



OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

No. 125, December 2019

- short version -

Global price review

Following a marked rebound in October, FAO's price index for oilseeds fell by 2.2 points (or 1.5 percent) in November, although its value remained above the level recorded in the corresponding period of last year.

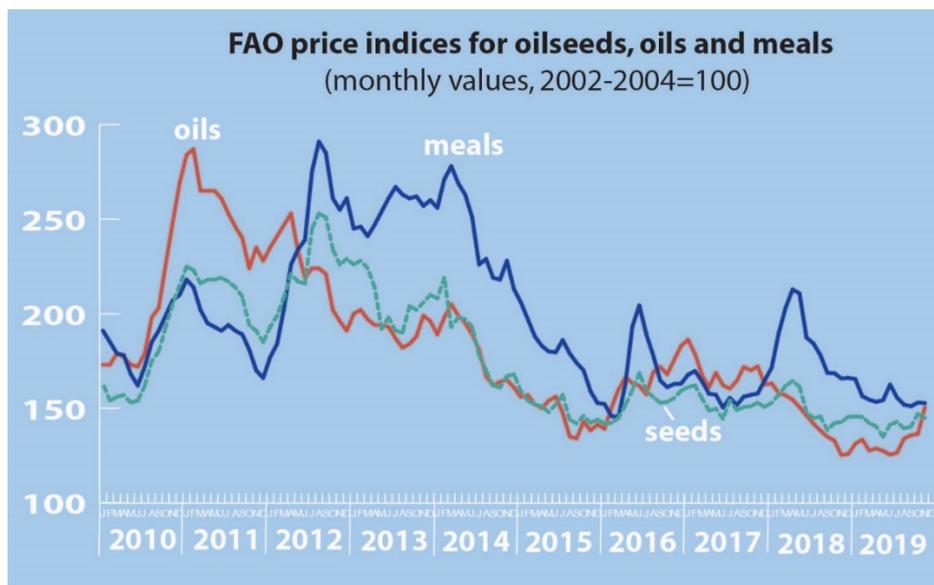
Meanwhile, FAO's oilmeal index remained virtually unchanged, shedding only 0.3 points (or 0.2 percent) month-on-month, whereas the price index for vegetable oils continued rising, gaining as much as 14.2 points (or 10.4 percent), which lifted the index to the highest level since May 2018.

The drop in FAO's oilseed price index mainly reflects weakening soybean values, whereas quotations for sunflowerseed and rapeseed continued to gain strength. After a short-lived

recovery in October, international soybean prices were pressured by a variety of factors, most notably: i) concerns over the lack of progress in the US-China trade negotiations; ii) good harvest progress leading to greater farm sales in the US, together with the release of higher-than-expected US crop estimates and end-of-season stock forecasts by the USDA; iii) improved weather conditions in major growing areas in South America; and iv) a weakening currency in Brazil – the world's leading soybean exporter.

On the other hand, downward pressure on prices was contained by attractive crush margins in the US, Brazil and Argentina, as well as by reports that Brazil would raise the domestic blending mandate for (primarily soyoil oil-based) biodiesel from 11 percent to 12 percent early next year. As to rapeseed, in November, international prices appreciated, albeit marginally, for the sixth

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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 **November 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/>

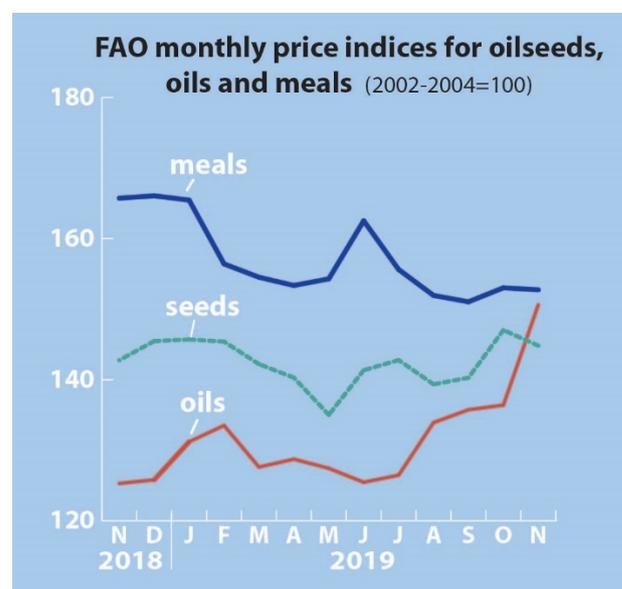
Global price review – cont'd

consecutive month, underpinned by further delays in Canada's 2019 harvest, and the possibility of another reduced crop in the EU next year, given that growers in a couple of countries faced unfavourable weather conditions during the planting window. At the same time, sunflower-seed quotations reached a six-month high, owing to a surge in global crushing demand.

With regards to oilmeals, FAO's price index barely changed month-on-month and therefore continued lingering at multi-year low levels. Ample global supplies stemming from firm (primarily oil-driven) crushing activities weighed on the market, along with subdued import demand for protein meal following the African Swine Fever (ASF) epidemic that resulted in a sharp contraction in pig herds in China and other Southeast Asian countries.

FAO's vegetable oil price index increased sharply in November, led by firming palm oil values, while soy, rapeseed and sunflower oil prices also appreciated. International palm oil quotations rose for the fourth consecutive month, departing from the multi-year lows observed until July 2019. In addition to earlier than anticipated production slowdowns in major producing countries in Southeast Asia, the recovery in palm oil prices was fuelled by robust global import demand,

increased utilization for biodiesel, and expectations of possible supply shortages next year. Reportedly, after refraining from purchasing Malaysian palm oil for nearly one month, Indian buyers resumed placing orders. The spike in palm oil values stimulated demand for other vegetable oils, thus driving up prices throughout the vegetable oil complex. Rapeseed and soy oil values also received support from, respectively, continued supply tightness and sustained demand from the biofuel sector. In the case of sunflower oil, robust import demand, especially by Asian countries, contributed to a firming in prices – despite confirmation of bumper crops in major producing countries.



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	FAO price indices (2002–2004=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
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	152	154	182
2018/19	142	130	159
Monthly			
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
2019 - February	145	134	156
2019 - March	142	128	155
2019 - April	140	129	153
2019 - May	135	127	154
2019 - June	141	125	163
2019 - July	143	126	156
2019 - August	139	134	152
2019 - September	140	136	151
2019 - October	147	136	153
2019 - November	145	151	153

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