

# Global food prices decline further in January

The benchmark index of international food commodity prices declined in January for the tenth consecutive month, the Food and Agriculture Organization of the United Nations reported Friday.



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The [FAO Food Price Index](#) averaged 131.2 points in January, 0.8% lower than the previous month and 17.9% below its peak reached in March 2022.

The index tracks monthly changes in the international prices of commonly-traded food commodities. The price indices for vegetable oils, dairy and sugar drove the January decline, while those for cereals and meat remained largely stable.

In January, **cereal price index** was essentially unchanged (up a mere 0.1%) from December and stood 4.8% above its level of one year earlier. International wheat prices declined by 2.5% as production in Australia and the Russian Federation outpaced expectations.

World maize prices rose marginally due to strong demand for exports from Brazil and concerns over dry conditions in Argentina. International rice prices, however, jumped by 6.2% from December, influenced by tighter availabilities, strong local demand in some Asian exporting countries and exchange rate movements.

The **vegetable oil price index** declined by 2.9% in January. World prices of palm and soy oils dropped amid subdued

global import demand, while those of sunflower seed and rapeseed oils declined due to ample export availabilities.

The **dairy price index** averaged 1.4% lower than in December, with prices trending down for butter and milk powders on lighter demand from leading importers and increased supplies from New Zealand. World cheese prices rose slightly, driven by a recovery in food services and retail sales in Western Europe following the New Year holiday, as well as currency movements.

The **meat price index** moved fractionally in January (edging down just 0.1% from December), as ample export availabilities weighed on poultry, pig and bovine meat prices, while ovine export prices rose due to stronger import demand.

The **sugar price index** dropped by 1.% from December. Strong harvest progress in Thailand and favourable weather conditions in Brazil outweighed the impact on prices due to concerns over lower crop yields in India, higher gasoline prices in Brazil, which support demand for ethanol, as well as the Brazilian real's appreciation against the United States dollar.

## Cereal supply still seen tightening in 2022/23

In its new [Cereal Supply and Demand Brief](#), FAO raised its forecast for world cereal production in 2022; however, global cereal supplies are still forecast to tighten in 2022/23.

Global cereal output in 2022 is now forecast at 2,765 million tonnes or 1.7% below the 2021 outturn. Upward revisions for Australia and the Russian Federation now point to a record global output for wheat in 2022, while total coarse grains production is expected to decline by 3.3% from the previous year. The forecast for world rice production was revised downward as lower-than-expected output in China more than offset upward revisions for Bangladesh and several other countries. As a result, global rice output is now predicted to decline by 2.6% from its all-time high in 2021.

Looking ahead to 2023, early indications point to likely area expansions for winter wheat cropping in the northern hemisphere, especially in the United States of America, driven mostly by elevated wheat prices. However, high fertiliser costs may affect application rates with adverse implications for yields.

Low domestic prices could result in a small cutback in wheat plantings in the Russian Federation, the world's largest exporter, while severe war-induced impacts in Ukraine are estimated to reduce winter wheat area plantings by 40%. Record plantings are forecast in India, spurred by high market and support prices, and relatively high plantings are projected in Pakistan as standing water from the 2022 floods is causing less hindrance than initially anticipated.

In the southern hemisphere countries, most of the 2023 coarse grain crops have been sown. Brazil may post record maize plantings, while those in Argentina could decrease due to low soil moisture levels. Weather conditions augur well for maize yield prospects in South Africa.

World cereal utilisation in 2022/23 is now forecast to drop by 0.7% from the previous year, to amount to 2,779 million tonnes, with the total utilisation of maize predicted to decline, while wheat use increases and rice utilisation changes little year-on-year.

The forecast for world cereal stocks is pegged at 844 million tonnes at the end of the marketing year, pushing down the world stock-to-use ratio for 2022/2 to 29.5%.

In its new brief, FAO predicts international trade in cereals in 2022/23 to decline by 1.7% from the previous year's record level of 474 million tonnes. .