



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 115, February 2019
- short version -

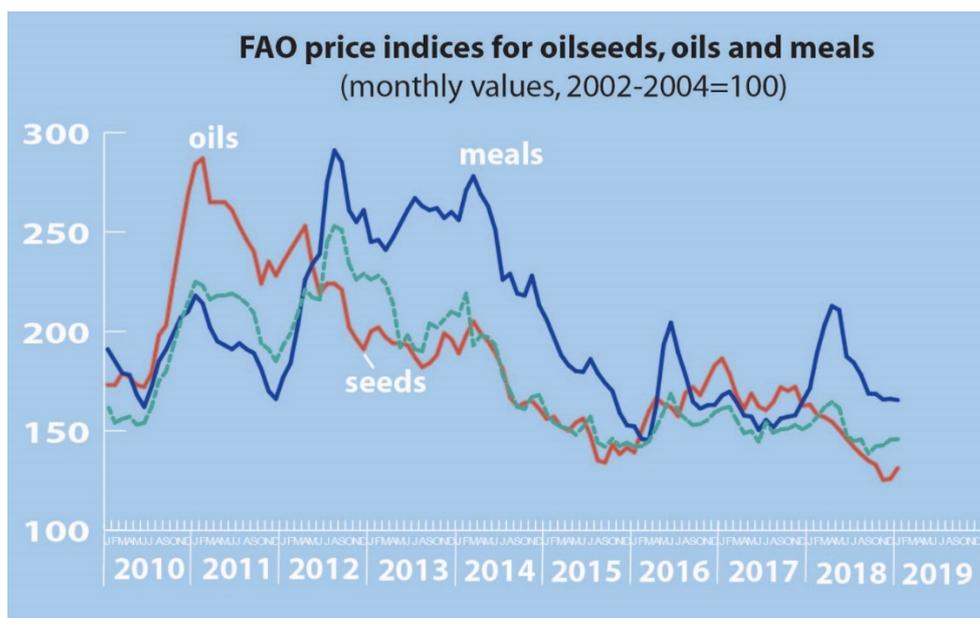
Global price review

In January, the FAO price indices for oilseeds and meals remained virtually unchanged. The oilseed index notched up 0.2 points (or 0.2 percent), whereas the meal index shed 0.6 points (or 0.4 percent). While both indices stood just below the level observed in the corresponding month of last year, the meal index fell short by one fifth from the peak recorded in April 2018. Meanwhile, FAO's price index for vegetable oil appreciated for the second consecutive month (after a protracted decline), gaining 5.4 points or 4.3 percent month-on-month but remaining low relative to recent years.

The price indices for oilseeds and meals remained flat as quotations of major oilcrops and their meal by-products either moved sideways or fluctuated in response to mixed market signals. International

soybean prices in particular were subject to diverse factors. On one hand, unfavourable weather conditions in parts of South America raised concerns about soybean crops in the ground, thus lending support to prices. However, forecasts of improved weather, especially in Brazil, made it difficult to gauge final crop impact. Furthermore, with the new round of trade talks between the US and China progressing slowly, divergent views on possible outcomes resulted in mixed signals. The absence of key market reports in the wake of the US Government shutdown also added to uncertainties. In particular, without USDA's weekly export sales reports, the actual volume of US soy shipments to China remained unknown. As for soymeal, international prices largely followed those of soybean, posting a slight month-on-

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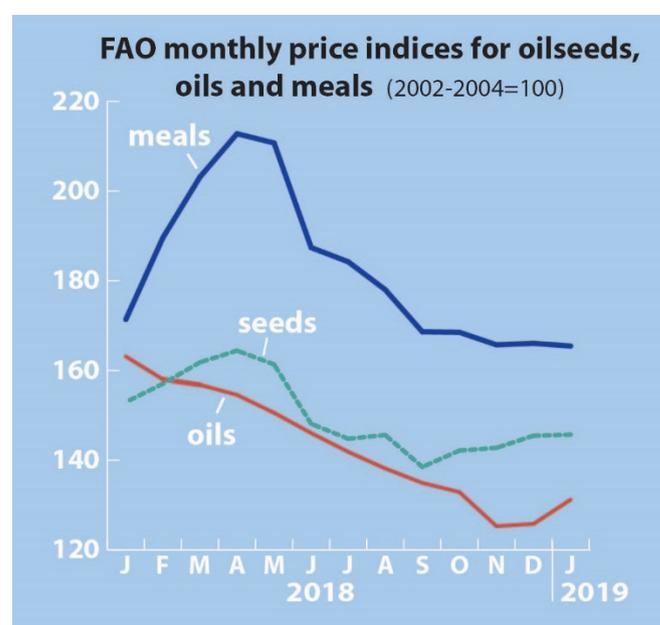
* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. This particular issue only reviews price developments observed in **January 2018**. 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

month drop. Rapeseed prices remained virtually unchanged, as the price depressing effect of subdued global import demand was offset by a tightening outlook for the EU's 2019/20 crop as well as by expectations that China would increase its purchase of the commodity in the wake of its recent approval of two GM rapeseed varieties for import. By contrast, sunflowerseed values strengthened. International quotations for the commodity rebounded by 3 percent, tied to reduced production forecasts in Argentina, where crops have suffered from excessive precipitation.

The fresh gain in FAO's vegetable oil index mainly reflects continued strength in palm oil values. Prices of soy, sunflower and rapeseed oil also appreciated, though by a lesser extent. In January, international palm oil quotations rose for a second consecutive month, continuing their recovery from the twelve-year low recorded in November 2018. Price increases were underpinned by both, seasonal production slowdowns in major producing countries and firming import demand from India and China, two key consuming countries. Higher purchases by India were triggered by recent cuts in the country's import duty for crude and refined palm oil, while China's imports grew in anticipation of the Chinese New Year festivities. As a result, palm oil inventories held by major exporters

started to retreat from their previous, burdensome levels. With respect to soyoil, world prices rebounded from the previous month's multi-year low, supported by robust demand in South America and the United States, stemming in part from the biodiesel sector. In this regard, the EU's recent proposal to refrain from imposing anti-subsidy duties on Argentine biodiesel (subject to voluntary price and volume limitations), provided a boost to Argentina's export-oriented biodiesel industry. In the case of rape and sunflowerseed oil, slightly firmer prices in January were tied to, respectively, tightening global supply prospects and robust world import demand.



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	FAO price indices (2002–2004=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
2004/05	104	103	101
2005/06	100	107	96
2006/07	129	150	128
2007/08	216	246	214
2008/09	157	146	179
2009/10	162	177	183
2010/11	214	259	200
2011/12	214	232	219
2012/13	213	193	255
2013/14	194	189	253
2014/15	155	153	194
2015/16	151	155	168
2016/17	154	160	171
2017/18	153	154	182
Monthly			
2017 - October	151	170	157
2017 - November	153	172	158
2017 - December	151	163	165
2018 - January	153	163	171
2018 - February	157	158	190
2018 - March	162	157	203
2018 - April	164	155	213
2018 - May	161	151	211
2018 - June	148	146	187
2018 - July	145	142	184
2018 - August	146	138	178
2018 - September	139	135	169
2018 - October	142	133	169
2018 - November	143	125	166
2018 - December	145	126	166
2019 - January	146	131	165

¹ FAO's price indices are based on the international spot prices of five selected seeds, ten selected vegetable oils and five selected cakes and meals. The indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 2002-2004 period.

Source: FAO, based on Oil World data