OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

No. 45, March 2013

- short version -

Global price review

In February, FAO's price indices for oilseeds and oils/fats moved slightly upwards, whereas the meal index recorded a decrease for the second consecutive month. While the indices for oilseeds and oils/fats rose by, respectively, 2 and 1 points (or 0.8 and 0.4 percent), the meal index registered a downward correction of 2 points (or 0.9 percent). International quotations for oilseeds and meals continue to fare high in historical terms. On the other hand, oils/fat prices, on average, remained below the levels recorded in the corresponding months of the last two years.

With regard to oilseeds, the market was mostly driven by the recent appreciation in international soybean prices. Main factors contributing to the renewed upward pressure on soy prices included: persistent dry weather harming Argentina's crop; concerns about recent weather-related harvest delays and logistical difficulties in Brazil; the market's anticipation of rising soybean import demand in China; and continued strong reliance on exports from the United States. Furthermore, limited global supplies of rape and sunflower seed (following the rapid pace of crushings) and the prospect of multiyear-low inventories levels also lent support to the oilseed price index.

As to the oils/ fats market, palm oil remains the key driver behind the recent increase in the index. Palm oil values rose for the second consecutive month, reflecting both the prospect of a seasonal

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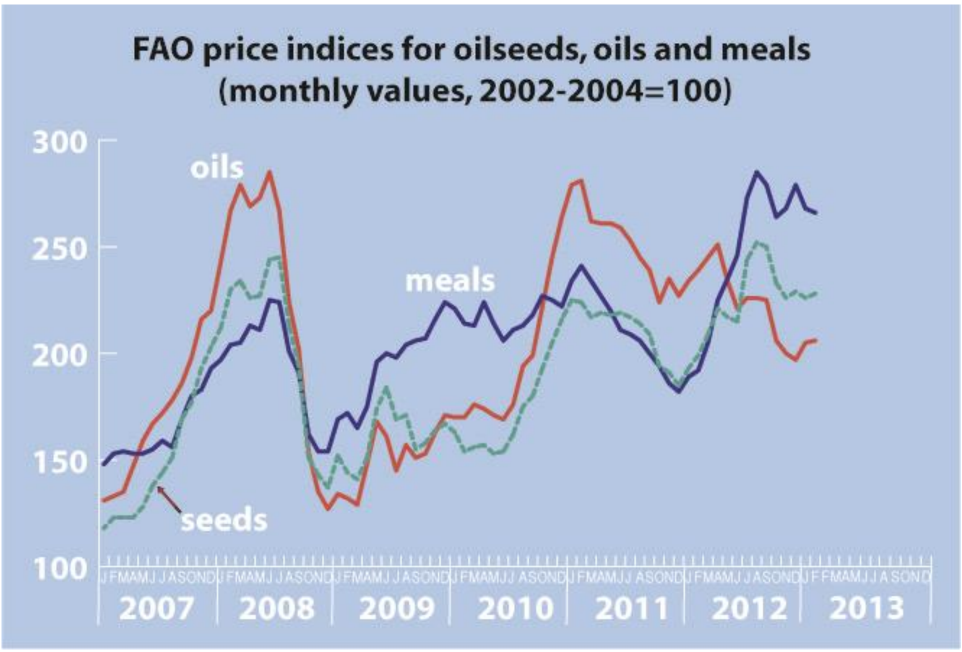

* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. The present issue only comments on price developments in **February 2013**. 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*

production slowdown in the coming months and the anticipated rebound in palm oil import demand in China, India and the EU, which should lead to a reduction in major exporters' stockpiles from their current high levels. Furthermore, the oil palm replanting scheme recently launched by the government of Malaysia *(see MPPU no. 43&41, Jan'13&Nov'12)* is reported to have a price supportive effect by slowing down the expansion in domestic production, which would result in a contraction of inventories. A stronger rise in the overall index was averted by weakening soyoil values. International soyoil prices started falling in early February, primarily reflecting slow import demand and consumption by the EU's biodiesel industry, which resulted in higher than expected global export availabilities.

With respect to meals, in February, world soymeal prices remained about unchanged on average. The small decrease in the overall price index primarily reflects a month-on-month drop of over 2 percent in fish meal values. Reportedly, after record-high prices caused global fishmeal trade to contract sharply in recent months, a downward correction in prices has become necessary to stimulate transactions. Furthermore, forecasts for fish meal production in Chile have been raised, following confirmation that the country's newly released fishing law considers the introduction of fishing quotas but no outright bans.

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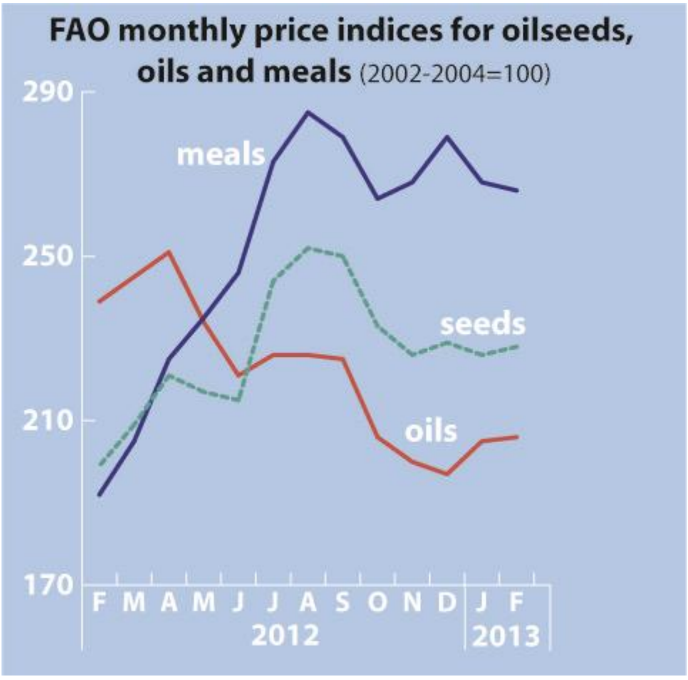

	International Prices (US$ per tonne)					FAO Indices (2002-2004=100)		
	Soybeans[1]	Soybean oil[2]	Palm Oil[3]	Soybean Cake[4]	Rapeseed Meal[5]	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals[6]
Annual (Oct/Sep)								
2004/05	275	545	419	212	130	105	104	105
2005/06	259	572	451	202	130	100	108	125
2006/07	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	549	1308	1147	418	279	215	256	221
2011/12	562	1235	1051	461	295	214	232	224
Monthly								
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
2012 - August	682	1254	994	619	365	252	226	285
2012 - September	669	1276	960	604	374	250	225	279
2012 - October	617	1183	844	555	359	233	206	264
2012 - November	595	1148	816	539	378	226	200	268
2012 - December	603	1153	772	553	396	229	197	279
2013 - January	591	1192	838	512	367	226	205	268
2013 - February	597	1164	862	513	381	228	206	266

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)
6 New series based on revised data for sunflowerseed meal

Note : The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each

Sources: FAO and Oil World