

VITAL GRAINMAX SDN. BHD.
202101003585 (1403883-U)



CORN, SOYBEAN MEAL, CRUDE PALM OIL (CPO), AND LOCAL EGG & BROILER MARKET OUTLOOK

- FEBRUARY 2022 -

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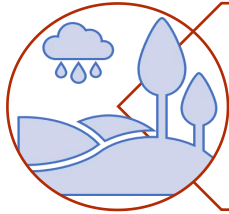
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CORN MARKET

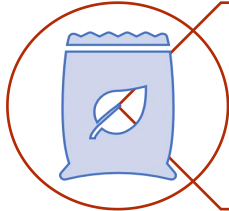
This Month's Highlighted Factors that Causes Corn Price Volatility



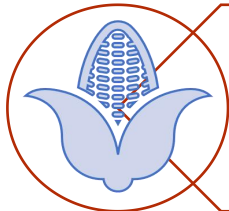
Concern about **prolonged hot & dry** weather in Brazil & Argentina.



Brazil's corn production has been **slashed** due to **decreased** first-crop corn yield projections. **Extreme heat and drought** caused a **reduction** in Paraguay's **corn yield**.

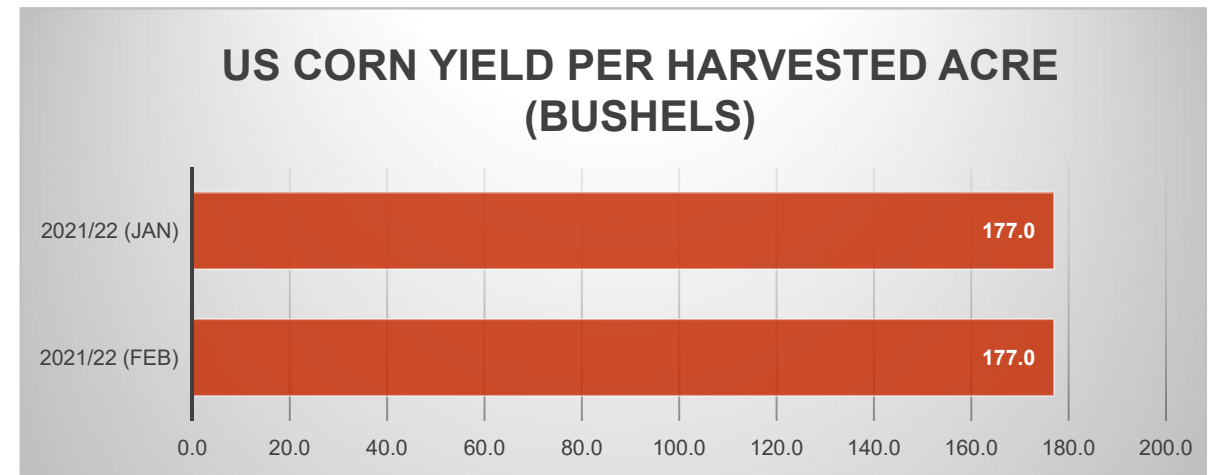
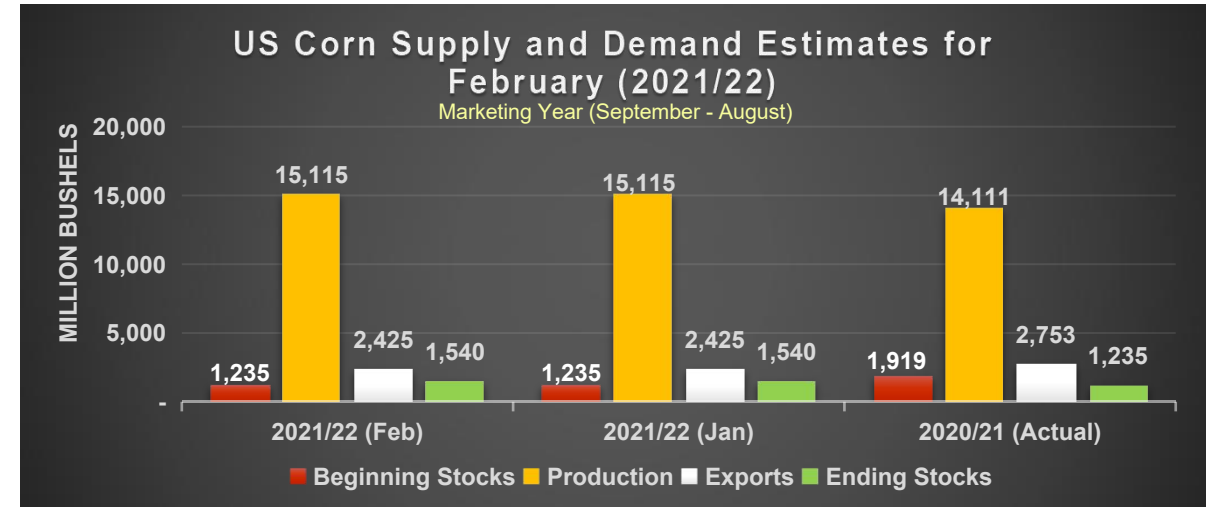


Russia invaded Ukraine. Both countries **export** approximately **29%** of the world's **wheat** and **19%** of **corn**.



Importers are **stocking up** on **supplies** from places other than the Black Sea due to **port closures** in **Ukraine**.

Source: Farm Progress (2022), Nasdaq (2022) & Reuters (2022)



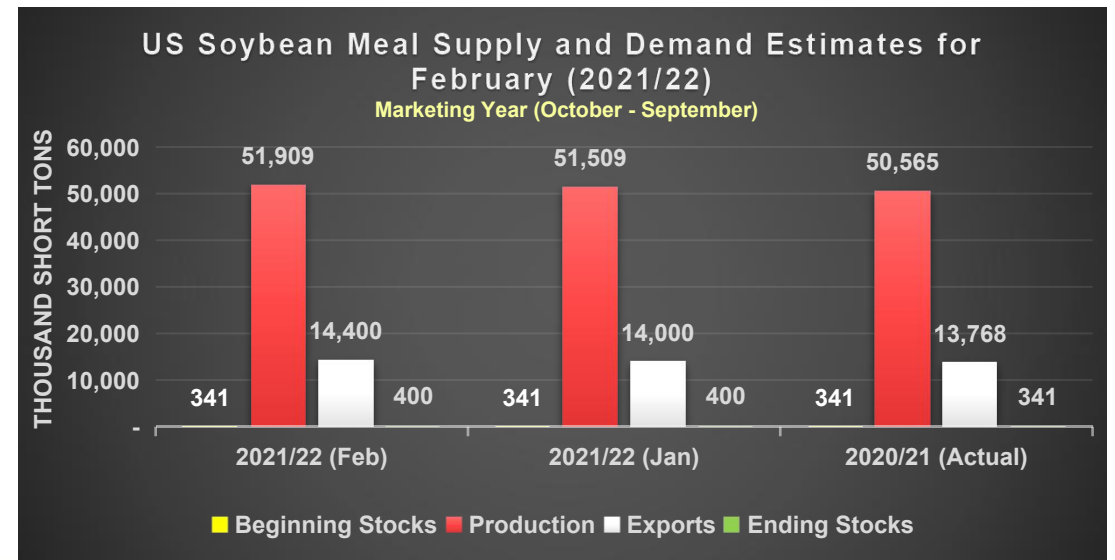
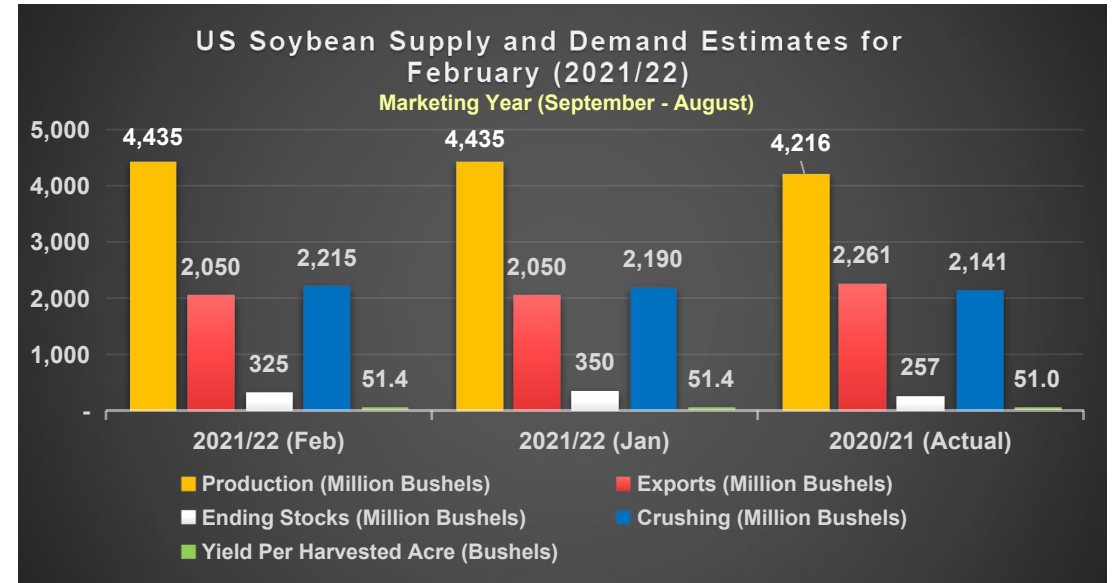
Source: USDA (2022). World Agricultural Supply and Demand Estimates. Retrieved from: <https://www.usda.gov/oce/commodity/wasde/wasde0222.pdf>

SOYBEAN/SOYBEAN MEAL MARKET

Reduced forecasts for South American soybean output due to the dry weather have **boosted expectations for greater US soybean exports**.

Soyoil futures were affected by **concerns about global vegetable oil supplies**, and the **conflict in the key sunflower oil-producing region**. As per USDA, **Russia and Ukraine together account for 78% of sunflower oil in the projected 2021/22 world trade**.

Wasde report shows that **ending stockpiles of US Soybean are reduced by 25 million bushels to 325 million bushels**, while **exports remained unchanged**.

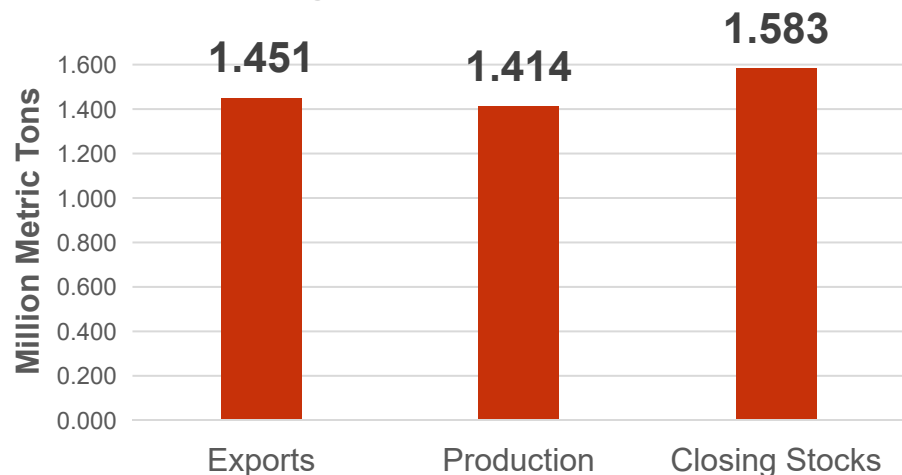


Source: Farm Progress (2022), Nasdaq (2022), TheEdgeMarkets (2022) & Reuters (2022)

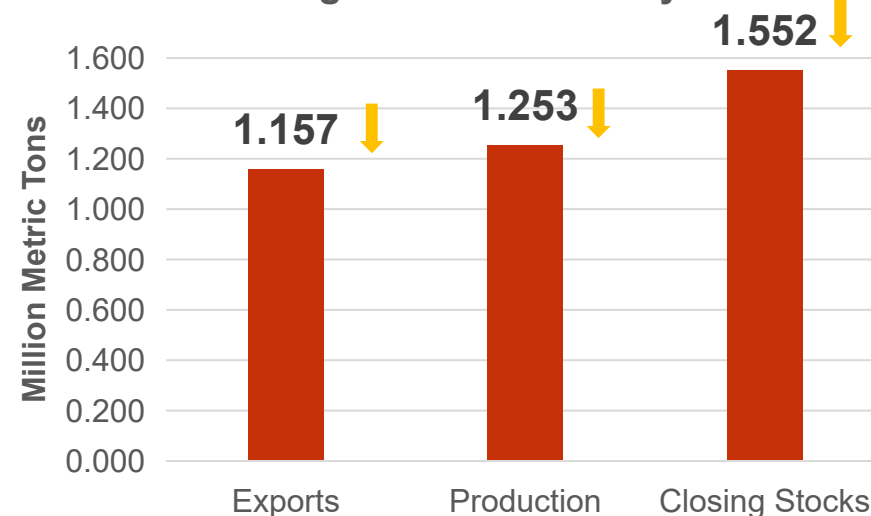
Source: USDA (2022). World Agricultural Supply and Demand Estimates. Retrieved from: <https://www.usda.gov/oce/commodity/wasde/wasde0222.pdf>

CRUDE PALM OIL (CPO) MARKET

Malaysian Palm Oil Exports, Production, and Closing Stocks in December 2021



Malaysian Palm Oil Exports, Production, and Closing Stocks in January 2022



Data Source: <https://www.mpob.gov.my/>

Malaysia's palm oil **stocks fell** more than expected at the end of January, hitting a six-month low as **production and imports fell**. As per the data from the MPOB, **stockpiles declined 3.85%** from the previous month to 1.552 million tonnes, the **lowest level since July**.

According to a co-founder of Singapore-based Palm Oil Analytics, the **significant drop** in stockpiles was caused by **a large upward revision** to December's end-month stockpiles of 31,554 tonnes, **raising the base**.

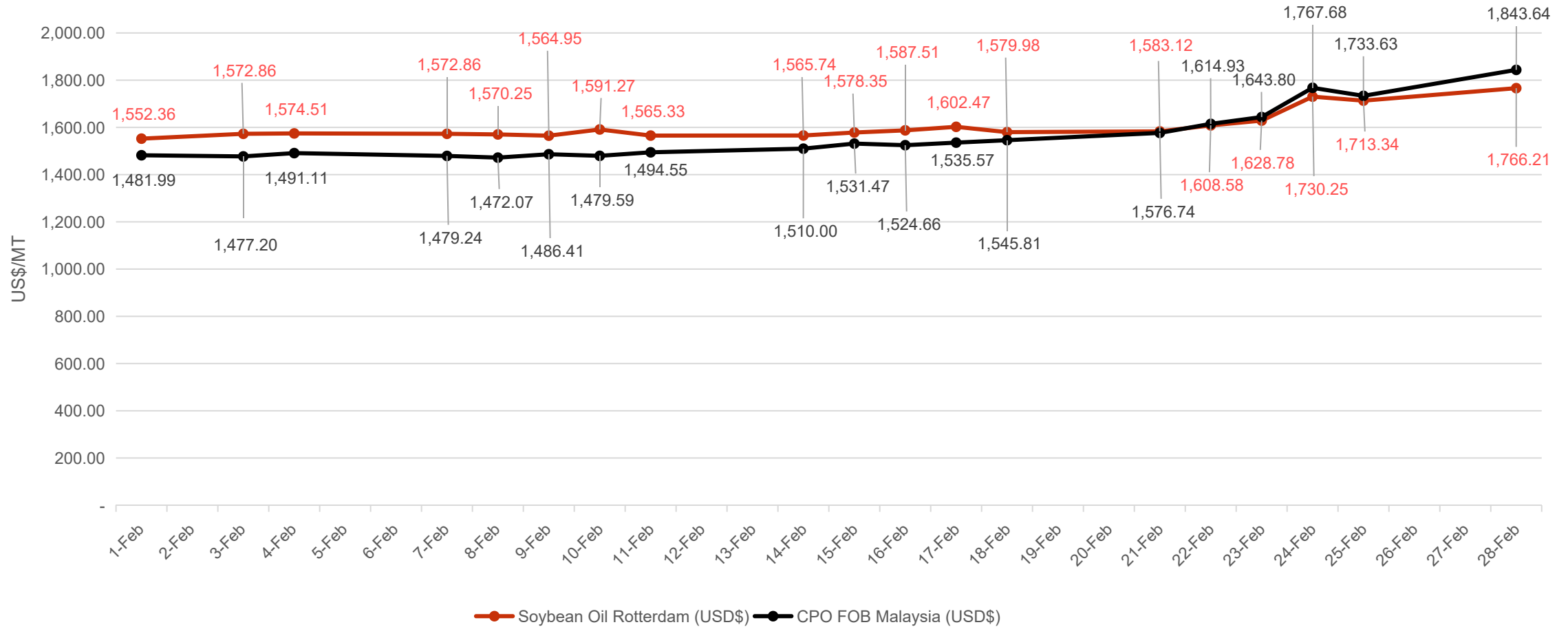
Exports dropped by 18.67% to 1.16 million tonnes. **Imports decreased** by 31%. **Lower exports** were attributed in part to **rising palm oil prices**, which **increased the premium** over competitor soft oils and **affected demand** in price-sensitive nations such as India.

Source: Reuters (February 2022)

Retrieved from: <https://www.reuters.com/markets/asia/malaysia-end-jan-palm-oil-stocks-lower-than-expected-imports-output-tumble-2022-02-10/>

CRUDE PALM OIL AND SOYBEAN OIL DAILY PRICES

CPO Malaysia and SBO Rotterdam Daily Closing Prices



Source: Council of Palm Oil Producing Countries (CPOPC)
Retrieved from: <https://www.cpopc.org/>

LOCAL EGG AND BROILER MARKET

The government has announced to give poultry farmers a subsidy of 60 sen per kilogram (kg), based on the farm-level pricing of live chickens at RM5.90 per kg and the retail price of standard chicken at RM8.90/kg. In a statement, Agriculture and Food Industries Minister stated the government also agreed to offer a 5 sen per egg subsidy to all egg categories.

Following the continuous rise in raw material prices, listed poultry companies are still under pressure. Feed prices have risen dramatically since October 2020, primarily to a global increase in corn and soybean meal prices, which account for around 75% of the production costs. This has also resulted in a chicken supply deficit, as poultry producers, particularly small and medium-sized ones have found it unfeasible to continue producing. The implementation of SHMKM, which prevented them from raising prices, exacerbated the situation.

Source:

<https://www.theedgemarkets.com/article/govt-agrees-subsidise-60-sen-kg-chickens-5-sen-egg-poultry-farmers>

<https://www.thestar.com.my/business/business-news/2022/02/26/chicken-broiler-and-egg-outlook-pressured-on-rising-costs>

<https://www.theedgemarkets.com/article/cover-story-subsidies-not-panacea-poultry-industry>

Date	Ex-Farm Average Broiler Price (RM/KG)	Ex-Farm Gred C Egg Average Price (RM/EGG)
29/1/2022 - 4/2/2022	6.15	0.35
5/2/2022 - 11/2/2022	5.93	0.36
12/2/2022 - 18/2/2022	5.80	0.36
19/2/2022 - 25/2/2022	5.96	0.36

Source: <http://www.dvs.gov.my/>

YEAR-ON-YEAR (Y-O-Y) GROWTH RATE OF GRAIN PRICES

Futures Prices Growth Rate			
	Futures Prices		Comparison
Commodities	2021	2022	YoY (%)
Corn Futures (¢/bu.)	555.50	697.50	25.56
Soybean Meal (\$&Cent/st.)	423.20	454.90	7.49
Crude Palm Oil (RM/MT)	3,986.00	7,451.00	86.93

MONTH-ON-MONTH GROWTH RATE OF GRAIN PRICES

Futures Month-on-Month Growth Rate in 2022						
	Futures Prices	MoM	Futures Prices	MoM	Futures Prices	MoM
Commodity	Corn(¢/bu.)	(%)	Soybean Meal(\$&Cent/st.)	(%)	CPO (RM/MT)	(%)
January	626.00	5.52	418.90	1.75	5,785.00	12.13
February	697.50	11.42	454.90	8.59	7,451.00	28.80

Source: Investing.com (2021 & 2022)

Corn

CBOT Primary Sentiment: Bullish | Immediate Trend: Bullish

Local Trend: Bullish

- The war between Russia and Ukraine as well as the dry South American weather have caused the surge in corn futures. The USDA's supply and use data for corn remained unchanged for February. For Brazil, the corn production outlook was lowered from 115 MMT in January to 114 MMT in February. **In the local market, the corn prices rose with an increase in CBOT corn futures, a rising basis and a stronger US Dollar.**

Soybean/Soybean Meal

CBOT Primary Sentiment: Bullish | Immediate Trend: Bullish

Local Trend: Bullish

- The bullishness in Soybean futures was caused by the prolonged dry weather in South America and the ongoing war in Ukraine which ultimately causes high fertilizer costs as well. The USDA made no changes to the supply and use data of the US Soybean. However, the production and exports outlook for Argentina, Brazil and Paraguay were reduced due to weather concerns. **The local market shows bullishness in Soybean futures due to a rise in CBOT Soybean prices, a strengthening basis and a stronger US Dollar.**

Crude Palm Oil (CPO)

Primary Sentiment: Bullish | Immediate Trend: Bullish

- Palm oil prices were affected by the limited supply of sunflower oil from the Black Sea region as Russia invades Ukraine. Apart from that, the movement of rival oil prices and also Indonesia's export restrictions contribute to the soaring prices of palm oil. Data from cargo surveyors reported an export increase of 8.9% -9.6% for Malaysian palm oil products for the February 1-28 period, compared to the same period last month.

Local Broilers and Eggs

Primary Sentiment: Bullish | Immediate Trend: Bullish

- The continuous rise in the prices of raw materials, causes feed prices to keep rising as well. This situation eventually causes an increase in production costs.

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