

Launch of Argus-settled fob Dutch mill rapeseed oil futures to hedge vegoil and bio-feedstock risk

Agriculture and bioenergy opportunities


- US-based exchange CME Group will launch cleared, cash-settled futures prices for European rapeseed oil (RSO) on CBOT, to enable market participants to manage their vegetable oil and biofuels feedstock price exposure without taking on counterparty credit risk.
- These futures will settle against a monthly average of the *Argus* daily front three-month price for the RSO fob Dutch mill physical market, published during the CME futures contract month.
- The new product will start trading on 28 April, subject to regulatory approval, through CBOT on ClearPort and Globex.
- RSO is produced by crushing rapeseed and is widely used in Europe as both a vegetable oil in the food industry and as a major feedstock for the burgeoning biofuels industry.
- *Argus* has assessed pricing for the physical fob Dutch mill RSO market since 2010. This pricing sits at the heart of the agriculture/biofuels intersection and is therefore housed in both the *Argus* AgriMarkets and *Argus* Biofuels daily reports. It complements *Argus*' wide range of global vegetable oil and oilseeds pricing.

Appetite for risk management tools on European RSO

- The *Argus* European RSO index is a trusted, independent price benchmark for the physical fob Dutch mill market. The assessment is based on daily discussions with a wide range of buyers, sellers and trading intermediaries in this market. Trading firms, producers, crushers and biofuels players have referenced this index for many years.
- European RSO futures offer these market participants a way to hedge their risk using a cleared product, enabling them to manage counterparty credit risk.
- RSO futures are financially settled against *Argus*, therefore enabling players to trade agricultural markets without the challenges of managing the physical product.

Argus AgriMarkets provides all your information needs

- Fob Dutch mill physical spot and forward curve pricing is published in *Argus*' daily AgriMarkets and Biofuels reports, enabling easy access for global agriculture and biofuels audiences. Price history is available to subscribers.
- The *Argus* AgriMarkets daily service provides valuable expert insight on key market developments across the global vegetable oils and oilseeds markets, including an in-depth weekly vegetable oils market commentary published every Tuesday, covering the global rapeseed/canola, sunflower seed, soybean and palm complexes.

 Argus AgriMarkets Daily grains, seeds and oils prices, news and analysis argusmedia.com	
OILSEEDS/VEGOILS - GLOBAL VEGOILS MARKET	
Destination markets attract SFO flows Sunflower oil (SFO) demand from Turkey will likely stay firm in the coming weeks thanks to import tariff quotas. In India, sellers of SFO from Argentina could leave Black Sea SFO uncompetitive for shipments for May and beyond. Over the past week, SFO activity was mainly focused on destination markets. Turkey is likely to maintain buy interest for SFO in the coming weeks, with buyers rushing to use allocated import tariff quotas for sunflower seed and that are valid until 30 April. This resulted in increased trading activity in recent days, including private and state tenders. Turkish state-run grains agency TMO came back to the global vegetable oils market with an SFO tender last week, the first in two years. It booked 18,000t of SFO for shipment in April. An SFO cargo traded last Wednesday at \$1,195/t cif Mersin for April shipment, while on Monday another cargo changed hands at \$1,198/t on the same basis for spot shipment. Meanwhile, India bought last week volumes of Argentinian SFO. At least two cargoes of Argentinian SFO traded at \$1,175/t and \$1,174/t cif India for April and May shipment, respectively, on Thursday. The price levels were sharply below offers from Ukraine and Russia, which stood at \$1,220/t and \$1,210/t cif India for April delivery on Friday. Argentinian SFO was later offered higher, at \$1,195/t cif India, and did not attract any buyers. Should sellers continue to offer Argentinian SFO at lower levels, it could result in demand shifting from Black Sea to Argentina from May, as advancing sunflower seed	
VEGETABLE OILS MARKETS	
Sunflower oil (SFO)	
Contract	Bid Ask Mid ±
fob northwest Europe 6 ports Spot	1,215.00 1,215.00 1,225.00 nc
fob northwest Europe 6 ports AAJJ	1,215.00 1,215.00 1,225.00 nc
Rapeseed oil (RSO)	
Contract	Bid Ask Mid ±
fob Dutch mill Prompt	1,091.50 1,101.50 1,096.50 -11.50
fob Dutch mill MJJ	1,075.00 1,078.00 1,076.50 -11.50
fob Dutch mill ASO	993.00 998.00 995.50 +5.50
fob Dutch mill NDJ	990.00 998.00 994.00 +4.00
Sunflower oil (SFO) cif prices	
Loading	Bid Offer Mid ±
cif Mersin (25 Mar)	Spot 1,195.00 1,200.00 1,197.50 -2.50
cif India (25 Mar)	Spot 1,190.00 1,200.00 1,205.00 +5.00
China vegetable oil prices	
Loading	Mid ±
Palm Olein (RBD) cif south China, 19 Mar	Prompt 1,143 +51
North America vegetable oil prices	
Loading	Bid Offer Mid ±
Soybean oil (SBO), crude degummed	
fob Iowa Spot	41.80 42.55 42.18 +0.28
del truck Carolinas Spot	43.80 44.80 44.30 +0.65
del rail US Gulf coast Spot	44.30 44.80 44.55 +0.40
del rail northern California Spot	45.55 46.55 46.05 +0.40
del rail southern California Spot	45.55 46.55 46.05 +0.40
Soybean oil (SBO), refined, bleached and deodorized (RBD)	

Vegoils market commentary
published every Tuesday

RSO futures contract settlement price
Front 3-month daily *Argus* assessment