

FAO report: World food commodity prices decline for 7th consecutive month

For the seventh consecutive month in February, world food commodity price benchmarks have declined as lower international prices for all major cereals more than offset rising sugar and meat prices, according to the latest report by the Food and Agriculture Organization of the United Nations (FAO).



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The [FAO Food Price Index](#) which tracks monthly changes in the international prices of a set of globally traded food commodities, averaged 117.3 points in February, down 0.7% from January and 10.5% from the same month a year ago.

The **cereal price index** decreased by 5.0% in February to reach a level 22.4% below that of February 2023. Maize export prices dropped the most amid expectations of large harvests in South America and competitive prices offered by Ukraine, while international wheat prices declined mostly due to a strong export pace from the Russian Federation. International rice prices also declined, by 1.6% in February.

The **vegetable oil price index** decreased by 1.3% from January to stand 11% below its February 2023 value. International soybean prices dropped markedly, underpinned by prospects of abundant soybean outputs in South America, while ample global export availabilities of sunflower and rapeseed oils pushed their prices down. World palm oil prices rose marginally in February due to seasonally lower production.

The **sugar price index**, by contrast, rose 3.2% in February. The increase reflected persistent concerns over Brazil's upcoming output after a prolonged period of below-average rainfall as well as forecast production declines in Thailand and India, two leading exporting countries.

The **meat price index** rose by 1.8% from January, with poultry meat quotations rising the most, followed by those for bovine meat, impacted by heavy rains disrupting cattle transportation in Australia. Pig meat prices also rose slightly due to higher demand from China and a tight supply situation in Western Europe. International ovine meat prices declined due in part to record-breaking production following flock rebuilding in Australia.

The **dairy price index** increased by 1.1%, led by higher import demand from Asian buyers for butter. Prices of milk powders and cheese also rose marginally.

New forecasts for global cereals

FAO also released a new [Cereal Supply and Demand Brief](#), slightly raising its forecast for the world total cereal production in 2023 to 2 840 million tonnes and offering several new projections.

Global cereal utilization in 2023/24 is now forecast at 2 823 million tonnes, an increase of 1.1% from the previous year due mostly to the increased use of maize and wheat for livestock feed. Global cereal stocks are expected to increase, due entirely to coarse grains, with the global cereal stocks-to-use ratio foreseen to end the year at a "comfortable" 31.1% level, up from 30.9%. World trade in cereals is predicted to increase by 1.3% from the previous year, buoyed by an improved outlook for maize exports by Ukraine and stronger demand from China.

FAO also released its preliminary forecast for global wheat production in 2024, pegging it at 797 million tonnes, a 1.0% increase from 2023. Lower wheat prices have elicited a 6% year-on-year decline in winter wheat planting in North America, where outputs may nonetheless rise due to strong yield prospects. Favourable weather conditions are also propping up expectations of increased 2024 wheat production in the Russian Federation, an export powerhouse, as well as China, India, the Islamic Republic of Iran, Pakistan and Türkiye.

Conflicts push acute food insecurity higher

Conflicts and adverse weather are exacerbating hunger in the 45 countries around the world assessed to need external assistance for food, according to the latest Crop Prospects and Food Situation report, a triannual publication by FAO's Global Information and Early Warning System (GIEWS) also published today.

"Conflicts in Near East Asia and in West and East Africa are driving alarmingly high levels of the most severe phase of acute food insecurity," the report said, with very high concerns for the situation of the entire population of the Gaza Strip in Palestine. Widespread dry weather conditions are expected to aggravate food insecurity in Southern Africa.

Although aggregate cereal production is expected to grow modestly in 2024 among the 44 Low-Income Food Deficit Countries, low outputs gathered in 2023 and tightening inventories have pushed up import needs for several sub-Saharan countries.

Harvesting of 2024 cereal crops will begin in April in Southern Africa, where widespread and prolonged rainfall deficits associated with the El Niño weather phenomenon have sharply curtailed production prospects. Key cropping zones in Malawi, Mozambique, Zambia and Zimbabwe received less than 80% of average rainfall since last November, pointing to an increased need for cereal imports by these countries in the forthcoming 2024/2025 marketing year.