



International cereal prices

More downward pressure on cereal prices in August

Amid continued volatility, the fall in **maize** prices has been more significant in recent weeks than for other major cereals. The late recovery in yield prospects in the United States, the world's largest maize producer and exporter, has been one of the main reasons, while prospects for large supplies of feed wheat and the decline in crude oil prices also added to the downward pressure. In the first three weeks of August, US maize (No. 2 Yellow, Gulf) averaged USD 227 per tonne, down by USD 40 per tonne, or 15 percent from July. At this level, maize prices were still 50 percent above August 2007, although the price a year earlier was exceptionally low for the time of the season. The US maize futures continued a downward trend that started in late July. The CBOT maize futures for December delivery averaged USD 217 per tonne in the first three weeks of August, down 16 percent from July and 25 percent below the all time high in May.

International **wheat** prices also fell considerably in early August, continuing the decline that started in July in response to favourable harvest progress in northern hemisphere countries and the expectation of larger export availabilities in 2008/09. However, later in the month, excessive wet conditions in Europe, resulting in some milling crops being downgraded for feed use only, provided support to higher quality wheat and prices regained some of their earlier losses. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 341 per tonne during the first three weeks of the month, unchanged from the July average but 23 percent above the corresponding period last year. In the futures market, the Chicago Board of Trade (CBOT) December wheat futures averaged USD 307 per tonne in the first three weeks of the month, 18 percent higher than in the corresponding period last year. This compares to an all-time high of USD 400 per tonne average in March, which was 120 percent above the previous year.

Since reaching all-time high levels in May 2008, international **rice** prices have weakened with the arrival of new-crop supplies. Export prices fell more sharply in August on expectation of larger exportable supplies soon entering the market and with the firmer US dollar. In Thailand, the Government was considering the sale of 2.1 million tonnes of rice in September while the Rice Exports Association in Pakistan expected a removal of the minimum export prices in that country before the start of the main harvest in November. Earlier in the month, Vietnam cut its minimum export price significantly, to USD 600 per tonne. The Thai white rice, 100%B averaged USD 712 per tonne during the first three weeks in August, down 15 percent, or USD 123 per tonne, from July but still some 116 percent above the corresponding period last year.

Selected international cereal prices* (USD per tonne)

	2007			2008		
	Aug.	Apr.	May	June	July	Aug
United States						
Wheat ¹	276	382	349	358	341	341
Maize ²	152	247	242	281	267	227
Sorghum ²	171	243	240	268	232	202
Argentina³						
Wheat	273	-	-	-	-	-
Maize	156	224	207	258	252	215
Thailand⁴						
Rice white ⁵	335	853	963	870	835	712
Rice, broken ⁶	269	726	772	645	583	-

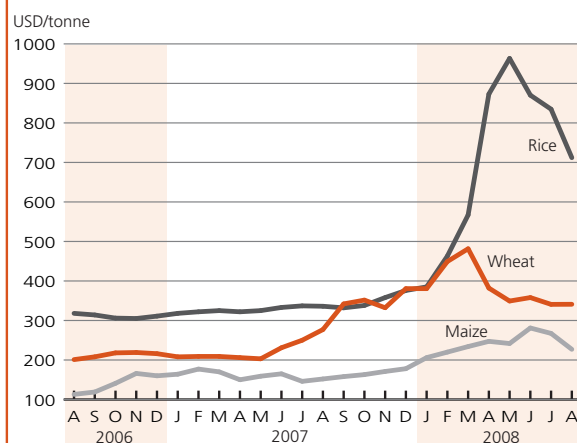
*Prices refer to the monthly average. August 2008 three weeks average.

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 except for August 2008, which is three weeks average.

CBOT wheat futures for December



CBOT maize futures for December

