

Global food prices rise at rapid pace in May

Global food prices rose in May at its fastest monthly rate in more than a decade, even as world cereal production is on course to reach a new record high, the Food and Agriculture Organisation of the United Nations (FAO) reported today.



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The [FAO Food Price Index](#) averaged 127.1 points in May, 4.8% higher than in April and 39.7% higher than in May 2020.

A surge in the international prices of vegetable oils, sugar and cereals led the increase in the index, which tracks monthly changes in the international prices of commonly-traded food commodities, to its highest value since September 2011 and only 7.6% below its all-time peak in nominal terms.

The **cereal price index** increased 6.0% from April, led by international maize prices, which averaged 89.9% above their year-earlier value. However, maize prices started to retreat at the end of May, mostly on improved production prospects in the United States of America. International wheat prices also showed a late-month decline but averaged 6.8% higher in May than in April, while international rice quotations held steady.

The **vegetable oil price index** gained 7.8% in May, mainly reflecting rising palm, soy and rapeseed oil quotations. Palm oil prices rose due to slow production growth in Southeast Asian countries, while prospects of robust global demand, especially from the biodiesel sector, drove soyoil prices higher.

The **sugar price index** increased by 6.8% from April, due largely to harvest delays and concerns over reduced crop yields in Brazil, the world's largest sugar exporter, even as large export volumes from India contributed to easing the price surge.

The **meat price index** increased by 2.2% from April, with quotations for all meat types rising due to a faster pace of import purchases by China, as well as rising internal demand for poultry and pig meats in the leading producing regions.

The **dairy price index** rose by 1.8% in the month, averaging 28% above its level of one year ago. The increase was led by solid import demand for skim and whole milk powders, while butter prices declined for the first time in almost a year on increased export supplies from New Zealand.

Record cereal output expected

A new [Cereal Supply and Demand Brief](#), also released today, offered FAO's first forecast for world cereal production in 2021 - now pegged at nearly 2,821 million tonnes, a new record and a 1.9% increase from 2020, led by a foreseen 3.7% annual growth in maize output.

World cereal utilisation in 2021/22 is predicted to expand by 1.7% to 2,826 million tonnes. Total cereal food consumption is forecast to rise in tandem with world population, while an increased use of wheat for animal feed is also anticipated.

Based on those forecasts, world cereal stocks at the close of crop seasons in 2021/22 are anticipated to increase by 0.3% to 811 million tonnes. While the expected modest rise would end three consecutive years of decline, the global stocks-to-use ratio is forecast to decline further to 28.1%.

FAO's first forecast for world trade in cereals in the new season indicates an increase of only 0.3% from the high level estimated for 2020/21, when trade is expected to expand by as much as 6.3% to a peak level of 468 million tonnes.

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