

NJBBT Market Report May 2024

The FAO Food Price Index* (FFPI) was up 0.3 percent from its revised March level, as an increase in the price index for meat and smaller upturns of vegetable oil and cereal indices slightly more than offset decreases in those for sugar and dairy products. Although it registered a second monthly uptick in April following a seven-month long declining trend, the FFPI was down 7.4 percent from its corresponding value one year ago.

Wheat: The FAO Cereal Price Index was up 0.3 percent from March but 18.3 percent below its April 2023 value. After declining for three consecutive months, average global wheat export prices stabilized in April. Upward price pressure stemming from concerns about unfavorable crop conditions impacting 2024 harvests in parts of the European Union, the Russian Federation and the United States of America was countered by continuing strong competition among major exporters. By contrast, maize export prices increased in April, mainly influenced by high import demand amidst mounting logistical disruptions as a result of infrastructure damages in Ukraine and reduced production prospects in Brazil ahead of the start of the main harvest.

Oils: The FAO Vegetable Oil Price Index was up 0.3 percent month-on-month and marking a 13-month high. The marginal increase reflects the net effect of higher sunflower and rapeseed oil quotations, more than offsetting slightly lower palm and soy oil prices. International palm oil prices trended lower in April, largely influenced by seasonally higher outputs in leading producing countries and lingering subdued global import demand. Meanwhile, world soy oil prices declined after a short-lived recovery, -reflecting prospects of ample supplies from South America following favorable soybean production outlook. By contrast, international sunflower and rapeseed oil prices kept rising, underpinned by, respectively, continued firm global import purchases and concerns over unfavorable weather conditions for winter rapeseed in parts of Europe.

Dairy: The FAO Dairy Price Index was down marginally 0.3 percent from March, marking a downturn after six months of continuous increases, but remained 4.3 percent below its value in the corresponding month last year. International prices of skim milk powder declined the most, primarily underpinned by sluggish import demand for spot supplies amid high exportable availabilities, especially in Western Europe. Meanwhile, world cheese prices fell slightly, mainly reflecting the strengthening of the United States dollar. By contrast, world butter prices continued to increase due to steady import demand and somewhat tighter butter inventories in Western Europe. In the meantime, whole milk powder prices rebounded moderately due to increased demand for medium-term supplies and seasonally declining milk production.

Interest Rates: Inflation is slowing, as evidenced by the smaller increases in commodities, but the Federal Reserve is not ready to cut interest rates.

(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)