



PRETB PTE LTD

Your Strategic Shared Knowledge Network



PRETB PTE LTD

The Vision of PRETB

- We aim to assist companies in their business development by adding our network of Strategic Partners to your current set up
- We Review, Recommend, Introduce, Implement and Follow up with Strategic Change to enhance your margins and to hit your targets
- We provide Market Access, Research, Financing, Consultancy Services and Risk Management Solutions to anyone ready to take the next step



PRETB PTE LTD

Current Partners of PRETB

- *PaperTrader by Blockdoc*, the first full DMA physical commodities platform to create more liquidity, transparency and counterparty risk management in 1 location to hedge your FOB and CIF needs on any paper traded market;
- *Marex Solutions*, the most sophisticated risk management tool for derivatives from any type and structure in any currency. From swaps/swaptions to structured solutions with an integrated stress test and portfolio management tool;
- *Tradesparent*, an integrated Data & Analytics Solution that unifies, collects and harmonizes any type of business data from CTRM, ERP, Finance systems and/or excel spreadsheets across all business levels (mid, front and back office) into a single source of truth Data Repository for faster and enhanced reporting and analysis;
- *ReEdged.com*, a digital ecosystem that merges all your needs for research, advice, consultancy, pricing and risk management tools on 1 platform. Sort of a LinkedIn for professionals or Alibaba for data services;



Unstoppable Change, *The impact on Agricultural markets*

What are the edible oil opportunities for the
Middle East and/or Malaysia?

Outline for today

- Megatrends
 - *The impact on the commodity landscape*
 - *Social Changes, who are we?*
 - *Economic Changes, who will rule the world?*
 - *Geo-Political Risks, where and what?*
- All this, now what?
 - *USDA // OECD update*
 - *MENA Supply and Demand Palm Oil 2014-2019*
 - *Palm Oil Production 2019-2025*
 - *Global Edible Oils SnD 2019*
- Recap, Conclusions, Price Forecast

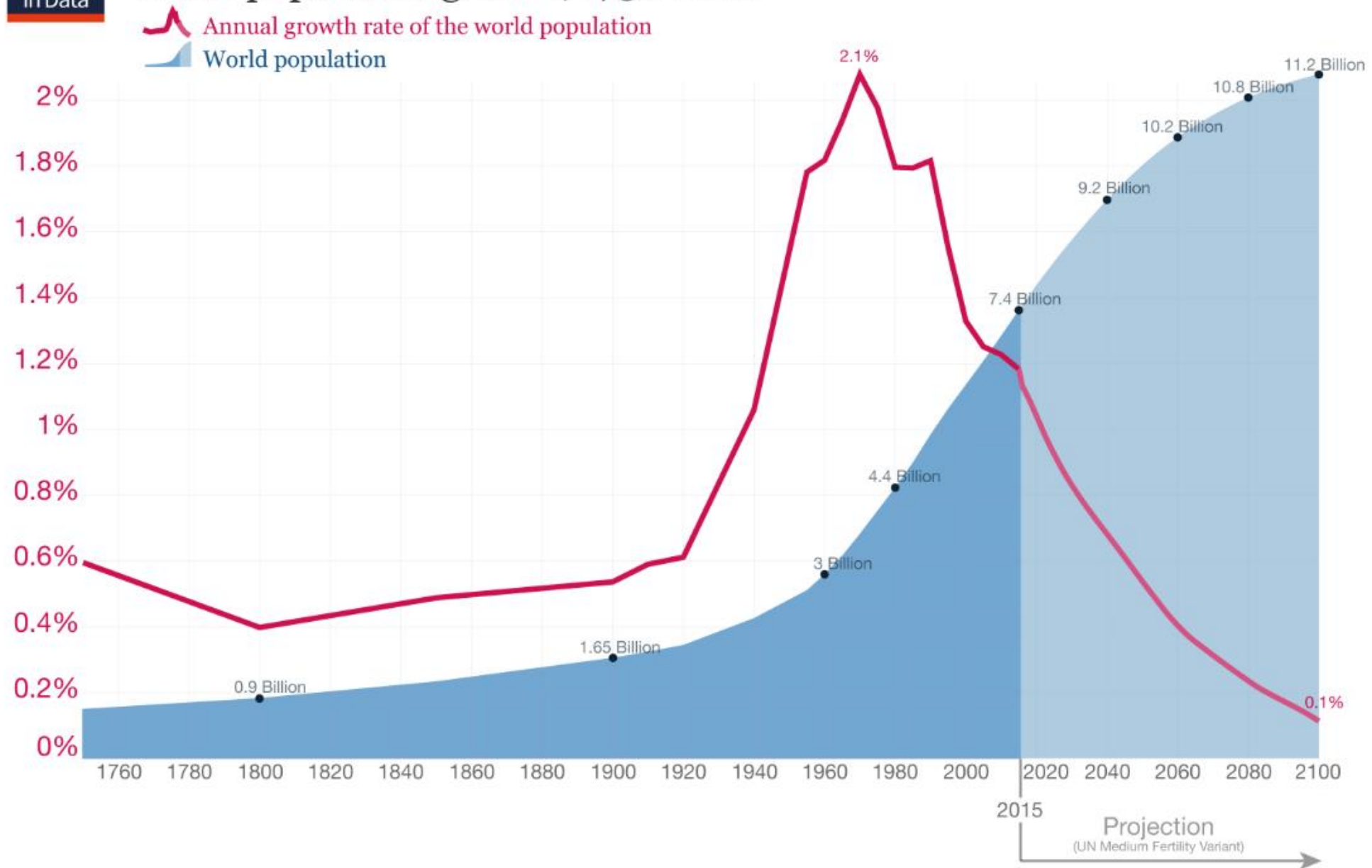
Megatrends

*The impact on the commodity landscape:
Who, Where & How will we be living in 2030?*

Social Changes:

Who and where are we?

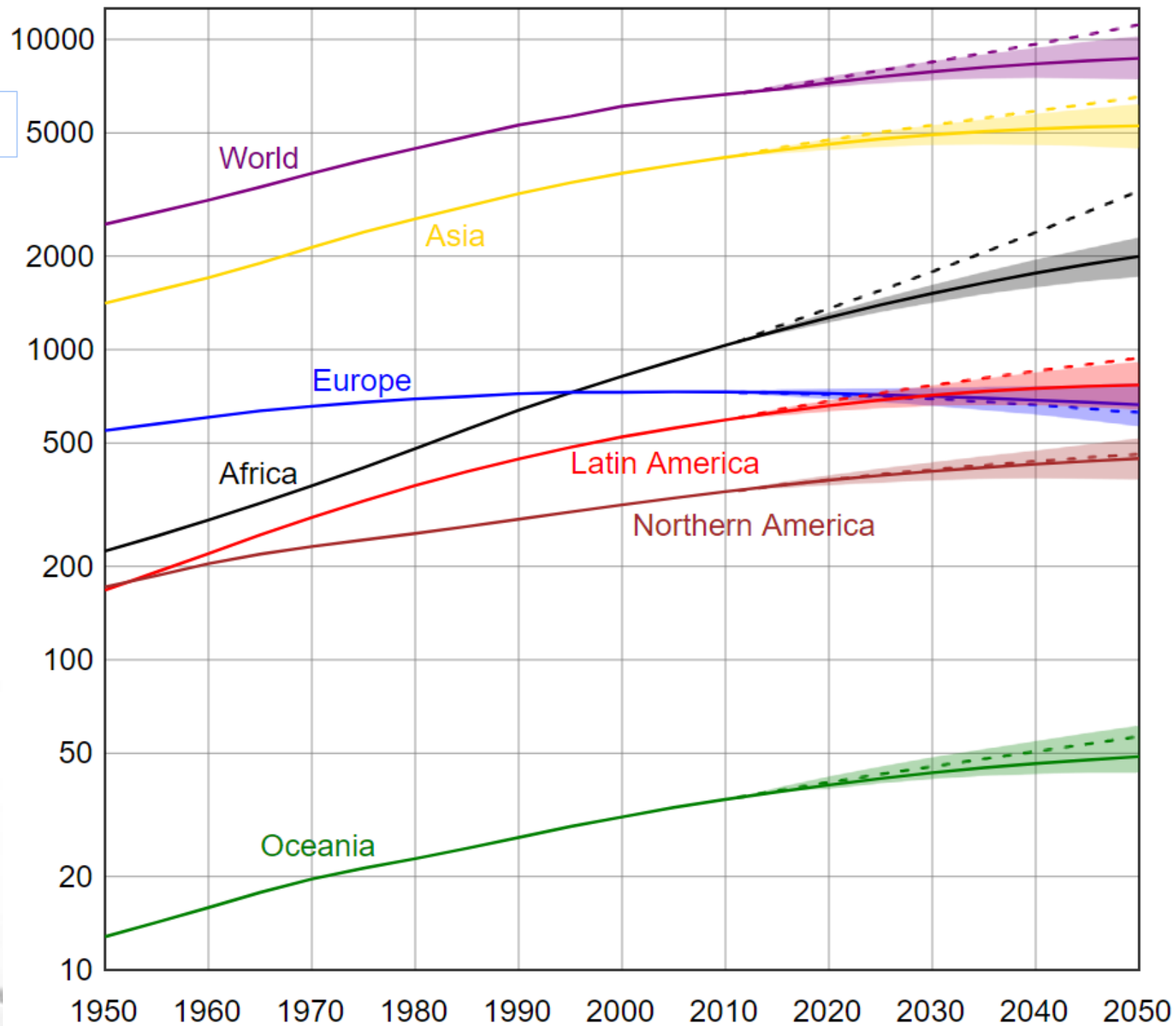
World population growth, 1750-2100



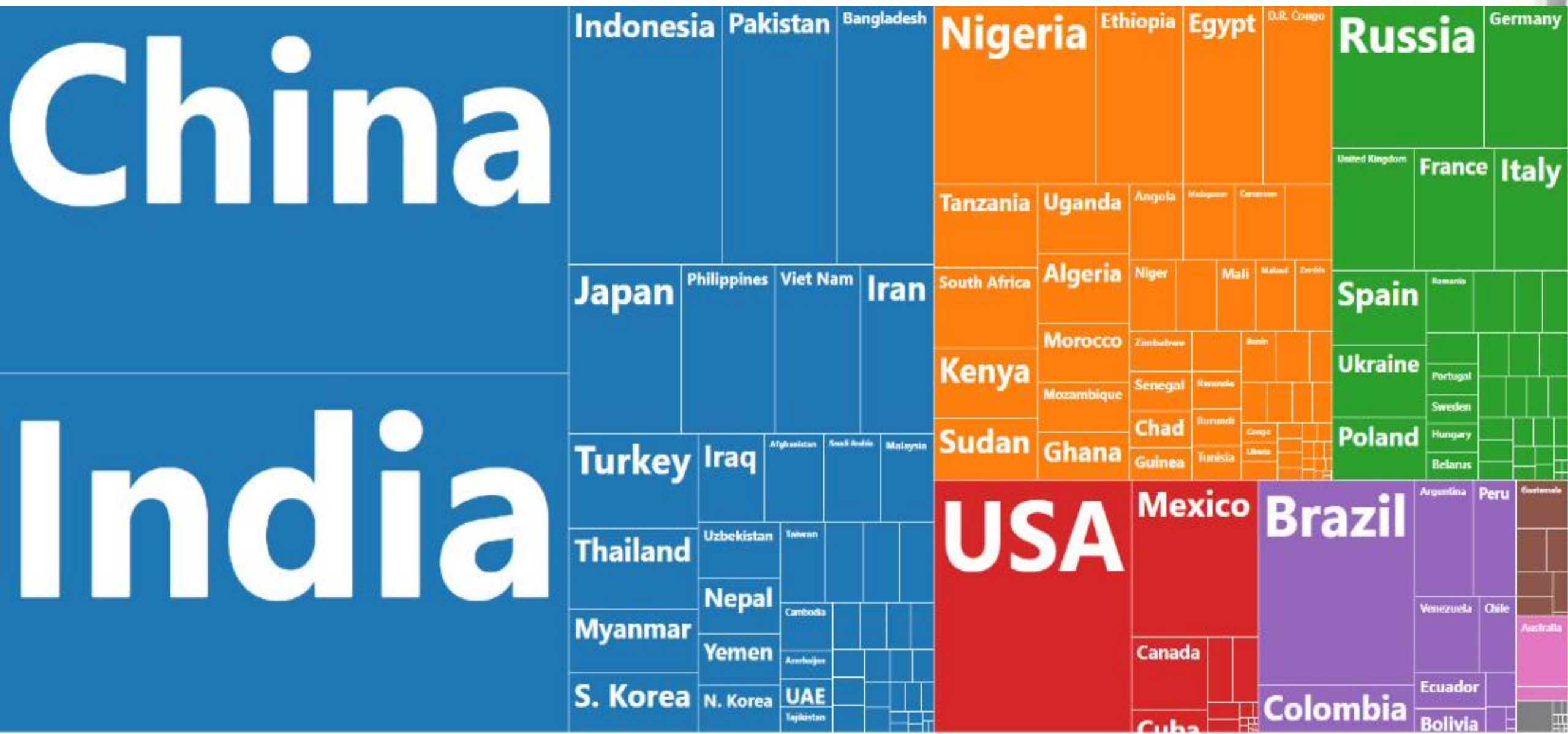
Data sources: Up to 2015 OurWorldInData series based on UN and HYDE. Projections for 2015 to 2100: UN Population Division (2015) – Medium Variant. The data visualization is taken from [OurWorldinData.org](https://ourworldindata.org). There you find the raw data and more visualizations on this topic.

Licensed under CC-BY-SA by the author Max Roser.

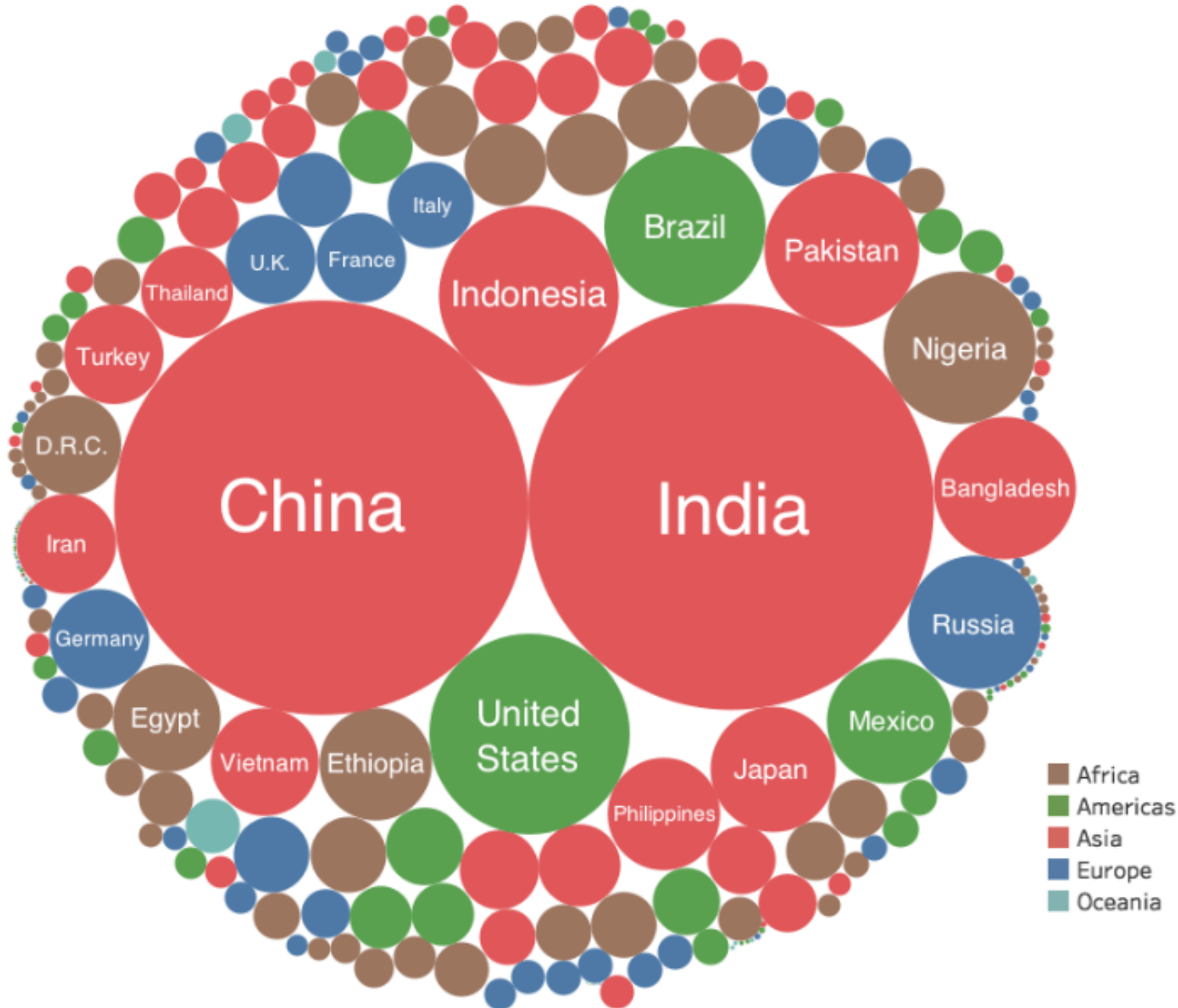
Data provided
by <http://esa.un.org/unpp/>



The World's 7.6 Billion People, in One Chart, Which countries do people live in, globally?



Countries by Population Size



The World's 7.6 Billion People, how are we spread out?

Regional Populations

The first thing you might notice on the graphic is the relative size of regions, with Asia taking up a whopping 60% of the visual space.

Here are those numbers by region broken down further:

Rank	Region	Share of Global Population (%)	Population
#1	Asia	60%	4.5 billion
#2	Africa	16%	1.2 billion
#3	Europe	10%	729 million
#4	North America	7%	534 million
#5	South America	6%	424 million
#6	Central America	1%	47 million
#7	Oceania	1%	42 million

When you look at it this way, you can really see how the math breaks down.

About 75% of people reside in Asia or Africa. Meanwhile, the regions of Europe, North America, South America, and Oceania just total together to 25% of the mix.

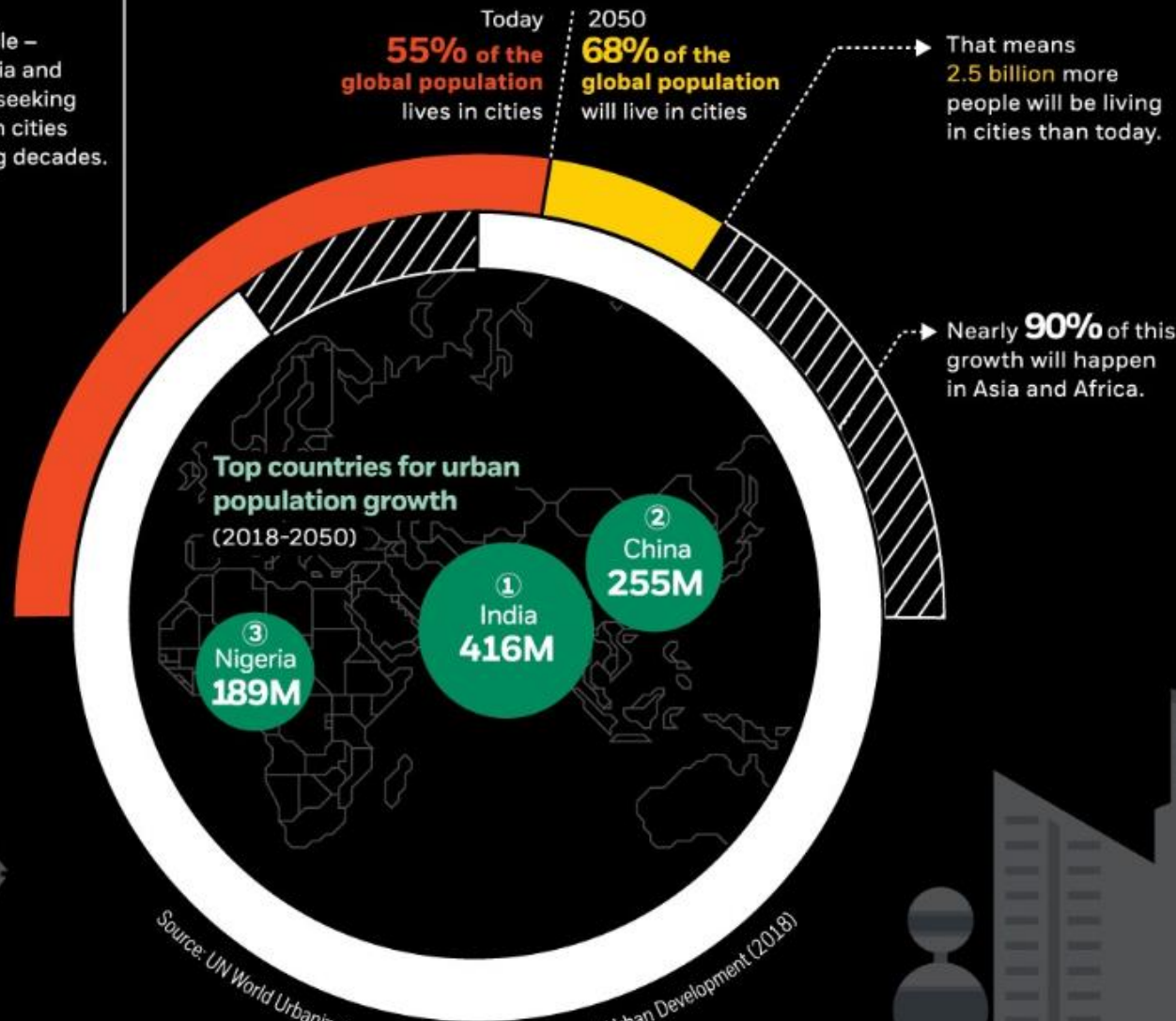


Billions of people – especially in Asia and Africa – will be seeking opportunities in cities over the coming decades.



A Global Shift

Over the coming decades, the large-scale impact of urbanisation is expected to become even more amplified as rapid urbanisation spills over to the rest of the world.



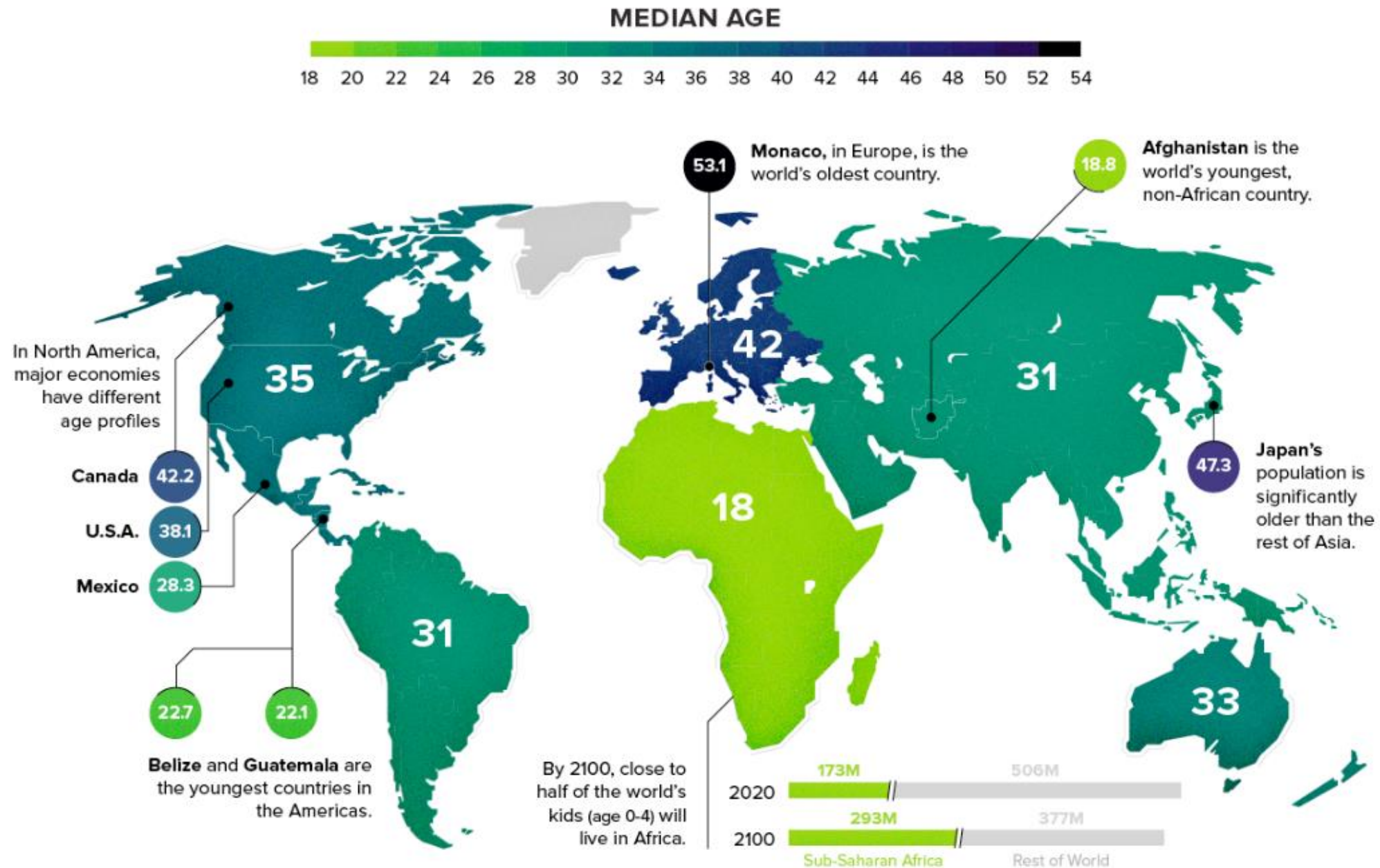
Here is a list of the 20 largest megacities projected for 2100:

Rank	Population (2100)	City	Country
#1	88.3 million	Lagos	Nigeria
#2	83.5 million	Kinshasa	DRC
#3	73.7 million	Dar Es Salaam	Tanzania
#4	67.2 million	Mumbai	India
#5	57.3 million	Delhi	India
#6	56.6 million	Khartoum	Sudan
#7	56.1 million	Niamey	Niger
#8	54.3 million	Dhaka	Bangladesh
#9	52.4 million	Kolkata	India
#10	50.3 million	Kabul	Afghanistan
#11	49.1 million	Karachi	Pakistan
#12	46.7 million	Nairobi	Kenya
#13	41.4 million	Lilongwe	Malawi
#14	40.9 million	Blantyre City	Malawi
#15	40.5 million	Cairo	Egypt
#16	40.1 million	Kampala	Uganda
#17	40.0 million	Manila	Philippines
#18	37.7 million	Lusaka	Zambia
#19	36.4 million	Mogadishu	Somalia
#20	35.8 million	Addis Ababa	Ethiopia

By the year 2100, it's estimated that 13 of the world's largest megacities will be located in Africa. Meanwhile, India will hold three of them – and there will be zero of them found in the Americas, China, or Europe.

THE MEDIAN AGE OF CONTINENTS

Africa has the world's youngest population, with a median age in the teens



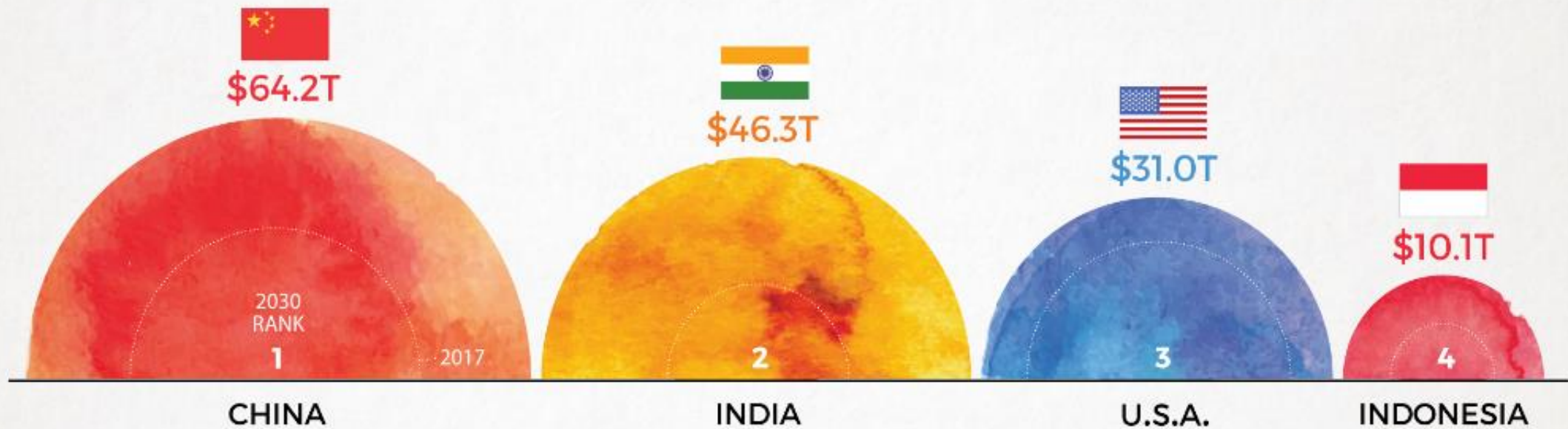
Recap Social Changes

- The world is rapidly growing in the amount of people. From 7.6bln now, to 8.2bln in 2025
- At the same time the growth is very focussed in 2 areas: Africa and Asia. These are the current demand drivers and this will only increase
- A major shift is taking place from the countryside to large (enormous) cities around the world
- The world is getting younger with fewer people living in rural areas
- We will need around 8% of everything more in production just to feed the world due to population growth, ignoring even the next slides on economic power.
- Globalization and a shared effort to supply this additional demand is needed. Countries should work together on R&D and yield efficiencies

Economic Changes:

Who will rule the world?

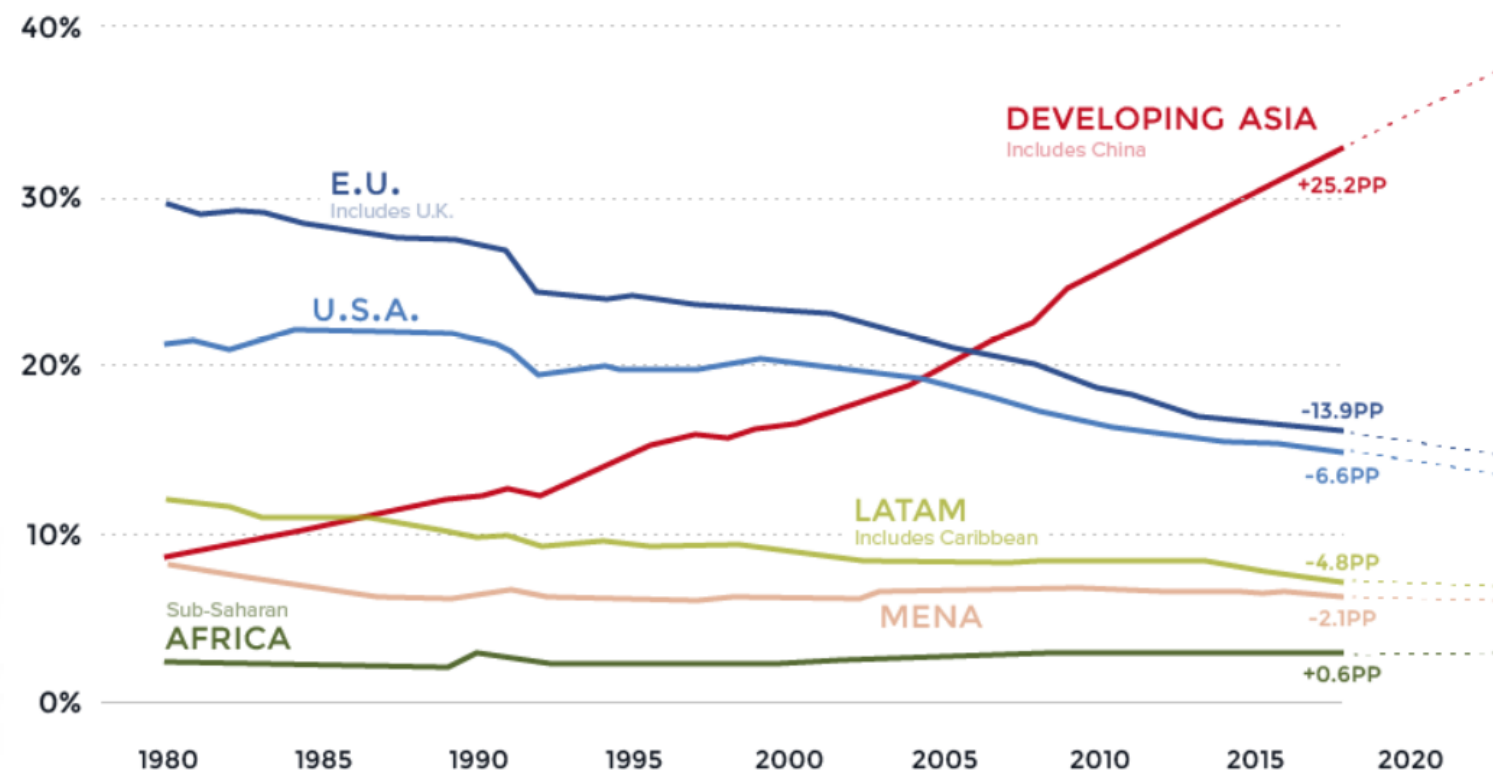
Global GDP Power Shifts in this decade



TOP 10 COUNTRIES, BY GDP (PPP) IN 2030



GLOBAL SHARE (%) OF GDP PPP

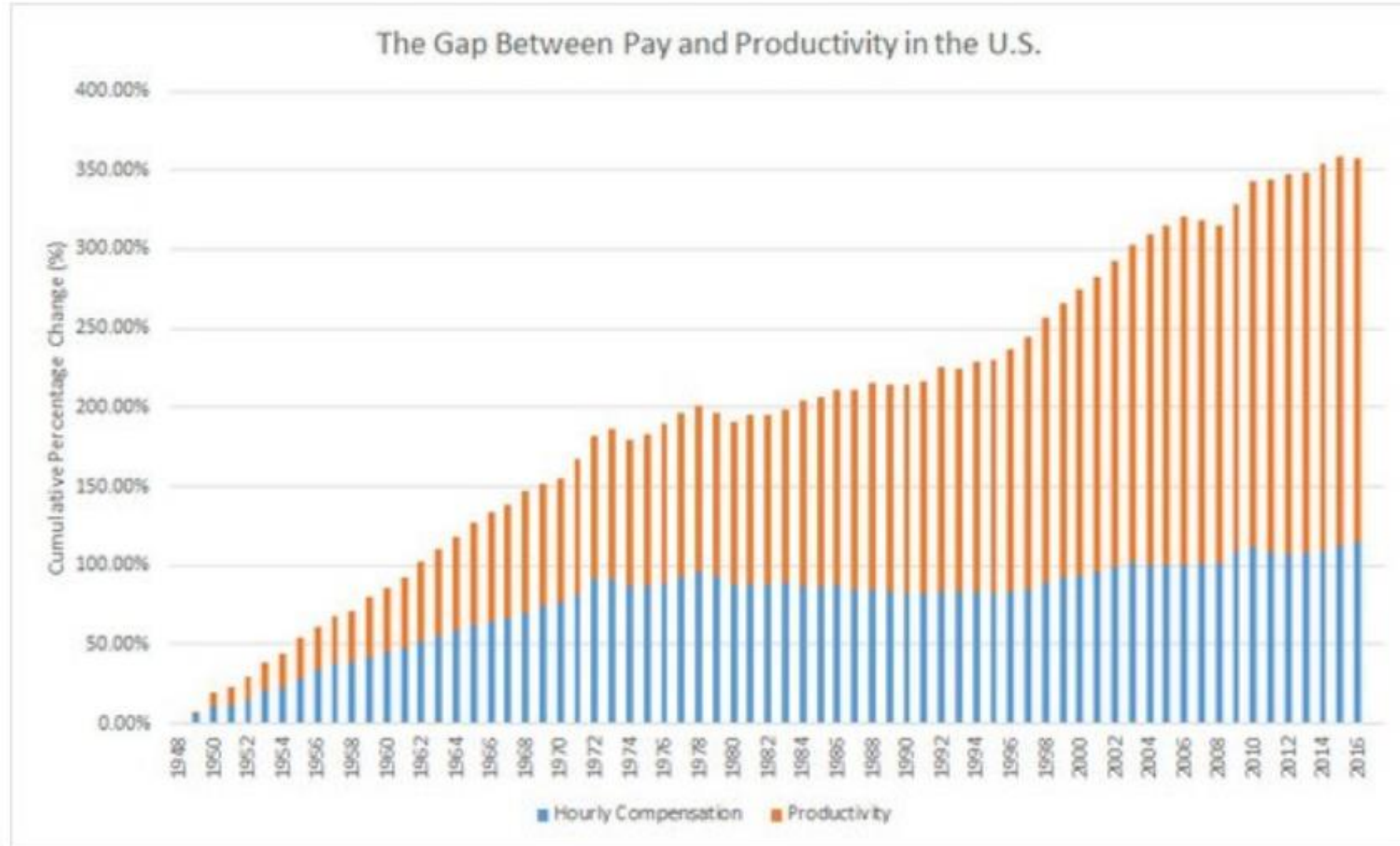


Led by China's meteoric growth, Asia's share of the global economy has rocketed up to 34%. With countries like India and Indonesia rapidly urbanizing, this trend is likely to continue.

The U.S. and E.U. accounted for more than half of the global economy in 1980. Today, they combine for 31%.

Country or Region	Share of GDP (PPP, 1980)	Share of GDP (PPP, 2019F)	Change
Developing Asia	8.9%	34.1%	+25.2 pp
European Union	29.9%	16.0%	-13.9 pp
United States	21.6%	15.0%	-6.6 pp
Latin America & Caribbean	12.2%	7.4%	-4.8 pp
Middle East & North Africa	8.6%	6.5%	-2.1 pp
Sub-Saharan Africa	2.4%	3.0%	+0.6 pp

Pay vs Productivity ↑ over the years = 74% Gap



attribution: EPI compiled BLS data

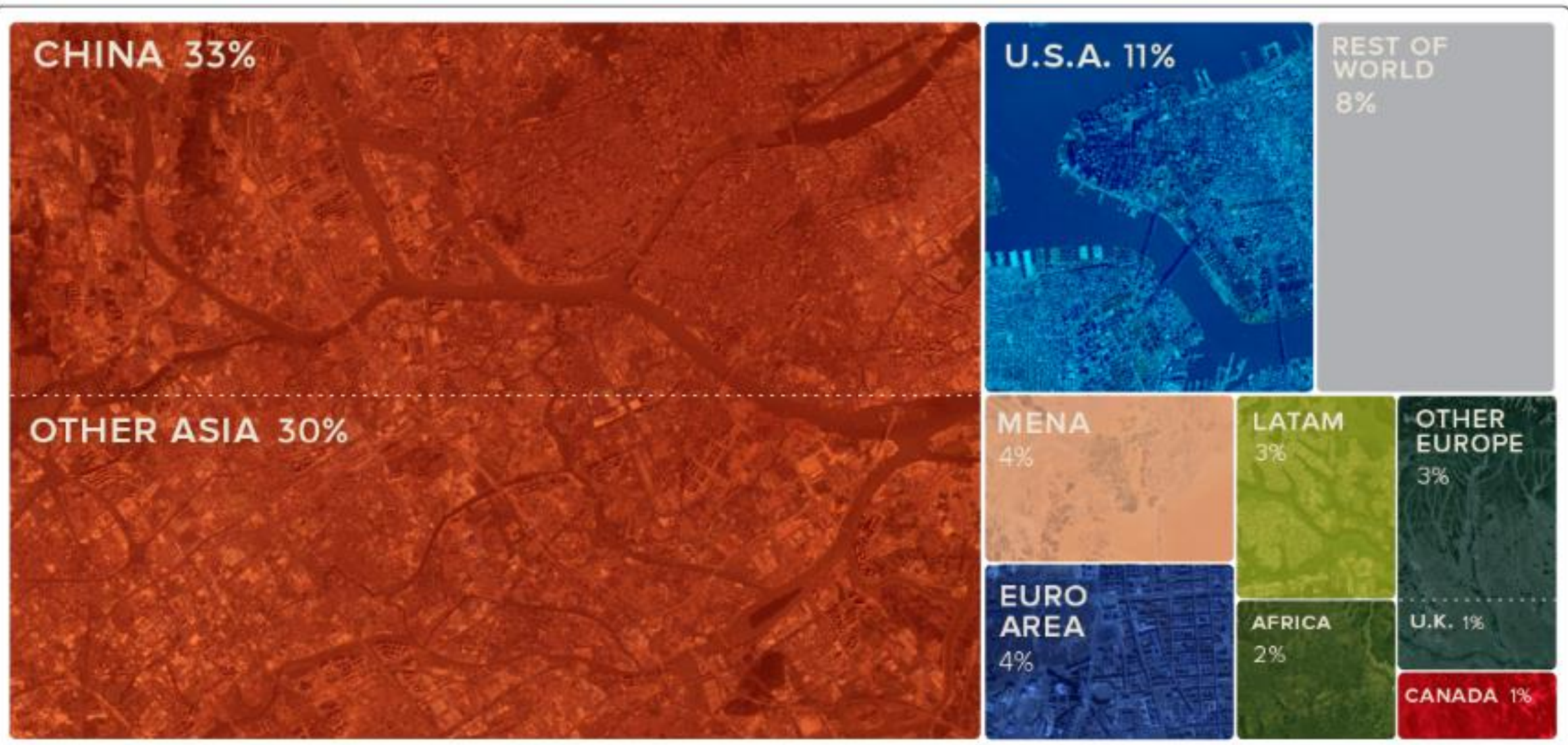
Productivity growth (orange) compared to hourly compensation growth (blue) since 1948.

Wage growth stopped in the 1970s.

THE ECONOMIES ADDING THE MOST TO GLOBAL GROWTH IN 2019

Asian economies lead the way, accounting for 63% of the growth mix

PERCENTAGE SHARE OF GLOBAL GDP PPP GROWTH (2019F)



Geo-Political Risks

Where and What?



Where are today's Geo-Political hot spots?



Donald Trump's economic gamble with trade wars and tax cuts – he could win big or lose everything

The US-China Trade dispute

*The Biggest Trade War Ever
Or
A slow fizzled solution process*

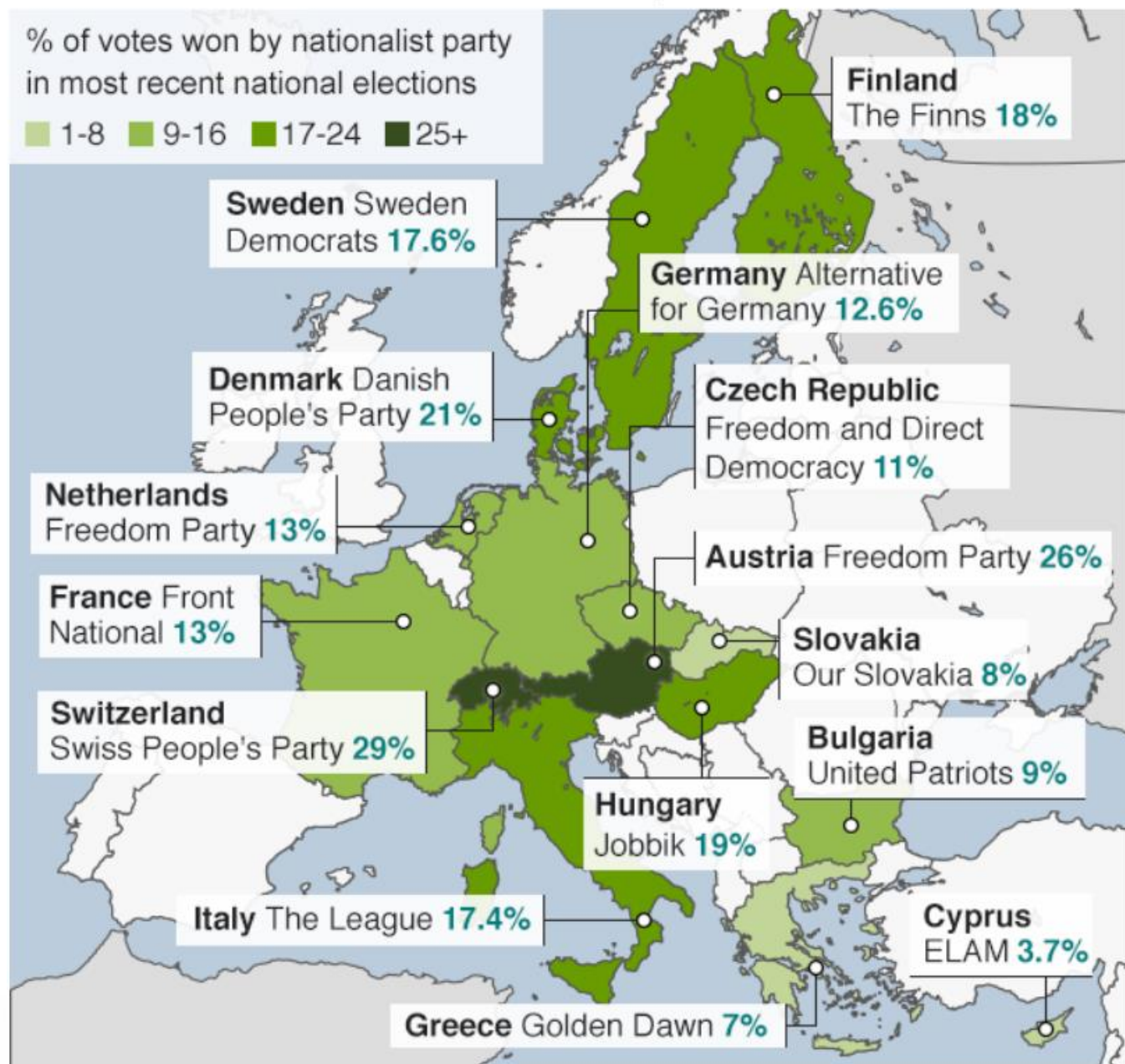




Rise of nationalism in Europe

% of votes won by nationalist party
in most recent national elections

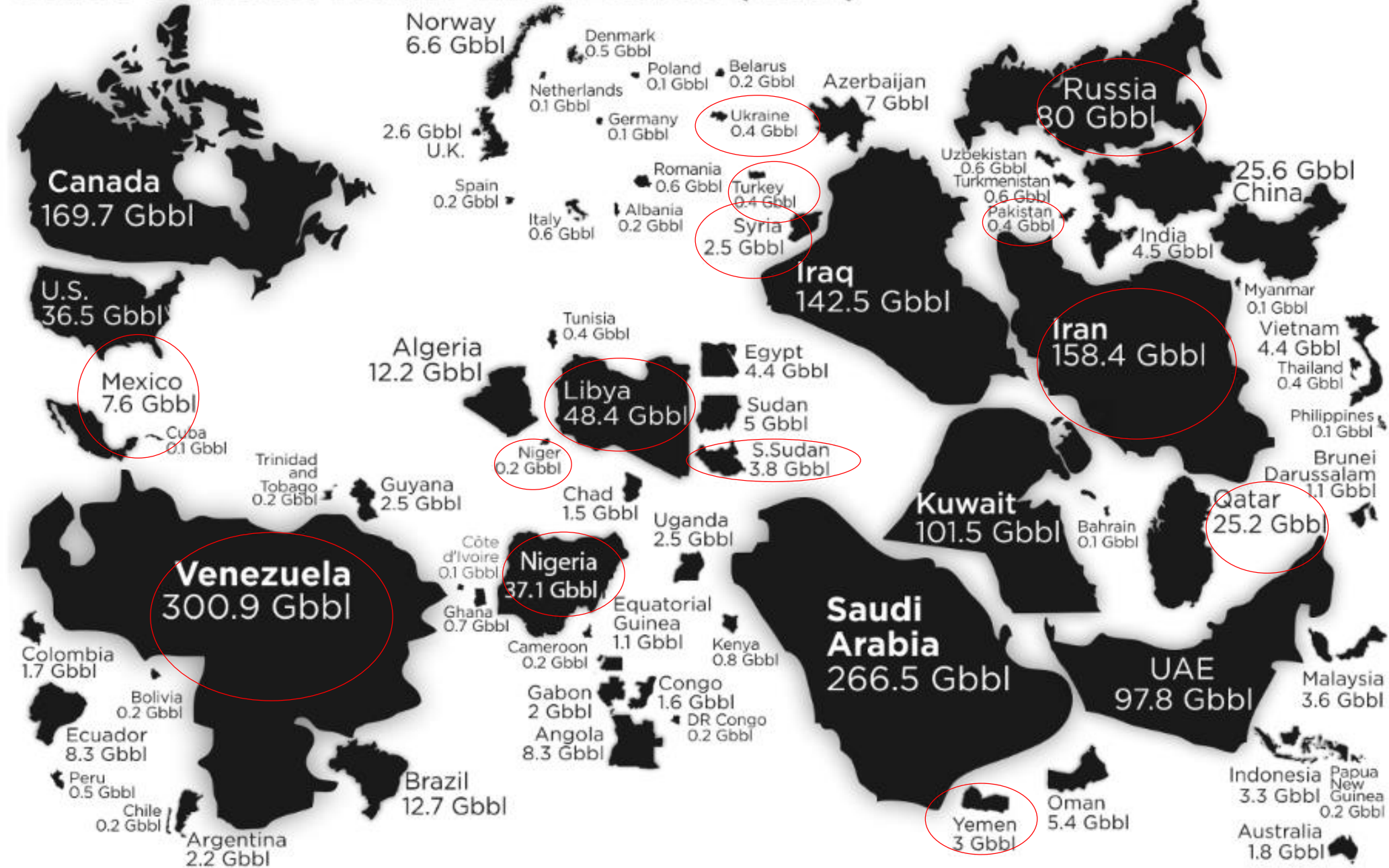
1-8 9-16 17-24 25+



In many countries nationalists got higher scores in European Parliament elections and opinion polls

Last updated: September 2018

Crude Oil Reserves in Billion Barrels (Gbbl)



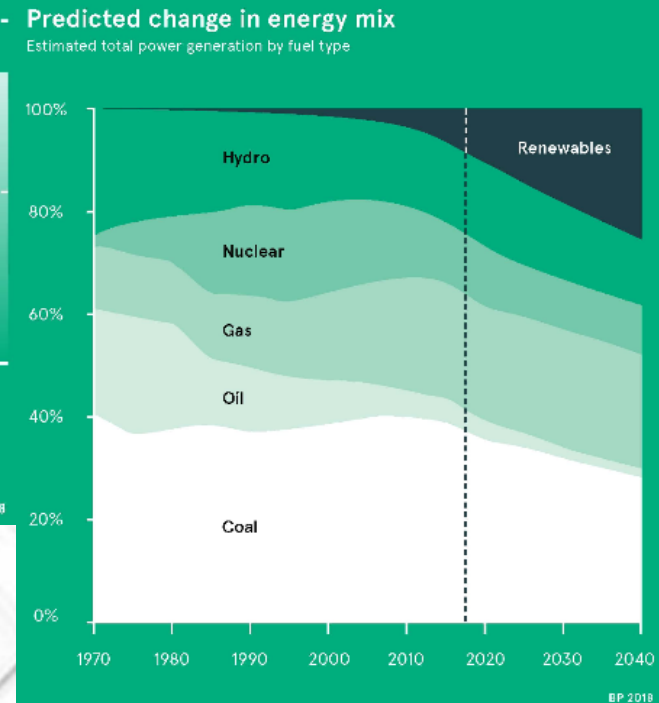
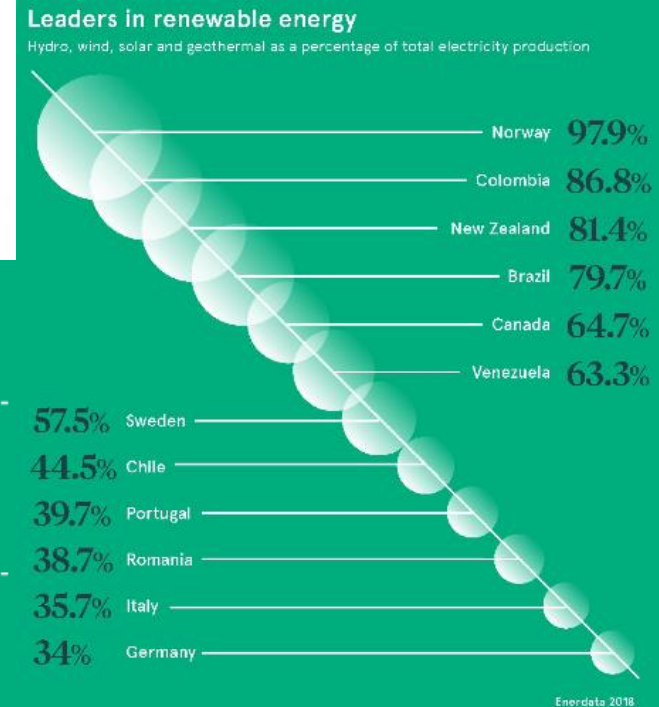
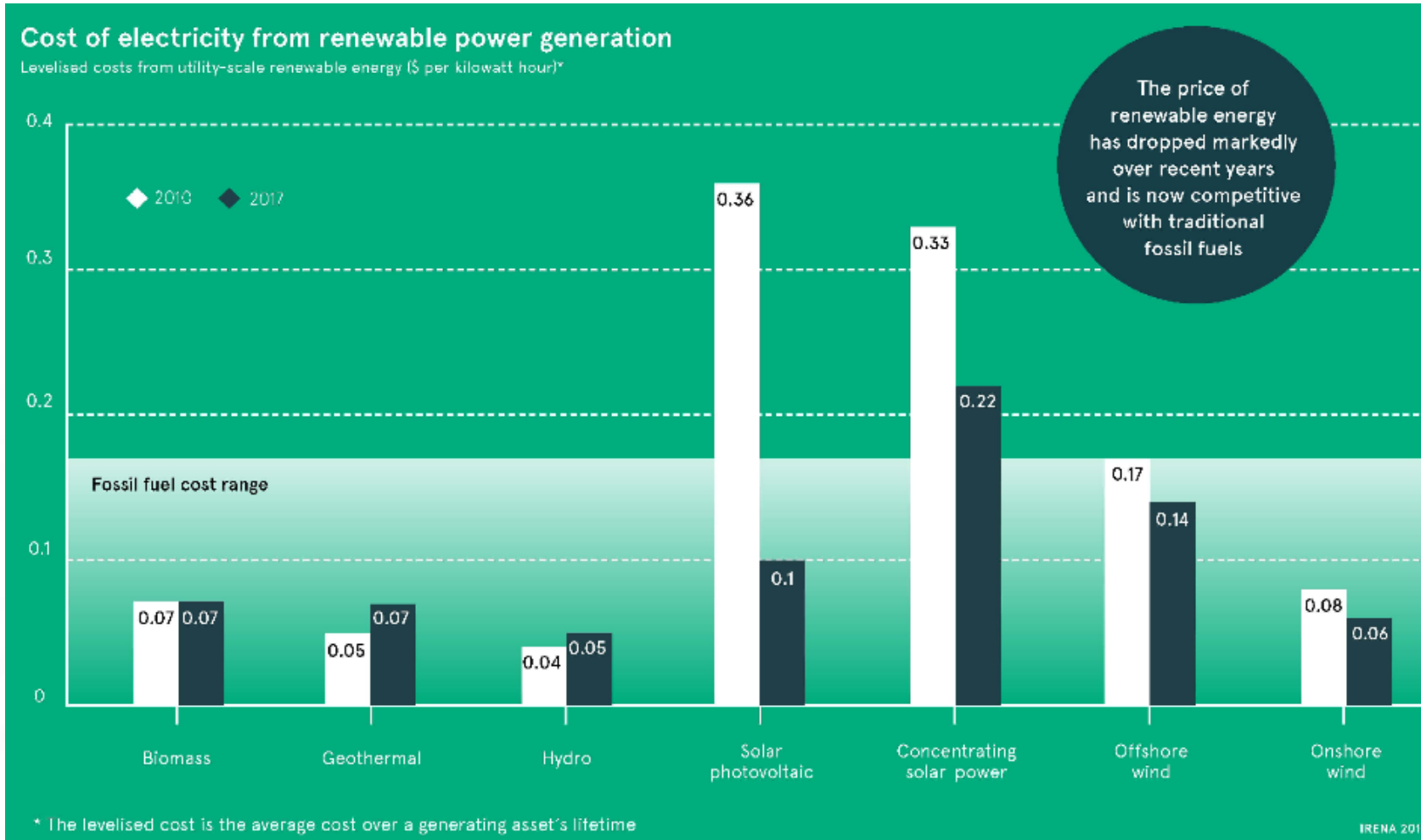
Country	Oil Reserves (Barrels)
Venezuela	300.9 billion
Saudi Arabia	266.5 billion
Canada	169.7 billion
Iran	158.4 billion
Iraq	142.5 billion
Kuwait	101.5 billion
United Arab Emirates	97.8 billion
Russia	80.0 billion
Libya	48.4 billion
Nigeria	37.1 billion
United States	36.5 billion
Kazakhstan	30.0 billion
China	25.6 billion
Qatar	25.2 billion
Brazil	12.7 billion

Country	Total cost (hbl)*
United Kingdom	\$44.33
Brazil	\$34.99
Nigeria	\$28.99
Venezuela	\$27.62
Canada	\$26.64
U.S. shale	\$23.35
Norway	\$21.31
U.S. non-shale	\$20.99
Indonesia	\$19.71
Russia	\$19.21
Iraq	\$10.57
Iran	\$9.09
Saudi Arabia	\$8.98

Note: For visualization purposes we are showing only countries with 100,000,000 bbl (0.1 Gbbl) of crude oil reserves or more.

How to read this map: Countries appear bigger as their crude oil reserves are bigger. e.g. Venezuela. Conversely, countries that have smaller reserves of crude oil appear smaller. e.g. Côte d'Ivoire

Why was the last visual important?



All this, now what?

The impact on Our Markets or Supply and Demand

What will prices do the coming months?

USDA March 2019 review (1st April), BIG SURPRICES!

Table 1: USDA March 2019 prospective plantings vs. trade expectations

2019/20	USDA		2018		Trade estimates		
	Mar 31	Outlook	Final	Mar 31	Avg.	Low	High
Planted acreage (million acres)							
Corn	92.8	92.0	89.1	88.0	91.3	90.0	92.7
Soybeans	84.6	85.0	89.2	89.0	86.2	84.3	88.0
All wheat	45.8	47.0	47.8	47.3	49.6	45.9	48.0
Winter wheat	31.5		32.5		31.5	30.6	32.5
Spring wheat	12.8		13.2		13.4	12.3	13.9
Cotton	13.5		14.1	13.5	14.4	14.0	15.4

Source: USDA, Bloomberg, Rabobank 2019

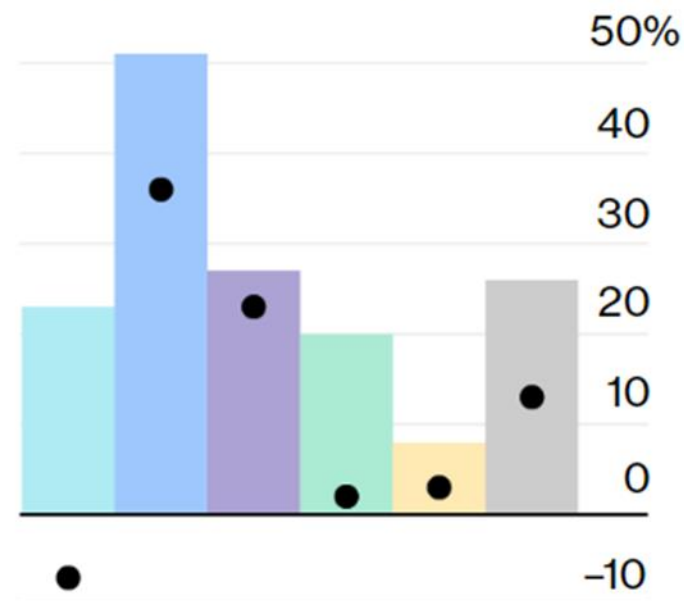
What Will the World Eat in the Next Decade

Growth Rates of Total and Per Capita Consumption

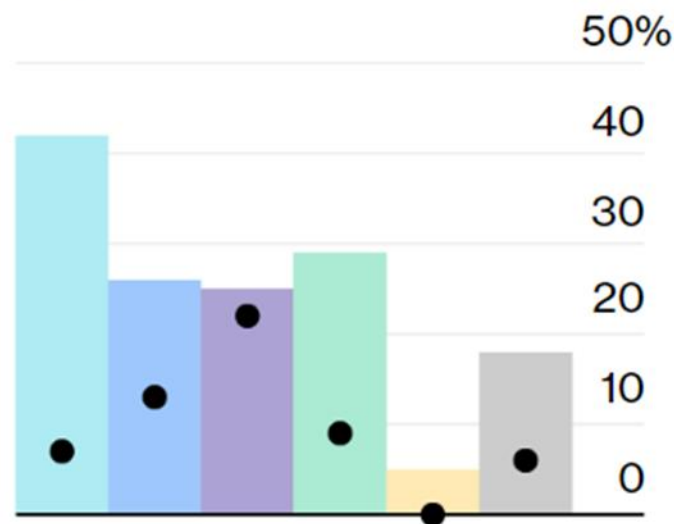
For the outlook period, 2018–2027

■ Sub-Saharan Africa ■ India ■ China ■ MENA ■ OECD ■ World ● Per capita consumption

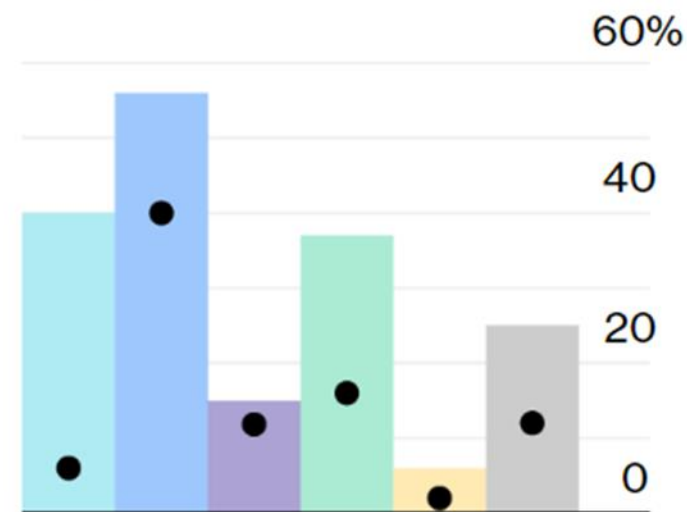
Dairy (in milk solids)



Sugar

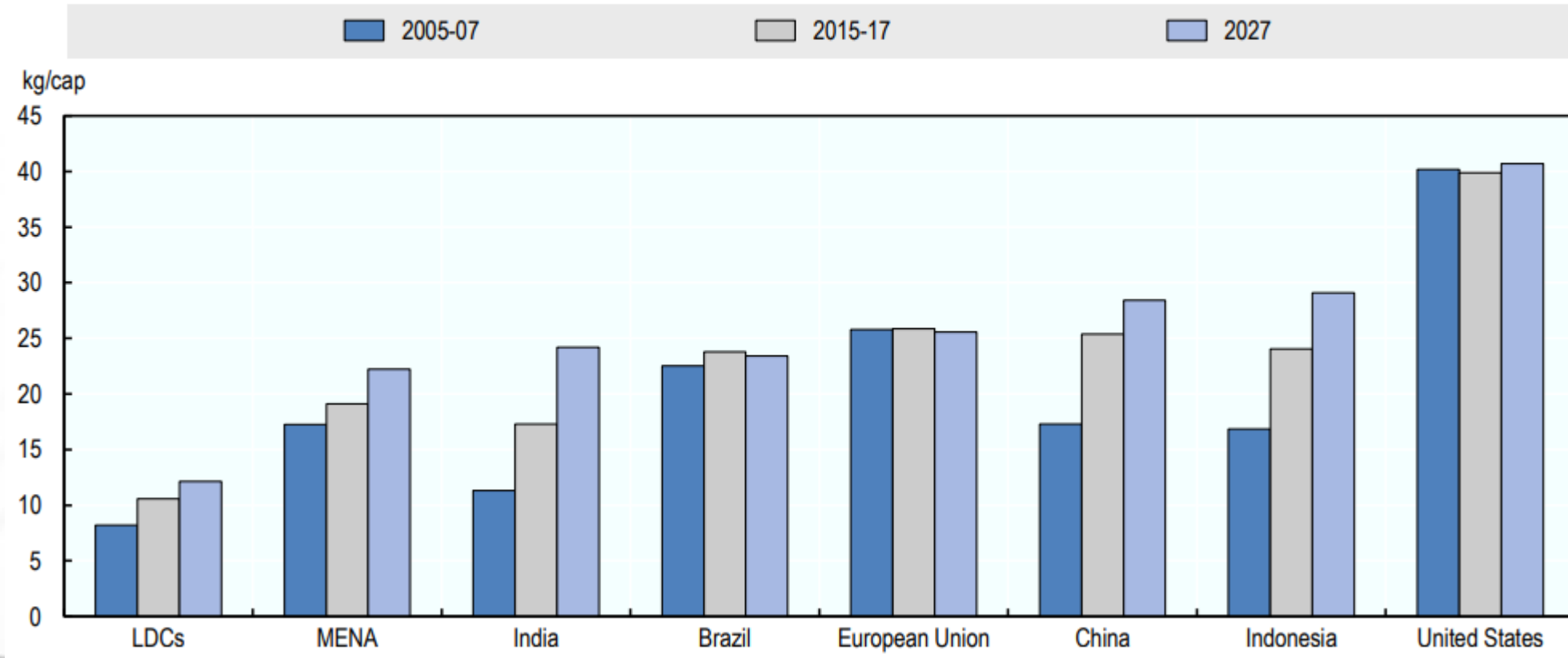


Vegetable oil



How will Edible oils demand Change?

Figure 4.5. Per capita food availability of vegetable oil in selected countries



Source: <http://www.agri-outlook.org/Agricultural-Outlook-2018.pdf>

MENA Palm Oil Import trends 2014-2018

	Indonesia				
	2014	2015	2016	2017	2018
Africa	2,571,315	2,475,327	1,716,103	2,267,929	2,547,710
Benin	190,789	177,410	195,173	222,350	305,934
Djibouti	291,585	313,416	186,217	164,644	208,566
Ghana	149,823	118,888	35,476	34,771	17,544
Kenya	145,900	176,748	191,320	302,984	360,702
Mozambique	117,810	117,988	20,143	47,368	60,556
Nigeria	257,905	152,405	60,355	36,927	38,083
South Africa	369,310	345,344	310,663	295,136	284,825
Tanzania	189,671	273,222	171,184	337,072	320,882
Togo	125,437	110,035	39,958	131,984	166,096

MID East	2,323,508	2,173,661	1,862,559	2,022,362	1,848,317
Egypt	1,023,211	1,144,143	980,499	1,179,800	921,372
Iran	251,322	81,666	51,153	38,209	5,174
Oman	97,237	164,053	165,346	130,477	147,513
Saudi Arabia	302,172	348,783	231,047	75,425	83,341
Turkey	203,183	37,049	15,612	134,482	236,757
UAE	285,505	266,404	249,942	325,193	287,796
Yemen	41,045	59,033	120,465	72,692	104,992

Pakistan	1,827,331	2,341,958	2,101,927	2,183,108	2,448,868
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	Malaysia				
	2014	2015	2016	2017	2018
Africa	2,019,407	2,163,252	2,273,297	2,769,296	2,573,590
Benin	461,593	360,210	312,074	313,970	199,809
Djibouti	26,063	53,598	77,185	138,742	191,566
Ghana	96,536	162,069	202,062	260,302	236,159
Kenya	135,336	157,146	131,065	232,512	215,934
Mozambique	81,271	98,147	177,198	139,855	217,797
Nigeria	175,265	221,803	185,809	227,537	214,547
South Africa	36,876	109,755	126,805	181,655	178,738
Tanzania	272,972	217,099	332,807	261,131	180,556
Togo	135,689	58,075	35,237	81,780	132,882

MID East	1,222,273	1,249,882	1,435,929	2,003,612	1,790,482
Egypt	276,731	158,786	139,210	139,258	47,560
Iran	446,715	335,182	336,897	486,571	479,874
Oman	17,509	19,426	7,989	38,290	77,336
Saudi Arabia	114,116	66,237	168,947	376,708	356,191
Turkey	61,762	293,871	498,060	575,807	447,853
UAE	81,289	75,706	64,621	81,112	50,329
Yemen	79,934	87,461	34,827	73,079	87,831

Pakistan	760,083	614,139	803,831	785,486	874,779
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MENA Palm Oil Import trends 2014-2018+ 2019

	Combined MAL+INDO					
	2014	2015	2016	2017	2018	2019e
Africa	4,590,722	4,638,579	3,989,400	5,037,225	5,121,300	5,561,732
Benin	652,382	537,620	507,247	536,320	505,743	556,317
Djibouti	317,648	367,014	263,402	303,386	400,132	440,145
Ghana	246,359	280,957	237,538	295,073	253,703	271,462
Kenya	281,236	333,894	322,385	535,496	576,636	617,001
Mozambique	199,081	216,135	197,341	187,223	278,353	300,621
Nigeria	433,170	374,208	246,164	264,464	252,630	272,840
South Africa	406,186	455,099	437,468	476,791	463,563	505,284
Tanzania	462,643	490,321	503,991	598,203	501,438	539,046
Togo	261,126	168,110	75,195	213,764	298,978	328,876

	2014	2015	2016	2017	2018	2019e
MID East	3,545,781	3,423,543	3,298,488	4,025,974	3,638,799	3,729,769
Egypt	1,299,942	1,302,929	1,119,709	1,319,058	968,932	993,155
Iran	698,037	416,848	388,050	524,780	485,048	499,599
Oman	114,746	183,479	173,335	168,767	224,849	231,594
Saudi Arabia	416,288	415,020	399,994	452,133	439,532	450,520
Turkey	264,945	330,920	513,672	710,289	684,610	691,456
UAE	366,794	342,110	314,563	406,305	338,125	343,197
Yemen	120,979	146,494	155,292	145,771	192,823	194,751

	2014	2015	2016	2017	2018	2019e
Pakistan	2,587,414	2,956,097	2,905,758	2,968,594	3,323,647	3,431,666

	2014	2015	2016	2017	2018	2019e
Total ME + Africa	10,723,917	11,018,219	10,193,646	12,031,793	12,083,746	12,723,166

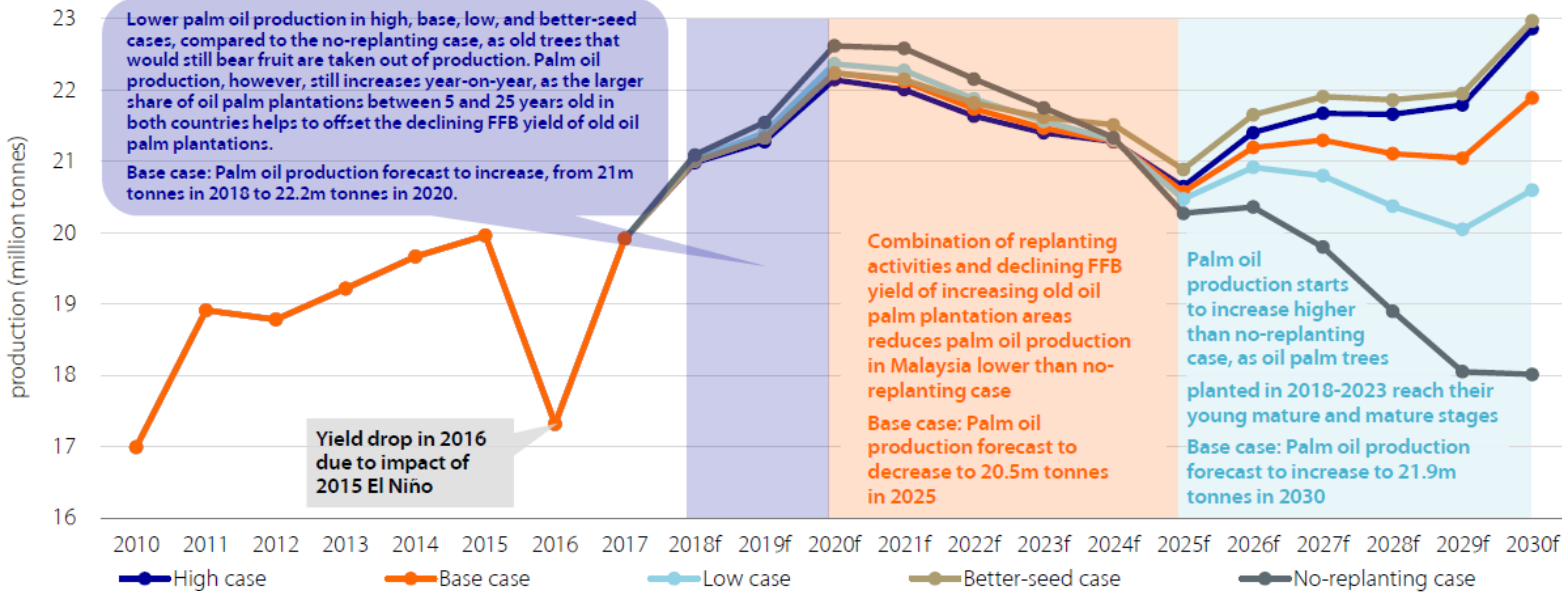
	Growth					
	2015	2016	2017	2018	2014-2018	AVERAGE
Africa	1.04%	-14.00%	26.27%	1.67%	11.56%	2.89%
Benin	-17.59%	-5.65%	5.73%	-5.70%	-22.48%	-5.62%
Djibouti	15.54%	-28.23%	15.18%	31.89%	25.97%	6.49%
Ghana	14.04%	-15.45%	24.22%	-14.02%	2.98%	0.75%
Kenya	18.72%	-3.45%	66.10%	7.68%	105.04%	26.26%
Mozambique	8.57%	-8.70%	-5.13%	48.67%	39.82%	9.95%
Nigeria	-13.61%	-34.22%	7.43%	-4.47%	-41.68%	-10.42%
South Africa	12.04%	-3.87%	8.99%	-2.77%	14.13%	3.53%
Tanzania	5.98%	2.79%	18.69%	-16.18%	8.39%	2.10%
Togo	-35.62%	-55.27%	184.28%	39.86%	14.50%	3.62%

	2015	2016	2017	2018	2014-2018	AVERAGE
MID East	-3.45%	-3.65%	22.06%	-9.62%	2.62%	0.66%
Egypt	0.23%	-14.06%	17.80%	-26.54%	-25.46%	-6.37%
Iran	-40.28%	-6.91%	35.24%	-7.57%	-30.51%	-7.63%
Oman	59.90%	-5.53%	-2.64%	33.23%	95.95%	23.99%
Saudi Arabia	-0.30%	-3.62%	13.03%	-2.79%	5.58%	1.40%
Turkey	24.90%	55.23%	38.28%	-3.62%	158.40%	39.60%
UAE	-6.73%	-8.05%	29.16%	-16.78%	-7.82%	-1.95%
Yemen	21.09%	6.01%	-6.13%	32.28%	59.39%	14.85%

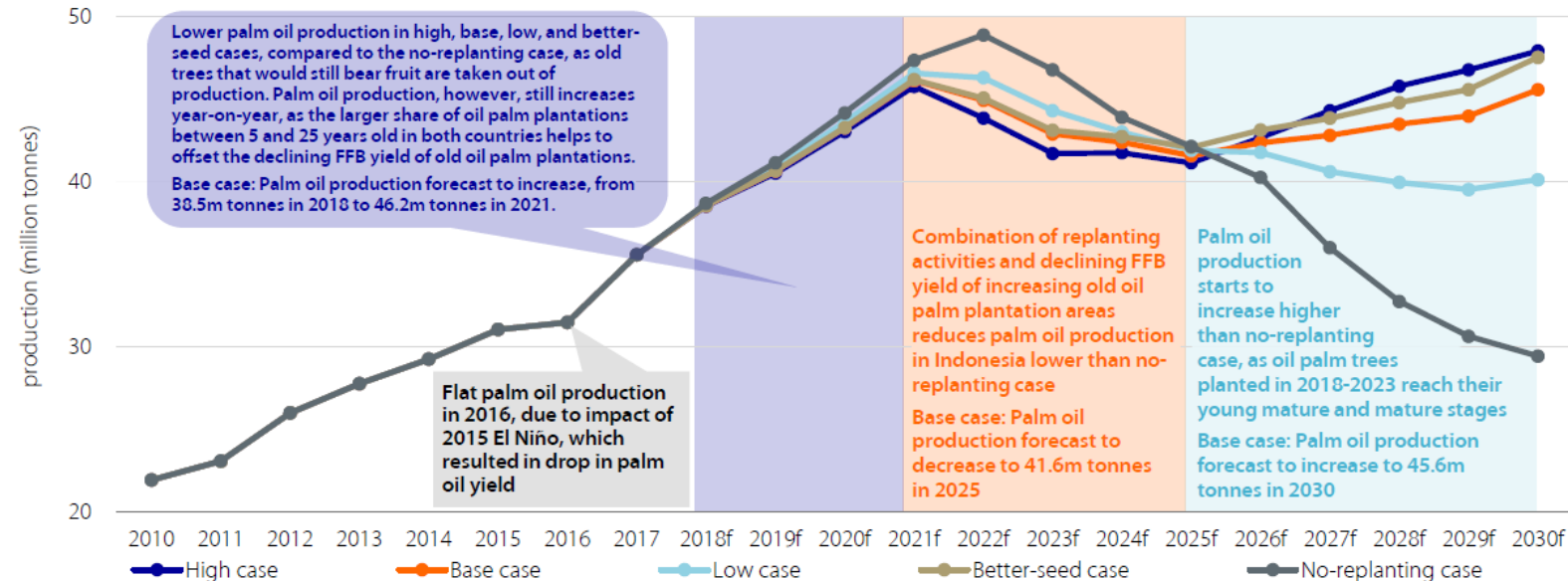
	2015	2016	2017	2018	2014-2018	AVERAGE
Pakistan	14.25%	-1.70%	2.16%	11.96%	28.45%	7.11%

	2015	2016	2017	2018	2014-2018	AVERAGE
Total ME + Africa	2.74%	-7.48%	18.03%	0.43%	12.68%	3.17%

How will Palm Oil Production Change? Replanting?

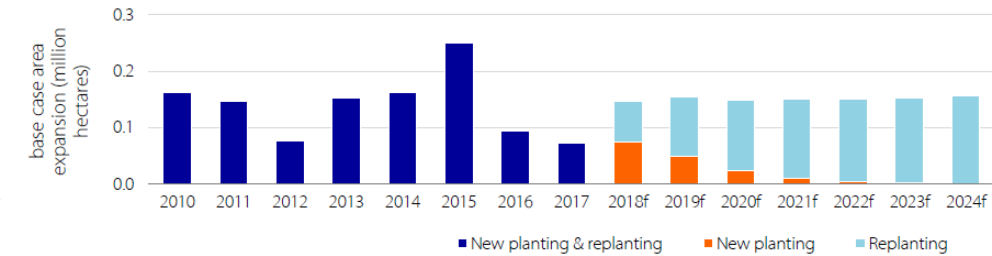


Source: MPOB, Rabobank 2018

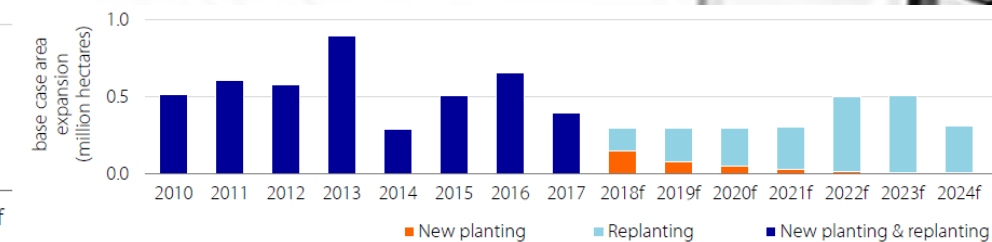


Source: Indonesian Directorate General of Estate Crops, Rabobank 2018

Malaysian Palm Production forecast, 2018-2030
Range 2019 @ 19.8-20.8 mmt
I use 20.2 mmt for 2019 Malaysia



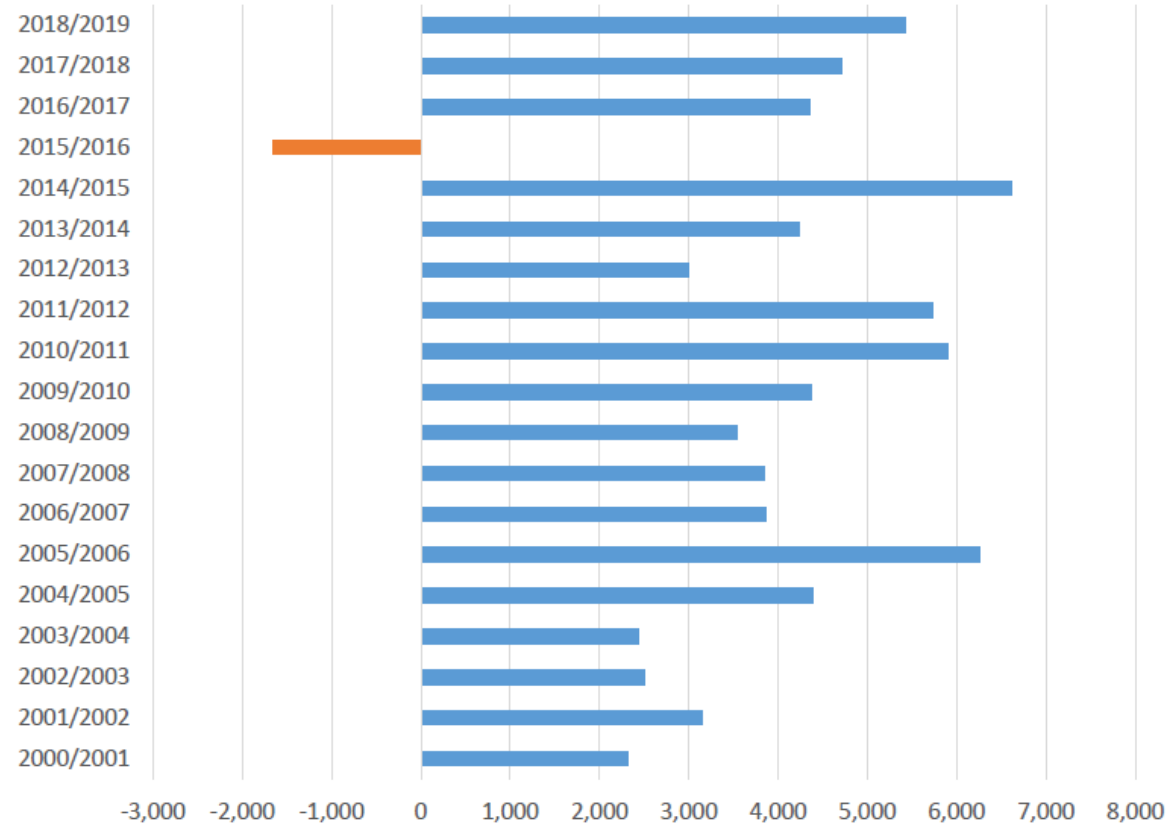
Indonesian Palm Production forecast, 2018-2030
Range 2019 @ 42.0-44.0 mmt
I use 43.0 mmt for 2019 Indonesia



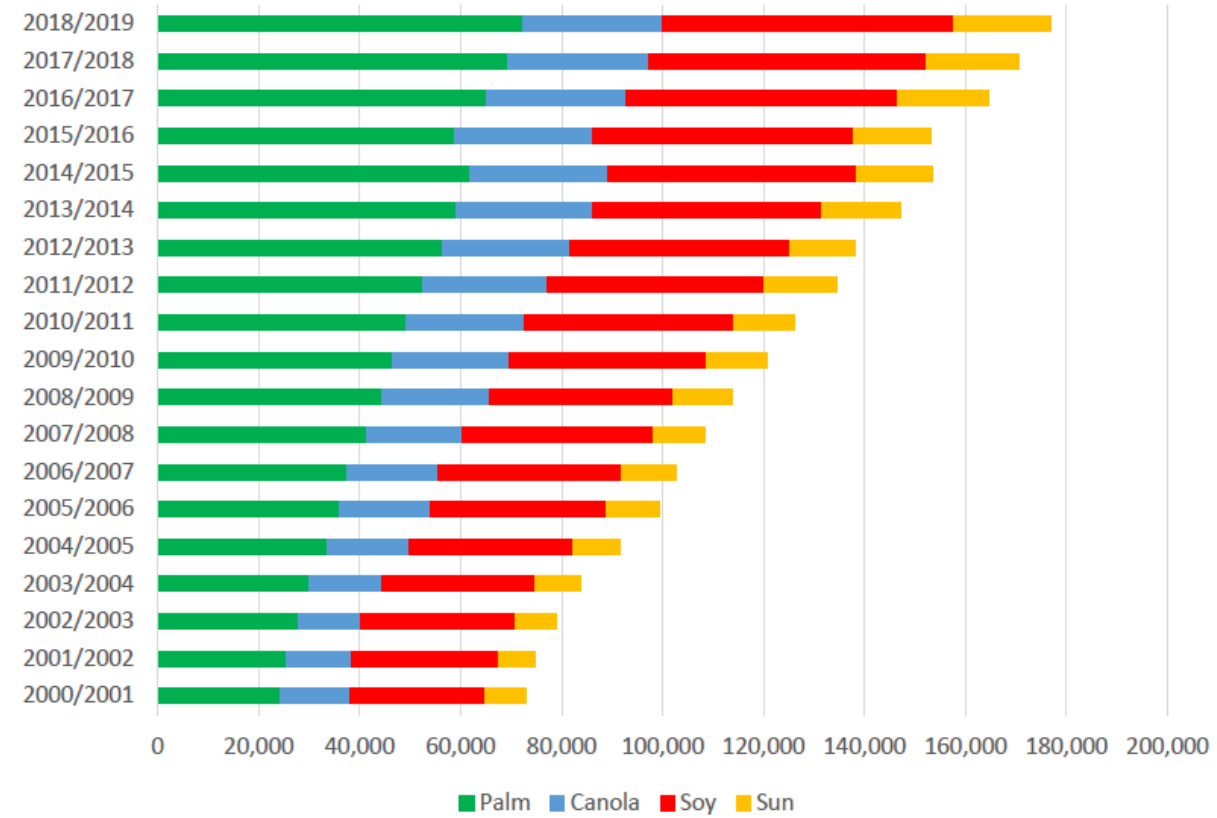
Global Edible Oil Balance Sheet // Prices

World major veg oil production vs consumption – key for assessing the price environment

Major veg oils - production vs consumption



Major veg oil production



Recap today

There is little we can do, but to embrace change

Concluding Forecasts for today 24-4-2019

Macro:

- Unlikely we will see a true global recession in the next 12 months (30% chance only)
- Unlikely we will see a “deal” between the US and China, more like a process over time
- Brexit most likely will turn into a Customs Union as otherwise it will be a total mess by Oct 31st
- No more Fed hike is to be expected in 2019, so bond yields will remain low
- Rangebound Crude Oil prices @ \$ 65-73/barrel

Agricultural markets Q2 and Q3 2019:

- Stable and capped Agri prices in general, SB to trade \$ XXX /bushel
- SBO to trade \$XXX CME with -XXX/-XX Basis or \$XXX flat price with a \$XXX spread over CPO
- SFO to trade \$XXX or \$XXX in the spread with SBO
- CPO to trade MYRXXX or \$XXX and for POL between \$XXX in the coming months

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Agricultural markets Q2 and Q3 2019:

- **Stable and capped Agri prices in general, SB to trade \$ 8.70 - 9.30/bushel**
- SBO to trade \$XXX CME with -XXX/-XX Basis or \$XXX flat price with a \$XXX spread over CPO
- SFO to trade \$XXX or \$XXX in the spread with SBO FOB Ukraine
- CPO to trade MYRXXX or \$XXX and for POL between \$XXX in the coming months

Concluding Forecasts for today 24-4-2019

Macro:

- Unlikely we will see a true global recession in the next 12 months (30% chance only)
- Unlikely we will see a “deal” between the US and China, more like a process over time
- Brexit most likely will turn into a Customs Union as otherwise it will be a total mess by Oct 31st
- No more Fed hike is to be expected in 2019, so bond yields will remain low
- Rangebound Crude Oil prices @ \$ 65-73 /barrel

Agricultural markets Q2 and Q3 2019:

- Stable and capped Agri prices in general, SB to trade \$ 8.90 - 9.50/bushel
- **SBO to trade \$28.00-29.20 CME with -150/-50 Basis or \$600-630 flat price with a \$120 spread over CPO**
- SFO to trade \$XXX or \$XXX in the spread with SBO FOB Ukraine
- CPO to trade MYRXXX or \$XXX and for POL between \$XXX in the coming months

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Concluding Forecasts for today 24-4-2019

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Agricultural markets Q2 and Q3 2019:

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- SFO to trade \$630-670 or \$30-50 in the spread with SBO
- **CPO to trade MYR2080-2280 or \$490-540 FOB with for POL between \$520 and \$550 FOB in the coming months BUT with a big Indonesian Biodiesel Demand Flag based on elections.**



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شكرا على وقتك والاهتمام اليوم

Next steps or more information

- Contact me on PAUL.BLOEMENDAL@PRETB.NET
- Visit our office in Singapore
- Request a visit to your office // Engagement Agreement
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