International cereal export prices

Rice prices continue to climb in May but wheat eases further

■ International prices of **rice** continued to rise in May, albeit at a slightly slower pace than that witnessed since the beginning of 2008. The price of Thai white rice (100% second grade, f.o.b. Bangkok) averaged USD 963 per tonne in the first three weeks of May, USD 90 up from April and almost three times the level of a year ago. This strength contrasts sharply with market fundamentals indicating a record global production in 2007 and even more optimistic prospects for 2008. A flurry of export restrictions by large exporting countries are largely behind the steep increases in prices. Although the arrival of good secondary crops in some Asian countries and a bumper harvest in Brazil could ease somewhat the current market tightness, the bulk of the 2008 rice crop will only be harvested towards the end of the year.

■ Continuing favourable weather conditions for the main **wheat** crops around the globe, and firmer indications of more plentiful supplies in the new season have driven international wheat export prices down sharply in recent weeks. After reaching record highs (in nominal terms) in March, international wheat prices began to slide in April and continued decreasing in May. In the first three weeks of May, the price of US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged US$354 per tonne, 26 percent down from March but still 74 percent above the May average last year. In futures markets, prices have also decreased sharply in recent weeks.

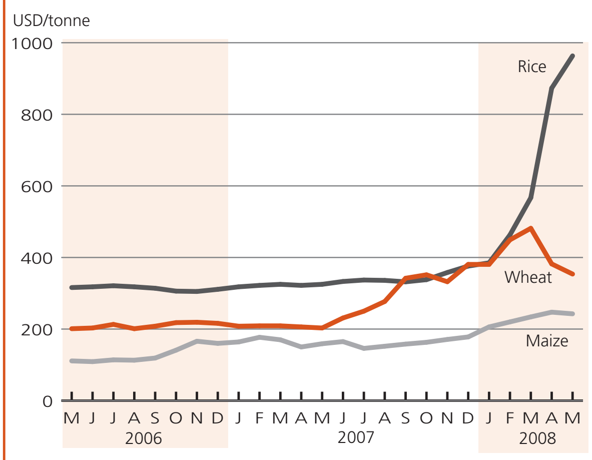
■ International **maize** prices remain at record high levels. The price of US maize (No. 2 Yellow, Gulf) averaged USD 243 per tonne in the first three weeks of May, marginally below the April average. At this level, US maize prices are 53 percent more than the same period last year. Tightness in global supplies, coupled with an expected area reduction and weather related planting delays in the United States, the world's biggest producer, continue to provide support.

Selected international cereal export prices* (USD per tonne)

	2007	2008				
	May	Jan.	Feb.	Mar.	Apr.	May
United States						
Wheat[1]	203	381	449	481	389	354
Maize[2]	159	206	220	234	248	243
Sorghum[2]	155	225	222	233	243	240
Argentina[3]						
Wheat	219	330	365	395	-	-
Maize	147	199	206	216	228	203
Thailand[4]						
Rice white[5]	325	385	483	567	848	963
Rice, broken[6]	252	365	431	522	720	770

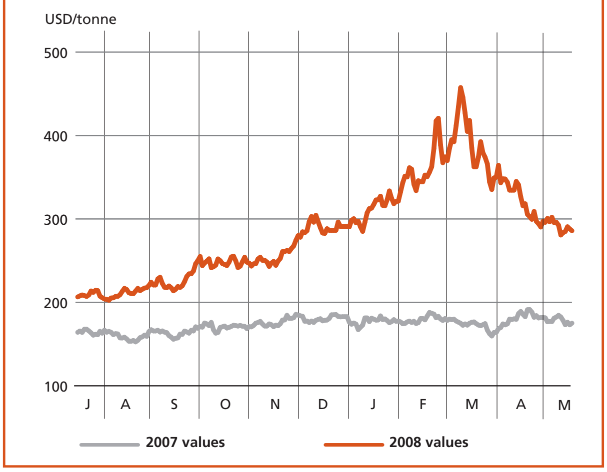
*Prices refer to the monthly average (for May 2008 3 weeks average except rice which is 4 weeks).
[1] No.2 Hard Red Winter (Ordinary Protein) f.o.b. Gulf.
[2] No.2 Yellow, Gulf. [3] Up river, f.o.b. [4] Indicative traded prices.
[5] 100% second grade, f.o.b. Bangkok. [6] A1 super, f.o.b. Bangkok.

Selected international cereal prices



Note: Prices refer to monthly average. For May 2008 the average of the first three weeks is used for wheat and maize; four weeks for rice.

CBOT wheat futures for July



CBOT maize futures for July