

OILCROPS

The current outlook for the 2014/15 marketing season points to a further improvement in the global supply and demand balance for oilseeds and derived products.

Global oilseed output is forecast to exceed last season's record due to further expanding of soybean production. Thanks to record plantings and near-ideal growing conditions, the United States is set to harvest another bumper soybean crop, while further gains in planted area seem likely in South America, considering that relative prices continue to favour soybeans over maize. For oilseeds other than soybeans, a contraction in output is possible. Palm oil production should keep growing, but at a below-average rate.

Record soybean crops will likely result in another conspicuous increase in world supplies of meals/cakes in 2014/15, whereas global oils/fats could grow less than last season. As global meal output is anticipated to outpace world utilization, a conspicuous build-up in stocks is expected. For oils/fats, global output should basically match utilization, precluding significant stock changes. Based on current forecasts, the stock-to-use ratio for meals/cakes is poised to rise strongly, whereas that for oils/fats should remain about unchanged.

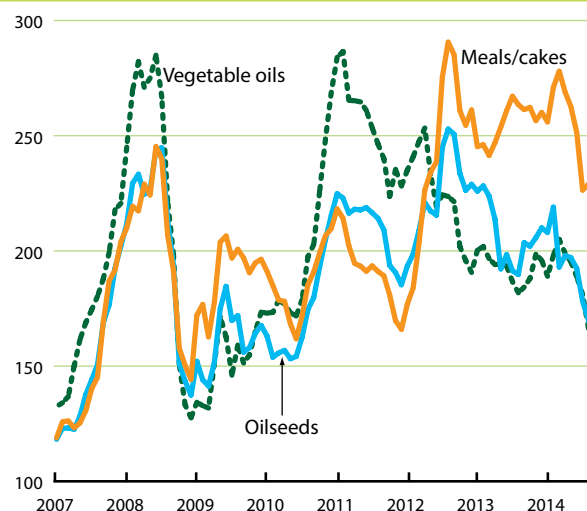
The present outlook suggests that there is scope for international meal prices to ease further during 2014/15, thus extending the recently commenced descending trend and abandoning the high levels recorded since mid-2012. Additional downward pressure is likely to come from record global feedgrain supplies. As for the oils/fats market, a balanced supply and demand situation and stable stock-to-use ratios point to a stabilization in prices around their current relatively low level.

International trade in oilseeds and derived products is forecast to expand further in 2014/15, although less strongly than last season. The anticipated slowdown reflects ample domestic supplies, stemming in part from large carry-in stocks in a number of significant importing countries, including China and the EU. It also reflects limited export availabilities arising from poor crops, higher domestic utilization or the need to re-build stocks in several exporting nations, notably the United States, Indonesia, Malaysia and Brazil.

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FAO MONTHLY INTERNATIONAL PRICE INDICES FOR OILSEEDS, VEGETABLE OILS AND OILMEALS/CAKES (2002-2004=100)



WORLD OILCROP AND PRODUCT MARKET AT A GLANCE

	2012/13	2013/14 estim.	2014/15 f'cast	Change: 2014/15 over 2013/14
million tonnes				%
TOTAL OILSEEDS				
Production	481.7	511.2	535.4	4.7
OILS AND FATS				
Production	189.5	202.0	207.5	2.7
Supply	221.8	233.7	242.2	3.6
Utilization	189.9	198.4	206.6	4.1
Trade	102.1	106.2	108.1	1.8
Stock-to-utilization ratio (%)	16.7	17.5	17.0	
Major exporters stock-to-disappearance ratio (%)	9.0	9.5	9.9	
MEALS AND CAKES				
Production	120.0	128.2	137.1	7.0
Supply	137.7	146.3	158.6	8.5
Utilization	118.4	123.6	130.9	5.8
Trade	73.5	81.7	84.3	3.1
Stock-to-utilization ratio (%)	15.3	17.4	19.6	
Major exporters stock-to-disappearance ratio (%)	7.6	9.5	12.7	
FAO PRICE INDICES				
(Jan/Dec) (2002-2004=100)	2012	2013	2014 Jan-Sep	Change: Jan-Sep 2014 over Jan-Sep 2013 %
Oilseeds	224	207	191	-8.1
Oilmeals/cakes	241	255	251	-1.1
Vegetable oils	224	193	187	-2.9

NOTE: Refer to table 2 in the Oilseeds section of the Market Assessments chapter, for explanations regarding definitions and coverage.

OILCROPS, OILS AND MEALS²

Major Oilseed Exporters and Importers



PRICES³

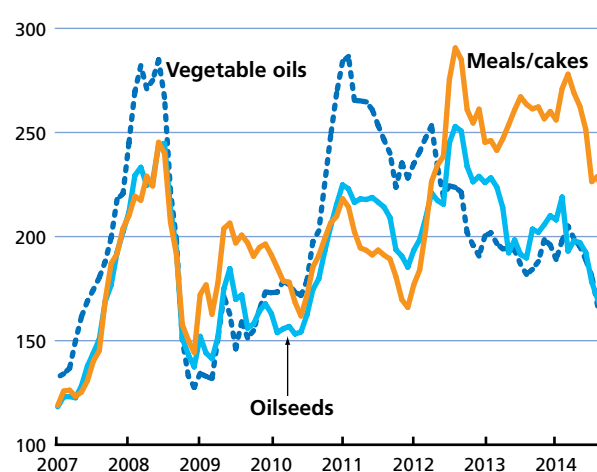
International meal prices likely to continue falling, while oils/fats values could stabilize

During the first half of the 2013/14 (October/September) marketing season, international prices for oilseeds, oils and meals appreciated, mainly reflecting concerns over the United States' increasingly tight soybean balance and the poor weather conditions in Southeast Asia and South America that threatened, respectively, palm oil and soybean production. By May 2014, FAO's price index of oilseeds had risen to a 12-month high, while the indices for oils and meals recorded 18-month peaks.

Eventually, around June 2014, international quotations started to plummet, marking the start of a steep slide in all three price indices. Regarding oils/fats, palm oil was responsible for much of the trend reversal – i.e. the onset of beneficial rains in Southeast Asia, which drove up

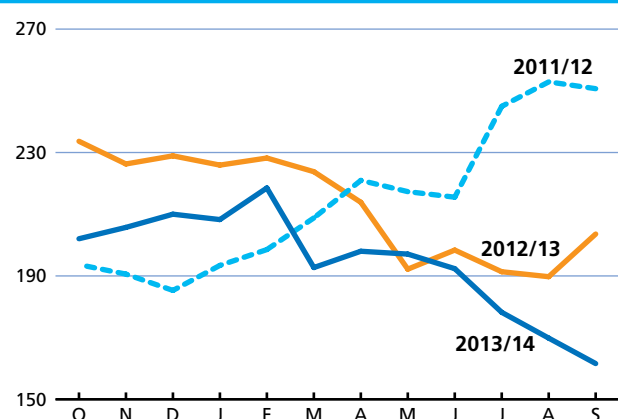
palm oil production, coincided with a slowdown in global import demand for palm oil. This, together with lower than anticipated palm oil uptake by biodiesel producers in Indonesia and Malaysia led to a significant stock build-up in the world's two leading suppliers. With respect to oilseeds and oilmeals, the decline in prices was triggered by the arrival of South America's large soy crop, which ended the temporary tightness in global supplies. The prospect of another record-breaking soy crop in the United States together with a record rapeseed harvest in the EU provided

Figure 1. FAO monthly international price indices for oilseeds, vegetable oils and meals/cakes (2002-2004=100)

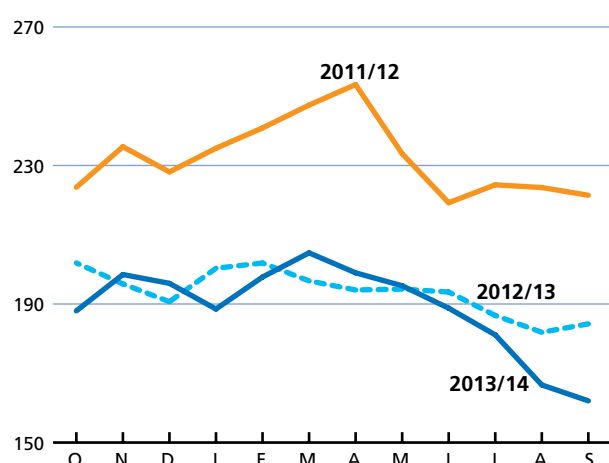
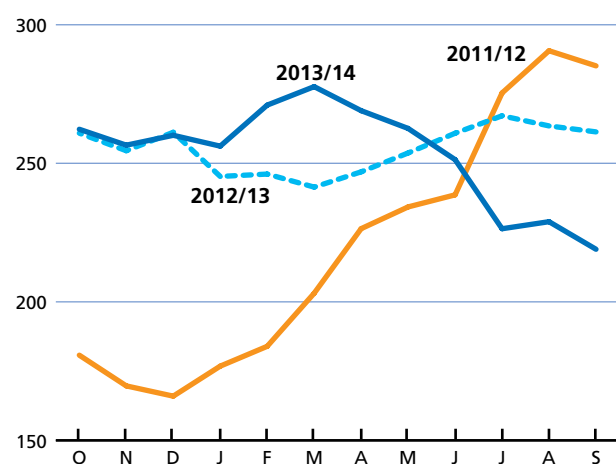
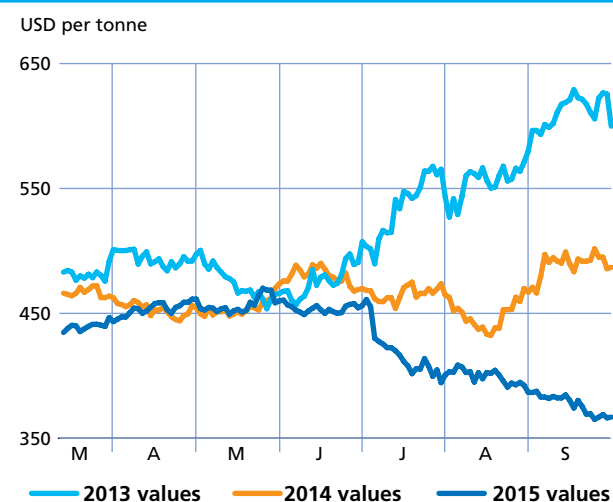


² Almost the entire volume of oilcrops harvested worldwide is crushed to obtain oils and fats for human nutrition or industrial purposes, and to obtain cakes and meals which are used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Please note that data on trade in and stocks of oils (meals) refer to the sum of trade in and stocks of oils or meals plus the oil (meal) equivalent of oilseed trade and stocks. Furthermore, please be aware that production data for oils and meals are derived from domestic production of the relevant oilseeds in a given year, i.e. they do not reflect the outcome of actual oilseed crushing in a given country and period. Oilseed trade (including situations where oilseeds are produced in one country but crushed in another) is fully reflected in national oil/meal consumption statistics.

³ For details on prices and corresponding indices, see appendix Table 24.

Figure 2. FAO monthly price index for oilseeds (2002-2004=100)

Note: With regard to the sudden drops in the price index for oilseeds in May 2013 and March 2014, please note the clarification provided in appendix table 24

Figure 3. FAO monthly price index for vegetable oils (2002-2004=100)**Figure 4. FAO monthly price index for oilmeals/cakes (2002-2004=100)****Figure 5. CBOT soybean futures for March**

additional price relief. As a result of these developments, by September 2014, FAO's price indices for oilseeds, oils and meals had dropped to, respectively, four-, five- and two-year lows.

Preliminary forecasts for 2014/15 suggest a further improvement in the global supply and demand balance. For meals/cakes, a sizeable surplus in supplies could push global inventories to historical highs. This, along with likely improvements in stock-to-use ratios, suggests that there is considerable scope for international meal prices to soften further. In addition, further downward pressure could arise from abundant global supplies of feedgrains. The recent easing in CBOT futures for soybeans, which now stand well below the corresponding values of the last two years, seems to point in the same direction. Regarding oils/fats, the prospect of adequate global supplies, ample world reserves and stable stock-to-use ratios suggests international prices could remain close to their current low level.

OILCROPS

Another record-breaking soy harvest projected for 2014/15

After the last two season's record-breaking harvests, global oilcrop production is tentatively forecast to expand by another 5 percent in 2014/15, possibly topping 535 million tonnes. The increase would be almost entirely on account of soybeans, given that, for the other main oilseeds, a repeat of last season's record outputs seems unlikely.

With a current forecast of 311 million tonnes, global production of soybeans, would outstrip last season's result by 10 percent. The surge should arise from both record

plantings and best-ever average yields. In the Northern Hemisphere, where crops will soon reach the harvesting stage, production is set to rise, especially in the United States but also in Canada, the Russian Federation and Ukraine. In the **United States**, output is currently pegged at 106.5 million tonnes – a whopping 19 percent increase from last season – thanks to both record area planted and unprecedented yield levels. Record sowings (again at the expense of grains) were followed by near-ideal growing conditions that allowed average yields to exceed 3 tonnes per hectare. In **Canada**, where weather conditions were less favourable, production should rise strongly thanks to a record harvest area. Output in the **Russian Federation** and **Ukraine**, where production expanded strongly in recent years, should continue growing on additional increases in sowings. In **India**, the recent pick-up in rainfalls will likely boost yields, allowing production to recover from last year's drop. By contrast, another contraction in output is reported from **China** due to both continued reductions in area and below-normal rainfall. In South America, where 2014/15 soybean plantings are about to start, another record-breaking crop may be realized – assuming normal weather conditions. With prices continuing to favour soybeans over maize, soy plantings are likely to expand further, particularly in **Brazil**, but also in **Paraguay** and **Uruguay**. Prospects in **Argentina** are still uncertain, as farmers' planting decisions will also depend on how the country's economic difficulties evolve.

Global rapeseed production is currently projected at 70.3 million tonnes, which is less than last season but still the second-highest output on record. Countries likely to see production decline include **Canada**, **Ukraine** and **Australia**. While Canada's crop has been affected by

excessive rainfall, Ukraine and Australia reported lower plantings. Conversely, in the **EU**, crops have benefitted from good weather, which propelled yields to 3.5 tonnes per hectare, on average. In **China**, where the public procurement system for rapeseed remains in place, farmers kept plantings unchanged and production has been reported stable around last year's level.

Global sunflowerseed production is also predicted to fall, although, based on current forecasts, it would be just shy of last season's all-time record. In **Ukraine**, the world's top producer, output is expected to match last year's level. Contractions are expected in the **Russian Federation**, the **EU** and in **Turkey**, but these could be partly offset by an increase in **Argentina**, where a recovery in plantings and a return to average yields are anticipated. Concerning cottonseed, global production could contract further, possibly falling 3.5 million tonnes (or 7 percent) below the 2011/12 record. Drops in **China** and **Australia**, which are mainly attributed to below-average crop areas, should be partly offset by higher plantings and production in **India** and the **United States**. Global groundnut production could dip by 4 to 5 percent from the record set last season, mainly on account of reduced harvests in the two top producers, **China** and **India**. Good production prospects in the **United States** and **Argentina** would not be sufficient to offset the drops reported in Asia.

It should be noted that the production outlook for Southern Hemisphere countries remains subject to El Niño activity. Reportedly, a weak El Niño weather event could occur from November onward and, if it develops, could mean below average rainfall in Asia and Australia (possibly hurting oil palm in Southeast Asia and rapeseed in Australia) and above average rainfall in South America (possibly benefitting the soy and sunflowerseed crops).

Table 1. World production of major oilcrops

	2012/13	2013/14 <i>estim.</i>	2014/15 <i>f'cast</i>	Change 2014/15 over 2013/14 %
<i>million tonnes</i>				
Soybeans	267.2	282.4	310.7	10.0
Rapeseed	64.3	72.1	70.2	-2.6
Cottonseed	45.5	44.5	44.1	-0.7
Groundnuts (unshelled)	37.9	38.8	37.0	-4.7
Sunflower seed	35.6	41.7	41.2	-1.3
Palm kernels	13.9	14.6	15.0	3.1
Copra	5.9	5.6	5.6	-
Total	470.4	499.7	523.9	4.8

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.

OILS AND FATS⁴

Expansion in global oils/fats production to slow down in 2014/15

The above crop projections translate into a year-on-year rise in global oils/fats production of 2 to 3 percent – well below the growth recorded in 2013/14. The preponderance of soybeans – a low oil-yielding oilseed – in oilseed growth in 2014/15, combined with falling production of other, high oil-yielding seeds (notably rapeseed, sunflowerseed, groundnut, and cottonseed) explains the slowdown. In addition to soyoil, palm oil production is anticipated

⁴ This section refers to oils from all origins, which – in addition to products derived from the oil crops discussed under the section on oilcrops – include palm oil, marine oils as well as animal fats.

to continue expanding, although at a below-average rate of 3.5 percent. The anticipated deceleration is due to unusually low rainfalls in key parts of **Malaysia** and **Indonesia** during the course of this year, which could impair palm oil productivity next year. It also remains to be seen whether and to what extent an El Niño weather pattern will develop in the coming months. Given these weather-related uncertainties, much of next year's production rise should stem from further growth in mature oil palm area in Indonesia.

Table 2. World oilcrop and product market at a glance

	2012/13	2013/14 estim.	2014/15 f'cast	Change: 2014/15 over 2013/14
	million tonnes			%
TOTAL OILSEEDS				
Production	481.7	511.2	535.4	4.7
OILS AND FATS ¹				
Production	189.5	202.0	207.5	2.7
Supply ²	221.8	233.7	242.2	3.6
Utilization ³	189.9	198.4	206.6	4.1
Trade ⁴	102.1	106.2	108.1	1.8
Stock-to-utilization ratio (%)	16.7	17.5	17.0	
Major exporters stock-to- disappearance ratio (%) ⁵	9.0	9.5	9.9	
MEALS AND CAKES ⁶				
Production	120.0	128.2	137.1	7.0
Supply ²	137.7	146.3	158.6	8.5
Utilization ³	118.4	123.6	130.9	5.8
Trade ⁴	73.5	81.7	84.3	3.1
Stock-to-utilization ratio (%)	15.3	17.4	19.6	
Major exporters stock-to- disappearance ratio (%) ⁷	7.6	9.5	12.7	
FAO PRICE INDICES (Oct/Sept) (2002-2004=100)	2011/12	2012/13	2013/14 Oct-Sep	Change: Oct-Sep 2013/14 over Oct-Sep 2012/13 %
Oilseeds	214	213	194	-8.7
Oilmeals/cakes	219	255	253	-0.7
Vegetable oils	232	193	189	-2.4

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 and relate to the sum of trade in oils (meals) plus the oil (meal) equivalent of oilcrops traded.

⁵ Major exporters include Argentina, Brazil, Canada, Indonesia, Malaysia and the United States.

⁶ 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.

⁷ Major exporters include Argentina, Brazil, Canada, India, Indonesia, Malaysia, Paraguay and the United States.

Global 2014/15 oils/fats supplies (comprising 2014/15 production and 2013/14 ending stocks) are tentatively pegged at 242 million tonnes, which amounts to a year-on-year rise of 3 to 4 percent, as compared with over 5 percent in 2013/14. Domestic availability of oils/fats should improve in several major producing countries, notably **Indonesia**, **Argentina**, **Brazil**, the **United States**, the **EU** and the **Russian Federation**. Large carry-in stocks will contribute significantly to these improvements, except in the **United States** and **Indonesia**, where the rise in domestic availabilities should stem from production gains. Conversely, poor harvests are expected to cause only modest supply improvement in **China** and **Malaysia**, and lead to decreased supply in **India**, **Canada**, **Australia** and **Turkey**.

Oils/fats consumption to continue expanding in 2014/15

Global consumption of oils/fats is forecast to increase by about 8 million tonnes, or 4 percent, in 2014/15. With regard to individual oils, soyoil should contribute strongly to overall consumption growth, based on bumper soybean crops. Utilization of rapeseed oil should also expand, thanks to the availability of large carry-in stocks from the 2013/14 crop. By contrast, palm oil may – for the second consecutive year – contribute less than usual to total expansion, in line with subdued production growth.

Utilization for food and traditional industrial uses continues to be driven by both rising populations and economic growth in some of the main consuming regions, in particular Asia, and the gradual fall in world oils/fats prices. On the other hand, demand from the biofuel sector continues to depend strongly on government policies. Programmes supporting production and consumption of vegetable oil-based biodiesel remain in place in several countries. During 2014, **Indonesia**, **Malaysia**, **Thailand**, **Argentina** and **Brazil** introduced new support measures or announced ambitious increases in their annual consumption targets or mandatory blending rates. However, in a number of cases, governments reported delays in programme implementation, referring to regulatory problems and logistical/infrastructural difficulties or inadequate domestic supplies and high local vegetable oil prices. Furthermore, **Australia** started phasing out its biofuel support programmes, while in the **United States** and the **EU**, uncertainty persists regarding future consumption targets and related rules. Overall, the above listed developments make it difficult to anticipate the pace at which demand from biodiesel producers worldwide is likely to grow in 2014/15.

Country-wise, developing nations in Asia continue to be key drivers of growth in global oil/fats consumption. In **India** and **China**, consumption is projected to expand by no more than 3 percent, keeping per capita consumption levels at, respectively, 17 kg and 27 kg of oil. In **Indonesia** and **Malaysia**, consumption may expand less than last season, reflecting lower-than-expected demand from the biodiesel sector. By contrast, in **Brazil** and **Argentina**, the rise in consumption should stem primarily from higher domestic biodiesel production – either for local use (in Brazil) or for export (in Argentina). In the **United States**, consumption should begin to increase again, thanks to the anticipated rebound in domestic availabilities. Also in the **EU**, larger supplies should allow continued growth in oils/fats consumption.

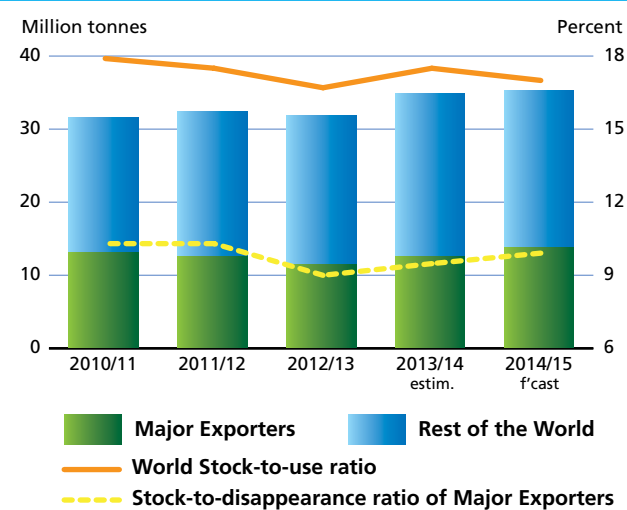
Closing stocks of oils/fats expected to remain ample

After last season's relatively ample supplies, total oils/fats production in 2014/15 is projected to surpass total demand by a thin margin of 0.9 million tonnes, which should allow global inventories to remain around last season's comfortably high level. Based on current forecasts, world stocks would increase slightly and, for the first time, top 35 million tonnes (including the oil contained in stored oilseeds). This outlook rests heavily on the projected surge in world soybean production, which would elevate global soyoil inventories (including the oil contained in stored soybeans) to an all-time high of 16 million tonnes, up a stunning 17 percent from last season. For all other oils, a drawdown in inventories seems inevitable, given negative or below-average production growth coupled with steady

demand expansion. This applies in particular to palm oil, where global reserves could contract for the second consecutive time, falling to a 5-year low of 7.4 million tonnes.

At country-level, the above forecast is based on a stunning rise in the **United States** and less marked improvements in **Brazil** and **Argentina**, while a year-on-year contraction in stocks appears likely in **Canada** and **Malaysia**. The largest inventories will continue to be held by **China**, mainly in the form of whole soybeans.

Figure 7. World stocks and ratios of oils/fats (including the oil contained in seeds stored)



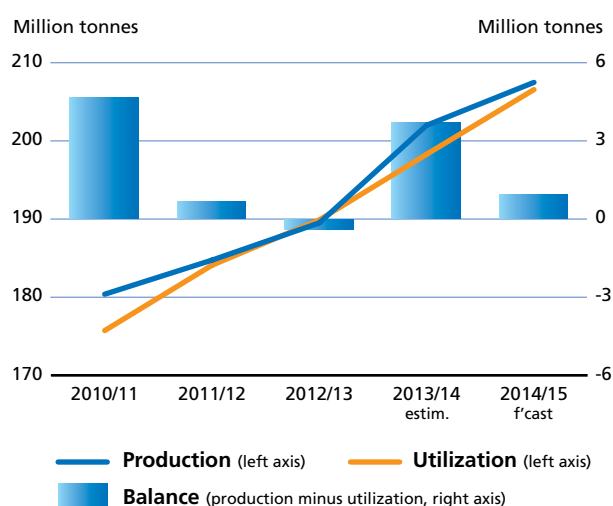
Based on the current projections, the global stock-to-use ratio could fall slightly in 2014/15, whereas a marginal improvement is expected in the stock-to-disappearance ratio for the major exporting countries.⁵

Growth in oils/fats trade to slow down markedly

Although international prices for oils/fats softened considerably during the last three seasons and currently fare at 5-year lows, world trade in oils/fats is projected to expand by no more than 2 percent in 2014/15, well below the pace observed in recent years. The slowdown reflects limited export availabilities in some exporting nations, as well as ample domestic supplies in a number of key importing countries.

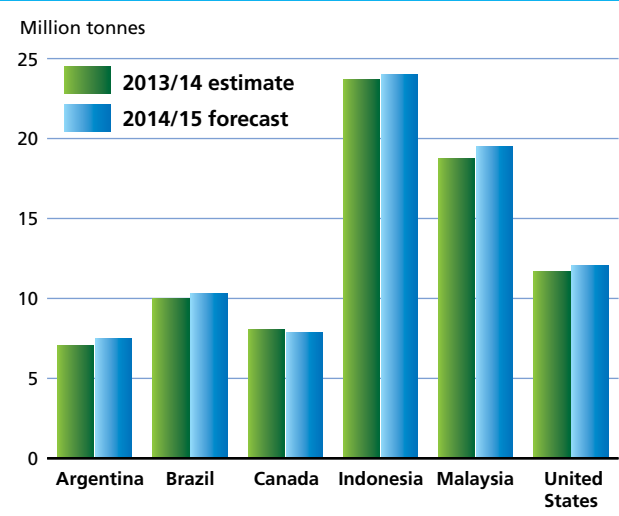
In line with developments in seed production, soyoil trade should climb to a new record, while trade in sunflower and rapeseed oil may contract somewhat. Palm oil transactions are expected to recover only partly from last season's exceptional fall. For the second consecutive year,

Figure 6. Global production and utilization of oils/fats



⁵ Argentina, Brazil, Canada, Indonesia, Malaysia, Ukraine and the United States.

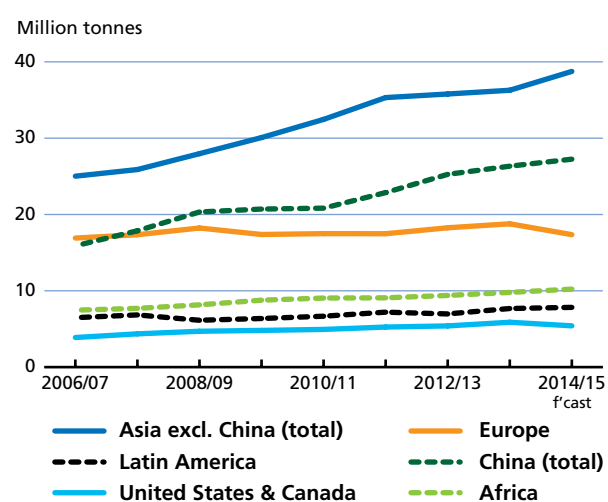
Figure 8. Oil/fat exports by major exporters (including the oil contained in seed exports)



exports by **Indonesia**, the world's top palm oil supplier, are anticipated to expand at a below-average rate, as domestic consumption, in particular by the oleo-chemical and bio-energy industries, is likely to expand further. Exports by **Malaysia** will be constrained by both rising internal demand and subdued production growth. **Brazil**, the **United States** and **Argentina**, the world's key soybean/soybean suppliers, are forecast to raise their combined exports of oils/fats by 1.1 million tonnes, about 4 percent more than last season. In **Canada**, large supplies of rapeseed are available for export – in part carried over from last season. By contrast, in **Australia**, oil/fat shipments are projected to contract.

On the import side, **China's** oil/fat purchases (including the oil contained in imported oilseeds) are pegged to rise

Figure 9. Total oil/fat imports by region or major country (including the oil contained in seed imports)



by 3 percent, which is less than its average rate, partly because the country maintains record-high inventories. The **EU** and the **United States** should import less than last season, thanks to abundant domestic harvests. By contrast, **India's** import pace is expected to accelerate on stagnating domestic supplies and steadily rising consumption. The country may need to increase oils/fats imports (mostly palm oil) by 8 percent, a 1 million tonne increase from 2013/14.

MEALS AND CAKES⁶

Global meal/cake supplies to expand further in 2014/15

Current crop forecasts indicate global meal/cake production will expand further, setting a new record. Like last season, production growth will be driven entirely by soy: incremental soybean output is estimated at 9.8 million tonnes (expressed in protein equivalent), while production of all other meals should shrink, except for a small rise in palmkernel meal and a stable fishmeal production.

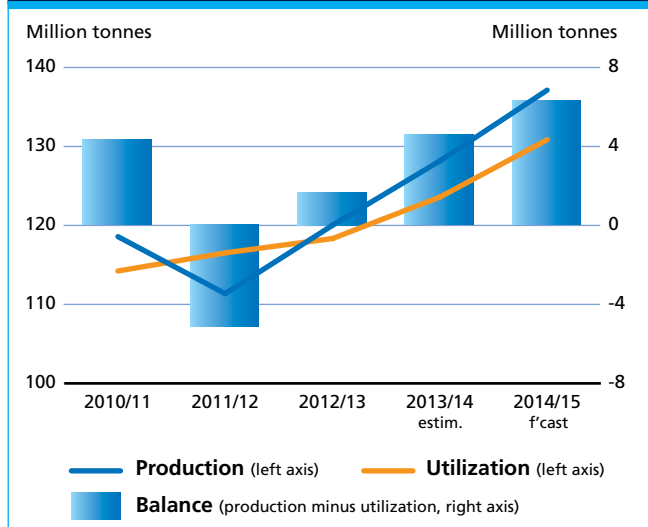
Global supplies, which comprise 2014/15 production and 2013/14 carry-out stocks, are forecast to surge by 8 to 9 percent. Assisted by large opening inventories, total supplies are anticipated to climb to a record 159 million tonnes. In the world's top consumer, **China**, meal supplies from domestically grown oilseeds should fall slightly due to poor crop outturns. By contrast, in the **United States**, **Brazil** and **Argentina**, the three leading soybean producers, meal supplies are likely to expand sharply due to record domestic harvests. The steepest year-on-year rise is expected in the United States (18 percent), where domestic availabilities are finally recovering from the recent decline and are expected to hit an all-time high. Other areas where supplies could expand include the **EU** and the **Russian Federation**. In the case of the EU (as well as Argentina), high opening stocks should contribute to this season's supply growth. Only in **Canada** are domestic availabilities expected to contract sizeably, although large carry-in stocks should help mitigate the drop.

Growth in meal consumption to accelerate

Year-on-year, global meal/cake consumption is projected to expand by 6 percent, which would imply an acceleration compared to recent years. Underpinning this forecast are growing demand by the livestock sector (arising from further economic growth in several countries) and the fact that international meal prices finally seem to have

⁶ This section refers to meals from all origins. In addition to products derived from the oil crops discussed under the section on oilcrops, this also includes fish meal and meals of animal origin.

Figure 10. Global production and utilization of meals/cakes (in protein equivalent)



embarked on a downward trend. It should be noted however, that in 2014/15, large oilmeal supplies are bound to coincide with ample supplies of grain-based feeds, a circumstance that might dampen demand for oilmeals in some countries.

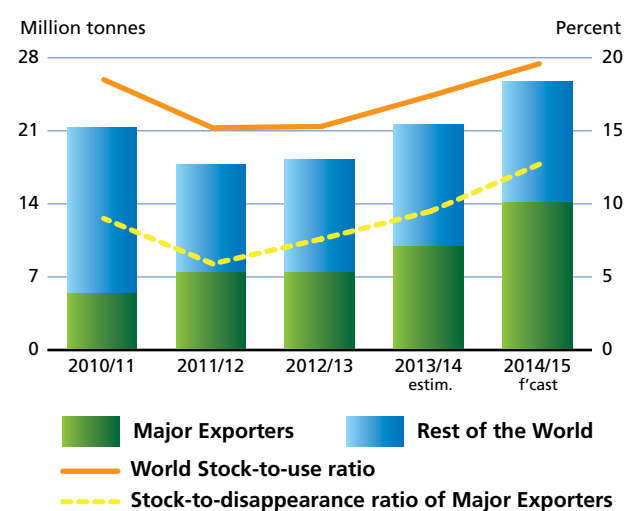
Soybean meal should play a dominant role in overall consumption growth. Weak increases are expected for all other meals with the exception of cottonseed and groundnut meal – the consumption of which may fall. As in previous years, developing nations should contribute strongly to overall growth, with countries in Asia playing a central role. In **China**, the world's largest consumer, meal demand is projected to grow by 5 to 6 percent, which is about-average. While demand from the poultry industry might remain depressed due to persisting disease problems, China's bovine and pork sectors should expand further, enhancing meal consumption. Further growth in demand is also expected in other countries in Asia as well as in Africa. In **Brazil**, **Argentina** and other South American countries, the anticipated boost in domestic meal availabilities together with new export opportunities for meat producers should spur feedstuff demand, including for oilmeals. Also among developed countries, higher domestic supplies and lower prices should stimulate demand, especially in the **United States** where, after contracting strongly for the past two seasons, meal consumption is expected to return to past levels, mainly driven by higher demand from the poultry sector. By contrast, in the **EU**, the world's second largest meal consumer, utilization may grow only minimally, partly because of large availabilities of feedgrains.

Extraordinary rise in global meal/cake inventories possible in 2014/15

Based on current forecasts, global meal production would exceed consumption by around 6 million tonnes (in protein equivalent). Such production surplus would facilitate a pronounced rebuilding of inventories, chiefly of soymeal. Total meal stocks are anticipated to increase by a stunning 19 percent or over 4 million tonnes (including the meal contained in stored oilseeds). The sharp rise – which follows on a similarly strong rise last season – is to be attributed in part to large availabilities of feedgrains, which compete with oilmeals in the international feedstuff market. This season's stock build-up should be concentrated in the **United States** and, to a lesser extent, **Brazil** and **Argentina** – the world's main suppliers of soybeans/soymeal. The United States ended its 2013/14 season with exceptionally low carry-out stocks due to a brisk export pace, but now can expect a massive replenishment of inventories – which would lift reserves to an 8-year high. According to official estimates, some 9 million tonnes of beans (in product weight) – more than half of this season's incremental production – could be earmarked for stock re-building. In Argentina, the farmers' slower than usual release of soybeans into the market might continue this season, possibly raising domestic stocks to unprecedented levels. By contrast, a moderate drop in inventories is possible in **China**, following the government's decision to discontinue public procurement of soybeans and thus dismantle public reserves.

Current forecasts would lead to a further and sharp improvement in stock-to-use ratios in 2014/15. Projected at, respectively, 20 percent and 13 percent, the global

Figure 11. World stocks and ratios of meals/cakes (in protein equivalent and including the meal contained in seeds stored)



stock-to-use ratio and the stock-to-disappearance ratio for major exporters⁷ would hit multi-year highs, which should provide scope for the recent downward trend in international meal prices to continue.

Growth in global meal trade to slow down sharply

After rising conspicuously last season, world trade in meals/cakes (including the meal contained in traded oilseeds) is projected to grow by only around 3 percent in 2014/15. Commodity-wise, record-high transactions in soybean meal are anticipated to offset falling sales of most other meals, in particular rapeseed meal.

Regarding imports, Asian countries will continue to dominate demand, with China alone accounting for one-third of global purchases. **China's** imports (mostly in the form of whole soybeans) should keep growing, although less than last season, when import demand was underpinned by a sharp expansion in domestic crush capacity. Purchases by other developing countries in Asia are anticipated to expand further, led by **Thailand, Turkey** and **Pakistan**. In the **EU**, the world's second largest buyer, imports should contract slightly from last season as incremental demand can be met by higher domestic supplies, including of feedgrains. The **United States** (a net exporter of meals) had a surge in imports last season, due to temporary shortages in domestic supplies, but in 2014/15, overseas purchases are expected to be scaled back to average levels.

⁷ Argentina, Brazil, Canada, India, Indonesia, Malaysia, Paraguay, Ukraine and the United States.

Figure 12. Meals/cake imports by region or major country (in protein equivalent and including the meal contained in seed imports)

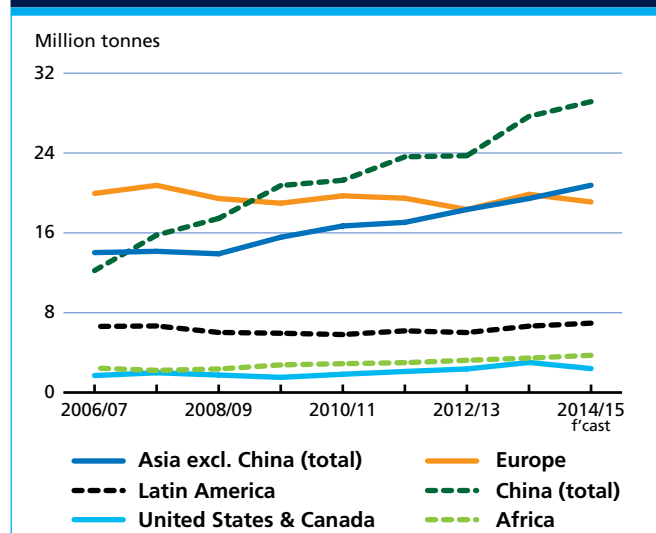
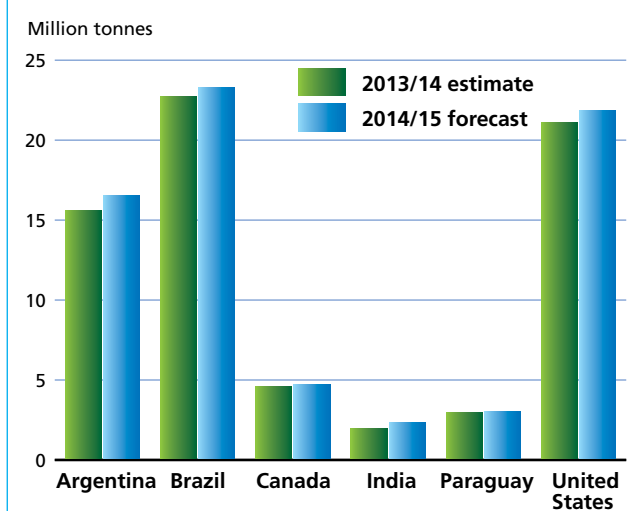


Figure 13. Meal/cake exports by major exporters (in protein equivalent and including the meal contained in seed exports)



Export growth, concerning primarily soybeans/soymeal, will be concentrated in the United States and – provided current production forecasts materialize – South America. A sizeable rise in shipments is expected in the **United States**, although the need to re-build inventories is expected to constrain exports. In 2013/14, total US shipments (including the meal contained in soybean exports) soared by 7.5 million tonnes while this season, exports could increase by a mere 1.5 million tonnes – despite this year's 17 million tonnes surge in domestic production. In **Brazil**, further expanding soybean production should sustain export growth while, in **Argentina**, higher shipments are possible on account of both large carry-in stocks and higher production. In **India**, soymeal exports are expected to recover, underpinned by increased domestic supplies.

OILCROPS: MAJOR POLICY DEVELOPMENTS: MAY TO MID SEPTEMBER 2014 *

COUNTRY	PRODUCT	DATE	POLICY CATEGORY/INSTRUMENT	DESCRIPTION
Argentina	Biodiesel	May 2014 to Dec 2015	Renewable energy policy	Suspended temporarily a tax applying to domestic biodiesel consumption in an effort to support local biodiesel producers.
	Biodiesel	June and August 2014	Renewable energy policy	Adjusted the level of export taxes and domestic retail prices for biodiesel with a view to stimulate domestic biodiesel consumption, while also maintaining adequate incentives for biodiesel exporters.
	Soybeans and other farm products	Sep-14	Market regulation	Passed - in a bid to control domestic food price inflation - legislation that would enable the government to regulate the production and release of farm products into the market.
Australia	Biofuel	May-14	Renewable energy policy	Announced plans to cut federal subsidies and end tax concessions granted to the domestic ethanol and biodiesel industries.
Brazil	Arable crops	May-14	Agricultural policy	Renewed agricultural support programmes, focusing on investment aid, support to family-based farming and marketing loans.
	Biodiesel	Aug-14	Renewable energy policy	Raised mandatory blending of transportation fuel with biodiesel to 7% (effective November 2014) and established that biodiesel feedstock ought to originate from small and medium-sized family farms.
	Biodiesel	May-14	Renewable energy policy	Ontario Province introduced mandatory blending of transport fuel with 2% of biodiesel.
Canada	Sunflower seed	Jun-14	Sector development assistance	Supported research and development programmes for the development of new varieties of sunflower seed.
	Grains and oilseeds	Aug-14	Market regulation	Extended regulation of domestic national transport sector to November 2014, to prevent logistical bottlenecks in moving grains/oilseeds to ports.
	Rapeseed meal	May-14	Import policy	Relaxed restrictions on importations of rapeseed meal from Canada.
China	Soybeans and rapeseed	May-14	Public procurement/state reserves	Discontinued public procurement and stockpiling programme for soybeans, while leaving the equivalent programme for rapeseed in place.
	Edible oils	Aug-14	Health policy	Adopted stringent pesticide residue standards for edible oils.
	Jatropha	Aug-14	Renewable energy policy	Launched a 5-year development programme with a view to expand domestic biofuel production, using jatropha oil as feedstock.
Ethiopia	Sunflower oil	Jun-14	Import policy	Relaxed phytosanitary restrictions on importations of sunflower oil from Ukraine.
European Union	Saturated fatty alcohols	May-14	Import policy	Initiated safeguard investigation on imports of vegetable oil fractions suspected to harm the domestic oil refining industry.
	Sunflower, sesame, niger seed	Jun-14	Producer support prices	Raised minimum support prices for selected kharif oilseed crops.
	Soybean oil	Aug-14	Import policy	Authorized imports of GM soybean oil.
	Oilmeals	Aug-14	Import policy	Exempted oilmeals (except copra, cottonseed and palm kernel meal) from import duties until December 2014 in a bid to ease domestic supply shortages and bring down local oilmeal prices.
Indonesia	Biodiesel	Jun-14	Trade policy	Requested formal WTO consultations with the EU concerning the anti-dumping measures imposed on imports of biodiesel into the EU.
	Palm oil	May to Sept 2014	Export tax	Left in place sliding export tax regime aimed at preventing hikes in consumer prices and at stimulating growth in downstream palm oil processing.

COUNTRY	PRODUCT	DATE	POLICY CATEGORY/INSTRUMENT	DESCRIPTION
Malaysia	Oil palm	May-14	Sector development assistance	Provided financial assistance to smallholders to undertake replanting and new planting of oil palm.
	Biofuel	May-14	Sector development assistance	Allocated development grants for the production and commercialization of second-generation biofuels produced from non-food oil palm biomass.
	Biodiesel	Aug-14	Renewable energy policy	Deferred nation-wide implementation of a higher mandatory blending rate, due to delays in the construction of blending facilities.
	Palm oil	May to Oct 2014	Export tax	Left in place sliding export tax regime for palm oil aimed at the protection of domestic growers and refiners, but, effective 1 st September, suspended the tax for two months to stimulate exports and contain stock levels, with a view to reverse the recent decline in domestic palm oil prices.
Nigeria	Oil palm	May-14	Sector development assistance	Provided oil palm seedlings, fertilizers and agro-chemicals to farmers to enhance oil palm cultivation.
Pakistan	Soymeal	Aug-14	Import policy	Raised import duty of soybean meal to stimulate domestic meal production.
	Rapeseed	Aug-14	Sector development assistance	Launched a new initiative to promote domestic oilseed cultivation in a bid to raise domestic supply and reduce dependence on imported edible oil.
Russian Federation	Oilseeds	Jun-14	Sector development assistance	Approved a 2-year programme to promote the development of the domestic oilseed and vegetable oil industry.
	Soybeans, soymeal and sunflower seed	Aug-14	Import policy	Suspended imports of Ukrainian soybean, soymeal and sunflower seed following a breach of phytosanitary requirements.
Rwanda	Soybeans	Aug-14	Production support	Promoted commercial soybean cultivation in a bid to raise domestic supplies and reduce dependence on imports.
Thailand	Edible oils	June to Nov 2014	Consumer policy	Obtained private sector agreement not to raise retail prices for edible oils for a 6-month period.
Ukraine	Oilmeals	May-14	Export policy	Removed requirement of phytosanitary certificates for oilmeal exports.
United States of America	Food products	May-14	GMO labelling	State of Vermont introduced mandatory labelling for processed GM foods and for displays of unpackaged GM products by retailers.
	Biofuel	May-14	Renewable energy policy	State of Minnesota introduced higher mandatory blending requirements for the summer months.
	Agricultural commodities	May-14	Agricultural policy	Enhanced the access of small and mid-sized producers to low-interest financing for building or upgrading facilities to store and handle commodities.
	Vegetable oils	May-14	Import policy	Lowered temporary countervailing duty on vegetable oils as per original commitment.
Vietnam	Feedstuff	Sep-14	Value added tax	Did away with the value added tax (VAT) on animal feedstuff, including oilmeals/cakes (of domestic or imported origin), in a bid to help the country's livestock industry cope with high feed costs and falling meat prices.

* A collection of major policy developments starting in January 2011 is available at: <http://www.fao.org/economic/est/commodities/commodity-policy-archiv/en7groupANDCommodity=Oilseeds,%20oils%20and%20meals>

APPENDIX TABLE 10: TOTAL OILCROPS STATISTICS (million tonnes)

	Production ¹			Imports			Exports		
	10/11-12/13 average	2013/14 <i>estim.</i>	2014/15 <i>f'cast</i>	10/11-12/13 average	2013/14 <i>estim.</i>	2014/15 <i>f'cast</i>	10/11-12/13 average	2013/14 <i>estim.</i>	2014/15 <i>f'cast</i>
ASIA	133.0	135.4	132.9	82.7	99.1	105.1	2.6	2.7	2.4
China	59.9	59.2	57.0	62.7	77.8	81.9	1.2	1.0	1.0
of which Taiwan Prov.	0.1	0.1	0.1	2.3	2.3	2.5	-	-	-
India	37.8	38.6	38.5	0.2	0.2	0.2	0.8	0.8	0.7
Indonesia	9.8	10.9	11.1	2.0	2.2	2.3	0.1	0.1	0.1
Iran, Islamic Republic of	0.7	0.7	0.7	0.6	0.5	0.7	-	-	-
Japan	0.3	0.3	0.3	5.6	5.7	6.0	-	-	-
Korea, Republic of	0.2	0.2	0.2	1.6	1.5	1.6	-	-	-
Malaysia	4.9	5.1	5.1	0.7	0.7	0.8	-	0.1	0.1
Pakistan	5.2	5.4	5.4	1.2	1.3	1.5	-	-	-
Thailand	0.7	0.8	0.8	2.0	2.0	2.3	-	-	-
Turkey	2.6	3.1	2.8	2.2	2.2	2.4	0.1	0.1	-
AFRICA	17.2	17.6	17.5	3.2	3.6	3.9	0.8	0.7	0.8
Nigeria	4.8	5.0	5.1	-	-	-	0.2	0.1	0.1
CENTRAL AMERICA	1.5	1.6	1.6	6.1	6.5	6.8	0.2	0.1	0.1
Mexico	1.0	1.1	1.2	5.5	5.8	6.1	-	-	-
SOUTH AMERICA	142.6	164.8	173.3	1.3	2.3	1.9	52.6	64.8	65.4
Argentina	51.0	57.6	59.3	0.1	0.1	-	8.8	9.5	9.4
Brazil	78.1	89.9	96.4	0.2	0.9	0.2	36.2	46.3	46.8
Paraguay	7.3	9.6	9.8	-	-	-	4.7	4.9	5.0
NORTH AMERICA	115.5	122.3	137.8	2.2	4.2	2.2	50.9	59.5	61.2
Canada	19.7	24.7	21.3	0.6	0.6	0.7	11.7	13.7	13.8
United States of America	95.8	97.6	116.5	1.6	3.6	1.4	39.1	45.9	47.4
EUROPE	53.9	64.0	67.3	19.2	22.1	19.8	4.4	6.2	6.7
European Union	29.2	32.2	34.5	17.7	19.7	17.9	0.9	1.1	1.1
Russian Federation	10.3	13.1	13.6	1.0	1.8	1.3	0.3	0.4	0.5
Ukraine	12.3	16.3	16.7	-	-	-	2.9	4.2	4.7
OCEANIA	5.4	5.6	5.0	0.1	-	0.1	3.2	3.6	3.0
Australia	5.0	5.2	4.6	-	-	-	3.1	3.5	2.9
WORLD	469.0	511.2	535.4	114.7	137.7	139.7	114.7	137.7	139.6
Developing countries	288.8	313.2	319.6	86.9	104.7	110.6	56.1	67.9	68.5
Developed countries	180.2	198.1	215.8	27.9	33.0	29.0	58.6	69.8	71.2
LIFDCs	125.7	126.2	124.3	63.5	78.9	83.2	3.2	3.2	3.0
LDCs	10.9	10.9	10.9	0.4	0.4	0.4	0.5	0.4	0.5

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.

APPENDIX TABLE 11: TOTAL OILS AND FATS STATISTICS (*million tonnes*)

	Imports			Exports			Utilization		
	10/11-12/13	2013/14	2014/15	10/11-12/13	2013/14	2014/15	10/11-12/13	2013/14	2014/15
	average	estim.	f'cast	average	estim.	f'cast	average	estim.	f'cast
ASIA	41.1	42.9	45.0	45.8	47.2	48.4	92.8	104.1	108.3
Bangladesh	1.5	1.6	1.7	-	-	-	1.7	1.9	2.0
China	11.3	11.4	11.5	0.6	0.7	0.6	34.3	37.9	39.1
of which Taiwan Prov.	0.4	0.4	0.4	-	-	-	0.8	0.8	0.9
India	10.0	11.4	12.4	0.5	0.5	0.5	19.6	21.3	21.9
Indonesia	0.1	0.1	0.1	21.4	23.6	23.9	8.5	11.2	12.2
Iran	1.7	1.3	1.9	0.2	0.1	0.2	1.9	1.9	2.1
Japan	1.2	1.3	1.3	-	-	-	3.1	3.2	3.2
Korea, Republic of	1.0	1.0	1.0	-	-	-	1.4	1.4	1.4
Malaysia	2.4	1.2	1.4	19.3	18.6	19.4	3.9	4.7	5.2
Pakistan	2.4	2.6	2.6	0.2	0.1	0.1	4.0	4.3	4.5
Philippines	0.6	0.8	0.9	1.0	0.8	0.9	1.4	1.6	1.7
Singapore	0.9	0.8	0.9	0.2	0.2	0.2	0.7	0.7	0.7
Turkey	1.5	1.8	1.9	0.5	0.8	0.8	2.5	2.8	2.9
AFRICA	8.5	9.1	9.5	1.7	1.7	1.7	14.2	15.0	15.4
Algeria	0.6	0.6	0.6	-	-	-	0.7	0.7	0.8
Egypt	1.8	1.9	2.0	0.4	0.3	0.3	1.9	2.1	2.2
Nigeria	1.0	1.1	1.2	0.1	0.1	0.1	2.8	2.9	3.0
South Africa	0.9	0.8	0.9	0.1	0.1	0.1	1.3	1.3	1.4
CENTRAL AMERICA	2.5	2.6	2.7	0.8	1.0	1.0	4.8	5.1	5.3
Mexico	1.3	1.4	1.5	0.1	-	0.1	3.2	3.4	3.5
SOUTH AMERICA	2.8	3.1	3.2	8.7	8.5	9.2	15.2	16.8	18.6
Argentina	0.1	-	-	5.4	5.1	5.5	3.3	4.1	4.3
Brazil	0.6	0.7	0.7	1.9	1.5	1.8	7.7	8.1	9.5
NORTH AMERICA	4.6	4.9	4.8	6.9	6.6	6.6	18.8	19.2	19.8
Canada	0.6	0.5	0.6	3.2	3.3	3.2	1.2	1.3	1.3
United States of America	4.1	4.4	4.3	3.6	3.2	3.3	17.6	17.9	18.5
EUROPE	13.2	13.7	13.0	7.7	10.2	10.1	36.3	37.0	37.9
European Union	10.8	11.2	10.6	2.9	3.0	3.1	29.9	30.8	31.3
Russian Federation	1.1	1.1	1.1	1.3	2.4	2.3	4.0	4.0	4.2
Ukraine	0.3	0.3	0.3	3.2	4.3	4.2	1.0	0.8	1.0
OCEANIA	0.6	0.7	0.7	1.8	1.9	1.9	1.1	1.2	1.4
Australia	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.9	1.0
WORLD	73.3	77.1	78.9	73.4	77.1	78.9	183.2	198.4	206.6
Developing countries	52.3	55.1	57.6	57.5	59.0	60.9	121.7	135.5	142.0
Developed countries	21.0	22.0	21.3	15.8	18.1	18.0	61.5	62.9	64.6
LIFDCs	32.0	34.7	36.1	4.3	4.3	4.3	73.0	79.9	82.1
LDCs	5.2	5.7	5.8	0.4	0.4	0.4	8.3	8.8	8.9

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

APPENDIX TABLE 12: TOTAL MEALS AND CAKES STATISTICS¹ (million tonnes)

	Imports			Exports			Utilization		
	10/11-12/13 average	2013/14	2014/15	10/11-12/13 average	2013/14	2014/15	10/11-12/13 average	2013/14	2014/15
		<i>estim.</i>	<i>f'cast</i>		<i>estim.</i>	<i>f'cast</i>		<i>estim.</i>	<i>f'cast</i>
ASIA	31.3	35.0	37.8	15.4	16.1	16.2	131.1	144.6	152.1
China	3.2	2.9	3.1	1.4	2.5	1.5	71.6	80.0	84.3
of which Taiwan Prov.	0.5	0.5	0.6	-	-	-	2.4	2.4	2.6
India	0.2	0.2	0.3	5.7	4.3	5.2	12.0	12.5	12.8
Indonesia	3.5	4.0	4.3	3.4	4.1	4.2	5.3	5.8	6.1
Japan	2.6	2.7	2.9	-	-	-	6.7	6.5	6.9
Korea, Republic of	3.5	4.0	4.2	0.1	0.1	0.1	4.7	5.0	5.2
Malaysia	1.2	1.4	1.6	2.5	2.6	2.6	1.9	2.1	2.2
Pakistan	0.7	0.9	1.2	0.2	0.2	0.2	3.3	3.8	3.9
Philippines	2.0	2.4	2.4	0.5	0.5	0.5	2.4	2.8	2.8
Saudi Arabia	0.7	0.8	0.9	-	-	-	0.7	0.8	0.9
Thailand	3.2	3.2	3.7	0.1	0.2	0.1	5.4	5.6	5.9
Turkey	1.7	2.2	2.6	0.2	0.2	0.1	3.9	4.7	5.1
Viet Nam	3.5	3.8	4.0	0.1	0.2	0.2	4.1	4.9	5.3
AFRICA	4.6	5.3	5.6	0.9	1.0	1.0	11.1	12.0	12.4
Egypt	1.0	1.1	1.1	-	-	-	2.5	2.7	2.7
South Africa	1.3	1.3	1.4	0.1	0.1	0.1	2.1	2.3	2.3
CENTRAL AMERICA	3.4	3.5	3.8	0.2	0.2	0.2	8.2	8.5	9.0
Mexico	1.8	1.8	2.1	0.1	0.1	0.1	6.1	6.3	6.7
SOUTH AMERICA	4.9	5.2	5.6	45.1	46.6	49.4	23.7	26.0	30.1
Argentina	-	-	-	27.0	27.2	29.3	2.5	3.8	4.9
Bolivia	-	-	-	1.4	1.5	1.5	0.1	0.1	0.1
Brazil	0.2	-	-	14.0	13.8	14.6	14.6	15.0	17.6
Chile	1.0	1.2	1.3	0.3	0.3	0.3	1.4	1.6	1.7
Paraguay	-	-	-	1.1	2.5	2.5	0.5	0.6	0.4
Peru	0.9	0.9	1.0	1.2	1.0	1.0	1.0	1.1	1.2
Venezuela	1.3	1.3	1.4	-	-	-	1.4	1.5	1.5
NORTH AMERICA	4.2	5.0	5.1	13.6	15.4	15.7	34.9	32.7	35.3
Canada	1.2	1.1	1.3	4.1	4.5	4.4	2.3	2.1	2.3
United States of America	3.1	4.0	3.8	9.5	10.9	11.3	32.6	30.6	33.0
EUROPE	31.2	30.7	30.3	6.6	8.0	8.4	61.4	63.9	64.9
European Union	28.5	28.1	28.3	1.4	1.0	1.4	54.0	56.0	56.1
Russian Federation	0.6	0.5	0.6	1.6	2.6	2.6	4.2	4.5	5.0
Ukraine	-	-	-	3.1	4.0	3.9	0.8	0.8	1.0
OCEANIA	2.4	2.9	3.0	0.2	0.2	0.2	3.1	3.6	3.9
Australia	0.8	0.9	1.1	0.1	0.1	0.1	1.4	1.5	1.8
WORLD	82.1	87.5	91.2	82.1	87.5	91.2	273.6	291.1	307.8
Developing countries	39.8	44.3	47.8	61.4	63.7	66.6	163.4	180.3	192.5
Developed countries	42.3	43.2	43.4	20.6	23.8	24.5	110.1	110.8	115.3
LIFDCs	8.8	9.6	10.3	9.0	8.7	8.8	96.1	106.3	111.2
LDCs	0.6	0.7	0.7	0.4	0.4	0.4	3.7	3.8	3.8

¹ Expressed in product weight; includes meals and cakes derived from oilcrops as well as fish meal and other meals from animal origin.

APPENDIX TABLE 24: SELECTED INTERNATIONAL PRICES FOR OILCROP PRODUCTS (USD/tonne)

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	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sept)								
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	422	826	627	385	196	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
2013/14	521	949	867	534	324	194	189	253
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
2014 - January	566	935	871	539	337	208	189	256
2014 - February	594	991	911	571	361	219	198	271
2014 - March	501	1001	959	582	396	193	205	278
2014 - April	516	1005	911	563	375	198	199	269
2014 - May	522	973	896	552	340	197	195	263
2014 - Jun	514	933	859	531	304	192	189	251
2014 - Jul	480	886	839	477	272	178	181	226
2014 - Aug	457	855	755	485	265	170	167	229
2014 - Sep	433	850	714	463	265	162	162	219

¹ Spot prices for nearest forward shipment

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

³ Soybean oil: Dutch, fob ex-mill.

⁴ Palm oil: Crude, c.i.f. Northwest Europe.

⁵ Soybean cake: Pellets, 44/45 percent, Argentina, c.i.f. Rotterdam.

⁶ Rapeseed meal: 34 percent, Hamburg, f.o.b. ex-mill.

Notes:

- The indices are based on the international prices of five selected seeds, ten selected oils and five selected cakes and meals.
- The sudden drop in the FAO price index for oilseeds in March 2014 (as well as in May 2013) is due to a structural break in the underlying price series for soybeans (US no.2 yellow, c.i.f. Rotterdam), the component with the highest weight. A look at alternative reference prices for soybeans reveals that, during March and April 2014, international soybean values have actually appreciated further rather than falling. For a detailed explanation of the anomalous trend in the soybean reference price, please refer to issue no. 58 of the Oilcrops Monthly Price and Policy Update (MPPU), which can be downloaded through the following link.

http://www.fao.org/fileadmin/templates/est/COMM_MARKETS_MONITORING/Oilcrops/Documents/MPPU_April_14.pdf

Sources: FAO and Oil World.