



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

*No. 133, August 2020*  
*- short version -*

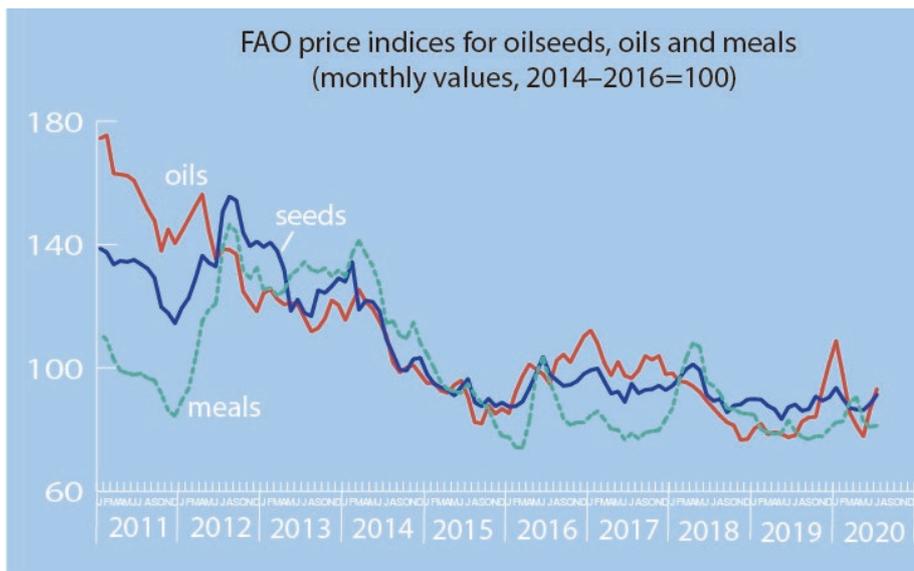
**Global price review**

The month of July saw FAO’s price indices for oilseeds and vegetable oils rise to multi-month highs, gaining, respectively, 3.1 and 6.6 points (or 3.5 and 7.6 percent). By contrast, in the case of oilmeals, the price index only marginally recovered from the marked falls registered in May and June, up merely 0.5 points (or 0.6 percent) in July. Compared to their year-earlier levels, the oilseeds and oilmeals indices stood, respectively, 4 and 2 percent above the respective July 2019 values, while the vegetable oils index registered a remarkable advance of 19 percent year-on-year.

The additional gain in the oilseeds index mainly stemmed from higher soybean and rapeseed values, while international sunflowerseed prices remained virtually unchanged. After a first rise in

June, international soybean quotations maintained their upward momentum in July and climbed to the highest level since January 2020. The latest gains mainly reflect developments in the United States of America, notably: i) lower than originally expected 2020/21 plantings, based on survey results released by USDA at the end of June; ii) persistently warm and dry weather conditions in several key growing regions; iii) reports of higher than anticipated domestic crushings during June; and iv) robust sales to China. Meanwhile, further tightening supplies in Brazil – following a record export campaign – kept Brazilian export prices at a premium over US values. However, international soybean prices dropped slightly towards the end of the month on both improved weather prospects in the United States of America

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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 **July 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/>

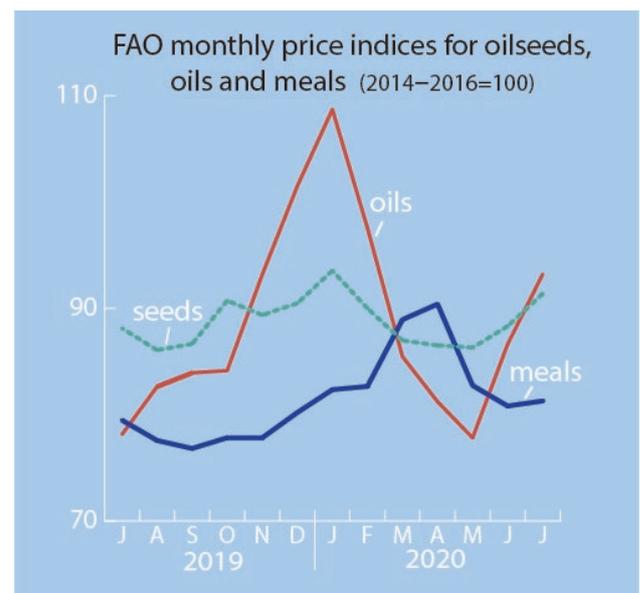
## Global price review – cont'd

and signs of further tensions between the country and China. As for rapeseed, international quotations appreciated for a fourth consecutive month. While EU production prospects deteriorated further due to prolonged dryness across major growing regions, also Ukraine's rapeseed crop suffered from un-favourable weather conditions. With regard to sunflowerseed, quotations crept marginally higher in July on concerns that below-average rainfall combined with high temperatures could affect yield potentials in pockets of the Russian Federation – although the Black Sea region's overall 2020/21 output is still forecast record-high, thanks to larger than expected plantings in Ukraine.

In the case of oilmeals, the timid month-on-month recovery in FAO's price index mainly reflects more dynamic soymeal values – the single most important component of the index. While global feed demand remained subdued in the aftermath of COVID-19 induced lockdowns, in China, pig herds continued to recover at an accelerated pace from African swine fever, boosting domestic soymeal consumption. In addition, international soymeal prices were supported by the rise in soybean quotations.

The gain in FAO's vegetable oil index primarily reflects firm palm, soy and rapeseed oil values. International palm oil quotations rose for a second consecutive month in July, largely underpinned by prospective production slowdowns in Southeast

Asia due to localized floods following heavy rainfall. Larger than expected global import demand and lingering concerns over migrant labour shortages in Malaysia lent additional support to palm oil prices. On the policy front, Indonesian government officials indicated that the target to raise the national biodiesel admixture to 40 percent was back on track and would be achieved by July 2021, which would help raise domestic palm oil uptake in the coming months. International soyoil values also appreciated markedly in July, as tightening supplies in Brazil – one of the world's leading soyoil exporters – coincided with rising domestic uptake in Argentina by both biodiesel producers and soyoil exporters. In the case of rapeseed oil, international prices were sustained by fresh demand from both the biodiesel and food sectors in the EU.



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	FAO price indices (2014–2016=100) <sup>1</sup>		
	Oilseeds	Vegetable oils	Oilcakes/ meals
<b>Annual (Oct/Sep)</b>			
2005/06	62	67	49
2006/07	80	93	66
2007/08	133	153	109
2008/09	96	90	89
2009/10	100	109	92
2010/11	132	159	102
2011/12	132	143	111
2012/13	131	120	129
2013/14	120	116	128
2014/15	95	93	99
2015/16	93	95	85
2016/17	95	103	81
2017/18	94	94	93
2018/19	88	80	81
<b>Monthly</b>			
2019 - May	83	79	79
2019 - June	87	78	83
2019 - July	88	78	79
2019 - August	86	83	78
2019 - September	87	84	77
2019 - October	91	84	78
2019 - November	89	93	78
2019 - December	90	101	80
2020 - January	94	109	82
2020 - February	90	98	83
2020 - March	87	85	89
2020 - April	87	81	90
2020 - May	86	78	83
2020 - June	88	87	81
2020 - July	91	93	81

<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 2014–2016 period.

Source: FAO, based on Oil World data