



International cereal export prices

Rice prices continue to climb in May but wheat eases further

International prices of **rice** continued to rise in May 2008. The price of Thai white rice (100% second grade, f.o.b. Bangkok) averaged USD 963 per tonne during the month, USD 90 up from April and almost three times the level of May 2007. 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 are largely behind the steep increases in world prices. The arrival of good 2007 secondary crops in some Asian countries and a bumper 2008 harvest in Brazil could ease somewhat the market tightness, especially if governments react to the improved supply situation by loosening export restrictions.

With many of the world's major **wheat** crops already being harvested or nearing harvest in the northern hemisphere, firmer indications of more plentiful wheat supplies in the new season have driven international wheat export prices down sharply in recent weeks. The price of US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 349 per tonne in May, 27 percent down from the record highs (in nominal terms) in March but still 72 percent above the May average last year. In futures markets, prices have also decreased sharply in recent weeks.

International **maize** prices remain at high levels. The price of US maize (No. 2 Yellow, Gulf) averaged USD 242 per tonne in May, slightly below the April average, but 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. However, maize futures on CBOT have come under some downward pressure in recent days driven by the strengthening of the US dollar and a slide in crude oil prices. This week's decision by the US Government to permit the use of its Conservation Reserve Programme (CRP) area (24 million acres) for cattle grazing in response to high feed costs is also seen as putting downward pressure on maize prices.

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	349
Maize ²	159	206	220	234	248	242
Sorghum ²	155	225	222	233	243	240
Argentina³						
Wheat	219	330	365	395	-	-
Maize	147	199	206	216	228	207
Thailand⁴						
Rice white ⁵	325	385	483	567	848	963
Rice, broken ⁶	252	365	431	522	720	770

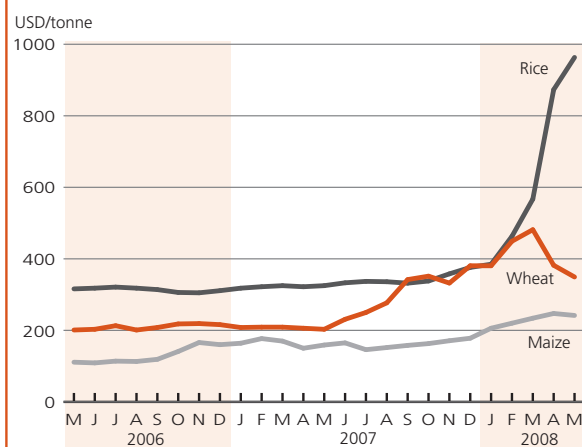
*Prices refer to the monthly average.

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.

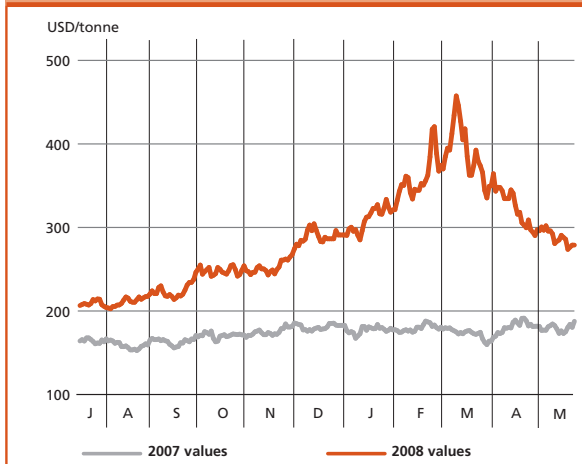
⁵ 100% second grade, f.o.b. Bangkok. ⁶ A1 super, f.o.b. Bangkok.

Selected international cereal prices



Note: Prices refer to monthly average.

CBOT wheat futures for July



CBOT maize futures for July

