

market report january 2016

First Of All, We Wish You A Happy New Year!

■ General Oils and Fats complex

Soybean Oil + Sunflower Oil + Rapeseed Oil

The most agricultural commodities got under pressure in terms of pricing during first days of the new year.

The outlook for the Brazilian soy harvest has improved since end of December, as the dry regions in the north of Brazil can expect the urgently required rain falls according to weather forecast.

Also Argentina is sending positive signals. After the presidential election and the victory of the conservative candidate many market participants perceive this as a positive development for the economic future of the country, especially after the devaluation of the Peso.

Another factor is the steadily falling mineral oil price, which has a downward effect on the vegetable oil market.

The market participants are watching China anxiously, since they are afraid that the stagnating economic development, the crisis at the stock exchanges and the surprisingly strong devaluation of the Yuan could have an impact on the vegetable oil market. (A weak exchange rate causes more expensive imports).

All of this leads to steadily low price levels. For example, in fall 2015 palm oil reached a nine-year-low and soybean oil an eight-year-low. Rapeseed oil and sunflower oil stayed rather stable and increased their premiums on soybean oil again.

These trends will not be as obvious in Europe, due to the continued weakness of the euro.



■ **Key products from the GUSTAV HEESS production in the USA**

At this very moment the confidence in El Niño continues to grow in the Central Valley. All almond and walnut growers are looking positive in the future. El Niño reaches its peak during December through February period. Weather forecast also indicates that it will be one of the stronger El Niños with a lot of rain and snow in the mountains. It is however unlikely that it will end the drought period because rain deficits are way too large. January is expected to be mild and very wet.

Almond Oil

November through February, almond trees go through a period of dormancy when the cold weather lets them sit back, relax and store up nutrients for next year's crop.

Between February and March each year, almond tree buds burst into beautiful light pink and white blooms in preparation for pollination. Almond trees require crosspollination between different varieties, so orchards are planted with multiple almond tree types in alternating rows. Honey bees and other pollinators are necessary to move pollen between trees (and within flowers) in order to pollinate almond blossoms, which, when fertilized, become the almond kernels that we all love to eat. That is why every spring, honey bees are brought in from around the state and the country to pollinate almond blossoms up and down California's Central Valley, setting in motion a process that will eventually result in a late summer harvest that produces 80 % of the worlds almond supply.

Walnut Oil

The same as the almond trees, they go through a period of winter sleep. A lot of orchards are now getting cleaned up and a lot of trees get removed and replaced. It is the quiet time in Central Valley Nut Industry.

Your Gustav Heess Team