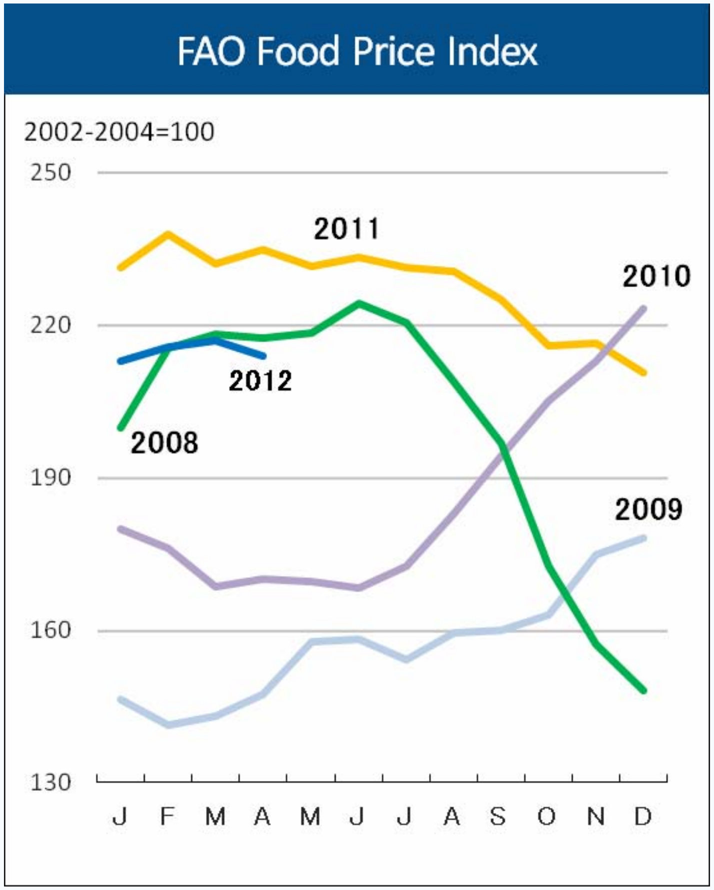
MARKET SITUATION AND OUTLOOK
Basic Foodstuffs

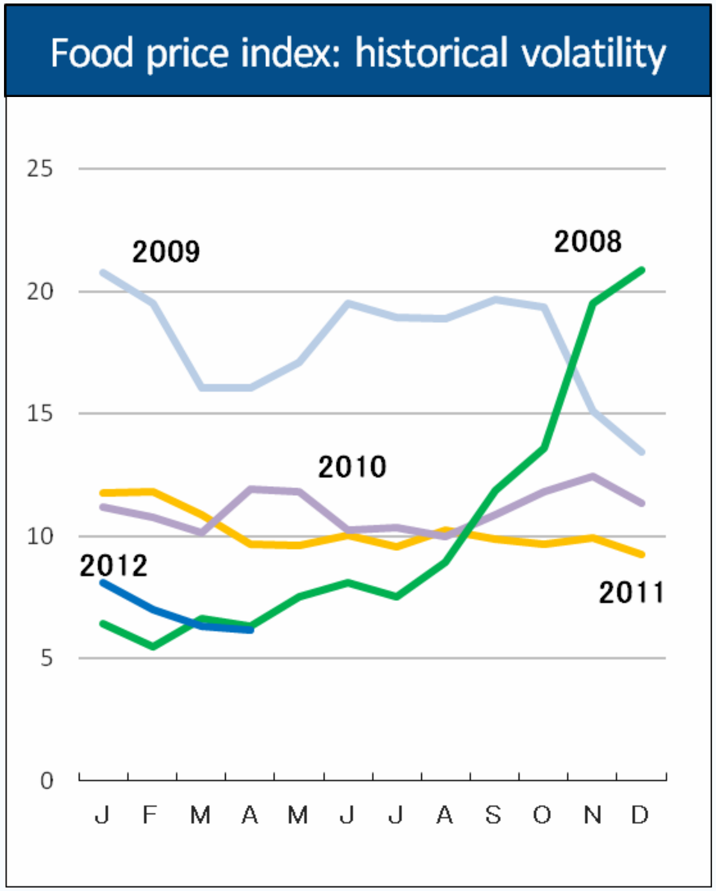
Committee on Commodity Problems
69th Session
Rome, 28-30 May 2012

Presentation Content

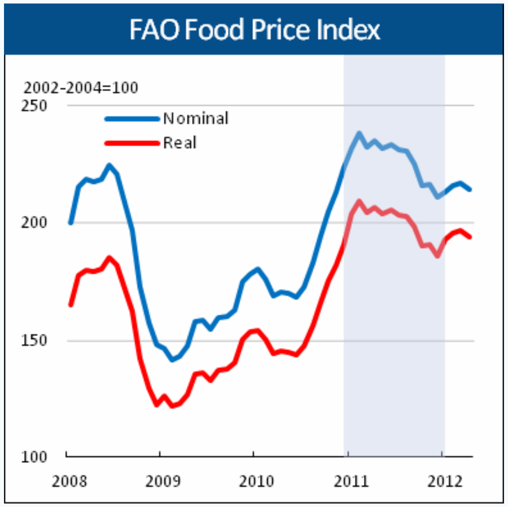
- Overview of global food price situation
- Evolution of international prices by commodity
- Implications for the food import bill
- Situation and outlook for cereals, oilseeds, sugar, meat and dairy products
- Summary and sources of uncertainty

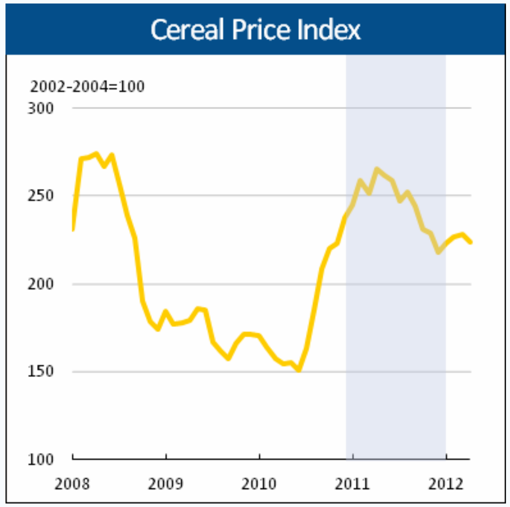
International food prices hit new records in 2011, but historical volatility falls

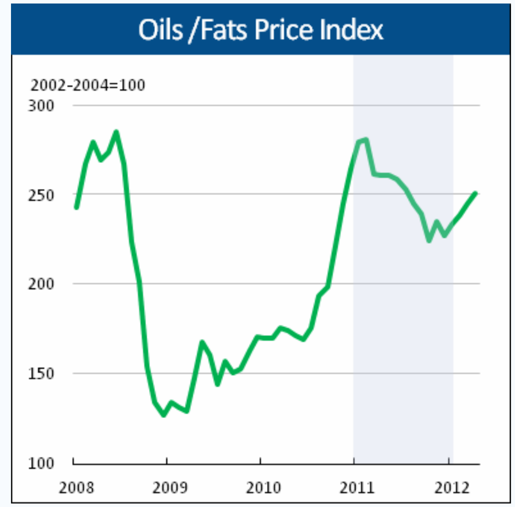


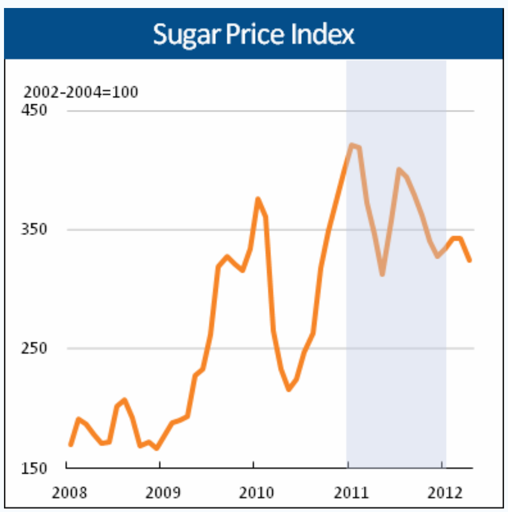


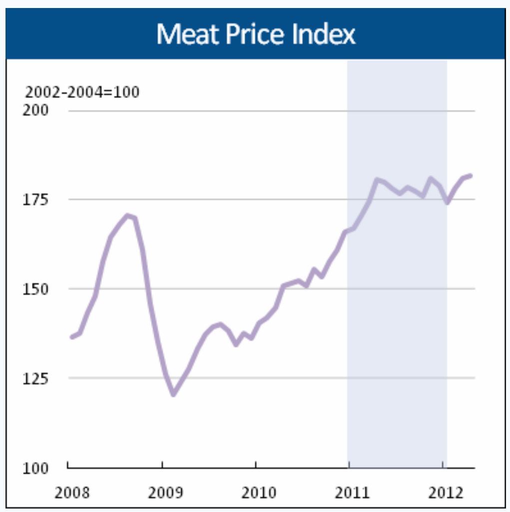
Prices of all commodity groups sharply up in 2011, improved supply prospects to weigh on prices in 2012

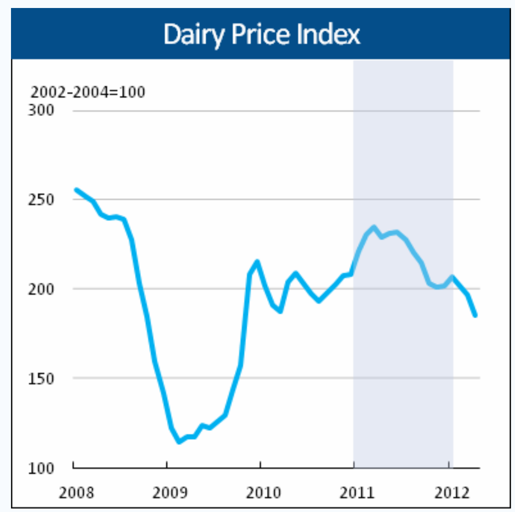






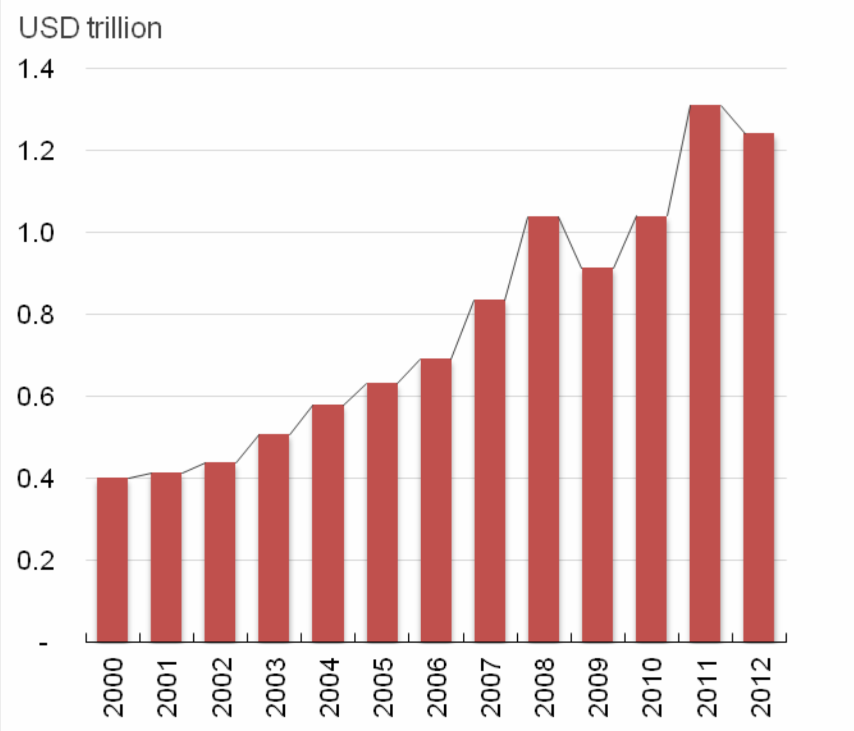




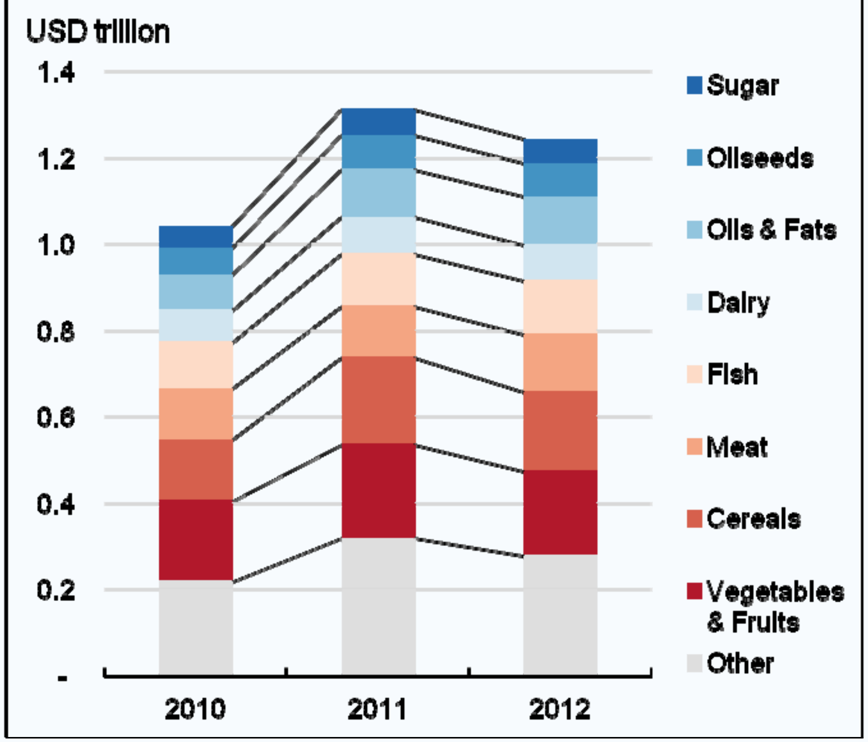


High world food prices partly behind record food import bills in 2011

Evolution of global food import bills

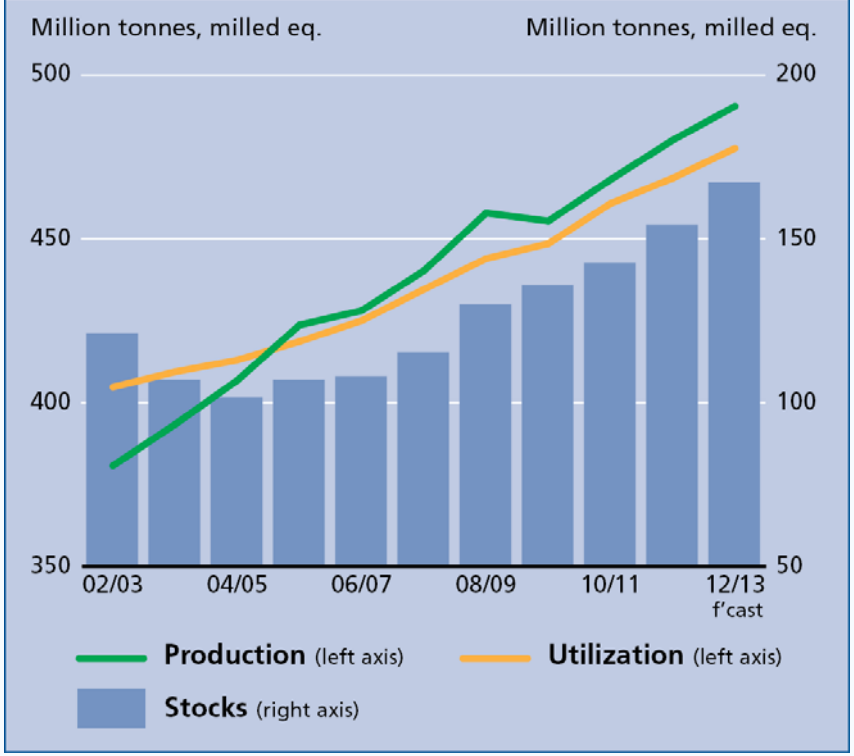


Global food import bills in 2010 - 2012



World rice production likely to surpass consumption for the eighth consecutive year

Rice production, utilization and stocks



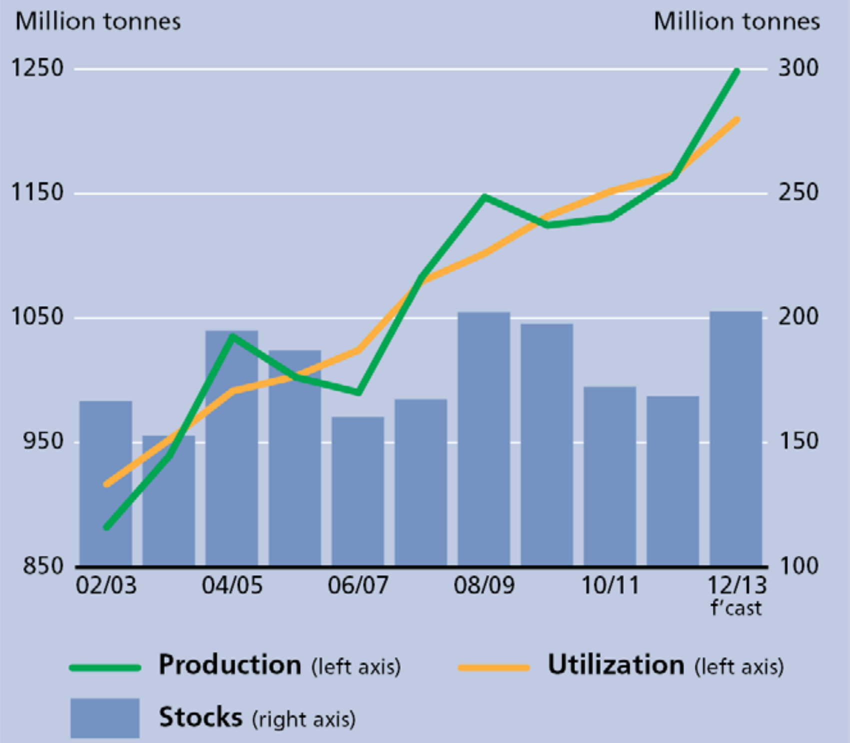
Rice production: leading producers1/

	2011 *estim.*	2012 *f'cast*	Change: 2012 over 2011
	million tonnes, milled eq.		*%*
China (Mainland)	137.5	140.4	2.1
India	103.4	105.0	1.5
Indonesia	41.2	42.8	4.0
Bangladesh	33.7	34.5	2.2
Viet Nam	28.2	28.3	0.4
Thailand	20.9	23.2	10.7
Myanmar	18.9	19.5	3.3
Philippines	11.1	11.5	2.9
Brazil	9.1	7.9	-13.3
Japan	7.6	7.6	0.4
United States	5.9	5.8	-1.1
Pakistan	6.9	7.2	4.4
Cambodia	5.6	5.8	2.5
Korea Republic of	4.2	4.1	-1.7
Egypt	4.0	4.1	1.7
Other countries	41.7	42.7	-18.0
World	**480.1**	**490.5**	2.2

1/ Countries listed according to their position in global production (average 2010-2012).

Strong recovery in global coarse grains production to facilitate a rebuilding of stocks

Coarse grain production, utilization and stocks



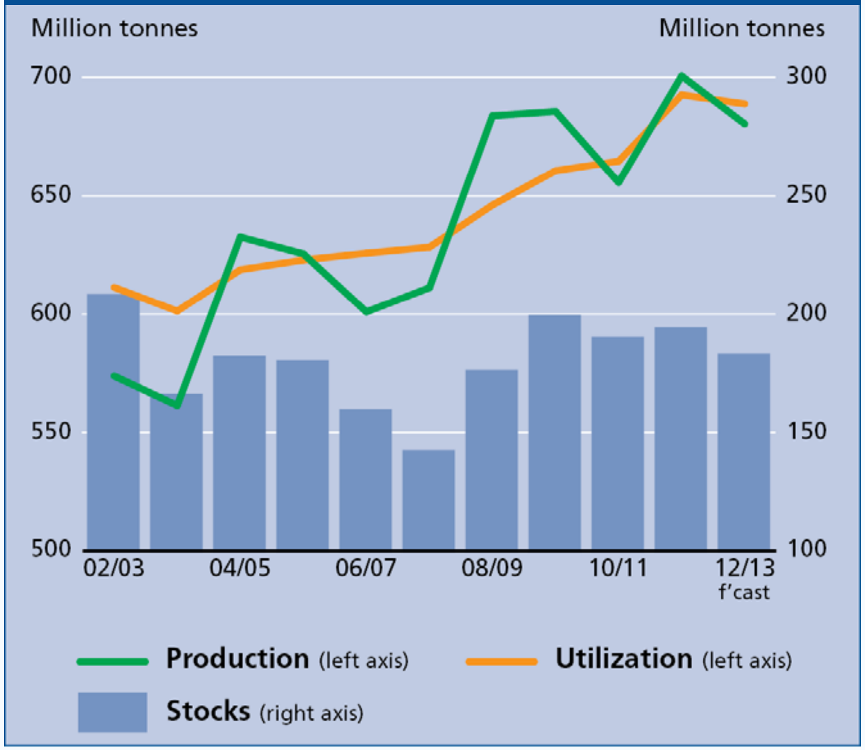
Coarse grain production: leading producers1/

	2011 *estim.*	2012 *f'cast*	Change: 2012 over 2011
	million tonnes		*%*
United States	324.0	390.1	20.4
China (Mainland)	200.3	206.3	3.0
European Union	148.5	145.2	-2.2
Brazil	59.0	69.8	18.3
India	41.9	41.7	-0.5
Argentina	31.9	29.0	-9.1
Russian Federation	34.2	34.7	1.5
Ukraine	33.3	32.6	-2.1
Mexico	26.7	29.0	8.6
Canada	21.9	24.8	13.2
Nigeria	22.3	22.8	2.2
Indonesia	17.6	17.7	0.6
Ethiopia	17.1	16.4	-4.1
Australia	13.4	12.7	-5.2
South Africa	11.5	12.2	6.1
Other countries	160.0	163.2	2.0
World	**1163.6**	**1248.2**	7.3

1/ Countries listed according to their position in global production (average 2010-2012).

Global wheat production in 2012 may fall slightly below the 2011 exceptional turnout

Wheat production, utilization and stocks



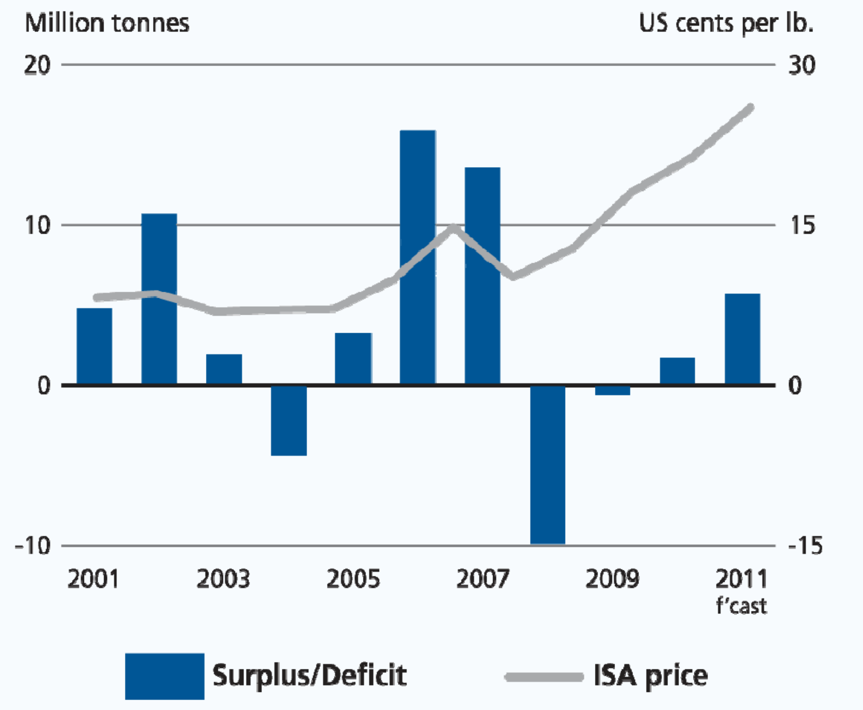
Wheat production: leading producers1/

	2011 *estim.*	2012 *f'cast*	Change: 2012 over 2011
	million tonnes		*%*
European Union	137.9	133.0	-3.6
China (Mainland)	117.9	120.3	2.0
India	86.9	90.2	3.8
United States	54.4	61.1	12.3
Russian Federation	56.2	54.0	-3.9
Australia	29.5	26.0	-11.9
Canada	25.3	26.1	3.2
Pakistan	24.3	24.0	-1.2
Turkey	21.8	19.4	-11.0
Ukraine	22.3	14.0	-37.2
Kazakhstan	22.7	14.7	-35.2
Iran Islamic Rep. of	14.0	14.0	0.0
Argentina	13.2	13.0	-1.5
Egypt	8.4	8.5	1.2
Uzbekistan	6.4	6.5	1.6
Other countries	59.4	55.6	-6.4
World	**700.6**	**680.4**	-2.9

1/ Countries listed according to their position in global production (average 2010-2012).

World sugar production to rise in 2011/12, despite a decline in Brazil, sustained by large gains in Russia, EU and India

World sugar surplus/deficit

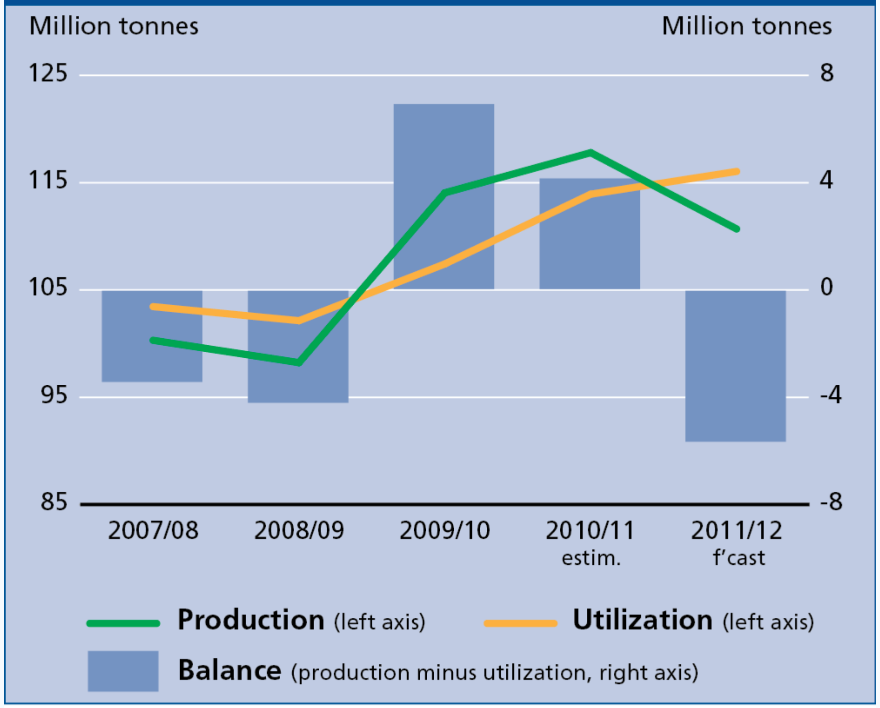


Sugar production: leading producers

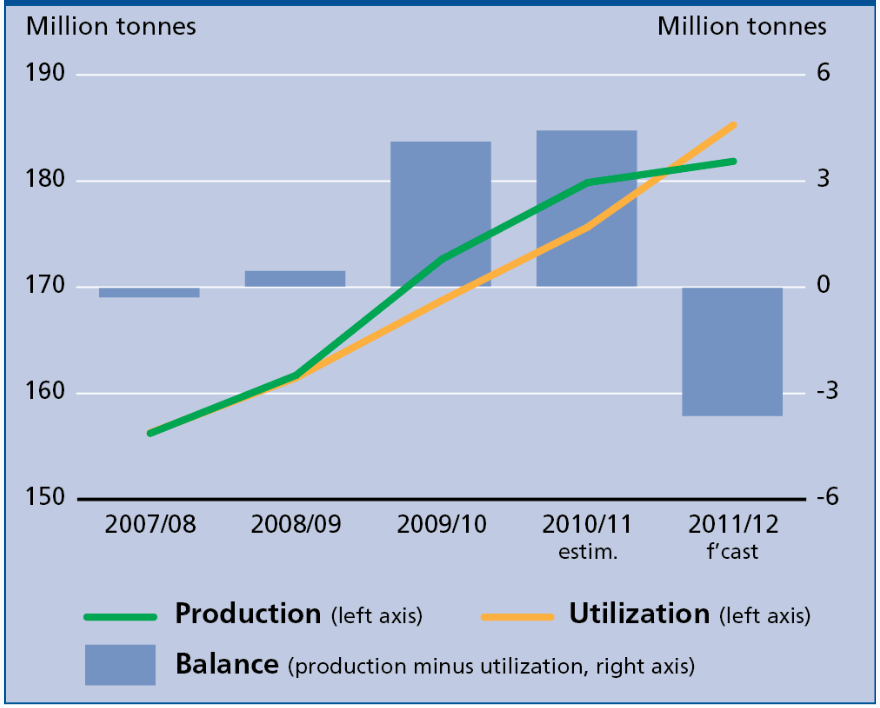
	2010/11 *estim.*	2011/12 *f'cast*	Change: 2011/12 over 2010/11
	million tonnes, raw value		*%*
Brazil	38.4	36.2	-5.8
India	26.0	28.1	7.9
EU(27)	15.7	17.9	14.1
China	11.5	11.0	-4.3
Thailand	10.1	10.2	1.4
USA	7.1	7.2	0.8
Russian Federation	2.9	5.5	85.9
Mexico	5.5	5.3	-3.1
Pakistan	4.4	5.2	17.0
Australia	3.8	4.0	5.3
Indonesia	2.5	2.7	6.5
Ukraine	1.7	2.5	44.9
Turkey	2.5	2.5	0.2
Guatemala	2.2	2.5	10.1
Colombia	2.4	2.5	1.4
Other countries	28.3	29.7	4.9
World	**165.1**	**172.8**	4.6

Supply constraints to dominate the oils and oil meals and cakes markets

Global production and utilization of meals/cakes[1]

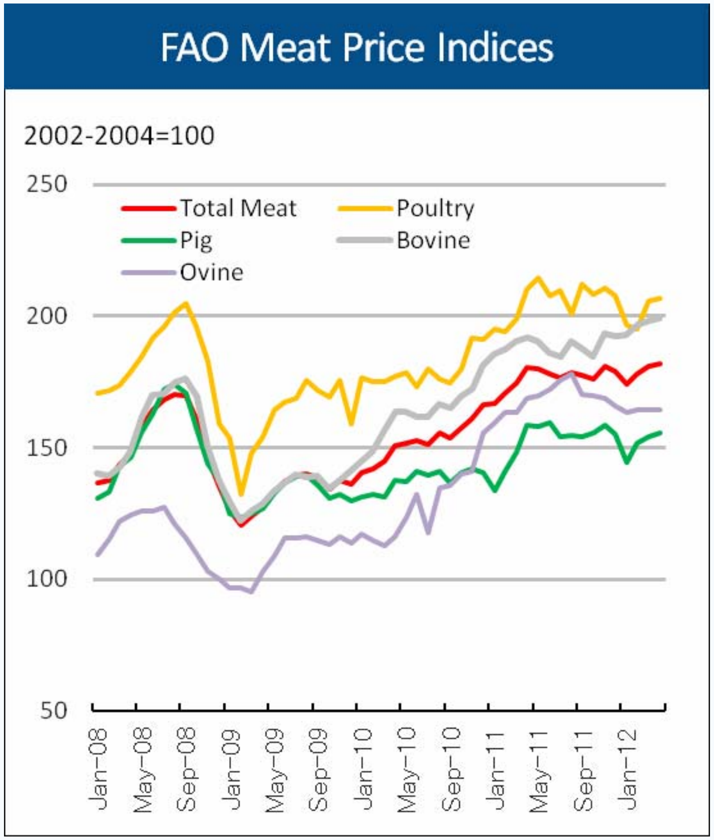


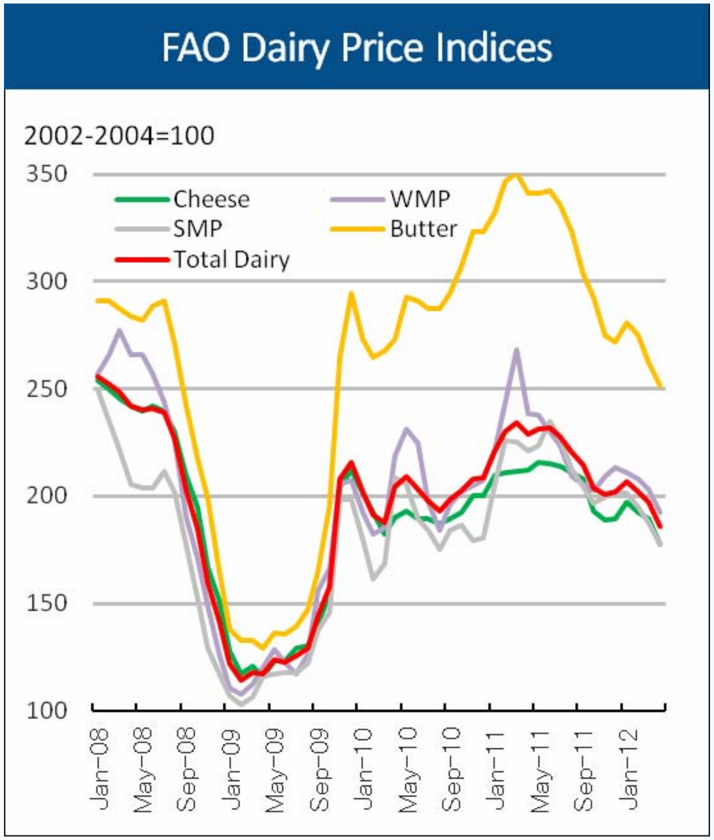
Global production and utilization of oils/fats



1/ In protein equivalent.

Improved supplies of livestock products dampens pressure from prices





Looking ahead: major sources of uncertainty

- The unfolding of the seasons (La Niña, El Niño)
- Animal disease outbreaks
- Global economic environment, amid concerns over the EU financial situation and China’s slowing GDP growth
- Oil and basic input prices, exchange rates movements
- Government policies

More in....

May 2012

Food Outlook

Global Market Analysis

HIGHLIGHTS

Global food prices seem to have stabilized at a relatively high level of around 214 points as measured by the FAO Food Price Index. Although the outlook for the second half of this year and into the next indicates generally improved supplies, demand remains strong and the global food import bill in 2012 is expected to fall only slightly from the 2011 record.

CEREALS

World cereal production is heading towards a modest expansion in 2012 to a new record, more than sufficient to cover the projected cereal utilization in the new season (2012/13), and resulting in increasing global inventories.

WHEAT

The forecast for 2012 wheat production is cut sharply since March. However, global wheat supplies in 2012/13 are still expected to be adequate in view of an anticipated decline in utilization. As a result, international prices are likely to remain under downward pressure, barring any unexpected major supply shocks.

COARSE GRAINS

FAO's first forecast for world production of coarse grains in 2012 points to a modest increase over 2011, but also to a new record. However, the higher production may result in only a partial replenishment of the low world stocks, a factor that may continue to provide support to prices.

RICE

Slackening import demand and the return of India as a major rice exporter are behind a weakening of international rice prices since September 2011. World rice crops in 2011 and 2012 are expected to exceed consumption lifting the world stock-to-use ratio to new highs.

OILSEEDS

International prices for oilcrops and derived products have appreciated strongly since January and should remain firm given the increasingly tight supply and demand situation of the current season. The market is thus increasingly focusing on 2012/13 planting intentions.

SUGAR

Despite falling production in Brazil, world sugar output in 2011/12 looks set to exceed consumption, generating a large surplus for the second consecutive year. Weakening import demand is forecast to result in a contraction of world trade but also in an easing of international sugar quotations from the high levels recorded in 2011.

MEAT

Global meat markets in 2012 are expected to see a recovery of supplies in traditionally importing countries and strong competition for markets. Near record prices are constraining consumption growth.

MILK

International prices of dairy products are declining in the face of rising supplies. At the same time, import demand remains strong, keeping prices well above recent historical averages.

FISH

Sustained demand for fish and fishery products is boosting aquaculture production worldwide and pushing prices higher. Overall production is expected to grow by at least 2 percent in 2012, supported by a strong increase in aquaculture output. Trade is expected to remain brisk with 2012 export values rising again.

TABLE OF CONTENTS

FAO Food Price Indices (April 2011 - April 2012)

GIEWS global information and early warning system on food and agriculture

World Food Situation

http://www.fao.org/worldfoodsituation/

World Food Situation

FAO Food Price Indices - May 2012

The FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities.
The FAO Food Commodity Price Indices show changes in monthly international prices of major food commodities.
More...

FAO Cereal Supply and Demand Brief - May 2012

The Cereal Supply and Demand Brief provides an up-to-date perspective of the world cereal market. The monthly brief is supplemented by a detailed assessment of cereal production as well as supply and demand conditions by country/region in the quarterly Crop Prospects and Food Situation. More in-depth analyses of world markets for cereals, as well as other major food commodities, are published biannually in Food Outlook.
More...

Agricultural Market Information System (AMIS)

Introducing the newly released Agricultural Market Information System (AMIS) website.
Visit the new website and check for updates at: www.amis-outlook.org

Media
- FAO Media Centre
- Financial Times - The Rising Cost of Food
- IRIN: Humanitarian News and Analysis - Food Security
- Reuters Alertnet: Food and Hunger

Analyses and Reports

Short-term:
- Food Outlook
- Crop Prospects and Food Situation
- Crop and Food Supply Assessment Reports
- Oilseeds Monthly Price and Policy Update
- FAO Rice Market Monitor

Medium to long-term:
- OECD-FAO Agricultural Outlook 2011-2020
- How to Feed the World in 2050
- World Agriculture Towards 2015/2030
- Archive

Commodities and Markets
- Grains
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- Fish
- Fertilizer

Prices
- Rice
- Meat
- Dairy
- Oilseeds
- International Commodity Prices Database
- GIEWS Food Price Data and Analysis Tool
- Price Volatility

Related Links
- Global Information and Early Warning System (GIEWS)
- Hunger Portal
- Emergency Response
- The State of Food Insecurity (SOFI)

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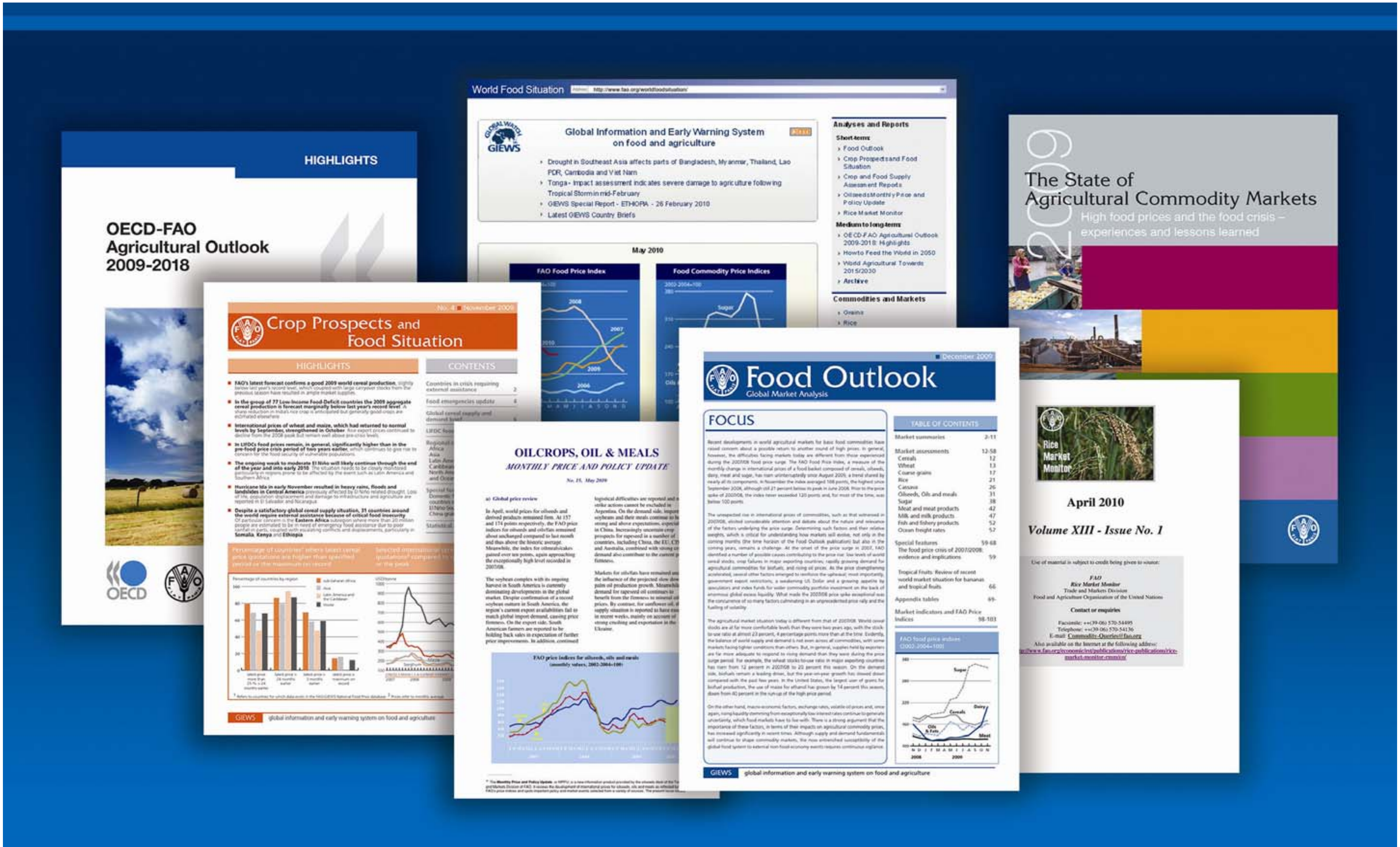

Trade and Markets Division

Information, Analyses and Forecasts

Thank you!

Basic Foodstuffs Team

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