

MONTHLY FOOD PRICE REPORT

FOOD PRICES IN LATIN AMERICA AND THE CARIBBEAN

FAO Regional Office for Latin America and the Caribbean



JANUARY 2014

MAIN MESSAGES

- The monthly food and headline inflation rates of Latin America and the Caribbean reached 1.0% during December 2014, growing 0.2 and 0.1 percentage points, respectively, with regard to November, maintaining the upward trend that began in July 2013.
- Costa Rica, Guatemala, Honduras, México and the Dominican Republic presented lower –yet positive– variations in the monthly food inflation rates, when compared to November.
- Bolivia, Chile, Paraguay and Uruguay exhibited drops in their food price indexes when compared to November.
- During December, products such as lemons and meats were two of the foods that had greater incidence in the positive price variations of several countries in the region, while tomatoes, rice, beans and zucchinis had negative variations.
- The FAO International food price index grew by 0.2% during December, reaching 206.7 points. This was mainly due to the price increase of meats and dairy, which had positive price variations during the month. On the contrary, cereals, sugar, oils and fats had negative price variations.

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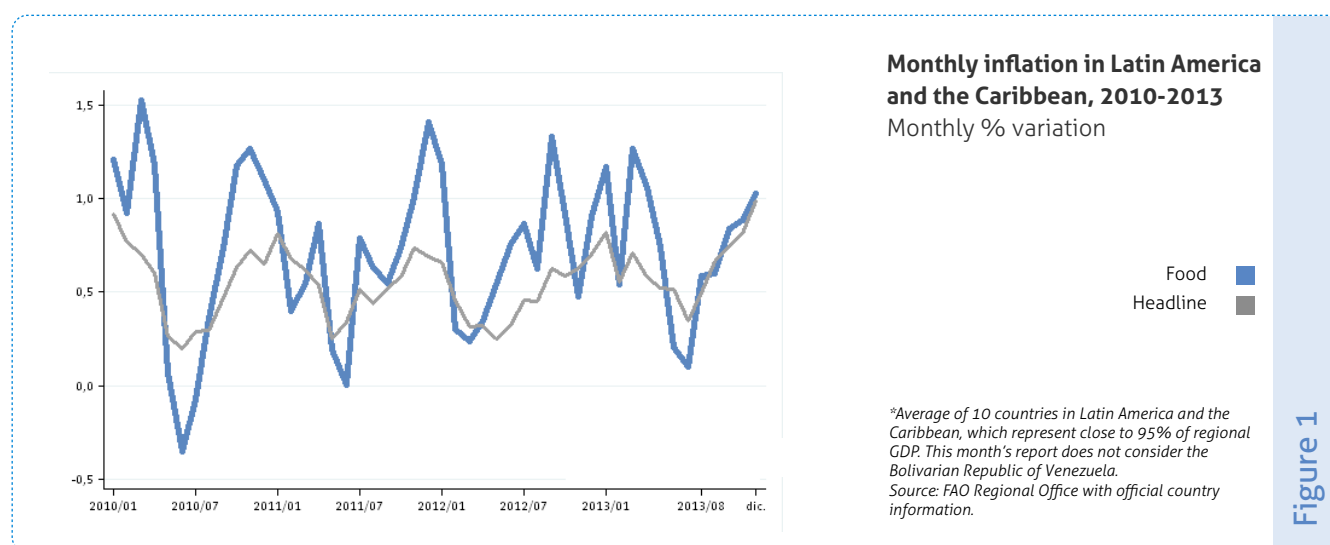
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Inflation report for Latin America and the Caribbean¹

Food inflation in Latin America had a monthly variation of 1.0% in December, an increase of 0.1 percentage points with regard to November, in keeping with the trend of the second semester of 2013.

Headline inflation, likewise, reached 1.0% during December, 0.2 percentage points above the levels of November, maintaining the upward trend that began in July 2013.



YEAR-ON-YEAR INFLATION

During December, the annual variation of food inflation in Latin America and the Caribbean reached 10.2%, slightly above the level reached in November, of 10.1%. Annual headline inflation increased by 0.3 percentage points with respect to November, reaching 8.6% in December.

1. The current report does not include the prices of the Bolivarian Republic of Venezuela, since they were not available before the publication of this report.



Monthly and annual inflation in countries of LAC, December 2013

Percentages

	Monthly		Annual	
	Headline	Food	Headline	Food
Argentina	1.4	1.6	10.9	9.3
Bolivia	0.1	-1.2	6.5	10.4
Brazil	0.9	0.9	5.9	8.5
Chile	0.6	-0.8	3.0	4.9
Colombia	0.3	0.3	1.9	0.8
Costa Rica	0.5	0.1	3.7	3.3
Ecuador	0.2	0.3	2.7	1.9
Guatemala	0.3	0.1	4.4	8.8
Honduras	0.3	0.4	4.9	4.9
Mexico	0.6	0.9	4.0	4.0
Nicaragua	1.1	1.4	5.5	6.0
Panama	0.3	0.3	3.7	4.6
Paraguay	0.1	-0.3	3.7	6.7
Peru	0.2	-0.4	2.9	2.2
Dom. Repub.	0.4	0.1	3.9	1.6
Uruguay	-0.7	-0.3	8.5	9.0
LAC*	1.0	1.0	8.6	10.2

*Average of 10 countries in Latin America and the Caribbean, which represent close to 95% of regional GDP.
This month's report does not consider the Bolivarian Republic of Venezuela.
Source: FAO Regional Office with official country information.

Table 1

Monthly inflation in countries of Latin America and the Caribbean

Central America, Mexico and the Caribbean

In December, the monthly food inflation rates of Costa Rica, Guatemala, Honduras, Mexico and the Dominican Republic were inferior to November.

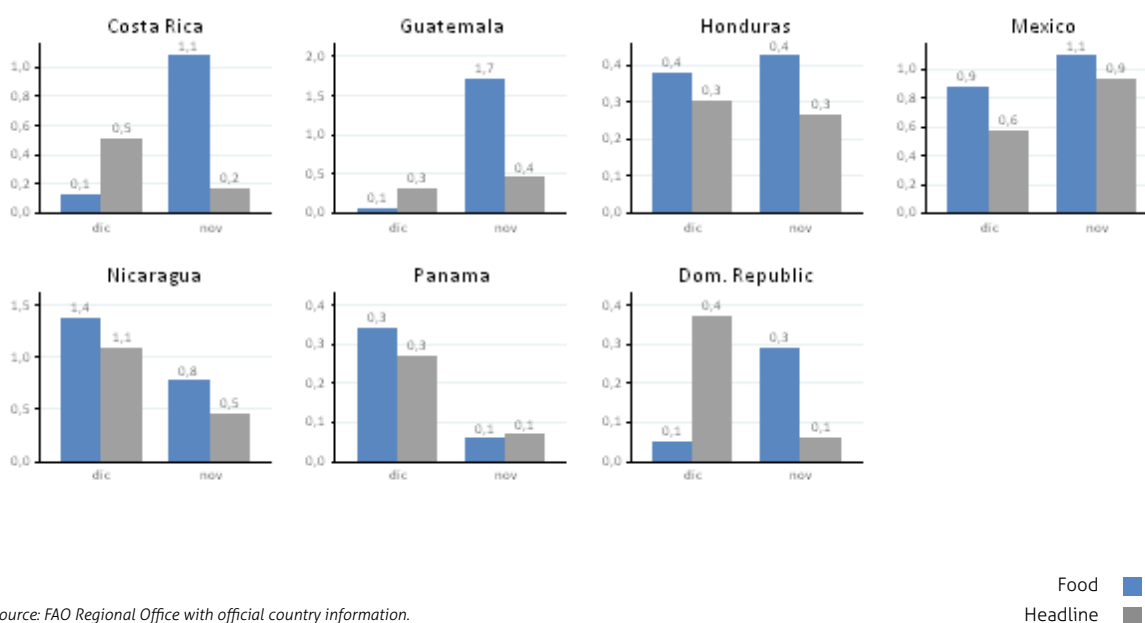
Costa Rica and Guatemala, particularly, showed important reductions in their monthly food inflation rates during December, with respect to November.

The behaviour of monthly headline inflation rates varied between countries: it dropped slightly in Mexico and Guatemala, rose in Costa Rica and remained relatively stable in Honduras.

Panama and Nicaragua have seen an upward trend in both their headline and food inflation for the past two months. Nicaragua reached December with one the highest headline and inflation rates of the subregion.

Monthly inflation in Central America, Mexico and the Caribbean

Percentages



Source: FAO Regional Office with official country information.

Figure 2

South America

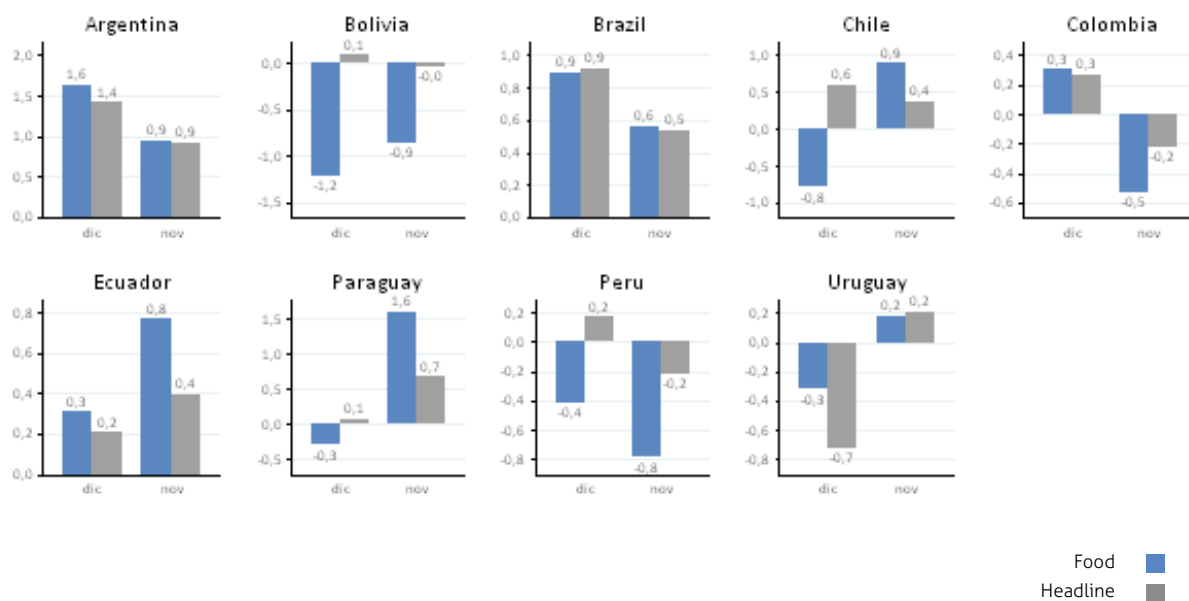
Both headline and food inflation was higher in December with respect to November in Argentina, Brazil and Colombia. The contrary was true for Ecuador, Paraguay and Uruguay.

Bolivia and Chile, on their part, experienced a negative variation in their food index, but an increase in headline inflation during December, with respect to November.

In the case of Peru, in spite of an increase in the variation rate of the food index, it was negative for the second month in a row.

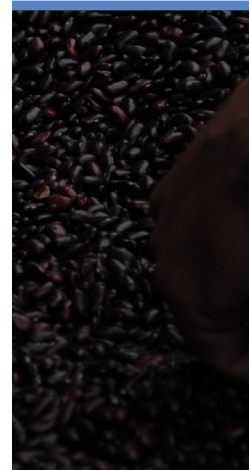
Annual inflation in South America

Percentages



Source: FAO Regional Office with official country information.

Figure 3



Main foods that had an incidence on monthly food inflation of countries in LAC

Products such as lemons and meat, especially poultry and beef, had the greatest significance in the positive variation of prices in countries of the region during December. On the contrary, products such as tomatoes, rice, beans and zucchini, among others, had a negative incidence in food inflation during December. Onion prices increased and fell, depending on the country.

Lemon prices suffered hikes in Argentina, the Dominican Republic (bitter limes) and Uruguay. In Uruguay the price of lemons rose by 34% during December, while in Argentina it grew by 16.3% and 12.4% in the Dominican Republic.

Poultry prices grew in Chile and Mexico, while beef prices increased in Colombia and Mexico. Poultry was the second product with the most important positive incidence on the variation of prices in Chile and Mexico, increasing its price by 2.7% and 2.3%, respectively. Beef, meanwhile, grew by 3.3% in Colombia and 0.8% in Mexico, being the second most important product in the positive variation of Colombia, and the third in Mexico. The prices variation of these products, relatively low when compared to other foods, and their impact on general prices, show the importance that these products have on households of the aforementioned countries.

The prices of tomatoes, meanwhile, fell throughout Latin America and the Caribbean: by 22.3% in Argentina (round tomatoes), 26.5% in Bolivia, 16.3% in Chile, 8.3% in Costa Rica and 2.4% in Guatemala. In fact, Mexico was the only country where the price of tomatoes increased by 27%, being the product that had the highest positive impact in that countries food inflation. In Bolivia and Costa Rica, tomatoes were the food with greatest negative incidence on prices. In Chile it was the second food with the biggest drop in prices, after potatoes, which fell by 25% in December, and in Guatemala it came after onions and corn, which also had a negative impact in prices.

The price of rice, zucchini and beans also fell in the region. Rice prices dropped 13.2% in Colombia, 1% in Nicaragua. In these two countries, it was the food that the biggest negative impact in prices. Something similar occurred with beans, which had the second biggest negative impact on the food prices of Colombia and Mexico, with variations of -16.3% and -3.9%, respectively. Zucchini prices fell sharply in Argentina in Uruguay, by 18.6% and 25.6%, respectively.

Products with the highest incidence in the headline inflation of countries of LAC, December 2013

Country	Positive incidences			Negative Incidences		
	Product	Variation (%)	Incidence (% points)	Product	Variation (%)	Incidence (% points)
Bolivia	Carrots	18.3	0.080	Tomatoes	-26.5	-0.530
	Onions	6.1	0.040	Potatoes	-7.2	-0.220
	Locoto	24.2	0.040	Shad	-6.5	-0.020
Chile	Seasonal fruits	9.6	0.050	Potatoes	-25.7	-0.224
	Poultry	2.7	0.025	Tomatoes	-16.3	-0.060
	Oranges	10.0	0.015	Onions and chives	-11.0	-0.028
Colombia	Other vegetables and fresh legumes	29.3	0.090	Rice	-13.2	-0.210
	Beef	3.3	0.070	Beans	-16.3	-0.070
	Other fresh fruits	11.0	0.070			
Costa Rica	Eggs	3.6	0.024	Tomatoes	-8.3	-0.031
				Coffee	-2.4	-0.015
Guatemala	Potatoes	10.8	0.060	Onions	-11.4	-0.070
	Other legumes and vegetables	11.6	0.020	Corn	-2.1	-0.030
				Tomatoes	-2.4	-0.020
México	Red tomatoes	27.0	0.132	Onions	-12.9	-0.036
	Poultry	2.3	0.032	Beans	-3.9	-0.014
	Beef	0.8	0.017	Papaya	-10.9	-0.008
Nicaragua	Onions	17.2	0.092	Rice	-1.0	-0.033
	Cheese	2.7	0.057	Oranges	-6.4	-0.025
	Cabbages	28.8	0.050	Quequisque (taro root)	-14.0	-0.017

Source: FAO Regional Office with official country information

Table 2

Monthly prices variation of selected foods in countries of LAC, December 2013

Country	Positive		Negative	
	Product	Variation (%)	Product	Variation (%)
Argentina	Grapefruit	19.5	Round tomatoes	-22.3
	Lemons	16.3	Zucchini	-18.6
	Lettuce	12.9	Onions	-9.9
Dominican Republic	Limes	12.4	Lettuce	-16.7
	Onions		Green pigeon peas	-12.2
	Potatoes	8.2	Yucca	-3.8
Uruguay	Lemons	33.7	Zucchini	-25.6
	Spinach	15.3	Peaches	-24.5
	Strawberries	13.1	Red peppers	-22.0

Source: FAO Regional Office with official country information

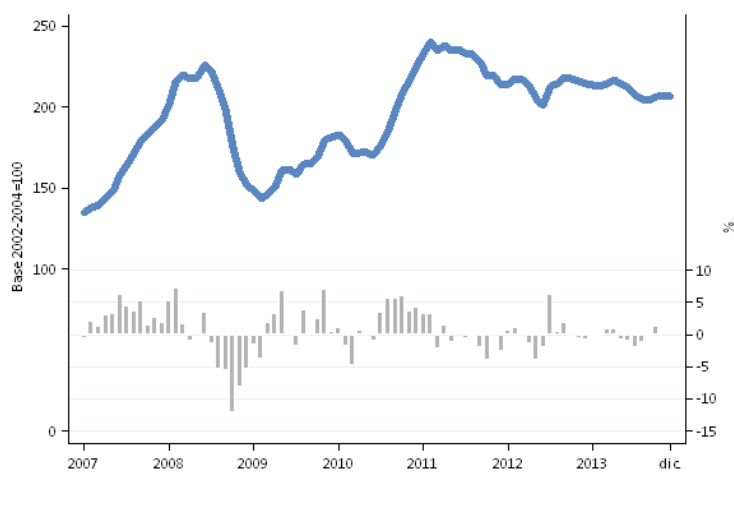
Table 3

International food prices

The FAO international food price index reached 206.7 points in December, a slight increase of 0.2% with respect to November. The annual variation in December showed a drop of 3.4%.

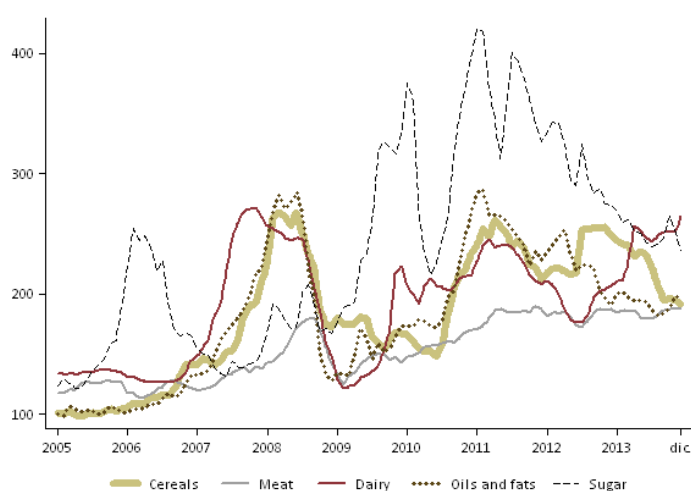
The evolution of the behaviour of the different food groups showed diverse results: The price index of sugar showed a decrease of 6.3%, while cereal prices fell by 1.4%. The price of oils and fats fell 1.3% in December compared with the previous month.

On the contrary, the groups corresponding to meat and dairy foods had positive monthly variations of 0.4% and 5.3% respectively.



Monthly FAO food price index
Level and percentage variation

Figure 4



**FAO monthly food price index,
by food groups**
Base 2002-2004 = 100

Figure 5

Appendix

Rates of food and headline inflation in selected LAC countries

Percentages

Country	Food inflation							Headline inflation						
	Annual % variation				Monthly % variation			Annual % variation				Monthly % variation		
	2010	2011	2012	2013	Oct. 2010	Nov. 2013	Dec. 2013	2010	2011	2012	2013	Oct. 2010	Nov. 2013	Dec. 2013
Argentina	14.7	7.6	9.9	9.3	1.0	0.9	1.6	10.9	9.5	10.8	10.9	0.9	0.9	1.4
Bolivia	11.6	6.9	5.6	10.4	1.5	-0.9	-1.2	7.2	6.9	4.5	6.5	0.7	0.0	0.1
Brazil	10.4	7.2	9.9	8.5	1.0	0.6	0.9	5.9	6.5	5.8	5.9	0.6	0.5	0.9
Chile	5.6	8.6	4.7	4.9	1.8	0.9	-0.8	3.0	4.4	1.5	3.0	0.1	0.4	0.6
Colombia	4.1	5.3	2.5	0.8	-1.0	-0.5	0.3	3.2	3.7	2.4	1.9	-0.3	-0.2	0.3
Costa Rica	9.0	4.1	1.2	3.3	0.4	1.1	0.1	5.8	4.7	4.6	3.7	-0.8	0.2	0.5
Ecuador	5.4	6.8	5.0	1.9	1.0	0.8	0.3	3.3	5.4	4.2	2.7	0.4	0.4	0.2
El Salvador	7.9	3.2	1.1	...	0.0	-0.1	...	2.1	5.1	0.8	...	-0.1	0.1	...
Guatemala	...	...	6.0	8.8	0.0	1.7	0.1	5.4	6.2	3.4	4.4	0.0	0.4	0.3
Haiti	7.8	9.0	8.8	...	-0.1	0.0	...	6.2	8.3	7.6	...	0.2	0.1	...
Honduras	8.3	3.1	3.8	4.9	-0.2	0.4	0.4	6.5	5.6	5.4	4.9	0.1	0.3	0.3
Mexico	4.9	5.8	7.5	4.0	-0.1	1.1	0.9	4.4	3.8	3.6	4.0	0.5	0.9	0.6
Nicaragua	13.7	9.2	8.1	6.0	-0.4	0.8	1.4	9.2	8.0	6.6	5.5	-0.2	0.5	1.1
Panama	5.1	7.5	7.2	4.6	0.4	0.1	0.3	4.9	6.3	4.6	3.7	0.1	0.1	0.3
Paraguay	11.2	3.9	0.7	6.7	2.5	1.6	-0.3	7.2	4.9	4.0	3.7	0.8	0.7	0.1
Peru	2.5	8.0	4.1	2.2	0.0	-0.8	-0.4	2.1	4.7	2.6	2.9	0.0	-0.2	0.2
Dom. Republic	5.5	9.7	6.3	1.6	0.0	0.3	0.1	6.2	7.8	3.9	3.9	-0.1	0.1	0.4
Trinidad and Tobago	29.5	10.9	12.7	...	2.7	3.5	...	13.4	5.3	7.2	...	1.2	1.6	...
Uruguay	8.4	8.7	10.8	9.0	0.8	0.2	-0.3	6.9	8.6	7.5	8.5	0.8	0.2	-0.7
Venezuela, BR	33.8	33.6	23.7	...	5.6	...	...	27.2	27.6	20.1	...	5.1	...	...
LAC ^a	9.6	8.5	8.9	10.2 ^b	0.8	0.9 ^b	1.0 ^b	6.8	7.0	6.0	8.6 ^b	0.7	0.8 ^b	1.0 ^b

Source: FAO Regional Office using official country information.

... / No available information.

a / Refers to the weighted average of ten countries that represent 95% of regional GDP. The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Peru, and the Bolivarian Republic of Venezuela RB.

b / Preliminary figure

Glossary

Incidence or contribution to variation of the Consumer Price Index: effect of each of the goods and services on the variation of the overall price index. This effect depends on the magnitude of the change in price and the weight of the good or service being analyzed. The total sum of each of these effects is equal to the variation of the CPI for the reference period.

Consumer Price Index (CPI): an index that measures changes in prices of goods and services acquired or used by households. The total set of goods and services covered by the CPI can be divided into groups such as "food and beverages." This index is usually monthly produced and published by the national statistical institute of the respective countries.

FAO food price index: an index that measures monthly change in international prices of a basket of goods. It consists in the average price indices of five groups of commodities (which include more than 55 series of nominal prices), weighted with the average export shares of each of the groups for 2002- 2004. <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/es/>

Inflation: sustained and widespread increase in the price level of an economy, often measured through the Consumer Price Index. The inflation rate is the percentage change in the price index in a given period.

Accumulated inflation: the percentage change in the price index between the reference month and December of the previous year. This variation can be calculated for the CPI and for each of its divisions.

Year-on-year inflation: the percentage change in the price index over a period of twelve months. By convention, the change between the months of December of two successive years is known as annual inflation, while for the rest of the months is called year-on-year inflation. This variation can be calculated for the general price level (using the CPI) or for each of the divisions of the CPI (e.g., food, clothing, transportation, housing, etc.).

Monthly inflation: the percentage variation that the price index experiences between two successive months. This variation can be calculated for the CPI or for each of its divisions.