

Turkey... Growing Market for Vegoils & Fats

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Main Topics

1. World Oils/Oilseeds & Sun Complex
2. Turkey
3. Turkish Oils & Oilseeds Balances
4. Sun Complex
5. Sun Complex & Price Outlook
6. Conclusions

World Oils/Oilseeds & Sun Complex



World Oilseed Production (2010/11)

	million tonnes/year
Soybeans	258.52
Rape/canola seeds	58.78
Sunflowerseeds	32.74
Cottonseeds	43.81
Groundnuts	23.78
Others	24.88
TOTAL	442.51



SOURCE: OIL WORLD/AgriPro 2011



World Vegoil Production (2010/11)

	million tonnes/year
Palm Oils	47.53
Soya Oil	42.03
Rape/Canola Oil	23.23
Sunflower Oil	12.11
Cottonseed Oil	4.84
Groundnut Oil	4.15
Corn Oil	2.40
Others	2.45
TOTAL	146.30

(excl. olive oil)



SOURCE: OIL WORLD/AgriPro 2011



World Sunseeds Production (2010/11)

	million tonnes/year
Ukraine	7.70
Russia	5.60
EU-27	7.03
Argentina	3.20
China	1.68
USA	1.32
India	1.00
TURKEY	0.90
Others	2.45
TOTAL	32.64



SOURCE: OIL WORLD/AgriPro 2011



Turkey



Turkey Fact File

- Population : 78.7 million
- Population Growth : 1.235%
- GDP : US\$ 729.1 billion
- GDP per capita : US\$ 12,300
- GDP Growth 2010 : 7.3% (-4.7% in 2009)
- Exchange rate : US\$ 1 = 1.53 Turkish Lira



SOURCE : CIA WorldFactbook March, 2011



Turkey Fact File

- Annual inflation (consumer): 8.7%
- Unemployment : 14%
- Age Structure : 0-14 26.6%
15-64 67.1%
65 & over ... 6.3%
- Meridian Age : 28.5



SOURCE : CIA WorldFactbook March, 2011



Turkey Fact File

- Fertility rate : 2.15/woman
- Urban Population: 70%
- Total Land : 783,563 sq km
- Arable Land : 29.81%
- Irrigated Land : 52,150 sq km



SOURCE : CIA WorldFactbook March, 2011



Turkey Major Crops

- Wheat : c. 20 million tonnes
- Sugar beat : c. 16 million tonnes
- Corn : c. 4 million tonnes
- Barley : c. 7.5 million tonnes
- Oilseeds : c. 1.85 million tonnes



SOURCE : AgriPro, Dec. 2010



Turkey Oilseeds

- Sunflowerseeds : 900,000 tonnes
 - Cottonseeds : 850,000 tonnes
 - Rapeseeds : 50,000 tonnes
 - Soybeans : 50,000 tonnes
- TOTAL : 1,850,000 tonnes



SOURCE : AgriPro , Dec. 2010

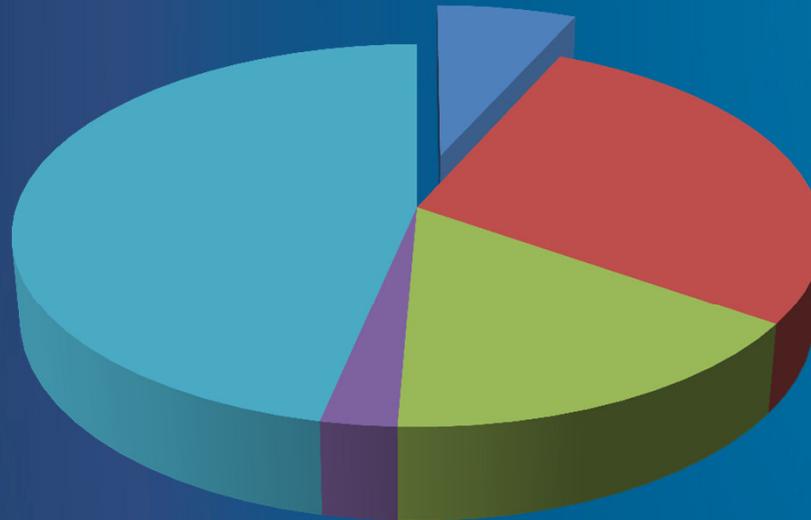


Turkish Oils & Oilseeds Balances



Turkish Vegoil Market Size

per capita consumption: 20.89 kg/year



■ Exports (Liquid/Margarine)
■ Domestic Margarine

■ Domestic Liquid
■ Industrial (feed, paint etc.)



Liquid oils : 12.57 kg per capita - 930,000 tons/year
Margarine : 7.14 kg per capita - 528,000 tons/year



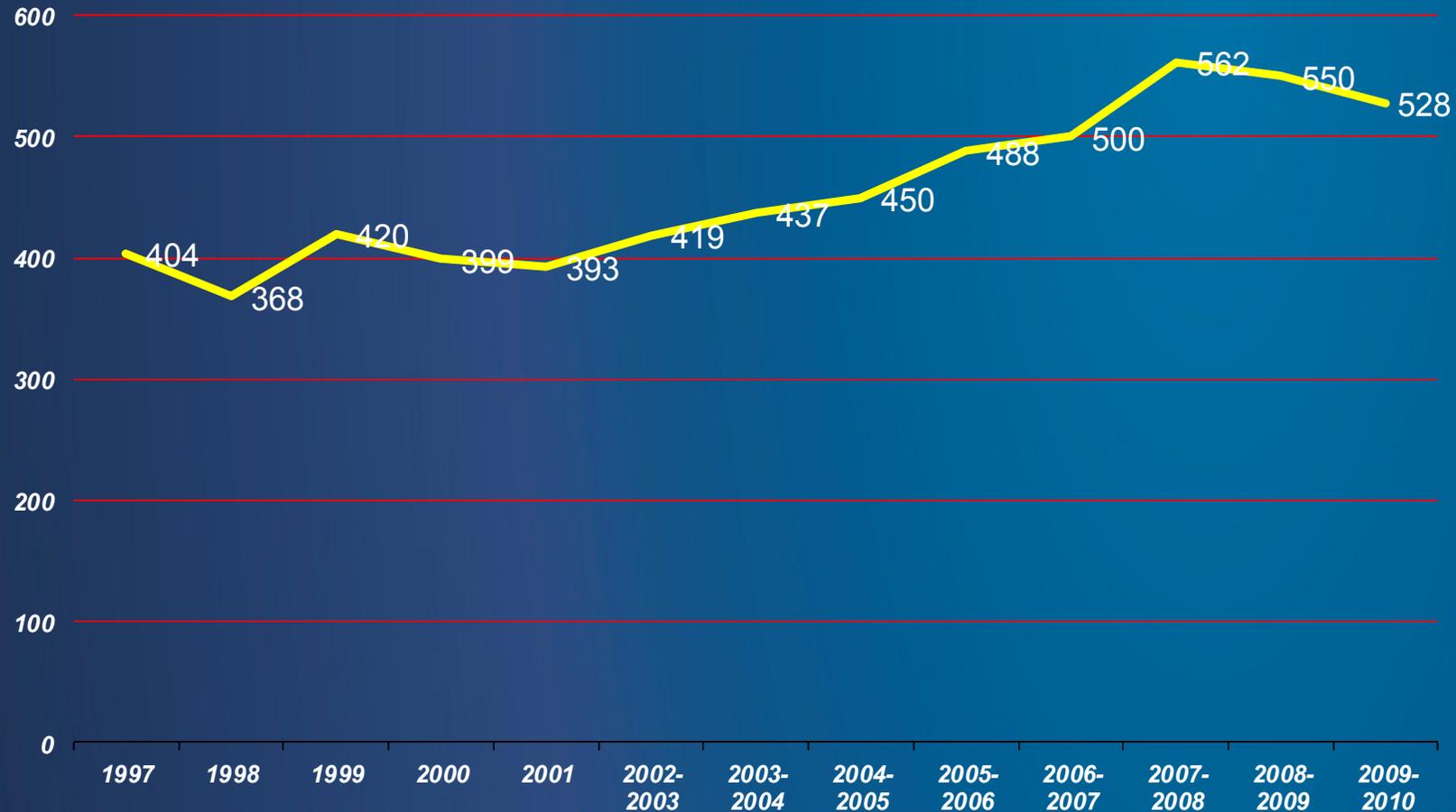
Liquid Oils Consumption (thousand tonnes)



Source: AgriPro 2011



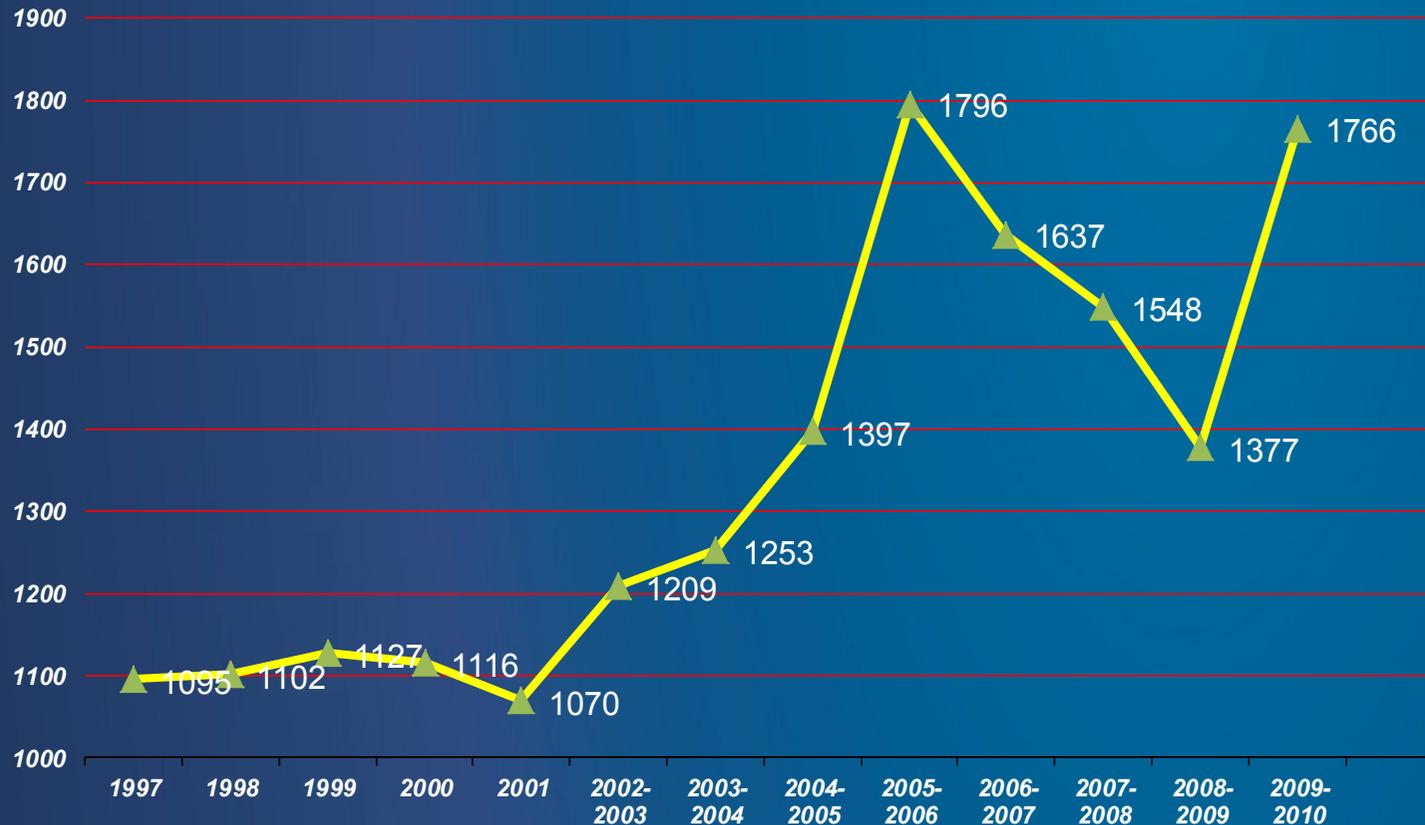
Margarine Consumption (thousand tonnes)



Source: AgriPro 2011



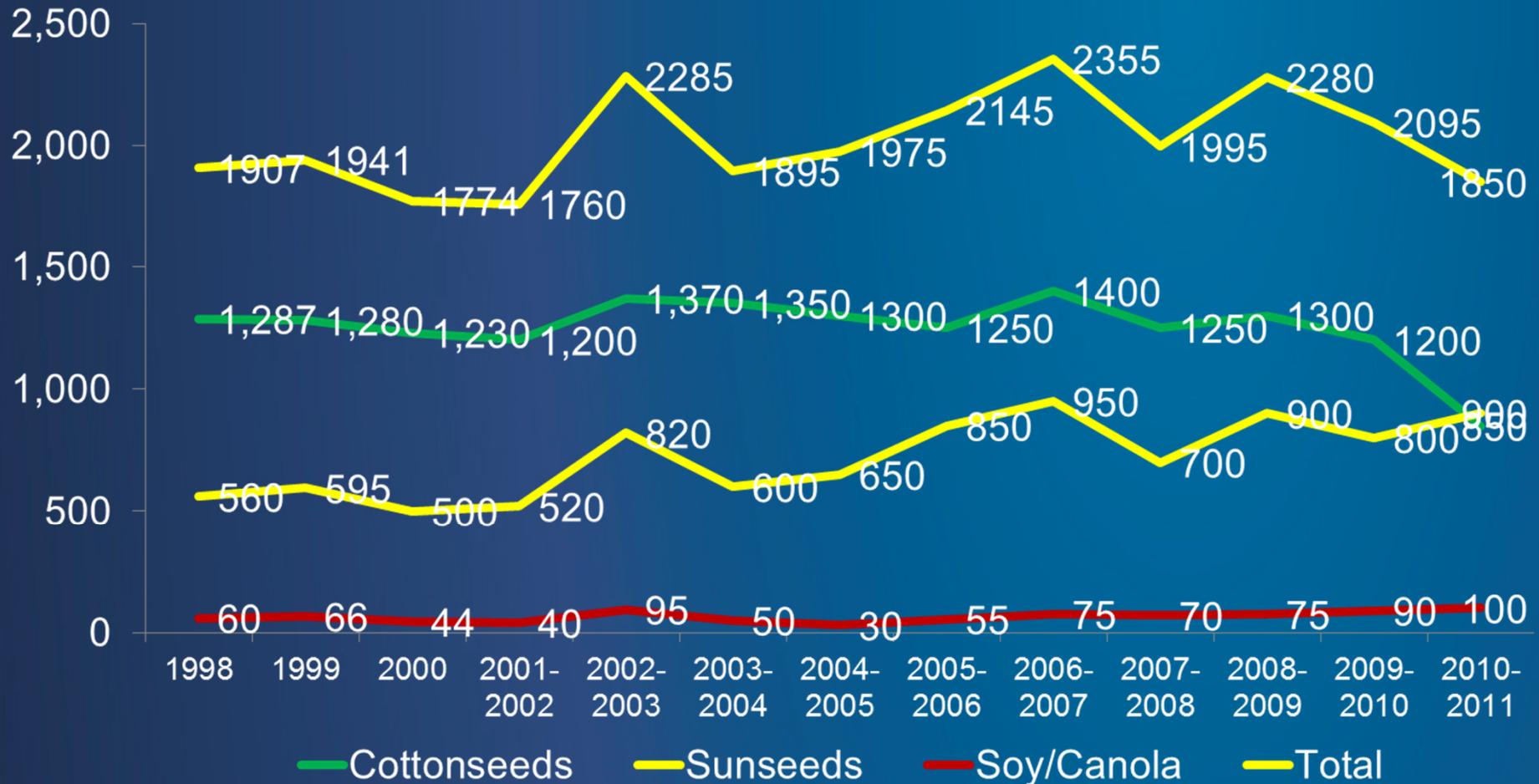
Total Vegoil Oil Consumption (thousand tonnes)



Source: AgriPro 2011



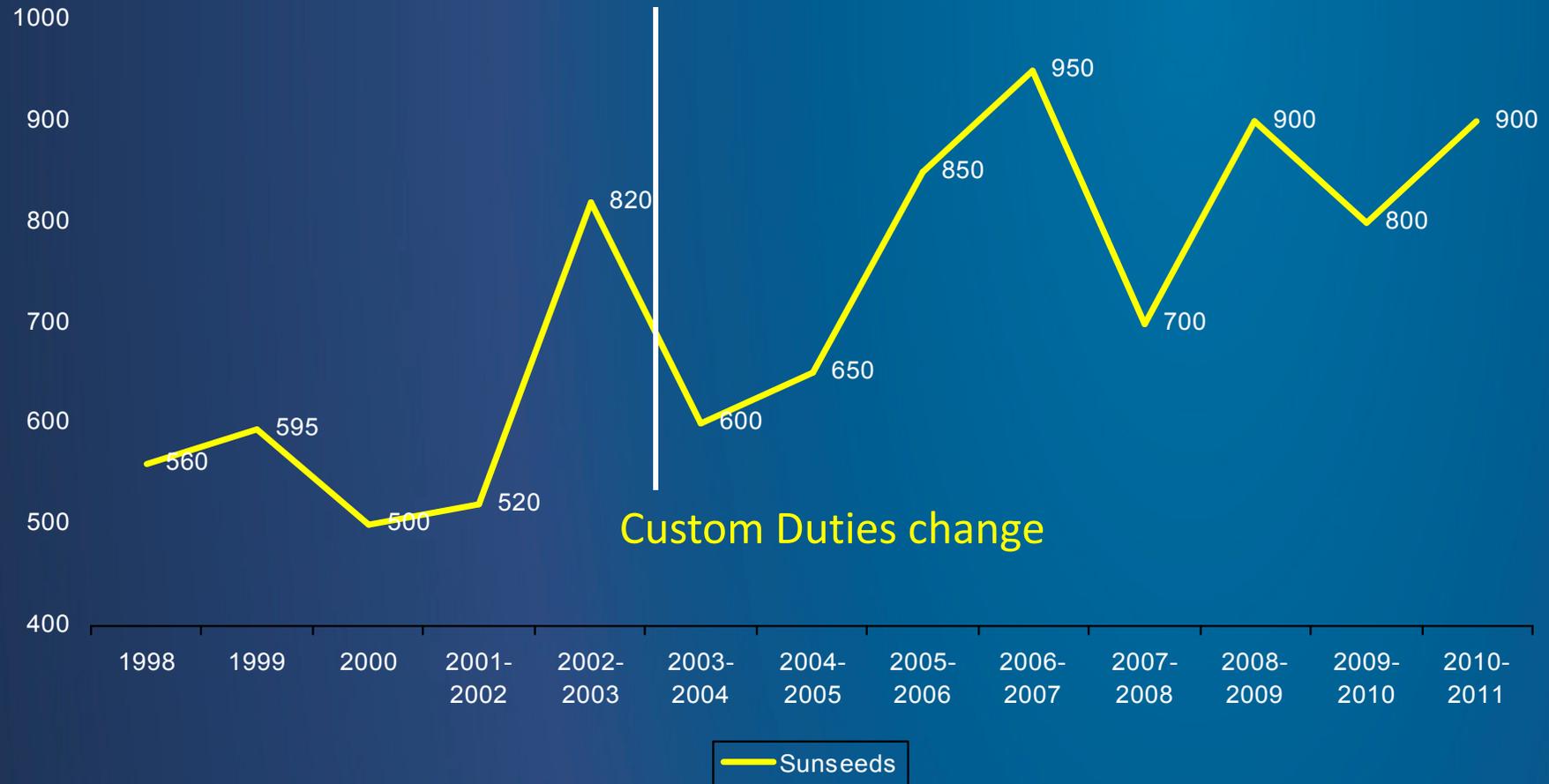
Oilseeds Production (thousand tonnes)



Source: AgriPro 2011



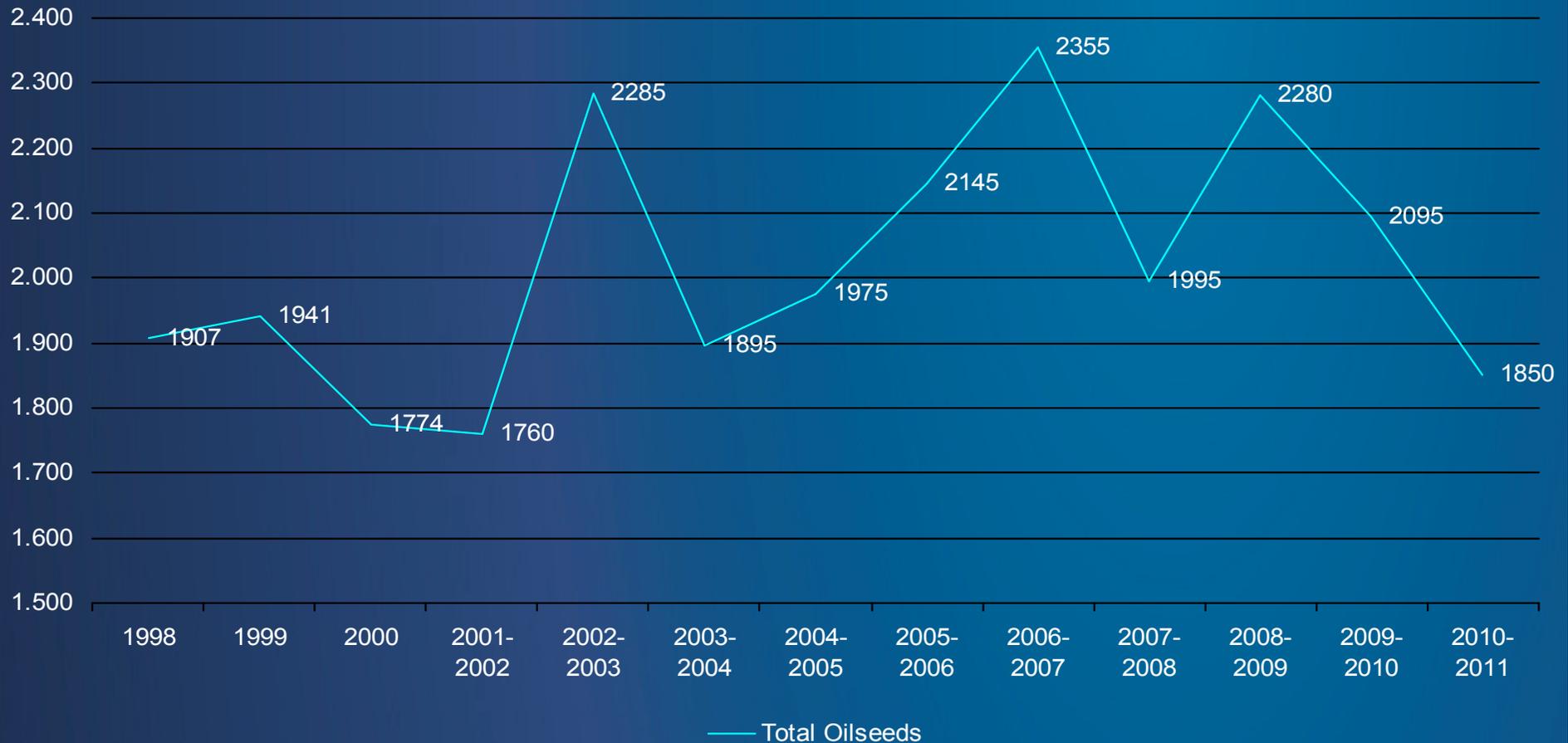
Sunseeds Production (thousand tonnes)



Source: AgriPro 2011



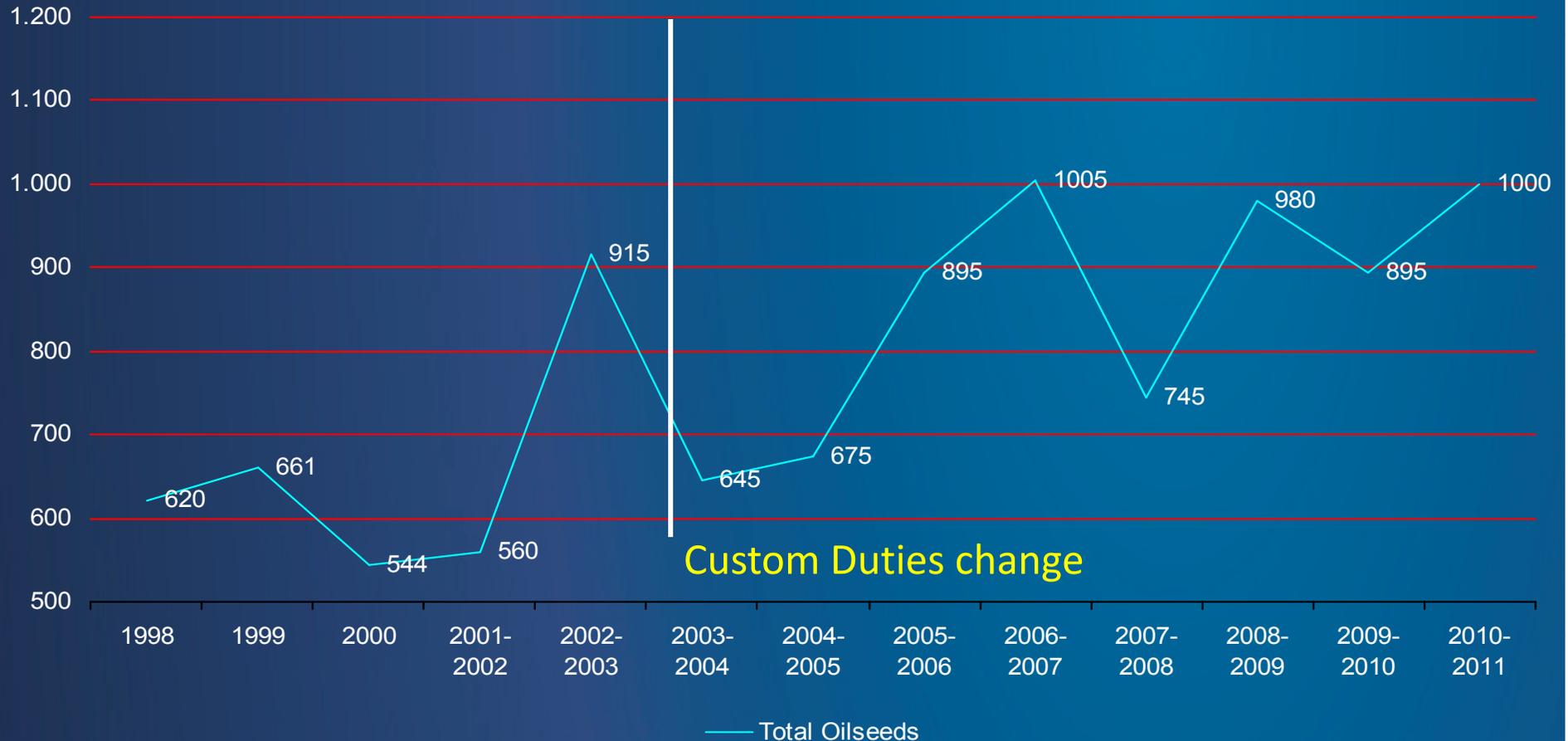
Total Oilseeds Production (thousand tonnes)



Source: AgriPro 2011



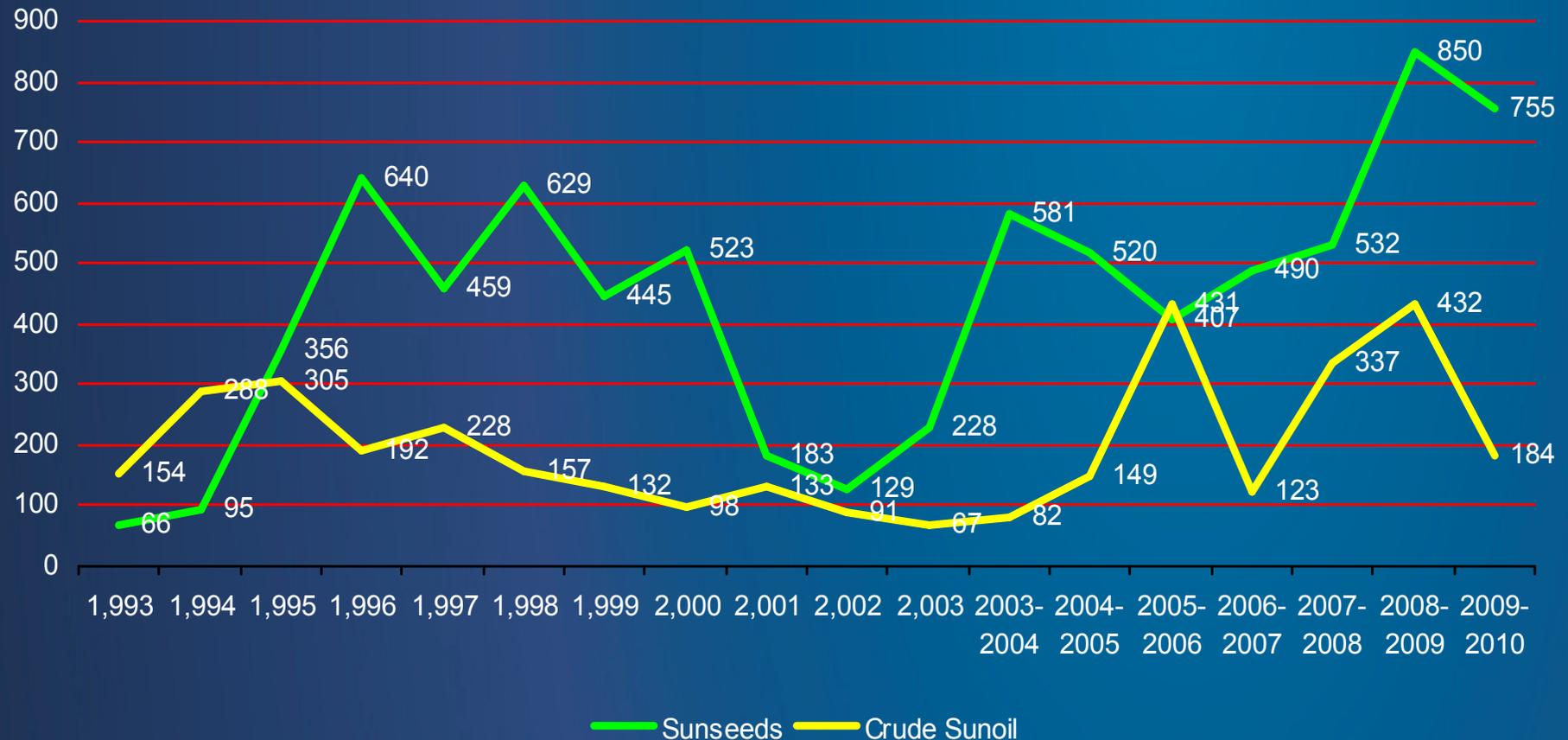
Turkish Oilseeds Production (without cottonseeds, 000 tonnes)



Source: AgriPro 2011



Sunseeds & Sunoil Imports (thousand tonnes)



Source: DTM/Undersecretariat of Foreign Trade



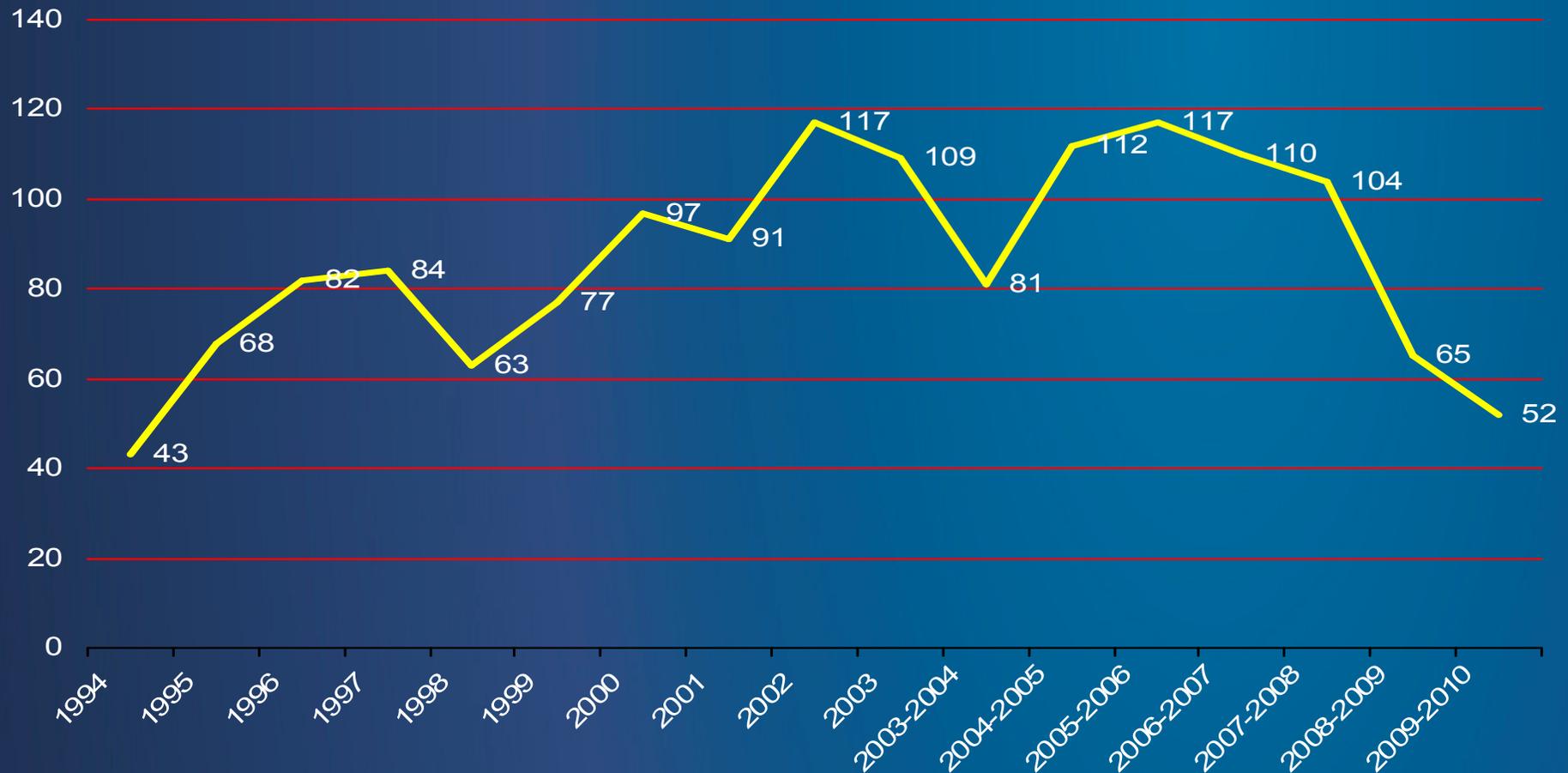
Soybeans & Soy Oil Imports (thousand tonnes)



Source: DTM/Undersecretariat of Foreign Trade



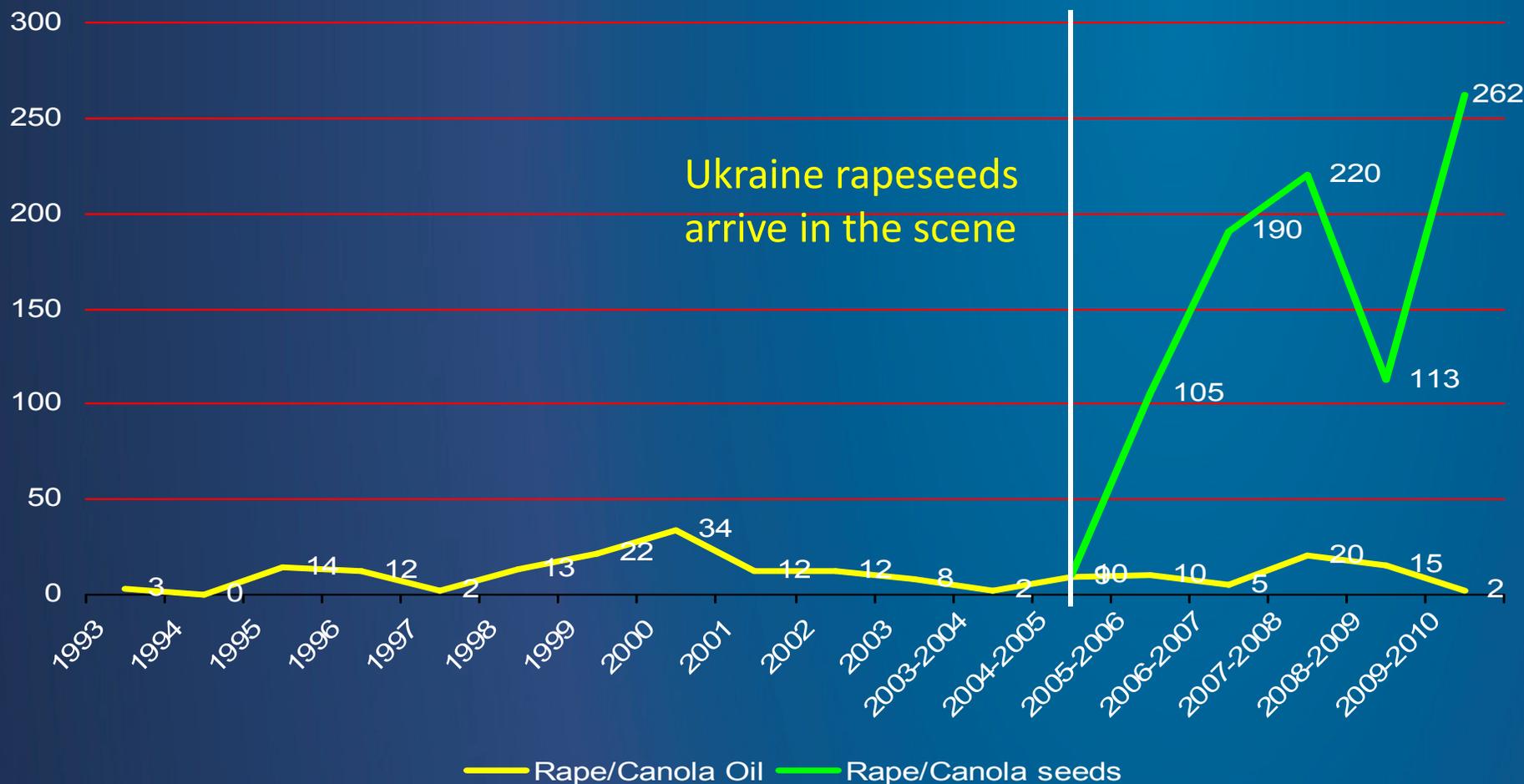
Corn Oil Imports (thousand tonnes)



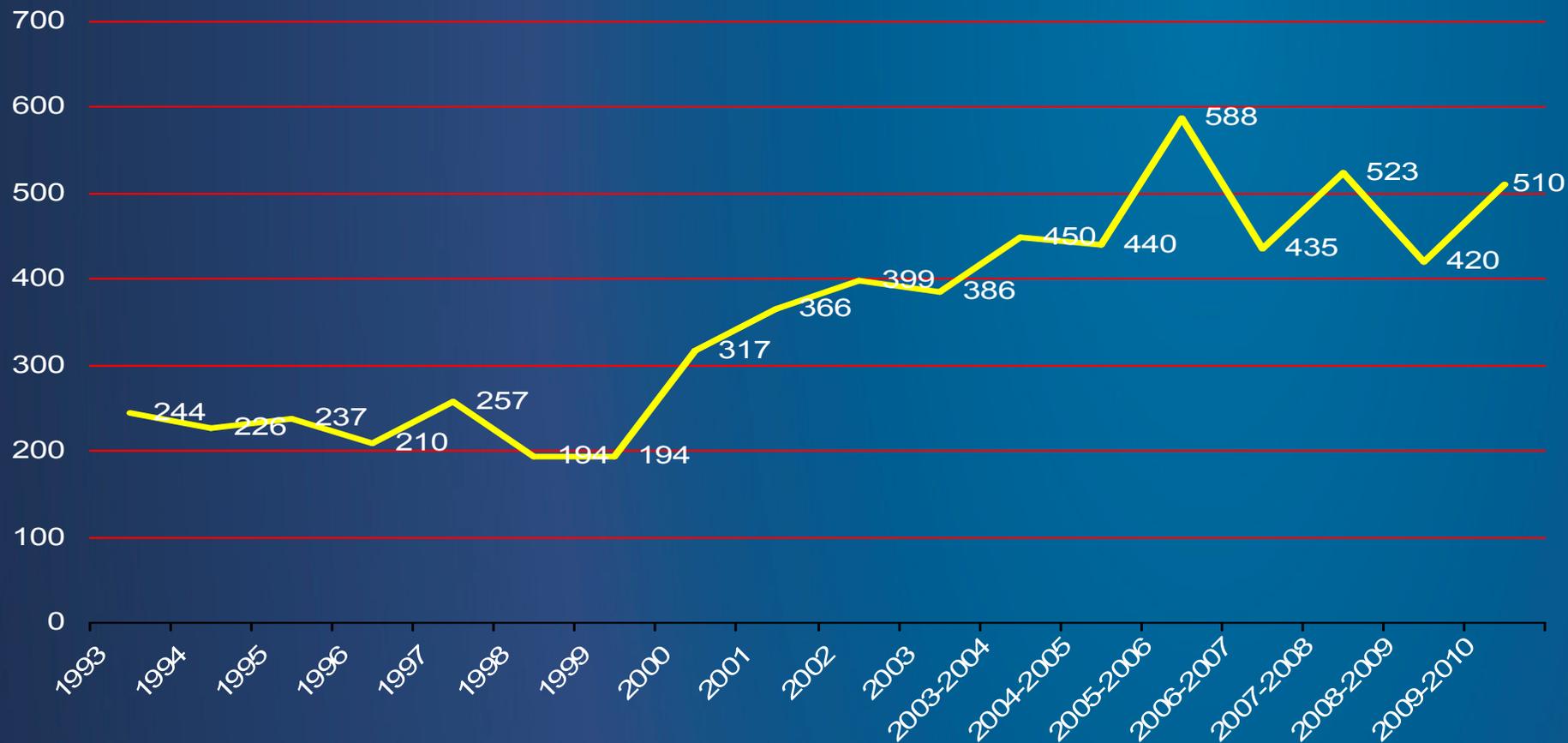
Source: DTM/Undersecretariat of Foreign Trade



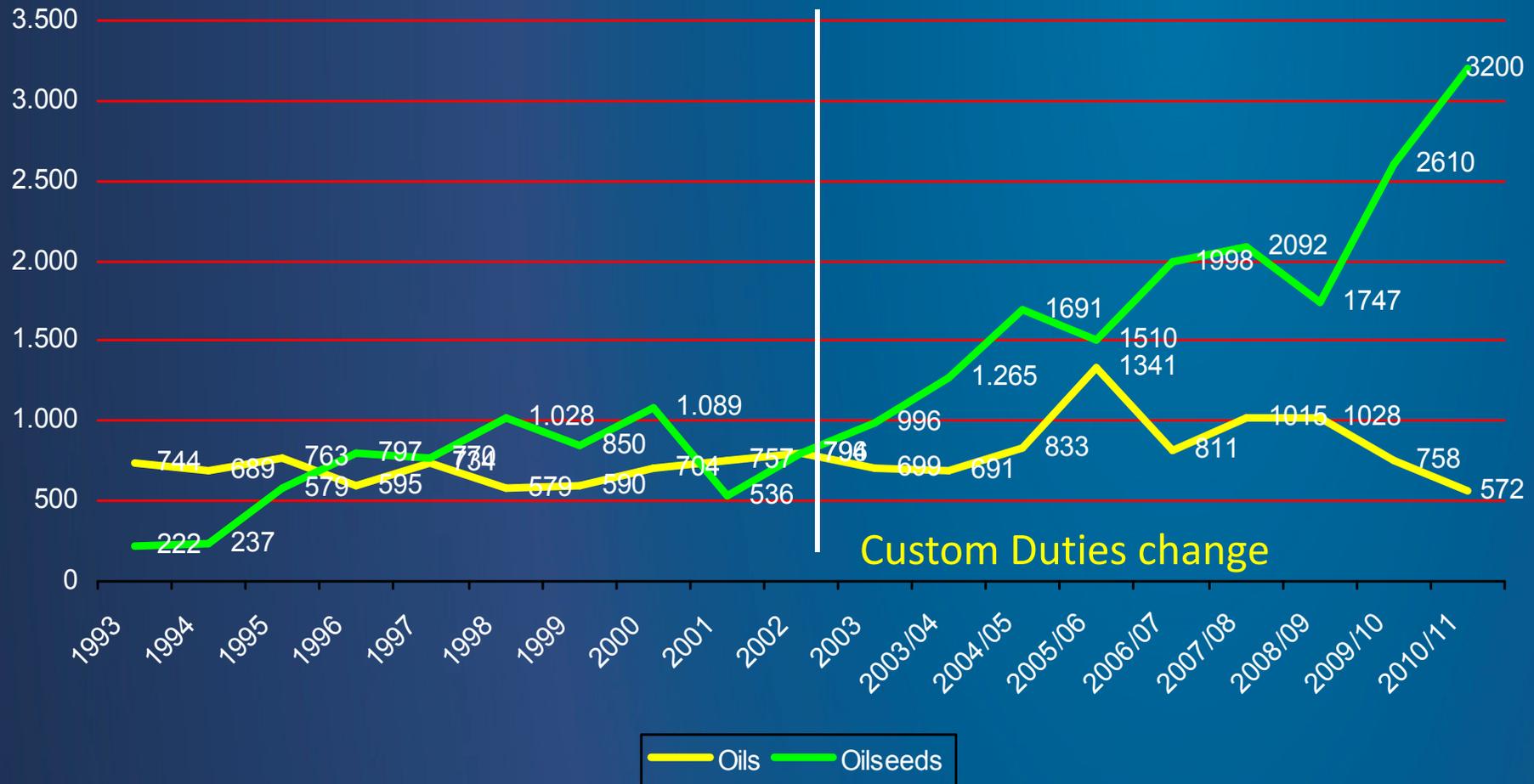
Rapeseeds & Rape Oil Imports (thousand tonnes)



Palm Oil Imports (thousand tonnes)



Total Oils & Oilseeds Imports (thousand tonnes)



Source: DTM/Undersecretariat of Foreign Trade

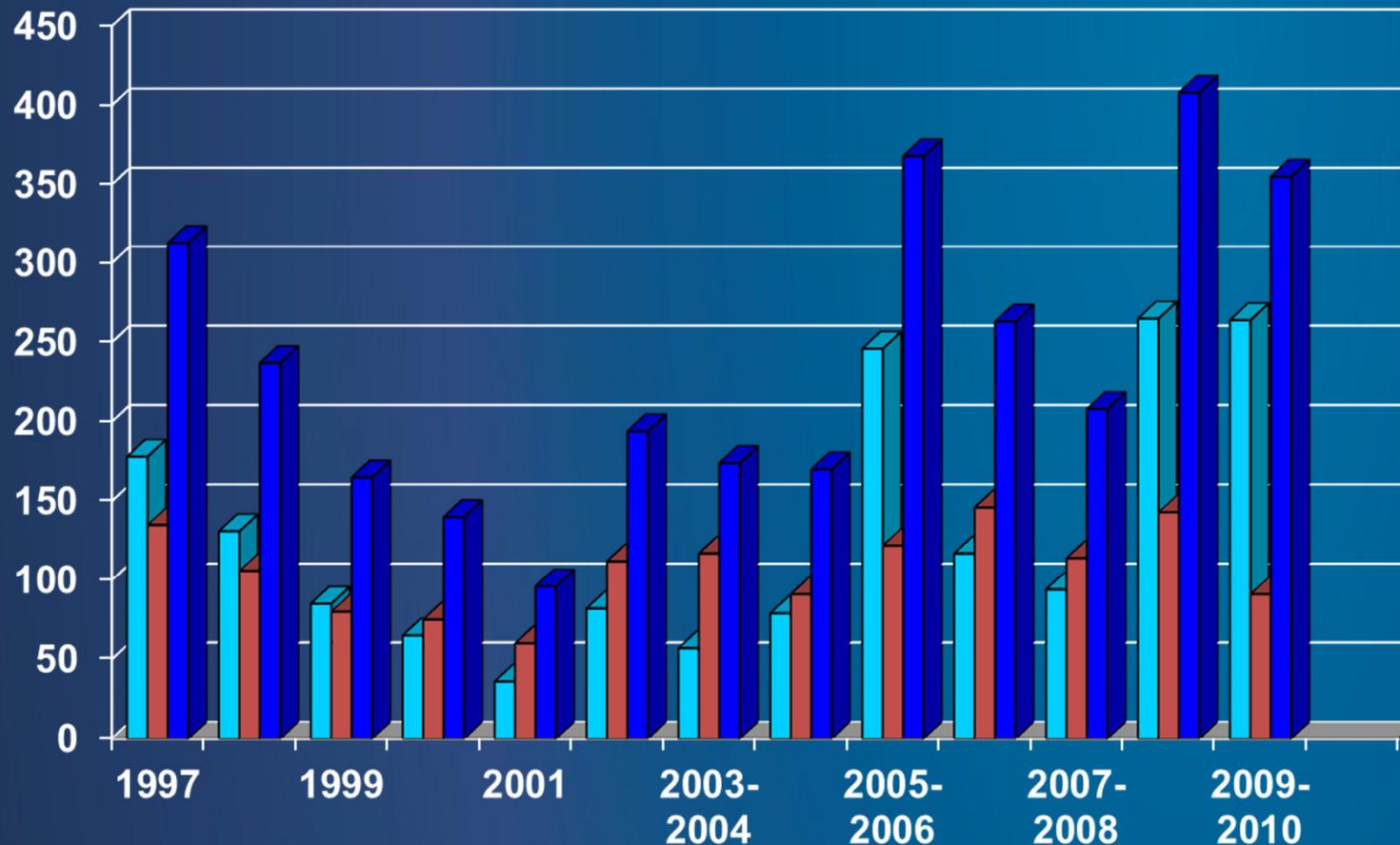


Major Import Duties

Sunseeds	: 27% (0% with tariff quotas) (\$141.75 min.)
Soybeans	: 8%
Rapeseed	: 10% (min. \$52.5/mt)
Crude Sunoil	: 36%
Refined Sunoil	: 50%
Other Vegoils	: 31.2%
Major Grains	: 130%
Protein Meals	: 13.5%

Turkish Vegoil Exports

X1000 tons



Main Destinations : Iraq, Syria, Algeria, Iran, EU-27, UAE



Source : DTM (Undersecretariat of Foreign Trade)



Total Turkish Oil Demand (2009-2010)

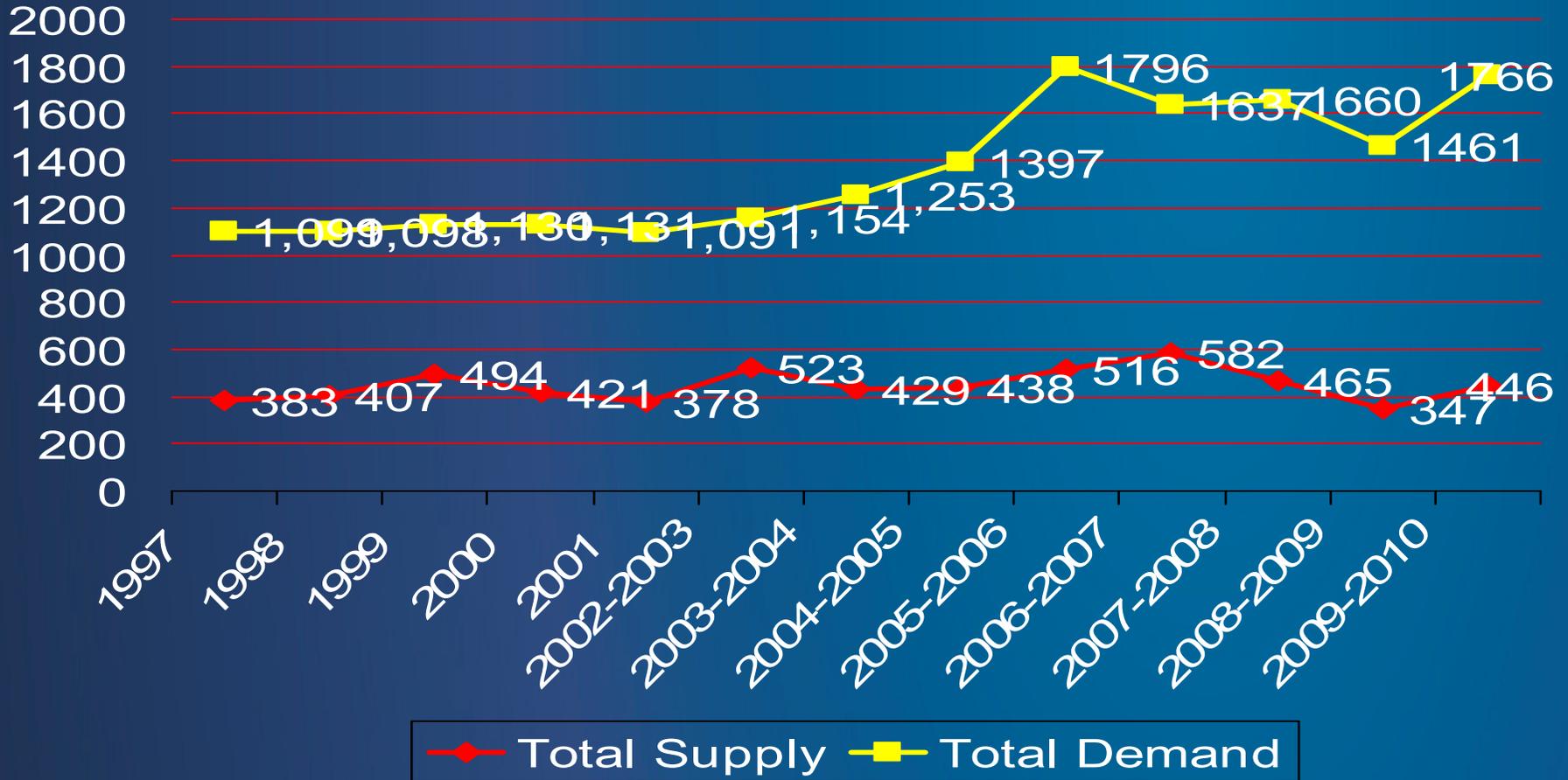
Liquid oils	:	930,000 tons
Margarine	:	528,000 tons
Exports	:	220,000 tons
<u>Industrial</u>	:	<u>88,000 tons</u>
TOTAL	:	1,766,000 tons



* Olive Oil excluded



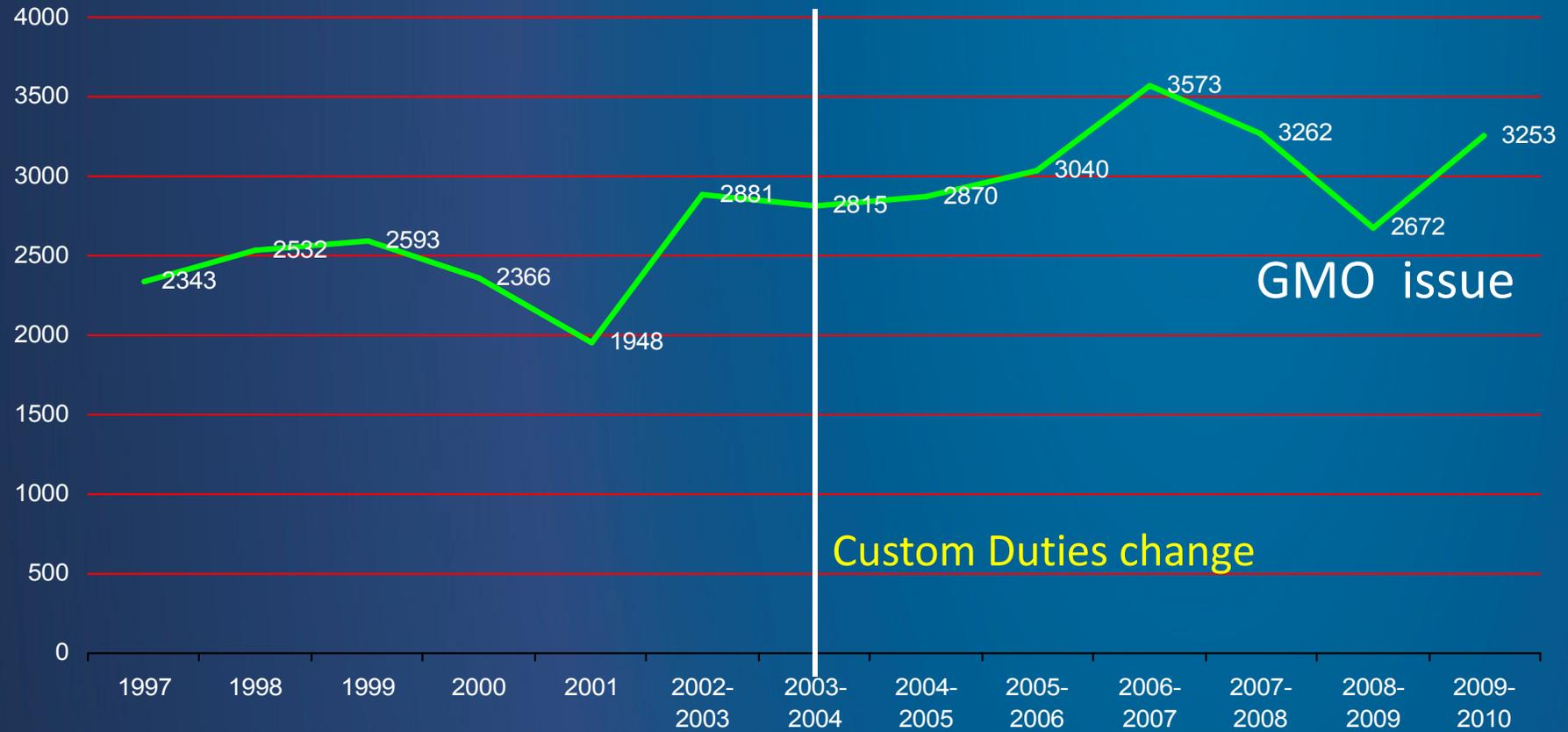
Vegoils Supply & Demand



Turkish Vegoil Production Capacity

- **Crushing capacity:** 5.0 mn tons
Utilisation : c. 75%
- **Liquid Refining capacity:** 2.0 mn tons
Utilisation : c. 70%
- **Margarine capacity:** 0.85 mn tons
Utilisation : c. 70%

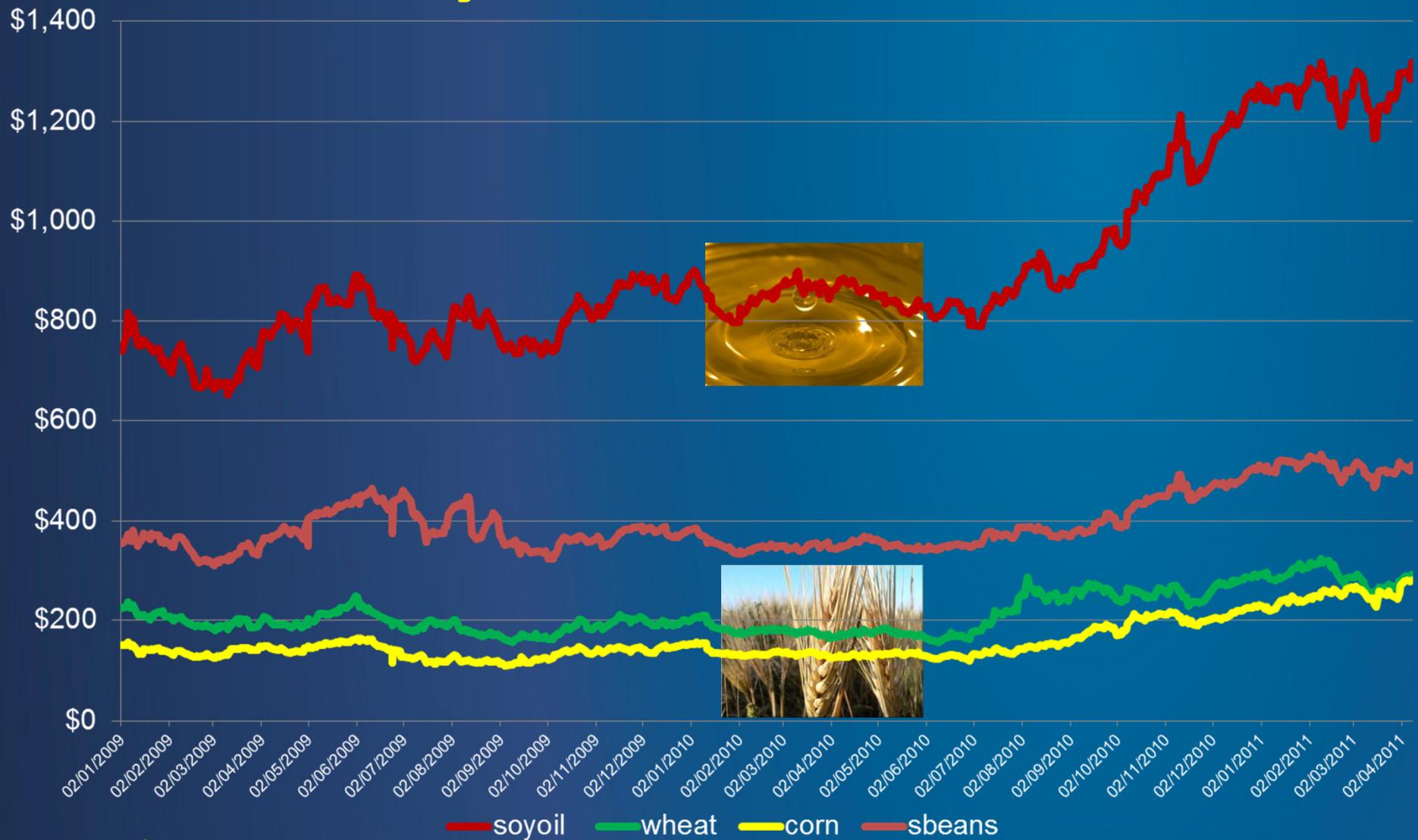
Turkey Oilseeds Crush (thousand tonnes)



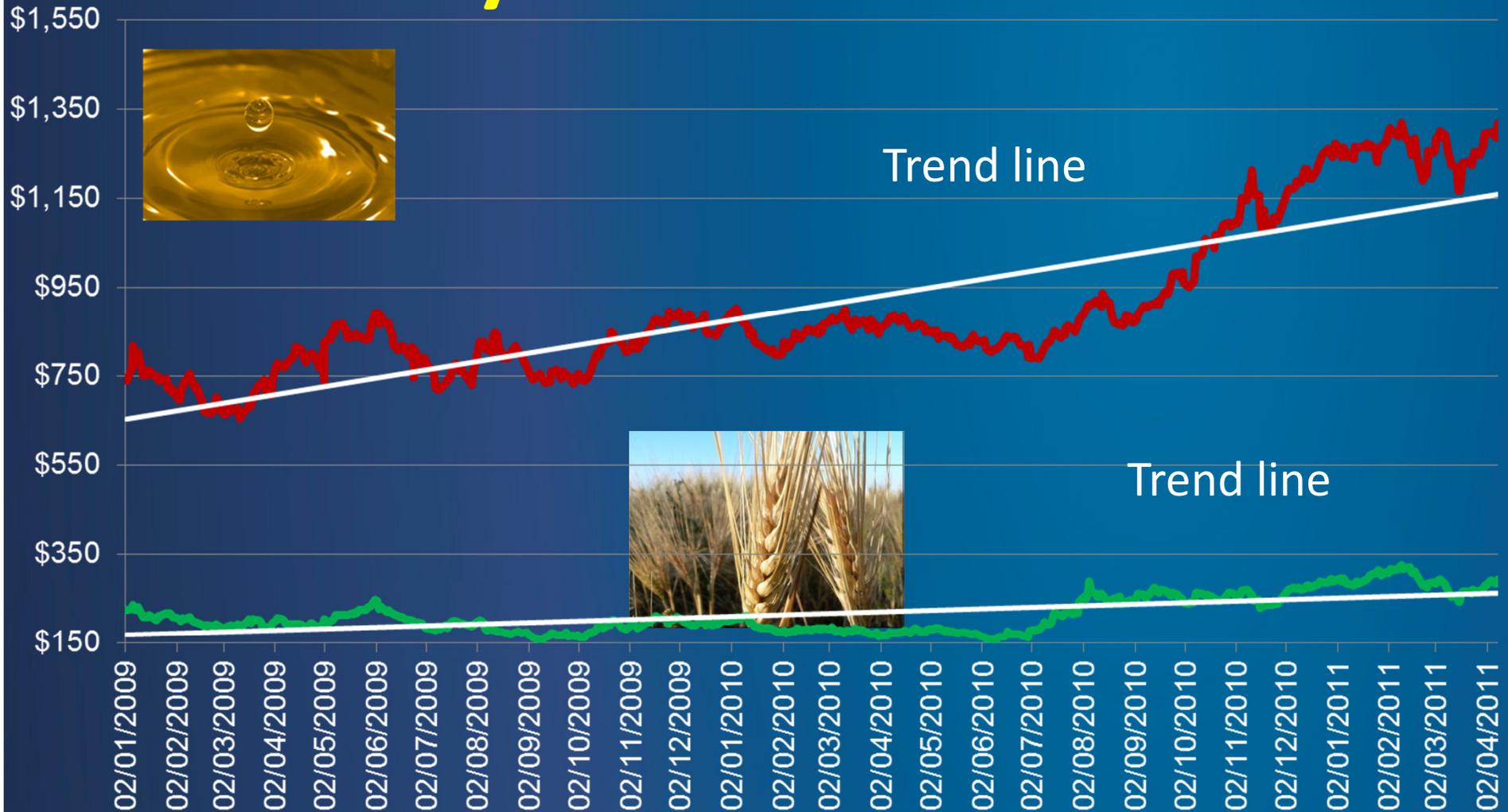
Sun Complex



CME Soyoil vs. Grains 2009-11



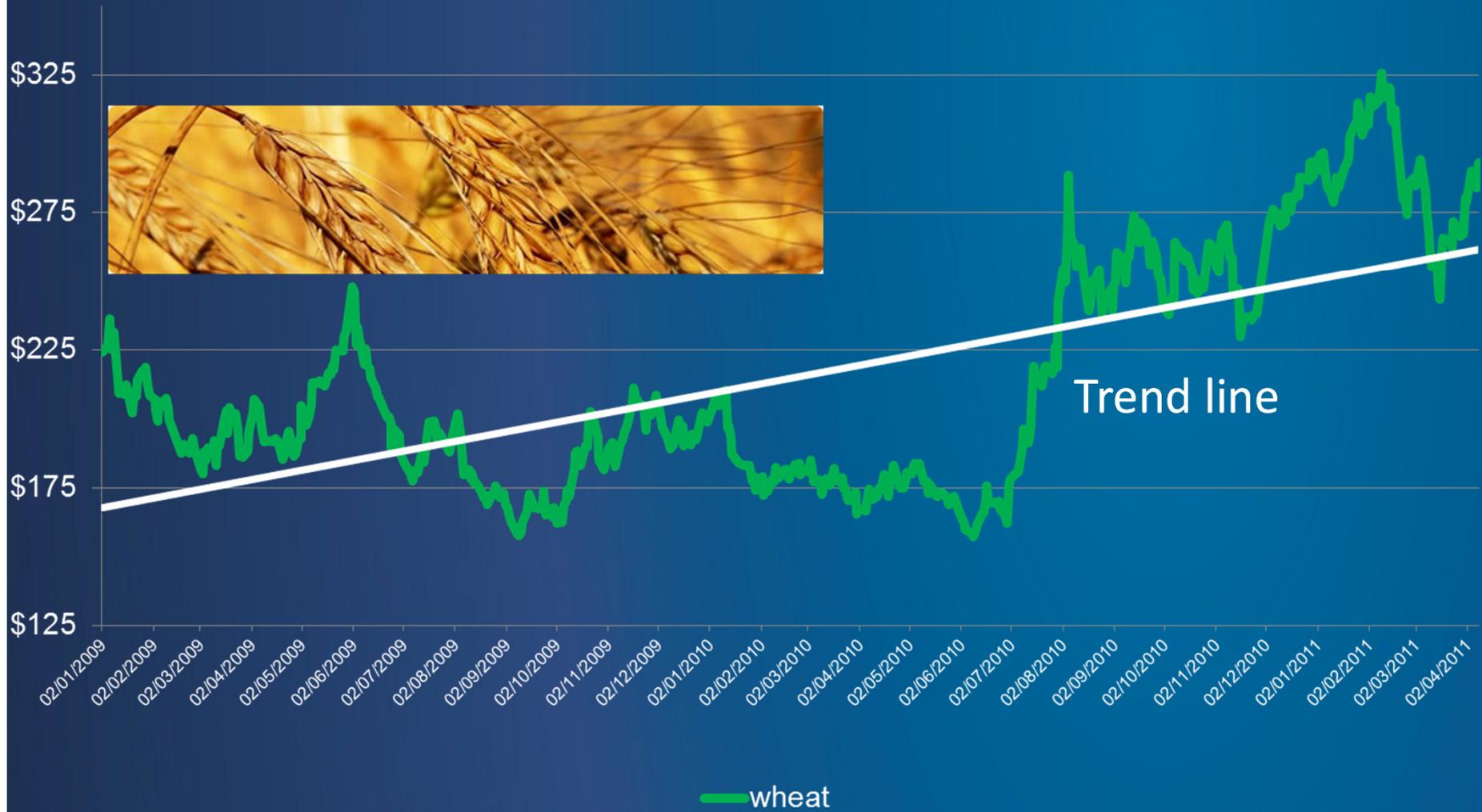
CME Soyoil vs. Wheat 2009-11



soyoil wheat



CME Wheat 2009-11

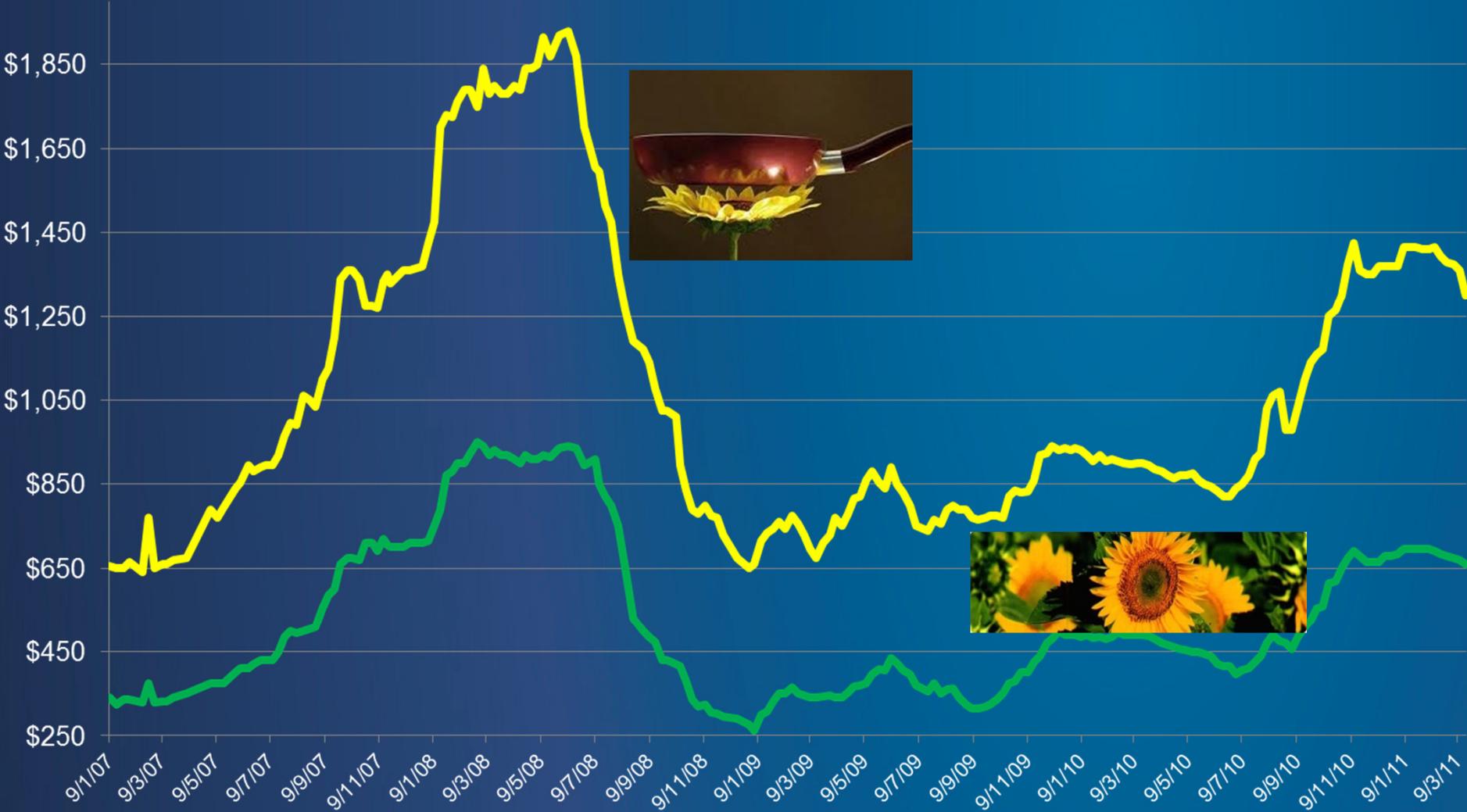


CME flat price increase 2009-11

Between 31.12.2008 & 08.04.2011

Wheat	77%
Corn	54%
Soybeans	70%
Soyoil	56%

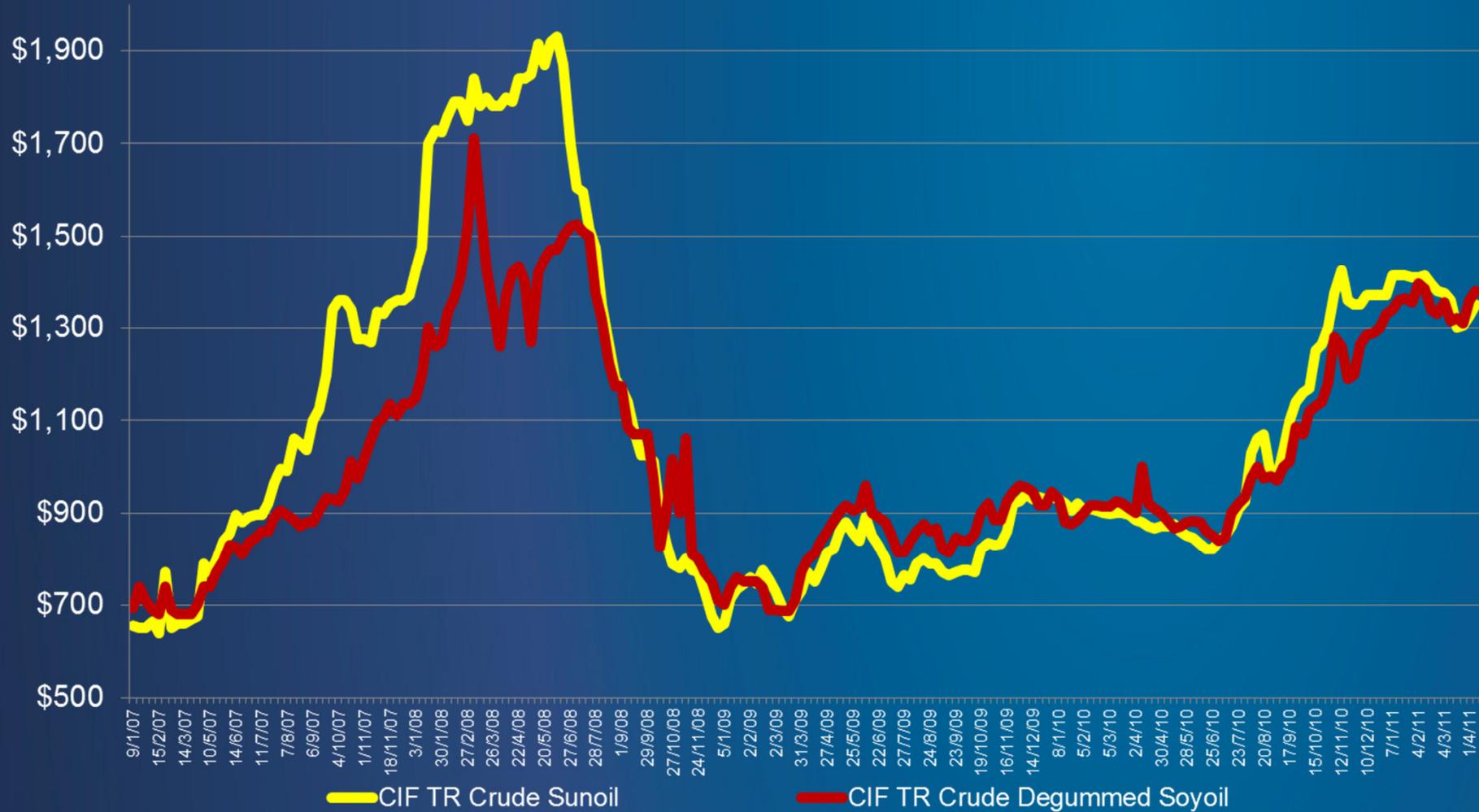
CIF TR Sunseeds v Sunoil 2007-2011



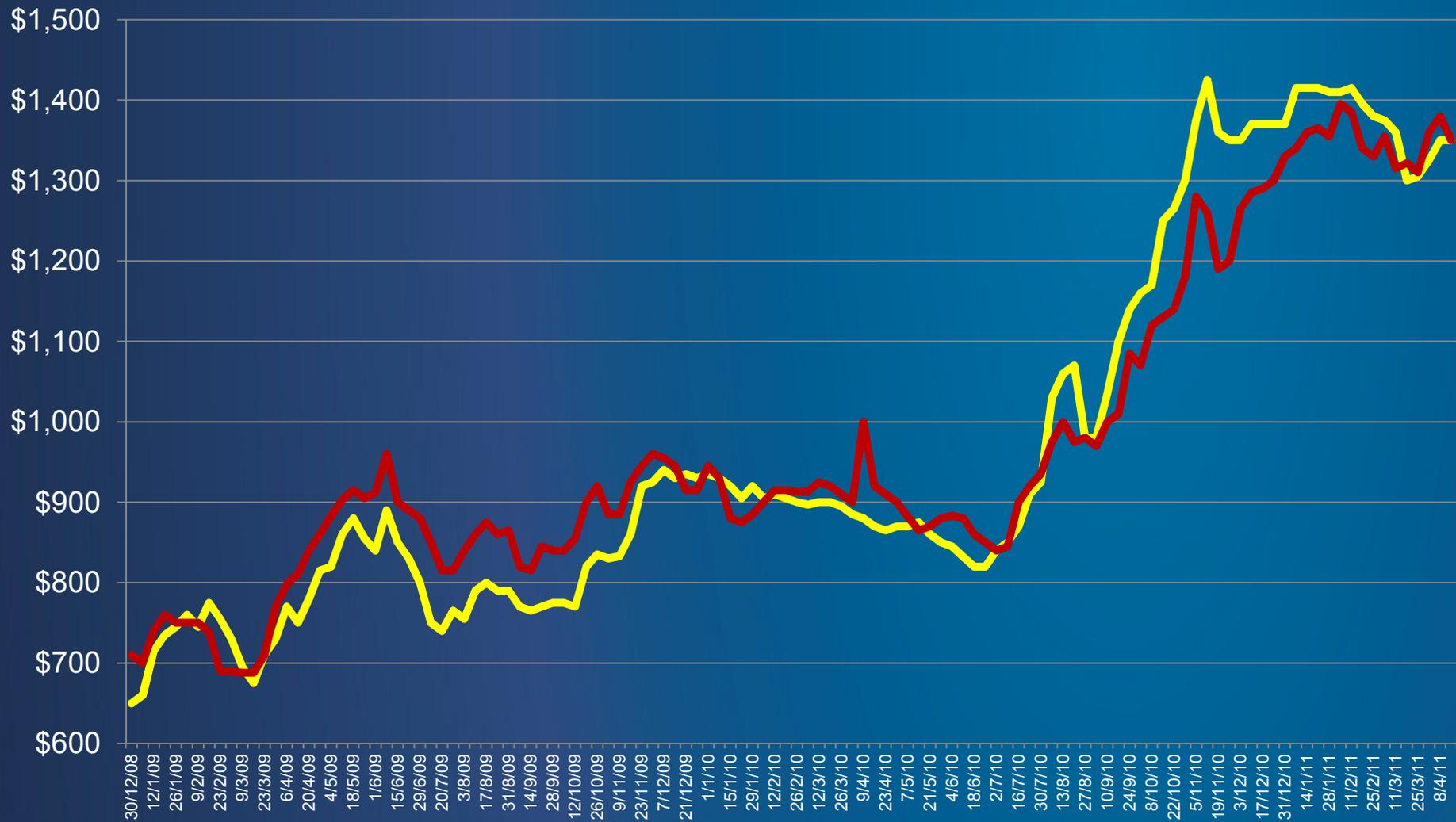
— CIF Marmara Crude Sunoil — CIF TR Sunseeds



CIF TR Sunoil v Soyoil 2007-2011



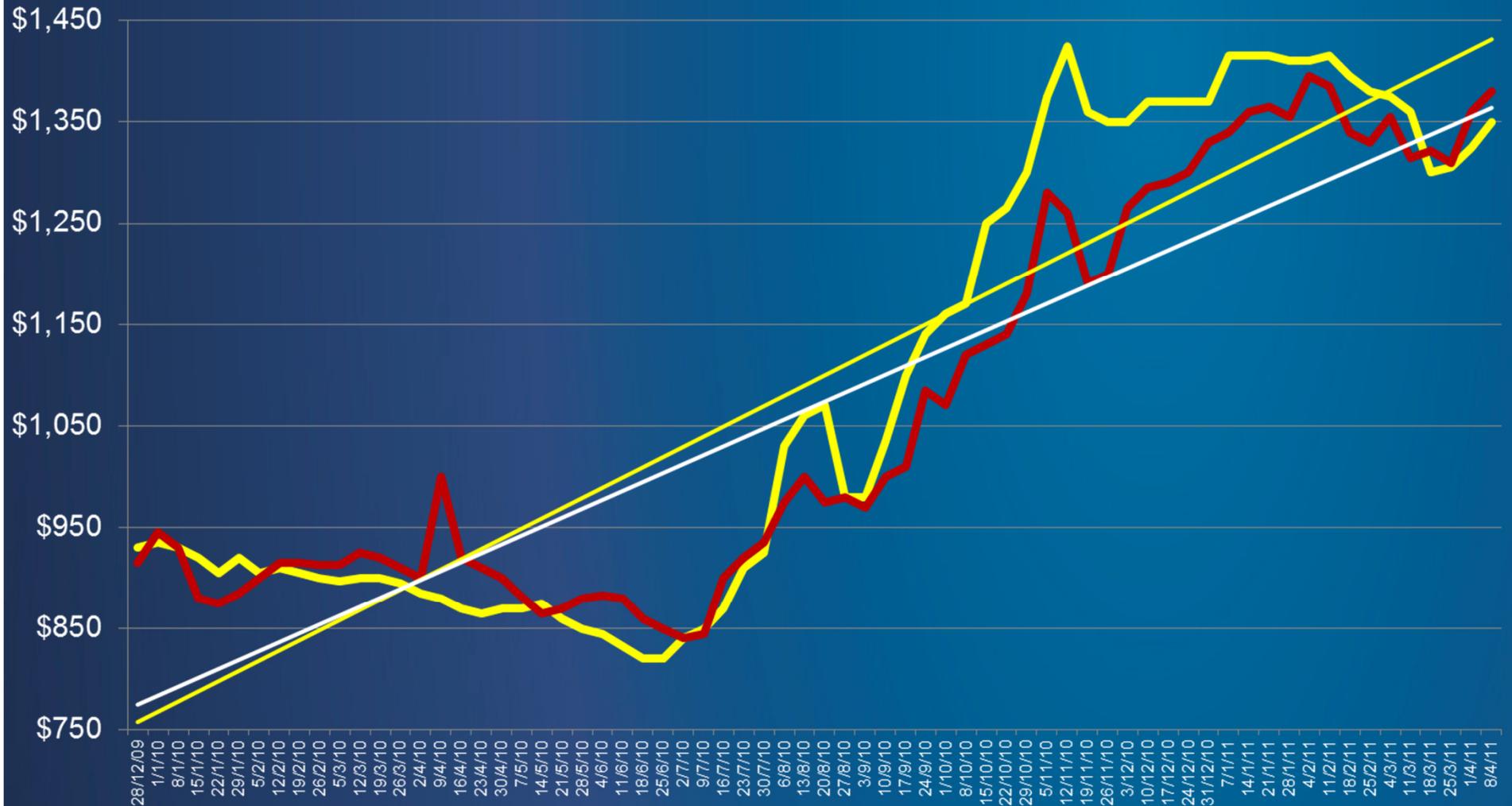
CIF TR Sunoil v Soyoil 2009-2011



— CIF TR Crude Sunoil — CIF TR Crude Degummed Soyoil



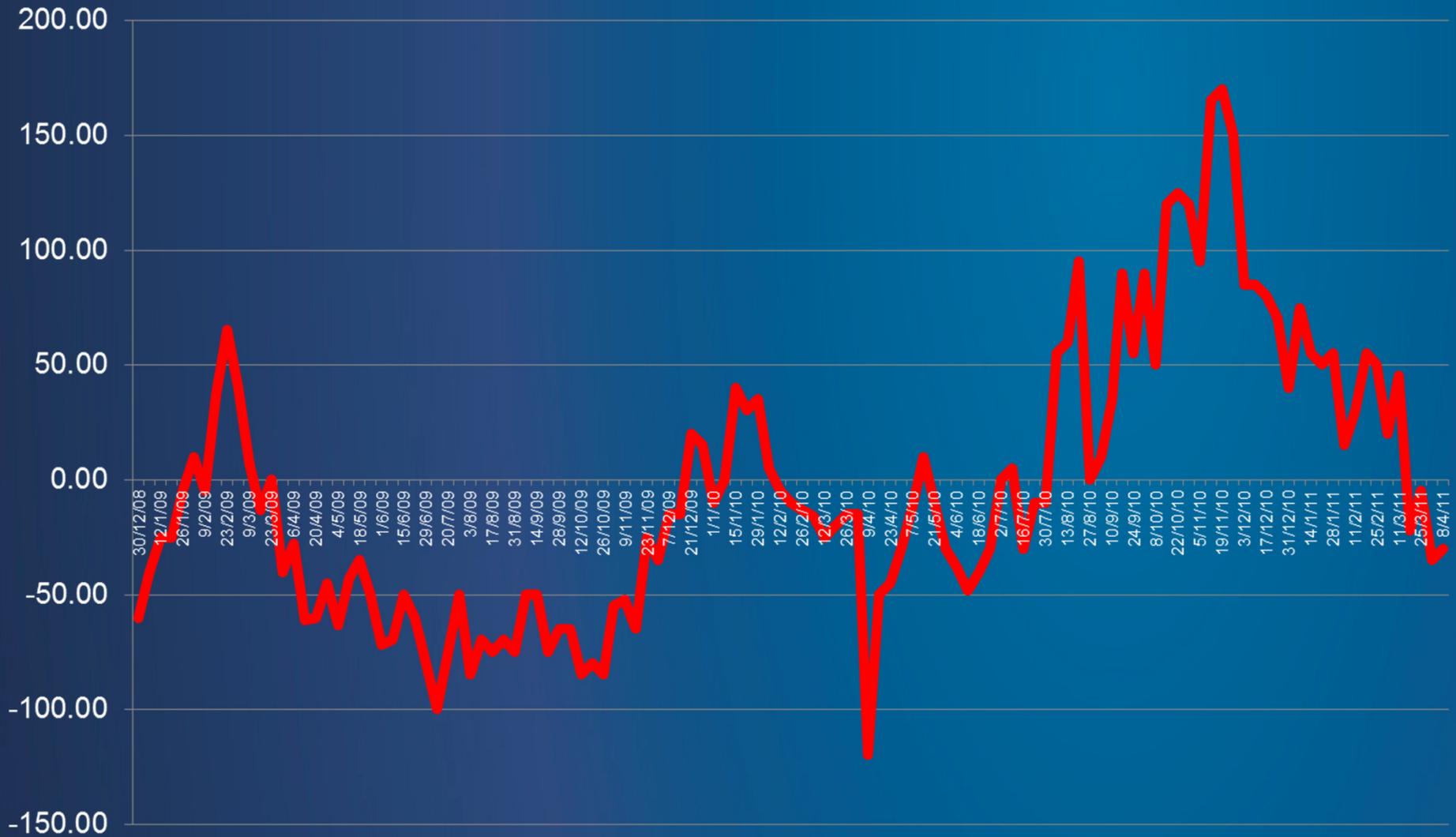
CIF TR Sunoil v Soyoil 2010-11



— Linear (CIF TR Crude Degummed Soyoil)



Sun-Soyoil Price Delta 2009-11



— Sun-Soy Price Differential...



Sunoil Price v Delta 2009-11

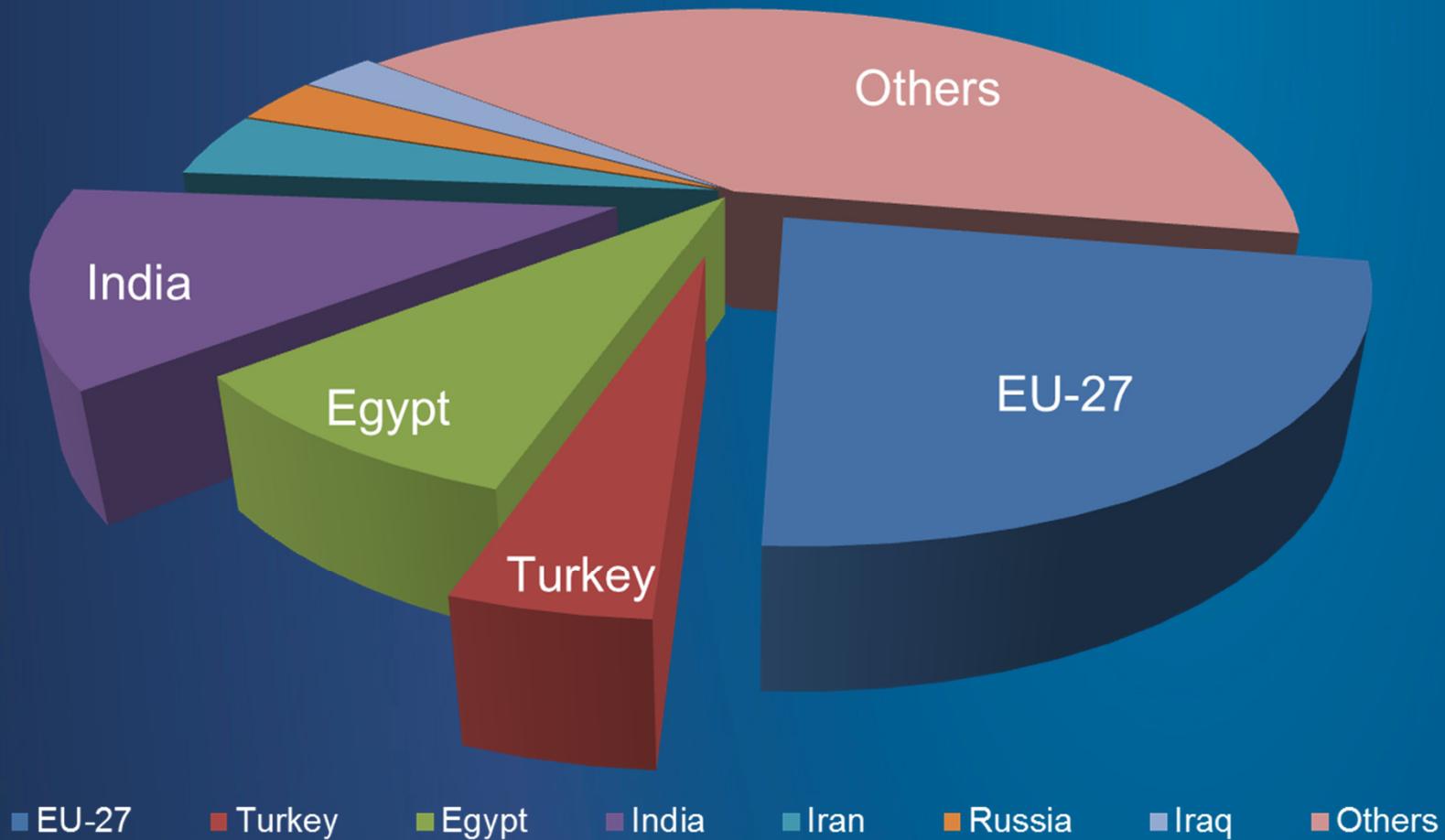


— CIF TR Crude Sunoil

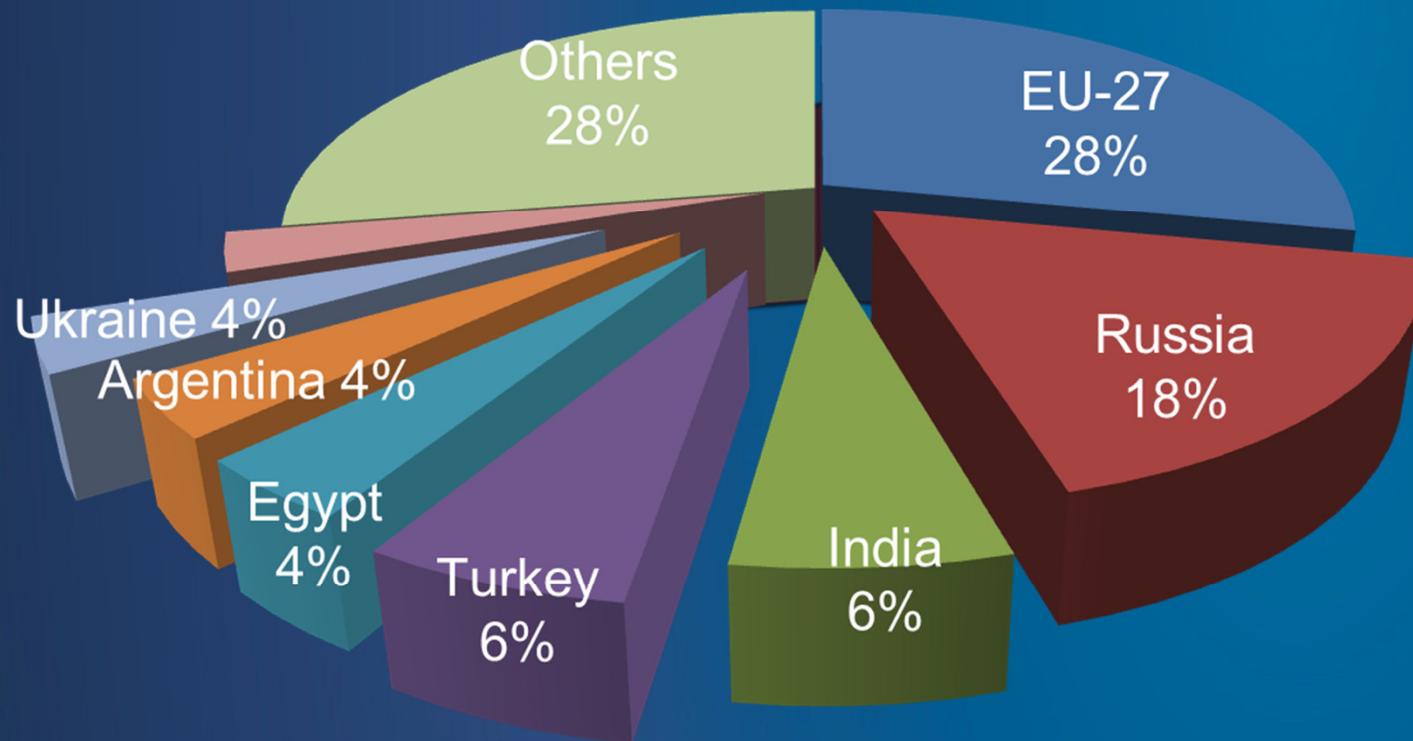
— Sun-Soya Price Differential (US\$)



World Sunoil Imports



World Sunoil Usage



■ EU-27 ■ Russia ■ India ■ Turkey ■ Ukraine ■ Argentina ■ Egypt ■ S.Africa ■ Others



Sun Complex & Price Outlook



Facts

- World sunflowerseeds production will increase by at least **2 million tons** in 2011-12 season. Increase to come from Russia, Hungary, Turkey & Argentina.
- The premium of sunoil over soyoil came down drastically, in the first 4 months of 2011. Currently **premium** is at **\$80/mt** on origins FOB, and **premium/discount** of «NIL» on CIF Turkey basis.
- EU-27 with **1 million tons**, constitutes **22.5%** of all sunoil imports. But EU will buy less in 2011-12 season with better EU/Ukrainian rapeseed production.
- Argentina with a production of **3.5** million tons will be a player in the sunflower world trade, after several years, This will add a bearish tone to sunseed/oil prices in 2011-12.

Facts

- India is an extremely price sensitive market in edible oils. When sunoil **spread** narrows or goes negative, Indians switch to sunoil, **but not fully**.
- Turkey imports **54%** of all world **sunseeds** imports (1.54m tons) and **4.5%** of all world crude **sunoil** imports (4.42m tons).
- Ukraine exports c.**350,000** tons of sunseeds, about **60-70%** of which destined for Turkey.
- Ukraine exports around **2.6m** tons of sunoil, about **10%** of which destined for Turkey.
- Egypt and Turkey are the **sole** dedicated sunoil importers/users in the world. However, Egypt **opts** for soyoil when price spread is over \$120-130/mt with sunoil.

Facts

- Turkey is the **sole** «**dedicated**» sunseeds/sunoil importer in the world, **REGARDLESS OF PRICE**.
- Turkey each year, imports around **750,000** tons of sunflowerseeds and **250,000** tons of crude sunoil AND GROWING...
- Turkey imports, around 1.7 million tons of soybeans AND GROWING...
- During big export years to the Middle East (2008/09) Turkish crude sunoil imports can go up to **450,000** tons, some **10%** of all sunoil imports. I predict 2010-11 to finish around **300,000** tons.

Assumptions

- Japanese earthquake/tsunami disaster is **largely priced** and there will not be a **fresh** financial meltdown in the global markets.
- Global growth of world economy to keep up with the rate of **3%, minimum**.
- There is no **further** problem with problematic EU economies such as Portugal, Spain, Ireland etc.
- Petroleum oil prices remaining above **\$110** a barrel.
- There will be **no** major weather problems with 2011 US soy or corn crops.
- US/South American **biodiesel** mandates remain in force.

Price Outlook

- There will be severe **price volatility** throughout 2011 with hedge-fund activity and political unrest mainly in the Middle East & North Africa.
- I predict, world grains & oilseeds prices to be firm for the rest of the season, mainly due to lower **corn** ending stocks in the US.
- However I **don't** see edible oils maintaining current levels until **August 2011**.
- For the new crop, I am bearish for the **sunseeds & sunoil**.
- The **price spread** between sunoil & soyoil will be the deciding factor in the second half of 2011, for the sun complex. I predict the sunoil **premium** over soyoil , continue to be **very low**.

Price Outlook

- **\$1,320/mt** FOB Black Sea crude sunoil level is not sustainable until **June-July**, when Turkish demand will rise in front of Ramadan.
- I predict FOB Black Sea sunoil prices to go up to **\$1,320-1,350** level come next August, with Turkish demand, **decreasing crush** in the Ukraine & soyoil demand rising for biodiesel in the US.
- We may see crude sunoil prices as low as, **\$950/mt** FOB Black Sea for the new crop (October-December 11).
- Sunflowerseeds price for October-December 2011 to be at **\$425-\$450/mt** FOB Black Sea level.
- Indian demand can drive sunoil prices up to **\$1,200/mt** FOB Black Sea, in November-December 2011 period.

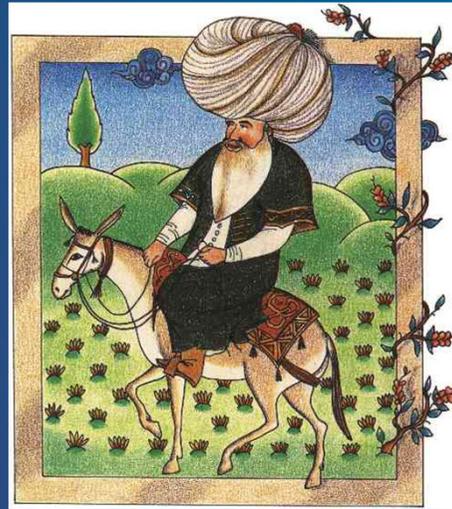


Conclusions

- Grains & Oilseeds can **go further up** towards the end of the season in the northern hemisphere with **mineral oil** prices being the **key factor**.
- Sun complex price levels **are not sustainable** until July and for the the new crop, with increased world sunflower production. But we can see a **price spike** in August 2011.
- Indian demand in November-December 2011 will be the **key factor** for the sun complex.
- Turkey is the largest destination of sunseeds/sunoil destination in the world, **regardless of price**, AND GROWING.

Turkey... Growing Market for Vegoils & Fats

Thank you!



Faik Genç, AgriPro Limited

Black Sea Grain, Kiev, 13-14 April 2011



See you at:

FOI 
2011

Fats & Oils Istanbul
1-2 December 2011

Please visit our stand at BSG!

