

## Vegetable oils lift food prices in September; cereal prices down on bumper crop prospects

5 October 2017 – Global food prices rose slightly in September, as firmer prices of vegetable oils and dairy products offset declining prices for staple cereal grains, the United Nations Food and Agriculture Organization ([FAO](#)) said today.

A [news release](#) said that the FAO Food Price Index – tracking the monthly change in international market prices for five key commodity groups – averaged 178.4 points for the month of September, up 0.8 per cent from August and marking a 4.3 per cent increase from a year earlier.

Vegetable oil prices increased by 4.6 per cent, driven primarily by palm oil, although values for soy, rapeseed and sunflower oils also rose.

Dairy prices rose by 2.1 per cent from August, driven by butter and cheese prices at a time of supply constraints in Australia, New Zealand and the European Union. Meat prices were broadly unchanged.

Cereal prices declined by 1.0 per cent, as maize and wheat quotations fell in step with strong supply and harvest prospects. FAO expects the current growing season to yield record worldwide cereals output.

Sugar prices were unchanged for the month, but it was about 33 per cent below its year-ago level – a decline due to oversupply in world markets and a slowdown in demand.

### ***Cereal inventories head for a new high***

FAO updated its global cereal production forecast for 2017, raised to 2,612 million tonnes, or almost 7 million tonnes above the record set in 2016, according to the Cereal Supply and Demand Brief, also released today.

September's forecasts were raised on account of robust wheat production trends in Europe and Russia and expected maize outputs in China and the United States.

FAO now forecasts 750.1 million tonnes of wheat to be harvested in 2017 and 1,361 million tonnes of coarse grains, as well as 500.7 million tonnes of rice.