



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

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- short version -

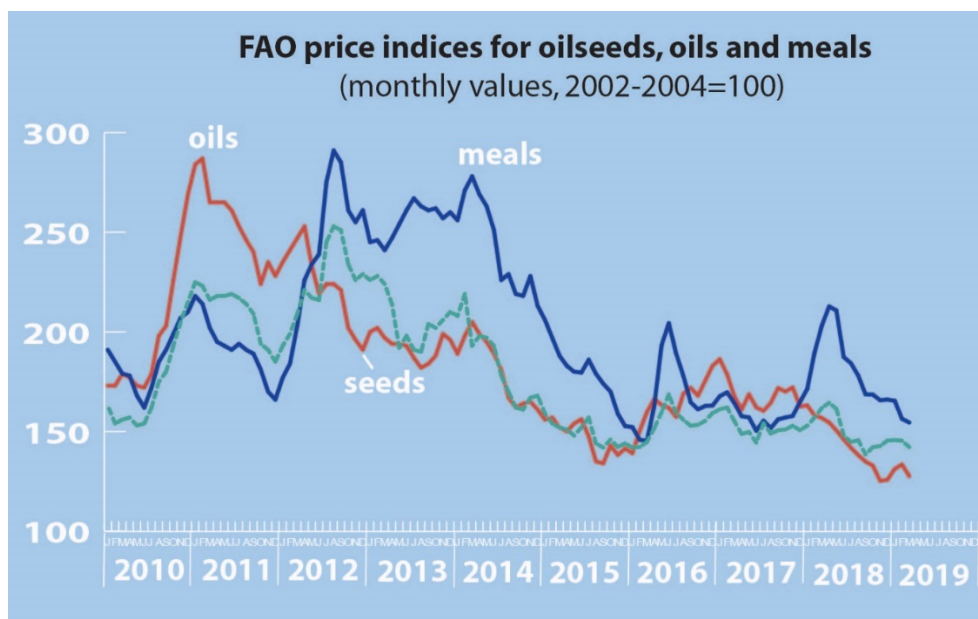
Global price review

In March, all three FAO price indices trailing the oilseed complex slipped downward. While the indices for oilseeds and oilmeals shed, respectively, 3.2 and 1.9 points (or 2.2 and 1.2 percent) from their February level, the vegetable oil index fell by as much as 5.9 points (or 4.4 percent), thus reversing the upward trend observed during the three preceding months. Although all three indices continued to fare below their respective year-earlier levels, the oilmeal index dropped to its lowest value since September 2017.

The modest drop in the oilseed price index mainly reflected weakening values of soybeans and rapeseed, while sunflowerseed quotations remained virtually unchanged. After fluctuating in a narrow range for three months in a row,

international soybean prices finally fell by 2.4 percent in March, marking a 5-month low. Besides responding to improved crop prospects in parts of South America due to favourable weather conditions, markets also reacted to a slowdown in the US-China trade talks, which thwarted hopes for an imminent agreement. Despite recent Chinese purchases of US soybeans, aggregate US shipments to China since the start of the marketing year remained well below expectations, thus idling plans to scale down the United States' record-high old crop inventories. Furthermore, recent flooding was expected to slow down fieldwork in the United States' Midwest, possibly encouraging farmers to plant less maize and more soybeans (which are sown later) than originally planned – a scenario that would exacerbate the country's already burdensome supply situation.

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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 **March 2019**. 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/>

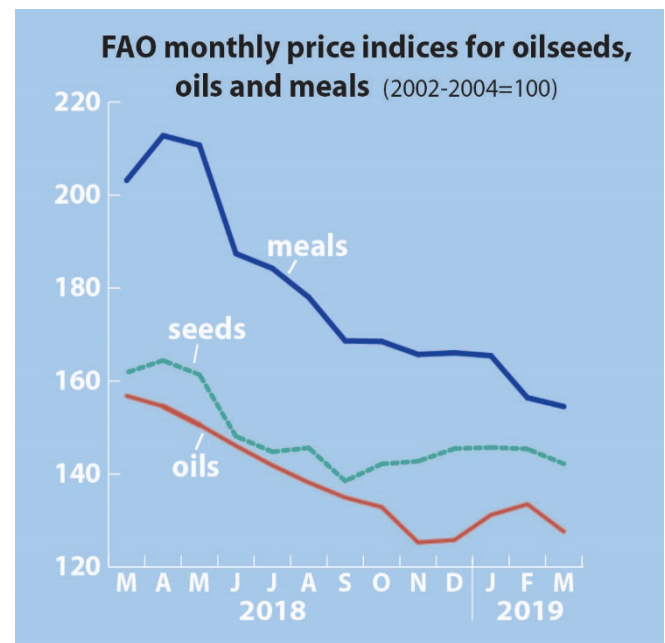
Global price review – cont'd

Rapeseed prices also weakened in March, in part reflecting trade policy measures. China, one of the world's leading rapeseed importers, suspended imports from two major Canadian rapeseed suppliers, citing phytosanitary reasons. The news gave rise to concerns that the trade flow disruption could push up Canada's inventories to burdensome levels, which – combined with reports of subdued rapeseed demand in the EU and increased 2019/20 plantings in Australia, Eastern Europe as well as Canada– exerted considerable downward pressure on prices. As for international sunflowerseed values, the upward trend observed in January and February came to a halt in March, given improved farmer selling in northern hemisphere countries and a larger-than-earlier anticipated harvest in Argentina.

The fresh drop in the price index for oilmeals mostly followed the course of the oilseeds index. While sluggish global demand and ample inventories continued to weigh on soymeal prices, the aforementioned developments in the rapeseed sector prompted concerns over possible slowdowns in global rapeseed meal trade, hence depressing international prices.

With respect to vegetable oil, the latest drop in FAO's price index mainly reflected weakening values of palm, soy and rapeseed oil. After three consecutive increases, international palm oil

quotations contracted markedly in March, reflecting the onset of seasonal output increases as well as fresh concerns over subdued global import demand and ensuing stock build-ups in key exporting countries. Additional steps taken in the EU towards a gradual phasing-out of palm oil-based biodiesel also affected market sentiment. Meanwhile, international soyoil prices retreated as profitable margins continued to boost crushings in the US, contributing to higher than expected oil production and inventory levels. International rapeseed oil prices dropped to an 11 month-low in March, under the influence of rising rapeseed inventory levels in Canada and good crop prospects in the Black Sea region.



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	FAO price 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 - 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
2018 - November	143	125	166
2018 - December	145	126	166
2019 - January	146	131	165
2019 - February	145	134	156
2019 - March	142	128	155

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 2002–2004 period.

Source: FAO, based on Oil World data