

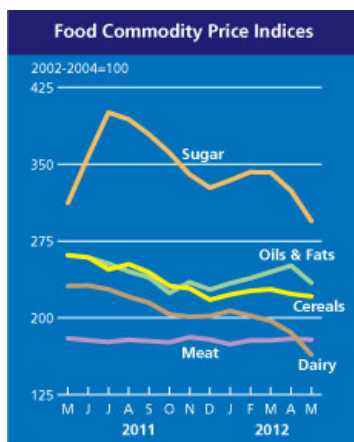
FAO Food Price Index

The FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices (representing 55 quotations), weighted with the average export shares of each of the groups for 2002-2004.

Monthly release dates for 2012: 12 January, 09 February, 08 March, 05 April, 03 May, 07 June, 05 July, Summer Recess, 06 September, 04 October, 08 November, 06 December.

The FAO Food Price Index fell sharply in May

Release date: **07/06/2012**



» The **FAO Food Price Index (FFPI)** averaged 204 points in May 2012, down as much as 9 points (4 percent) from April and the lowest since September 2010. At this level, the FFPI would be about 14 percent below its peak in February 2011. International prices of most commodities (composing the FFPI) weakened in recent weeks on generally favourable supply prospects amid growing economic uncertainties and a strengthening US dollar.

» The **FAO Cereal Price Index** averaged 221 points in May, down 2.3 points (1 percent) from April. Wheat prices fell most following improved weather conditions and influenced by maize prices, which plunged following the release of the USDA report projecting a record maize crop in the United States. By contrast, international rice prices rose slightly, mainly on increased purchases ahead of the Ramadan period.

» The **FAO Oils/Fats Price Index** averaged 234 points in May, down as much as 17 points (6.8 percent) from April. The drop, which was led by falling soy and palm oil quotations, reversed the upward trend witnessed since December 2011. While larger than expected soybean plantings in the United States and weakening grain prices weighed on the soy complex, palm oil values fell in response to a temporary recovery in production and falling crude oil prices. Macroeconomic concerns, in particular regarding the EU, also triggered fears of a general slowdown in import demand.

» The **FAO Meat Price Index** averaged 179 points in May, barely 1 point below its April value. The prices of the various meats followed different directions, falling in the case of pigmeat, rising for poultry meat and stable for bovine and ovine meats. On average, meat prices in the first five months of this year were 2 percent higher than in the corresponding period last year, with bovine meat advancing the most.

» The **FAO Dairy Price Index** averaged 164 points in May, down 22 points (12 percent) from April and the lowest level since October 2009. Cheese and butter retreated the most, followed by skim milk powder. By contrast, whole milk powder quotations were up, largely reflecting a tightening of supplies in Europe. The recent slide in international dairy prices, uninterrupted since the beginning of the year, mirrors a rebuilding of supplies in major export markets.

» The **FAO Sugar Price Index** averaged 295 points in May, down 29 points (9 percent) from April and as much as 17.6 points (5.6 percent) below their level in May 2011. Sugar prices declined for the third months in a row, reflecting larger availabilities in India, the EU and Thailand, and new supplies from Brazil entering the market. Markets were also pressured by declining oil prices and the strengthening of the US dollar.

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* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV)

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FAO food price index						
	Food Price Index ¹	Meat ²	Dairy ³	Cereals ⁴	Oils and Fats ⁵	Sugar ⁶
2000	90	96	95	85	68	116
2001	93	96	107	87	68	123
2002	90	90	82	94	87	98
2003	98	97	95	98	101	101
2004	112	114	123	107	112	102
2005	117	120	135	104	104	140
2006	127	119	128	122	112	210
2007	159	125	212	167	170	143
2008	200	153	220	238	227	182
2009	157	133	142	174	151	257
2010	185	152	200	183	194	302
2011	228	177	221	247	252	369
2011	May	232	180	231	261	312
	June	233	178	232	259	358
	July	231	177	228	247	400
	August	231	179	221	252	394
	September	225	177	215	244	379
	October	216	176	204	231	361
	November	216	181	201	229	340
	December	211	179	202	218	327
2012	January	213	174	207	223	334
	February	216	178	202	226	342
	March	216	178	197	228	342
	April	213	180	186	223	324
	May	204	179	164	221	295

1 Food Price Index: Consists of the average of 5 commodity group price indices mentioned above weighted with the average export shares of each of the groups for 2002-2004: in total 55 commodity quotations considered by FAO commodity specialists as representing the international prices of the food commodities noted are included in the overall index.

2 Meat Price Index: Computed from average prices of four types of meat, weighted by world average export trade shares for 2002-2004. Quotations include two poultry products, three bovine meat products, three pig meat products, and one ovine meat product. Where more than one quotation exists for a given meat type, they are weighted by assumed fixed trade shares. Prices for the two most recent months may be estimates and subject to revision.

3 Dairy Price Index: Consists of butter, SMP, WMP, cheese, caseln price quotations; the average is weighted by world average export trade shares for 2002-2004.

4 Cereals Price Index: This index is compiled using the grains and rice price indices weighted by their average trade share for 2002-2004. The Grains Price Index consists of International Grains Council (IGC) wheat price index, itself average of 9 different wheat price quotations, and 1 maize export quotation; after expressing the maize price into its index form and converting the base of the IGC index to 2002-2004. The Rice Price Index consists of 3 components containing average prices of 16 rice quotations: the components are Indica, Japonica and Aromatic rice varieties and the weights for combining the three components are assumed (fixed) trade shares of the three varieties.

5 Oil and Fat Price Index: Consists of an average of 11 different oils (including animal and fish oils)

weighted with average export trade shares of each oil product for 2002-2004.

6 Sugar Price Index: Index form of the International Sugar Agreement prices with 2002-2004 as base.