



# International cereal export prices

## Tight maize supply in the United States continues to underpin international prices of major cereals

International **maize** prices continued their upward rally in recent weeks, climbing to record high levels. The main driving factor for the surge in maize prices has been the devastating impacts of recent floods on this year's maize crops in the United States, the world's largest producer and exporter of maize. The floods mostly damaged crops in the Midwest, the major maize and soybean growing area in the United States. The America Farm Bureau Federation has put the amount of flood damage to this year's crops at more USD 8 billion. In June, the US maize (No. 2 Yellow, Gulf) price averaged USD 281 per tonne, up USD 39 per tonne, or 16 percent, from May and 70 percent more than in June 2007. The weaker US dollar and the rising crude oil prices have also contributed to the increase in maize prices while indications of more wet weather still to come in the US maize producing areas, which could further damage crops, have pushed up the US maize futures to new highs. By late June, maize futures on the Chicago Board of Trade (CBOT) for September delivery were quoted above USD 300 per tonne, a record and almost 120 percent more than in the corresponding period last year.

International **wheat** prices were not spared from the influence of recent price hikes in maize markets despite favourable production prospects for wheat this year. In June, the price of US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 358 per tonne, up USD 9 per tonne from May and 55 percent, or USD 127 per tonne, more than in June 2007. While wheat prices have fallen by as much as 30 percent from their peaks in late February 2008, they remain at high levels. The main factors providing support to wheat markets include the uncertainty associated with maize and soybean situation in the United States and slow shipments from Argentina because of the farm dispute coupled with early signs of stronger world demand than last year, particularly from a number of drought-stricken countries in Asia. In the futures markets, after a short-lived decline, wheat prices for September delivery on CBOT resumed their upward trend, rising to USD 346 per tonne by the close of market on 26 June, some 50 percent more than in the corresponding period last year.

In contrast, the price of Thai white rice 100% B quotation, the world's benchmark grade for rice, eased further in June, when it averaged 10 percent below May and as much as 16 percent below the record reached on 21 May 2008. By late June, the Thai rice was quoted at USD 862 per tonne (fob, Bangkok), still more than twice this time last year. In June 2008, Viet Nam, a major rice exporter, lifted the ban on rice exports and allowed private traders to re-issue export contracts for limited quantities. However, so far this has had little impact on world prices as trade for 5% broken rice remains subject to a minimum export price of USD 780 per tonne (as of late June). With the expected arrival of the new and bumper paddy crops to be harvested soon, further downward pressure on prices is likely in the coming weeks.

### Selected international cereal export prices\* (USD per tonne)

	2007 June	Feb.	Mar.	2008 Apr.	May	June
<b>United States</b>						
Wheat <sup>1</sup>	231	449	481	389	349	358
Maize <sup>2</sup>	165	220	234	248	242	281
Sorghum <sup>2</sup>	166	222	233	243	240	268
<b>Argentina<sup>3</sup></b>						
Wheat	239	365	395	-	-	-
Maize	156	206	216	228	207	258
<b>Thailand<sup>4</sup></b>						
Rice white <sup>5</sup>	332	483	567	848	963	870
Rice, broken <sup>6</sup>	255	431	522	720	772	645

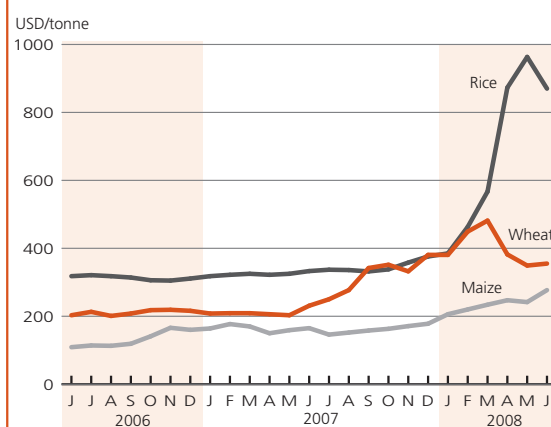
\*Prices refer to the monthly average.

<sup>1</sup> No.2 Hard Red Winter (Ordinary Protein) f.o.b. Gulf.

<sup>2</sup> No.2 Yellow, Gulf. <sup>3</sup> Up river, f.o.b. <sup>4</sup> Indicative traded prices.

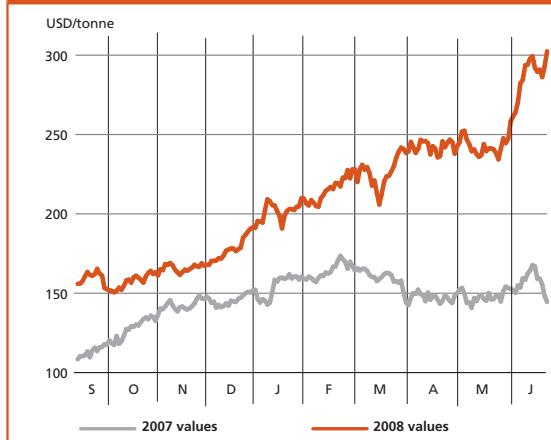
<sup>5</sup> 100% second grade, f.o.b. Bangkok. <sup>6</sup> A1 super, f.o.b. Bangkok.

### Selected international cereal prices



Note: Prices refer to monthly average.

### CBOT maize futures for September



### CBOT wheat futures for September

