International cereal prices

International prices remain under downward pressure

■ **Wheat** prices continued to slide in the third week of September, mostly driven by a record world production and large exportable supplies. The seasonal harvest pressure in the northern hemisphere countries, falling crude oil prices and financial turmoil in world economies also contributed to the further decline in wheat prices. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) fell by 4 percent this week to a one-year low of USD 297 per tonne, pushing down the September average to USD 311 per tonne, 9 percent below August and 35 percent below its peak in March 2008. Similarly, wheat prices fell significantly in the futures market, where selling pressure from speculators/funds added to the downward movement. The December wheat futures at the Chicago Board of Trade (CBOT) fell sharply, to USD 255 per tonne, the lowest since August 2007.

■ **Maize** prices remain under downward pressure as the month progresses, influenced largely by favourable global crop prospects and anticipation of huge suppliers of feed wheat which could compensate for any eventual deterioration in the level of maize exportable supplies. Other factors also contributing to downward pressure are the drop in crude oil prices, and most recently losses in financial markets and expectation of weaker growth in animal feed demand in the event of any general economic slowdown. The US maize (No. 2 Yellow, Gulf) fell to USD 228 per tonne in the third week of September, keeping the average for the month so far close to the August level at USD 233 per tonne, 17 percent below June, when prices peaked, but still 47 percent above the September average last year. The CBOT maize futures also fell during the week, with quotations for December falling to around USD 207 per tonne by the end of the week, 33 percent below the record USD 310 per tonne in late June.

■ A large backlog of **rice** from the 2007 secondary seasons, together with expectations of record 2008 crops in the northern hemisphere, are keeping downward pressure on rice export prices. However, this is being partly offset by government measures to sustain prices in some exporting countries such as Thailand and, to a lesser extent, Viet Nam, and by continued export restrictions in others, such as in India and Egypt. The price of the benchmark Thai white **rice** 100% B fell from USD 771 per tonne on 10 September 2008 to USD 761 per tonne on 17 September 2008, taking the average for the month so far to USD 774 per tonne, about 2 percent down from August, but still more than double their level in September 2007.

Selected international cereal prices* (USD per tonne)

	2007	2008				
	Sept.	May	June	July	Aug	Sept.
United States						
Wheat[1]	342	349	358	341	343	311
Maize[2]	158	242	281	267	232	233
Sorghum[2]	177	240	268	232	209	212
Argentina[3]						
Wheat	325	-	-	-	-	-
Maize	170	207	258	252	217	207
Thailand[4]						
Rice white[5]	333	963	870	835	787	774
Rice, broken[6]	279	772	645	583	525	501

*Prices refer to the monthly average. For September 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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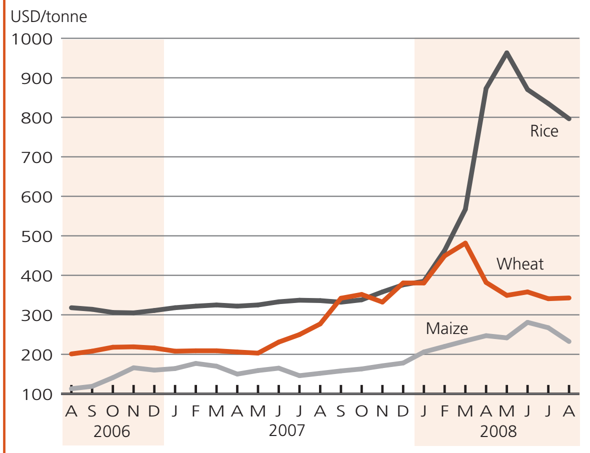
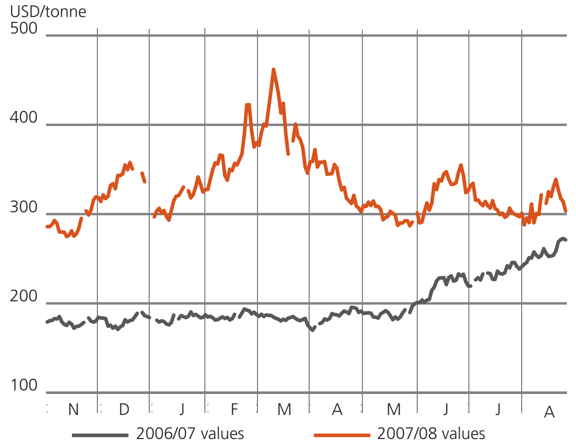


Note: Prices refer to monthly average.

CBOT wheat futures for December



CBOT maize futures for December