

Ukraine. Sunflower oil is underestimated on the world market

(Based on the materials of International conference "Black Sea Oil Trade - 2016")

In the new 2016/17 MY due to the unparalleled sunflower crop -14 MMT (UkrAgroConsult's forecast), Ukraine will be able to reach the record volume of sunflower oil production and exports – 5.65 MMT and 5.17 MMT respectively.

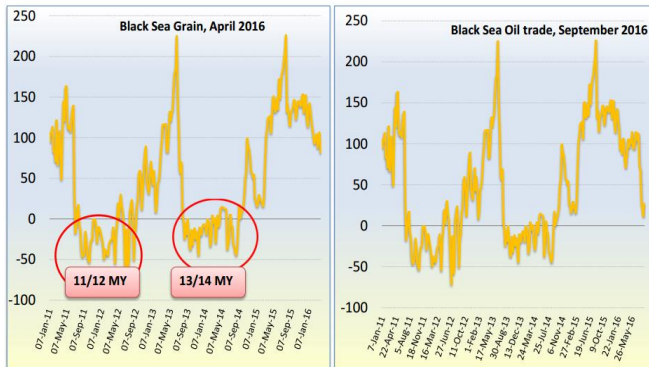
Украина: Баланс спроса и предложения, тыс.т
Ukraine: Supply and Demand Balances, KMT

Sunoil	Подсолнечное масло	2016/17	2015/16	2014/15	2013/14
Opening stocks	Начальные запасы	82	65	76	35
Production	Производство	5650	4913	4305	4700
SUPPLY	ПРЕДЛОЖЕНИЕ	5732	4978	4381	4735
Domestic consumption	Внутреннее потребление	450	420	440	490
Exports	Экспорт	5170	4470	3870	4163
Lossed	Потери	6	6	6	6
DEMAND	СПРОС	5626	4896	4316	4659
Ending stocks	Конечные запасы	106	82	65	76

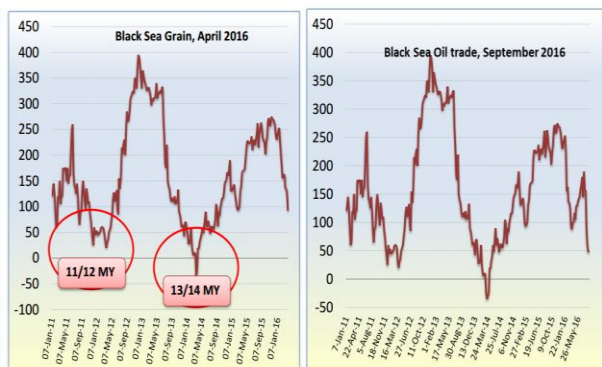


According to our previous forecasts (at the conference Black Sea Grain – 2016, April) due to the new records the spread between sunflower oil and soybean oil as well as between sunflower oil and palm oil can reach the negative values. This means that sunflower oil will be cheaper as it was observed in 2011/12 and 2013/14 MY.

Спред между подсолнечным и соевым маслами, дол/т
SFO vs SBO spread, USD/MT

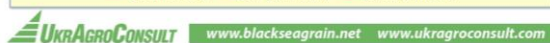
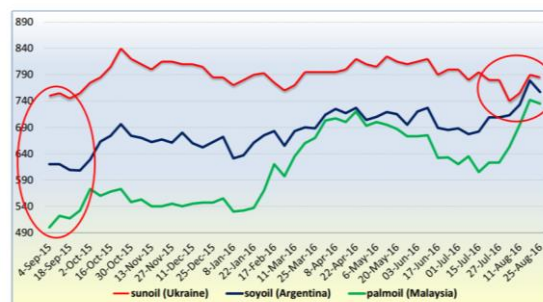


Спред между подсолнечным и пальмовым маслами, дол/т
SFO vs PO spread, USD/MT



Even now we can see the sharp price squeeze for all vegetable oils.

Цены на растительные масла, дол/т, FOB
Vegoil FOB prices, USD/MT



Though, compared with the other vegetable oils, in the first place with soybean and palm oil, sunflower oil has turned out to be the most underestimated of all.

Thus, with the palm oil and soybean oil price growth (+ 13% and +7% respectively), we can see that the price of sunflower oil lowered by 4%.

Сравнение прироста цен на растительные масла
Comparison of growth for vegetable oils
prices

	Palm oil	Soybean oil	Sunseed oil
2016/17 vs 2001/02			
Prices	+111%	+96%	+44%
2016/17 vs 2015/16			
Prices	+13%	+7%	-4%



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The source of the long-term income stabilization for all the sunflower market participants in Ukraine should become not the production growth, but the placement of the sunflower oil as a premium-class product, considering the high content of vitamin E and the most important thing – GM absence.

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