



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, removal of most export restrictions 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 257 in the first three weeks of October, about 47 percent below its peak in March, and 27 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. 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 184 per tonne in the first three weeks 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 709 per tonne in the first three weeks of October, about 7 percent down from September. 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 26 percent between May 2008 (when prices were at their peaks) and October 2008. Indeed, in other export markets the slide has been much more pronounced: currently prices in Pakistan and Viet Nam are about USD 150 per tonne, lower than the Thai prices.

Selected international cereal prices* (USD per tonne)

	2007 Oct.	June	July	2008 Aug	Sept.	Oct.
United States						
Wheat ¹	352	358	341	343	308	257
Maize ²	163	281	267	232	229	184
Sorghum ²	172	268	232	209	208	159
Argentina³						
Wheat	321	363	329	307	283	-
Maize	163	258	252	217	203	172
Thailand⁴						
Rice white ⁵	338	870	835	787	764	709
Rice, broken ⁶	297	645	583	525	487	405

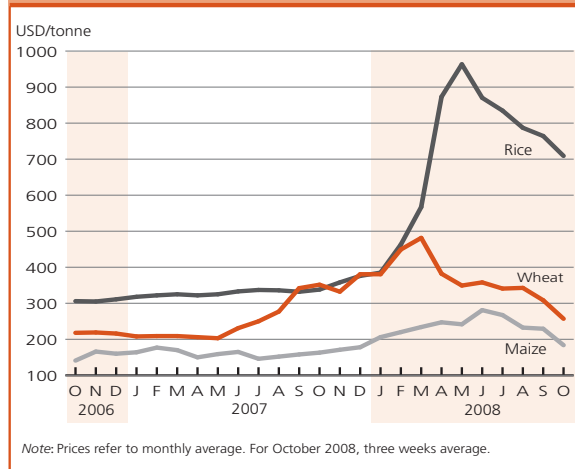
*Prices refer to the monthly average. For October 2008, three weeks average.

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.

Selected international cereal prices



CBOT wheat futures for December



CBOT maize futures for December

