



International cereal prices

International prices of wheat under downward pressure

■ **Wheat** prices fell in the first week of September in anticipation of a record crop in 2008. Several factors are responsible for the decline in wheat prices; namely, the recent weather improvements in Australia, boosting the country's hope of a strong recovery in production, the seasonal harvesting pressure in the Northern Hemisphere countries, slowing down world trade activity, and the stronger US dollar, dampening demand for imports from the United States. US wheat (No.2 Hard Red Winter, f.o.b. Gulf) fell almost 5 percent from the average of August, to USD 326 per tonne, up only 5 percent from the corresponding period last year and now one-third percent below its peak in March 2008. Similarly in the futures market, prices remained under downward pressure. The December wheat futures at the Chicago Board of Trade (CBOT) lost 4 percent this week, closing at around USD 285 per tonne, which would even be below the same period last year and 30 percent down from its all-time high in March 2008.

■ Amid continued volatility **maize** prices also declined from the previous week but remained higher than the August average. Prices were influenced by falling crude oil prices and the expectation of very large supplies of low quality wheat this season, which can substitute maize and other coarse grains in feed rations. The recent retreat in soybean prices and the rise in the US dollar also contributed to the drop in maize values. US maize (No. 2 Yellow, Gulf) averaged USD 239 per tonne in the first week of September, 3 percent above its level of August. International maize prices have fallen by 15 percent from their peaks in June but are over 51 percent above the same period last year. The developments in the US futures mirror those of spot prices with CBOT maize for December delivery falling 4 percent, to USD 221 per tonne, down nearly 30 percent from its peak in late June.

■ **Rice** prices made some gains this week but they remained lower than their August average. After five consecutive weeks of decline, the export price of the benchmark Thai White rice 100% B rose slightly by the end of the first week in September, to USD 776 per tonne, USD 26 more than in the previous week. The increase contrasts with a situation of abundant rice supplies and prospects for bumper paddy crops in 2008 in both exporting and importing countries, the effects of which were partly neutralized by a rebounding of import demand by countries in Africa and the Near East. This week's price strength partly reflects the recent announcement by the Thai Government that the high minimum prices paid under the 2007 second crop procurement programme will be maintained or increased for the 2008 main crop.

Selected international cereal prices* (USD per tonne)

	2007	2008			Sept.	
	Sept.	May	June	July		Aug
United States						
Wheat ¹	342	349	358	341	343	326
Maize ²	158	242	281	267	232	239
Sorghum ²	177	240	268	232	209	224
Argentina³						
Wheat	325	-	-	-	-	-
Maize	170	207	258	252	217	212
Thailand⁴						
Rice white ⁵	333	963	870	835	787	776
Rice, broken ⁶	279	772	645	583	525	503

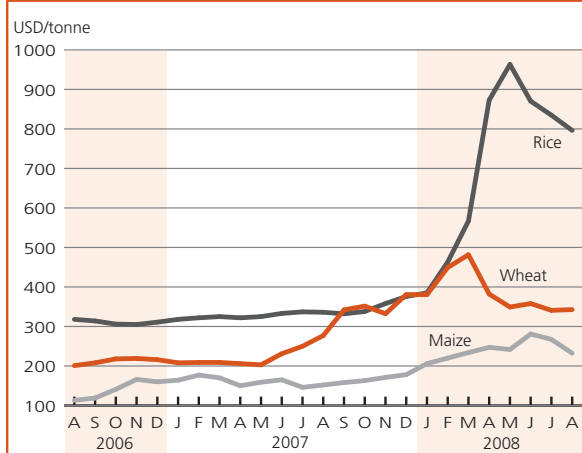
*Prices refer to the monthly average. For September 2008, one week average.

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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CBOT wheat futures for December



CBOT maize futures for December

