



OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

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- short version -

Global price review

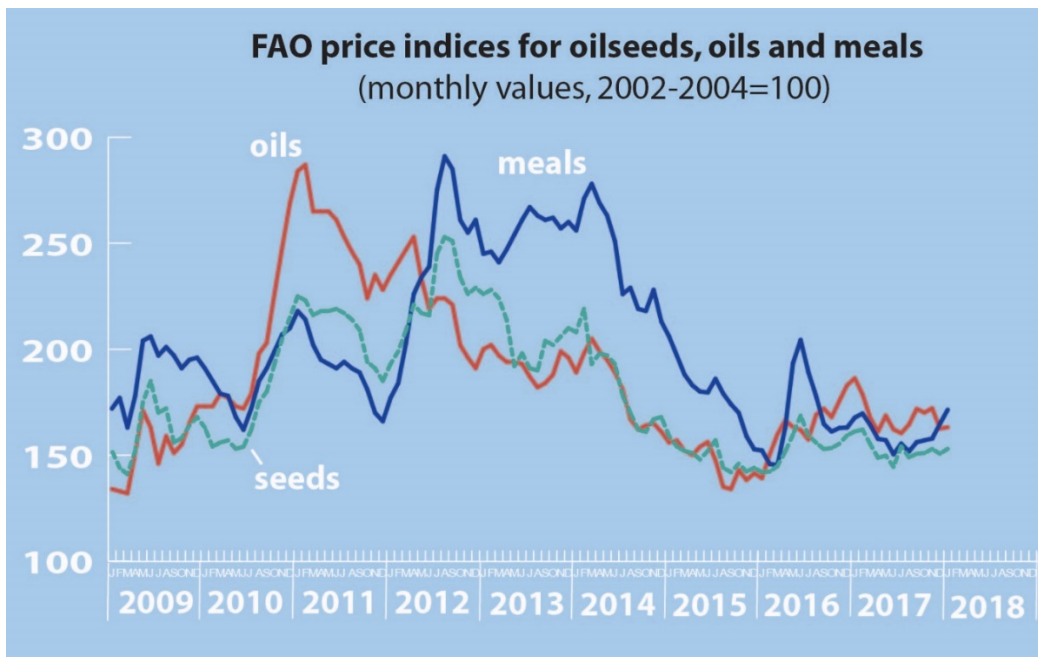
In January, FAO’s price index for oilseeds rose by 2.3 points (or 1.5 percent), while the index for oilmeals posted even a stronger gain (6.6 points or 4 percent), climbing to a 17-month high. Conversely, the price index for vegetable oils only changed marginally compared to its December level (up 0.6 points or 0.4 percent).

Compared to the corresponding month of last year, the indices for oilseeds and vegetable oils lost some strength, whereas the oilmeal index firmed.

The month-on-month rise in the price indices for oilseeds and oilmeals primarily reflects developments in the soy market. In January, international soybean and soymeal quotations

rose to, respectively, six and eighteen-month highs, mostly underpinned by re-emerging concerns about unfavourable weather conditions in South America, especially Argentina – the world’s leading soymeal supplier and third-largest soybean provider. After delaying plantings, persistent dry and hot weather has started to threaten yields in some of Argentina’s core producing regions. In parts of Brazil, by contrast, heavy rainfalls prompted concerns over Asian rust control. Furthermore, in some regions, harvesting operations are expected to start later than usual due to late sowings. Weather threats in South American prompted unseasonably high import demand for US soybeans, causing international prices to strengthen across the soy complex. Also rape and sunflowerseed values appreciated.

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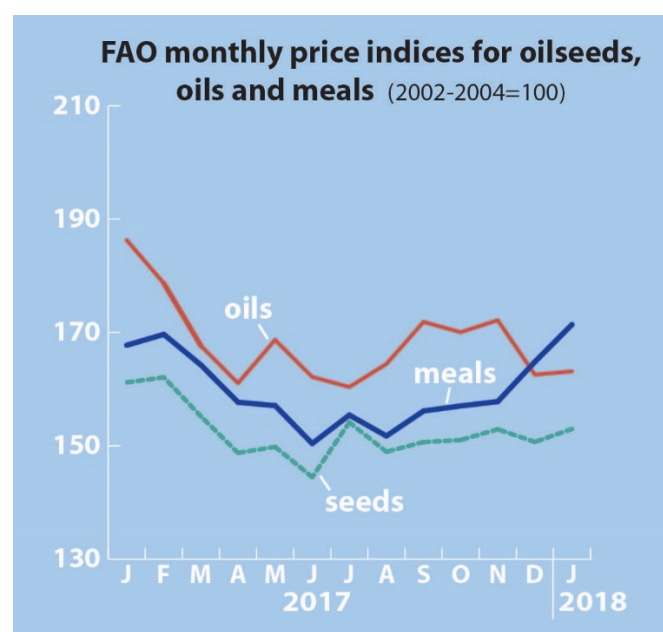
* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO’s price indices and spots important policy and market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

In the case of rapeseed, the firmness mainly stemmed from slow old-crop sales by Canada (despite strong demand from domestic crushers) and concerns about Ukraine's 2018/19 crop, following reports of poor snow coverage (which makes seedlings vulnerable to frost damage). International sunflowerseed quotations strengthened on expectations that global supplies would fall during the first quarter of 2018.

FAO's vegetable oil price index remained virtually unchanged, because a moderate rise in palm oil values was largely outweighed by price losses for other oils, notably sunflower and rapeseed oil. International palm oil values strengthened month-on-month as global import demand picked up (partly in response to Malaysia's decision to temporarily suspend its export duty on palm oil), just when seasonal production declines started looming in Southeast Asia. Clearly, the prospect that palm oil stocks in producing countries could fall in the coming weeks has lent support to prices. Interestingly, in the 3rd week of January, palm oil prices dropped sizably, fuelled by a vote of the European Parliament in favour of i) freezing the bloc's crop-based biofuel consumption at its 2017 level, and ii) phasing-out palm oil-based biodiesel over a three-year period. Towards end-January, palm oil values rose again, although a stronger Malaysian

currency (which slowed down the country's sales) and spill-over weakness from rival oil markets attenuated the recovery in prices. International rapeseed oil prices remained under downward pressure amid excess supplies in the EU and larger than expected availabilities in North America and Australia. In the EU's case, the resumption of biodiesel imports from Argentina started weighing on domestic demand for rapeseed oil. As for sunflower oil, unusually large inventories in several importing countries resulted in sluggish global import demand, thus exerting downward pressure on international prices.



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	<u>International Prices (US\$ per tonne)</u> ¹					<u>FAO Indices (2002-2004=100)</u> ⁷		
	Soybeans ²	Soybean oil ³	Palm Oil ⁴	Soybean Cake ⁵	Rapeseed Meal ⁶	Oilseeds	Vegetable oils	Oilcakes/ Meals
Annual (Oct/Sep)								
2004/05	275	545	419	212	130	104	103	101
2005/06	259	572	451	202	130	100	107	96
2006/07	335	772	684	264	184	129	150	128
2007/08	549	1325	1050	445	296	216	246	214
2008/09	437	849	682	409	206	157	146	179
2009/10	429	924	806	388	220	162	177	183
2010/11	549	1308	1147	418	279	214	259	200
2011/12	562	1235	1051	461	295	214	232	219
2012/13	563	1099	835	539	345	213	193	255
2013/14	521	949	867	534	324	194	189	253
2014/15	407	777	658	406	270	155	153	194
2015/16	396	773	655	351	232	151	155	168
2016/17	404	806	729	336	225	154	160	171
Monthly								
2016 - January	368	722	564	316	217	142	139	152
2016 - February	370	762	639	303	203	142	150	146
2016 - March	379	761	694	301	219	145	160	145
2016 - April	398	797	723	339	242	152	166	163
2016 - May	425	790	708	406	261	160	163	193
2016 - June	455	797	679	430	259	169	162	204
2016 - July	429	790	652	400	234	159	157	189
2016 - August	414	812	736	375	228	156	169	178
2016 - September	403	825	755	344	219	153	172	165
2016 - October	404	853	712	340	214	153	168	161
2016 - November	409	875	755	343	218	155	176	163
2016 - December	420	902	783	344	211	159	183	163
2017 - January	425	879	806	355	216	161	186	168
2017 - February	428	838	779	357	241	162	179	170
2017 - March	408	809	735	346	238	155	168	164
2017 - April	389	788	693	331	240	149	161	158
2017 - May	392	827	732	329	239	150	169	157
2017 - June	379	821	681	313	238	144	162	150
2017 - July	409	836	665	326	220	154	160	155
2017 - August	391	854	678	318	216	149	164	152
2017 - September	395	879	729	329	209	151	172	156
2017 - October	397	869	721	331	207	151	170	157
2017 - November	401	885	719	333	204	153	172	158
2017 - December	397	863	666	348	219	151	163	165
2018 - January	404	865	679	361	239	153	163	171
¹ Spot prices for nearest forward shipment ² Soybeans (US, No 2 yellow, c.i.f. Rotterdam) ³ Soybean oil (Dutch, f.o.b. ex-mill) ⁴ Palm oil (Crude, c.i.f. North West Europe) ⁵ Soybean meal (44/45% Hamburg fob ex-mill) ⁶ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill) ⁷ 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.								
Sources: FAO and Oil World								