

NJBBT Market Report May 2023

The United Nations FAO Food Price Index (FFPI) was up slightly at 0.6 percent from March and standing 19.7 percent below its value in the corresponding month last year. The slight rebound in the FFPI in April was led by a steep increase in the sugar price index, along with an upturn in the meat price index, while the cereals, dairy and vegetable oil price indices continued to drop.

Wheat: US Wheat Associates reports that just one year ago, U.S. wheat prices hovered near record highs. The geopolitical ramifications of Russia's invasion of Ukraine stoked supply concerns and fears of spiraling food price inflation, and India had just banned wheat exports, further fueling wheat supply fears. Flash forward to the week of May 2, 2023, Chicago Board of Trade soft red winter wheat (SRW) futures traded at their lowest level since March of 2021 at \$5.95/bushel, earning that class the elusive honor of being the cheapest wheat on the world market. [Read the full article here.](#) The USDA [crop progress report](#) ranked winter wheat as 29% good or excellent, up 1 point from last week of April and even with the previous year. Winter wheat rated as fair was 27%, and winter wheat rated poor to very poor was 44%. Winter wheat headed was 38%, up 13 points from last week and 3 points above the 5-year average. Spring wheat planted came in at 24%, up 12 points from the previous week but below the five-year average of 38%. Spring wheat emergence is 5%, 6 points behind the five-year average of 11%.

International wheat prices declined by 2.3 percent in April to their lowest level since July 2021, principally driven by large exportable availabilities in the Russian Federation and Australia. Favorable crop conditions in Europe, along with an agreement at the end of April allowing Ukrainian grains to transit through the European Union countries that had imposed import restrictions on grain from Ukraine earlier in the month, also contributed to the overall softer tone in markets.

Oils: The FAO Vegetable Oil Price Index was down 1.3 percent from March, marking the fifth consecutive monthly decline. The continued decrease of the price index reflected the combined effect of stable world palm oil prices and lower soy, rapeseed and sunflower oil quotations. Following a short-lived rebound in March, international palm oil prices remained virtually unchanged in April. By contrast, world soy oil prices continued to decrease. Meanwhile, international prices of rapeseed and sunflower oils also kept falling, chiefly underpinned by lingering abundant global exportable supplies.

Sugar: The FAO Sugar Price Index was up 17.6 percent from March, marking the third consecutive monthly increase and reaching its highest level since October 2011. The hike in prices was mostly related to heightened concerns over tighter global availabilities in the 2022/23 season. Despite the positive outlook for the 2023 sugarcane crops in Brazil, the slow start of the harvest due to above-average rains provided additional support to prices. Higher international crude oil prices and the strengthening of the Brazilian real against the United States dollar also contributed to the overall increase in world sugar prices.

Dairy: The **FAO Dairy Price Index** was down 1.7 percent from March and 15.1 percent from its level one year ago. In April, international prices of milk powders fell for the tenth consecutive month, primarily underpinned by the impact of the persistent slack global import demand. Cheese prices also fell, principally reflecting high export availabilities in Western Europe, where more milk is being channeled into cheese production amid the seasonally rising milk output. By contrast, world butter prices remained largely stable, as increased supplies were generally adequate to meet increased import demand for near- and long-term deliveries.

(This report is based on reporting of the Food and Agriculture Organization of the United Nations, US Wheat Council, General Mills Foodservice, US Wheat Associates as well as other relevant sources)