



OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

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- short version -

Global price review

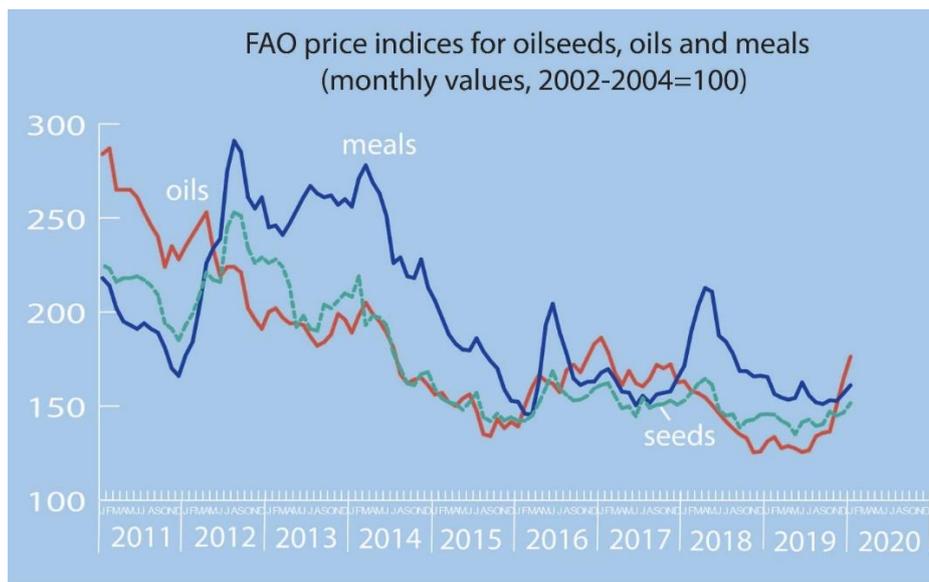
In January, FAO’s price indices tracking the oilcrops complex continued to rise. The oilseeds and oilmeals indices increased for the second consecutive month, gaining, respectively, 5.0 and 4.2 points (or 3.4 and 2.7 percent). While the oilseeds index climbed to the highest level since May 2018, the index for oilmeals remained below the value observed in the corresponding month of last year. As for vegetable oils, the price index rose for the seventh month in succession, posting a month-on-month gain of 11.6 points (or 7.0 percent) and marking a three-year high.

The fresh rise in the oilseed index largely reflects higher prices of soybeans, rapeseed and sunflowerseed. After stagnating in December, in January, international soybean values gained momentum and posted a 20-month high.

In addition to the long-awaited signing of the

“phase one” trade agreement between the United States and China, attractive crush margins in major consuming countries also provided support to international soybean quotations. Interestingly, during the second half of January, soy prices shed much of the strength gained in the preceding weeks, due to a number of factors, notably: i) uncertainties regarding China’s coming soybean purchases from the US, given that China’s purchase commitments would remain contingent on “market prices” and “commercial considerations” and that the country placed only a few orders since the deal’s announcement in December; ii) concerns about potential adverse effects of the global coronavirus health emergency on international trade; and iii) generally favourable soybean harvest prospects in South America. Meanwhile, rapeseed quotations increased for the eighth consecutive

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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 **January 2020**. 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/>

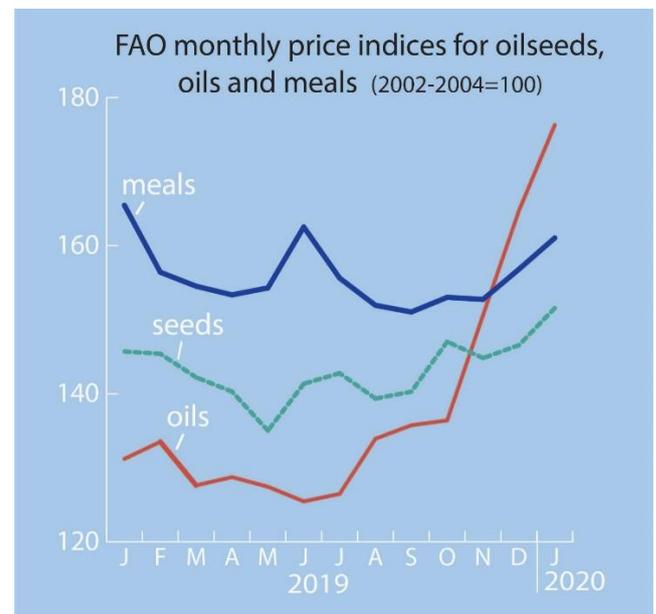
Global price review – cont'd

month in January, underpinned by both persistently strong import demand from the EU and threats of another below-average harvest in the region in 2020/21. As to sunflowerseed, the further hike in prices was primarily fuelled by solid global crush demand, which led to a rapid disposal of the bumper crops harvested in the Black Sea region.

With regard to oilmeals, the moderate gain in FAO's price index mainly reflects firming quotations of soymeal. Besides moving *in tandem* with higher soybean values, international soymeal prices also received support from lower than originally anticipated crush levels in Argentina, as well as expectations that the US-China trade deal could stimulate China's demand for animal protein, possibly leading to higher feed uptake in the US and elsewhere.

As for vegetable oils, the further surge in FAO's prices index was again dominated by firming palm oil values, although quotations of soy, sunflower and rapeseed oils also increased. International palm oil values gained 10 percent month-on-month, posting the sixth consecutive rise and marking a staggering 67-month high. Despite lingering trade tensions between India and Malaysia, the prospect of tightening global supplies amid robust demand from the biodiesel sector propelled prices upward. Moreover, reports of lower than anticipated inventory levels in

leading producing countries took market participants by surprise. International prices of soy and sunflower oils also kept rising, fuelled by expectations of healthy global import demand, while soyoil also received support from lower than anticipated export availabilities in Argentina, the world's top exporter of the commodity. Meanwhile, rapeseed oil quotations climbed to their highest level since May 2014, reflecting continued tightness in global supplies. However, similar to the development observed in the soybean market, from mid-January onward, prices across the vegetable oil complex lost strength amid uncertainties regarding the implementation of the US-China trade deal and the impact of the coronavirus outbreak on world trade.



For comments or queries please use the following Email contact: FAO-oilcropsmarkets@fao.org

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	FAO price indices (2002–2004=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
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	152	154	182
2018/19	142	130	159
Monthly			
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
2019 - August	139	134	152
2019 - September	140	136	151
2019 - October	147	136	153
2019 - November	145	151	153
2019 - December	147	165	157
2020 - January	152	176	161

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