

Oilseeds market summary

With the confirmation of bumper harvests in South America, 2009/10 global oilseed output is expected to reach a new record, primarily due to above-average area and yield levels in soybean. The forecasts for total production point towards a more balanced supply and demand situation for oilseeds and meals but less so for oils/fats. As a result, in the coming months, meal values are expected to weaken significantly, while oil/fat prices should remain firm. Notwithstanding the easing of the oilcrop supply and demand situation, prices in the oilseed complex continue to be high in historical terms. Consequently, farmers are not expected to reduce significantly oilcrop plantings and, assuming a return to average yield levels, oilseed output in 2010/11 is tentatively forecast to remain unchanged or decrease slightly. However, in spite of the absence of production gains, global supplies could expand further in 2010/11 given an anticipated strong rise in carry-in stocks. Oilseed product output, especially meals, could again exceed demand, which would open the way for further recoveries in inventories and stock-to-use ratios, increasing the likelihood of an easing in prices.

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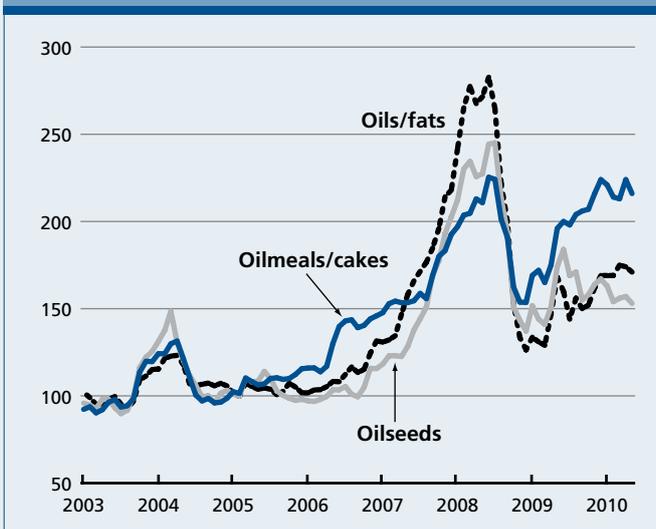
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World oilseeds and products markets at a glance

	2007/08	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	Change 2009/10 over 2008/09
	<i>million tonnes</i>			%
TOTAL OILSEEDS				
Production	403.7	408.7	448.7	9.8
OILS AND FATS				
Production	155.9	161.3	169.5	5.1
Supply	180.3	184.6	191.5	3.7
Utilization	157.0	163.8	169.0	3.2
Trade	80.8	86.0	86.7	0.8
<i>Stock-to-utilization ratio (%)</i>	14.8	13.4	13.5	
MEALS AND CAKES				
Production	101.5	99.9	114.7	14.8
Supply	123.1	117.8	129.2	9.7
Utilization	105.0	104.6	108.3	3.5
Trade	63.1	62.2	64.4	3.5
<i>Stock-to-utilization ratio (%)</i>	17.0	13.9	18.4	
FAO price indices (Jan-Dec) (2002-2004=100)				
	2008	2009	2010 Jan-May	Change: Jan-May 2010 over Jan-Nov 2009 %
Oilseeds	205	161	157	+3.3
Oilmeals/cakes	195	194	217	+24.0
Oils/fats	225	150	171	+20.

Note: Refer to Table 10 for further explanations regarding definitions and coverage

FAO monthly international price indices for oilseeds, oils/fats and meals/cakes (2002-2004=100)



a replenishment of reserves in **Bangladesh, Brazil, the EU, Indonesia, the Islamic Republic of Iran** and the **Republic of Korea**. End-of-season stocks are projected to diminish in **Nigeria** and the **Philippines**.

OILSEEDS, OILS AND MEALS¹

PRICES²

Prices of oils/fats strengthen further while prices for meals have reached a turning point and should ease in the coming months

Current estimates for 2009/10 (October-September marketing year) point toward a more relaxed global supply and demand situation for oilseeds and meals but less so for oils/fats. Renewed expansion in global meal supplies and a marked increase in the meal stock-to-use ratio should lead to a significant weakening in meal values. To the contrary, in the global oils/fats market, limited supply growth and a persistently low stock-to-use ratio suggest persistent market tightness and thus additional price strength.

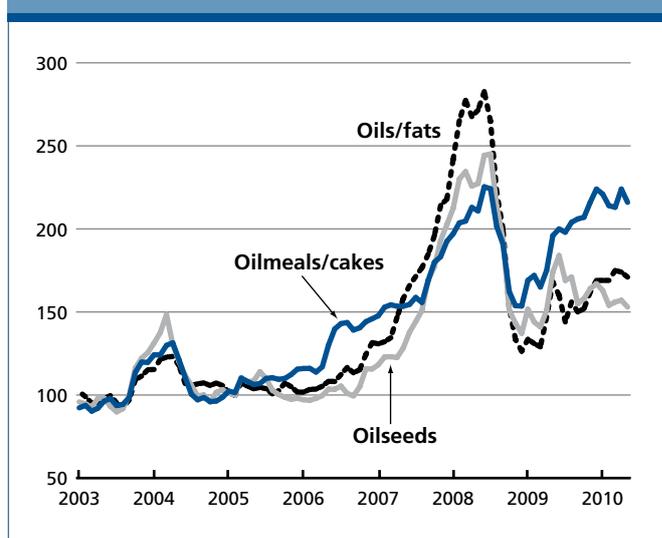
To date, the development of world market prices, as depicted by the relevant FAO indices, are consistent with the above expectations only in part. During the first eight months of the current season, the indices for seeds, oils and meals averaged, respectively, 159, 168 and 217 points, exceeding the corresponding values of the previous season by, respectively, 7, 20 and 29 percent. On average, oilseed prices remained close to last season, while those for oils rose as did, surprisingly, those for meals.

The unexpected rise in the price index for meals has been due to a combination of factors. The index covers primarily soy, rape, sunflower and fish meal. Market quotations for soybean cake, by far the most widely traded protein meal, have actually decreased. But rape and sunflower meal values have firmed and those of fishmeal have risen sharply, causing appreciation in the overall index. Moreover, soymeal prices fell less than fundamentals would suggest. This is

¹ Almost the entire volume of oil crops harvested worldwide is crushed in order to obtain oils and fats for human nutrition or industrial purposes and cakes and meals used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Hence, production data for oils (cakes) derived from oilseeds refer to the oil (cake) equivalent of the current production of the relevant oilseeds, i.e. do not reflect the outcome of actual oilseed crushing nor take into account changes in oilseed stocks. Furthermore, the data on trade in and stocks of oils (cakes) refer to the sum of trade in and stocks of oils and cakes plus the oil (cake) equivalent of oilseed trade and stocks.

² For details on prices and corresponding indices, see Appendix Table A24.

Figure 21. FAO monthly international price indices for oilseeds, oils/fats and oilmeals/cakes (2002-2004=100)



because the improvement in global meal supplies will only be realized in the latter part of the current season. Until now, markets relied more than usual on soyameal and on one supplier, the United States. Indeed, given low supplies and exports from South America, most of China's unabated demand for soybeans was satisfied by the United States, whose shipments also benefited from the United States Dollar weakness. Record high shipments implied heavy cuts in United States' inventories, eventually sustaining international soymeal prices.

The arrival on the market of South America's record high soybean crop in the next few months is expected to end the above trend. With global soymeal supplies finally reaching their full magnitude, the market will move from temporary tight conditions to a robust surplus. Global stocks are set to recover and meal prices should come under downward pressure for the remainder of this season and possibly beyond, assuming that current prospects for another ample United States soybean crop this year materialize.

By contrast, in the market for oils/fats and high oil-yielding oilseeds, global 2009/10 supplies are expected to remain tight relative to demand, and a recovery in the stock-to-use ratio is not likely. Prices have responded to progressive tightness by rising steadily since the beginning of the season. Firm mineral oil prices contributed to this trend. In the coming months, world consumption is expected to continue outpacing production, and supplies should remain tight in a number of exporting countries. Therefore, oils/fats prices are expected to remain firm and should appreciate relative to meal prices.

Figure 22. FAO monthly price index for oilseeds (2002-2004=100)

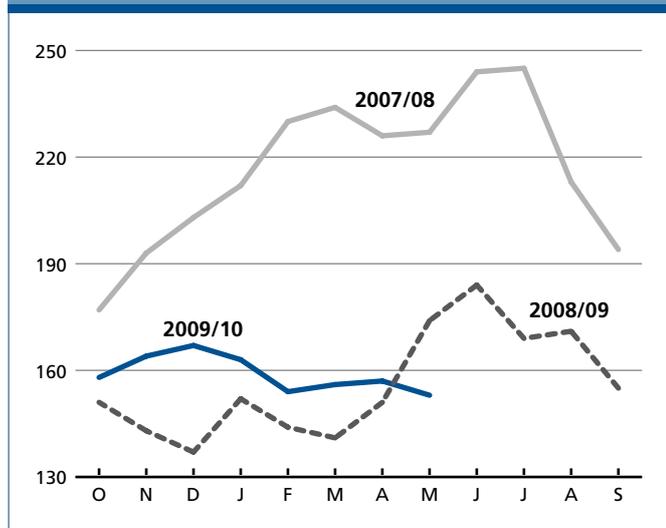


Figure 23. FAO monthly price index for oils/fats (2002-2004=100)

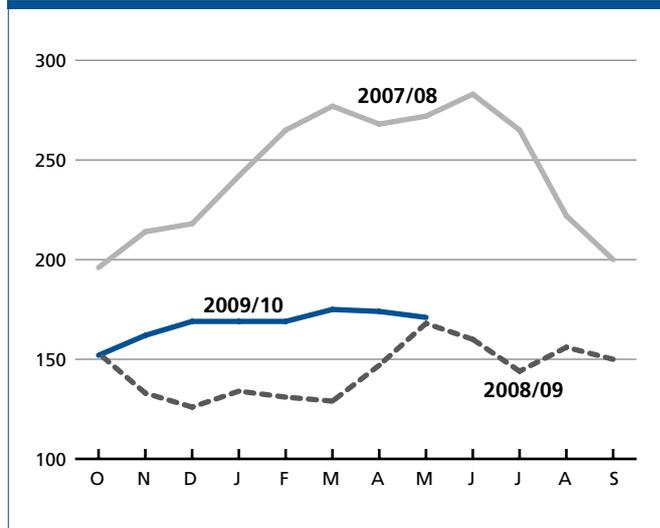


Figure 24. FAO monthly price index for meals/cakes (2002-2004=100)

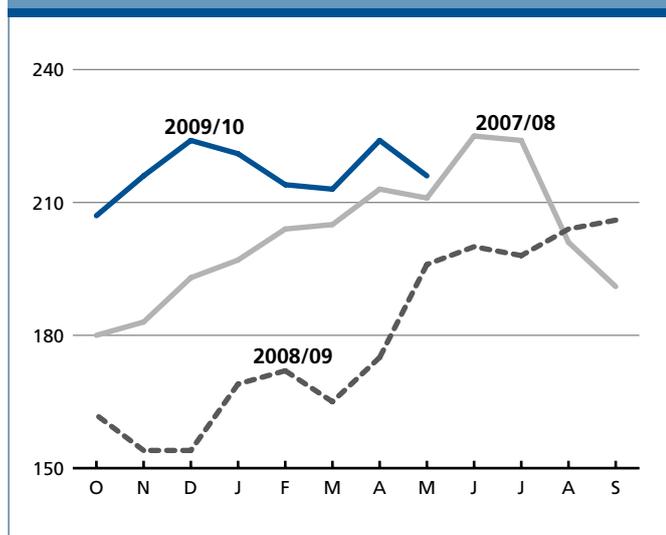
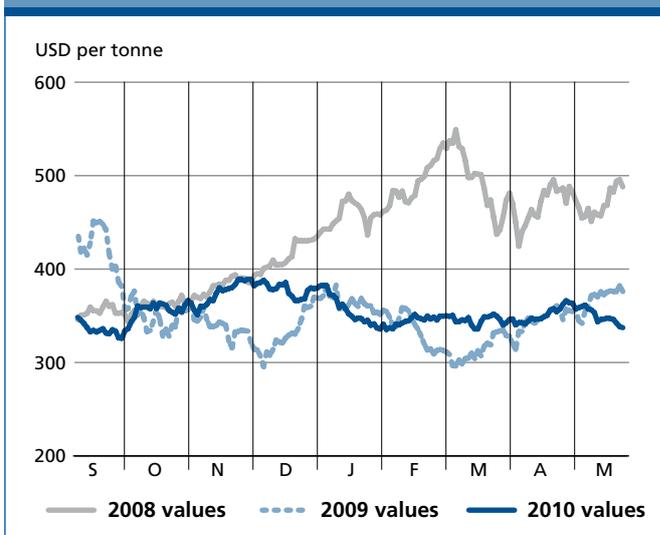


Figure 25. CBOT soybean futures for September



OILSEEDS

Strong rise in global 2009/10 oilseed output confirmed

With the harvest in the southern hemisphere nearing completion, growth resumption in global oilseed production can be confirmed for 2009/10. Rising almost 10 percent from last season, total output is expected to climb to a new record of 448 million tonnes. Expansion will be almost entirely due to rising soybean production, as production of other oilcrops is anticipated to either fall or grow at below average rates.

World production of sunflowerseed, groundnut and cottonseed is estimated to drop markedly from last season's level due to unfavourable weather conditions, while another rise is expected for rapeseed as most producers reported good yields. Global soybean output is set to exceed previous forecasts, rising by an extraordinary 22 percent. Plantings rose to a new record as farmers responded to attractive prices and because favourable weather conditions led to marked yield improvements. After the 13 percent output expansion achieved in the **United States**, a 38 percent rise is reported from **South America**, thanks to the combination of record plantings and unprecedented yield levels in both

Table 9. World production of major oilseeds

	2007/08	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	Change 2009/10 over 2008/09
	<i>million tonnes</i>			<i>%</i>
Soybeans	220.0	211.8	258.3	+22.0
Cottonseed	44.1	41.3	38.9	-5.8
Rapeseed	48.6	58.4	59.7	+2.2
Groundnuts (unshelled)	35.4	35.4	32.7	-7.6
Sunflower seed	29.1	34.2	31.1	-9.1
Palm kernels	11.2	11.6	12.0	+3.4
Copra	5.0	5.2	5.3	+1.9
Total	393.4	397.9	438.0	+10.1

Note: The split years bring together northern hemisphere annual crops harvested in the latter part of the first year shown, with southern hemisphere annual crops harvested in the early part of the second year shown. For tree crops, which are produced throughout the year, calendar year production for the second year shown is used.

Argentina and Brazil. In the case of Argentina (as well as Paraguay), production is estimated to rise as much as 70 percent.

In **China** and **India**, oilseed plantings have either fallen or remained unchanged, which, combined with unfavourable weather, has led to poor crop outruns in both countries. Producers in both countries also are facing increased competition from imported oilseeds and oilseed products.

OILS AND FATS³

Only moderate growth in global oil/fat supplies

FAO's 2009/10 crop estimates point to a 5 percent increase in global oil/fat production. The fact that oil production has grown considerably less than seed output is due to this season's dominant contribution of **soybeans**, a low oil-yielding oilseed. Furthermore, global **palm** oil production is anticipated to grow by a below-average rate of 3 percent, reflecting poor yields for the second consecutive year. The anticipated rise in mature area in Indonesia is not sufficient to compensate the adverse effects of El Niño on productivity in Southeast Asia. In Malaysia, the sector is also suffering from a downturn in the biological yield cycle, sustained replanting activities and labour shortages. As to **rapeseed** oil, global output is estimated to rise further, whereas marked drops are expected in **sunflower**, **cotton** and

³ This section refers to oils from all origins, which – in addition to products derived from the oil crops discussed under the section on oilseeds – include palm oil, marine oils as well as animal fats.

groundnut oil production. Overall, 2009/10 is characterized by an unusually strong dependence on soyoil and by the fact that an important part of production is only realized during the second half of the season, i.e. after the arrival of the South American crop.

Growth in global supplies of oils/fats (i.e. 2009/10 production plus 2008/09 ending stocks) is limited to less than 4 percent, mainly due to the depressed level of inventories in South America at the beginning of this season.

Expansion in global oils/fats consumption confirmed

Steady expansion of world consumption is expected to continue in 2009/10, confirming the sector's resilience to global economic recession. Growth is driven by both further raising demand for food purposes (notably in China, India

Table 10. World oilseeds and products markets at a glance

	2007/08	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	Change 2009/10 over 2008/09
	<i>million tonnes</i>			<i>%</i>
TOTAL OILSEEDS				
Production	403.7	408.7	448.7	9.8
OILS AND FATS¹				
Production	155.9	161.3	169.5	5.1
Supply ²	180.3	184.6	191.5	3.7
Utilization ³	157.0	163.8	169.0	3.2
Trade ⁴	80.8	86.0	86.7	0.8
<i>Stock-to-utilization ratio (%)</i>	<i>14.8</i>	<i>13.4</i>	<i>13.5</i>	
MEALS AND CAKES⁵				
Production	101.5	99.9	114.7	14.8
Supply ²	123.1	117.8	129.2	9.7
Utilization ³	105.0	104.6	108.3	3.5
Trade ⁴	63.1	62.2	64.4	3.5
<i>Stock-to-utilization ratio (%)</i>	<i>17.0</i>	<i>13.9</i>	<i>18.4</i>	
FAO price indices (Oct-Sep) (2002-2004=100)	2007/08	2008/09	2009/10 Oct-May	Change: Oct-May 2009/10 over Oct-May 2008/09 %
Oilseeds	217	156	159	+6.7
Oilmeals/cakes	202	180	217	+29.2
Oils/fats	243	144	168	+20.0

Note: Refer to footnote 1 in the text for further explanations regarding definitions and coverages

¹ Includes oils and fats of vegetable, animal and marine origin

² Production plus opening stocks

³ Residual of the balance

⁴ Trade data refer to exports based on a common October/September marketing season

⁵ All meal figures are expressed in protein equivalent; meals include all meals and cakes derived from oilcrops as well as meals of marine and animal origin

Figure 26. Global production and utilization of oils/fats

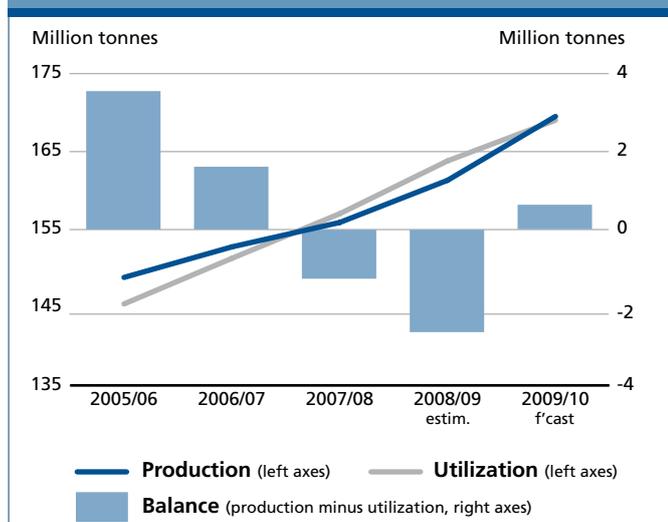
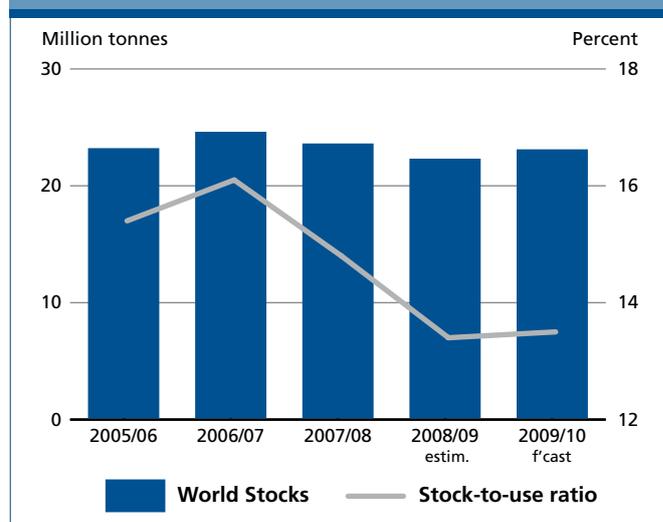


Figure 27. World closing stocks and stock-to-use ratio of oils/fats (including the oil contained in seeds stored)



and other emerging economies in Asia) and accelerating demand in the biodiesel industry. The latter is the result of improved margins in vegetable oil-based biofuel production, together with the introduction of higher mandatory blending rates in several countries (especially in the EU and Southern America) and renewed growth in biodiesel import demand. Overall, consumption growth is expected to concentrate in **China, South/Southeast Asia, North America, the EU, Argentina and Brazil**. With sustained income growth spurring consumption, China has become the leading oils and fats consumer ahead of the EU, while India is the third largest user. In the United States, consumption may not recover fully from last year's drop, primarily because of poor uptake from the biodiesel industry, which continues to wait for traditional tax breaks to be reinstalled.

Contrary to past years, the anticipated rise in global demand will be satisfied primarily by **soyoil** instead of **palm** oil. Given the respective production growth rates and palm oil's below-average price discount *vis-à-vis* soyoil to date, a partial shift in consumption from palm to soyoil appears likely. Rising demand from the biodiesel industry continues to benefit primarily rape and soyoil.

Small excess of production over demand to allow only partial recovery in world oils/fats inventories

Contrary to the past two seasons, 2009/10 production is anticipated to exceed demand, albeit by a very small margin of a few hundred thousand tonnes. As a result, a partial recovery in global stocks (measured as oil/fat inventories

plus the oil contained in stored oilseeds) is expected. While near record inventories are expected for **soyoil**, pronounced drops are anticipated for all other oils, in particular **palm** and **sunflower** oil. Palm oil's likely drop to a four-year low is creating considerable concern in the market. The anticipated rise in overall inventories remains small compared with the estimated 5.2 million tonne increase in global utilization, which causes the stocks-to-use ratio to remain virtually unchanged from last season's below average level. The continued tightness in global oil/fat supplies points to lasting firmness in world prices for oils and high oil-yielding oilcrops.

Only marginal growth expected in global oils/fats trade

Global oils/fats trade in 2009/10 (including the oil contained in traded oilseeds) is expected to exceed last season's record by less than 1 percent, which compares to annual growth rates of at least 6 percent in previous years. The slowdown will be primarily on account of reduced growth in oil palm shipments. The world's most widely traded oil is facing weak production growth and a drop in price competitiveness. Furthermore, the world's key suppliers of **sunflower** and **rape** oil are reporting reduced export availabilities. Only **soyoil** shipments are estimated to grow and, thanks to its competitive price, its share in the market is expected to rise.

The increase in global palm oil shipments will again be led by **Indonesia**, whose exports surpassed those of **Malaysia** for the first time last year. In both countries, the anticipated increase in exports should entail a drawdown in domestic stocks. The rise in global soyoil exports (inclusive of

Figure 28. Oil/fat imports by region or major country (including the oil contained in seed imports)

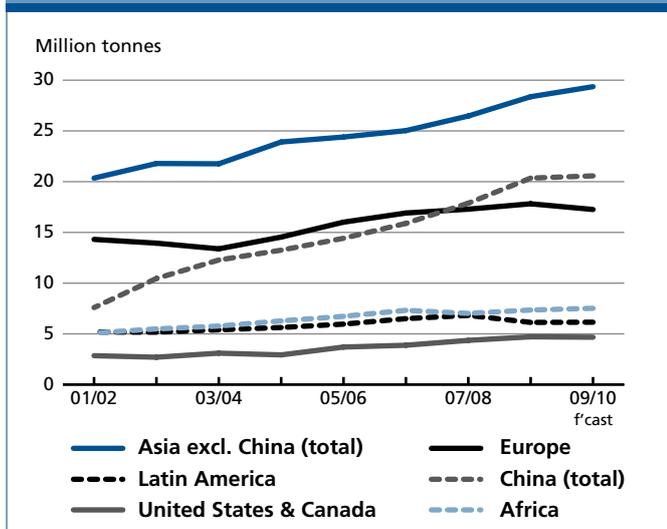
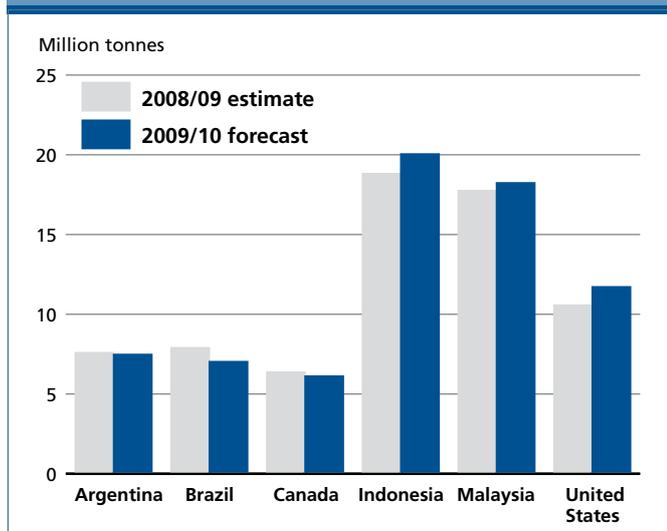


Figure 29. Oil/fat exports by major exporters (including the oil contained in seed exports)



the oil contained in soybeans traded) is lead by the **United States**, where most of this season’s supply increase is channelled into exports. To make up for supply shortfalls in South America and elsewhere, the country has significantly stepped up its exports for the fourth consecutive season. In **Argentina**, by contrast, the need to replenish stocks combined with rising domestic consumption requirements are likely to keep exports at last season’s reduced level, notwithstanding this year’s record crop. A similar situation applies to **Brazil**, except that annual shipments might even shrink, moving to a five-year low. In Argentina and Brazil, increased use of domestic output in biodiesel production contributes to the poor export performance.

On the import side, Asia continues to dominate the global market, with a market share approaching 60 percent. Asia’s growth is again driven by **India** and **China**, based on steady consumption growth and poor harvests in both countries. The region as a whole continues to rely heavily on imports to satisfy demand. Purchases by the other main consumer and importer, the **EU**, are set to fall thanks to record crops.

MEALS AND CAKES⁴

Global meals/cakes supplies to reach new record

Based on the latest revisions in global oilseed production (which concern primarily high meal-yielding soybean), global meal/cake production is expected to expand strongly in 2009/10. The anticipated 15 percent year-on-year rise would more than offset past reductions and indeed set a new record. Output of the main component, soybean meal, is estimated to expand at a record 23 percent pace, while rape meal should gain 2–3 percent. Global production of sunflower, cotton, groundnut and fish meal is set to fall. Much of the overall growth is taking place in **South America**. The region’s share in world production is expected to climb back to 39 percent, following last season’s drop to 33 percent. Record production is also expected in the **EU** and the **United States**, whereas decreases are likely in **China** and **India**.

Global supplies of meals/cakes (2009/10 production plus 2008/09 closing stocks) also are expected to recover fully from earlier drops and should climb to a new record, notwithstanding last season’s historically low global carry-out stocks. The projected growth in global supplies is expected to concentrate in **South America**, notably **Argentina**, and the **United States** (based on good harvests), as well as in **China** (thanks to ample carry-in stocks).

Growth in global meal consumption to resume as anticipated

Following last season’s stagnation, global meal consumption is expected to resume growing in 2009/10, thanks to improved meat demand and better profitability in livestock production, particularly in Asia. Globally, a year-on-year increase of 4 percent is predicted, growth will be primarily on account of soybean meal. Cotton, sunflower and fish meal are expected to loose market share because reduced output has made them less competitive. Consumption expansion continues to be

⁴ This section refers to meals from all origins, which – in addition to products derived from the oil crops discussed under the section on oilseeds – include fish meal as well as meals of animal origin.

Figure 30. Global production and utilization of meals/cakes

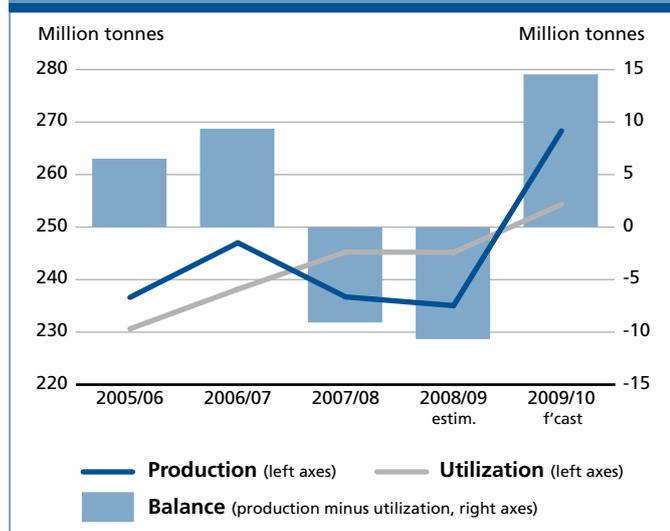
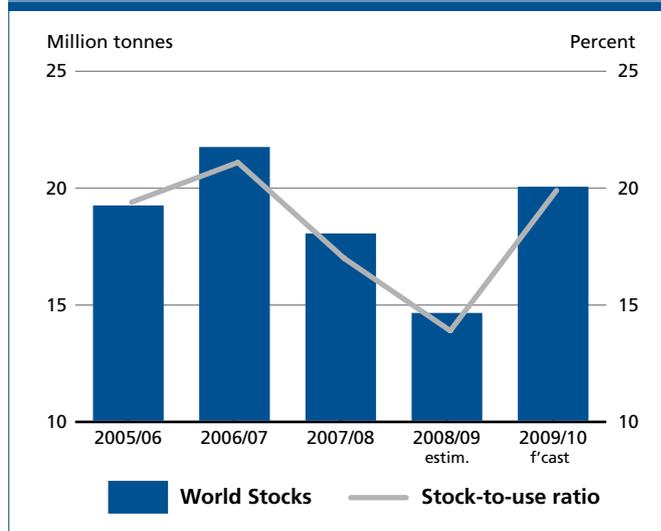


Figure 31. World closing stocks and stock-to-use ratio of meals/cakes (in protein equivalent and including the meal contained in seeds stored)



concentrated in developing countries, especially in emerging economies in Asia. The strongest rise is being observed in **China**, where steady income growth is accompanied by continued shifts in dietary habits. With its booming poultry, pork and aquaculture sectors, China is poised to become the world's largest consumer of meals, ahead of the EU. Among developed countries, protein meal consumption tends to remain unchanged from last season in spite of rising supplies. Limited profitability in livestock raising and sustained competition from attractively priced feed grains (as well as DDG in the case of the United States) explain demand stagnation.

Sizeable production surplus to allow strong rise in global meal stocks

After the last two seasons' shortfalls, in 2009/10, global meal production is anticipated to exceed consumption by a comfortable margin of 6 percent (calculated in protein equivalent). Thanks to this production surplus, global meal inventories (which in addition to meal inventories also include the meal contained in stored oilseeds) are forecast to rise by as much as 36 percent, offsetting three-quarters of the past two seasons' decline. The recovery concerns primarily soybeans, while aggregate stocks of other meals should fall slightly. The replenishment of inventories is expected to concentrate in **Argentina** and **Brazil**, where stocks went through drastic cuts last season. By contrast, only a small part of this season's supply increase will be used to reconstitute stocks in the **United States**. **China's** inventories are expected to remain high as new government emphasis on public stockholding persists.

As the anticipated rise in inventories compares with a relatively moderate expansion in demand, the global stocks-to-use ratio should more than recover from last season's historic low. With the ratio's return to a more comfortable level, tightness in the global meal market is expected to gradually dissipate, eventually leading to a decrease in international meal prices.

Growth in global meal trade to resume

After last season's unusual contraction, the 2009/10 trade in meals/cakes is expected to expand again, though at a below average pace of 3–4 percent. Global trade is forecast to climb to a record 64.4 million tonnes (expressed in protein equivalent and including the meal contained in traded oilseeds). As to individual meals, the anticipated growth will be entirely on account of **soy** meal, trade of which will compensate decreasing shipments of sunflower, **rape** and **fish** meal. For the three latter meals, reduced output and rising international prices should curtail shipments by key exporting countries.

Regarding soybean meal, **Argentina**, **Paraguay** and the **United States** are using their record crops to boost exports. In the United States, as much as 60 percent of domestic output has been earmarked for exportation. By contrast, despite this year's bumper harvest, **Brazil** is set for a reduction in exports, because the country needs an urgent replenishment of inventories after last year's depletion in favour of exports. In the United States, up until recently, exports were also stimulated by the country's relatively weak currency, whereas the opposite situation is found in Brazil.

Figure 32. Meal/cake imports by region or major country (including the meal contained in seed imports)

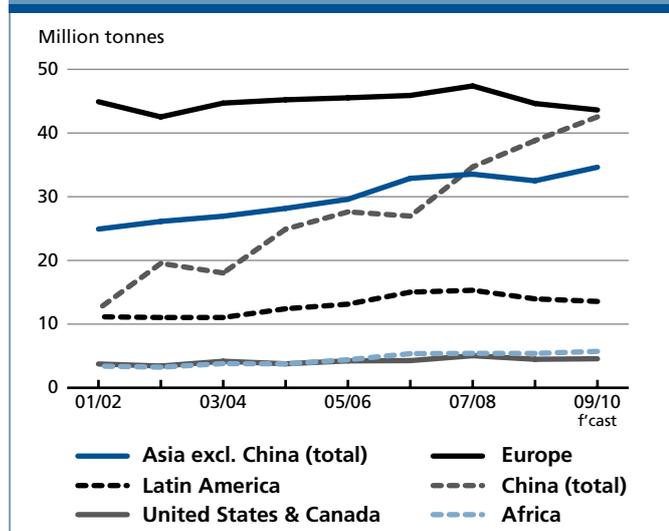
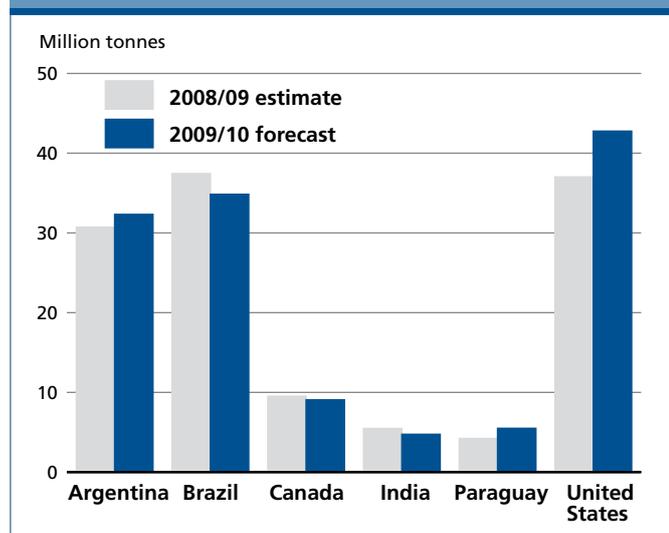


Figure 33. Meal/cake exports by major exporters (including the meal contained in seed exports)



Exports from **India** are expected to fall because reduced domestic crops made prices in local markets more attractive. Globally, it is important to note that soy meal export supplies will only really become ample during the latter part of the season, once the South American crop enters the market. Until that happens, the United States remains the only major supplier to the world market.

With regard to imports, growth in **Asia's** total purchases, which account for over half of the global market, is expected to accelerate, reflecting further growth in the region's

livestock industries. Once again, record-breaking imports, primarily in the form of whole soybeans, are expected in **China**, implying a compound 60 percent expansion in only three years. Behind this surge are the country's fast expanding livestock sector, a huge crushing capacity, and domestic production policies that tend to make foreign purchases attractive for crushers. Imports by the **EU**, the other major importing region, are expected to fall for the second consecutive year, thanks to further growth in domestic rapeseed output and ample feed grain supplies.

EARLY PROSPECTS FOR 2010/11

Prices in the oilseed complex continue to be high in historical terms, in spite of the gradual relaxation of the supply and demand situation in 2009/10. As a result, farmers are not expected to reduce oilcrop plantings in 2010/11, at least in the northern hemisphere where oilcrops are currently being sown.

In the United States, the area devoted to the new soybean crop is estimated to exceed last year's record as farmers again expect good returns compared with competing crops. Yet production is still forecast to fall slightly due to lower yield projections. In China, soybean production prospects remain uncertain, but an increase appears unlikely given initial planting and weather reports. By contrast, India's production could improve, provided current forecasts of an average monsoon season materialize. The combined output of Argentina and Brazil, where crops will be planted only late this year, is tentatively projected to fall by 6 percent, assuming little change in area but a return to average (i.e. lower) yield levels. Combined, these projections should lead to a small decrease in global soybean which, however, will remain close to the record and well above trend.

As for rapeseed, ample plantings are reported across Europe, but weather developments to date point to a fall in yields compared with last year. Furthermore, output in China may decrease. However, thanks to good prospects in Australia and Canada, global output could remain close to the 2009/10 record. Global production of other oilcrops, in particular sunflowerseed, seems set for recovery. On aggregate, 2010/11 oilseed output is now projected to remain unchanged or decrease slightly from the 2009/10 level. In spite of the absence of production gains, global supplies of oilseeds could expand further in 2010/11, considering the anticipated strong rise in carry-in stocks. With regard to tropical oils, a return to average production growth appears likely.

Production of oilseed products, especially meals, is again anticipated to exceed demand in 2010/11, which would open

the way for further recoveries in global inventories and stock-to-use ratios. Given the prospect of ample supplies, the price relaxation that is expected to characterize oilseed and meal markets during the remainder of this season should extend into next season, in turn contributing to steady demand growth. However, the actual development of prices during 2010/11 will be influenced by several other variables, in particular, the weather patterns in the Americas, Europe and Asia; exchange rate movements; fund investment activities; crude oil prices; and the path out of global economic recession.

With regard to global trade, China's oilseed imports may need to expand further in order to satisfy domestic consumption and should again account for a good part of global trade expansion in 2010/11. In the EU, an increase in import requirements, comprising a rise in the share of oilseeds other than rapeseed, seems possible. On the export side, a return to traditional soybean trade patterns is expected. Thanks to the recovery in domestic supplies, Argentina and Brazil are expected to claim back the market share lost to the United States over the current and previous season.

SUGAR

PRICES

Sugar prices sharply down, as markets adjust to better than expected production in Brazil and India

After reaching a 30-year high average of US 26.46 cents per pound (USD 583 per tonne) in January 2010, international sugar prices retreated slightly in February to US 25.43 cents

Figure 34. International Sugar Agreement (ISA)

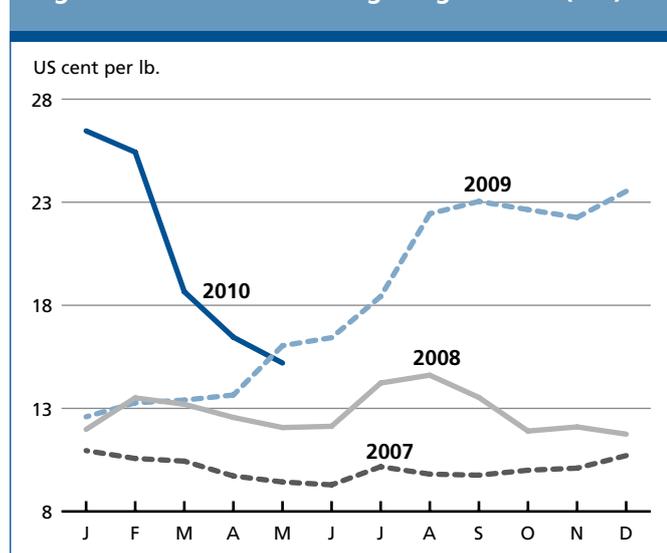


Table 11. World sugar market at a glance

	2007/08	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	Change: 2009/10 over 2008/09
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	167.6	151.1	156.3	3.5
Trade	47.3	47.5	53.3	12.2
Utilization	158.7	160.8	162.6	1.1
Ending stocks	74.8	60.9	54.4	-10.6
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	22.9	23.0	22.9	-0.1
LIFDC (Kg/year)	13.4	13.5	13.6	0.7
World stock-to-use ratio (%)	47.1	37.9	33.5	
ISA Daily Price Average (US cents/lb)				
	2008	2009	2010 Jan-May	Change: Jan-May 2010 over Jan-May 2009 %
	12.80	18.14	20.44	48.2

per pound before commencing a steady downward trend. By May, prices averaged US 15.10 cents per pound, or 43 percent below the peak achieved in January. The reverse in the price pattern came as sharp and quickly as the price run-up witnessed in 2009. As mentioned in the December 2009 issue of the Food Outlook, while a gradual increase in prices in 2009 was to be expected, given the tightening of the global market, the speed and magnitude of the price run-up was far from justified by fundamentals and prices were likely to adjust downward. Indeed, much of the price increase came on the back of speculation regarding the size of India's import requirements and Brazil's production outlook. As positive prospects in India became firmer and with strong performance in Brazil relative to 2008/09, demand at those high prices collapsed and prices fell sharply. With confirmed positive production outlooks for 2010/11 and a possibility of some surpluses arising for the first time since 2007/08, prices will remain firm, but it is doubtful that they will revert back to their peaks of early 2010, barring extreme weather events in major producing regions.

PRODUCTION⁵

World sugar production to increase moderately in 2009/10

With the bulk of the 2009/10 sugar cane and sugar beet crops already harvested in the main producing areas, FAO's

⁵ Sugar production figures refer to centrifugal sugar derived from sugar cane or beet, expressed in raw equivalents. Data relate to the October/September season.

Table A10. Total oilcrops statistics (million tonnes)

	Production ¹			Imports			Exports		
	05/06-07/08 average	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	05/06-07/08 average	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	05/06-07/08 average	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>
ASIA	122.7	126.5	121.4	53.7	64.9	71.1	2.6	2.2	2.3
China	57.4	59.2	55.4	34.9	46.7	51.6	1.4	1.2	1.5
of which Taiwan Prov.	0.1	0.1	0.1	2.4	2.2	2.4	-	-	-
India	34.5	35.0	33.6	-	0.3	0.2	0.6	0.4	0.3
Indonesia	7.6	8.5	9.1	1.4	1.6	1.8	0.1	0.1	0.1
Iran, Islamic Republic of	0.7	0.8	0.8	0.8	0.8	0.9	-	-	-
Japan	0.3	0.3	0.3	6.7	5.9	6.2	-	-	-
Korea, Republic of	0.2	0.2	0.2	1.4	1.4	1.5	-	-	-
Malaysia	4.4	4.6	4.8	0.7	0.7	0.7	0.1	-	-
Pakistan	4.9	4.7	4.8	1.0	0.9	1.2	-	-	-
Thailand	0.7	0.8	0.8	1.6	1.7	1.7	-	0.1	-
Turkey	2.1	2.1	1.9	2.0	1.7	2.1	-	-	-
AFRICA	16.2	16.8	16.2	2.3	2.5	2.5	0.7	0.9	0.7
Nigeria	4.6	4.9	4.8	-	-	-	0.1	0.2	0.2
CENTRAL AMERICA	1.1	1.2	1.1	6.2	5.4	5.7	0.1	0.1	0.1
Mexico	0.7	0.8	0.7	5.6	4.8	5.0	-	-	-
SOUTH AMERICA	121.2	105.2	140.8	3.2	2.7	1.4	40.9	41.0	42.4
Argentina	50.0	36.4	57.7	1.9	1.6	0.2	10.9	6.2	8.7
Brazil	61.5	60.0	70.7	0.1	0.2	0.1	25.2	30.2	26.1
Paraguay	6.1	4.6	7.6	-	-	-	4.0	3.5	5.1
NORTH AMERICA	105.8	107.0	116.0	1.9	2.1	2.1	38.7	47.0	50.8
Canada	13.7	17.3	16.6	0.7	0.7	0.7	8.2	10.8	10.2
United States of America	92.1	89.7	99.4	1.2	1.4	1.3	30.6	36.3	40.6
EUROPE	39.8	49.0	50.1	19.0	19.4	18.7	2.6	4.6	3.9
European Union	24.4	27.3	30.0	18.0	18.6	17.6	0.9	0.7	0.8
Russian Federation	7.4	8.8	8.4	0.2	0.2	0.6	0.3	0.4	0.4
Ukraine	6.3	10.7	9.4	-	-	-	1.2	3.2	2.3
OCEANIA	2.0	3.0	3.0	0.1	0.1	0.1	0.7	1.3	1.4
Australia	1.7	2.6	2.6	0.1	-	0.1	0.6	1.2	1.3
WORLD	408.8	408.6	448.7	86.4	97.0	101.6	86.4	97.1	101.6
Developing countries	256.3	244.2	275.0	57.7	68.6	73.5	44.2	44.0	45.5
Developed countries	152.5	164.5	173.7	28.6	28.5	28.1	42.2	53.1	56.1
LIFDCs	126.5	130.3	125.4	38.2	50.5	55.9	3.1	2.9	3.0
LDCs	10.0	10.2	10.0	0.3	0.3	0.4	0.4	0.4	0.4

¹ The split years bring together northern hemisphere annual crops harvested in the latter part of the first year shown, with southern hemisphere annual crops harvested in the early part of the second year shown; for tree crops which are produced throughout the year, calendar year production for the second year shown is used.

Table A11. Total oils and fats statistics ¹ (million tonnes)

	Imports			Exports			Utilization		
	05/06-07/08	2008/09	2009/10	05/06-07/08	2008/09	2009/10	05/06-07/08	2008/09	2009/10
	average	<i>estim.</i>	<i>f'cast</i>	average	<i>estim.</i>	<i>f'cast</i>	average	<i>estim.</i>	<i>f'cast</i>
ASIA	30.8	35.7	35.9	34.8	40.3	41.5	74.0	82.3	85.0
Bangladesh	1.2	1.2	1.2	-	-	-	1.4	1.4	1.5
China	9.6	11.3	10.8	0.5	0.8	0.8	28.3	30.8	32.5
of which Taiwan Prov.	0.4	0.4	0.4	-	-	-	0.8	0.9	0.9
India	5.6	8.4	8.8	0.5	0.5	0.3	15.2	17.7	18.2
Indonesia	0.1	0.1	0.1	14.7	18.4	19.6	4.8	6.6	6.6
Iran	1.2	1.2	1.2	0.2	0.2	0.1	1.6	1.6	1.6
Japan	1.1	1.1	1.1	-	-	-	3.1	3.0	3.0
Korea, Republic of	0.8	0.8	0.9	-	-	-	1.1	1.2	1.2
Malaysia	1.1	1.5	1.7	15.5	17.4	17.9	3.6	4.1	4.2
Pakistan	1.9	2.1	2.2	0.1	0.2	0.1	3.4	3.5	3.7
Philippines	0.4	0.5	0.5	1.0	0.8	1.0	0.8	1.1	1.1
Singapore	0.6	0.6	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Turkey	1.3	1.2	1.1	0.2	0.4	0.3	2.4	2.2	2.3
AFRICA	6.6	6.8	7.0	1.1	1.1	1.1	11.8	12.4	12.6
Algeria	0.6	0.5	0.6	0.1	-	-	0.7	0.7	0.7
Egypt	1.4	1.7	1.7	0.1	0.1	0.1	1.7	2.0	2.0
Nigeria	0.3	0.4	0.4	-	0.1	0.1	1.9	2.0	2.1
South Africa	0.7	0.6	0.7	0.1	0.1	0.1	1.1	1.1	1.1
CENTRAL AMERICA	2.3	2.2	2.4	0.5	0.7	0.6	4.5	4.5	4.5
Mexico	1.1	1.2	1.2	0.1	0.1	0.1	2.9	2.9	2.9
SOUTH AMERICA	2.2	2.1	2.2	11.0	9.6	8.7	9.9	12.0	12.9
Argentina	0.1	0.1	-	7.2	6.0	5.5	1.1	1.9	2.3
Brazil	0.3	0.4	0.4	2.5	2.1	2.0	5.5	6.4	6.9
NORTH AMERICA	3.4	4.1	4.1	5.2	5.8	6.2	17.3	16.7	17.0
Canada	0.5	0.6	0.5	1.9	2.2	2.3	0.9	0.9	0.9
United States of America	3.0	3.6	3.6	3.3	3.6	3.9	16.4	15.8	16.1
EUROPE	12.9	13.4	13.2	4.5	5.8	5.4	32.8	34.9	36.0
European Union	10.4	10.9	10.7	1.9	2.1	2.1	27.4	29.3	30.0
Russian Federation	1.2	1.1	1.0	0.6	0.9	0.5	3.4	3.5	3.7
Ukraine	0.4	0.5	0.5	1.7	2.4	2.4	0.7	0.9	1.0
OCEANIA	0.5	0.6	0.6	1.6	1.7	1.8	1.0	1.0	1.1
Australia	0.3	0.4	0.4	0.6	0.6	0.6	0.6	0.7	0.7
WORLD	58.6	65.0	65.4	58.7	65.0	65.4	151.3	163.8	169.0
Developing countries	39.6	44.8	45.4	47.9	52.1	52.6	95.1	106.1	109.9
Developed countries	19.0	20.2	20.0	10.8	12.9	12.8	56.2	57.7	59.1
LIFDCs	25.6	31.0	31.0	18.4	22.4	23.6	66.3	74.4	76.8
LDCs	4.1	4.1	4.3	0.4	0.4	0.4	6.9	7.0	7.1

¹ Includes oils and fats of vegetable, marine and animal origin.

Table A12. Total meals and cakes statistics¹ (million tonnes)

	Imports			Exports			Utilization		
	05/06-07/08 average	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	05/06-07/08 average	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>	05/06-07/08 average	2008/09 <i>estim.</i>	2009/10 <i>f'cast</i>
ASIA	23.0	24.6	25.6	13.2	13.1	12.8	99.4	106.9	114.5
China	2.4	2.8	2.6	1.2	1.8	2.0	50.1	54.8	61.2
of which Taiwan Prov.	0.5	0.5	0.6	-	-	-	2.4	2.4	2.4
India	0.2	-	0.1	5.6	4.6	3.9	10.8	11.7	12.0
Indonesia	2.4	2.7	2.8	2.4	2.8	2.9	2.7	3.1	3.2
Japan	2.3	2.5	2.6	-	-	-	7.2	7.0	7.0
Korea, Republic of	3.3	3.3	3.6	-	-	-	4.4	4.6	4.7
Malaysia	0.9	0.9	1.0	2.2	2.3	2.3	1.7	1.7	1.8
Pakistan	0.3	0.4	0.5	0.1	0.1	0.1	2.9	2.7	2.9
Philippines	1.7	1.6	1.6	0.5	0.3	0.5	2.2	2.3	2.3
Saudi Arabia	0.7	0.6	0.6	-	-	-	0.7	0.6	0.6
Thailand	2.5	2.7	2.9	0.1	0.1	0.1	4.4	4.6	4.7
Turkey	0.9	1.0	0.9	0.1	-	-	3.1	3.1	3.1
Viet Nam	1.6	2.3	2.5	0.1	-	-	1.8	2.6	2.8
AFRICA	3.6	3.7	4.0	0.8	0.9	0.8	9.0	9.4	9.7
Egypt	0.7	0.6	0.7	-	-	-	1.8	1.7	1.9
South Africa	1.1	1.1	1.2	-	0.1	0.1	1.7	1.8	1.9
CENTRAL AMERICA	3.6	3.5	3.6	0.1	0.2	0.2	8.3	7.9	8.1
Mexico	2.0	1.9	2.0	0.1	0.1	0.1	6.3	5.8	5.9
SOUTH AMERICA	4.1	4.5	4.8	43.1	42.5	42.1	21.9	24.1	25.1
Argentina	0.1	0.2	0.1	26.4	25.4	25.0	3.3	4.3	4.9
Bolivia	-	-	-	1.1	1.0	1.1	0.3	0.4	0.3
Brazil	0.2	0.2	0.4	12.6	13.0	13.5	13.0	13.8	13.9
Chile	0.9	0.8	0.9	0.6	0.6	0.4	1.3	1.2	1.3
Paraguay	-	-	-	0.9	0.8	0.8	0.2	0.4	0.4
Peru	0.7	0.7	0.8	1.5	1.6	1.2	0.9	0.9	0.9
Venezuela	0.9	1.3	1.3	-	-	-	1.0	1.4	1.4
NORTH AMERICA	3.5	3.3	3.4	10.7	10.8	13.0	37.9	33.7	33.0
Canada	1.5	1.3	1.4	2.4	2.7	2.6	2.4	2.1	2.2
United States of America	1.9	2.0	2.0	8.3	8.1	10.4	35.4	31.6	30.8
EUROPE	32.7	31.2	30.3	3.9	4.7	4.4	59.5	60.9	61.5
European Union	30.2	28.7	28.0	1.1	1.1	1.1	54.5	55.4	55.5
Russian Federation	0.8	0.5	0.5	1.0	1.3	1.0	2.4	2.4	2.8
Ukraine	0.1	0.1	0.1	1.4	1.9	1.9	0.2	0.6	0.6
OCEANIA	1.5	1.7	1.8	0.2	0.2	0.2	2.1	2.4	2.5
Australia	0.7	0.8	0.8	-	-	-	1.3	1.4	1.4
WORLD	71.9	72.4	73.5	72.1	72.4	73.5	238.0	245.2	254.3
Developing countries	30.6	32.2	33.8	57.1	56.5	55.8	128.1	137.6	146.7
Developed countries	41.3	40.2	39.7	14.9	15.9	17.7	110.0	107.6	107.6
LIFDCs	9.9	10.3	10.6	10.9	10.7	10.5	76.4	82.9	90.1
LDCs	0.4	0.5	0.5	0.4	0.4	0.4	3.2	3.4	3.5

¹ Includes meals and cakes derived from oilcrops as well as fish meal and other meals from animal origin.

Table A24. Selected international prices for oilcrop products and price indices

Period	International prices (USD per tonne)					FAO indices (2002-2004=100)		
	Soybeans ¹	Soybean oil ²	Palm oil ³	Soybean cake ⁴	Rapeseed meal ⁵	Oilseeds	Edible/soap fats/oils	Oilcakes/meals
Annual (Oct/Sept)								
2003/04	322	632	488	257	178	121	116	114
2004/05	275	545	419	212	130	105	105	104
2005/06	259	572	451	202	130	100	125	107
2006/07	335	772	684	264	184	129	153	148
2007/08	549	1325	1050	445	296	217	202	243
2008/09	422	826	627	385	196	156	144	180
Monthly								
2008 - October	394	928	545	338	156	151	153	162
2008 - November	378	824	488	323	155	143	133	154
2008 - December	366	737	508	307	172	137	126	154
2009 - January	411	788	553	369	202	152	134	169
2009 - February	386	744	571	378	215	144	131	172
2009 - March	380	728	590	346	208	141	129	165
2009 - April	410	802	699	383	220	151	147	175
2009 - May	472	893	799	441	230	174	168	196
2009 - June	504	894	734	445	227	184	160	200
2009 - July	467	834	641	428	186	169	144	198
2009 - August	474	891	722	437	186	171	156	204
2009 - September	424	850	676	428	192	155	150	206
2009 - October	427	891	676	413	187	158	152	207
2009 - November	442	939	728	422	196	164	162	216
2009 - December	448	931	791	425	219	167	169	224
2010 - January	435	919	793	407	243	163	169	221
2010 - February	406	915	804	393	230	154	169	214
2010 - March	410	920	832	381	200	156	175	213
2010 - April	412	900	826	378	205	157	174	224
2010 - May *	406	864	813	353	226	153	170	214

* Provisional.

¹ Soybeans: US, No.2 yellow, c.i.f. Rotterdam.

² Soybean oil: Dutch, f.o.b. ex-mill.

³ Palm oil: Crude, c.i.f. Northwest Europe.

⁴ Soybean cake: Pellets, 44/45 percent, Argentina, c.i.f. Rotterdam.

⁵ Rapeseed meal: 34 percent, Hamburg, f.o.b. ex-mill.

Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 2002-2004 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.

Sources: FAO and Oil World.