



## OILCROPS MONTHLY PRICE AND POLICY UPDATE \*

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- short version -

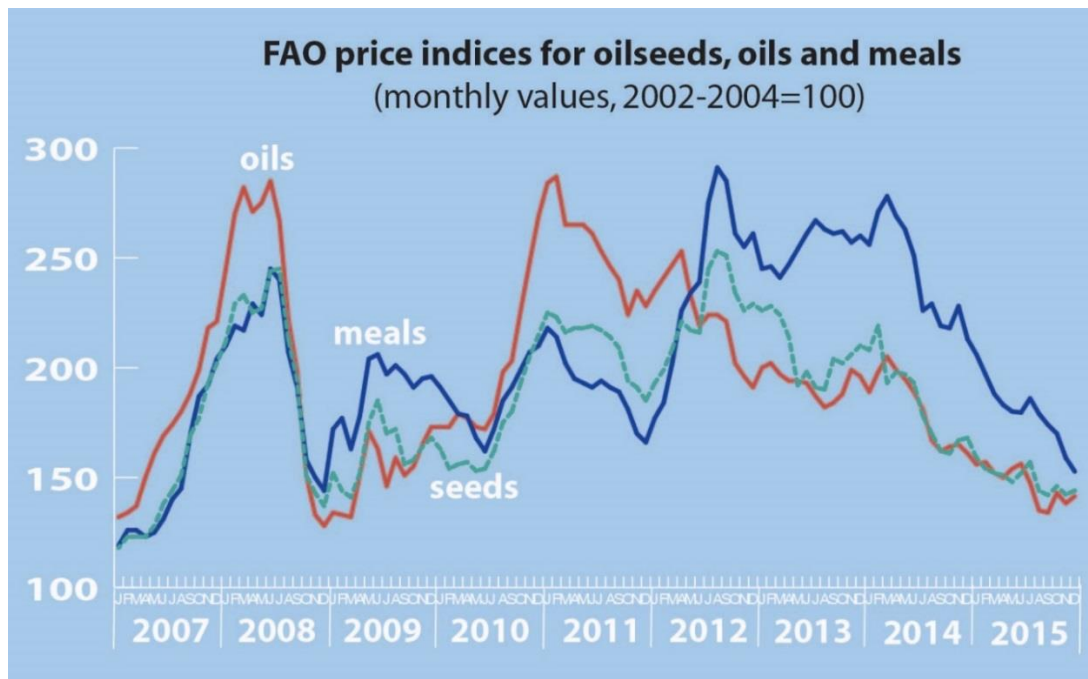
### Global price review

In December 2015, the FAO price indices for oilseeds and for oils strengthened by, respectively, 1.8 points (1.3 percent) and 3.3 points (2.4 percent), while the price index for oilmeals shed 6.2 points, dropping by 3.9 percent month-on-month. All three indices fare at multi-year lows.

The slight increase in the oilseeds index primarily reflects developments in the soybean market, notably deteriorating production prospects in Brazil (where, depending on the region, crops continued to suffer either from

dryness or excessive rainfall) and planting delays in Argentina, due to heavy rains. At the same time, old-crop sales by Argentina fell short of market expectations, whilst import demand by countries in Asia, notably China, remained strong, thus allowing international soybean prices to climb to nine-week highs towards the end of December. The oilseeds index was also buttressed by a firming of firm rapeseed prices, in response to marked international demand for the seed and disappointing production prospects in Ukraine and India.

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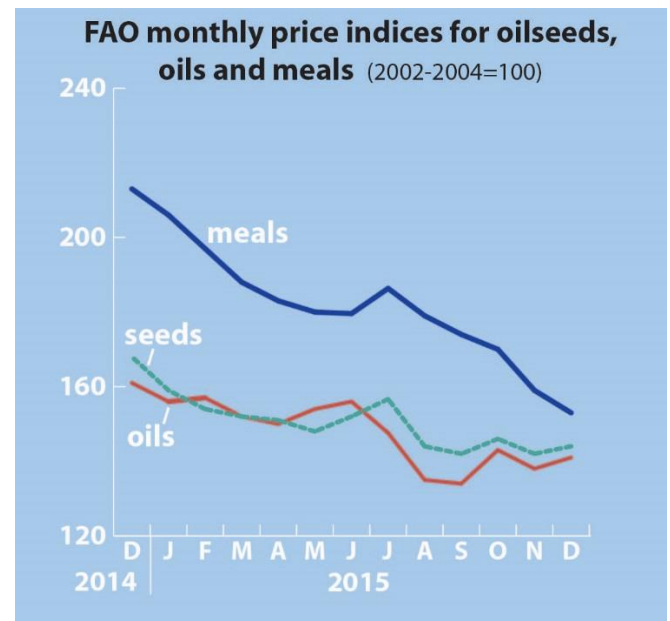
\* The **Oilcrops Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. The present issue only comments on price developments in **December 2015**. 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*

International oilmeal prices, especially those of soymeal, continued to weaken in December, causing the corresponding FAO price index to drop for the fifth consecutive month. The steady slide in prices reflects an unusually strong pace of soybean crushings, notably in South America, and the prospect of record, possibly burdensome global soymeal availabilities in 2016. Policy changes in Argentina, the world's leading supplier of soymeal, exerted further downward pressure on prices: in addition to lifting all currency controls and unifying the country's official and parallel exchange rate, the Argentine government lowered the export tax for soymeal, a move expected to stimulate exports of the commodity in the coming weeks and months.

The modest rise in the vegetable oil price index was driven by soybean oil, the prices of which leaped to 6-months highs, principally reflecting persisting uncertainties regarding Brazil's soybean crop and the prospect of firming soyoil demand worldwide. In the 2015/16 season, market observers expect soyoil to compensate for the stalling supplies of other vegetable oils, notably palm and rapeseed oil. International palm

oil prices remained stable in December, as concerns about possible production declines in Southeast Asia (due to persistent unfavourable weather) were counterbalanced by reports of weak global import demand and rising inventories. Falling crude oil prices and declines in competing soyoil also weighed on palm oil values.



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	<u>International Prices (US\$ per tonne) <sup>1</sup></u>					<u>FAO Indices (2002-2004=100) <sup>7</sup></u>		
	Soybeans <sup>2</sup>	Soybean oil <sup>3</sup>	Palm Oil <sup>4</sup>	Soybean Cake <sup>5</sup>	Rapeseed Meal <sup>6</sup>	Oilseeds	Vegetable oils	Oilcakes/ Meals
<b>Annual (Oct/Sep)</b>								
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
<b>Monthly</b>								
2014 - October	430	835	724	463	258	161	164	218
2014 - November	447	827	728	485	265	167	165	228
2014 - December	446	816	694	449	278	168	161	213
2015 - January	421	789	681	431	279	159	156	206
2015 - February	407	775	693	412	273	154	157	197
2015 - March	402	748	673	392	262	152	152	188
2015 - April	396	753	657	380	263	151	150	183
2015 - May	385	781	663	371	290	148	154	180
2015 - June	397	800	670	372	282	152	156	180
2015 - July	413	746	635	389	264	157	148	186
2015 - August	375	729	544	371	270	144	135	179
2015 - September	367	725	533	362	256	142	134	174
2015 - October	377	743	581	351	255	146	143	170
2015 - November	367	726	561	328	232	142	138	159
2015 - December	372	757	568	317	215	144	142	153
<p><sup>1</sup> Spot prices for nearest forward shipment</p> <p><sup>2</sup> Soybeans (US, No 2 yellow, c.i.f. Rotterdam)</p> <p><sup>3</sup> Soybean oil (Dutch, f.o.b. ex-mill)</p> <p><sup>4</sup> Palm oil (Crude, c.i.f. North West Europe)</p> <p><sup>5</sup> Soybean meal (44/45% Hamburg fob ex-mill)</p> <p><sup>6</sup> Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)</p> <p><sup>7</sup> 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>								