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World food prices dip in December

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The index of world food prices dipped for the ninth consecutive month in December 2022, declining by 1.9 per cent from the previous month, the Food and Agriculture Organisation of the United Nations (FAO) reported.

The FAO Food Price Index averaged 132.4 points in December, 1.0 per cent below its value a year earlier. However, for 2022 as a whole, the index, which tracks monthly changes in the international prices of commonly-traded food commodities, averaged 143.7 points, 14.3 per cent higher than the average value over 2021.

â??Calmer food commodity prices are welcome after two very volatile years,â? said Maximo Torero FAO Chief Economist. â??It is important to remain vigilant and keep a strong focus on mitigating global food insecurity given that world food prices remain at elevated levels, with many staples near record highs, and with prices of rice increasing, and still many risks associated with future suppliesâ?•

Vegetable oil world quotations led a decrease, with the FAO Vegetable Oil Price Index down 6.7 per cent from November to reach its lowest level since February 2021. International quotations for palm, soy, rapeseed and sunflower seed oils all declined in December, driven by subdued global import demand and prospects of seasonally rising soy oil production in South America as well as declining crude oil prices.

The FAO Cereal Price Index decreased by 1.9 per cent from November. Ongoing harvests in the southern hemisphere boosted wheat exportable supplies, while strong competition from Brazil drove down world maize prices. Conversely, international rice prices rose, buoyed by Asian buying and currency appreciation against the United States dollar for exporting countries.

The FAO Meat Price Index in December dropped by 1.2 per cent from November, with lower world prices of bovine and poultry meats outweighing higher pig and ovine meat prices. International bovine meat prices were impacted by lacklustre global demand for medium-term supplies, while more-than-adequate export supplies pushed down poultry meat prices. Pig meat prices rose on the back of strong internal holiday demand, especially in Europe,

The FAO Dairy Price Index increased by 1.2 per cent in December, following five months of consecutive declines. Higher international cheese prices, reflecting tightening market conditions, drove the monthly increase in the index, while international quotations for butter and milk powder declined.

The FAO Sugar Price Index also rose, increasing by 2.4 per cent from November, mostly due to concerns over the impact of adverse weather conditions on crop yields in India and sugarcane crushing delays in Thailand and Australia.

As noted, the FAO Food Price Index averaged over 2022 was notably higher than the previous year, which on top of large increases in 2021 catalysed significant strains and food security concerns for lower-income food-importing countries and the adoption, inspired by FAO, of a â??Food Shock Windowâ? lending facility by the International Monetary Fund.

World prices of wheat and maize reached record highs over the year. The average value of the FAO Vegetable Oil Price Index for all of 2022 reached a new record high, while the FAO Dairy Price Index and Meat Price Index marked their highest full-year levels since 1990.