

# A Review of the Fat and Oil Markets

*Improvements in Sales and Prices in 1928 Brought More Stable Conditions and Better Outlook for 1929*

**P**RODUCERS and refiners of fats, oils and greases enjoyed a generally good year in 1928—a better year than either of the preceding two. It has been an uphill fight for the technical and edible oil interests ever since the drop in prices which came in late 1926 as a final anti-climax after the post-war deflation. Since that time, prices have been slowly climbing back to their former levels and the industry has been struggling for profits long overdue.

The chart showing relative prices of technical and edible oils was constructed by taking fifteen representative fats, oils and greases, weighting them in accordance with their importance to producers and refiners, and then comparing the relative group values at intervals of a year. Jan. 1, 1926, was taken as a base point and the value of the fifteen oils at that date was taken as 100. By Jan. 1, 1927, the slump, noted above, had been felt at its worst, and the relative value of the fifteen items had declined to 84½. Jan. 1, 1928, showed a price gain over the previous year, with an index reading of 88. Jan. 1, 1929, reveals a continuance of the upward movement, with the index of prices rising 1½ points to 89½. In general, fats and oil are now priced at 89½% of their Jan. 1, 1926, values.

In attempting to analyze further the price trend, the accompanying master chart was broken down into two subsidiary charts, one of which shows technical oils, and the other, edible oils. Eleven representative weighted oils and fats were used in making up the technical oil chart. These were Manila nut oil, yellow grease, linseed oil, lard oil, men-

haden oil, olive oil foots, palm kernel oil, Niger palm oil, red oil, stearic acid and tallow. The relative value of this group of oils declined from a base value of 100 on Jan. 1, 1926, to 83 on Jan. 1, 1927. Little change in the value of the oils as a group occurred during the following year, and the index for Jan. 1, 1928, was only a shade above 83. In the past year the prices of various oils, notably, linseed oil, stearic acid, palm oil and olive oil foots, have advanced materially, and the group reached

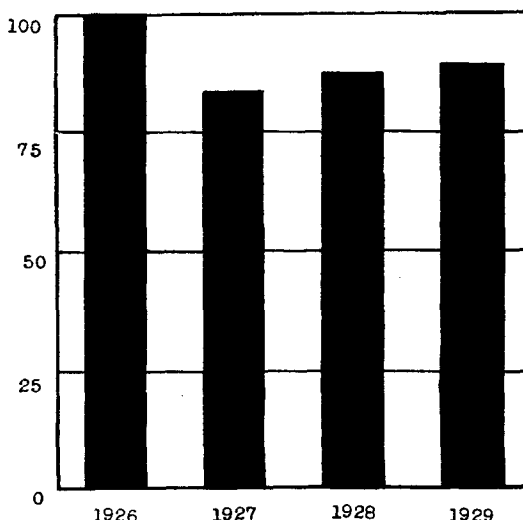
an index value of 90 on Jan. 1, 1929. With rising prices and a good volume of business, dealers in technical oils enjoyed a satisfactory year, and report larger profits.

Manila coconut oil opened 1928 in a strong position due to short copra arrivals. Coast tanks were quoted at 8½c lb. in January, 1928, but soon declined to 8¼c on receipt of larger stocks. The decline continued during the summer months, the price reaching 7¾c in September. A recovery was noted in November on report of damage to the copra crop,

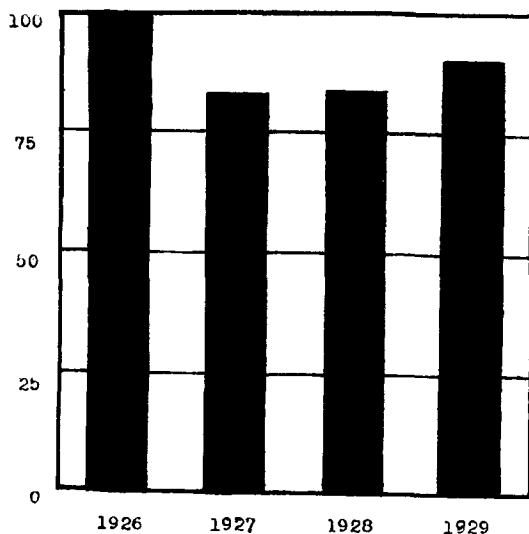
and spot tanks closed the year at 8⅛c. Raw linseed oil opened the year in a weak position, being priced at 8¾c lb. in tanks. It rose quickly to 9c in February, and to 9¾c in May. On June 1 it was high for the year at 9⅝c, but soon dropped off to 9⅛c in July. It was steady throughout the rest of the year, and closed at 9¼c.

Palm kernel oil held to a low price level all through 1928. It opened at 8⅝c lb., facing strong competition from other oils. Its low price attracted attention, and trading activity resulted. It varied from 8½c to 8¾c lb. for

Relative Prices  
Edible and Technical Oils



Relative Prices  
Technical Oils



the first nine months of the year, and then declined to  $8\frac{3}{8}c$  in October. At the close, it was back at  $8\frac{1}{2}c$  lb.

Tallow opened 1928 in a strong position, with city extra quoted at  $9\frac{1}{8}c$  lb. on shortage of supplies. Abnormally high levels were maintained all through the year. There was a break in the market in February, and a second drop in June, but at no time, did prices fall as low as  $7\frac{1}{2}c$  to  $8c$ , which has come to be accepted as normal for tallow. Strength was shown again in the closing months, a top of  $9\frac{1}{2}c$  being reached in November. Late December quotations were  $9c$ , slightly under the year's opening price.

**P**PRICE movement among the edible oil products over the past four years has been a different story. Six oils and fats, edible coconut oil, cottonseed oil, palm kernel oil, lard, lard compound and peanut oil, properly weighted as to importance, were used in making up this index. Again using Jan. 1, 1926, as a base point, with a value of 100, it was found that edible oils did not decline as far as technical oils in the 1926 slump, going down only to 86 on Jan. 1, 1927, as compared with the 83 to which the technical oil index dropped. The recovery was also faster, and the index value mounted to 92 on Jan. 1, 1928, while technical oils were still stagnant at 83. The past year has seen a slight falling off in the value of the edible oil group, caused principally by declines in the price of lard, lard compound and coconut oil since Jan. 1, 1928. The index, as a

result, has fallen off to 89, a three point drop, while the technical oil index has been rising from 83 to 90. Edible oil dealers did a good volume of business in 1928, but profited less because of falling prices.

The yearly record of the prices of coconut and palm kernel oils has been given under the discussion of the various technical oils. The price of crude peanut oil held firm at  $12c$  lb. throughout the year. Cottonseed oil, opened the year at  $8\frac{5}{8}c$  for crude and  $10\frac{1}{2}c$  for P. S. Y. Weakness in hog products and large offerings of oil depressed prices in February to  $7\frac{3}{4}c$  for crude and  $9\frac{3}{4}c$  for P. S. Y. Unfavorable weather brought prices back up in May, crude reaching  $8\frac{7}{8}c$ , and P. S. Y.,  $10\frac{3}{4}c$ . The favorable government cotton crop prediction lowered prices sharply in August to  $7\frac{3}{4}c$  for crude and  $9\frac{1}{2}c$  for P. S. Y. This was followed by several revisions downward of the government report with subsequent rises in price. Crude closed at  $8\frac{5}{8}c$ , and P. S. Y. at  $10\frac{1}{8}c$  lb. Prime city lard opened 1928 with quotations of  $12\frac{3}{4}c$  lb., lard compound being priced the same. The two sagged in February, and took a big drop to a low of  $11\frac{1}{4}c$  on March 1. There was a simultaneous recovery to  $12\frac{1}{8}c$  in April, and these prices remained relatively firm until September. At this point, lard rose to  $13\frac{1}{4}c$ , and compound dropped to  $11\frac{3}{4}c$ . These differences were adjusted in the following month, and the two products closed the year at  $12\frac{1}{4}c$  lb.

Relative Prices  
Edible Oils

