

OILCROPS MONTHLY PRICE AND POLICY UPDATE *

No. 55, January 2013

- short version -

Global price review

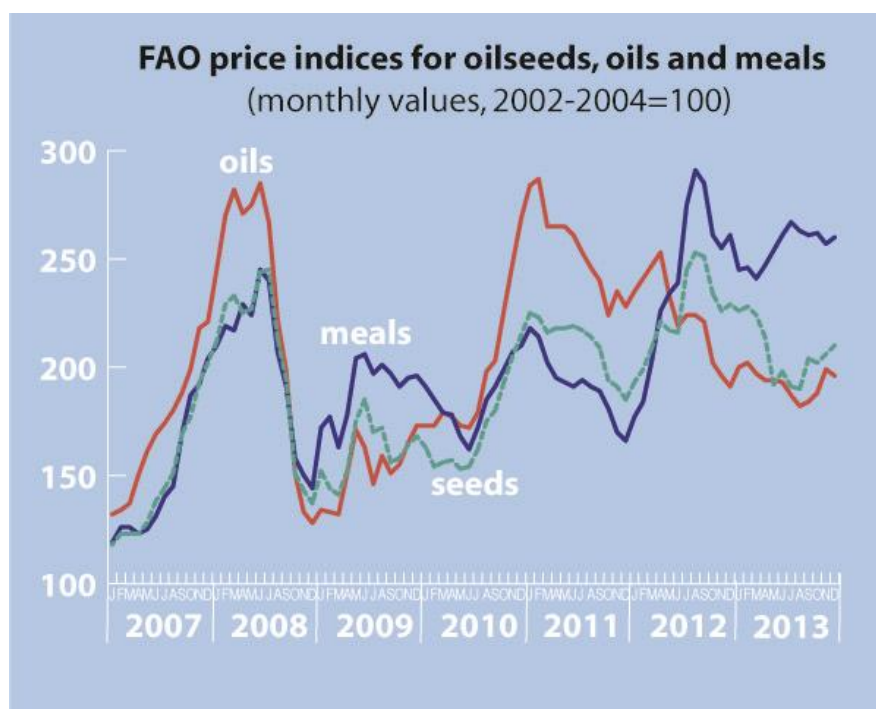
Compared to November 2013, in December 2013, FAO's price indices for oilseeds and for oilmeals both gained around 4 points (or, respectively, 2.1 percent and 1.4 percent), whereas the index for vegetable oils fell by 2.6 points (or 1.3 percent). The price indices for oilseeds and for oils continued to fare below the average of the past two seasons, while the meals index remained at historically high levels.

Oilseeds and oilmeals:

Although the fundamentals for the 2013/14 season as a whole point to a gradual relaxation in prices, concerns about the current supply and demand situation have led to price firmness in the world market for oilseeds and oilmeals. The drop in the

oilseed price index has been driven by soybeans. Continued strong export demand for US soybeans resulted in diminishing US stocks, leading to a tighter than expected US soybean balance. World prices have firmed as a result: international soy quotations climbed to a 9-month high in December. Upward pressure has also come from concerns regarding South America's forthcoming soybean crop: in Brazil, a high incidence of Asian rust has given rise to worries, while, in Argentina, hot and dry weather caused uncertainty regarding yields. By contrast, international rapeseed prices eased, primarily reflecting Canada's larger than expected crop and its relatively slow disposal into both the domestic and export market. Globally, this season's large rapeseed supplies are expected to exceed demand, leading to an accumulation of stocks.

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* The **Oilcrops 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. The present issue only comments on price developments in **December 2013**. Previous issues can be downloaded from the FAO website at URL <http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/>.

Global price review - cont'd

International oilmeal prices stayed high, influenced by the market for soybeans. Global import demand for meals remained firm as several countries started the season with empty pipelines. The United States continued to be the world's key soymeal supplier while export availabilities in Argentina and Brazil remained below expectations, with crushers in both countries reporting difficulties in acquiring raw material. This applies in particular to Argentina, where farmers were reported to delay sales with a view to use their crops as a hedge against inflation and currency instability.

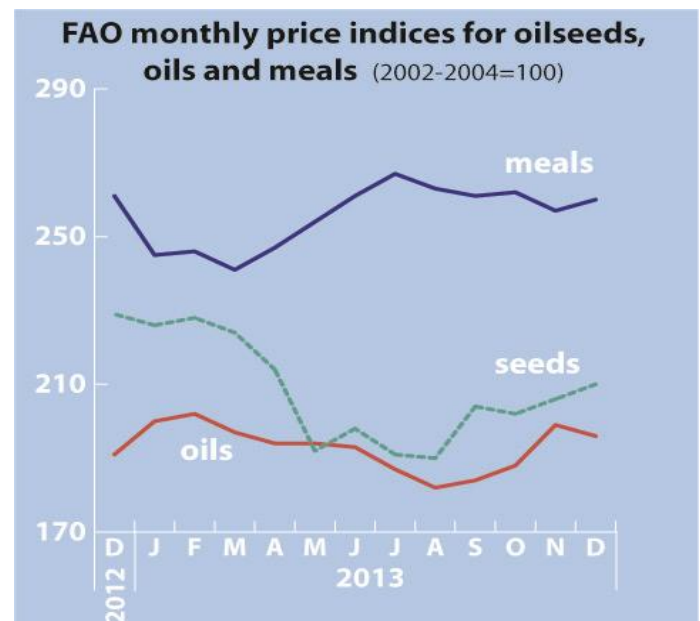
Vegetable oils:

The drop in the oil price index – which followed three months of consecutive rises – has been driven by palm oil. International palm oil prices have eased in response to falling export demand that pushed up stocks in Malaysia and Indonesia. The unexpected, exceptional drop in export demand was primarily triggered by ample supplies of competing vegetable oils, which resulted in reduced price discounts for palm oil. Furthermore, the price hikes that occurred in October and November limited the oil's competitiveness as biofuel feedstock.

However, the price losses for palm oil were contained by concerns that further monsoon floods could disrupt harvesting operations and temporarily curb output in Southeast Asia. Other

factors preventing palm oil price from falling more pronouncedly include: continued weakness of Malaysia's currency (which tends to encourage exports); the prospect of a gradual expansion in demand from the local biodiesel industry in both Malaysia and Indonesia; and price firmness in global energy markets.

As to sunflower and rapeseed oil, recent large harvests of the respective seeds have kept international prices under downward pressure. International soybean oil prices also eased, due to the prospective expansion of supplies in South America, and because of rising stockpiles in the United States, where steady meal demand has kept up the pace of crushing.



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	International Prices (US\$ per tonne) ¹					FAO Indices (2002-2004=100) ⁷		
	Soybeans ²	Soybean oil ³	Palm Oil ⁴	Soybean Cake ⁵	Rapeseed Meal ⁶	Oilseeds	Vegetable oils	Oilcakes/ Meals
Annual (Oct/Sep)								
2004/05	275	545	419	212	130	104	103	101
2005/06	259	572	451	202	130	100	107	96
2006/07	335	772	684	264	184	129	150	128
2007/08	549	1325	1050	445	296	216	246	214
2008/09	437	849	682	409	206	157	146	179
2009/10	429	924	806	388	220	162	177	183
2010/11	549	1308	1147	418	279	214	259	200
2011/12	562	1235	1051	461	295	214	232	219
2012/13	563	1099	835	539	345	213	193	255
Monthly								
2012 - October	617	1183	844	555	359	234	202	261
2012 - November	595	1148	816	539	378	226	196	255
2012 - December	603	1153	772	553	396	229	191	261
2013 - January	591	1192	838	512	367	226	200	245
2013 - February	597	1164	862	513	381	228	202	246
2013 - March	588	1117	853	503	367	224	197	241
2013 - April	559	1099	841	521	300	214	194	247
2013 - May	498	1077	849	527	404	192	194	254
2013 - June	523	1036	858	551	321	198	193	261
2013 - July	514	997	838	568	304	191	187	267
2013 - August	514	995	824	564	277	190	182	263
2013 - September	554	1028	823	557	291	204	184	261
2013 - October	544	989	866	555	318	202	188	262
2013 - November	556	992	921	541	316	206	199	257
2013 - December	568	979	907	548	336	210	196	260
<p>¹ Spot prices for nearest forward shipment</p> <p>² Soybeans (US, No.2 yellow, c.i.f. Rotterdam)</p> <p>³ Soybean oil (Dutch, f.o.b. ex-mill)</p> <p>⁴ Palm oil (Crude, c.i.f. North West Europe)</p> <p>⁵ Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam)</p> <p>⁶ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)</p> <p>⁷ 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 vegetable oils and five selected cakes and meals.</p> <p>Sources: FAO and Oil World</p> <div> <p>Please note that in November 2013 some modifications have been introduced to the way the indices are calculated, the most significant one being the following changes in commodity coverage: the new oils index refers only to vegetable oils, i.e. fish oil and tallow have been removed; the new meals index only refers to soybean, sunflowerseed, rapeseed, copra and palmkernel meal, i.e. fishmeal and groundnut meal have been removed. The coverage of the oilseed index has remained unchanged. Except for the oilcake/meal index, the changes introduced did not significantly alter the values of the series.</p> </div>								