

OILCROPS MONTHLY PRICE AND POLICY UPDATE *

No. 71, June 2015

- short version -

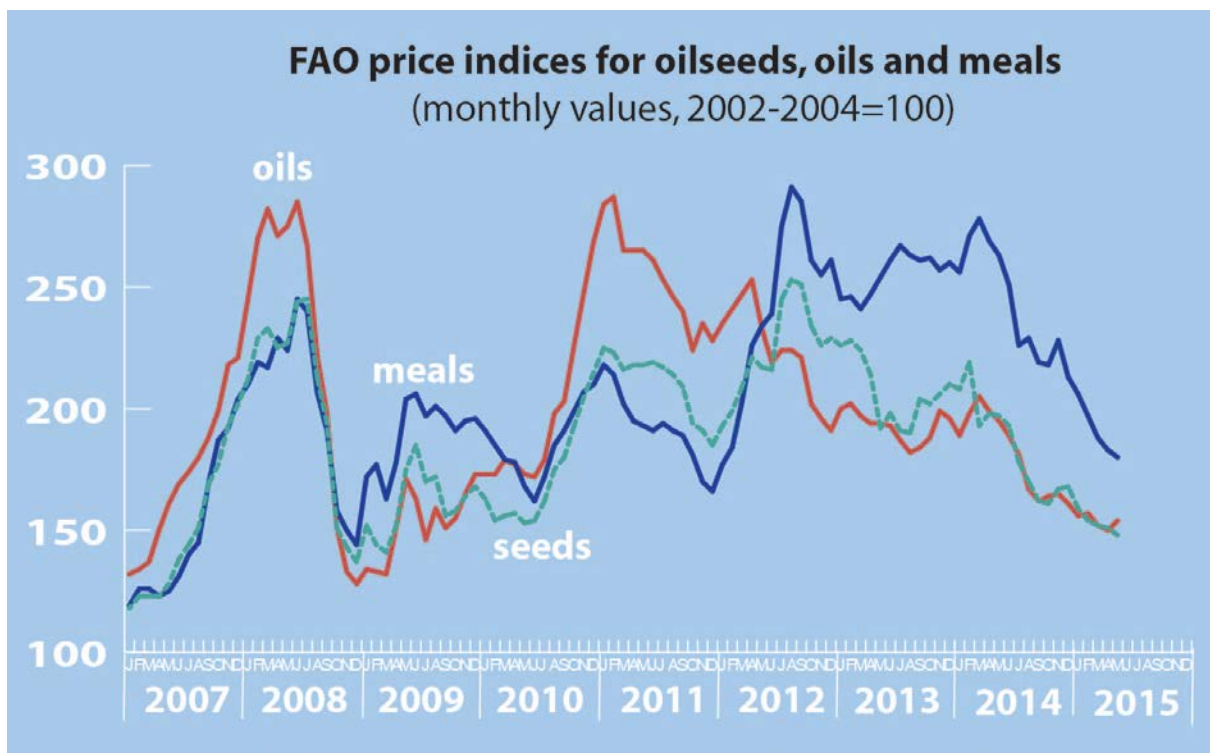
Global price review

In May, the FAO price indices for oilseeds and oilmeals continued falling, whereas the vegetable oils price index moved upward. The indices for oilseeds and oilmeals both dropped by about 3 points (around 1.5–2 percent), reaching respectively 6 and 3-year lows. The vegetable oils index gained 4 points (2.6 percent) but still fared more than 40 points – or 20 percent – below the corresponding month of last year, hence staying at a 6-year low.

The progressive weakening in the price indices for oilseeds and oilmeals continued to be driven

by developments in the global soy market. International soybean prices continued to lose strength following further upward revisions for South America's bumper crop. The latest crop forecasts exceed previous expectations on account of higher yield estimates – both in Brazil, where harvest operations have drawn to a close, and Argentina, where harvesting of the second soy crop is now underway and weather conditions continue to be favourable. In addition, sowing of the 2015/16 soybean crop in the United States – where total plantings are projected to exceed the 2014/15 all-time record – are proceeding rapidly, favoured by beneficial weather.

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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 **May 2015**. Previous issues can be downloaded from the FAO website at URL

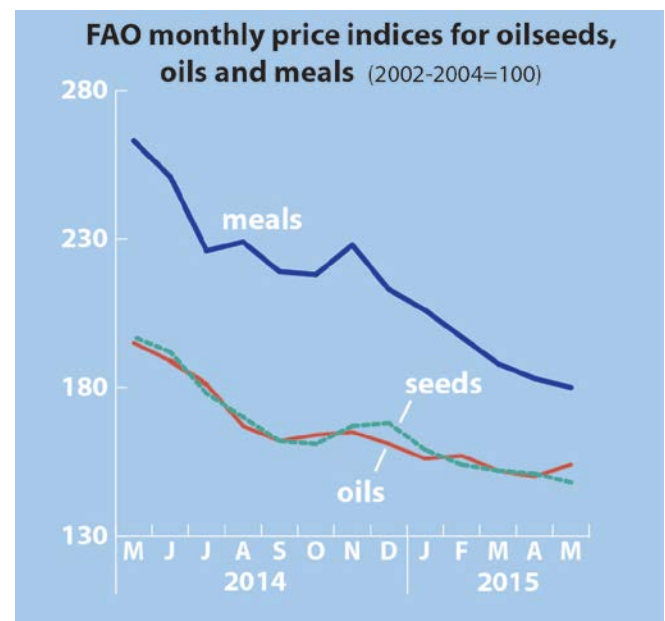
<http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/>.

Global price review - cont'd

During the second half of May, soymeal prices strengthened temporarily, mostly reflecting concerns regarding slow farmer selling and strikes in Argentina (which risked disrupting the country's crushing and shipping operations) as well as lower than anticipated export volumes from the region. As to other oilseeds, rapeseed prices firmed (mostly reflecting lower than anticipated 2014/15 world closing stocks), thereby preventing the oilseed price index from falling more pronouncedly.

As to the vegetable oils index, the gain recorded last month mainly reflects rising quotations for both palm and soy oil. Palm oil prices strengthened on growing concerns about a possible El Niño weather event, which could affect palm oil yields in Southeast Asia as well as oilcrop production in India – the world's top vegetable oil importer. Below-average monsoon rains in India (for a second consecutive year) would maintain the country's vegetable oil import requirements at record levels. Thanks to larger than originally anticipated production and inventories in Malaysia, during May the rise in international palm oil values was limited to one

percent. Soyoil values, on the other hand, rose more pronouncedly (4 percent), mostly reflecting resumed import demand especially by China, but also in India, Egypt and other destinations. Furthermore, inventory levels in Argentina – the world's largest soyoil exporter – were reported at seasonally low levels. International quotations for sunflower and rapeseed oil also moved upward, reflecting lower than anticipated world production and export supplies.



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	International Prices (US\$ per tonne) ¹					FAO Indices (2002-2004=100) ⁷		
	Soybeans²	Soybean oil³	Palm Oil⁴	Soybean Cake⁵	Rapeseed Meal⁶	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
Monthly								
2013 - October	544	989	866	555	318	202	188	262
2013- November	556	992	921	541	316	206	199	257
2013 - December	568	979	907	548	336	210	196	260
2014 - January	566	935	871	539	337	208	189	256
2014 - February	594	991	911	571	361	219	198	271
2014 - March	501	1001	959	582	396	193	205	278
2014 - April	516	1005	911	563	375	198	199	269
2014 - May	522	973	896	552	340	197	195	263
2014 - June	514	933	859	531	304	192	189	251
2014 - July	480	886	839	477	272	178	181	226
2014 - August	457	855	755	485	265	170	167	229
2014- September	433	850	714	463	265	162	162	219
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
<p>¹ Spot prices for nearest forward shipment</p> <p>² Soybeans (US, No 2 yellow, c.i.f. Rotterdam)</p> <p>³ Soybean oil (Dutch, f.o.b. ex-mill)</p> <p>⁴ Palm oil (Crude, c.i.f. North West Europe)</p> <p>⁵ Soybean meal (44/45% Hamburg fob ex-mill)</p> <p>⁶ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)</p> <p>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.</p> <p>Sources: FAO and Oil World</p>								