



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

Global price review

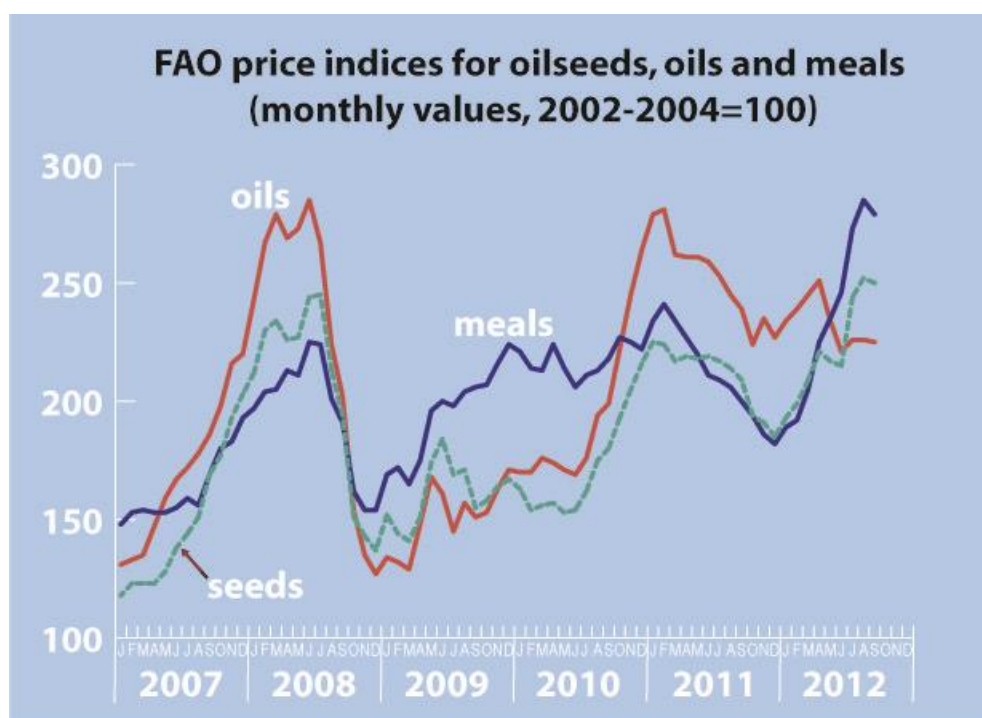
In September, upward pressure on international prices across the oilseed complex seems to have come to a halt: FAO's three price indices - for oilseeds, meals and oils/fats - have gone through a slight downward correction. The indices for oilseeds and for oilmeals dropped by, respectively, 2 and 6 points (corresponding to 0.8 and 2 percent), after rising almost uninterruptedly since last January. Meanwhile, the oils/fats index remained flat - basically unchanged from the levels recorded in August and July. All three indices continue to fare high in historical terms, with oilseed and oilmeal quotations remaining close to all-time records, which mirrors a persistently tight supply and demand outlook for these commodities.

With regard to oilseeds, the recent relaxation in international prices mainly reflects rapid harvest progress in the US soybean crop, together with

somewhat improved yield expectations. Furthermore, soybean growing conditions in South America remain generally good, thus supporting preliminary forecasts of record harvests early next year. However, rape and sunflowerseed prevented the index from falling more pronouncedly: disappointing yields in Canada and Australia lent support to rapeseed prices, while in the Black Sea region, notably in the Russian Federation and Ukraine, sunflowerseed crops have been hit - after a succession of excessively dry weeks - by sudden strong precipitations and hailstorms. Hence, international quotations for both rape and sunflowerseed have risen strongly - for the third consecutive month.

With respect to meals and cakes, soymeal quotations, which occupy a dominant position in the global meal price index, closely followed the path of soybean prices. In addition to the factors shaping soybean,

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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 global price developments observed in **September 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/>.

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improved rainfall conditions in India's oilseed growing areas point towards bumper crops, which should contribute to improved oilmeal export availabilities. Furthermore, quotations for fishmeal have eased on the back of rising export supplies from Peru.

Regarding oils/fats, another sharp fall in international palm oil quotations contrasted with relatively firm prices for rape, sunflower and soybean oil. The downturn in palm oil prices has been driven by seasonally high production in Southeast Asia, which, combined with weak global import demand (including, in particular, China), led to an accumulation in stocks. In the coming months, palm oil output is forecast to remain high, while slower economic growth could continue to limit the expansion of demand in main

importing countries, including India and China. Furthermore, reduced use of palm oil for biodiesel production has been reported from Europe and the United States.

External factors contributing to last month's halt in prices across the oilseed complex include rising uncertainties regarding the global economic outlook, weaker energy markets, and a strengthening US dollar towards the end of September.

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	International Prices (US\$ per tonne)					FAO Indices (2002-2004=100)		
	Soybeans¹	Soybean oil²	Palm Oil³	Soybean Cake⁴	Rapeseed Meal⁵	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
2012 - August	682	1254	994	619	365	252	226	285
2012 - September	669	1276	960	604	374	250	225	279
<p>¹ Soybeans (US, No.2 yellow , c.i.f. Rotterdam)</p> <p>² Soybean oil (Dutch, f.o.b. ex-mill)</p> <p>³ Palm oil (Crude, c.i.f. North West Europe)</p> <p>⁴ Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam)</p> <p>⁵ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)</p> <p><i>Note</i> : 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.</p> <p><i>Sources</i>: FAO and Oil World</p>								