

Global food prices fall in August as cereal output heads for record high – UN

7 September 2017 – Global food prices dipped in August, mainly as the prospect of bumper cereal harvests pushed up expectations for larger grain inventories, the United Nations Food and Agriculture Organization ([FAO](#)) said today.

A [news release](#) said that the FAO Food Price Index declined 1.3 per cent from July, ending three months of consecutive increases.

However, the Index – tracking the monthly change in international market prices for five key commodity groups – remained 6 per cent above its value a year earlier.

The drop in August was largely driven by a 5.4 per cent decline in cereal prices, reflecting a sharp fall in wheat prices as the outlook for production in the Black Sea region improved.

FAO raised its forecast for global cereal production to a record 2,611 million tonnes. Worldwide stocks of cereals are also expected to reach an all-time high by the close of seasons in 2018, according to the latest FAO Cereal Supply and Demand Brief, also released today.

The new estimates reflect larger anticipated wheat harvests, as improved production prospects in Russia more than offset downward revisions made for Canada and the United States, as well as higher maize and barley outputs in Brazil and Russia. Global rice production in 2017 is also now forecast to reach a record high.

Meat prices dropped 1.2 per cent in the month, while sugar prices slipped by 1.7 per cent – driven by favourable cane harvest prospects in leading producers Brazil, Thailand and India, as well as by weaker international demand in the wake of higher tariffs imposed by China and India.

But vegetable oil prices rose 2.5 per cent, led by rising quotations for palm, soy, rapeseed and sunflower oils.

Dairy prices also rose 1.4 per cent from July, led by greater demand for butterfat in Europe and North America.