



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

***No. 137, December 2020***

***- short version -***

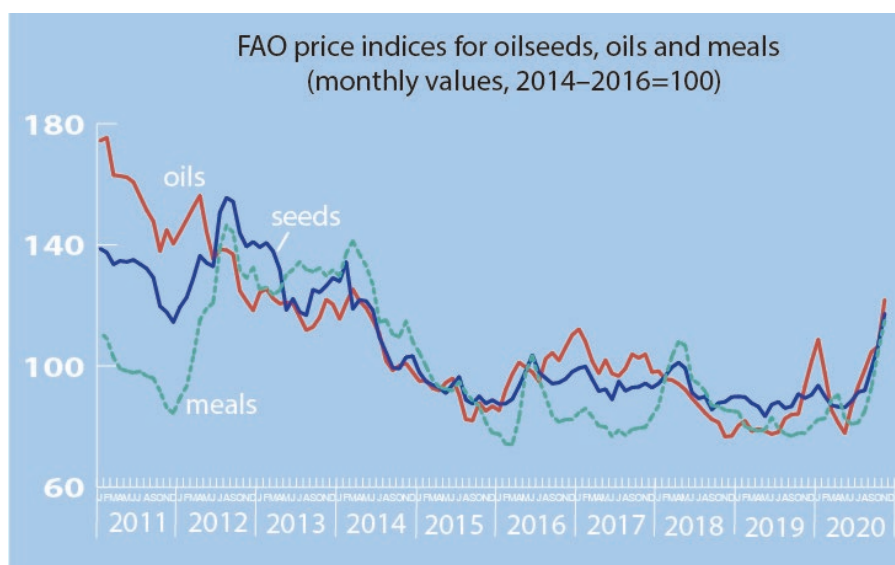
### **Global price review**

The month of November saw a further rise in FAO's price indices tracking the oilcrops complex. The oilseed and oilmeal indices gained an additional 10.6 and 10.3 points (or 9.9 percent and 9.8 percent), respectively, reaching their highest level since mid-2014. In the meantime, the price index for vegetable oils soared by 15.4 points (or 14.5 percent), also posting a six-year high. All three indices fared sharply above their year-earlier levels.

The latest increase in the oilseed index primarily reflected higher values for soybeans, sunflower-seed and, to a lesser extent, rapeseed. In November, international soybean prices rose for the sixth consecutive month, climbing to six-and-a-half year highs. In addition to reflecting

persistent concerns about dry conditions in South America, where the 2021 crop got underway, prices responded to several factors concerning the United States of America. These include: i) the release of a lower than expected 2020 production estimate by the USDA, which could push down the country's 2020/21 carry-out stocks to their lowest level in seven years; ii) larger than anticipated crush volumes in October due to profitable crush margins; and iii) record-high export commitments in 2020/21, reflecting firm import demand, notably from China. However, towards end-November, the price upside momentum was in part contained by rumours about Chinese importers cancelling US cargoes, as apparently processing margins in China dropped and crushers could avail of ample stocks

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\* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Markets and Trade 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 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/>

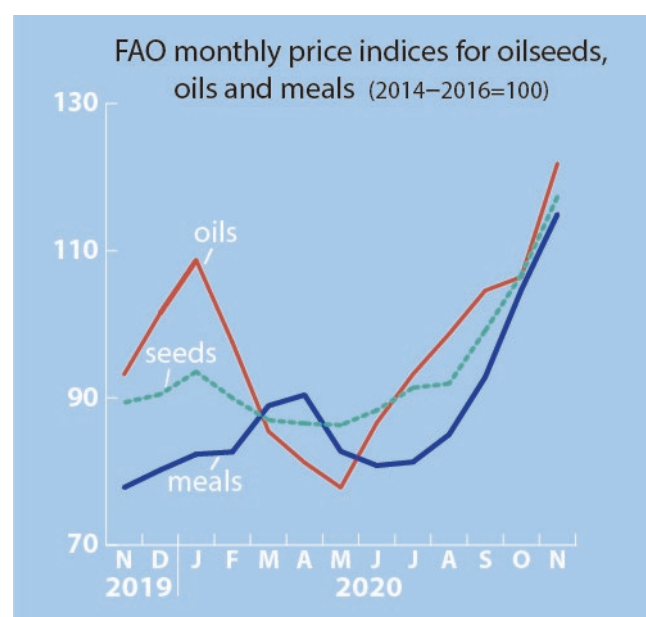
## Global price review – *cont'd*

accumulated over previous months. As for sunflowerseed, international quotations surged to their highest level since March 2013, supported by continued concerns over weather-related production shortfalls in the Black Sea region. Meanwhile, also international rapeseed prices posted significant increases, underpinned by lingering supply tightness in the European Union and shrinking export availabilities in Canada, following robust demand from both local crushers and exporters.

With regard to oilmeals, the fresh gains in FAO's price index were tied to higher soymeal values, while sunflowerseed meal prices also increased. In November, international soymeal quotations increased for a fifth consecutive month, reaching six-year highs, as tightening global supplies coincided with stronger than anticipated feed uptake in China. Similarly, prices of sunflowerseed meal rose amid poor crops and dwindling export supplies in the Black Sea region, combined with surging purchases by China.

As for vegetable oils, the index' continued rally mainly stemmed from fresh spikes in palm oil prices, together with further rises in soy, rapeseed and sunflowerseed oil values. International palm oil price quotations posted a sixth monthly successive increase, tied to significant contractions in international reserves resulting from smaller than customary output levels in Southeast Asia, which concurred with robust global import demand. More specifically, end-October stocks in Malaysia, the world's second largest producer and exporter of palm oil, dropped to their lowest level since June 2017 – while measures to contain the spread of COVID-19

aggravated migrant labour shortages in the plantation sector, slowing down harvesting and processing operations. As for soyoil, prices firmed on falling export availabilities in South America and upbeat global import demand. In India, particularly, the sudden recent rally in palm oil prices had resulted in a partial shift of demand towards soyoil. In late November, the Indian Government decided to cut import duties on crude palm oil by 10 points (to 27.5 percent), in a bid to contain domestic food price inflation – a development that could result in increased global palm oil transactions. Meanwhile, also international rapeseed and sunflowerseed oil prices strengthened further on account of limited supplies, while usage of both oils – typically consumed at the household level – remained stable during national COVID-19-related lockdowns. At the same time, firming mineral oil prices also lent support to international vegetable oil prices.



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	FAO price indices (2014–2016=100) *		
	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
2019/20	90	93	84
<b>Monthly</b>			
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
2020 - August	92	99	85
2020 - September	99	105	93
2020 - October	107	106	105
2020 - November	117	122	115
* 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 derived from the export values of each commodity for the 2014–2016 period.			
Source: FAO, based on Oil World data			

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