International cereal prices

29 January 2009

International cereal prices increased in January

International wheat prices have generally increased in the month of January although they remained quite volatile. Prices rose reflecting a smaller than expected wheat harvest in Argentina, where the Government has suspended new export permits, as well as reports of declines in the area planted to the 2009 wheat in some large producing and exporting countries, including the EU and the United Sates. However, abundant supplies following the record world wheat harvest in 2008 continue to put downward pressure on prices. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 256 January, 7 percent higher than the December average but 33 percent down from the January average last year and 50 percent below its peak in February 2008. Wheat futures moved mostly sideways during the month.

As for wheat, international maize prices have also been on the increase in the past month but remained volatile. Prices were supported by prolonged dry conditions for this year's maize crop in Argentina and Brazil. However, slower than normal sales from the United States, the world's largest maize exporter, together with USDA report in mid-January showing lower demand estimates for the United States maize and much higher forecasts for end-season stocks (+ 8 million tonnes) put downward pressure on prices. The US maize (No. 2 Yellow, Gulf) averaged USD 172 per tonne in January, 8 percent up from the December average but 17 percent below the January average last year and almost 40 percent below its high in June 2008. Maize futures showed upwards and downwards movements during the month.

International rice prices increased in January, with the price of the benchmark Thai white rice 100% B averaging USD 611 per tonne, USD 29 per tonne up from the December average, and well above (59 percent) the price at the same time last year. The rebounding of international rice prices since late December is to be attributed to the operation of the pledging programme in the largest world's exporter Thailand, which has moved some 4 million tonnes of paddy away from the market into public inventories at a price reported to be 20 percent higher than market levels.

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

	2008					2009
	Jan.	Sept.	Oct.	Nov	Dec.	Jan.
United States						
Wheat [1]	381	308	252	247	240	256
Maize [2]	206	229	181	166	160	172
Sorghum [2]	225	208	158	146	151	148
Argentina [3]						
Wheat	330	280	235	189	177	213
Maize	199	203	169	156	152	160
Thailand [4]						
Rice white [5]	385	764	683	591	582	611
Rice, broken [6]	364	487	385	320	310	332

*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. angkok. [6]A1 super, f.o.b. Bangkok.

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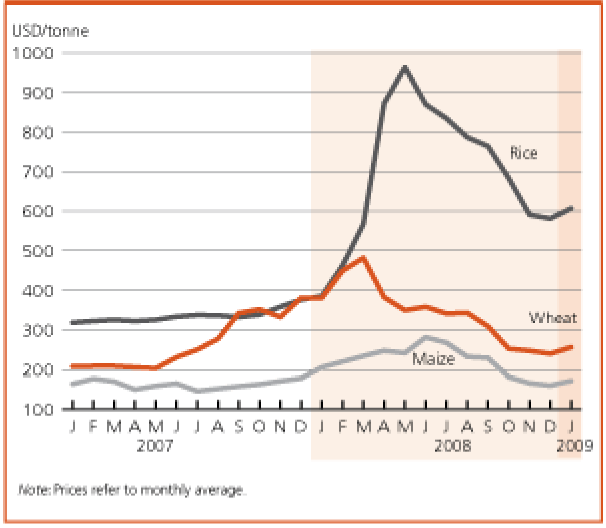
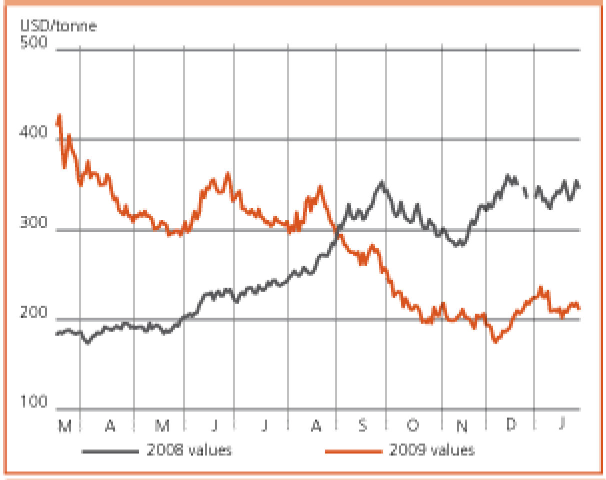


CBOT wheat futures for March



CBOT maize futures for March