



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

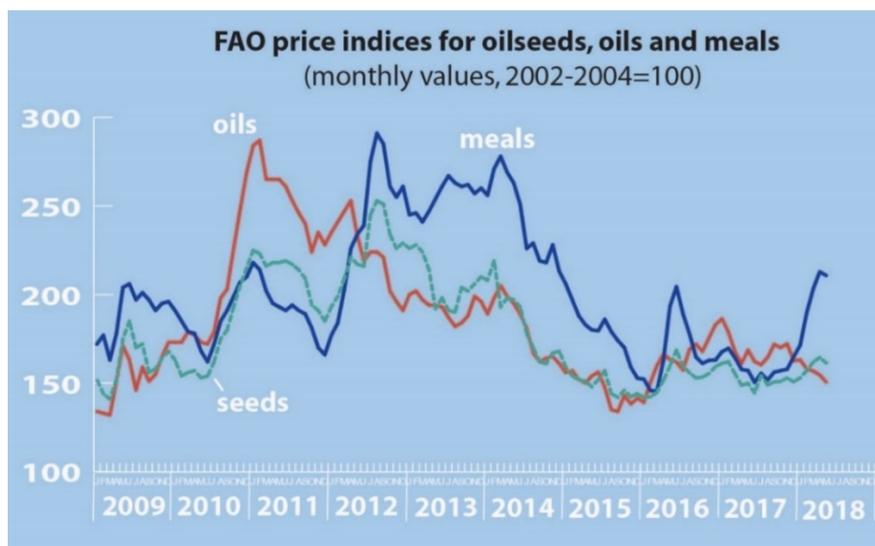
Global price review

The month of May has seen a decline in international prices across the oilseed complex. As opposed to the upward trend established in recent months, the FAO price indices for oilseeds and oilmeals shed, respectively, 3.1 and 2.1 points (or 1.9 and 1.0 percent) compared to April, while still remaining above their year-earlier levels. The price index for vegetable oils decreased by 4 points (or 2.6 percent), marking a fourth consecutive decline and a 27-month low.

The drop in the oilseeds index mainly stems from weakening soybean and rapeseed quotations. International soybean prices retreated as rapid planting progress bolstered 2018/19 crop prospects in the United States, while record-high old-crop inventories also weighed on the market. Lacklustre export demand and renewed concerns

about the U.S.–China trade relationship added to the downward pressure on prices. However, price losses were contained by developments in South America. In Argentina, the arrival of heavy precipitation stalled harvesting of the country's drought-affected 2017/18 crop, whereas Brazil's protracted truckers' strike disrupted logistic flows across the country, including the delivery of soybeans to ports. In the case of rapeseed, prices dropped for the third consecutive month, reflecting larger than expected supplies across major exporters and sluggish import demand in the EU, where weak rapeseed oil uptake by biodiesel producers continued to slow the pace of crushing. Towards the end of May, rapeseed values recovered somewhat on concerns over adverse weather conditions affecting Europe's 2018/19 crops. Sunflowerseed prices remained

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* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. This particular issue only reviews price developments observed in **May 2018**. Previous issues can be downloaded from the FAO website at the following

URL: <http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/>

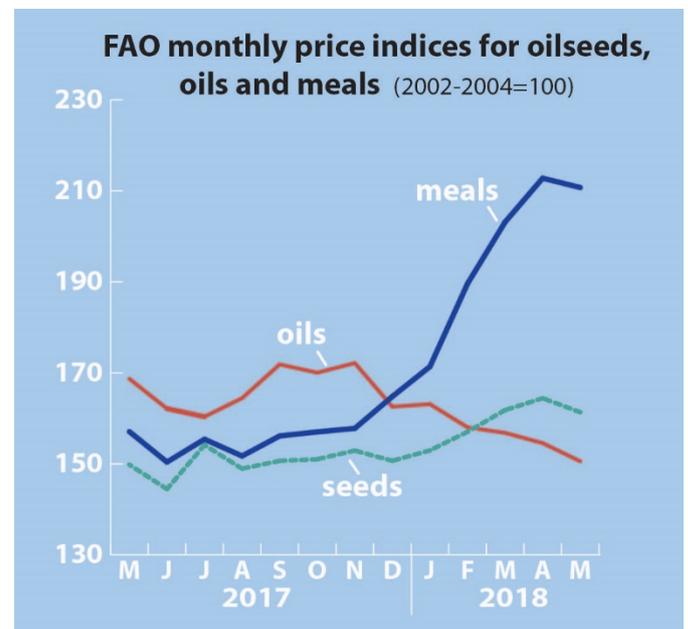
Global price review – cont'd

largely unchanged, as the effect of reduced global production in the current season was offset by reports of good 2018/19 planting progress in CIS countries. In the coming weeks, the market will closely watch weather developments in major oilseed producing regions, as these will play a key role in shaping crop sizes for the new season.

The course of oilmeal prices closely reflects developments in the global soymeal market. At the beginning of the month, international soymeal quotations firmed as the possibility of additional downward corrections of Argentina's crop reinforced concerns over tightening global meal export supplies. Subsequently, however, soymeal values retreated to two-month lows, tied to i) spill-over effects from weak soybean prices, ii) continued, strong crushing in the U.S. and Brazil, and iii) slowing global import demand as buyers adjusted to the recent surge in soymeal prices.

The further fall in the vegetable oil price index mostly mirrors weaker palm, soy and sunflower oil values. International palm oil prices slid to two-year lows at the beginning of May, reflecting sluggish global import demand and large inventories in producing countries compared to last year. Subsequently, however, prices firmed on expectations of an unseasonal slowdown of production in Southeast Asia. Reportedly, strong

output performance during the past one-and-a-half years started affecting the productivity of palm trees. Palm oil values also received support from the recent appreciation in mineral oil prices, which has improved the oil's competitiveness as biodiesel feedstock. In the case of soy oil, abundant supplies and rising inventories resulting from meal-driven crushing continued to weigh on world prices. Sunflower oil prices also remained under pressure, reflecting adequate export availabilities and above-average stock levels. On the other hand, rapeseed oil values rebounded from April's multi-month lows on concern over the impact of adverse weather conditions on crops in Europe.



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	FAO Indices (2002–2004=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
2004/05	104	103	101
2005/06	100	107	96
2006/07	129	150	128
2007/08	216	246	214
2008/09	157	146	179
2009/10	162	177	183
2010/11	214	259	200
2011/12	214	232	219
2012/13	213	193	255
2013/14	194	189	253
2014/15	155	153	194
2015/16	151	155	168
2016/17	154	160	171
Monthly			
2017 - January	161	186	168
2017 - February	162	179	170
2017 - March	155	168	164
2017 - April	149	161	158
2017 - May	150	169	157
2017 - June	144	162	150
2017 - July	154	160	155
2017 - August	149	164	152
2017 - September	151	172	156
2017 - October	151	170	157
2017 - November	153	172	158
2017 - December	151	163	165
2018 - January	153	163	171
2018 - February	157	158	190
2018 - March	162	157	203
2018 - April	164	155	213
2018 - May	161	151	211
<p>¹ The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 2002–2004 period. The indices are based on the international prices of five selected seeds, ten selected vegetable oils and five selected cakes and meals.</p> <p>Source: FAO, based on Oil World data</p>			