FALCONBRIDGE RESOURCES COMMODITY REPORT

PALM OIL - MAY 2026

Performance, Insights, & Outlook

www.falconbridgeresources.com

THE MACRO VIEW WHAT'S HAPPENING

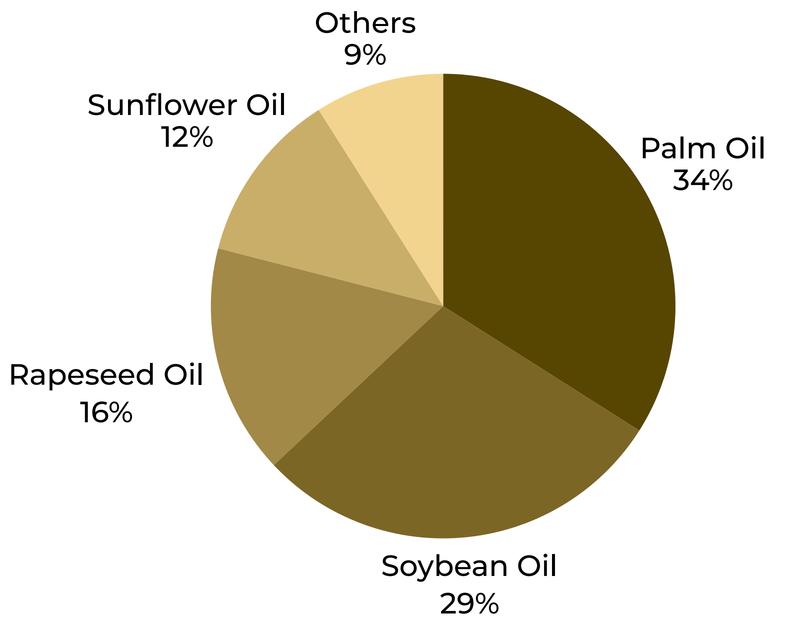
WHAT USED TO MATTER

- Production
- Food Demand
- Price Movement

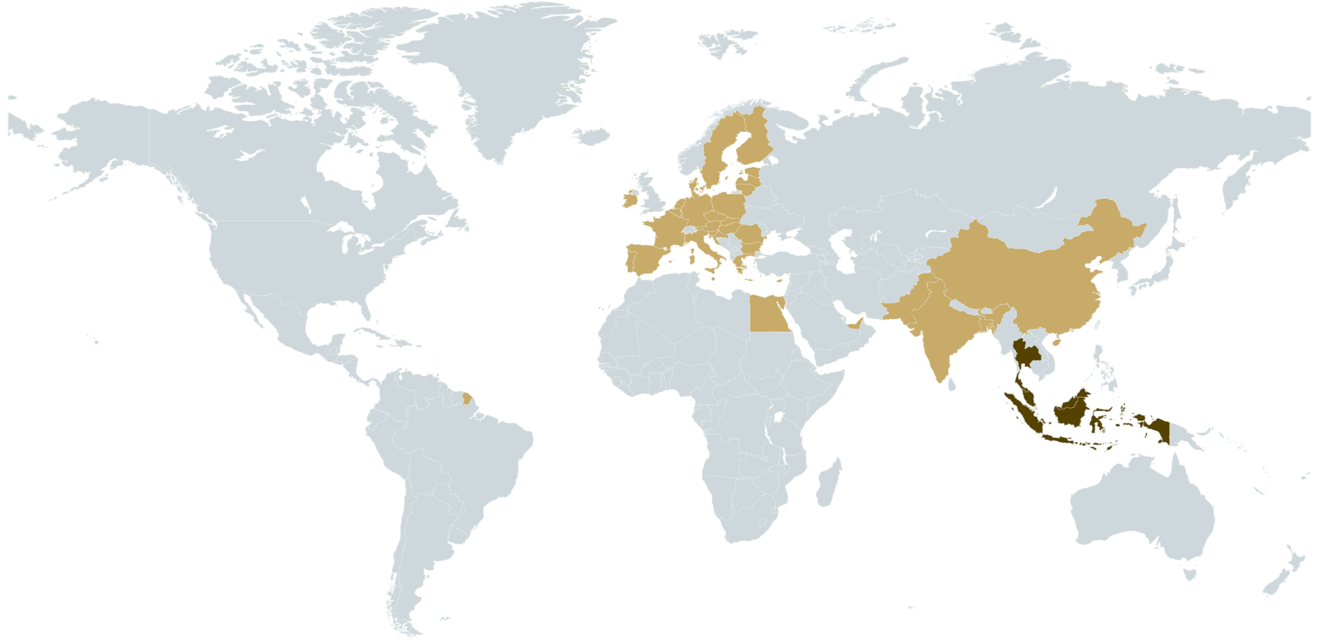
TODAY'S REALITY

- Food Demand
- Energy Demand
- Trade Flow
- Freight & Logistics
- Geopolitics

GLOBAL VEGETABLE CONSUMPTION



GLOBAL PRODUCTION CONCENTRATION



Major Producing Countries Major Importing Countries

~76%

Share of Global Palm Oil production from Indonesia & Malaysia

~15.50 – 16%

Estimated Palm Oil used for Biodiesel in Indonesia (B40 Implementation)

~34%

Palm oil share in global vegetable oil consumption, the highest among oils

FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Palm oil is increasingly being influenced by biodiesel allocation, export concentration, and freight movement. Not just agricultural production and food demand.

TRADE IMPLICATION

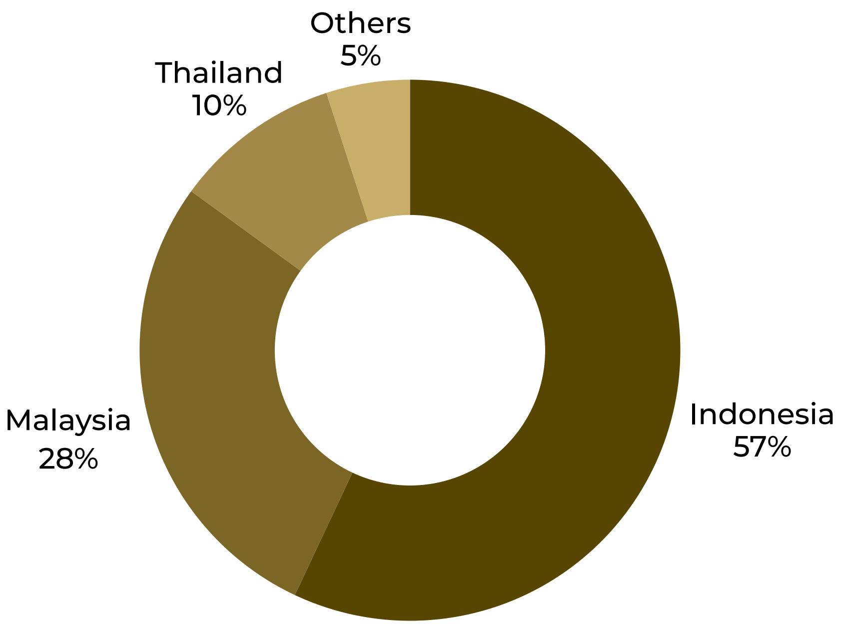
With global supply heavily concentrated in Southeast Asia while domestic energy programs absorb more exportable volumes internally, edible oil markets are becoming structurally more sensitive to logistics timing, freight volatility, and trade corridor disruption.

STRATEGIC SHIFT

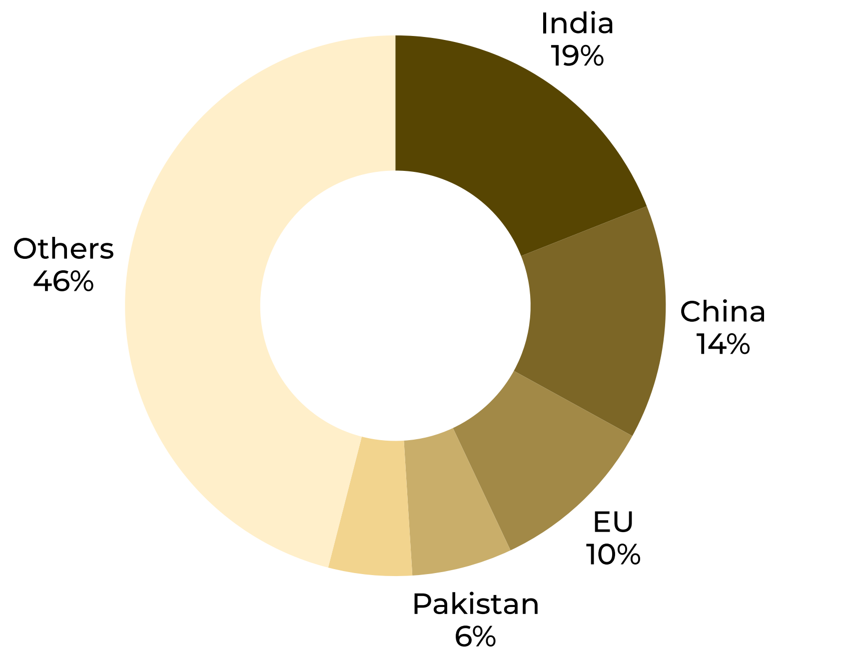
In 2026, market direction may increasingly depend on where supply flows first — not simply how much is produced.

THE MARKET STRUCTURE WHY PALM OIL MATTERS SO MUCH

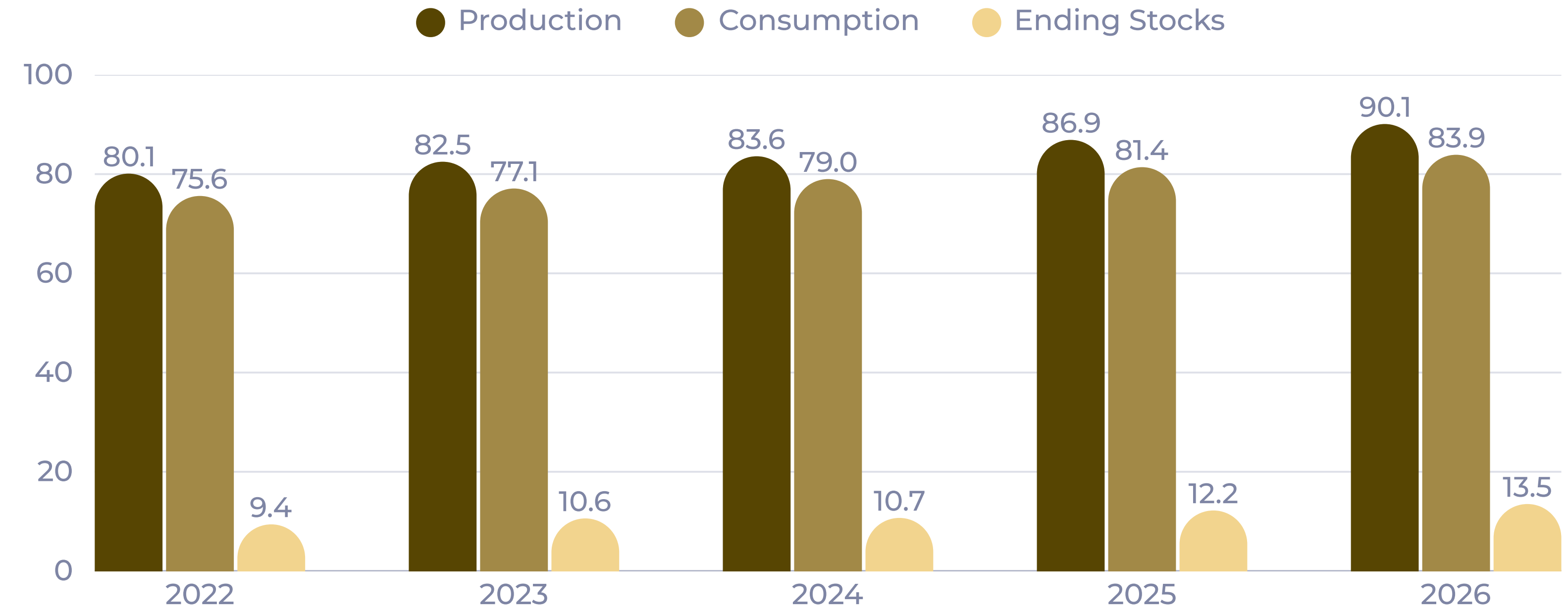
LEADING EXPORTERS



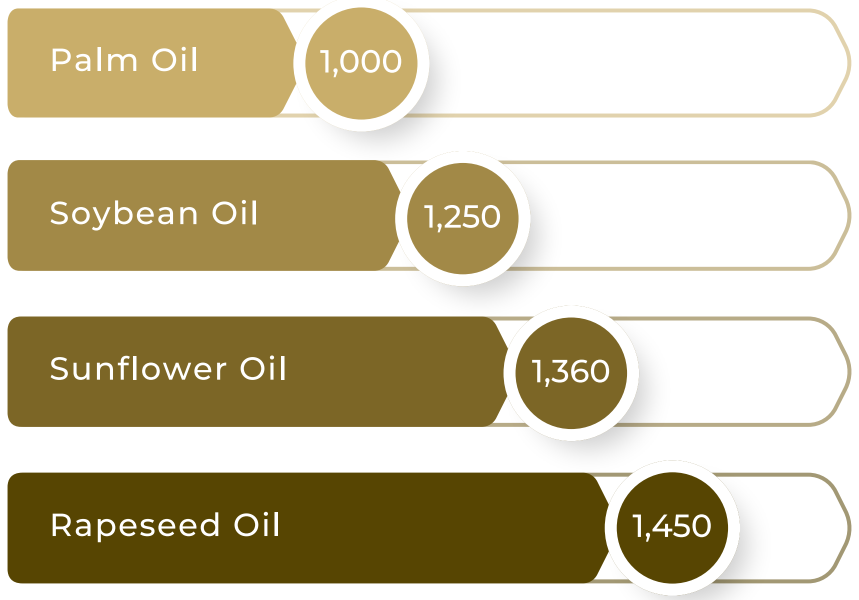
LEADING IMPORTERS



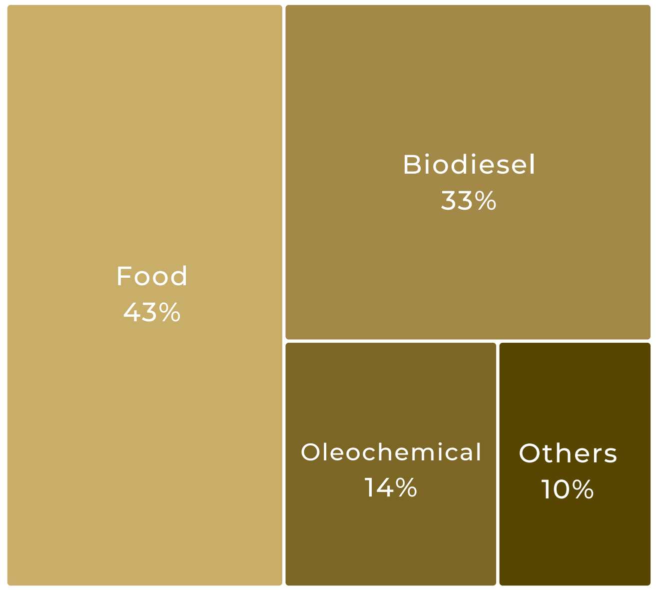
GLOBAL PALM OIL SUPPLY - DEMAND BALANCE (MMT)



PRICE COMPETITIVE ADVANTAGE (USD/MMT)



WHERE PALM OIL GOES



FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Palm oil remains the world's most consumed vegetable oil while production remains heavily concentrated in Indonesia and Malaysia.

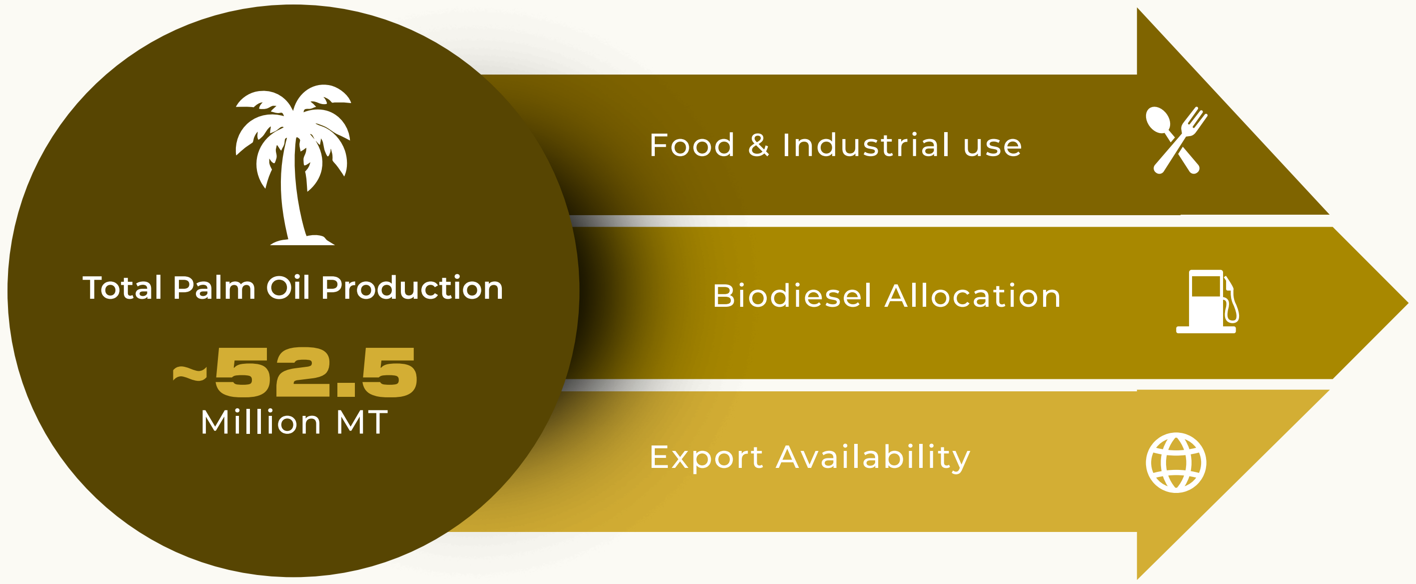
RISK INSIGHT

This creates a market where relatively small disruptions in exports, weather, logistics, or domestic policy can rapidly influence global edible oil pricing and import security.

STRATEGIC SHIFT

The market's biggest vulnerability is no longer demand growth — it is supply concentration.

THE SHIFT WHY TIMING NOW MATTERS MORE THAN VOLUME

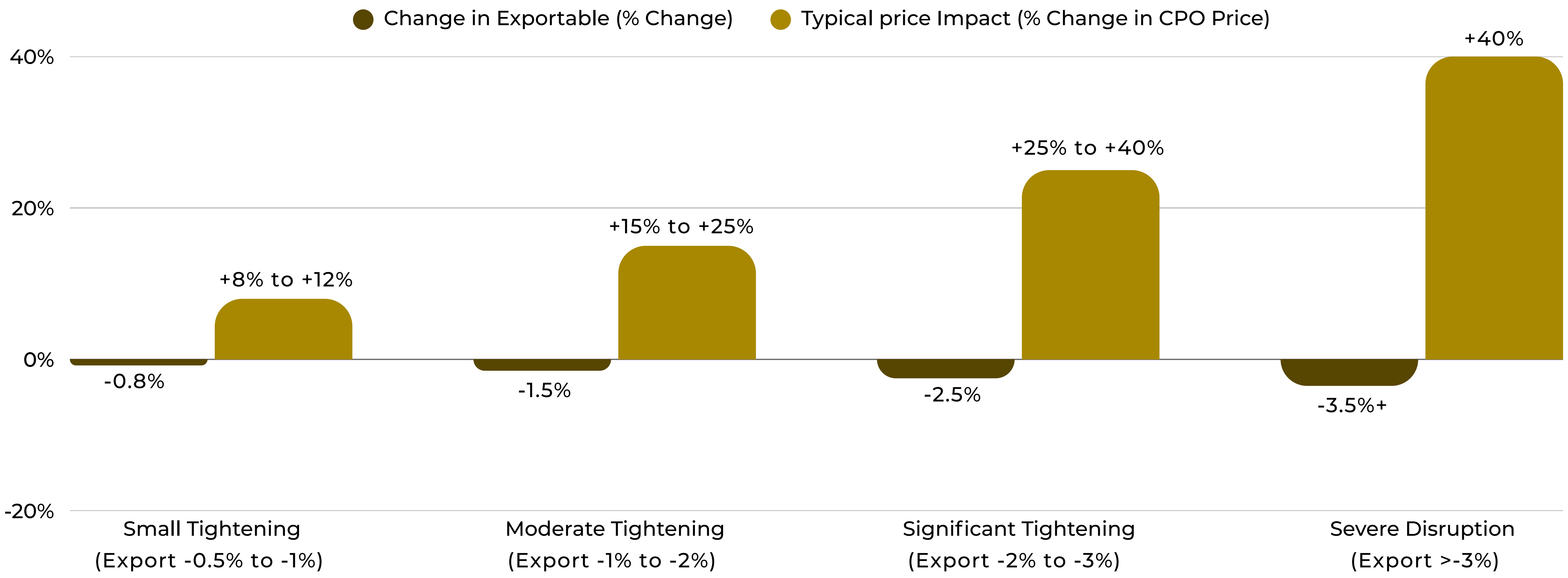


BIODIESEL MANDATE IMPACT

B35 (2024)	B40 (2026)
~13.5 MT	~15.5 MT
USED FOR BIODIESEL	NEEDED FOR BIODIESEL

~2.0 MT additional palm oil absorbed domestically, reducing exportable supply

VOLUME VS PRICE SENSITIVITY



FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Export pacing, biodiesel allocation, and inventory positioning are becoming more influential than total annual production figures.

RISK INSIGHT

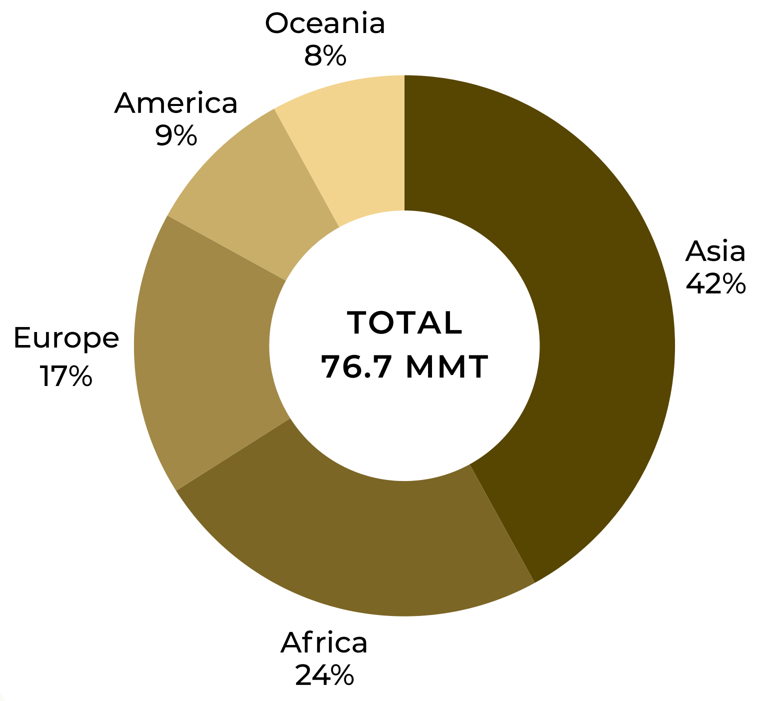
As more supply is redirected internally toward energy programs, buyers are increasingly competing for timing access rather than overall supply availability.

STRATEGIC SHIFT

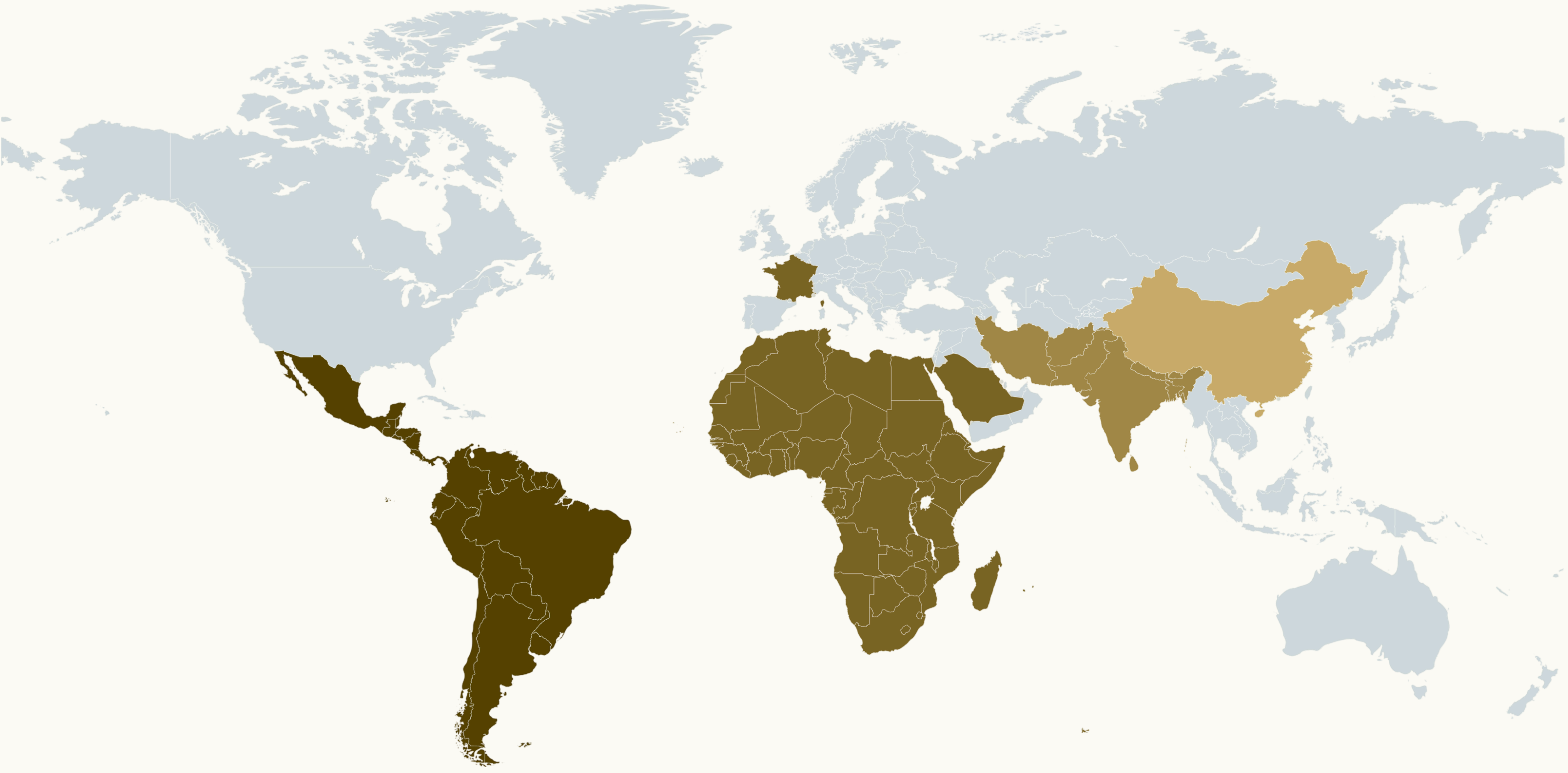
The edible oil market is becoming increasingly flow-driven rather than volume-driven.

THE DEMAND SIGNAL WHO IS PULLING THE MARKET?

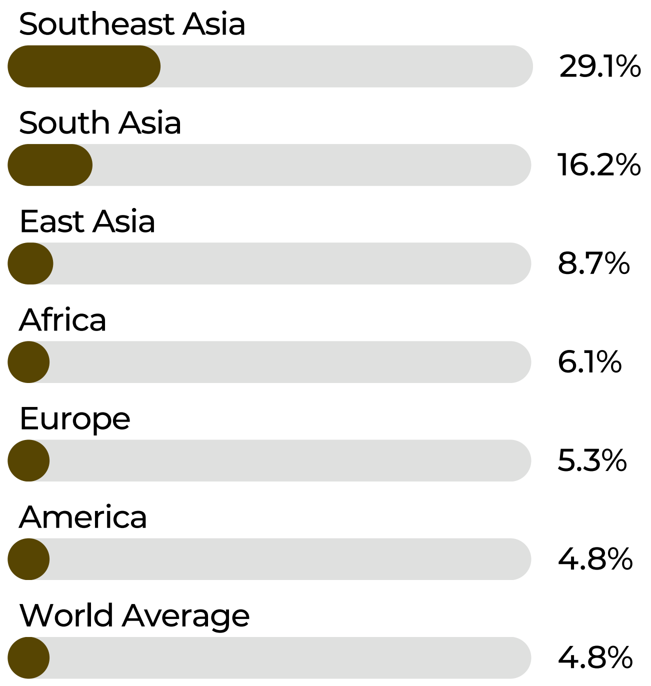
DEMAND BY REGION



WHERE DEMAND IS GROWING FASTEST



PER CAPITA CONSUMPTION



Projected Consumption Growth (MMT)

Latin America	Africa	South Asia	China
+0.6	+1.2	+1.8	+0.6

FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Demand growth across Asia, MENA, and Africa continues reshaping global palm oil movement and procurement behavior.

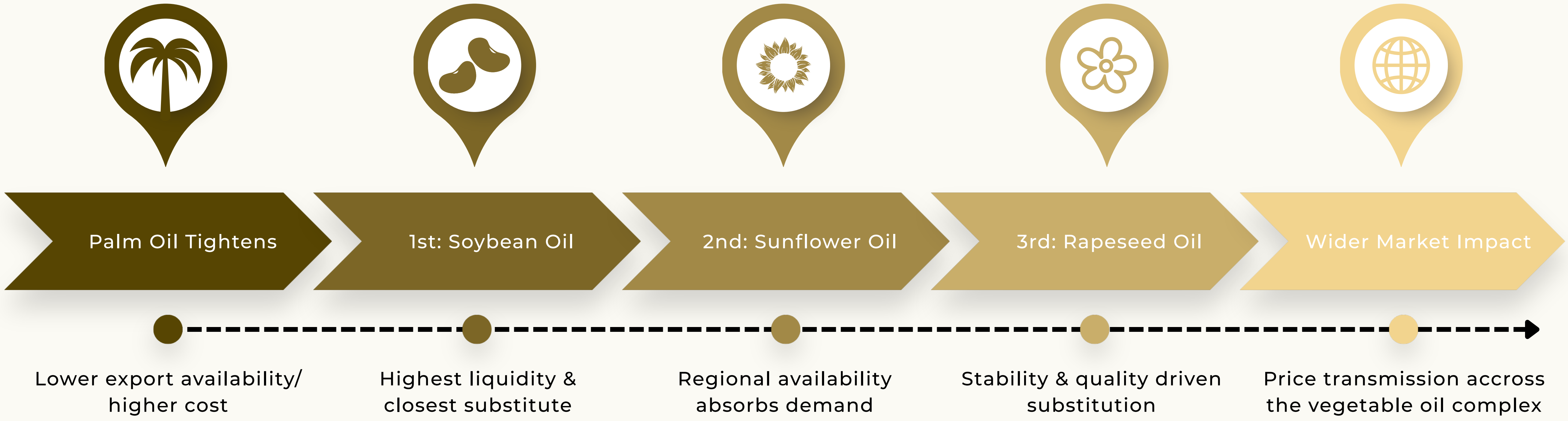
TRADE IMPLICATION

Import-dependent regions are becoming increasingly sensitive to freight economics, substitution spreads, and export allocation shifts as edible oil competition intensifies.

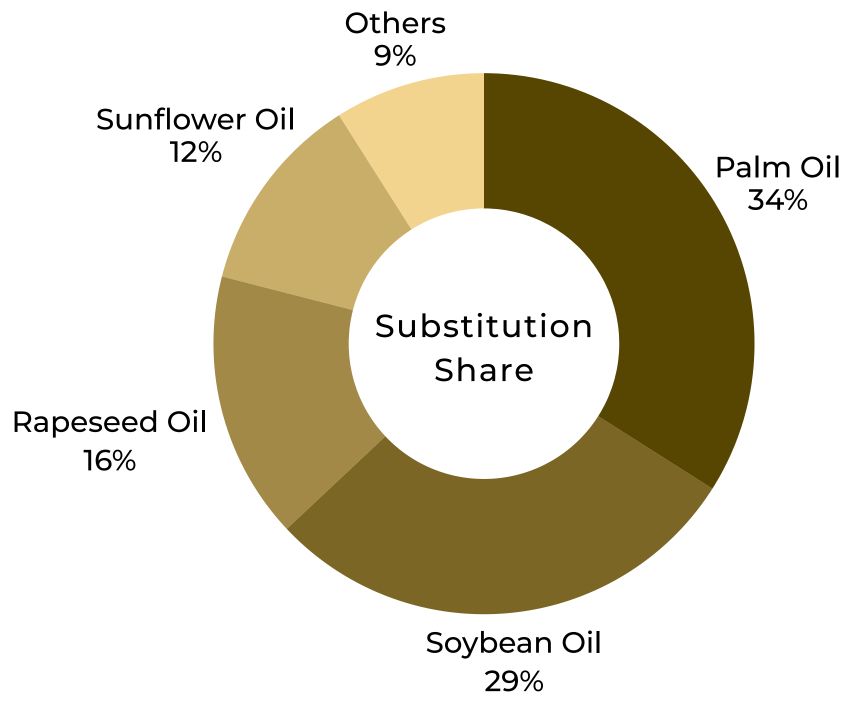
STRATEGIC SHIFT

The next phase of demand competition may be determined by affordability and logistics access — not consumption growth alone.

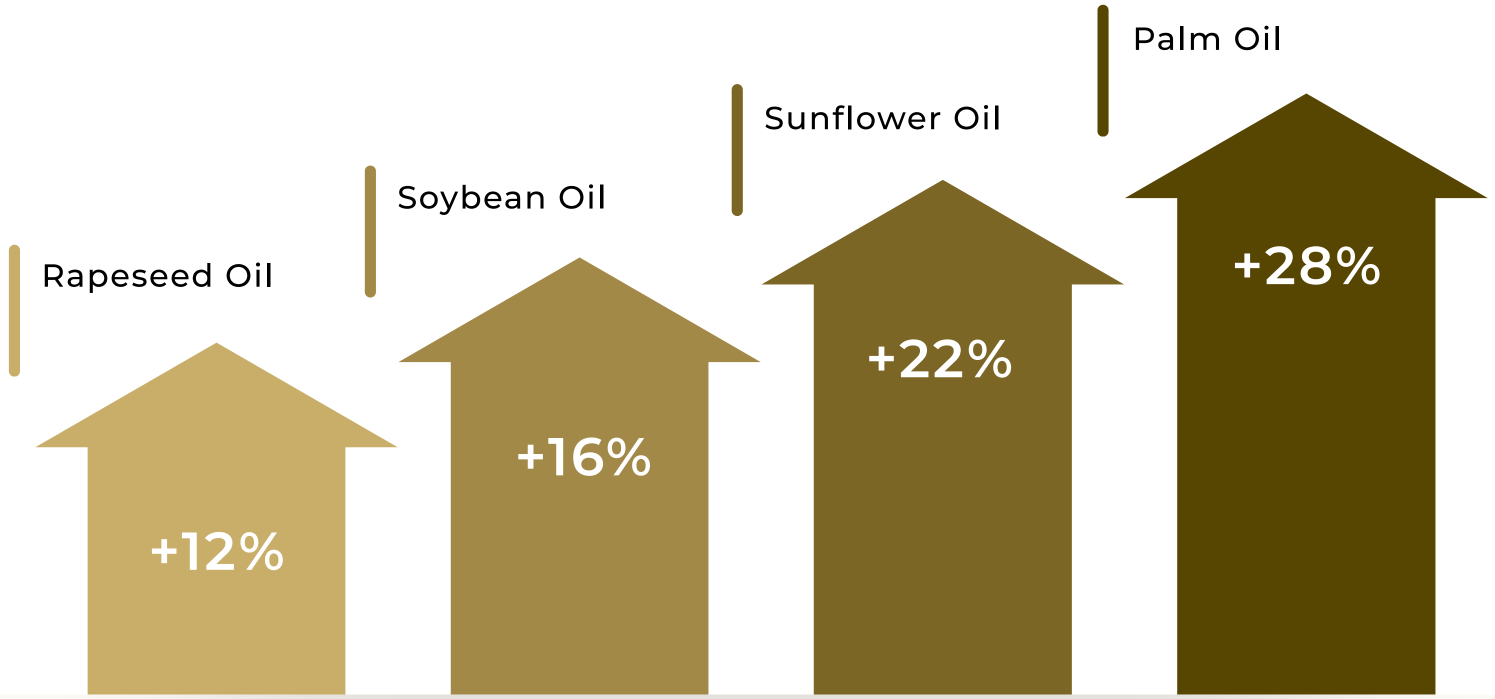
THE GAP WHAT HAPPENS WHEN PALM OIL TIGHTENS



WHERE THE DEMAND FLOWS



PRICE IMPACT SENSITIVITY: PALM OIL TIGHTENING



FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

When palm oil tightens, demand rapidly reallocates into soybean oil, sunflower oil, and rapeseed markets.

MARKET REACTION

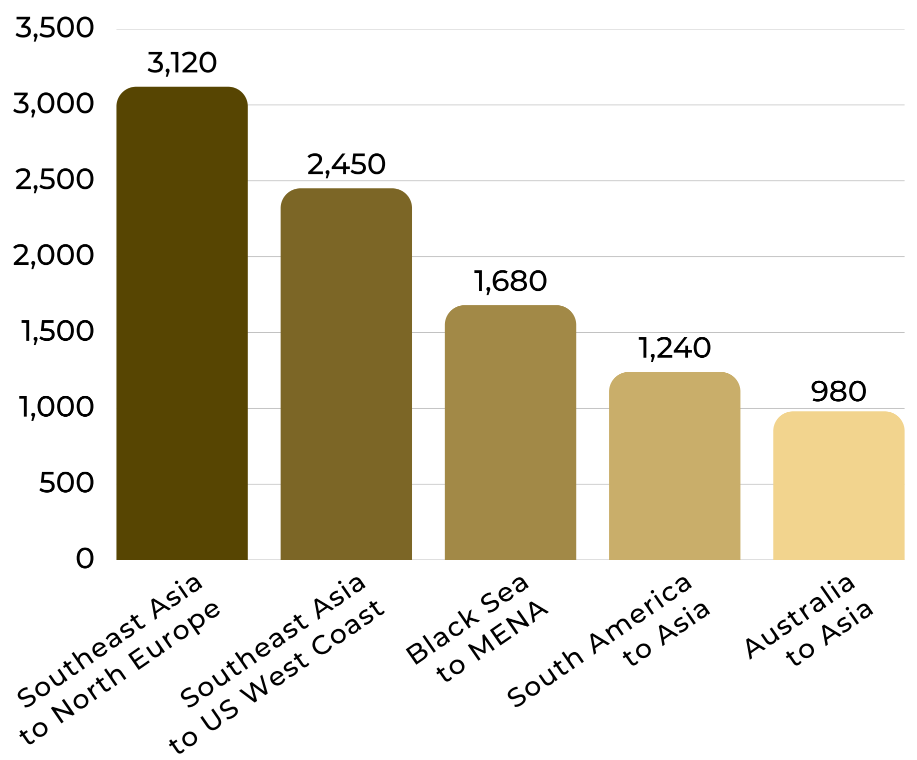
This creates an increasingly interconnected edible oil pricing system where volatility in one oil quickly spreads across the wider vegetable oil complex.

STRATEGIC SHIFT

Vegetable oils are no longer operating as isolated commodity markets — they are behaving as a connected global substitution network.

THE HIDDEN MARKET DRIVERS FREIGHT AND LOGISTICS

AVERAGE OCEAN FREIGHT COST BY ROUTE
(USD PER 40FT CONTAINER)



IMPACT OF FREIGHT VOLATILITY ON LANDED COST

Commodity	Typical Freight Share of Landed Cost	Freight Spike Impact (High VS Normal)
Palm Oil (CPO)	8% - 12%	+20% - 35%
Wheat	10% - 15%	+15% - 25%
Maize	9% - 14%	+12% - 22%
Soybean Meal	12% - 18%	+15% - 30%
Fertilizer (Bulk)	15% - 25%	+20% - 35%

KEY LOGISTICS RISK DRIVERS

Geopolitical Disruptions

Conflicts & sanctions reroute vessels and increase transit times.

Container Imbalance

Uneven repositioning leads to equipment shortages

Weather Events

Cyclones, storms, and droughts impact ports and shipping

Port Congestion

Limited berth capacity extends dwell times and demurrage

Fuel Risk Volatility

Bunker fuel fluctuations directly raise freight costs

FALCONBRIDGE RESOURCES INSIGHTS

MARKET SIGNAL

Freight volatility and trade corridor exposure are increasingly influencing landed edible oil pricing and procurement behavior.

RISK INSIGHT

Strategic chokepoints such as the Strait of Hormuz, Red Sea, and Black Sea now carry indirect influence over edible oil affordability through freight cost escalation, insurance pressure, and rerouting risk.

STRATEGIC SHIFT

The next phase of edible oil volatility may originate from logistics disruption and energy-linked freight exposure — not agricultural supply failure.

THE OUTLOOK THE BIGGER MARKET REALITY

WHAT IS THE MEANS FOR 2026 AND BEYOND

7.7 MMT
More palm oil diverted into biodiesel demand

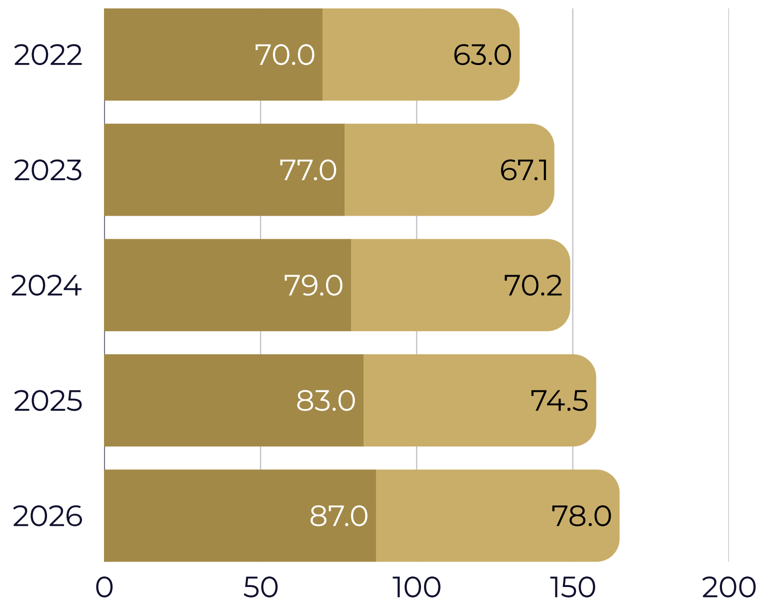
34%
Palm oil anchors global edible oil pricing

~70%
Asia & Africa drive future demand growth

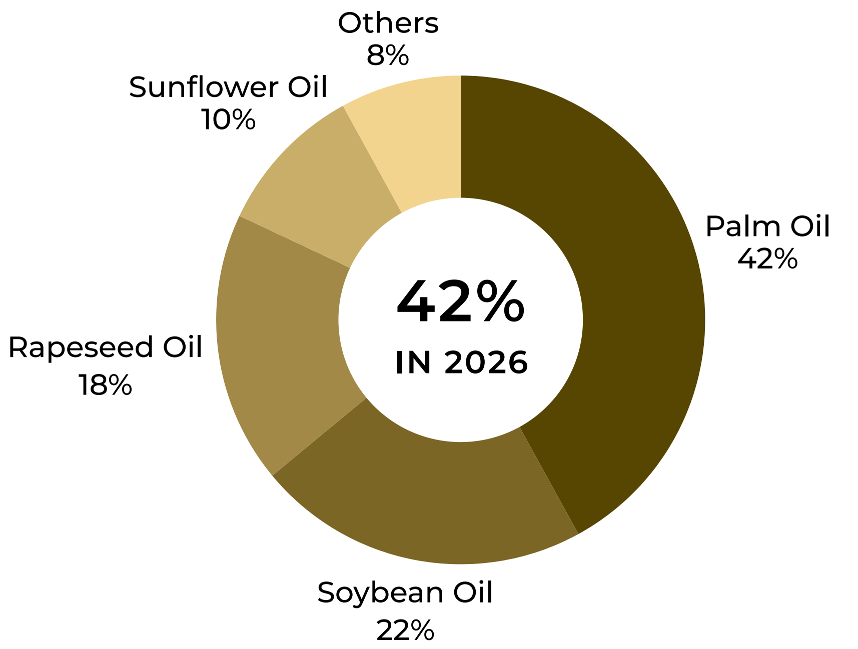
70%+
Global trade exposed to key maritime corridors

3 Routes
Now shape edible oil trade flows

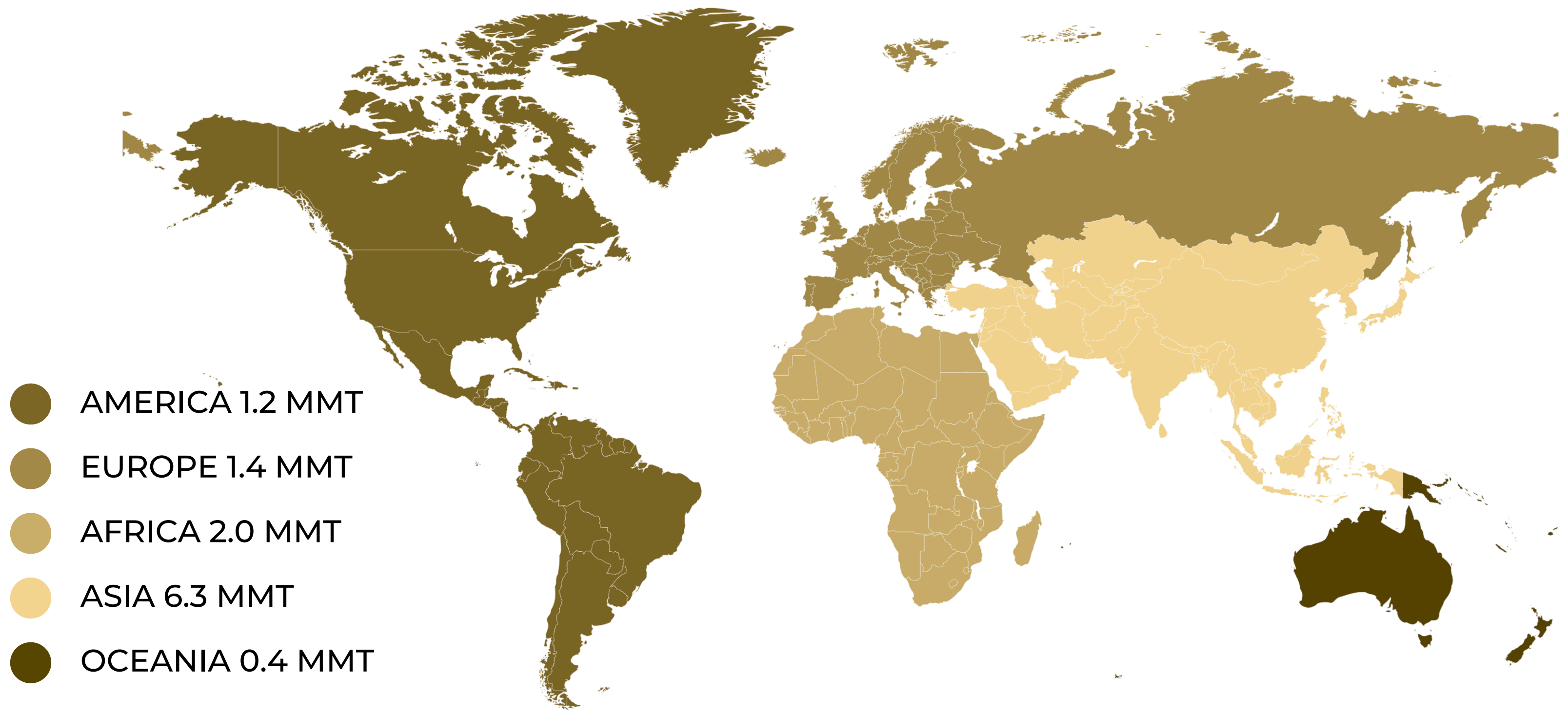
GLOBAL PALM OIL MARKET OUTLOOK (MMT)



PALM OIL SHARE IN VEGETABLE OIL MARKET



DEMAND GROWTH BY REGION



FALCONBRIDGE RESOURCES INSIGHTS

STRATEGIC SHIFT

Palm oil is increasingly evolving into a strategic flow commodity positioned between food systems, energy transition policy, and global trade corridors.

As biodiesel demand expands and logistics risks intensify, market advantage may increasingly come from understanding allocation, freight exposure, and regional trade movement together — not production data alone.

THE BIGGER REALITY

In 2026, supply security may become just as important as supply availability.

FALCONBRIDGE

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