

Global food prices rise in November

The barometer of food commodity prices in international markets rose for the fourth consecutive month in November, led by strong demand for wheat and dairy products, the Food and Agriculture Organisation of the United Nations (FAO) reported.



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The [FAO Food Price Index](#) averaged 134.4 points in the month, its highest level since June 2011 and 1.2% higher than during October. The index, which tracks monthly changes in the international prices of commonly-traded food commodities, was 27.3% higher than its level in November 2020.

The **dairy price index** led November's aggregate rise, increasing by 3.4% from the previous month. Strong global import demand persisted for butter and milk powders as buyers sought to secure spot supplies in anticipating of tightening markets.

The **cereal price index** increased by 3.1% in November from the previous month and was 23.2% higher than its year-ago level. Maize export prices rose slightly and international rice prices remained broadly steady, while wheat prices hit their highest level since May 2011. The increase reflected strong demand amid tight supplies, especially of higher quality wheat, while prices were also supported by concerns about untimely rains in Australia and uncertainty regarding potential changes to export measures in the Russian Federation.

The **sugar price index** was 1.4% higher in November than in October and nearly 40% above its level in November 2020.

The increase was primarily driven by higher ethanol prices, though large shipments from India and a positive outlook for sugar exports by Thailand tempered the upward pressure on quotations.

The **vegetable oil price index** declined by 0.3% from a record high reached in October, reflecting lower values for soy and rapeseed oils as well as lower crude oil prices. International palm oil prices remained firm.

The **meat price index** decreased by 0.9%, its fourth consecutive monthly decline. Influenced by reduced purchases of pig meat by China led to lower international quotations, while ovine prices also fell steeply on increased exportable supplies from Australia. Bovine and poultry meat prices were largely stable.

Cereal production to keep markets supplied

FAO's new Cereal Supply and Demand Brief, also published today, forecasts world cereal production at 2 791 million tonnes in 2021, a new record and 0.7 percent higher than the previous year. Compared to 2020, worldwide coarse grains and rice outputs are expected to increase, respectively, by 1.4% and 0.9%, while that for wheat to drop by 1.0%.

World cereal utilisation in 2021/22 is forecast to rise by 1.7% to 2 810 million tonnes, while world cereal stocks by the close of seasons in 2022 are predicted to decline by 0.9% from opening levels. The consequent stocks-to-use ratio of 28.6% "would still indicate a comfortable supply situation overall", according to FAO.

FAO forecasts global trade in cereals in 2021/22 to increase by 0.7% to 480 million tonnes, with an anticipated 2.2% expansion in world wheat trade more than offsetting a likely contraction in coarse grains trade.

Crop production to fall in low-income food deficit countries

Conflicts and drought are exacerbating food insecurity conditions in several parts of the world, particularly in East and West Africa, according to the latest [Crop Prospects and Food Situation Report](#), also released today. FAO assesses that globally 44 countries, including 33 in Africa, nine in Asia and two in Latin America and the Caribbean, are in need of external assistance for food.

The quarterly report also provides updates on cereal harvest trends, forecasting production in 2022 to grow by 2.0% in developed countries but slightly contracting by 0.1% in developing countries. For [Low-Income Food Deficit Countries](#), the contraction is expected to be 2.4%, due to significant drops foreseen in Near East and East Africa.

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