

NJBBT Market Report October 2023

The **FAO Food Price Index** was almost unchanged from its value in August, as declines in the price indices of vegetable oils, dairy and meat had offset increases in the sugar and cereal price indices. At this level, the index stood 10.7 percent below its corresponding level a year ago and 24.0 percent from the all-time high reached in March 2022.

Wheat: The FAO Cereal Price Index was up slightly, 1.0 percent from August but standing 14.6 percent below its value a year ago. This month's increase was led by a 5.3 percent increase in international coarse grain prices. After seven months of consecutive declines, international maize prices increased by 7.0 percent in September, driven by a confluence of factors, including strong demand for Brazil's supplies, slower farmer selling in Argentina and increased barge freight rates due to low water levels on the Mississippi River in the United States of America. By contrast, international wheat prices continued to drop, falling by 1.6 percent month-on-month, underpinned by ample supplies in the Russian Federation, where production prospects were lifted in September. At the beginning of October Ukraine, Poland, and Lithuania reached an agreement allowing grain inspections at a Lithuanian port on the Baltic Sea, which is expected to facilitate Ukrainian exports to the rest of the world.

Oils: The FAO oil price index was down 3.9 percent from August, marking the second consecutive monthly decline. The fall in the index was driven by lower world prices across palm, sunflower, soy and rapeseed oils. International palm oil prices continued to decrease in September, chiefly underpinned by seasonally elevated production in major producing countries in Southeast Asia. Meanwhile, world sunflower oil quotations declined markedly, reflecting the harvest pressure of sunflower seed in the Black Sea region amid robust farmer selling activities. As for rapeseed oils, international prices declined on lingering abundant global export supplies, while world soy oil prices also followed suit, despite prospects of a firm demand from the biodiesel sector.

Sugar: The FAO Sugar Price Index was up 9.8 percent from August, marking the second consecutive monthly increase and reaching its highest level since November 2010. The hike in prices mostly stemmed from increasing concerns over a tighter global supply outlook in the upcoming 2023/24 season. This mainly reflects early forecasts pointing to production declines in key sugar producers, Thailand and India, due to drier-than-normal weather conditions associated with the prevailing El Niño event. Higher international crude oil prices also contributed to the increase in world sugar prices. However, the large crop currently being harvested in Brazil, amidst favorable weather conditions, combined with the weakening of the Brazilian Real against the United States dollar, limited the month-on-month increase in world sugar prices.

Dairy: The FAO Dairy Price Index was down 2.3 percent from August, marking the ninth consecutive monthly decline, and as much as 23.9 percent below its value in the corresponding month last year. International prices across all dairy products declined in September, principally underpinned by lackluster import demand for spot- and near-term deliveries amidst ample stocks in leading producing regions, despite an upsurge in demand towards the end of the month for some dairy products in Southeast Asian countries. In addition, rising export availabilities in New Zealand in its new production season, limited internal demand in the European Union, and the impact of a weaker Euro against the United States dollar weighed on international dairy prices.

(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)