



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

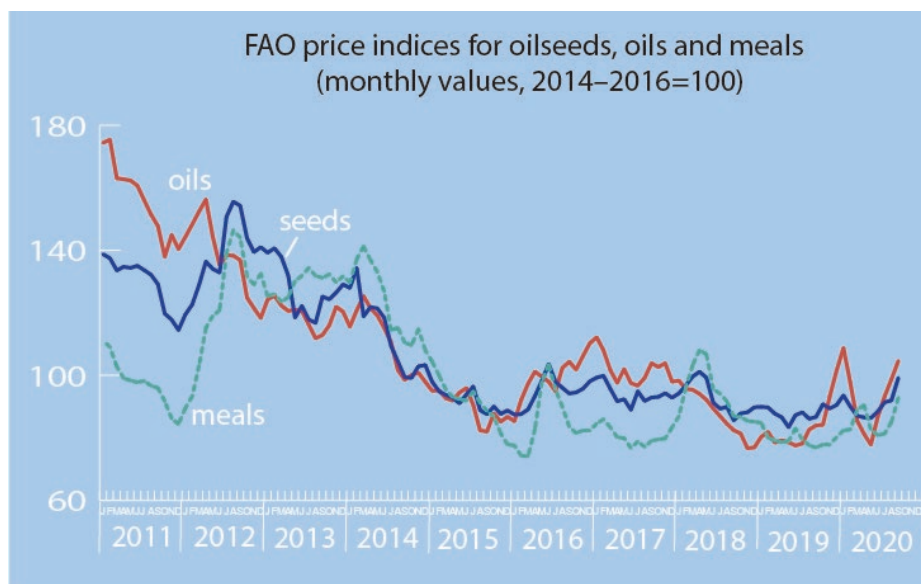
Global price review

The month of September saw a further rise in all three FAO price indices tracking the oilcrops complex. The price index for oilseeds rose for the fourth consecutive month, gaining 7.2 points (or 7.8 percent) and reaching its highest level since May 2018, while the index for oilmeals increased 7.8 points (or 9.2 percent) to a two-year high. The vegetable oil index also rose by 5.9 points (or 6.0 percent), marking an eight-month high. All three indices fared markedly above their year-earlier levels.

The fresh rise in the oilseeds index mainly reflects higher prices of soybean, sunflowerseed and rapeseed. International soybean quotations maintained their upward momentum, notably during the first half of September, tied to reports of: i) unfavourable weather conditions in key

growing regions of the United States of America (USA), where the 2020 harvest is underway; and ii) continued large purchases of USA soybeans by China. In addition, protracted dry weather in South America, where the 2020/21 soybean campaign is about to start, together with the prospective development of La Niña conditions, raising questions about the projected surge in the region's output. Furthermore, in Argentina, it remains to be seen how the country's uncertain export taxation policies and exchange rate developments are going to affect farmers' planting decisions. Towards the end of September, the international soybean market stabilized, as rapid harvest progress in the USA contained further upside movement in prices.

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* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Markets and Trade Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. This particular issue only reviews price developments observed in **September 2020**. 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

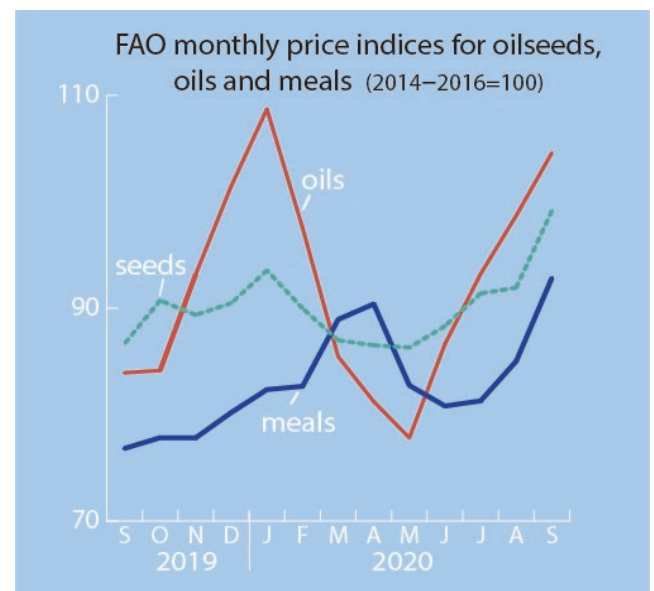
International sunflowerseed quotations rose sizably in September and reached their highest level since end-2015, largely underpinned by deteriorating production prospects in the Black Sea region due to detrimental weather conditions in major growing regions. As for rapeseed, international prices increased moderately, supported by lingering supply tightness in the EU and unfavourable harvesting conditions in pockets of Canada.

With regard to oilmeals, FAO's price index increased for the third consecutive month, mainly reflecting higher soymeal values. In China, the world's leading soymeal user, rapid rebuilding of the country's hog herds (following the African swine fever epidemic) continued boosting domestic feed demand, as did higher soymeal inclusion rates in feed rations due to more attractive meal prices. In addition, exportable supplies out of Argentina and Brazil, the world's two leading soymeal exporters, continued to be limited by a slow pace of crushings.

As for vegetable oils, the further increase in the price index primarily stemmed from rising price quotations for palm, sunflowerseed and soy oils, and, to a lesser extent, rapeseed oil. In September, international palm oil prices rose markedly for the fourth month in succession, largely tied to fresh global import demand, notably from China, and reports of lower than expected inventory levels in Malaysia. Furthermore, palm oil output in South-east Asian countries continued to be monitored closely, amid concerns that the production acceleration typical for this time of the year may not fully materialize. In recent weeks, in addition to the lagged effect of low fertilizer applications and unfavourable weather conditions in 2019,

harvesting and processing operations have been increasingly affected by labour force reductions, especially in Malaysia, where numerous plantations are suffering from acute shortages of migrant labourers triggered by policies to stem the spread of COVID-19. Moreover, towards the end of September, Malaysia's top producing state, Sabah, considered imposing a new set of temporary restrictions on palm oil producers, in an effort to contain fresh outbreaks of COVID-19.

International sunflower oil prices recorded a sharp increase in September and reached multi-year highs, primarily fuelled by the above-mentioned concerns regarding crops in the Black Sea region. Interestingly, towards the end of the month, prices started cooling down on demand rationing, after price premiums over competing vegetable oils had climbed to record highs. As for soyoil, international prices continued rising, supported by the slow pace of crushings in South America and firm demand for biodiesel in the USA, while, in the case of rapeseed oil, prices remained firm in response to prolonged global supply tightness.



For comments or queries please use the following Email contact: FAO-oilcropsmarkets@fao.org

	FAO price indices (2014–2016=100) ¹		
	Oilseeds	Vegetable oils	Oilcakes/ meals
Annual (Oct/Sep)			
2005/06	62	67	49
2006/07	80	93	66
2007/08	133	153	109
2008/09	96	90	89
2009/10	100	109	92
2010/11	132	159	102
2011/12	132	143	111
2012/13	131	120	129
2013/14	120	116	128
2014/15	95	93	99
2015/16	93	95	85
2016/17	95	103	81
2017/18	94	94	93
2018/19	88	80	81
2019/20	90	93	84
Monthly			
2019 - July	88	78	79
2019 - August	86	83	78
2019 - September	87	84	77
2019 - October	91	84	78
2019 - November	89	93	78
2019 - December	90	101	80
2020 - January	94	109	82
2020 - February	90	98	83
2020 - March	87	85	89
2020 - April	87	81	90
2020 - May	86	78	83
2020 - June	88	87	81
2020 - July	91	93	81
2020 - August	92	99	85
2020 - September	99	105	93

¹ FAO's price indices are based on the international spot prices of five selected seeds, ten selected vegetable oils and five selected cakes and meals. The indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 2014–2016 period.

Source: FAO, based on Oil World data

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