CHAPTER 2

PRODUCTION, TRADE AND PRICES OF COMMODITIES

Source: FAOSTAT
https://doi.org/10.4060/cb1329en-fig45

FIGURE 45.
CHANGES IN PRICES RECEIVED BY FARMERS, TOP AND BOTTOM COUNTRIES (2018)

Source: FAOSTAT
https://doi.org/10.4060/cb1329en-fig46

FIGURE 46.
CONSUMER PRICE INFLATION RATES FOR FOOD BY REGION

Supply and demand and exchange rates. For example, tunas, which rely almost entirely on capture fisheries, showed more price fluctuations than shrimps, which are increasingly sourced from aquaculture. Since the beginning of 2020, the price indices of all commodity groups are on a downward trend except tunas, which experienced increases on a month-by-month basis.

Looking at the country level, changes in domestic prices received by agricultural producers varied between +63 percent (in the Islamic Republic of Iran) and 30 percent (in Zambia) in 2018 compared with 2017 (see Figure 45). The largest fluctuations, either up or down, often took place in Asia and Africa. Many factors can affect producer prices, including favourable or poor harvests compared to the previous year, production costs, market structure, subsidy schemes and external factors – as is the case, for instance, of economic sanctions against the Islamic Republic of Iran in 2018. The characteristics of the food supply chain (including the transformation of goods and the incorporation of services along the chain) play a key role in shaping the transmission of price shocks between producers and consumers. They can explain different rates of change in producer prices compared to consumer prices.

Consumer prices for food increased unevenly across regions between 2014 and 2020 (see Figure 46). While the world average fluctuated between 1.5 percent and 3.5 percent between January 2014 and the second half of 2018, it increased steadily since the beginning of 2019 to peak at 6.9 percent in May 2020. Africa experienced the highest inflation rate in food prices during the period, reaching a peak at 18.9 percent in April 2014 and staying above 10 percent since April 2016. Asia had the second highest inflation rate in food prices for most of the period, with a strong increase from 3.7 percent in December 2018 to 8.1 percent in May 2020. Inflation rates in food prices had been negative for several months in a row in the Americas in 2017 and Oceania in 2018, but have since increased to their highest value in May 2020: 8.9 percent for Oceania and 7.6 percent for the Americas. In contrast, the increase in consumer prices for food has remained around 2 percent since the first half of 2017 in Europe.