



# International cereal export prices

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

International maize prices have continued to move upward in recent weeks, climbing to record high levels. The main driving factor for the surge has been the devastating impact of recent floods on this year's maize crops in the United States, the world's largest producer and exporter. In the second week of July, the US maize (No. 2 Yellow, Gulf) price averaged USD 292 per tonne, USD 11 per tonne up from the June average and double the average in July 2007. The weaker US dollar and the rising crude oil prices have also contributed to the increase in maize prices. On the futures market, prices in the past weeks were volatile. September maize futures on the Chicago Board of Trade (CBOT) fell sharply at the start of July in reaction to news of higher ending stocks and larger plantings than earlier forecast in the United States.

International wheat prices weakened modestly in early July with seasonal harvest pressure from good crops being gathered in the northern hemisphere starting to influence markets, as well as improved prospects in Argentina, a major southern hemisphere producer where recent rains were beneficial for developing crops. In addition, the reopening of Argentina's export registry also contributed to the decline in prices. In the first two weeks of July, the export price of US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 349 per tonne, down USD 9 per tonne from the June average. However, this level is still about USD 100 per tonne up from the July 2007 price, with wheat prices remaining strongly underpinned by the maize market. Strong early season demand for feed wheat, driven by the high cost of coarse grains is providing support to wheat markets. As for maize, and partly influenced by the maize market, wheat futures have been volatile in the past few weeks. A sharp drop at the start of July cancelled a large part of the overall gain made in June.

After reaching a peak in May, rice prices fell in June and early July, reflecting greater export availabilities in countries such as Thailand and Viet Nam and a relatively weak import demand. The Thai white rice 100% B quotation, the world's benchmark grade for rice, averaged USD 849 per tonne in the first two weeks of July, USD 114 per tonne down from the May average. Until end of September 2008, Thailand will be operating a new government rice procurement programme at exceptionally high purchase price levels of around USD 425 per tonne for paddy rice, corresponding to some USD 650 per tonne on a milled basis. This measure is expected to sustain world prices in the next few months. Likewise, although Viet Nam has announced it would allow private contract sales to resume in July, the imposition of a minimum export price of USD 780 per tonne (lowered from a previous USD 800 per tonne) should also keep world prices from dropping much below those levels.

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

	2007		2008			
	July	Mar.	Apr.	May	June	July
<b>United States</b>						
Wheat <sup>1</sup>	250	481	389	349	358	349
Maize <sup>2</sup>	146	234	248	242	281	292
Sorghum <sup>2</sup>	157	233	243	240	268	262
<b>Argentina<sup>3</sup></b>						
Wheat	249	395	-	-	-	-
Maize	141	216	228	207	258	271
<b>Thailand<sup>4</sup></b>						
Rice white <sup>5</sup>	337	567	848	963	870	849
Rice, broken <sup>6</sup>	261	522	720	772	645	601

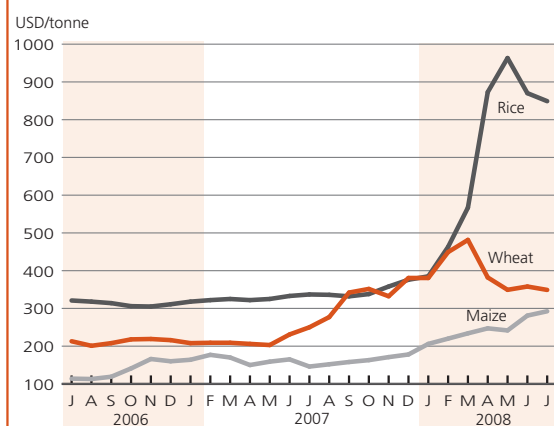
\*Prices refer to the monthly average. For July 2008, two weeks average, except for rice, one week average.

<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.

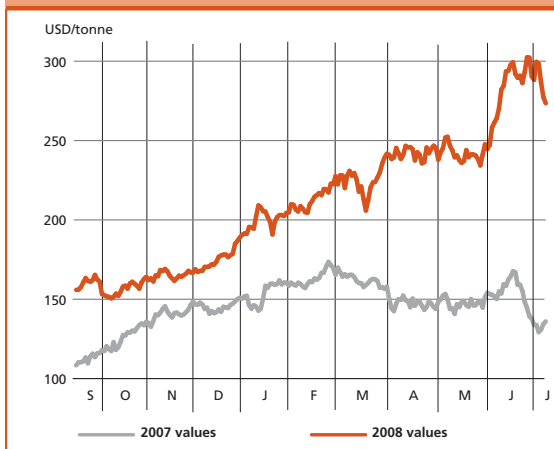
<sup>5</sup> 100% second grade, f.o.b. Bangkok. <sup>6</sup> A1 super, f.o.b. Bangkok.

### Selected international cereal prices



Note: Prices refer to monthly average. For July 2008, two weeks average, except for rice, one week average.

### CBOT maize futures for September



### CBOT wheat futures for September

