



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

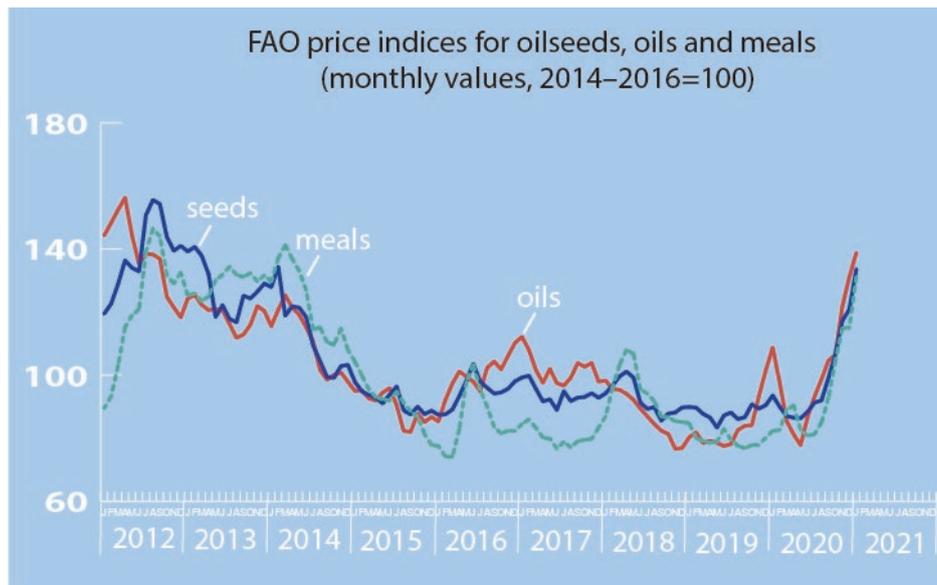
Global price review

The FAO price index for oilseeds increased for an eighth consecutive month in January, gaining 12.8 points (or 10.6 percent) and marking a seven-year high, while the oilmeal index – after stagnating in December 2020 – posted a sharp increase of 16.2 points (or 14.0 percent) to reach its highest level since May 2014. Meanwhile, the vegetable oil index continued to rise, up 7.7 points (or 5.8 percent) from December and reaching an eight-and-a-half year high. In January, all three price indices tracking the oilseeds complex remained well above their year-earlier levels.

The latest increase of the oilseed index mainly reflected higher soybean, rapeseed and sunflowerseed prices. International soybean

quotations rose uninterrupted since mid-2020 and, in January, reached their highest level since February 2014. Main factors behind the increase in soybean prices included tightening supplies in the United States of America (US), where – due to the delayed arrival of South America’s new crop – soybean exports to China continued unrelentingly, resulting in reduced forecasts for 2020/21 US ending stocks. In addition, soybean prices were bolstered by spill-over effects from surging international maize values. In South America, where much of the 2021 crop was still at the reproductive stage, dry conditions prevailed across the region, which, together with protracted strikes of port workers in Argentina, underpinned prices. However, towards end-January, international soybean quotations eased somewhat,

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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 **January 2021**. 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/>

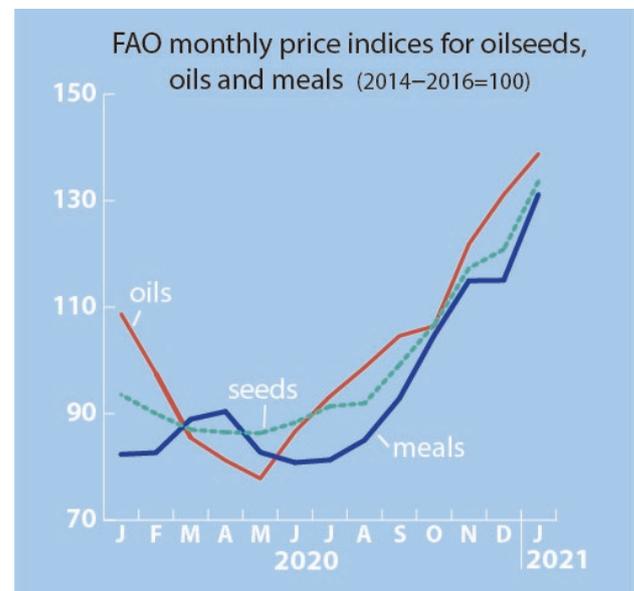
Global price review – cont'd

owing to beneficial precipitation in some of the region's main growing areas. In the case of rapeseed, price quotations remained on the upward trajectory observed since April 2020, underpinned by robust crushing demand from the European Union, as well as tightening supplies in Canada. As for sunflowerseed, international prices rose to their highest level since September 2012, propelled by depleting availabilities in the Black Sea region following lower-than-expected harvests, while export supplies in the Russian Federation turned out below expectations following a hike in the country's export duty for sunflowerseed effective in January.

With regard to oilmeals, the pronounced rise in FAO's price index was primarily driven by firmer soymeal values, which had stalled in December 2020. The renewed price strength largely stemmed from robust feed demand in China tied to the continued rapid reconstitution of the country's hog herd – notwithstanding reports of a new African swine fever instance in a southern province, the impact of which seems to have been limited.

As for vegetable oils, the index' eighth consecutive monthly increase in January reflected rising palm, soy, sunflowerseed and rapeseed oil prices. International palm oil quotations climbed to eight-and-a-half year highs in January, chiefly underpinned by lower-than-earlier-anticipated output

in both Indonesia and Malaysia owing to excessive rainfall. In the case of Malaysia, palm oil production also continued to be affected by severe shortages in migrant labour force. Additionally, successive hikes in Indonesia's palm oil export duties (both the tax and the levy charged on crude oil palm shipments) were expected to weigh on the country's export supplies. In the meantime, international soyoil prices rose for the eighth month in succession, fuelled by reduced export availabilities and prolonged strikes in Argentina. As for sunflowerseed and rapeseed oils, continued price strength stemmed from, respectively, lingering global supply tightness due to sharply reduced 2020/21 sunflowerseed harvests and higher rapeseed values following a rebound in global import demand.



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	FAO price indices (2014–2016=100) *		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
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
Monthly			
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
2020 - December	121	131	115
2021 - January	134	139	131

* 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