



International cereal prices

Cereal prices fall in September

■ **Wheat** prices fell further in September, continuing the decline which started after their peak in March this year, when prospects of record world production in 2008 and large exportable supplies began to put pressure on markets. Subsequently, seasonal harvest pressure in the northern hemisphere countries, falling crude oil prices and financial turmoil in world economies have also contributed to the further decline in wheat prices. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 308 in September, 10 percent below August and 35 percent below its peak in March. In the futures market, wheat prices also weakened sharply overall during the month, falling to 45 percent below their all-time highs in March.

■ **Maize** prices also fell slightly overall during September. Maize markets, which had been under relatively strong downward pressure between June and August because of favourable global crop prospects and expectations of large supplies of feed wheat in world markets, stabilized somewhat in early September. However, towards the end of the month, a sharp drop in crude oil prices, global financial turmoil and the latest upward revision to estimates for this season's ending stocks in the United States (mainly because of lower feed use and reductions in domestic ethanol production) brought renewed downward pressure to prices. The US maize (No. 2 Yellow, Gulf) averaged USD 229 per tonne during the month, 1 percent below the August level, and 19 percent below June, when prices peaked, but still 45 percent above the September average last year. The CBOT maize futures fell during the month, with quotations for December falling by the end of the month to about 38 percent below the record USD 310 per tonne in late June.

■ Expectations of record 2008 paddy crops in the northern hemisphere, are keeping downward pressure on **rice** export prices. The price of the benchmark Thai white rice 100% B averaged USD 767 per tonne in September, about 3 percent down from August. The drop in Thai prices over the past few months would likely have been more pronounced had it not been for the country's official procurement programme launched on 15 June 2008, which has contained the magnitude of the drop to 12 percent between June 2008 (when prices were at their peaks) and September 2008. Indeed, in other export markets the slide has been much more pronounced, with quotations for similar qualities over the same period down 35 percent in Viet Nam and Pakistan and 16 percent in the United States. However, prices are still well above their values of September 2007 (+130 percent in Thailand, +92 percent in the United States, +74 percent in Viet Nam and +53 percent in Pakistan).

Selected international cereal prices* (USD per tonne)

	2007 Sept.	May	June	2008 July	Aug	Sept.
United States						
Wheat ¹	342	349	358	341	343	308
Maize ²	158	242	281	267	232	229
Sorghum ²	177	240	268	232	209	208
Argentina³						
Wheat	325	-	-	-	-	283
Maize	170	207	258	252	217	203
Thailand⁴						
Rice white ⁵	333	963	870	835	787	764
Rice, broken ⁶	279	772	645	583	525	487

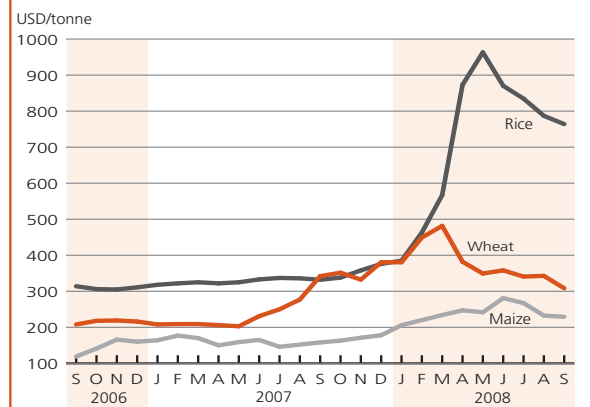
*Prices refer to the monthly average.

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.

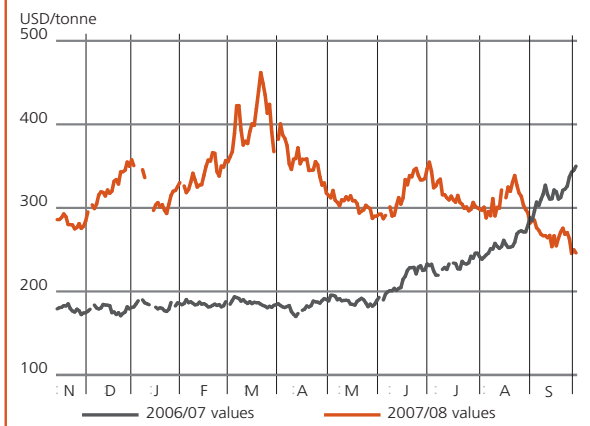
⁵ 100% second grade, f.o.b. Bangkok. ⁶ A1 super, f.o.b. Bangkok.

Selected international cereal prices



Note: Prices refer to monthly average.

CBOT wheat futures for December



CBOT maize futures for December

