

OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

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- short version -

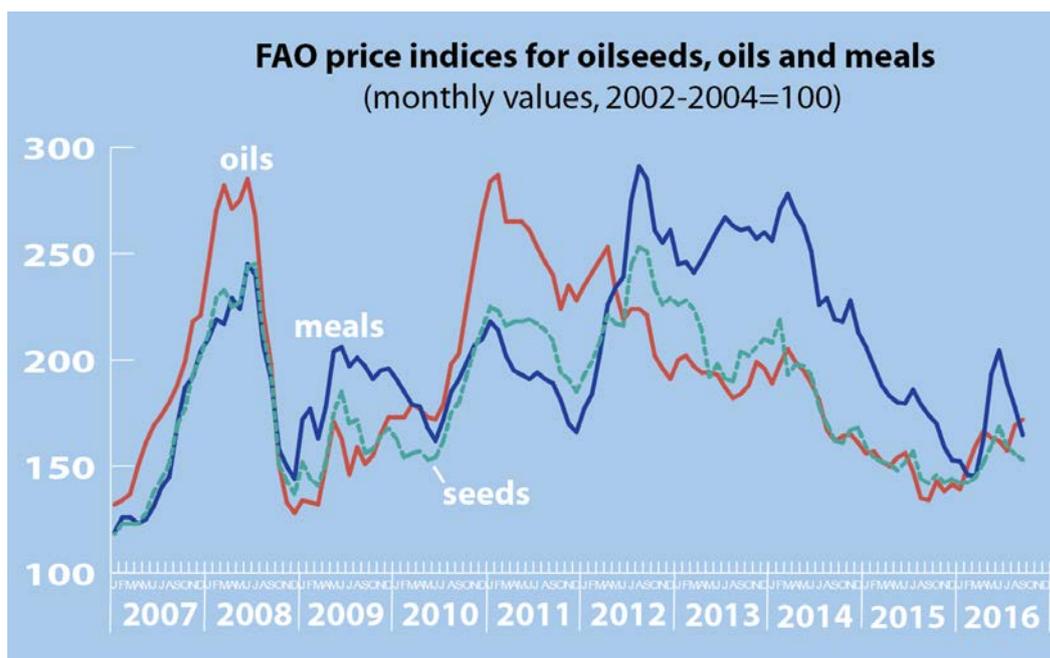
Global price review

In September, the FAO price indices for oilseeds and meals fell for the third consecutive month, while the index for vegetable oils recorded the second upward move in succession. Compared to the previous month, the strongest fall occurred in the price index for oilmeals, which decreased by 13.2 points (or 7.4 percent), while the oilseed index fell by 3 points (or 2 percent). By contrast the vegetable oils index gained another 3 points (or 1.7 percent), confirming a 26-month high.

The current oilseed and meal index levels mainly reflect the global 2016/17 supply and demand situation for soybeans. International soybean quotations weakened further, mostly on expectation of a record crop in the United States,

with the harvest progressing under generally good weather conditions. In addition, preliminary forecasts for South America, where plantings are now underway in Brazil, also point to a near-record output for the region as a whole. Furthermore, in China, the world's largest importer, a rebound in domestic soybean production (supported by policy changes) combined with abundant supplies but subdued feed demand is expected to weaken growth in soybean import demand, thereby contributing to the downward pressure on international prices. By contrast, a number of factors capped price losses during September, notably, the exceptionally strong import demand for US-origin soybeans. Transitory weather concerns also lent temporary support to prices, with strong rainfalls

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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 **September '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/>

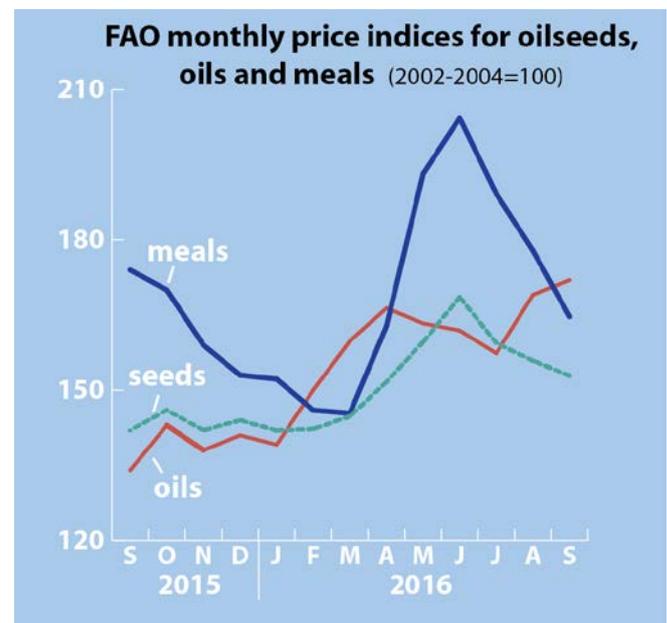
Global price review – cont'd

hampering harvests in the United States Mid-West and low soil moisture levels slowing down planting operations in Brazil's Centre-West.

The prospect of abundant global availabilities of soybeans, and hence soybean meal, continued to weigh on FAO's meal price index, also because it coincides with persistently high supplies of feed-grains in some key soymeal importing countries.

As to the vegetable oils index, additional price gains compared to the previous month have been led by palm, soy and rapeseed oil. While palm oil prices have shown considerable volatility in the past weeks, a weaker than anticipated recovery of production in Southeast Asia, combined with low inventory levels in both key importing and exporting countries, resulted in a further month-on-month upturn in palm oil prices. Revived import demand by China and India also supported international prices, as did announcements of increased usage of palm oil for biodiesel blending in Malaysia. Soybean oil prices, differently from the corresponding seed and meal values, rose by about 1.6 percent, mainly reacting to a temporary shortage in global export availabilities, which

compounded current concerns about global palm oil production. Rapeseed oil prices also strengthened, underpinned by projections that 2016/17 crop output could decline for the third consecutive year. Furthermore, in China, the country's main rapeseed crushing region was hit by a typhoon that caused crushing companies to temporarily halt operations, thus considerably limiting domestic availability of rapeseed oil.



*For comments or queries
please use the following Email contact:
Peter.Thoenes@fao.org*

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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
2015/16	396	773	655	351	232	151	155	168
Monthly								
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
2016 - May	425	790	708	406	261	160	163	193
2016 - June	455	797	679	430	259	169	162	204
2016 - July	429	790	652	400	234	159	157	189
2016 - August	414	812	736	375	228	156	169	178
2016 - September	404	823	758	346	221	153	172	165
¹ Spot prices for nearest forward shipment								
² Soybeans (US, No2 yellow, c.i.f. Rotterdam)								
³ Soybean oil (Dutch, f.o.b. ex-mill)								
⁴ Palm oil (Crude, c.i.f. North West Europe)								
⁵ Soybean meal (44/45% Hamburg fob ex-mill)								
⁶ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)								
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.								
Sources: FAO and Oil World								