



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

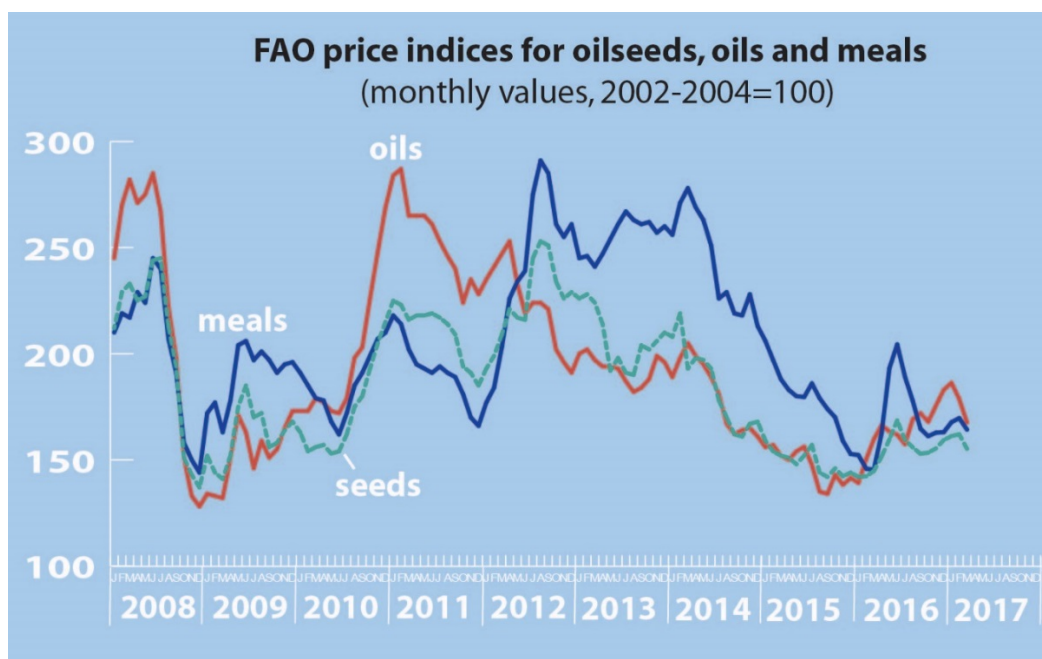
Global price review

In April, prices continued to trend downward across the oilcrop complex. Month-on-month, the FAO price indices for oilseeds, vegetable oils and oilmeals shed 6–7 points (or about 4 percent), marking a 13-month low in the case of oilseeds and oilmeals, and a 9-month low for vegetable oils.

Global oilseed and oilmeal markets continued easing under the influence of prospective record soybean availabilities in the current season, as well as, possibly, in 2017/18. The confirmation of record-high yields led to higher 2016/17 production forecasts for Brazil – the world’s top soybean supplier. With the country’s output pegged at an unprecedented 111 million tonnes,

global 2016/17 production is now expected to climb to 346 million tonnes – 8 percent above the 2014/15 record. Considering that global soybean consumption is anticipated to expand by about 6 percent, global inventories could rise to an unparalleled, burdensome 50 million tonnes (the equivalent of 1.8 month of global consumption). Soybean prices were also pressured by the release of the United States’ planting intention report, which indicated that farmers could significantly expand soybean sowings for the forthcoming 2017/18 crop. On the other hand, the decline in world prices has been trimmed by the following factors: reports of heavy rains hampering harvest progress in Argentina; robust buying interest (notably from China); and slower than usual new-crop sales by growers in Brazil and Argentina.

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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 **April ’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

Falling international quotations for rape and sunflower seed also contributed to the drop in the price index for oilseeds. While prices of both crops eased on spill-over effects from the soybean market, rapeseed values also reacted to forecasts of record 2017 sowings in Canada and improved 2017 production prospects in the EU.

Furthermore, in the EU, reduced demand for rapeseed oil by the biodiesel industry curbed rapeseed crushing, weighing on prices.

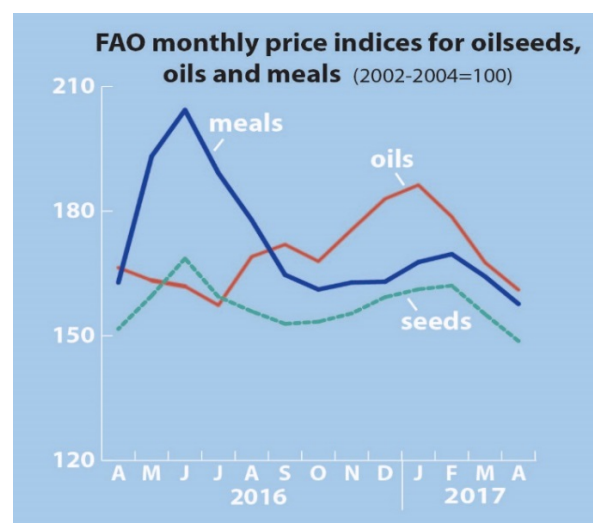
Sunflowerseed values, on the other hand, were influenced by the expectation of large 2017 crops in both the EU and Turkey.

With respect to oilmeals, in addition to mirroring the paths of the corresponding seeds, the retreat in prices was fueled by continued relatively weak import demand, which partly reflects growing competition from attractively priced feed grains and their by-products, notably DDGS.

As to vegetable oils, the third consecutive decrease in the index mostly reflects falling palm and soyoil values. In April, palm oil quotations dropped to their lowest level since July 2016, underpinned by a prospective rebound of production in Southeast Asia and weakening global import demand (although the forthcoming Ramadan festivities could stimulate imports again). Furthermore, palm oil inventories – while still unusually tight – recovered somewhat during April (in particular in Malaysia), hence alleviating

supply concerns. Low soyoil prices also started weighing on palm oil, given the current unusually strong reliance of global vegetable oil markets on soybean oil. Prices of the latter retreated for the second consecutive month, driven by both developments in the soybean market and a slowdown in global soyoil demand.

Two recent policy initiatives have the potential to affect global vegetable oil markets. First, a resolution by the EU-Parliament calling for (i) a single certification scheme for sustainably produced palm oil, and (ii) the gradual phasing out of vegetable oils contributing to deforestation as biodiesel feedstock; and, second, the United States' decision to conduct anti-dumping/subsidy investigations on biodiesel imports from Argentina and Indonesia. Market participants are expected to follow both initiatives closely.



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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
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
<p>¹ Spot prices for nearest forward shipment</p> <p>² Soybeans (US, No.2 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>								