

Market Update for Rapeseed & Canola

Update prepared by ISTA Melke GmbH – Global Oil World analyses and forecasts for oilseeds, oils & fats and oilmeals in Hamburg, Germany. On www.oilworld.de more details are provided about the company profile and the individual services.

European rapeseed prices recovered in early November. Bullish external factors, primarily the uncertain outlook for grain and oilseed exports from the Black Sea region as well as appreciating vegetable oil prices, are currently outweighing the bearish supply & demand outlook for rapeseed & canola. Soya oil prices are pulling up other vegetable oils and oilseeds. Soya oil supplies are tightening in the three major exporting countries.

World production of rapeseed & canola is turning out even larger than initially expected and is now forecast to reach a record 76.2 Mn T in 2022/23, up 9.6 Mn T or 14% on the year. There is currently still a wide range of market estimates for Australia, with the extent of the damage caused by heavy rains and localized floods in eastern producing regions a key swing factor to watch. In our opinion, the further increase in the area by 0.4 Mn ha this year is likely to lift the crop to at least 7.1 Mn T (vs. 6.9 Mn T in 2021), assuming a setback in the average yield of around 8%.

We have also raised our crop estimates for Canada, Russia and the US. In India, rapeseed plantings are likely to continue to increase this season contrary to our initial estimate of a decline, potentially keeping the crop unchanged at around 10.3 Mn T this season.

The increase in production is setting the stage for a recovery in world exports of rapeseed & canola by an estimated 3.5 Mn T in 2022/23. Shipments virtually stagnated at 3.6-3.7 Mn T in July/Sept, with the severely lower exports from Canada (due to unusually low old-crop stocks) offset by larger volumes from Australia. However,

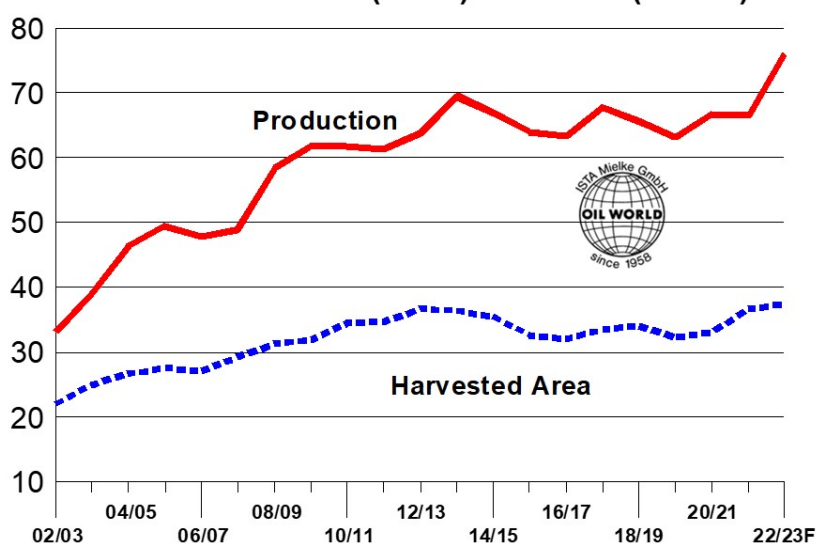
world import demand for rapeseed & canola has apparently recovered in recent months, promoted by sharply lower prices. Replenished Canadian supplies already boosted exports in the second half of September and October. This trend is expected to continue in the remainder of this year and in Jan/June 2023.

Most of the increase in world imports of rapeseed & canola is expected to occur in China this season. Comparatively large purchases of Canadian canola for export to China have been reported of late. A recovery from last year's unusually low levels is also shaping up in Pakistan and the United Arab Emirates this season.

Rising demand, both from the domestic crush industry and key importing countries, as well as appreciating global vegetable oil

RAPESEED & CANOLA

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



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prices supported Canadian canola prices of late. Canadian canola prices are also deriving strength from rallying US vegetable oil prices, significantly widening the premium of canola oil in Vancouver vis-a-vis rapeseed oil in Northwest Europe.

However, current market prices are still considered overvalued in view of the record world rapeseed supplies of more than 82 Mn T this season. There is scope for an increase in world rapeseed crushings by about 5 Mn T to a record 69-70 Mn T in July/June 2022/23, still implying a recovery of world stocks at the end of the season by 3-4 Mn T.

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