



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 105, April 2018
- short version -

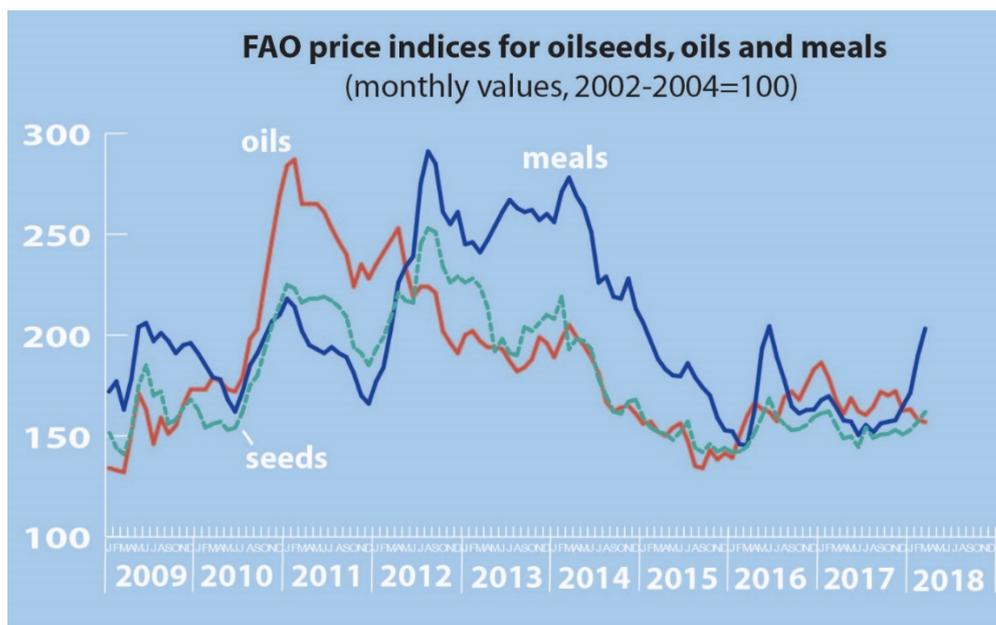
Global price review

In March, similar to the development observed in February, FAO's price indices for oilseeds and oilmeals rose by 5 and 14 points (or 3 and 7 percent), respectively. Both indices remained above the level recorded in the corresponding month of last year, actually setting 13-month and 21-month highs for oilseeds and oilmeals, respectively. By contrast, FAO's price index for vegetable oils shed 1 point (or 0.8 percent) in March, which – while only marginally down month-on-month – has driven the index to its lowest level in 25 months.

The fresh gains in FAO's oilseed and oilmeal indices largely reflect developments in the global soy market. A further deterioration in Argentina's crop prospects along with reports of strong export

interest for US soybeans has pushed international soybean prices upward. Even if some growing regions in Argentina received light rain, precipitations have been insufficient to restore yields compromised by prolonged dry and hot weather. Current crop forecasts for Argentina range about 30 percent below initial projections and place this year's output at a 6-year low. As a result of these downward corrections, both global 2017/18 production and total supplies (which include opening stocks) are now forecast to decline year-on-year, contributing to upward pressure on prices. On the other hand, in March, price gains have been capped by prospects of a bumper harvest in Brazil as well as, towards the end of the month, concerns that a potential trade dispute between the United States and China may curtail Chinese demand for U.S. supplies. As for

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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 **March 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/>

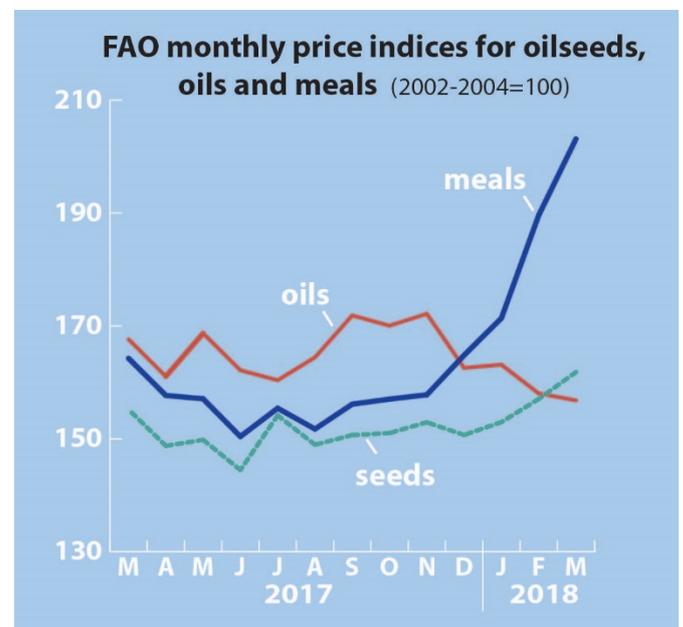
Global price review – cont'd

the other oilseeds, rapeseed prices eased amid sluggish global import demand and a well-supplied EU market, whereas sunflowerseed values firmed on expectations of tightening export availabilities. In the weeks ahead, market participants are expected to increasingly focus on 2018/19 crop plantings in northern hemisphere countries.

The further appreciation of FAO's oilmeal price index mostly reflects additional gains in soymeal values. With Argentina being the commodity's top exporter, the deterioration of the country's supply situation is expected to result in tighter world soymeal markets. Concerns that shortfalls in Argentine exports would be only partly offset by higher shipments from other origins propelled international soymeal values to 21-month highs. Furthermore, global supplies of meals other than soymeal are not expected to improve sizeably in 2018, thus providing limited opportunities to compensate the upcoming shortfall in soymeal – a picture corroborated by marked increases in international prices of sunflower, rapeseed and copra meal.

As for vegetable oil values, the marginal fall observed in FAO's price index is the outcome of modest drops for soy, rape and sunflower oil, combined with further appreciations in palm oil

(the oil weighing the most in the index). Despite expectations of seasonal production gains, palm oil prices firmed in March on the back of robust international demand and consequent inventory drawdowns in Malaysia and Indonesia. The EU's prospective resumption of imports of palm oil-based biodiesel from Indonesia and renewed strength in mineral oil prices also lent support to palm oil prices. As for the other oils, prospects of ample global supplies resulting from mostly meal-driven crushings exerted downward pressure on prices. The largest month-on-month drop occurred in rapeseed oil, mostly reflecting sluggish demand in the EU's food and fuel sectors.



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	International Prices (US\$ per tonne) ¹					FAO Indices (2002-2004=100) ⁷		
	Soybeans²	Soybean oil³	Palm Oil⁴	Soybean Cake⁵	Rapeseed Meal⁶	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								
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
2018 - February	416	848	660	400	265	157	158	190
2018 - March	432	830	684	427	294	162	157	203
<p>¹ Spot prices for nearest forward shipment</p> <p>² Soybeans (US, No2 yellow, c.i.f. Rotterdam)</p> <p>³ Soybean oil (Dutch, f.o.b. ex-mill)</p> <p>⁴ Palm oil (Crude, c.i.f. North West Europe)</p> <p>⁵ Soybean meal (44/45% Hamburg fob ex-mill)</p> <p>⁶ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)</p> <p>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.</p> <p>Sources: FAO and Oil World</p>								