

Beat: Business

Global food prices slightly up in December, down in 2013

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USPA News - Global food prices rose slightly in the month of December but on average declined 1.6 percent in 2013 versus the previous year, although the prices remain among the highest on record, the United Nations (UN) food agency reported on Thursday. The Food and Agriculture Organization's (FAO) Food Price Index stood at 206.7 points in December, a marginal increase from 206.4 in the previous month.

The index is used to measure the monthly change in international prices of a basket of food commodities, including meat, dairy, cereals, vegetable oil, and sugar. FAO said a sharp increase in dairy prices and high meat values balanced out a steep decline in sugar quotations and lower cereal and oil prices in December. "The FAO Food Price Index remained elevated as strong demand for certain high-protein foods continued to drive up prices overall, countering falling prices of major food crops after last year's abundant harvests," said FAO economist Abdolreza Abbassian. The FAO Cereal Price Index averaged 191.5 points in December, down 2.8 points from November, and the lowest monthly value since August 2010. Large global supplies, following record harvests in 2013, continued to exert downward pressure on international prices of wheat and maize in particular. By contrast, rice prices were up slightly in December. FAO's Sugar Price Index averaged 234.9 points in December, a sharp slide of 15.8 points from November. This marked the third consecutive monthly decline, with the sugarcane harvest in Brazil - the world's largest sugar producer and exporter - exceeding expectations. Adding to the downward pressure on international prices were reports of record production in Thailand, the world's second biggest sugar exporter, as well as good harvests in China. For all of 2013, the Cereal Price Index averaged 219.2 points, down as much as 17 points, or 7.2 percent, from 2012, while sugar prices were down 18 percent. Dairy prices, on the other hand, were up for both the month of December and for 2013 as a whole, according to the report. The FAO Dairy Price Index averaged 264.6 points in December, a rise of 13.2 points over November. Demand for milk powder, especially from China, remains strong, and processors in the southern hemisphere are focusing on this product rather than on butter and cheese. During 2013, the dairy index averaged 243 points - its highest annual value since its inception. Meanwhile, the FAO Meat Price Index averaged 188.1 points in December, just slightly above its November level. Prices for bovine and pig meat moved higher: demand from China and Japan have resulted in beef prices showing consistent growth since last June. Prices for poultry were stable, while those for sheep meat moved lower. Still, in 2013, the index remained historically high, well above pre-2011 levels. But global food prices remain among the highest on record, with the Food Price Index averaging 209.9 points for 2013 as a whole, marking a decrease of 1.6 percent from 2012 when the average stood at 213.4 points. It makes food prices in 2013 the third highest year on record. Still, the results are well below the record of 230.1 points in 2011.

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