

Global food commodity prices decline in July

According to the latest report by the Food and Agriculture Organization of the United Nations (FAO), the benchmark for world food commodity prices declined significantly in July, with major cereal and vegetable oil prices recording double-digit percentage declines.

The FAO Food Price Index averaged 140.9 points in July, down 8.6% from June, marking the fourth consecutive monthly decline since hitting all-time highs earlier in the year. The Index, which tracks monthly changes in the international prices of a basket of commonly-traded food commodities, nevertheless, remained 13.1% higher than in July 2021.



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"The decline in food commodity prices from very high levels is welcome, especially when seen from a food access viewpoint; however, many uncertainties remain, including high fertilizer prices that can impact future production prospects and farmers' livelihoods, a bleak global economic outlook, and currency movements, all of which pose serious strains for global food security," says Maximo Torero, FAO chief economist.

The **vegetable oil price index** decreased by 19.2% in July from June, marking a 10-month low. International quotations for all oil types fell, with palm oil prices declining due to prospects of ample export availabilities out of Indonesia, those of rapeseed oil responding to expectations of ample new crop supplies, and soy oil prices down due to protracted sluggish demand.

Sunflower oil prices also dropped markedly amid subdued global import demand despite continued logistical uncertainties in the Black Sea region. Lower crude oil prices also pressured vegetable oil values down.

The **cereal price index** dropped by 11.5% in the month, while remaining 16.6% above its July 2021 value. Prices of all the cereals represented in the index fell, led by wheat, for which world prices declined by as much as 14.5%, partly in reaction to the agreement reached between Ukraine and the Russian Federation to unblock exports from key Black Sea ports and partly to seasonal availability from ongoing harvests in the northern hemisphere.

World coarse grain prices declined by 11.2% in July, with those of maize down by 10.7%, also due in part to the Black Sea agreement as well as increased seasonal availabilities in Argentina and Brazil. International rice prices also declined for the first time in 2022.

The **sugar price index** fell by 3.8% from June amid concerns over demand prospects due to expectations of a further global economic slowdown, a weakening Brazilian real, and lower ethanol prices resulting in greater sugar production in Brazil during the month than previously expected.

Indications of greater exports, as well as favourable production prospects in India, also contributed to the decline in world sugar prices, while hot and dry weather in the European Union spark concerns about sugar beet yields and prevented sharper price declines.

The **dairy price index** decreased by 2.5% from June, amid lacklustre trading activity, but it still averaged 25.4% above its July 2021 value. Prices of milk powders and butter declined, while those of cheese remained stable, buoyed by demand in European tourist destinations.

The **meat price index** was also down in July, by 0.5% from June, due to weakening import demand for bovine, ovine and pig meats. By contrast, international poultry meat prices reached an all-time high, underpinned by firm global import demand and tight supplies due to Avian influenza outbreaks in the northern hemisphere.

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