



International cereal prices

Grain prices fall in July but the downward slide for rice slows

■ International **wheat** prices have been falling sharply in recent weeks with seasonal harvest pressure from bumper crops being gathered in major producing regions in the northern hemisphere starting to influence markets. In July, the first month of the 2008/09 marketing season, US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 343 per tonne, down USD 15 per tonne from the June average. At this level, wheat prices are some 37 percent higher than in July 2007 but taking into account the slide in the value of US dollar against nearly all other major currencies, the increase in prices since last year has been lower, at around 27 percent¹. In the futures markets, wheat prices have remained under persistent downward pressure in recent weeks. In addition to the favourable supply prospects, recent declines in maize and crude oil prices have also weighed down on wheat prices. By the fourth week in July, the Chicago Board of Trade (CBOT) September wheat futures dropped to about USD 288 per tonne, down 32 percent, or USD 133 per tonne, from their peak in mid-March but still 26 percent above the corresponding period last year.

■ After peaking to record levels in June, international **maize** prices fell sharply in July, mostly in response to improved production prospects and, more recently, to a significant slide in crude oil prices. During the first four weeks of July, US maize (No. 2 Yellow, Gulf) averaged USD 272 per tonne, USD 9 per tonne down from the June average but some 80 percent above the average in July 2007. In real terms and after correcting for the decline in value of US Dollar against the major currencies, the increase in maize prices from the corresponding period last year stands at 68 percent. Maize prices on the futures market have also fallen in July from their highs in June, in part influenced by the decline in crude oil and soybean prices, while prospects for larger crop in South Africa and improved crop conditions in the United States also weighed on maize prices. By the fourth week in July, the CBOT September maize futures were quoted at around USD 225 per tonne, some USD 63 per tonne lower than at the start of the month but still USD 97 per tonne, or 75 percent, more than a year ago.

■ After reaching a peak in May, **rice** prices fell in June and continued to fall in 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 837 per tonne in the first two weeks of July, USD 126 per tonne down from the May average, but still 150 percent higher than their corresponding week in 2007. However, the downward price slide slowed substantially by mid-July, reflecting the impact of policy measures to support prices in some major producing countries. Thailand's official rice intervention programme has gained momentum since its launching on 15 June, especially as procurement prices were reported to outstrip the prevailing market rates by 30 percent. World prices were also lifted by Viet Nam's decision to raise the minimum export prices (5 percent broken) to USD 750 per tonne, up from USD 720 in the previous week.

¹Nominal wheat prices are weighted by Price-adjusted Major Currencies Dollar Index (US Federal Reserve)

Selected international cereal prices* (USD per tonne)

	2007		2008			
	July	Mar.	Apr.	May	June	July
United States						
Wheat ¹	250	481	389	349	358	343
Maize ²	146	234	248	242	281	272
Sorghum ²	157	233	243	240	268	236
Argentina³						
Wheat	249	395	-	-	-	-
Maize	141	216	228	207	258	254
Thailand⁴						
Rice white ⁵	337	567	848	963	870	837
Rice, broken ⁶	261	522	720	772	645	590

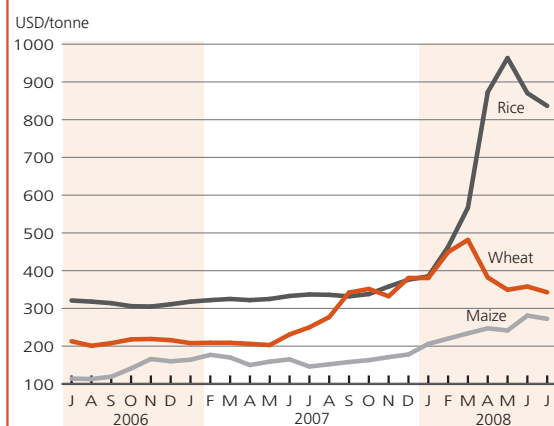
*Prices refer to the monthly average. For July 2008, four weeks average, except for rice, two week average.

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.

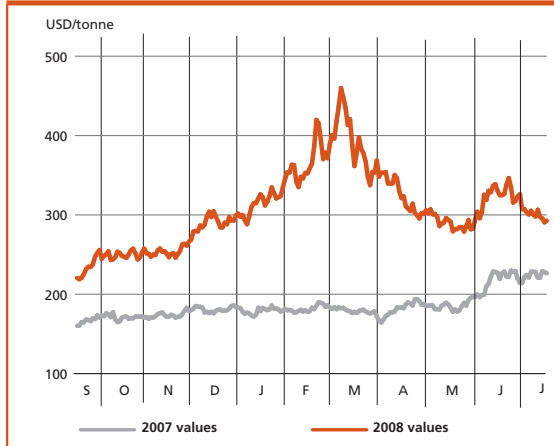
⁵ 100% second grade, f.o.b. Bangkok. ⁶ A1 super, f.o.b. Bangkok.

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

CBOT wheat futures for September



CBOT maize futures for September

