



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

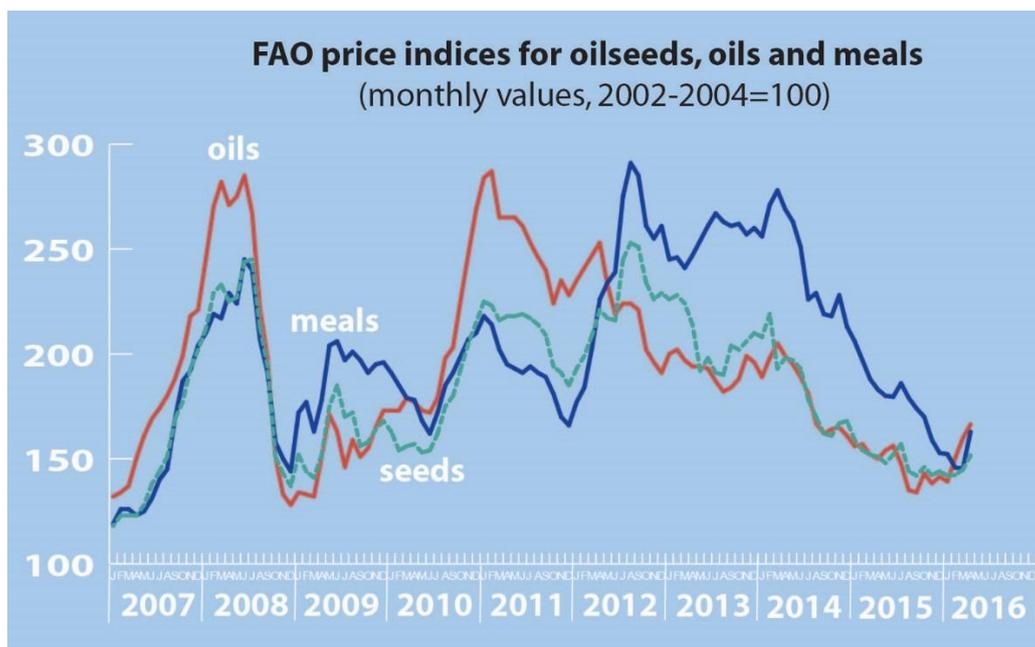
Global price review

The month of April saw a conspicuous upward move in prices across the oilseed complex. Compared to the previous month, the strongest gain occurred in the FAO price index for oilmeals, which increased by as much as 12 percent (17.4 points), reversing the downward trend that started in August 2015. The price indices for oilseeds and vegetable oils both rose by 7 points, or, respectively, 5 percent and 4 percent.

The oilseed price index strengthened under the lead of soybeans, mostly reflecting continued robust import demand, in particular by China, and recent crop developments in South America. Excessive rainfalls in the region have compromised yields and hampered harvest

operations and logistics, especially in Argentina, but also in Brazil and Uruguay. Based on preliminary crop damage assessments, FAO's overall production forecast for the region has been lowered by about 3 percent. As a result of these revisions, the 2015/16 global soybean output and carry-out stocks are now anticipated to fall short of last season's level, underpinning the rise in international soybean prices to a nine-month high. Notwithstanding, world supplies are still forecast at a historical high in 2015/16, thanks to massive opening stocks. International soybean prices were also supported by buoyant international demand, with intensive export activities leading to inventory drawdowns in major exporting countries, notably Brazil. The drop in global

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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 observed in **April '16**. 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/>

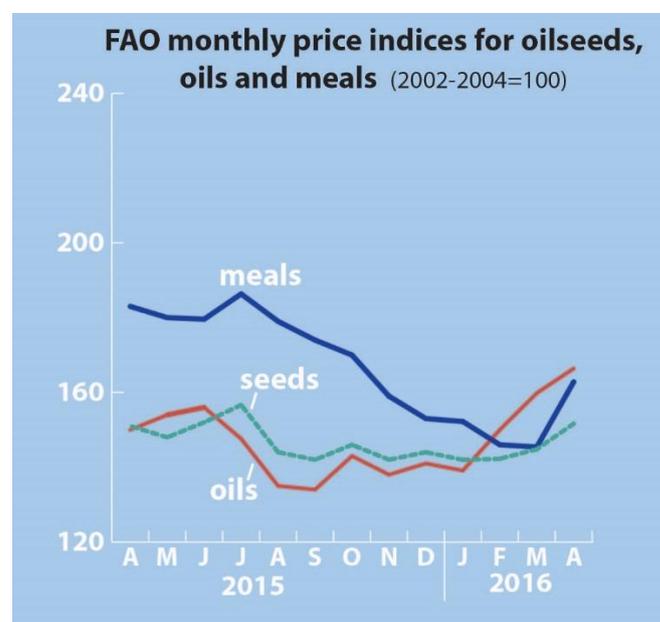
Global price review – cont'd

rapeseed output in 2015/16 (following poor harvests in the EU and several other countries), along with first indications of a further decline in 2016/17, also resulted in firming rapeseed quotations, which further contributed to the rise in FAO's oilseed price index.

The spike in the oilmeal price index was caused by a surge in international soymeal values, which leaped to 6-month highs on Argentina's deteriorated production outlook. The country is the world's principal supplier of soymeal, and lower than originally expected crushing may impact Argentina's export performance in the coming weeks.

The further increase in the price index for vegetable oils was again driven by palm oil: in April, international quotations for the commodity firmed for the third consecutive month, reaching 17-month highs. Underpinning the upswing were concerns about falling inventory levels, as bleak 2016 production prospects in Southeast Asia (under the lagged effect of the dry weather conditions prevailing in 2015) coincide with a growing demand worldwide. At the same time, domestic consumption in Indonesia, the world's leading palm oil supplier, is expected to be

boosted by increased uptake by the local biodiesel industry, possibly causing an unprecedented contraction in the country's exports this year. Adding to the upward pressure on prices are concerns that lasting adverse weather conditions in 2016 could compromise also the 2017 palm oil output in Southeast Asia. International prices of soy and rapeseed oil also firmed in April, sustained by the higher values of the corresponding seeds and influenced by developments in the palm oil market.



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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
2014/15	407	777	658	406	270	155	153	194
Monthly								
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
2016 - January	368	722	564	316	217	142	139	152
2016 - February	370	762	639	303	203	142	150	146
2016 - March	379	761	694	301	219	145	160	145
2016 - April	398	797	723	339	242	152	166	163
<p>¹ Spot prices for nearest forward shipment</p> <p>² Soybeans (US, No2 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>								