the EU continue to grow. Farmers are however seeing a much lower demand from China. Some are worried this may be only the start if trade policy between the US and China continue to change. The American Pistachio growers will be holding their annual conference next week in California. Assembly members on both sides are slated to host lectures discussing everything from sustainability to trade policy.



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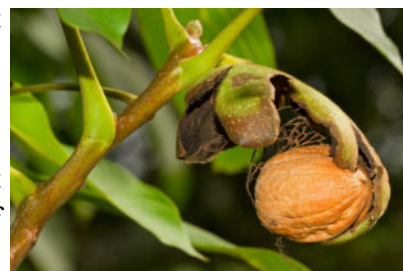
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Walnut Oil

The California Walnut Commission has provided a mid-harvest update on the 2024 walnut crop. With harvest progressing smoothly, the commission said it is excited to share some positive developments. While early varieties of California walnuts are nearing completion, the California-developed Chandler variety is at the peak of harvest and the industry is pleased with the quality of this year's crop. Reports indicate that the walnut crop held up well to the summer temperatures, which were less severe than temperatures seen in 2022. The Chandler variety, which represents over 65% of the California industry acreage, shows "excellent color and condition," the commission said in a release.



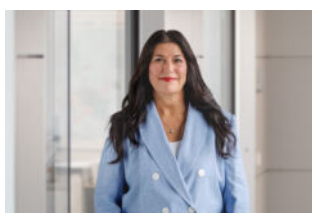
■ AMENDED SPECIFICATIONS

504021 Jojoba oil virgin low odour

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.

Your Gustav Heess Team



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