# Global food prices decline further in January

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The benchmark index of international food commodity prices declined in January for the tenth consecutive month, according to the Food and Agriculture Organisation of the United Nations.

The FAO Food Price Index averaged 131.2 points in January, 0.8 per cent lower than the previous month and 17.9 per cent 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, the FAO Cereal Price Index was essentially unchanged (up a mere 0.1 per cent) from December and stood 4.8 per cent above its level of one year earlier. International wheat prices declined by 2.5 per cent 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 per cent from December, influenced by tighter availabilities, strong local demand in some Asian exporting countries and exchange rate movements.

The FAO Vegetable Oil Price Index declined by 2.9 per cent 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 FAO Dairy Price Index averaged 1.4 per cent 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 FAO Meat Price Index moved fractionally in January (edging down just 0.1 per cent 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 FAO Sugar Price Index dropped by 1.1 per cent 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 realâ??s appreciation against the United States dollar.