



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 100, November 2017

- short version -

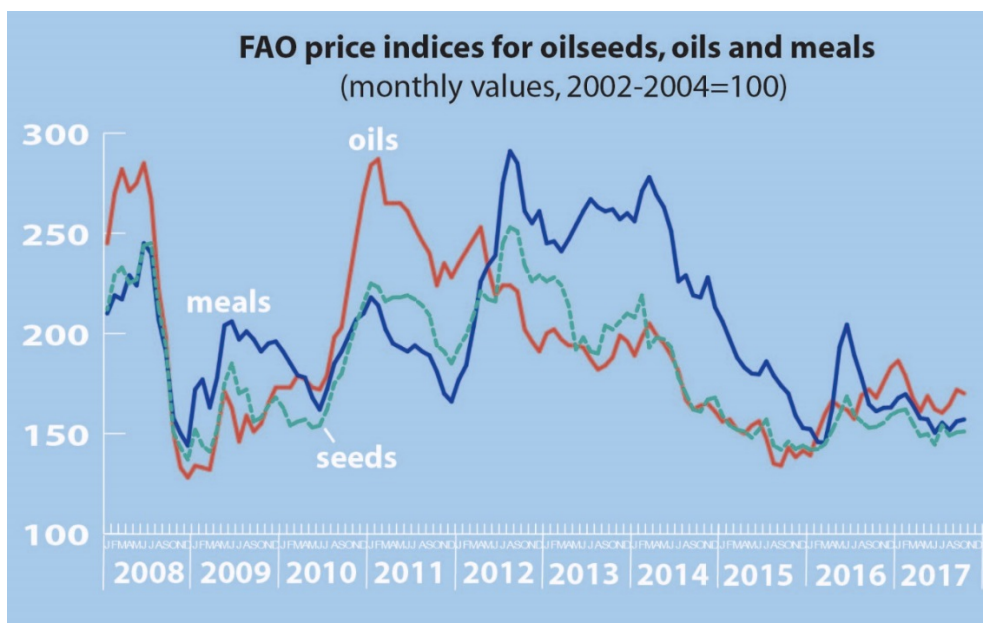
Global price review

In October, FAO's price indices for oilseeds and for meals/cakes inched up compared to the previous month, while the index for vegetable oils eased after two straight increases. Compared to the corresponding month of last year, the indices for oilseeds and meals/cakes stood slightly lower, while the vegetable oil index fared somewhat higher.

As for oilseeds and meals/cakes prices, a slight rise in international soy quotations was largely offset by lower sunflower and rapeseed values. Sunflowerseed values trended downward notwithstanding the portended contraction in global 2017/18 production, as current ample export availabilities in the Black Sea region weighed on prices. International quotations for rapeseed also eased, responding to reports of good harvest progress in Canada and higher than

anticipated output in the European Union. Meanwhile, international prices of soybeans – and even more so of soybean meal – firmed, mainly underpinned by robust global import demand and persistent concerns about current and prospective weather conditions in South America, where plantings of the 2017/18 crop are now underway. Excessively wet weather delayed crop sowings across the Argentine soybean belt as well as in Brazil's southern states, whereas, in central and northern Brazil, including Mato Grosso (the country's top growing region), unusual heat and dryness hampered planting operations and created unfavourable conditions for early crop growth. Furthermore, a number of meteorologists now see a 60–70% probability of La Niña conditions developing, which would bring, during the forthcoming months, unfavourably dry weather to agricultural areas in Argentina and southern

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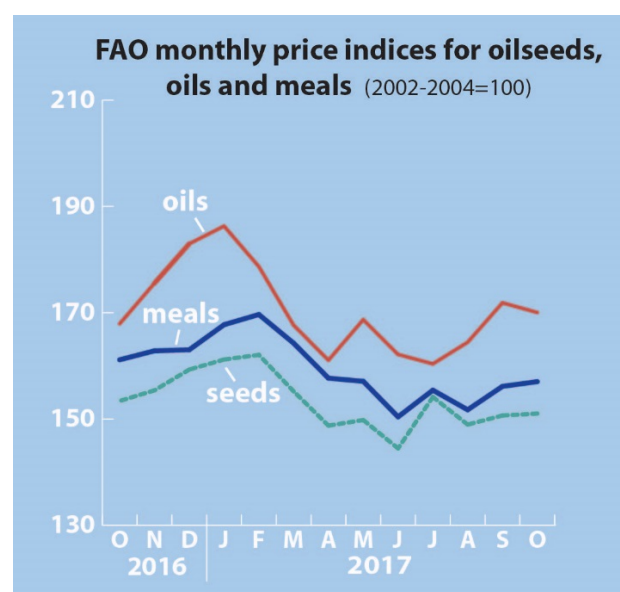
* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. This particular issue only comments on price developments observed in **October 2017**. 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

Brazil, possibly impairing crop development. On the other hand, upward pressure on soybean prices has been capped by reports of good harvest progress in the United States and persistent expectations of a comfortable global supply and demand situation in 2017/18.

The drop in the vegetable oil price index has been driven by palm oil, as well as by lower soy, sunflower and rapeseed oil values. While quotations for sunflower and rapeseed oil followed the developments in the corresponding seed markets, soy oil lost strength – thus diverging from soybean/meal prices. Soyoil prices retreated amid subdued import demand from India and the prospect of swelling export availabilities in Argentina, where soyoil uptake by the country's export-oriented biodiesel industry is likely to falter due to the United States' recently introduced import restrictions on Argentine biodiesel. As for palm oil, the world's most traded vegetable oil, international quotations eased in October, reversing some of the pronounced price increases recorded in the two previous months. The retreat in prices mainly reflects i) higher than expected inventory levels in Malaysia and Indonesia, and ii) the anticipation of fresh year-on-year production gains during the month of October. Interestingly, towards the end of

October, palm oil values bounced up again, facilitated by rising global import demand and the prospect of seasonal production declines from November onward. Furthermore, the possible development of La Niña also represents a risk factor for palm oil production, as it would bring heavy rainfall and reduced sunshine to Southeast Asia, hence curbing palm oil yields. Lauric oil prices appreciated during the course of the month, fueled by lower than thought export supplies, stemming partly from slower than anticipated production improvements in Southeast Asia and partly from larger domestic consumption in the main producing countries.



*For comments or queries
please use the following Email contact:
Peter.Thoenes@fao.org*

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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
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								