

NJBBT Market Report February 2024

The **FAO Food Price** was down 1.5 percent from its November level, as decreases in the price indices for sugar, vegetable oils and meat more than offset increases in dairy products and cereals. The index stood 10.1 percent below its corresponding level one year ago. For 2023 as a whole, the index was 13.7 percent lower than the average value in 2022.

Wheat: After falling for four consecutive months, wheat export prices increased in December, supported by weather-related logistical disruptions in some major exporters and tensions in the Black Sea amidst solid demand. World maize prices also strengthened in December, underpinned by concerns about Brazil's second crop plantings, and logistical constraints hindering shipments from Ukraine. Wheat has been down in January due to poor exports and lack of competitiveness in the global market, which has been a common theme of late.

Oils: Prices were down 1.4 percent month-on-month after a short-lived increase in November. The decline of the price index reflected lower world prices across palm, soy, rapeseed and sunflower seed oils, underpinned by subdued purchases from major importers, despite the seasonally lower outputs in leading producing countries. Meanwhile, world soy oil prices dropped by more than 3 percent from November as a result of a slowdown in demand from the biodiesel sector, as well as improving weather conditions in parts of the main growing regions in Brazil. International rapeseed and sunflower seed oils prices declined on tame global import demand. For 2023 as a whole, the FAO Vegetable Oil Price Index was down 32.7 percent from 2022 and marking a three-year low amid improved global supplies.

Dairy: Prices increased 1.6 percent from November, marking the third consecutive monthly increase and standing 16.1 percent below its corresponding value one year ago. The December increase in the index was led by higher price quotations for butter, whole milk powder (WMP) and cheese. As for butter and cheese, international prices rose, principally underpinned by strong internal sales in Western Europe ahead of the holiday season in contrast with a continued supply tightness in the market, despite the region's milk deliveries rising seasonally. In addition, increased import demand from the Near East also supported cheese price quotations. Meanwhile, strong global import demand led international WMP prices to rise, while markets in Europe remained largely inactive due to holidays. By contrast, world skim milk powder prices fell slightly due to limited demand. In 2023 as a whole, the FAO Dairy Price Index was down 16.6 percent below the average for 2022, underpinned by lackluster import demand, especially for spot supplies, amid ample stocks in importing countries, reflecting price declines across all dairy products.

Interest Rates: At its January meeting the Federal Reserve left interest rates unchanged. They announced no rate cuts this month and noted it wasn't appropriate to cut rates until they have greater confidence that inflation is approaching the 2% goal.

(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)