

百川盈孚  
BAIINFO

2023



## Soap Grain Market Weekly

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BAINFO Research Center

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## Market Overview

This week, domestic soap grain market ran stably with poor trading performance. As of Apr. 20, average market price of 69% soap grain and 78% soap grain was at RMB 6,900/T and RMB 7,800/T respectively, keeping flat with last week respectively. Raw material grease market fluctuated strongly. Soap grain producers maintained offers stable.

As for supply, most soap grain producers held low production and some producers shut down under cost pressure, leading to less spot supply. However, due to inactive shipment, soap grain inventory rose slightly.

As for demand, downstream producers took cargoes on need-to basis with low production. Traders were less willing to ship cargoes.

From the cost, the production cost of soap grain remained largely stable. Average spot market price of palm oil was at RMB 7,833/T, down RMB 80/T or 1.01% WoW. Up to Apr. 20, domestic palm oil market price was at RMB 7,880/T, up 0.38% WoW. With supply support and further improving downstream demand in the short term, palm oil market is likely to consolidate strongly next week.

From the profit, domestic soap grain profit stayed steady. Recently, raw material market edged down but downstream market performed ordinarily, so soap grain offers consolidated within the range. Thus, the profit of soap grain producers was thin.

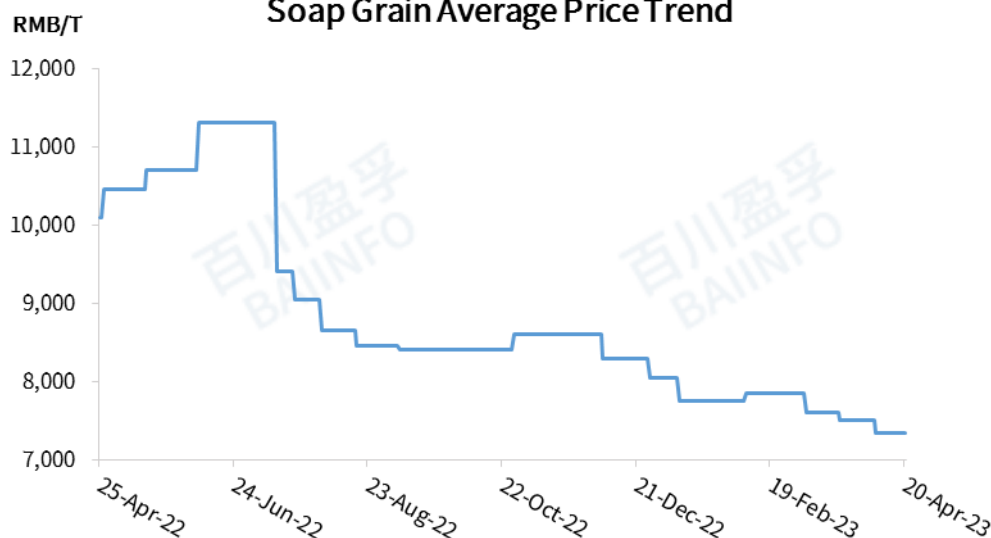
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## Price Review

Soap Grain Price Change (RMB/T)

Product	20-Apr-23	Week avg.	13-Apr-23	Last week avg.	WoW
69% Soap Grain	6,900	6,900	6,900	6,971	-1.02%
78% Soap Grain	7,800	7,800	7,800	7,943	-1.80%

Soap Grain Average Price Trend



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## Import & Export Data

In Feb. 2023, the import volume of soap grain was about 4,306.26 tonnes. China mainly imported cargoes from Indonesia, Malaysia, Italy and Germany.

In Feb. 2023, the export volume of soap grain was about 537.3 tonnes. China mainly exported cargoes to the US and Taiwan of China.

Soap Grain Import and Export in Jan.-Mar. 2023

Month	Imp. Qty. (T)	Imp. Val (USD)	Exp. Qty. (T)	Exp. Val (USD)
Jan-23	3,484.8	3,528,019	1,018.67	1,750,365
Feb-23	4,306.26	4,055,024	537.3	1,171,341
Mar-23	5,323.305	5,109,301	428.403	1,244,864

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## Domestic Soap Grain Import & Export Data in Mar., 2023

Countries/Regions	Imp. Qty. (T)	Imp. Val (USD)	Exp. Qty. (T)	Exp. Val (USD)
Indonesia	3,840	3,403,741	0.009	3,486
Italy	940.967	924,942	0.368	4,917
Malaysia	504.003	621,662	0.469	6,540
Germany	23.487	49,478	0.031	746
Japan	6.293	22,662	30.869	385,593
South Korea	4.08	11,406	15.725	46,240
France	2.144	37,307	0.001	25
USA	1.014	32,412	37.213	230,642
United Kingdom	0.727	4,363	0.119	802
Thailand	0.4	815	0	0
Russia	0.18	315	10.336	87,832
China	0.005	143	0	0
Ghana	0.005	43	0	0
North Korea	0	0	194	206,008
Kazakhstan	0	0	28	34,144
Taiwan, China	0	0	20.044	37,834
Cambodia	0	0	19	26,220
French Polynesia	0	0	19	24,700
Morocco	0	0	18	21,960
Senegal	0	0	13.63	12,480
Vietnam	0	0	4.917	27,395
Israel	0	0	3.351	11,363
Canada	0	0	2.993	14,106

Countries/Regions	Imp. Qty. (T)	Imp. Val (USD)	Exp. Qty. (T)	Exp. Val (USD)
India	0	0	2.288	11,651
Finland	0	0	1.83	8,442
Oman	0	0	0.968	2,420
Chile	0	0	0.874	3,447
Australia	0	0	0.857	18,010
Philippines	0	0	0.843	3,574
United Arab Emirates	0	0	0.784	1,727
Denmark	0	0	0.635	4,551
Spain	0	0	0.3	1,502
Singapore	0	0	0.266	887
Croatia	0	0	0.247	1,202
Saudi Arabia	0	0	0.146	1,311
Belarus	0	0	0.116	120
Greece	0	0	0.075	772
Netherlands	0	0	0.048	850
New Zealand	0	0	0.035	801
Switzerland	0	0	0.009	278
Norway	0	0	0.004	95
South Africa	0	0	0.001	28
Bulgaria	0	0	0.001	5
Hungary	0	0	0.001	18
Poland	0	12	0	3
Hong Kong, China	0	0	0	55
Kuwait	0	0	0	11
Botswana	0	0	0	5
Reunion	0	0	0	4
Portugal	0	0	0	34
Austria	0	0	0	4
Sweden	0	0	0	12
French Guiana	0	0	0	9
Haiti	0	0	0	3
<b>Total</b>	<b>5,323.305</b>	<b>5,109,301</b>	<b>428.403</b>	<b>1,244,864</b>

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## Upstream Market

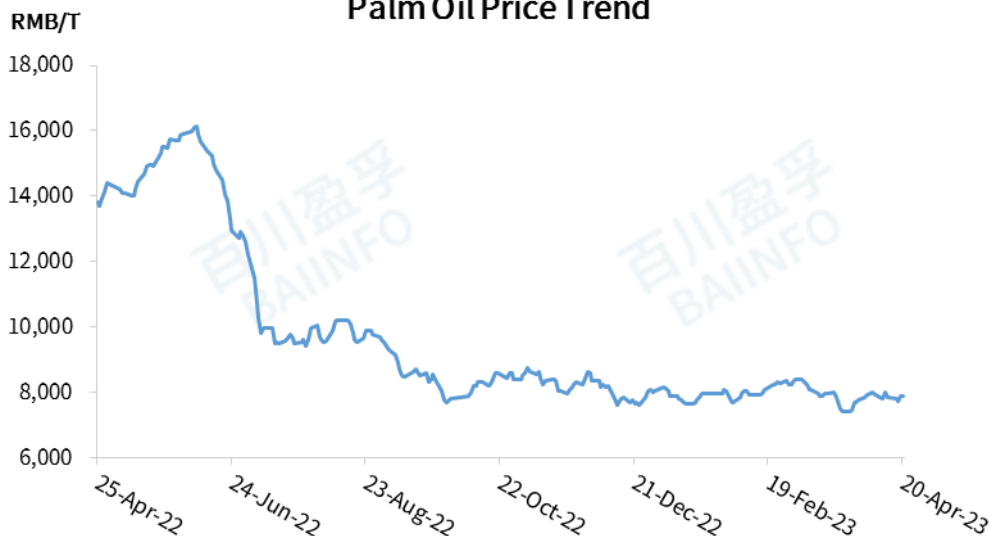
This week, the concern about supply warmed up. Grease market fluctuated strongly, driving up palm oil prices. Till Apr. 20, palm oil market price was around RMB 7,880/T, up 0.38% W-o-W.



## Palm Oil Price Change (Unit: RMB/T)

Product	20-Apr-23	Week avg.	13-Apr-23	Last week avg.	MoM	Mo3M%	YTD
Palm Oil	7,880	7,833	7,850	7,913	-1.50%	-0.88%	-3.31%

## Palm Oil Price Trend



Forecast: In the increasing output season, though output started to move up, in producing areas, due to low inventory and firm offer, the market price was supported. From Apr. to Jun., domestic buyers hold limited procurement activeness. However, as spot inventory falling, domestic palm oil prices will be boosted. As for demand side, the substitution effect of palm oil on soybean oil is enhanced, stimulating consumption in East China. However, industrial plants still purchase on rigid demand, restricting upward space of palm oil prices. Overall, shortly, boosted by supply side, in next week, palm oil market may run strong, if downstream demand warms up. Specific market tendency may be decided by local policies and domestic supply-demand pattern. In next week, palm oil prices will be around RMB 7,900-8,100/T.

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## Market Forecast

This week, soap grain prices stayed flat, while upstream market ran unclear. Thus, supports for soap grain market are not strong. In next week, soap grain market price may edge down to RMB 7,000-7,500/T. For raw materials, early this week, due to dim export market, futures market was squeezed. Domestic palm oil inventory was at high level, with sluggish demand. Downstream plants performed inactively in stocking up, lowering palm oil prices. Later, Malaysia pushed up the tariff, weakening exchange rate, but supporting palm oil futures prices. Hence, domestic grease market rebounded. The growth of palm oil futures prices in DCE was large, driving up domestic spot prices. Currently, cost bearish effect on soap grain is weakening, but it is also hard to drive soap grain prices up.

In terms of supply and demand sides, domestic soap grain plants remain low operation rate, with proper spot supply. However, downstream plants also hold low output. The whole market is sluggish, with few actual orders. Manufacturers' inventories are slightly accumulated. Hence, supply-demand supports for soap grain prices are weak.

In general, domestic soap grain market remains in standoff, with weak raw material price. New orders are less and trades in low-end price are still existed. Total supply is stable compared with last week, but downstream demand is not high. Later, supply-demand pattern should be paid attention. Affected by cost and demand, in next week, soap grain prices may be around RMB 7,000-7,500/T.

Influence Factor	Assessment	Key Points
Output	★★	Large plants overhauling, low output
Downstream Demand	★★★★	Downstream plants lowering to prepare goods, and large plants finishing the stockpile
Inventory	★	Low inventory at plants, but middlemen holding high inventory; sale intention of middlemen need attention
Import	★★★	Imports gradually flowing into market, but the proportion is small
Market Sentiment	★★★★	Bullish sentiment, in next week, plants may be reluctant to sell goods
Others	★	The epidemic situation, environmental protection electricity limitation, etc.

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