MARKETS & PRICING 101

Market-based Pricing Is Complicated, But
We Can Help Simplify It For You

There Are Two Commonly Used Pricing Models For Oils: Board And Basis, And Flat Pricing

Board & basis oils

This applies to commodity oils such as soybean oil, canola oil, and cottonseed oil varieties.

Board: trading rates at the Chicago Mercantile Exchange, formerly the Chicago Board of Trade; cost of raw materials

Basis: cost of processing the raw materials, refining, shrinkage,and shipping the finished product to the final destination.

Flat price oils

This applies to non-commodity oils such as corn, peanut, organic oils, olive, safflower, and sunflower. Flat priced oils are not publicly traded on an open exchange, so their pricing is not tied to market fluctuations in the same way.

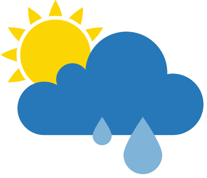
There Are Many Factors That Can Influence Oil Prices. Some Of The Biggest Include:

Geopolitics

As we've seen with the war in Ukraine, geopolitics can cause large variations in supply. People at war are not available to farm, and nations trying to leverage diplomacy might redirect exports to achieve political goals. These supply fluctuations result in price increases

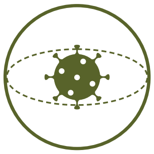
Weather conditions

Weather conditions, especially at planting and harvest time, determine how much a region's crop yields and the quality of that yield. For example, drought in Canada has lead to a lower yield of canola oil, causing prices to increase.



Shipping conditions

During the pandemic, increased demand for material goods caused huge freight backups at major ports, where there simply weren't enough trained workers to keep up with increased throughput. Increased shipping times and costs are now part of the "new normal" due to ongoing labor shortages in the shipping industry.



Contact us

Still have questions about the right oil for your needs? Your Catania Oils sales representative can help guide you. Contact us to learn more

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