International cereal prices

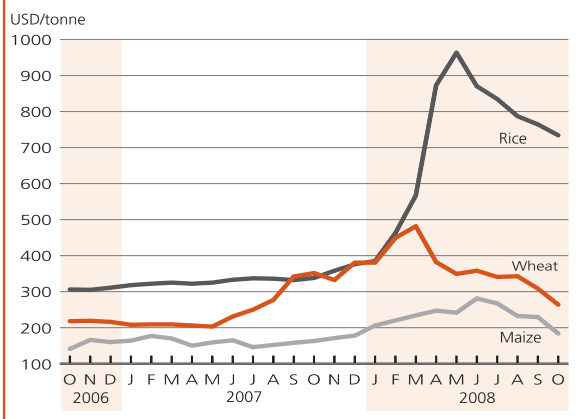
International cereal prices on the decline

■ International **wheat** prices continue to decline. On top of the prospect of a record world production in 2008 and large exportable supplies, falling crude oil prices and financial turmoil in world economies in recent weeks have also contributed to the decrease. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 308 in September, and fell to USD 264 in the first week of October, about 45 percent below its peak in March, and 25 percent down from the October average last year.

■ International **maize** prices have generally been on the decline since June, when favourable global crop prospects and indications of a likely abundance of feed wheat in world markets started to pressure markets downward. After stabilizing somewhat in early September, maize prices fell further towards the end of the month and in early October: as for wheat, the sharp drop in crude oil prices and global financial turmoil influenced markets in recent weeks and, additionally for maize, 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) added to downward pressure. The US maize (No. 2 Yellow, Gulf) averaged USD 229 per tonne during September, and fell to USD 184 in the first week of October, 35 percent below the peak in June, but still 13 percent above the October average last year.

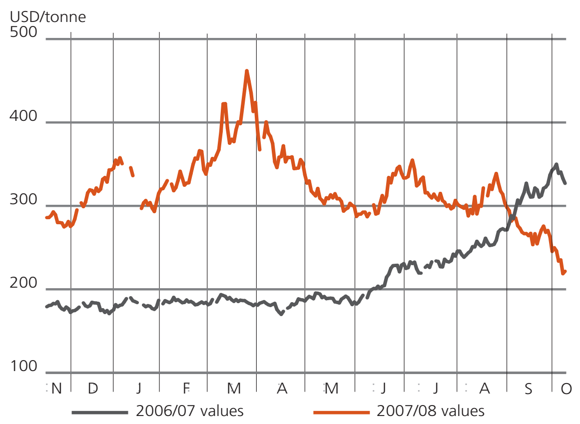
■ Expectations of record 2008 paddy crops in the northern hemisphere, are keeping downward pressure on **rice** export prices. The price of the benchmark Thai white rice 100% B averaged USD 764 per tonne in September, about 3 percent down from August, and fell to USD 734 in the first week of October. 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



Note: Prices refer to monthly average. For October 2008, one week average.

CBOT wheat futures for December



Selected international cereal prices* (USD per tonne)

	2007 Oct.	2008 June	July	Aug	Sept.	Oct.
United States						
Wheat[1]	352	358	341	343	308	264
Maize[2]	163	281	267	232	229	184
Sorghum[2]	172	268	232	209	208	160
Argentina[3]						
Wheat	321	363	329	307	283	-
Maize	163	258	252	217	203	172
Thailand[4]						
Rice white[5]	338	870	835	787	764	734
Rice, broken[6]	297	645	583	525	487	423

*Prices refer to the monthly average. For October 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.

CBOT maize futures for December