

## International cereal prices continue to decline

■ International wheat prices have declined further in December, despite some recovery in the third week of the month. The main fundamental behind the weakening of prices since March is the record level of world wheat production that has been achieved this year, but further to this, also a significant rise in the amount of exportable supplies that are available, facts that have become firmer as the year progressed and more of major crops were gathered around the globe. However, also adding to downward price pressure in the past few months has been the firmer US dollar, weakening of crude oil prices and the world financial crisis. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 231 in the first three weeks of December, USD 16 per tonne below the November average and 39 percent down from the December average last year.

■ International maize prices have also been on the decline in the past few months, starting to fall 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, apart from the fundamental supply pressure, maize markets have been influenced by the stronger US dollar, further drops in crude oil prices and the likely implications of a global recession, such as significantly lower feed demand. The US maize (No. 2 Yellow, Gulf) averaged USD 152 per tonne in the first three weeks of December, USD 14 per tonne below the November average and about 15 percent below the December average last year.

■ Expectations of record 2008 paddy crops in the northern hemisphere and subdued world demand, are keeping downward pressure on rice export prices. The price of the benchmark Thai white rice 100% B averaged USD 581 per tonne in the first two weeks of December, USD 10 per tonne down from the November average, although still well above (55 percent) the price at the same time last year. However, the Thai export quotations may have fallen further had it not been that they remain sustained by the Thai Government's procurement programme, to which producers are selling heavily, as prices paid under the scheme are currently above market levels. Slow arrivals of new supplies, due to flooding problems, and trader purchases for delivery to the Islamic Republic of Iran and Iraq have also prevented prices from falling more heavily. In all the other major sources, in particular Viet Nam, Pakistan and the United States, export prices have been under stronger downward pressure, with some now approaching the levels observed in December 2007.

### Selected international cereal export prices\* (USD per tonne)

	2007		2008			
	Dec.	Aug.	Sept.	Oct.	Nov	Dec.
<b>United States</b>						
Wheat <sup>1</sup>	381	343	308	252	247	231
Maize <sup>2</sup>	179	232	229	181	166	152
Sorghum <sup>2</sup>	192	209	208	158	146	150
<b>Argentina<sup>3</sup></b>						
Wheat	310	307	280	235	189	170
Maize	171	217	203	169	156	147
<b>Thailand<sup>4</sup></b>						
Rice white <sup>5</sup>	376	787	764	683	591	581
Rice, broken <sup>6</sup>	342	525	487	385	320	310

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

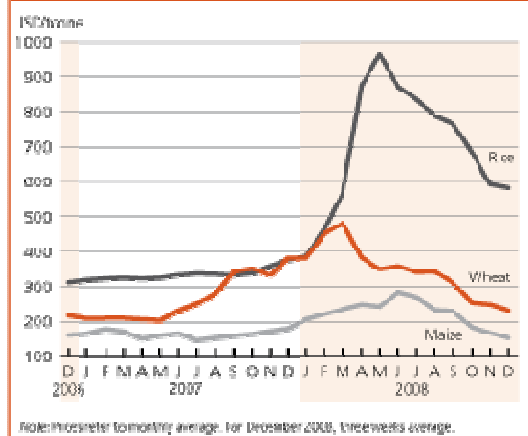
<sup>1</sup> No.2 Hard Red Winter (Ordinary Protein) f.o.b. Gulf. <sup>2</sup> No.2 Yellow, Gulf

<sup>3</sup> Up river, f.o.b. <sup>4</sup> Indicative traded prices. <sup>5</sup> 100% second grade, f.o.b.

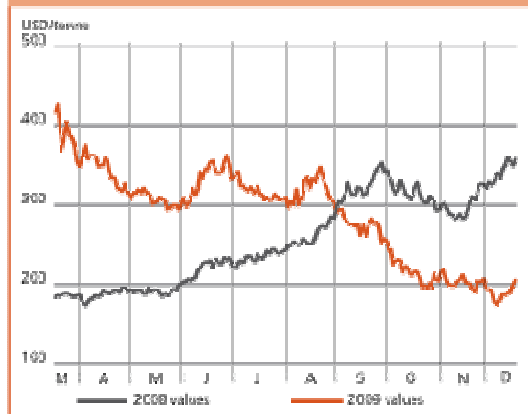
Bangkok.

<sup>6</sup> A1 super, f.o.b. Bangkok.

### Selected international cereal prices



### CBOT wheat futures for March



### CBOT maize futures for March

