



HIGHLIGHTS

- Regional food prices rose 2.3 percent in October compared to one year earlier.
- In India, prices for pulses have continued rising with double-digit monthly increases since last year.
- In Thailand, chicken prices were 6.5 percent and 13.8 percent lower than a month and a year ago, respectively, on improved production.
- China announced a plan to develop modern agriculture and raise farmers' incomes by improving agricultural management and rural collective property rights systems by 2020.
- Malaysia announced it will manage palm oil imports, minimizing them to stabilize rising domestic stocks and prevent prices from falling.

REGIONAL OVERVIEW

FOOD AND GENERAL INFLATION

General inflation in the region was estimated at 2.2 percent, and food price inflation at 2.3 percent in October compared to one year ago.

In October, general and food inflation in Bangladesh increased by 0.7 percent. In China, consumer prices registered a 0.3 percent decline and food prices dropped by 1 percent.

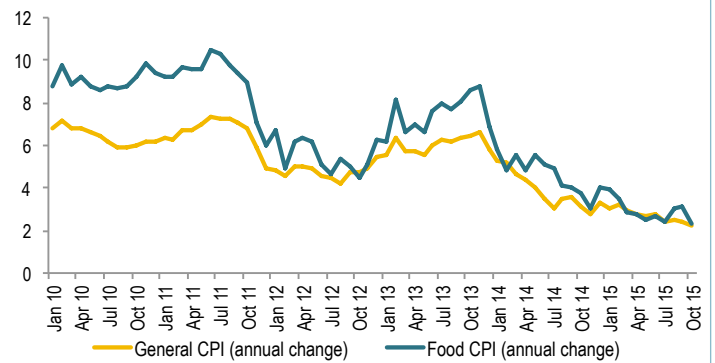
In India¹, general inflation was up 4.4 percent, and food prices were up 3.8 percent on more expensive pulses, although vegetables, fruits and protein-rich items were all cheaper.

In Indonesia, general inflation was down 0.1 percent, and food prices declined 1.1 percent on falling prices for chicken meat and red chillies. In Pakistan, general and food inflation rose 0.5 percent and 0.4 percent, respectively, as prices for tomatoes and pulses increased. In the Philippines, general and food price inflation both inched up by 0.7 percent.

Samoa's general inflation increased by 1.9 percent, and food prices rose 3.5 percent, driven by higher prices for taro, ta'amu, yam, and fresh vegetables. Sri Lanka's general inflation was up 0.4 percent and food inflation increased 0.8 percent on price increases for vegetables, sugar and rice.

In Thailand, general and food price inflation were unchanged from last month. Viet Nam's general inflation rose by 0.5 percent, and food prices were up 0.5 percent.

Food and general inflation (%)



Source: FAOSTAT, World Bank, and government statistics.

Note: The consumer price index (CPI) measures changes in the consumer basket of goods and services purchased by households. Regional estimates for the CPI are aggregated by a weighted geometric average of each respective national CPI and its corresponding regional GDP share (deflated by purchasing power parity estimates) as its weight. The regional index includes contributions from ten countries, comprising: Bangladesh, China, India, Indonesia, Pakistan, Philippines, Samoa, Sri Lanka, Thailand, and Viet Nam.

Note: Prices in US dollars (US\$) are converted from local currencies using the average exchange rate for the corresponding month of publication supplied by the IMF International Financial Statistics.

¹These figures are reported by the Ministry of Statistics and Programme Implementation. Regional price indices use the agricultural laborers series from the Labour Bureau as our source for the CPI figures in India.

FOOD PRICES

Following a sharp decline in August, the FAO Food Price Index rose six points in October, reaching an average of 162.6 points on higher prices for sugar, vegetable oils and dairy.

Maize prices were 3.7 percent higher in October on downward revisions for 2015 production in Ukraine, and were 4.5 percent higher than one year ago. After reaching a five-year low in September, wheat prices continued to rise in October by 1.1 percent, but were down 23.2 percent year on year. Thai rice prices (white 100% grade B) rose 2.6 percent, but were 13.9 percent lower than a year ago.

The **regional rice price index** rose 0.5 percent in nominal terms in October and was 0.7 percent higher than one year ago. The real price of rice was also 0.4 percent higher, but 2.1 percent lower than one year ago. On a monthly basis, the nominal price of rice rose 2.1 percent in Southeast Asia, and 0.1 percent in India, while dropping 0.9 percent in South Asia. In East Asia, nominal rice prices remained unchanged. Month on month, real rice prices dropped in South Asia and India by 1.5 percent and 0.2 percent, respectively, but increased 1.8 percent in Southeast Asia and 0.3 percent in East Asia.

Year on year, nominal prices fell 11.3 percent in South Asia and 3.8 percent in India, but rose by 9.7 percent in Southeast Asia and 3 percent in East Asia. Real prices dropped 16.3 percent in South Asia, and 6.8 percent in India. In Southeast Asia, year-on-year real prices increased 3.4 percent, and 1.2 percent in East Asia.

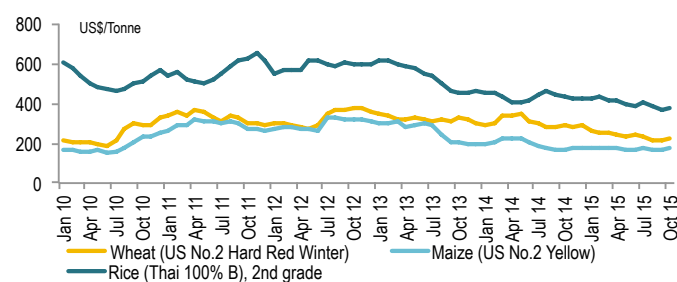
The **regional wheat price index** was 0.9 percent higher than in September in nominal terms, and 2.8 percent higher than a year ago. Month on month, nominal prices increased 1.7 percent in India, and 1.6 percent in South Asia, but remained unchanged in East Asia and decreased just 0.1 percent in Southeast Asia. Year on year, nominal prices were up 4.9 percent in India, 4.2 percent in East Asia, followed by a 2.1 percent increase in Southeast Asia. Conversely, nominal wheat prices in South Asia dropped by 4.2 percent.

Real wheat prices in the region increased by 0.7 percent during September, but were 0.1 percent lower than one year ago. Compared to one month ago, prices were up 1.4 percent in India, 0.7 percent in South Asia, followed by minor increases of 0.3 percent and 0.2 percent in East Asia and Southeast Asia, respectively. Year-on-year real prices dropped, led by a decline of 7.9 percent in Southeast Asia and a 2.2 percent drop in South Asia. Prices rose 1.6 percent in India, but were unchanged in East Asia.

Note: The regional price indices are aggregated using weights defined by the national Food Balance Sheet (FAOSTAT). Weights are defined as the availability of rice and wheat for domestic consumption for each respective index. Sub-regional groupings in the rice index are Cambodia, Indonesia, Lao PDR, Myanmar, the Philippines, Thailand and Viet Nam for Southeast Asia; Bangladesh, Nepal, Pakistan, and Sri Lanka for South Asia; China and Mongolia for East Asia. Prices for India represent an average of 4 markets in Chennai, Delhi, Mumbai and Patna.

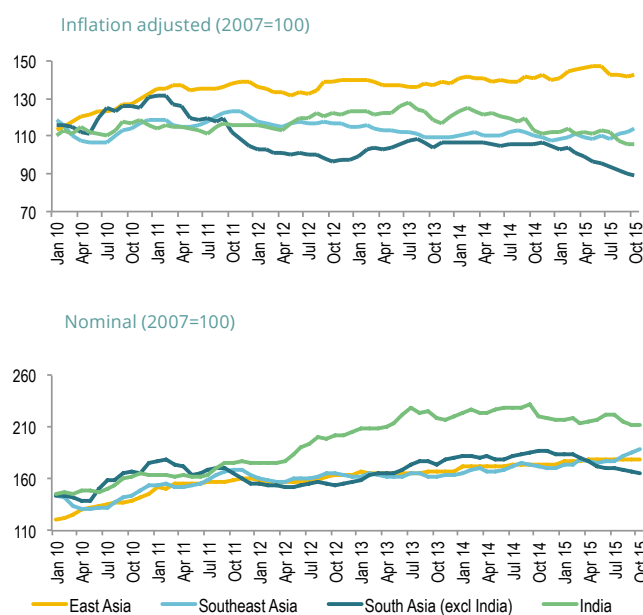
For the wheat index, South Asia also includes Afghanistan whereas Southeast Asia includes only Indonesia. East Asia is also only represented by China. Retail prices are used where available - with the exception of wholesale prices for Cambodia and Thailand in the rice index; as well as India and Indonesia for the wheat index. Prices for India represent an average of 4 markets in Chennai, Delhi, Mumbai and Patna.

Global benchmark prices

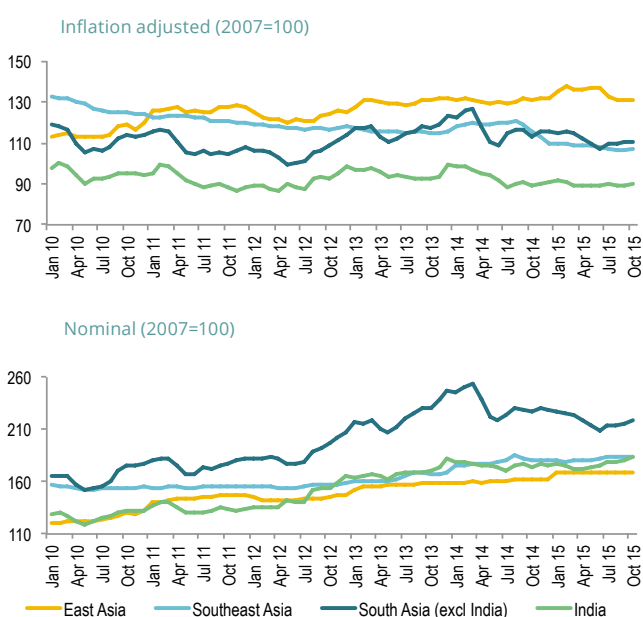


Source: FAO, International commodity prices

Subregional price indices: rice



Subregional price indices: wheat



Source: FAO GIEWS, national government and IMF International Financial Statistics.

COUNTRY OVERVIEW

FOOD PRICES

In **Afghanistan** (Kabul markets), wheat prices soared 20 percent from last month but were 3 percent lower than a year ago. Wheat flour prices (low price) were down by 14 percent from last month and 10 percent from last year.

Wheat production in 2015 was high enough to reduce the import requirement to meet domestic needs compared to the previous year. Households have started stocking grains for winter (the lean season lasts from February to May). Wheat and wheat flour imports from Kazakhstan, Pakistan and Turkmenistan are continuing at a normal rate for the season, but currency depreciation translates into higher prices.

Furthermore, to secure wheat and wheat flour imports over the next five years, the Government of Afghanistan recently signed a Memorandum of Understanding with Turkmenistan and is planning to secure a medium-term contract to purchase wheat from Kazakhstan.

In **Bangladesh** (Dhaka city markets), retail prices for wheat flour (atta) and rice have been stable with increases of one percent or less. Nonetheless, wheat flour prices were up 6.7 percent, and rice prices were 9.8 percent lower than one year ago. Retail price stability mainly reflects sufficient supplies from the recently completed summer (aus) harvest, but price stability has also been supported by a combination of adequate trade and market policy measures, such as government-to-government grain imports, public food procurement mechanisms and open market sales.

Wholesale prices for wheat flour were down 10.6 percent, and rice prices were down 21.1 percent from a year ago, partially reflecting ample supplies to replenish public stocks.

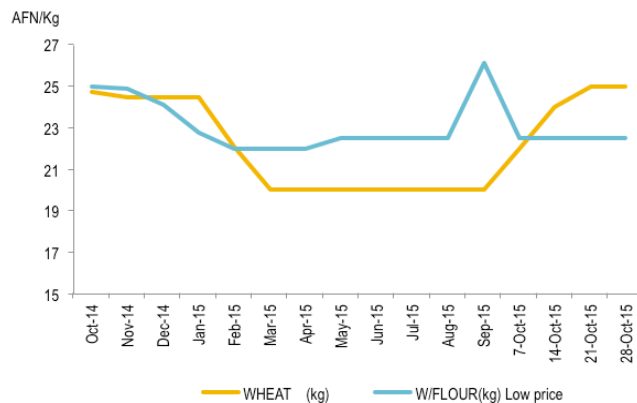
In **Cambodia** (Phnom Penh markets), rice prices for neangminh and mixed varieties were stable despite expectations that the rice output for the main season in 2015 will be 3 percent lower than the previous year because of dry weather conditions. Output is expected to total 7 million tonnes.

Prices for beef, pork, live fish and chicken were up by 2.3 percent, 4.5 percent, 6.3 percent and 8 percent, respectively. Year on year, live fish and beef registered the largest increases, up 21.4 percent and 10 percent, respectively.

In **India** (Delhi markets), rice and wheat prices were stable over the past month. Prices for vegetables continue to fluctuate.

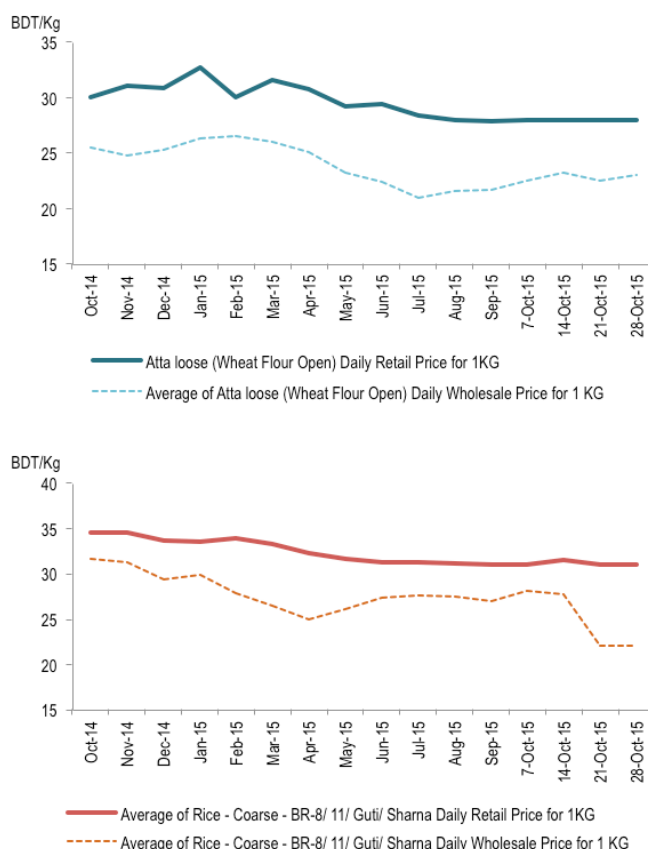
Prices for pulses have continued to rise since last year. In October, prices for red lentils (urad) were up 30.4 percent, pigeon peas (arhar) were up 28 percent, split gram rose 19.4 percent, and green gram (moong) prices were up 11.6 percent. Compared to a year ago, prices for pigeon peas (arhar) and red lentils (urad) were 125 percent and 107 percent higher, respectively. Annual prices for split gram and moong were up

Afghanistan



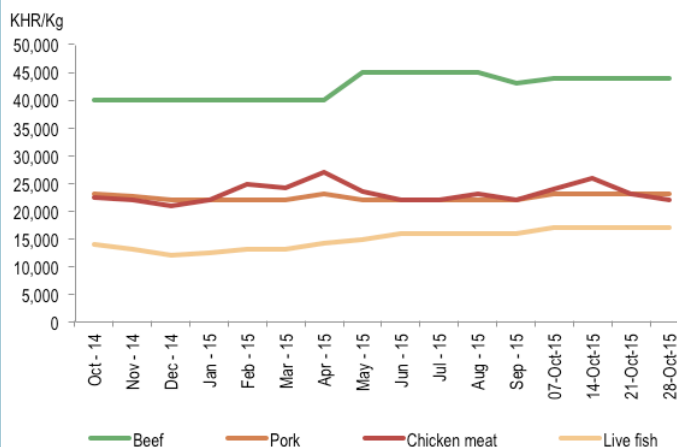
Source: World Food Programme, 2015.

Bangladesh



Source: National Food Policy Capacity Strengthening Programme, 2015.

Cambodia



Source: Ministry of Agriculture, Forestry, Fisheries, 2015.

66.7 percent and 38.6 percent, correspondingly.

India is the largest producer, consumer and importer of pulses in the world, accounting for almost half of the international trade. Domestically, pulses are an affordable source of protein for vegetarians. The Government has been implementing a combination of policy measures to mitigate price increases, such as encouraging production by increasing minimum support prices, and facilitating trade by cutting import duties to zero. In addition, the Government is promoting price stability by guaranteeing availability through imposing stock limits and de-hoarding operations in major producing states such as Maharashtra. The Government has predicted price declines by mid-November for pulses in several states, including Karnataka, Rajasthan, Madhya Pradesh and Chhattisgarh.

Potato prices (not shown in graph) were unchanged in October, but down 41 percent from a year ago. Mismatches in supply and demand, and adverse weather have pushed onion prices (not shown in graph) down to 25 percent below those of a month ago, but 56 percent higher than a year ago. The Government is responding by guaranteeing availability through stock releases while waiting for the arrival of the new crop.

Fish prices dropped 23.2 percent in October and were 45.6 percent lower than one year ago. Aquaculture production is playing an increasing role in meeting demand for fish and fishery products, and in providing employment for rural populations. In this regard, the Ministry of Agriculture is currently reviewing the National Policy on Marine Fisheries to further develop the sector in a sustainable way.

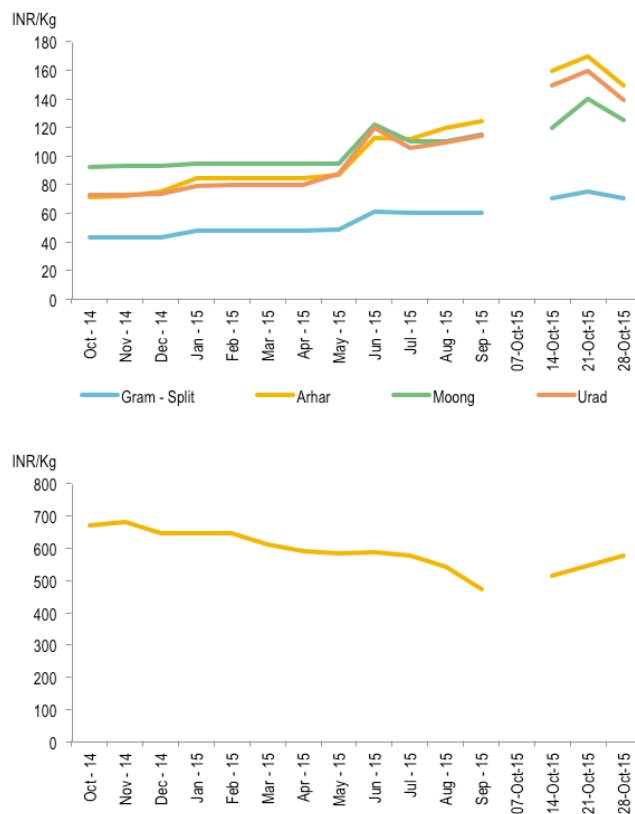
In **Thailand** (Bangkok markets), rice prices were stable during October and have been generally stable over the past year.

Chicken prices fell 6.5 percent in October and were 13.8 percent lower than a year ago on improved production. The cost of production has fallen as farmers have begun favouring soybean for feed. Efforts to address food safety challenges and animal health concerns, together with effective disease control and surveillance programs, have also contributed to lower prices as farmers suffer less losses to disease.

Lime prices were up 28.8 percent from last month and 12.5 percent from last year.

Seafood prices were stable on a monthly basis. Compared to one year ago, prices for mussels and mackerel increased 27.3 percent and 2.7 percent, respectively. Prices for banana squid and white shrimp dropped 12.3 percent and 5.7 percent, correspondingly.

India



Source: Ministry of Agriculture, 2015. Unreported prices for the week of 7 October.

Thailand



Source: Ministry of Commerce, 2015.

Note: Month-on-month changes are calculated as the price average of the current publication month from the price average of the previous month. Year-on-year changes are likewise reported as the price average of the current publication month from the price average of the same month in the previous year.

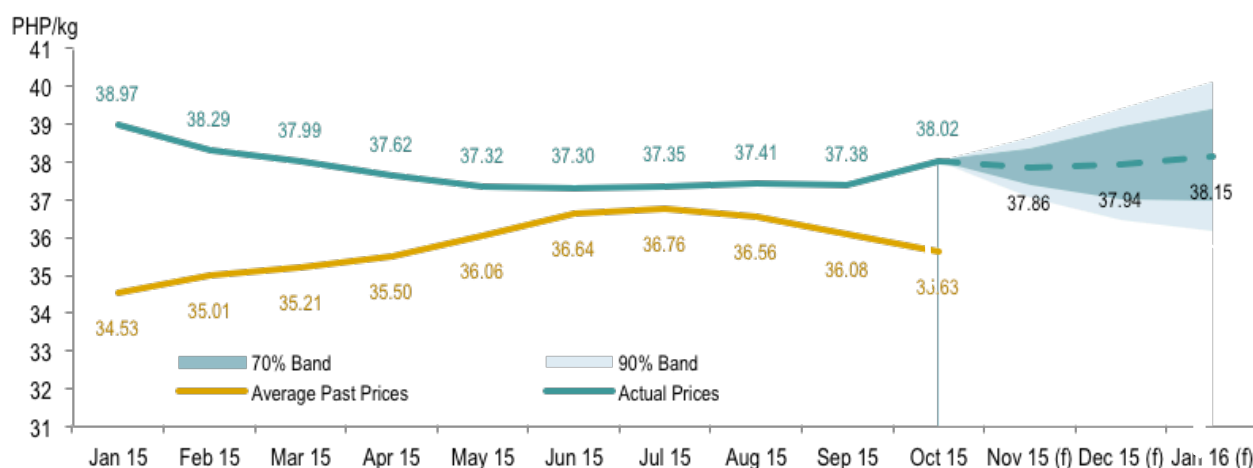
PRICE FORECAST

The Philippines (retail rice)

Retail prices for rice in the Philippines were PHP 38.02 (US\$ 0.82) per kg in October and were 1.7 percent higher from September but 4.6 percent lower than a year ago. Prices have been generally in line with the trend in average past prices as they were up 0.02 percent from June to October compared to an average drop of 0.03 percent experienced over the past 7 years during the same period of time. The benchmark future price for November is forecast at PHP

37.86 (US\$ 0.82) per kg within a 70% benchmark band of PHP 37.41 – 38.31 (US\$ 0.81 – 0.83) per kg representing a 0.4 percent decrease from the price in October 2015 and a 4.3 percent decrease from the price in November 2014. If prices follow normal seasonal patterns during the next three months, the model forecasts that retail prices for rice are likely to be within a benchmark band of PHP 37.41 – 39.33 (US\$ 0.81 – 0.85) per kg.

Retail price rice



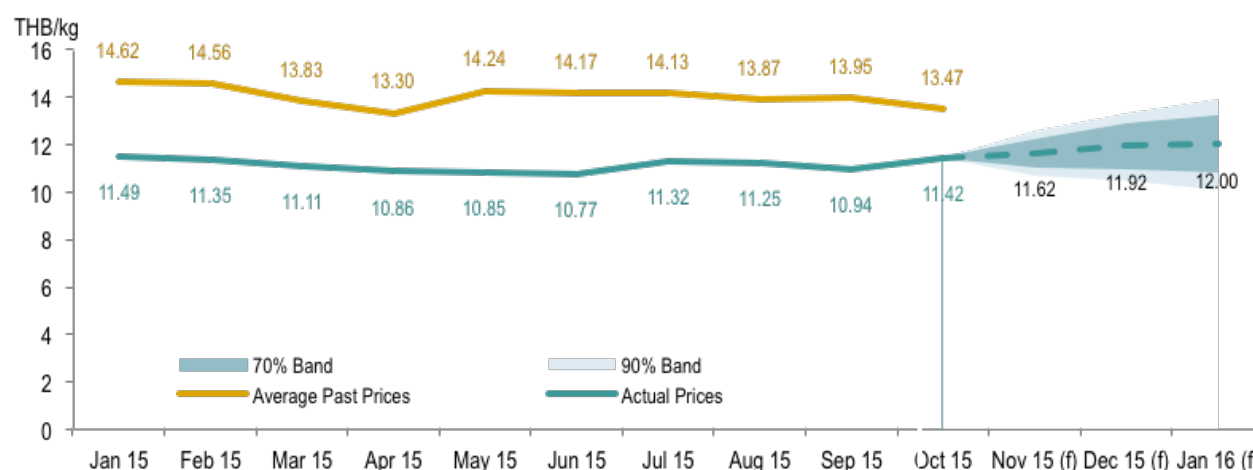
Source: FAO GIEWS and FAO RAP calculations.

Thailand (wholesale rice)

Wholesale prices for rice in the Thailand were THB 11.42 (US\$ 0.32) per kg in October and were 4.4 percent higher than September but 2.6 percent lower than a year ago. Prices have been generally in line with the trend in average past prices as they were up 1.05 percent from May to October compared to an average increase of 0.95 percent experienced over the past 7 years during the same period of time. The benchmark future price for November is forecast at

THB 11.62 (US\$ 0.33) per kg within a 70% benchmark band of THB 11.02 – 12.21 (US\$ 0.31 – 0.34) per kg representing a 1.7 percent increase from the price in October 2015 and a 1.3 percent increase from the price in November 2014. If prices follow normal seasonal patterns during the next three months, the model forecasts that wholesale prices for rice are likely to be within a benchmark band of THB 11.02 – 13.16 (US\$ 0.31 – 0.37) per kg.

Retail price for rice



Source: FAO GIEWS and FAO RAP calculations.

Technical notes: The ESA Price Monitoring Model is a simple tool designed to assist policy makers, farmers and traders in assessing whether recent price trends are in line with those typically observed in the past. The purpose of the model is to determine whether short-term price movements of a commodity exceed a benchmark which takes into consideration seasonality, inflation and historic variability. The model uses only data on past prices and the consumer price index (CPI) to capture these characteristics. It establishes an expected level of price for the following month along with a range of uncertainty generated by past deviations from expected prices. Price movements can be interpreted as "excessive" if prices fall outside the benchmark band. The difference between the actual price and the "benchmark price" (1 month in advance) that was forecasted for that same month is also calculated by the model although not shown in the graph. An additional feature of the model is to show the current level of prices relative to an average of past prices during the past four years (adjusted for inflation). For details on the model, please see: <http://www.foodsec.org/web/publications/briefs/>.

NATIONAL POLICY DEVELOPMENTS

Production oriented policies

The Government of **Bangladesh** will set up 254 agriculture information and communication centres to more effectively disseminate agricultural information and technology in rural areas. These centres will be operational in December and farmers associations will receive financial assistance and IT equipment.

In November, **China** revised its Seed Law for the first time to enhance the competitiveness of the sector. It removed barriers for seed production and trade licences, but left the major crop seed approval system unchanged for rice, wheat, corn, soybean and cotton.

In early November, **China** presented a five-year plan to develop modern agriculture and raise farmers' incomes. It aims to improve systems for agricultural management and rural collective property rights by 2020. China is also planning to review and reform the rural land system and the rural financial system.

On 5 November, the Ministry of Agriculture of **India** increased the Minimum Support Prices (MSP) for winter crops. From the previous season, wheat increased from INR 1 450 to INR 1 525 (from US\$ 15.8 to US\$ 16.7) per quintal (100 kg), and barley increased from INR 1 150 to INR 1 225 (from US\$ 12.5 to US\$ 13.4). In percentage terms, those are equal to rises of 5.2 percent and 6.5 percent, respectively. Following a decline in production, MSPs for pulses were also raised to encourage plantings. The Central Government uses MSPs to procure food grains from farmers and boost production by guaranteeing a minimum price despite market volatility.

On 21 October, the Federal Committee on Agriculture of **Pakistan** set a wheat production target of 26 million tonnes for the MY 2015/16 winter season. Other production targets for gram, lentil, onion and potato were also fixed for the same period.

The Government of **Sri Lanka** announced an amendment to its fisheries law. It imposes heavy fines, ranging from LKR 1 million to LKR 150 million (US\$ 7 196 to US\$ 1 079 392), on foreign vessels found fishing in Sri Lankan waters without a license.

Trade and market related policies

After health protocols were renegotiated between the **Indonesian** and **Australian** governments, Australian productive breeding cattle and buffalo will be exported using more efficient preparation procedures. Meanwhile, in order to sustain the trade in live animals with Indonesia, Australia's major exporting destination, Australia agreed to provide AUD 60 million (US\$ 42.4 million) for the Indonesia-Australia Partnership on Food Security in Red Meat and Cattle Sector. The Partnership aims to improve the productivity, sustainability and competitiveness of the cattle sectors and build the market for red meat in Indonesia.

Bangladesh reduced its public procurement target for Aman rice from 320 000 tonnes at BDT 32 (US\$ 0.41) per kg in MY

2014/15 to 200 000 tonnes at BDT 31 (US\$ 0.40) per kg in MY 2015/16. The procurement will be carried out from 15 December to 15 March 2016. As a complementary measure, the Government intends to increase the existing 10 percent import duty for rice.

India raised the import tariff on ghee, butter and butter oil from 30 percent to 40 percent to safeguard local producers from cheaper imports following a recent steep fall in prices of those products in the global market. The revised tariff will be effective from 5 October 2015 to 31 March 2016.

Malaysia announced that it will manage palm oil import volumes to stabilize rising domestic stocks and prevent domestic prices from falling further. Imports would be minimized but not banned, and long-term or previously signed contracts will be allowed to continue. In September, domestic inventories reached a peak of 2.6 million tonnes, pushing prices down. In response, the Government allocated MYR 100 million (US\$ 22.7 million) to replant 83 000 ha of old palm oil estates from 1 October to 31 December. This replanting programme is targeting oil palm planting companies in order to reduce crude palm oil production by 250 000 tonnes in 2016.

The Government of **Thailand** is implementing several measures to stabilize rice prices as new harvests enter the market. Among them are increasing farmers' access to loans, providing low-interest-rate funds, and slowing down delivery of new rice to the market between October and November. The Government is also encouraging exporters to buy rice at favourable prices.

Consumer related policies

On 6 November, the Government of **Cambodia** announced a new draft law to support food safety measures by regulating animal produce and slaughterhouses. It emphasizes sound management practices and is expected to create opportunities for industrial development and job creation in the sector.

On 3 October, the first case this year of the H5N6 strain of avian influenza was confirmed in a chicken and duck farm in the **Lao People's Democratic Republic**. Lao PDR is situated next to Viet Nam where there have been many recent outbreaks. The Government responded by taking preventive measures that include disinfection, stamping out and screening.

The Ministry of Agriculture and Cooperatives of **Thailand** set up a plan to ensure good quality school milk through raising the total solids content from 11.5 percent to 12.5 percent by 2017. On the production side, cattle raisers participating in the school milk programme will be required to comply with global standards. On the monitoring side, the Food and Drug Administration will carry out strict inspections, and mechanisms to allocate milk quotas to schools will be more transparent.

Sources: Policy developments for the Asia-Pacific region are collected by FAO from official and non-official websites. For Australia, the Australian Government; for Bangladesh, National News Agency of Bangladesh and World-Grain.com; for Cambodia, the Phnom Pehn Post; for China, the State Council and the Ministry of Agriculture; for India, FAO; for Malaysia, FAO and the United States Department of Agriculture; for Lao PDR, OIE and Far Eastern Agriculture; for Pakistan, Ministry of National Food Security and Research; for Sri Lanka, the Official Government News Portal and the Sunday Times; and for Thailand, National news bureau of Thailand.

OTHER UPDATES

Haze driving up food prices in Malaysia

The toxic haze emanating from forest-clearing fires in Indonesia has been having negative impacts on agriculture in Malaysia, driving down output and driving up prices for vegetables, chickens and eggs, according to a report in the New Straits Times newspaper. Reduced photosynthesis because of smoke blocking sunlight has slowed the growth of vegetables, reducing output by 10 to 20 percent and causing prices to rise by as much as 50 percent, the paper reported. Two to three million chickens have been dying each month because of respiratory problems caused by the smoke, which translates into less chicken meat available in the market and fewer eggs, driving up prices. Although the fatalities are equal to 6 percent of the number of chickens raised nationwide, the paper said, and could go as high as 10 percent if the haze worsens or lasts longer than expected because of the effects of the El Nino dry weather phenomenon. The result will be higher food price inflation.

The haze is largely the result of smallholder farmers clearing peat lands by slash-and-burn methods to cultivate food crops. The haze is also causing health problems, the cost of which will take a toll on the economy in terms of productivity and health care costs, the paper said. Meanwhile, a paper published by the Australian Strategic Policy Institute said the haze is now also present in West Papua because land is being cleared there in a government initiative to create a new food-growing area in a bid to achieve food self-sufficiency. Solutions offered by the paper include making it mandatory for plantations to install tube wells to pump groundwater into the existing trenches, ditches, moats and canals to serve as firewalls, and to establish a regional haze monitoring centre.

How climate can finance work for women

Women and children are disproportionately affected by climate change. That fact was recognized as early as 1995 in the Beijing Declaration and Platform for Action. Now, a study released last month by the Organization for Economic Cooperation and Development said that gender-targeted aid and finance to cope with climate change is showing positive results. In many developing countries, women's livelihoods are dependent on subsistence agriculture, forestry and water, which are all affected by climate change. But, restrictions on women's ability to own land means that many do not have access to productive land to farm, and a lack of financial capital and access to technologies means they cannot easily diversify their livelihoods, said the report *Making Climate Finance Work for Women*.

While there is a strong focus on gender equality in climate-related overseas development aid to agriculture (57 percent) and water (44 percent), gender responsive approaches are needed across all climate-related sectors, such as energy and transport, the report said. Support for gender equality in climate change assistance has increased from US\$ 4.4 billion in 2010 to US\$ 6.9 billion in 2013. The report cited a number of promising examples that can be built upon, such as the distribution of clean cooking stoves, which have reduced emissions and illnesses. The Grameen Shakti mitigation programme in Bangladesh trains women as solar technicians to install and maintain solar home systems in rural households not connected to electricity. Such programmes show the benefits and effectiveness of engaging women in climate change adaptation and mitigation.

Sources: For the haze story, the New Straits Times Malaysia. For the climate change story, the Organization for Economic Cooperation and Development.

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