

## Global food prices decline in July

According to the latest Food and Agriculture Organization (FAO) of the United Nations report, global food commodity prices fell in July for the second consecutive month. The [FAO Food Price Index](#) averaged 123.0 points in July 2021, 1.2% lower than the previous month although still 31.0% higher than its level in the same period of 2020.



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The index tracks changes in the international prices of the most globally traded food commodities. The July drop reflected declines in the quotations for most cereals and vegetable oils as well as dairy products.

The **cereal price index** was 3.0% lower in July than in June, pushed down by a 6.0% month-on-month drop in international maize prices associated with better-than-earlier projected yields in Argentina and improved production prospects in the United States of America, even as crop conditions in Brazil remained a concern. Prices of other coarse grains such as barley and sorghum also dropped significantly, reflecting weaker import demand.

However, wheat quotations edged 1.8% higher in July - reaching their highest level since mid-2014 - in part due to concerns over dry weather and crop conditions in North America. At the same time, international rice prices hit two-year lows, impacted by currency movements and a slow pace of sales caused by high freight costs and logistical hurdles.

The **dairy price index** declined 2.8% from June, impacted by slower market activity in the Northern hemisphere due to ongoing summer holidays, with skim milk powder registering the largest drop, followed by butter, whole milk powder and

cheese.

The **vegetable oil price index** reached a five-month low, declining 1.4% from June, as lower prices for soy, rape and sunflower seed oils more than offset rising palm oil values. A lower biodiesel blending mandate in Argentina pressured soy oil prices lower, while those for rape and sunflower oils were influenced by prospective record supplies for the 2021/22 season.

In contrast, the **sugar price index** increased by 1.7% in July, its fourth monthly increase. The rise was mostly related to firmer crude oil prices as well as uncertainties over the impact of recent frosts on yields in Brazil, the worlds largest sugar exporter, while good production prospects in India prevented a larger jump.

The **meat price index** rose marginally from June, with quotations for poultry meat rising the most due to increased imports by East Asia and limited production expansions in some regions. Bovine meat prices also strengthened, buoyed by high imports from China and lower supplies from major producing regions. Meanwhile, pig meat prices fell, following a decline in imports by China.

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