

□ Rising international cereal prices

International prices of wheat and maize increased by 19 percent and 12 percent in the first two weeks of July reflecting concerns about deterioration of global wheat prospects, particularly in some main exporter countries. By contrast, rice prices continued to decline given abundant supplies. By mid-July export prices of maize are higher than a year ago.

□ Reduced wheat crop in Eastern Europe lowers prospects for 2010 world production

The worst drought in four decades has adversely affected this year's wheat production in the Russian Federation, the fourth world exporter of wheat. Emergency has been declared in 16 regions and an output reduction of 20-25 percent is forecast. However, due to high carryover of stocks from the previous seasons, exports are expected to remain at about last year's level. In Kazakhstan, wheat production is anticipated some 20 percent less than the record level of 2009. Exports are expected to decline, which may affect neighbouring wheat deficit countries in Central Asia. By contrast, excessive rains in Ukraine are delaying harvest of wheat and lowering quality of the crop. Elsewhere, wheat production is forecast to decline by 20 percent in Canada but prospects are satisfactory in Europe, the largest producing region, and very good in the United States.

Overall, the global wheat production is anticipated lower than earlier forecast but supply should remain adequate in the 2010/11 marketing year reflecting large stocks

□ Delayed monsoon rains rise concern for main 2010 rice crop in parts of South-east Asia

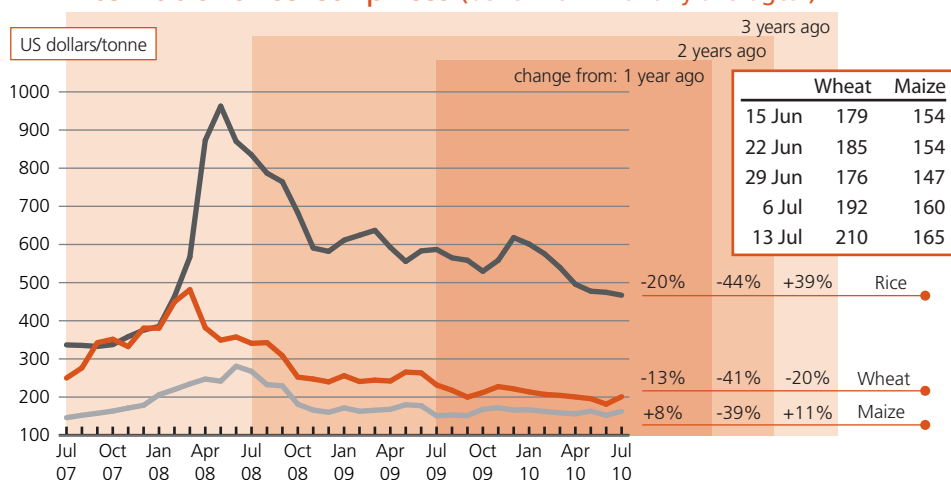
Serious damage to paddy seedlings is reported in Lao People's Democratic Republic. Late main season rains are delaying sowing in Viet Nam and some parts in Thailand. More precipitation is needed soon to avoid plantings reduction. By contrast, favourable monsoon rains in India and Bangladesh benefited the wet season paddy crops currently being planted. Rice and wheat crops from the 2010 winter season, already harvested, were good in most countries despite rainfall deficits during the growing period.

□ Overall good prospects for 2010 cereal production in Eastern Africa but large numbers remain food insecure

Following good rains in the past months, prospects for the 2010 cereal crops are generally favourable in Uganda, Tanzania, Somalia and south Sudan. The pasture and livestock conditions in pastoral and agro pastoral areas have also improved. However, dry weather has caused some losses to late planted Belg crops in northeastern and eastern Ethiopia.

Despite favourable production prospects, overall, 17 million people are estimated to be food insecure in the sub-region and the number of people in need of assistance is likely to increase during the peak of the lean season (August/September).

International cereal prices (benchmark monthly averages¹)



¹Wheat: US No.2 Hard Red Winter (Ordinary protein) f.o.b. Gulf; Maize: US No.2. Yellow, Gulf; Rice: 100% second grade, f.o.b. Bangkok.

□ Deterioration of food security situation in eastern Sahel

Prospects for the 2010 cereal crop planting are favourable reflecting good rains so far.

The food security situation, already critical in all the subregion, will worsen with the peak of the hunger season (July/September), due to the early depletion of stocks. In some areas of Chad households have been forced to cut their daily cereal ration by as much as 50 percent, while in Niger the number of undernourished children is more than double a year ago. The impact of emergency food assistance throughout the area, despite the great efforts, remains mixed due to port congestion and the landlocked position of the countries.

□ In Southern Africa, better than anticipated maize crops in most parts

The recent main maize harvests turned out better than earlier expected throughout most of the subregion, mainly in Malawi and Zimbabwe. However, localized reduced crops are estimated in southern areas of Mozambique and Madagascar.

□ In Central America, prospects general favourable for the 2010 main cereal season

Despite localized crop damage and planting delays caused by tropical storm Agatha in late May, abundant rains have overall benefited crops. In Haiti, a FAO Mission preliminarily estimates a satisfactory 2010 main season food production but a reduction in bean output.

The first tropical cyclone of the Atlantic hurricane season 2010, Alex, hits Central America and the Caribbean countries on 13 July. Heavy rains, floods and landslides resulted in loss of life and damage to infrastructure and agriculture, mainly in Mexico. Assessment of crop losses is underway.

□ Record 2010 coarse grains output in Brazil

The maize output in Brazil is forecast at 53.3 millions tonnes and problems of storage capacity for grain are reported. In Argentina maize output will recover from the poor level of last year, while rice production is estimated close to the record. In Bolivia, drought is affecting the main cereal season in the Chaco region, where 19 000 families are estimated to have been affected.

Regional/national price roundup

Food prices remain high in Western Africa and Asia

In **Western Africa**, prices are seasonally increasing. But in Niger and Chad, affected by poor 2009 harvests, millet prices are at record levels. Import demand from Niger has caused millet prices to increase also in neighbouring Burkina Faso and Nigeria. Overall, prices in the region are well above their pre-crisis level.

In **Eastern Africa**, prices of maize kept following the downward trend started in early 2010 and are near their pre-crisis levels in many countries. However, in Sudan prices of main staple sorghum reached a new record in June. Sorghum prices also increased in recent months in Somalia, due to the escalation of conflict.

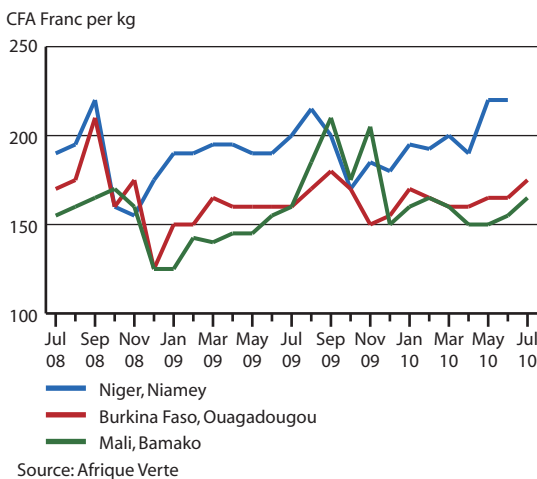
In **Southern Africa**, prices of main staple maize levelled off in June after having declined in April and May due to satisfactory 2010 harvests. Prices have returned to normal levels.

In **Asia**, prices of rice that had generally declined in the past months stabilized in June in Thailand, Viet Nam, India, Sri Lanka and the Philippines. However, rice prices are still above their pre-crisis level. Prices of wheat have slightly increased in Afghanistan, India and Mongolia, but remained stable in Pakistan.

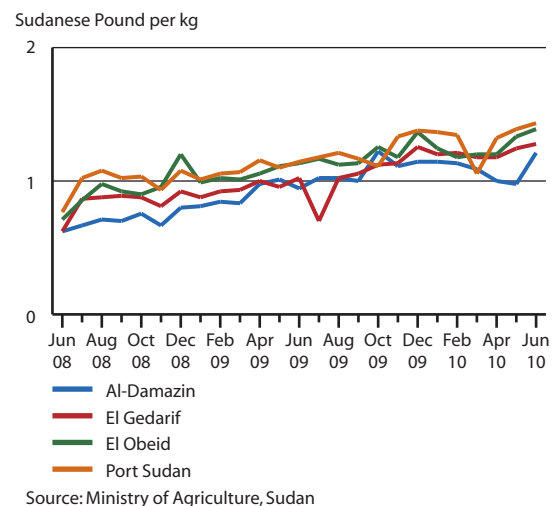
In **Central America and the Caribbean** prices of maize white in June remain generally stable and are below the levels of two years ago. However, prices of important staple beans have increased in recent months in Honduras, Nicaragua and El Salvador, and parts of Guatemala affected by drought last year. In Haiti prices of rice keep decreasing with the arrival of the new harvest and are now lower than in June 2008.

In **South America**, in Argentina prices of wheat increased in the last two months as domestic supplies are reduced. In Colombia prices of staple maize are also increasing. Elsewhere, cereal prices are generally stable.

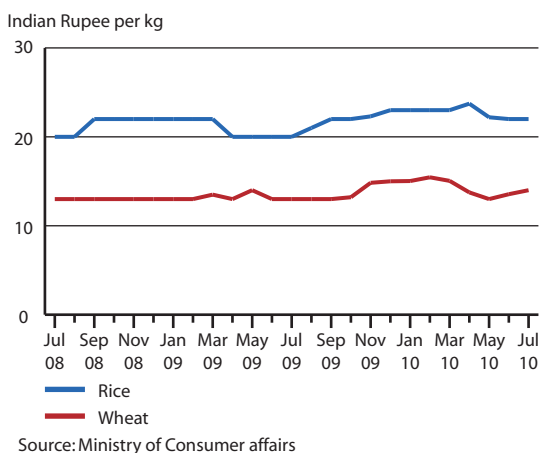
Millet prices in selected Western African markets



Sorghum prices in selected Sudanese markets



Selected cereal prices in Delhi, India



Bean prices in selected Central American markets

