



## ***OILSEEDS, OILS & MEALS*** **MONTHLY PRICE AND POLICY UPDATE \***

***No. 123, October 2019***

*- short version -*

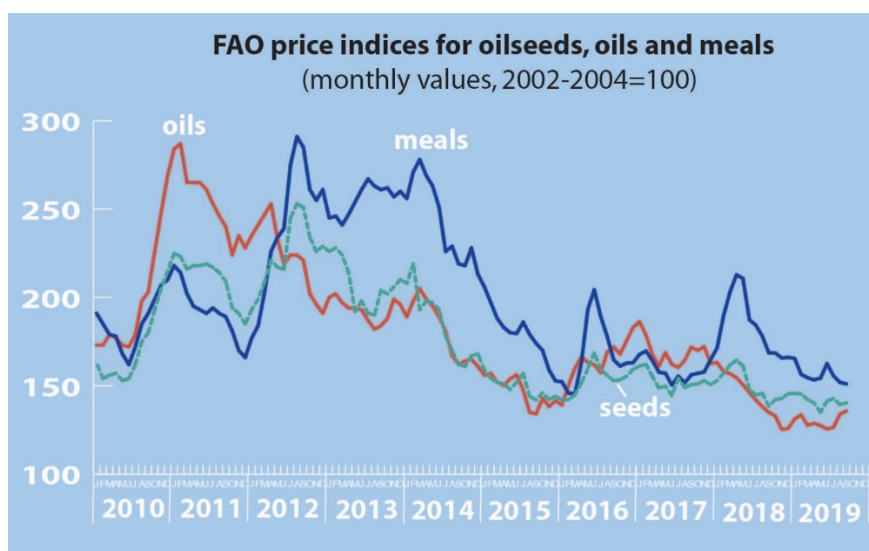
### **Global price review**

In September, FAO's price indices for oilseeds and oilmeals recorded modest month-on-month movements: while the former notched up 0.9 points (or 0.7 percent), the latter softened by 0.9 points (or 0.6 percent), marking the lowest level since July 2017. At the same time, the vegetable oil index strengthened for the third consecutive month: at 135.8 points, the index gained 1.8 points (or 1.4 percent) month-on-month, setting a 13-month high.

The slight increment of the oilseeds index mainly reflects modest increases in soybean and rapeseed values, whereas international sunflowerseed quotations slid for the fourth month in succession. Soybean prices rebounded marginally in September, largely fuelled by China's decision to exempt a certain amount of US soybeans from retaliatory tariffs, which triggered a wave of fresh

import commitments. Higher than expected US crushings as well as harvest disruptions due to overly wet conditions in a number of important US producing regions also provided support to prices. In addition to lowering its 2019/20 production forecast, the USDA also revised downward its production and stock estimates for 2018/19. Meanwhile, in the southern hemisphere, prolonged dryness in several growing regions in Brazil and Argentina has delayed plantings. However, as weather conditions are forecast to improve before the ideal sowing window closes, there is good scope for plantings to make up for the recent delays. International rapeseed prices appreciated further in September, underpinned not only by continued concerns over deteriorating production prospects in the EU, but also adverse weather hampering harvesting operations in Canada and unfavourable growing conditions in Australia. By contrast, sunflowerseed quotations

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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 **September 2019**. 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/>

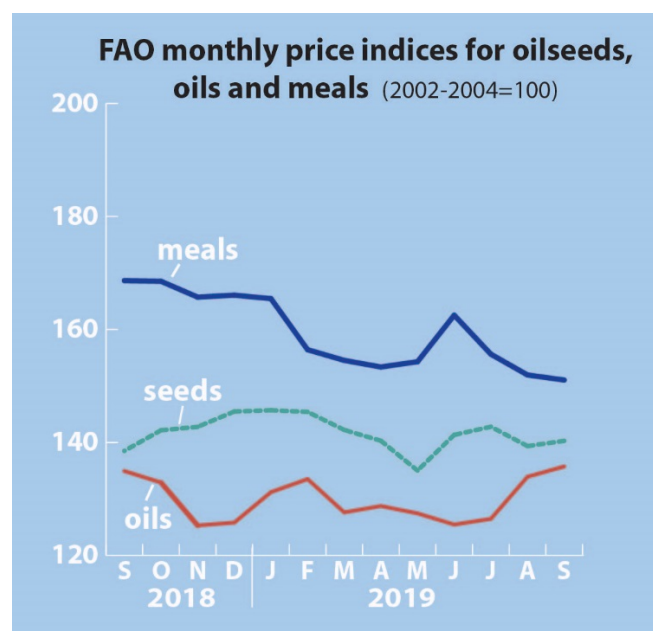
## Global price review – *cont'd*

remained on a downward trajectory due to seasonal harvesting pressure and higher-than-expected yield levels recorded thus far in the Black Sea region.

With regards to oilmeals, FAO's price index eased marginally in September, lingering below the level of the corresponding month of last year. Clearly, the further spread of African Swine Fever in Asia continued weighing on the region's prospective soymeal uptake. Meanwhile, during the month of September, adequate supplies at major destinations have slowed down import activities. With regard to trade policy measures, China has agreed to open its borders to soymeal imports from Argentina, thus allowing the world's leading soymeal exporter to access the world's largest meal market. First shipments are not expected before early 2020. In the meantime, market observers reported that China's farmers started raising fatter pigs to benefit from surging domestic pork prices, while also poultry and fish farming were scaled up to compensate for the shortage of pig meat – two developments that could augment domestic soymeal uptake.

As for vegetable oils, in September, the FAO price index appreciated for the third successive month, surpassing last year's corresponding level and marking the first year-on-year gain since late 2017. The index' rise mostly reflects higher quotations for palm and rapeseed oils, while those for soy and sunflower oil weakened. The further

rise in international palm oil values was fuelled by both steady import demand from India and China and continued concerns over persistently dry conditions in a number of growing regions in Indonesia and Malaysia, which could push down productivity levels in 2020. With regard to rapeseed oil, price quotations appreciated for the sixth month in succession, mainly reflecting the deterioration in the EU's production outlook amid firm demand from the biodiesel sector. While rising crude mineral oil prices also lent support to vegetable oil values, soy and sunflower oil prices lost some of the strength acquired in the recent months. In the case of soybean oil, prices fell on account of sluggish global import demand, whereas prospects of ample supplies in the Black Sea region weighed on sunflower oil.



*For comments or queries please use the following Email contact: [FAO-oilcropsmarkets@fao.org](mailto:FAO-oilcropsmarkets@fao.org)*

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	<u>International Prices (US\$ per tonne)</u> <sup>1</sup>					<u>FAO Indices (2002-2004=100)</u> <sup>7</sup>		
	Soybeans <sup>2</sup>	Soybean oil <sup>3</sup>	Palm Oil <sup>4</sup>	Soybean Cake <sup>5</sup>	Rapeseed Meal <sup>6</sup>	Oilseeds	Vegetable oils	Oilcakes/ Meals
<b>Annual (Oct/Sep)</b>								
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
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
2016/17	404	806	729	336	225	154	160	171
2017/18	402	820	648	381	258	152	154	182
2018/19	370	744	523	328	247	142	159	130
<b>Monthly</b>								
2018 - January	404	865	679	361	239	153	163	171
2018 - February	416	848	660	400	265	157	158	190
2018 - March	432	830	684	427	294	162	157	203
2018 - April	441	824	663	447	304	164	155	213
2018 - May	432	787	659	443	282	161	151	211
2018 - June	389	783	631	391	264	148	146	187
2018 - July	378	774	591	382	267	145	142	184
2018 - August	379	763	561	365	282	146	138	178
2018 - September	357	755	545	347	277	139	135	169
2018 - October	369	759	529	347	272	142	133	169
2018 - November	372	735	482	340	276	143	125	166
2018 - December	382	720	494	344	273	145	126	166
2019 - January	381	746	534	343	273	146	131	165
2019 - February	380	766	558	330	263	145	134	156
2019 - March	371	730	527	320	248	142	128	155
2019 - April	365	733	534	318	244	140	129	153
2019 - May	347	738	510	320	234	135	127	154
2019 - June	369	725	505	337	236	141	125	163
2019 - July	374	738	498	322	225	143	126	156
2019 - August	363	775	540	315	215	139	134	152
2019 - September	366	765	563	315	201	140	136	151
<sup>1</sup> Spot prices for nearest forward shipment <sup>2</sup> Soybeans (US, No.2 yellow, c.i.f. Rotterdam) <sup>3</sup> Soybean oil (Dutch, f.o.b. ex-mill) <sup>4</sup> Palm oil (Crude, c.i.f. Rotterdam) <sup>5</sup> Soybean meal (44/45%,Hamburg f.o.b. ex-mill) <sup>6</sup> Rapeseed meal (34%,Hamburg f.o.b. ex-mill) <sup>7</sup> 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								