



UN: Global food prices rise to new highs

Food prices around the world surged to a new historic peak in January, for the seventh consecutive month, the United Nations Food and Agriculture Organization (FAO) reported on Feb. 3. Prices are not likely to decline in the months ahead.

FAO said the latest Food Price Index, a commodity basket that tracks monthly changes in global food prices, averaged 231 points in January and was up 3.4% from December last year — the highest level since the agency started measuring food prices in 1990.

Prices of all monitored commodity groups increased in January, except the cost of meat, which remained unchanged.

The international prices of wheat have risen 4% in January compared to December. The increase follows stronger export demand during the last month and concerns of tightening supplies of high quality wheat. The market also was supported by higher oil prices and a weaker U.S. dollar.

The benchmark U.S. wheat price in January averaged \$340 per tonne, 59% higher than a year earlier but still 29% below its peak in March 2008.

International prices of maize also increased 4% in January. Prices were underpinned by lower forecast for the 2011 production in Argentina and continuous concerns about growing conditions for the developing crop. Rising wheat prices and the weaker U.S. dollar also provided support. In January the benchmark U.S. maize price averaged \$263 per tonne, 58% higher than a year earlier and only 6% below its peak in June 2008.

Export prices of rice declined some 4% in January following improved market availabilities from the main crop harvests in major producing Asian countries. The benchmark Thai export price averaged \$542 per tonne, some 10% lower than a year ago and 44% below the peak reached in May 2008.

In Asia, domestic prices of rice continued to increase in several countries, despite the international price decrease.

In wheat importing countries of Asia, Latin America and Africa, prices of wheat products have stabilized at high levels.

Maize importing countries of Central America are starting to see prices increase.



In sub-Saharan Africa, prices of main staple coarse grains remain at generally low levels, FAO said, although they have started to seasonally increase in some countries.

The FAO Cereal Price Index averaged 245 points in January, up 3% from December and the highest since July 2008, but still 11% below its peak in April 2008.

The FAO Oils/Fats Price Index rose by 5.6% to 278 points, nearing the June 2008 record level.

world-grain