



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

Global price review

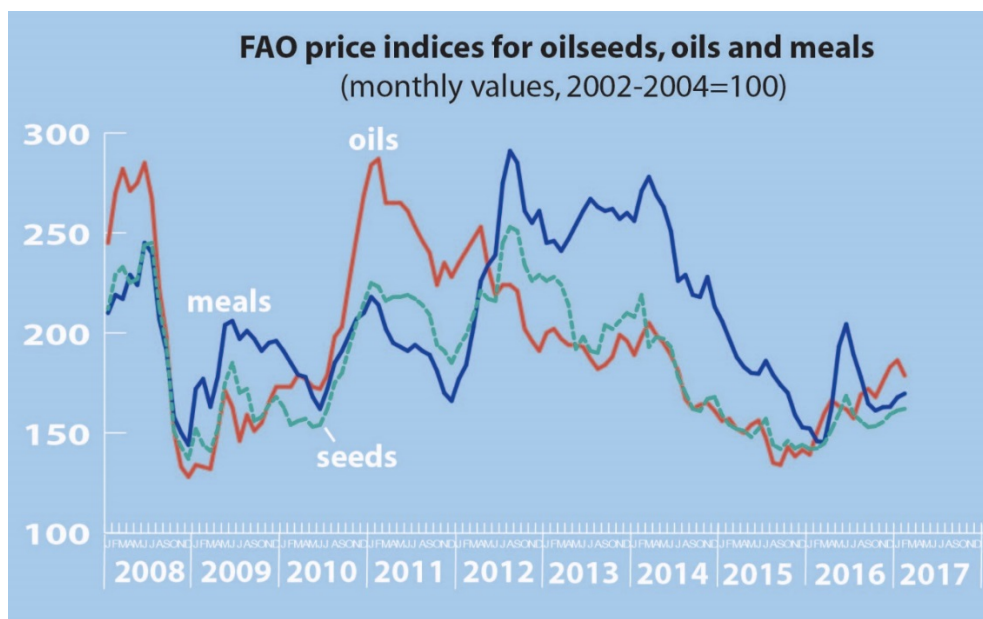
In February, the FAO price indices for oilseeds and oilmeals appreciated further, although at a reduced pace compared to January. By contrast, the FAO price index for vegetable oils dropped markedly, reversing the upward trend observed over the preceding three months.

The price indices for oilseeds and oilmeals posted marginal gains, supported by developments in the world soybean and soymeal markets. During the first half of February, soybean prices firmed, as heavy rainfall in some regions of Brazil increased the disease pressure on crops in the ground and caused delays in moving freshly harvested soy to the country's ports. Subdued new crop sales by Brazilian

farmers (due to the Real's continued strength vis-à-vis the US dollar) also contributed to the firmness in world soybean prices – as did persistently strong demand for US old crop supplies and reports of tightening US stocks.

Interestingly, towards the end of the month, soybean prices eased again on (i) reports of improved weather, rapid harvest progress and above average yields in Brazil and Paraguay, and (ii) news of lower than earlier anticipated crop losses in Argentina. After torrential rains had caused extensive flooding in Argentina's key soybean growing regions, from mid-January onward, the country's crop benefited from mostly beneficial weather, thus permitting to raise production forecasts. The release, in the United States, of first planting forecasts for 2017/18 –

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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 comments on price developments observed in **February '17**. 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

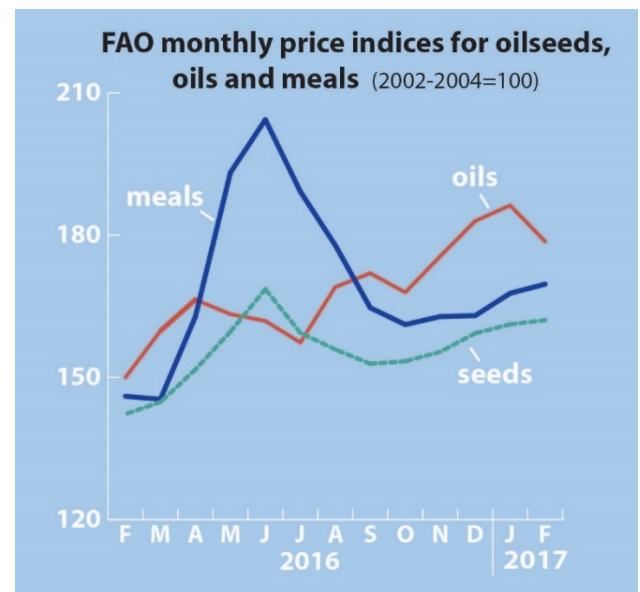
which point to a further significant expansion in the US soybean area – also weighed on international prices.

As to soybean meal, the month of February saw less upward pressure on international prices, compared to January. Higher global soybean crushing – driven by both growing dependence of global vegetable oil consumption on soybeans and the arrival of new crop supplies in South America – boosted global soymeal supplies.

Rapeseed quotations stayed firm in February, underpinned by continued supply tightness and robust import demand. Based on current estimates, 2016/17 end-of-season stocks of rapeseed are expected to drop to multi-year lows in Canada (the world's top supplier) as well as in the EU and China (the two leading rapeseed importers).

With respect to international vegetable oil markets, in February, subdued global transactions coincided with a further recovery in world production, led by palm oil. International vegetable oil prices eased accordingly, as reflected by FAO's price index. However, inventory levels remained relatively low in both exporting and importing countries, limiting the fall in prices. With respect to individual oils,

palm oil export values dropped to 3-month lows as production in Southeast Asia picked up. It is important to note, however, that palm oil inventories in Malaysia and Indonesia remained unusually small, keeping global export supplies below regular levels. International soyoil quotations also dropped to levels not seen since October 2016. The drop was primarily driven by prospects of accelerated soybean crushing – as new South American supplies become available – and a slower uptake of soyoil by biodiesel producers in Argentina and the United States. International prices for rapeseed and sunflower-seed oil also lost strength, contributing to the drop in the index.



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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
Monthly								
2015 - January	421	789	681	431	279	159	156	206
2015 - February	407	775	693	412	273	154	157	197
2015 - March	402	748	673	392	262	152	152	188
2015 - April	396	753	657	380	263	151	150	183
2015 - May	385	781	663	371	290	148	154	180
2015 - June	397	800	670	372	282	152	156	180
2015 - July	413	746	635	389	264	157	148	186
2015 - August	375	729	544	371	270	144	135	179
2015 - September	367	725	533	362	256	142	134	174
2015 - October	377	743	581	351	255	146	143	170
2015 - November	367	726	561	328	232	142	138	159
2015 - December	372	757	568	317	215	144	142	153
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
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								