

Global food prices rebounds in July

The Food and Agriculture Organization of the United Nations (FAO) has reported that global food commodity prices rose in July, influenced by the termination of the Black Sea Grain Initiative and new trade restrictions on rice.



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The [FAO Food Price Index](#), which tracks monthly changes in the international prices of globally-traded food commodities, averaged 123.9 points in July, up 1.3% from the previous month while 11.8% below its July 2022 level.

The increase was driven by a sharp jump in the **vegetable oil price index**, which rose 12.1% from June after seven months of consecutive declines. International sunflower oil prices rebounded by more than 15% in the month, due mostly to renewed uncertainties surrounding the exportable supplies after the Russian Federation's decision to end implementation of the [Black Sea Grain Initiative](#). World prices for palm, soy and rapeseed oils increased on concerns over output prospects in leading producing countries.

The **cereal price index** declined by 0.5% from June, driven by a 4.8% drop in international coarse grain quotations due to increased seasonal supplies of maize from ongoing harvests in Argentina and Brazil and potentially higher-than-anticipated production in the United States of America. However, international wheat prices rose by 1.6%, their first monthly increase in nine months, due to uncertainty over exports from Ukraine as well as continued dry conditions in North America.

The **all rice price index** increased by 2.8% on the month and 19.7% on the year to reach its highest nominal level since September 2011, as India's 20 July prohibition of non-parboiled Indica exports fostered expectations of greater sales in other origins, amplifying upward pressure already exerted on prices by seasonally tighter supplies and Asian purchases.

This upward pressure of rice prices "raises substantial food security concerns for a large swathe of the world population, especially those that are most poor and who dedicate a larger share of their incomes to purchase food," FAO warned, adding that export restrictions can bear adverse consequences on production, consumption and prices that last beyond the duration of their implementation and risk exacerbating high food domestic inflation in many countries.



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David Ubilava 17 Jul 2023



The **sugar price index** declined by 3.9% as good progress in Brazil's sugarcane harvest and improved rains across most growing areas in India weighed on world quotations, as did subdued demand from Indonesia and China, the world's largest sugar importers. Persistent concerns over the potential impact of the [El Niño phenomenon](#) on sugarcane crops, along with higher international crude oil prices, mitigated the decline.

The **dairy price index** declined by 0.4% in July to stand 20.6% below its July 2022 value. World cheese prices recovered slightly after steep recent declines as hot weather affected seasonally declining milk supplies in Europe.

The **meat price index** declined 0.3% from June. Quotations for bovine, ovine and poultry meat declined on solid supply availabilities and in some cases lower demand from leading importers. Pig meat prices, by contrast, rose, reflecting high seasonal demand coupled with ongoing tight supplies from Western Europe and the United States of America.

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