



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

No. 112, November 2018

- short version -

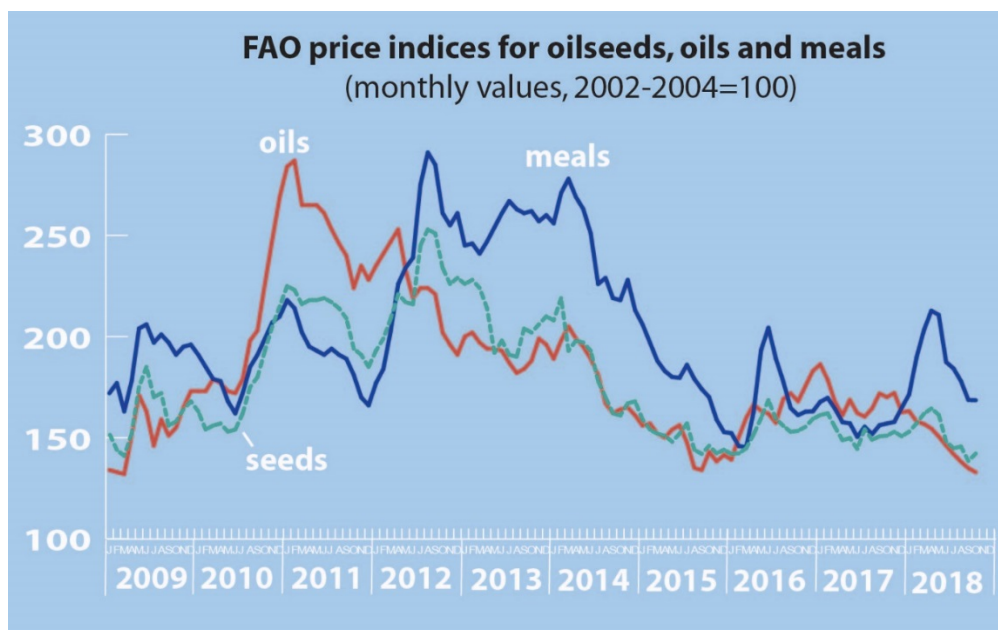
Global price review

In October, FAO's price index for oilseeds rebounded modestly from the multi-year low recorded in September, gaining 3.7 points (or 2.6 percent) but remaining below the level of the corresponding month in 2017. By contrast, the price index for vegetable oils has fallen for the ninth consecutive month, shedding 2 points (or 1.5 percent) and marking the lowest level since April 2009. The oilmeal price index remained virtually unchanged from September, staying above last year's level.

The slight recovery in the oilseed index primarily reflects strengthening soybean values, whilst quotations for rapeseed and sunflowerseed stabilised or weakened fractionally in October. After falling in September to their lowest level since June 2007 international soybean prices rebounded somewhat, mostly mirroring concerns

over harvest delays in the US (following excessive rainfall in some growing regions) and robust global import demand amid tightening old crop availabilities in Brazil and Argentina. Furthermore, the entente reached by the US, Mexico and Canada to replace the North American Free Trade Agreement (NAFTA) with the United States-Mexico-Canada Agreement (USMCA) served as a positive signal for US farmers by securing overseas demand for US soybeans. Nonetheless, towards the end of October, soybean prices came under renewed downward pressure as harvesting activities in the US regained pace amid improved weather conditions in the Midwest. In the meantime, production prospects in South America, where soybean plantings have commenced, are attracting increased attention. While sowing conditions in

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* The **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. This particular issue only reviews price developments observed in **October 2018**. Previous issues can be downloaded from the FAO website at the following URL:
<http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/>

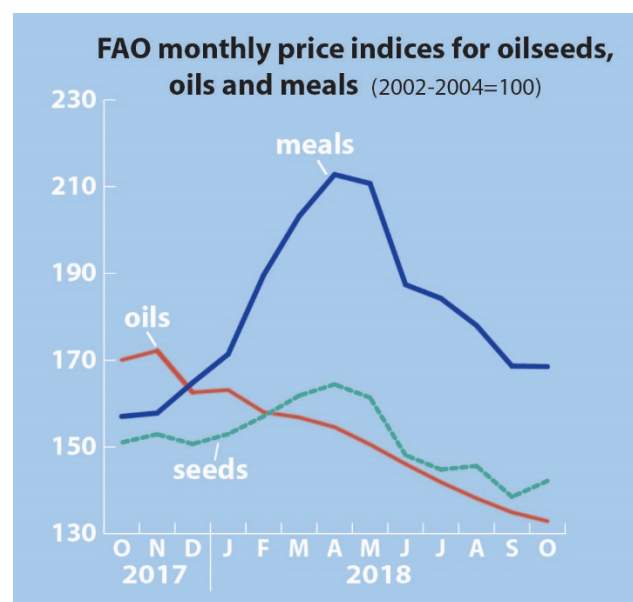
Global price review – *cont'd*

both Brazil and Argentina are generally favourable, any disruptions would impinge on market sentiment during this critical period. International rapeseed prices remained steady, as the market was digesting the impact of both improving harvest conditions in Canada and tightening balances in the EU and Australia. In the EU, unfavourable planting conditions for the new crop (following prolonged drought) together with attractive prices of competing crops could lead to a further contraction in rapeseed supplies in the 2019/20 season. As to sunflowerseeds, international prices continued to weaken amid persistent harvesting pressures in the Black Sea region.

FAO's price index for oilmeals did not follow the upward trend observed for oilseeds, remaining virtually unchanged instead. During the first half of October, the prices of soy meal (the single most important component of the index) firmed on concerns over supply tightness in China, only to contract again towards the end of the month, when China's feed industry revised its voluntary standards for animal feed, lowering the recommended protein levels in pig and poultry feed. The industry's move came in addition to China's decision to lift its long-standing ban on rapeseed meal imports from India earlier in the month.

With regard to FAO's vegetable oil index, the latest slide was mostly driven by falling palm oil quotations, whereas the prices of soyoil and rapeseed oils gained momentum, departing from the downward path observed earlier in the season. As for palm oil, recent favourable production conditions in Southeast Asia, combined with

sluggish global import demand, led to burdensome inventory levels in Malaysia and Indonesia, which caused prices to drop for the seventh month in succession, recording 9½-year lows. On the other hand, soy oil prices recovered somewhat, after falling uninterruptedly since the beginning of this year, underpinned in part by firming crude mineral oil prices that stimulated demand for soft oils from the biodiesel sector. Additional support stemmed from the looming setback of crushing activities in Brazil, which is tied to the country's prospective lower soybean availabilities. International rapeseed oil quotations rebounded sharply (climbing to the highest level since December 2017), mostly mirroring concerns over tighter availabilities in Canada and Australia and worries about the EU's 2019/20 crop. Reportedly, exceptionally low water levels that hindered river transportation in central and northern Europe also lent support to prices. International sunflower oil prices remained essentially unchanged from September.



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	FAO Indices (2002–2004=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
2004/05	104	103	101
2005/06	100	107	96
2006/07	129	150	128
2007/08	216	246	214
2008/09	157	146	179
2009/10	162	177	183
2010/11	214	259	200
2011/12	214	232	219
2012/13	213	193	255
2013/14	194	189	253
2014/15	155	153	194
2015/16	151	155	168
2016/17	154	160	171
2017/18	153	154	182
Monthly			
2017 - April	149	161	158
2017 - May	150	169	157
2017 - June	144	162	150
2017 - July	154	160	155
2017 - August	149	164	152
2017 - September	151	172	156
2017 - October	151	170	157
2017 - November	153	172	158
2017 - December	151	163	165
2018 - January	153	163	171
2018 - February	157	158	190
2018 - March	162	157	203
2018 - April	164	155	213
2018 - May	161	151	211
2018 - June	148	146	187
2018 - July	145	142	184
2018 - August	146	138	178
2018 - September	139	135	169
2018 - October	142	133	169
¹ The FAO price 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. Source: FAO, based on Oil World data			

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