



International cereal prices

Cereal prices fall in July

International wheat prices fell in July, largely under seasonal harvest pressure from bumper crops being gathered in major producing regions in the northern hemisphere and more assured prospects for this year's crop in Australia because of timely rains. In July, the first month of the 2008/09 marketing season, US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 341 per tonne, down USD 17 per tonne from the June average but 36 percent above the level a year ago. Similarly, wheat futures markets have also remained under downward pressure in recent weeks from the good harvest prospects, which also accelerated liquidation of long futures positions by speculators. The Chicago Board of Trade (CBOT) September wheat futures averaged USD 298 per tonne in July, down 6 percent from June but 32 percent higher than the average for July 2007.

Although international maize prices were somewhat volatile during July, soaring at one point on concerns over hot dry conditions in the United States, the average for the month was down significantly overall compared to the peak of June. Improved rainfall prospects in the United States at the end of the month together with a sharp slide in crude oil prices pushed down prices. The US maize (No. 2 Yellow, Gulf) averaged USD 267 per tonne in July, USD 14 per tonne down from the June average but about 83 percent above the average in July 2007, which was, however, exceptionally low, having dipped to a 10-month low. Maize prices on the futures market also fell sharply overall in July from their highs in June, influenced by the decline in crude oil and soybean prices, and economic slowdown contracting feed demand. In July, the CBOT maize futures for September delivery averaged USD 254 per tonne, down 10 percent from June.

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 835 per tonne in July, USD 35 per tonne down from the June average, but still almost USD 500 more than in July 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 supported in July by Viet Nam's decision to implement a variable export tax.

Selected international cereal prices* (USD per tonne)

	2007		2008			
	July	Mar.	Apr.	May	June	July
United States						
Wheat ¹	250	481	382	349	358	341
Maize ²	146	234	247	242	281	267
Sorghum ²	157	233	243	240	268	232
Argentina³						
Wheat	249	395	-	-	-	-
Maize	141	216	224	207	258	252
Thailand⁴						
Rice white ⁵	337	567	853	963	870	835
Rice, broken ⁶	261	522	726	772	645	583

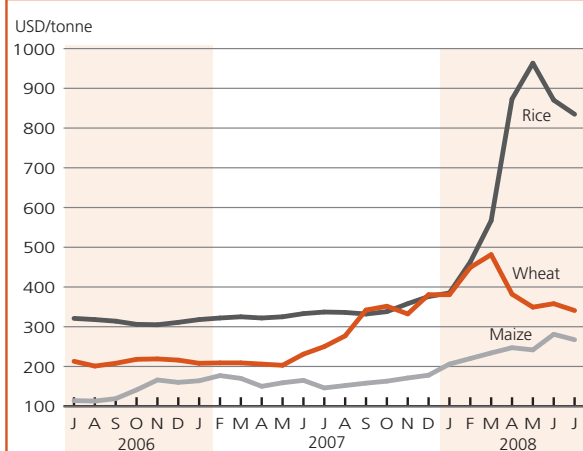
*Prices refer to the monthly average.

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.

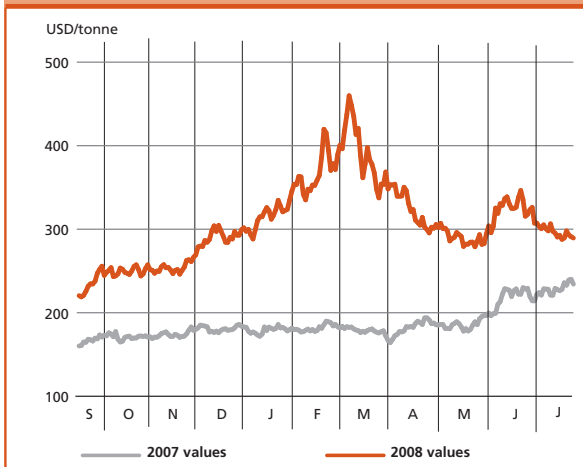
⁵ 100% second grade, f.o.b. Bangkok. ⁶ A1 super, f.o.b. Bangkok.

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Note: Prices refer to monthly average.

CBOT wheat futures for September



CBOT maize futures for September

