

Global food prices rise for 10th consecutive month

Global food commodity prices rose in March, marking their tenth consecutive monthly increase, with quotations for vegetable oils and dairy products leading the rise. The Food and Agriculture Organization of the United Nations (FAO) has reported that global food commodity prices rose in March, marking their tenth consecutive monthly increase, with quotations for vegetable oils and dairy products leading the rise.



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The [FAO Food Price Index](#), which tracks monthly changes in the international prices of commonly-traded food commodities, averaged 118.5 points in March, 2.1% higher than in February and reaching its highest level since June 2014.

Trends varied by commodity types. The March increase was led by the FAO Vegetable Oil Price Index, which rose 8.0% from the previous month to hit a nearly 10-year high, with soy oil prices rising sharply due in part to the prospects of firm demand from the biodiesel sector.

The **dairy price index** increased 3.9% from February, with butter prices buoyed by somewhat tight supplies in Europe associated with increased demand in anticipation of a food-service sector recovery. Milk powder prices also rose, supported by a surge in imports in Asia, particularly China, due to declining production in Oceania and scarce shipping container availability in Europe and North America.

The **meat price index** also rose, by 2.3% from February, with imports by China and a surge in internal sales in Europe ahead of the Easter holiday celebration underpinning increasing poultry and pig meat quotations. Bovine meat prices

remained steady, while ovine meat prices declined as dry weather in New Zealand led to farmers offloading animals.

By contrast, the **cereal price index** dropped by 1.8%, but it is still 26.5% higher than in March 2020. Wheat export prices declined the most, reflecting generally good supplies and favourable production prospects for 2021 crops. Maize and rice prices also declined, while those for sorghum rose.

The **sugar price index** declined 4.0% in the month, triggered by prospects of large exports from India, but it remained more than 30% above its year-earlier level.

Positive cereal crop prospects in 2021

FAO expects world cereal production in 2021 to increase for the third consecutive year and has raised its preliminary global wheat production forecast on better than-earlier-anticipated crop conditions in several countries. Global wheat production is forecast to reach a new high of 785 million tonnes in 2021, up 1.4% from 2020, driven by a likely sharp rebound across most of Europe and expectations of a record harvest in India.

Above-average outputs are also expected for maize, with a record harvest anticipated in Brazil and a multi-year high in South Africa, according to FAO's [Cereal Supply and Demand Brief](#), also released today.

For the current 2020/21 marketing season, global cereal utilization is now forecast at 2,777 million tonnes, 2.4% higher than the previous year, driven largely by higher estimates of feed use of wheat and barley in China, where the livestock sector is recovering from African swine fever.

World cereal stocks at the end of 2021 are forecast to decline by 1.7% from their opening levels to 808 million tonnes. Combined with the utilization forecasts, the global cereal stock-to-use ratio for 2020/21 is foreseen to dip to a seven-year low of 28.4%.

FAO also raised its forecast for world trade in cereals during 2020/21 to 466 million tonnes, a 5.8% increase from the previous year, driven by even faster trade in coarse grains linked to unprecedented levels of maize purchases by China. Also for rice, international trade is forecast to expand by 6% year-on-year.

The [brief](#) offers more details and updated assessments.

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