



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 121, August 2019

- short version -

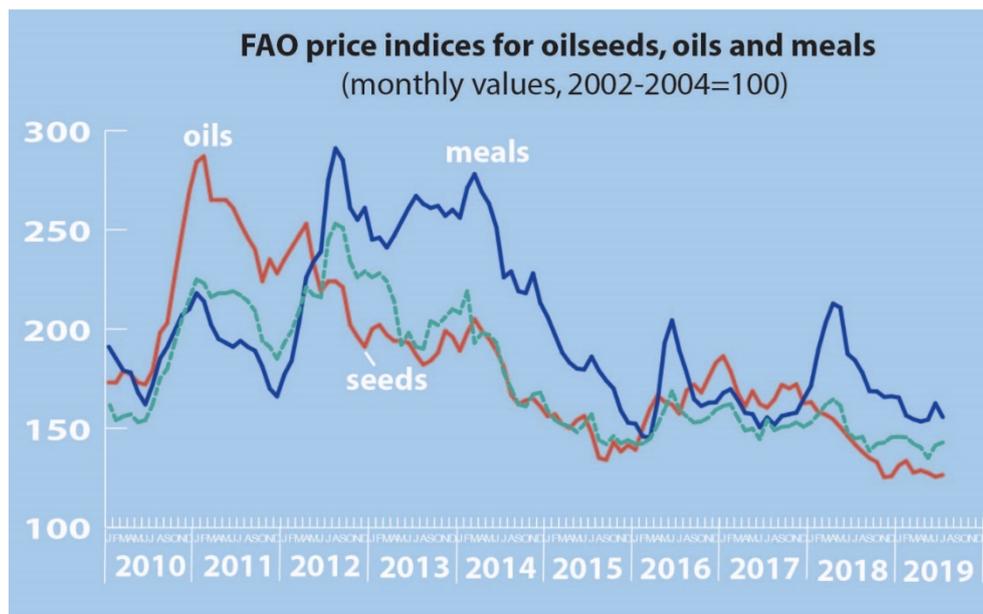
Global price review

In July, the FAO price index for oilseeds gained 1.4 points (1.0 percent), appreciating for a second consecutive month and marking a 5-month high. By contrast, the oilmeal index fell sharply, dropping by 6.9 points (4.2 percent) and shedding most of the gains registered in June. Meanwhile, the vegetable oils price index recorded a timid recovery of 1 point (0.8 percent), after falling two months in a row. All three indices continued to fare below the corresponding year-earlier levels.

The modest increase in the oilseed price index mostly stemmed from robust soybean prices offsetting a further drop in sunflowerseed values. International soybean quotations appreciated for the second successive month, reaching the highest level since March 2019. Besides continued

uncertainties concerning area planted in the United States, recent above-average temperatures in a number of US growing regions gave rise to worries over yield potentials. Furthermore, reports of fresh commitments by China to import US soybeans (linked to the resumption of trade talks between the two countries) also provided sporadic support to prices. On the other hand, the persisting weakness of global import demand and the prospect of bounteous end-of-season inventories contained upside momentum. Meanwhile, international sunflowerseed prices contracted to multi-year lows in July, pressured by prospects of near-record crops in both the Black Sea region and parts of the EU, stemming from generally favourable weather conditions. International rapeseed prices remained virtually unchanged.

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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 **July 2019**. 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/>

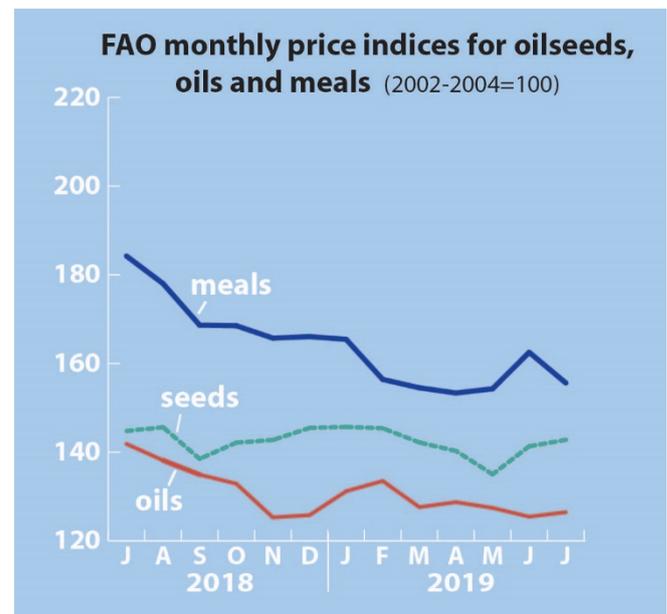
Global price review – cont'd

While the global production outlook for rapeseed remained overshadowed by deteriorating crop prospects in the EU and lower than originally anticipated yield levels in Ukraine, overall supply levels were considered adequate, especially in Canada, in part reflecting reduced import demand from China.

The oilmeal price index did not follow the oilseed index in July. Especially international quotations for soymeal – the leading component in FAO's oilmeal index – contracted markedly, as low crush margins in the United States and subdued demand for protein feed across the world (with the African Swine Fever epidemic spreading further) coincided with seasonally rising supplies from South America. Reportedly, with traders adopting a hand-to-mouth buying strategy, global soymeal transactions slowed markedly during the course of the month.

As to the price index for vegetable oils, its slight month-to-month increase mainly reflects firmer quotations for soy, sunflower and rapeseed oil, which more than compensated for a further drop in palm oil prices. International palm oil quotations slid for a third consecutive month in July, marking a 7-month low. The price weakness mostly stemmed from seasonally rising production in Southeast Asia, which, combined with persistently sluggish global import demand, led to concerns over fresh rises in Malaysian and Indonesian inventory levels. Interestingly, the last

week of the month saw a rebound in palm oil prices, attributed to expectations of growing import demand in China and India as well as spill-over effects from competing vegetable oils. International soyoil prices rebounded in July, in tandem with rising soybean values and supported by i) lower than anticipated crush volumes in the United States, and ii) firm demand from the biodiesel sector in a couple of countries. Similarly, sunflower oil quotations appreciated for the third successive month, fuelled by a slowdown in crushing in the Black Sea region and healthy global import demand. Rapeseed oil prices notched up marginally in July, mostly reflecting poor crop prospects in the EU and reduced forecasts of exportable supplies in Ukraine.



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	FAO price indices (2002–2004=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
2004/05	104	103	101
2005/06	100	107	96
2006/07	129	150	128
2007/08	216	246	214
2008/09	157	146	179
2009/10	162	177	183
2010/11	214	259	200
2011/12	214	232	219
2012/13	213	193	255
2013/14	194	189	253
2014/15	155	153	194
2015/16	151	155	168
2016/17	154	160	171
2017/18	153	154	182
Monthly			
2018 - June	148	146	187
2018 - July	145	142	184
2018 - August	146	138	178
2018 - September	139	135	169
2018 - October	142	133	169
2018 - November	143	125	166
2018 - December	145	126	166
2019 - January	146	131	165
2019 - February	145	134	156
2019 - March	142	128	155
2019 - April	140	129	153
2019 - May	135	127	154
2019 - June	141	125	163
2019 - July	143	126	156

¹ FAO's price indices are based on the international spot prices of five selected seeds, ten selected vegetable oils and five selected cakes and meals. The indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 2002-2004 period.

Source: FAO, based on Oil World data