



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 142, May 2021

- short version -

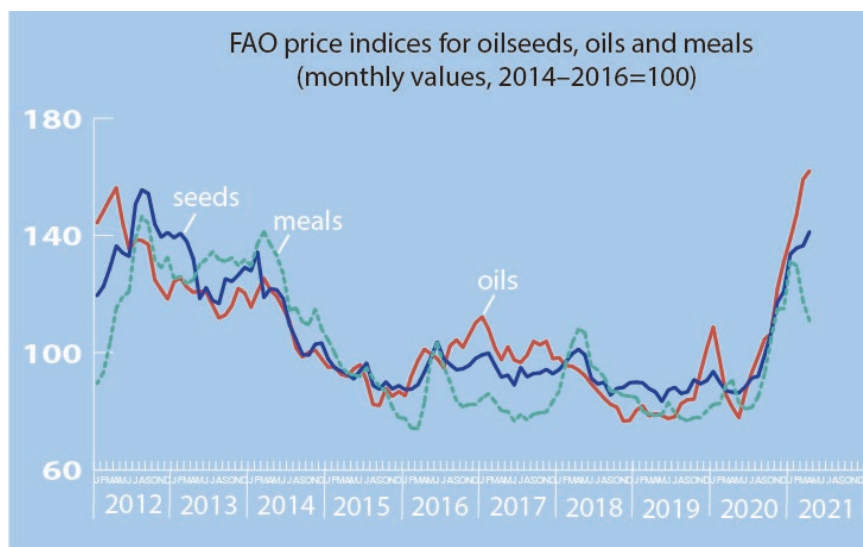
Global price review

In April, FAO's price index for oilseeds remained on an upward trajectory, up for the eleventh consecutive month, rising by 4.8 points (or 3.5 percent) to its highest level since October 2012. The vegetable oils index also kept rising, gaining 2.9 points (or 1.8 percent) and faring at ten-year highs. By contrast, the index for oilmeals contracted for a third month in succession, shedding 6.6 points (or 5.6 percent) and posting a six-month low. Compared to their year-earlier values, all three indices stood above the corresponding month of last year, with vegetable oil and oilseed prices registering the strongest rises.

The latest increase in the oilseed index mainly reflected higher soybean and rapeseed prices, more than offsetting reduced sunflowerseed

values. After falling marginally in March, international soybean quotations regained momentum and climbed to seven-year highs in April. In the United States of America, a record export pace combined with robust crushing demand kept forecasts for 2020/21 carryout stocks at multi-year lows. In addition, reports of lower-than-expected planting intentions and accounts of below-average temperatures and dry conditions in parts of the country's main soy growing regions casted doubts over the supply prospects for the upcoming 2021/22 season. In the southern hemisphere, where harvests are currently underway, Argentina's production outlook continued to be conditioned by reports of lower-than-anticipated yields owing to prolonged dryness, whereas in Brazil, near-final harvest data confirmed earlier

- cont'd on next page -



* 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 **April 2021**. 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/>.

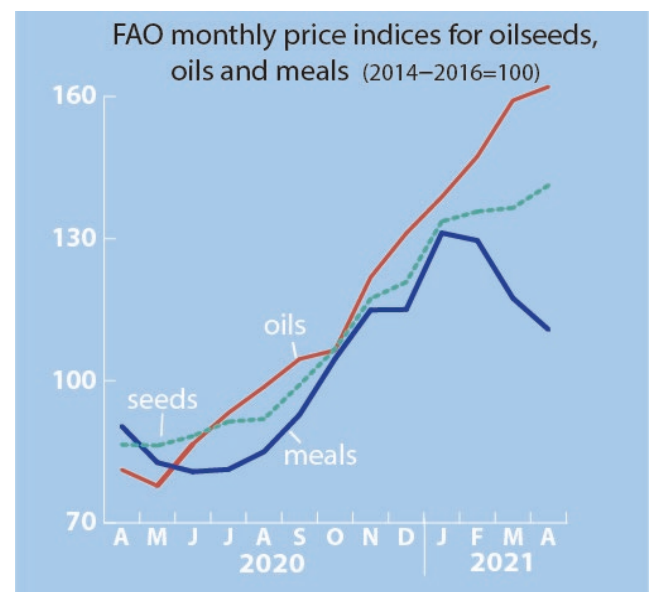
Global price review – cont'd

forecasts of a record high output. As for rapeseed, international prices rose uninterrupted for the thirteenth consecutive month, reaching their highest levels since February 2013. While protracted global supply tightness continued to lend support to international prices, unfavourable weather conditions in both the European Union and Canada weighed on new-crop prospects. By contrast, quotations of sunflowerseed fell in April (after rising uninterrupted since September 2020), due to expectations of a sharp rebound in 2021/22 plantings in the Black Sea region.

With regard to oilmeals, the additional drop in the price index in April largely reflected falling soymeal values. On the demand side, lingering concerns over fresh cases of African swine fever in China continued to weigh on international prices. Moreover, as surging maize prices led China's feed millers to switch to wheat, a feed ingredient with higher protein content, market experts expect protein meal uptake to fall below the originally expected levels. From a supply perspective, a brisk pace of global crushings – chiefly driven by firm vegetable oil demand – led to additional soymeal supplies that need to be disposed of.

As for vegetable oils, the additional increase of the price index was driven by rising palm, soy, and rapeseed oil quotations, which more than offset lower sunflower oil price quotations. International palm oil prices appreciated for the eleventh month in succession in April, largely

underpinned by concerns over slower-than-expected production growth in major exporting countries. Furthermore, global import purchases remained strong, although a marked rise of COVID-19 cases in India pointed to uncertain demand prospects going forward. In the meantime, soyoil prices registered a sizable upswing and reached their highest level since July 2008, fuelled by firm global demand, including from biodiesel producers. Noticeably, owing to tight domestic soybean availabilities, authorities in Brazil decided to temporarily reduce the country's biodiesel blending mandate by 3 percent (down to 10 percent) for May and June. As for rapeseed oil, international values also climbed further, mainly supported by protracted global supply tightness. By contrast, prices of sunflower oil contracted moderately from their recent historic peaks, on global demand rationing.



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

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of FAO concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The use, reproduction and dissemination of this product is encouraged, provided that appropriate acknowledgement of Food and Agriculture Organization of the United Nations (FAO) as source is given.

	FAO price indices (2014–2016=100) *		
	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			
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
2020 - October	107	106	105
2020 - November	117	122	115
2020 - December	121	131	115
2021 - January	134	139	131
2021 - February	136	147	130
2021 - March	136	159	117
2021 - April	141	162	111

* 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 derived from the export values of each commodity for the 2014–2016 period.

Source: FAO, based on Oil World data