



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

*No. 131, June 2020*

*- short version -*

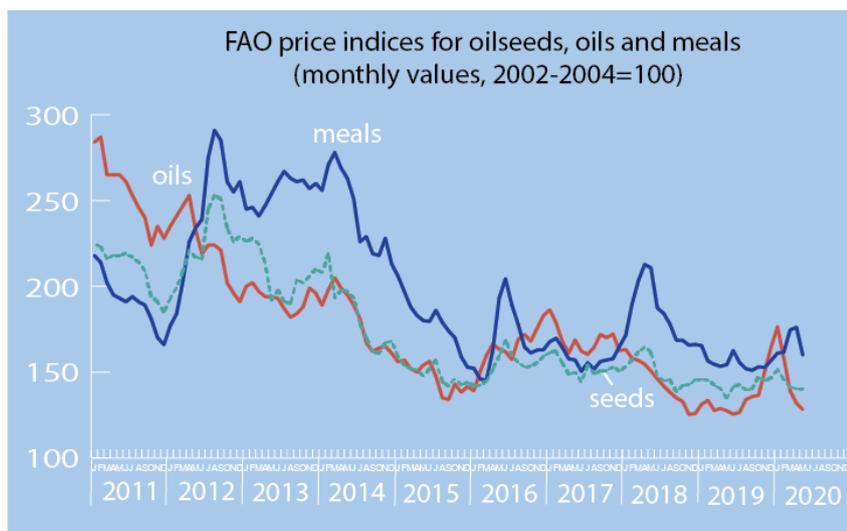
### Global price review

In May, FAO's price index for oilseeds remained virtually unchanged, shedding only 0.2 points (or 0.1 percent). At the same time, the oilmeal index declined sharply, losing 16.2 points (or 10.1 percent) and reaching the lowest level since December 2019. The vegetable oils index also fell, decreasing by 3.7 points (or 2.6 percent) month-on-month, marking a fourth consecutive drop. While the indices for oilseeds and oilmeals fared, respectively, 3.8 and 3.6 percent above their year-earlier levels, the vegetable oils index stood only 0.5 percent above the value observed in May 2019.

The oilseeds price index continued lingering around multi-year low levels, as a slight fall in soybean prices was offset by firmer rapeseed and sunflowerseed values. Soybean prices remained under downward pressure amid concerns over sluggish global demand tied to the COVID-19

pandemic and renewed uncertainties regarding the trade relations between the United States of America (USA) and China, which cast doubt on the USA's soybean export prospects. Rapid planting progress in the USA under generally favourable weather conditions also weighed on prices. At the same time, reports of logistic difficulties affecting South American soybean exporters – arising in particular from exceptionally low water levels of the Paraná River – lent sporadic support to prices. As for rapeseed, international prices edged up in May on a deteriorating production outlook in the EU and Ukraine, where crops suffered from insufficient moisture levels in key growing regions. Based on current forecasts, the EU's output could fall for a third consecutive year, leading to further draw-

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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 **May 2020**. 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/>

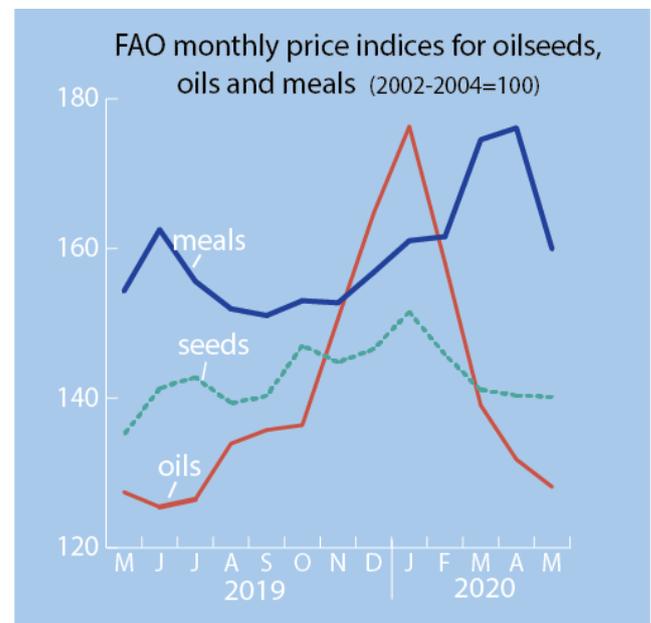
## Global price review – cont'd

downs in inventories. International sunflowerseed prices continued to appreciate, reaching the highest level since December 2019, as robust global import demand coincided with reduced export availabilities, especially following the Russian Federation's temporary, COVID-19 related export ban.

With regard to oilmeals, FAO's price index dropped markedly, mostly reflecting weakening soymeal values, which retreated to a five-month low in May. The downward pressure primarily stemmed from prolonged subdued feed demand in the USA, where numerous meat processing facilities decided to halt operations temporarily to contain the spread of COVID-19. The drop in international meal prices was contained by the steady recovery in protein meal demand in China stemming from the gradual rebuilding of the country's hog inventories.

The decline in the vegetable oils index mostly reflects fresh drops in palm oil prices, whereas quotations for rapeseed and sunflower oils recorded month-on-month increases. In May, international palm oil values fell for the fourth consecutive month, reaching the lowest level since July 2019. The downward trajectory reflects both protracted weak global import demand – tied to the coronavirus pandemic and depressed mineral oil prices – and higher than expected

production and inventory levels in major exporting countries. Interestingly, towards the end of the month, international palm oil prices appreciated under the influence of i) Indonesia's announcement that it would provide additional financial assistance to the biodiesel industry in support of the recently introduced B30 biodiesel blending mandate; and ii) the resumption of India's palm oil purchases from Malaysia. In the case of rapeseed oil, international prices recovered on prospects of continued supply tightness in the EU, while reduced export availabilities in the Black Sea region continued to lend support to international sunflower oil values.



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	FAO price indices (2002–2004=100) <sup>1</sup>		
	Oilseeds	Vegetable oils	Oilcakes/ meals
<b>Annual (Oct/Sep)</b>			
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
<b>Monthly</b>			
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
2019 - December	147	165	157
2020 - January	152	176	161
2020 - February	146	158	162
2020 - March	141	139	175
2020 - April	140	132	176
2020 - May	140	128	160

<sup>1</sup> 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