



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 38, August 2012
- abridged version -

Global price review

In July, FAO's price indices shifted upwards across the oilseed complex. All three indices have moved in the same direction, though at a different pace.

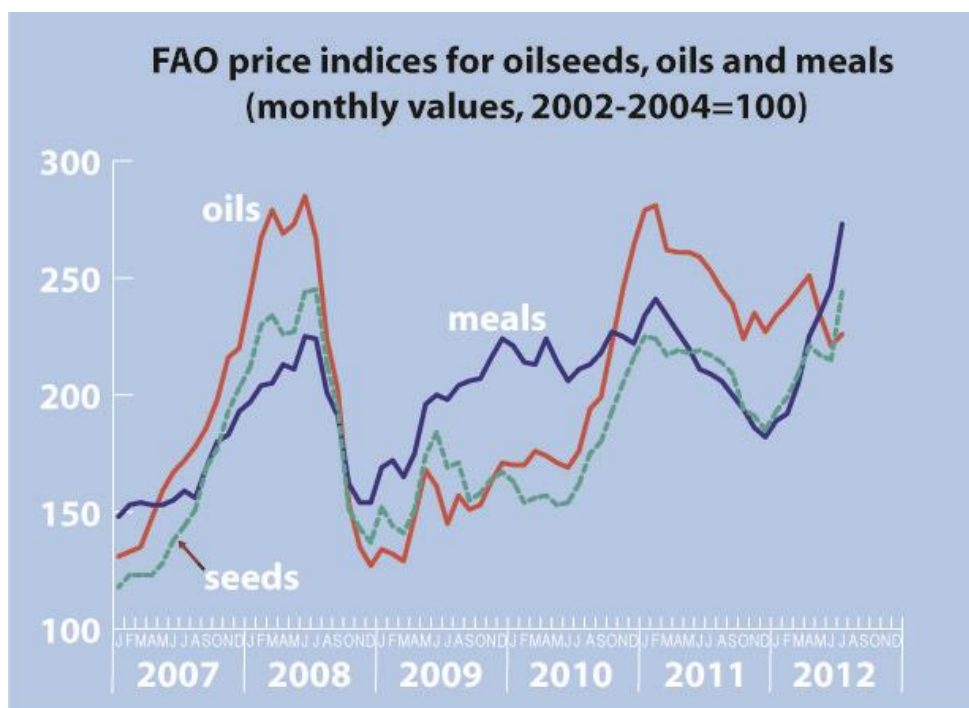
After two months of consecutive decreases, the price index for oilseeds has risen strongly - by 29 points or 13%. Also international quotations for oilmeals, which have risen continuously since last January, strengthened further in July - by 27 points or 11%. By contrast, the oils/fats index increased by only 5 points (or 2%) compared to last month. Meal prices have actually climbed to record highs and also oilseed prices have reached the record levels recorded during 2008. Also oils/fats prices are moving above historical averages, however remaining well below the peaks recorded in 2008 and 2011.

Present international oilseed and meal index levels mostly reflect the current and next season's supply and

demand situation for soybeans. Marked production shortfalls in the 2011/12 season - first in the United States and then, even more, in South America - resulted in a pronounced tightness of global soybean supplies while import demand continued to grow unabatedly, notably in China. This situation has led to a marked drawdown in global stock positions and resulted in exceptionally low stock-to-use ratios, triggering upward pressure on prices.

Early prospects for 2012/13 are accentuating the trend that developed during 2011/12: the recently planted US soy crops (marketed during 2012/13) is reported to be in very poor conditions due to exceptionally hot and dry weather - actually the worst recorded in recent history. Meanwhile, also Chinese and Indian soybean production is not likely to expand, nor is global sunflower and rapeseed output forecast to grow in 2012/13. The combination of these elements clearly

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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. The present, abridged issue only comments on price developments observed in **July 2012**. Previous issues can be downloaded from the FAO website at URL <http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/>.

Global price review - cont'd

contributed to the recent spike in soybean prices. The outlook for 2012/13 is only expected to improve upon realization of South America's next soybean crop. As the latter will only enter the market early next year, the trade is concerned about contracting global export supplies during the coming months.

The prospect of persistent tightness in the global soybean balance also explains the strong rise in international soymeal prices as well as in the meal prices index as a whole. Lower than anticipated fishmeal production, caused by poor catches in Peru and Chile, is also weighing on the meals index.

The somewhat slower rise in FAO's oils/fats price index primarily reflects weakening palm oil quotations in recent weeks. The decrease in prices has been caused by lower global import demand and the consequent build-up in stocks, primarily in Malaysia. Reportedly, several importing countries have experienced a slowdown in consumption as the persistent global macro-economic uncertainties have led to poor economic growth.

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

	International Prices (US\$ per tonne)					FAO Indices (2002-2004=100)		
	Soybeans ¹	Soybean oil ²	Palm Oil ³	Soybean Cake ⁴	Rapeseed Meal ⁵	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/Meals
Annual (Oct/Sep)								
2004/05	275	545	419	212	130	105	104	105
2005/06	259	572	451	202	130	100	108	125
2006/07	335	772	684	264	184	129	148	153
2007/08	549	1325	1050	445	296	217	245	202
2008/09	437	849	682	409	206	156	145	180
2009/10	429	924	806	388	220	162	174	215
2010/11	550	1308	1147	418	279	215	256	221
Monthly								
2010 - October	496	1165	998	415	285	193	222	227
2010 - November	526	1248	1117	430	292	205	245	225
2010 - December	550	1321	1229	437	289	216	264	222
2011 - January	572	1384	1279	454	313	225	279	234
2011 - February	569	1366	1286	447	290	224	281	241
2011 - March	552	1305	1172	423	264	217	262	234
2011 - April	553	1310	1148	406	277	219	261	227
2011 - May	556	1291	1155	403	280	218	261	220
2011 - June	559	1321	1137	396	289	219	259	211
2011 - July	558	1345	1100	405	262	217	253	209
2011 - August	557	1327	1080	402	248	214	245	206
2011 - September	546	1310	1065	396	255	209	239	200
2011 - October	502	1216	995	378	243	194	224	194
2011 - November	491	1228	1054	353	224	191	235	186
2011 - December	476	1163	1026	346	227	185	227	182
2012 - January	500	1223	1062	371	234	193	234	189
2012 - February	512	1245	1100	385	255	199	239	192
2012 - March	542	1283	1152	426	287	209	245	205
2012 - April	575	1308	1182	474	335	221	251	225
2012 - May	570	1210	1081	492	330	217	234	235
2012 - June	570	1187	996	503	315	215	221	246
2012 - July	660	1234	1010	584	353	244	226	273
¹ Soybeans (US, No.2 yellow, c.i.f. Rotterdam) ² Soybean oil (Dutch, f.o.b. ex-mill) ³ Palm oil (Crude, c.i.f. North West Europe) ⁴ Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam) ⁵ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)								
Note: 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, twelve selected oils and fats and seven selected cakes and meals.								
Sources: FAO and Oil World								