
Palm Oil Ends Quarter With a Surge on Global Oilseed Shortage
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By Eko Listiyorini

(Bloomberg) -- Palm oil ended the quarter on a high, with prices surging to a record amid concern about tight vegetable oil supplies while demand booms.

Futures for December delivery surged 3.2% to close at 4,597 ringgit a ton, the highest for the most-active contract in data going back to 1995. The tropical oil jumped 28% this quarter as other edible oil and oilseed prices gained, including soybean oil, canola and rapeseed.

Demand has soared this month ahead of a major festival season in India, the top importer. Vegetable oils are an important part of the festivities as they're used to make local sweets, fried food and other treats. Palm oil exports from Malaysia climbed 34% in September from a month earlier, data from AmSpec Agri show, with shipments to India likely to be robust.

There's also concern that the suspension of soybean crushing plants in China due to a power crunch may crimp soybean oil output and bolster demand for palm oil. "Fresh Chinese buying today ahead of the Golden Week holidays has helped the palm oil market," said Anilkumar Bagani, research head of Sunvin Group, referring to the week-long holiday in China that starts Friday.

He estimates that the crush plant shutdowns in China could translate to a loss of 160,000 to 180,000 tons of soybean oil in the September-October period. This may support higher palm oil purchases given import margins are "less negative" compared with other vegetable oils, he said.

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Drivers

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Rapeseed Topples Another Record as Relentless Rally
Continues Agri Giant Cargill Sees Bullish Signs Despite China
Weakness Malaysia's September Palm Oil Exports 1,628,168 Tons:
AmSpec Oil Steady After Two-Day Drop With Stockpiles And China in
Focus World Food Costs at Risk of Soaring as China Faces Tough
Harvest China Power Crunch Will Shut Down More Soybean Crushing
Plants Malaysia Has Monetary Policy Space for Extra Support if

Needed Malaysia to Ease Curbs in More States as New Covid Cases

Decline

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Prices
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Palm for December delivery on Bursa Malaysia Derivatives +3.2%
to close at 4,597 ringgit/ton; Futures +8.1% this month Soybean
oil for December in Chicago +0.9% to 58.33c/lb; +0.6%
Wednesday Palm for December on Asia Pacific Exchange in Singapore
+3% to \$1,210.50/ton Refined palm oil for January on Dalian
Commodity Exchange +3.2% to close at 8,888 yuan/ton; soybean oil
for January +2.3% to 9,356 yuan/ton Soybean oil's premium over
palm ~\$186/ton vs avg of ~\$223 in past year: data compiled by
Bloomberg Palm's premium over gasoil ~\$426/ton vs avg of ~\$403 in
past year: data compiled by Bloomberg

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