



International cereal prices

Prices of most cereals decline in August

■ Following a brief rally in **maize** markets last week, prices fell during the last week in August. Amid continued volatility, the fall in maize prices this month has been more significant 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 weaker crude oil prices also added to the downward pressure. In August, US maize (No. 2 Yellow, Gulf) averaged USD 232 per tonne, down by USD 35 per tonne, or 13 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 that made strong gains in mid-August fell towards the end of the month. The Chicago Board of Trade (CBOT) maize futures for December delivery averaged USD 223 per tonne in August, down 16 percent from July and 25 percent below the all time high in May.

■ After a continuing slide since April, international **wheat** prices rose slightly in August. The US wheat prices increased sharply in mid-August driven by strong pace in export sales from the United States while reports about dry conditions in Argentina and rains in Europe (resulting in some milling crops being downgraded for feed use only), also provided support. However, prices retreated during the last week in August, influenced by developments in other markets as well as rains in Argentina and Australia. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 343 per tonne in August, up marginally from July and 24 percent above the corresponding period last year. In the futures market, the CBOT December wheat futures averaged USD 311 per tonne in August, 19 percent higher than in the corresponding period last year and well below the all-time high of USD 400 per tonne average in March,

■ Since reaching all-time high in May 2008, international **rice** prices have weakened with the arrival of new-crop supplies. Prices fell further in August on slow demand and generally favourable prospects for new crops to be harvested in the coming months. In Thailand, the Government was considering the sale of 2.1 million tonnes of rice in September while the Rice Exports Association in Pakistan decided to remove the minimum export prices before the start of the main harvest in November, which is expected to be a bumper crop. Earlier in the month, Vietnam cut its minimum export price significantly, to USD 600 per tonne. The Thai white rice, 100%B, averaged USD 796 per tonne in August, down 5 percent, or USD 39 per tonne, from July but still some 138 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	343
Maize ²	152	247	242	281	267	232
Sorghum ²	171	243	240	268	232	209
Argentina³						
Wheat	273	-	-	-	-	-
Maize	156	224	207	258	252	217
Thailand⁴						
Rice white ⁵	335	853	963	870	835	796
Rice, broken ⁶	269	726	772	645	583	534

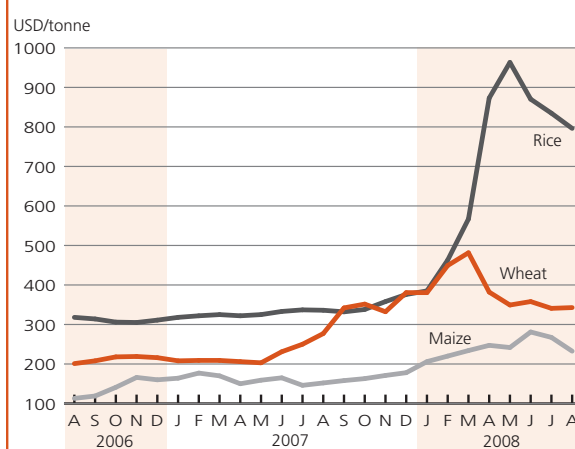
*Prices refer to the monthly average.

¹ No.2 Hard Red Winter (Ordinary Protein) f.o.b. Gulf.

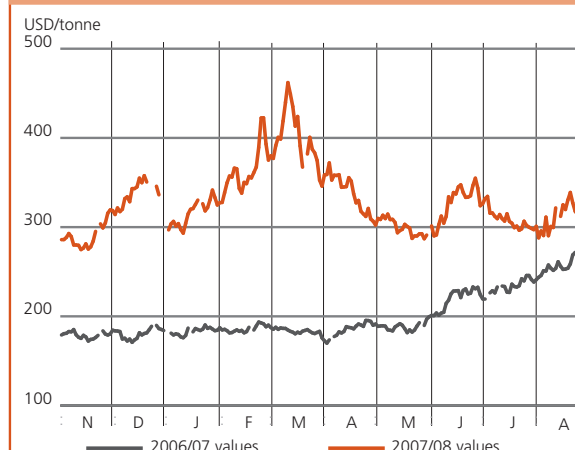
² No.2 Yellow, Gulf. ³ Up river, f.o.b. ⁴ Indicative traded prices.

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

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CBOT wheat futures for December



CBOT maize futures for December

