



# Food Outlook

Global Market Analysis

## HIGHLIGHTS

Food prices have averaged 8 percent lower during the first ten months of 2012 compared to the same period last year. Considerably lower international prices and freights, together with less cereal purchases are predicted to reduce global expenditures on imported foodstuffs. The 2012 forecast for global food import bills is set at USD 1.14 trillion, 10 percent lower than the record which was set last year.

### ■ CEREALS

Global cereal supply and demand balance is forecast to tighten considerably in 2012/13, due mainly to declines in wheat and maize production. World cereal production is forecast to fall by 2.7 percent from previous year's record crop, leading to a 25 million tonne contraction in world stocks.

### ■ WHEAT

A tightening in world supply and demand balance is keeping wheat prices above the 2011 levels. Latest information confirms a smaller wheat crop in 2012 and, with projected utilization exceeding production, stocks are expected to be drawn down sharply, especially major exporters' stocks. World trade in 2012/13 is forecast to fall below the previous season's peak.

### ■ COARSE GRAINS

World coarse grains supply and demand balance in 2012/13 is extremely tight with FAO's latest forecast for production in 2012 pointing to a 2.5 percent decline from the 2011 record and stocks falling to historic lows, a factor which continues to underpin international prices.

### ■ RICE

World rice production in 2012 may surpass last season's record, supported by favourable growing conditions. Steadfast import demand together with very ample export availabilities are sustaining an expansion of trade in 2012, with a further, albeit small, increase foreseen in 2013.

### ■ CASSAVA

World cassava output is expected to increase vigorously in 2012 and may continue to do so in 2013, sustained by growth in Africa, where cassava remains a strategic crop for both food security and poverty alleviation. Prospects are more uncertain in Asia, where the sector expansion next year will largely depend the competitiveness of cassava in the production of ethanol relative to other feedstocks. In 2012, world trade in cassava products is set to undergo a marked increase, entirely sustained by industrial demand.

### ■ OILSEEDS

The 2012/13 oilcrop season is opening under the legacy of a tight 2011/12 balance and a disappointing soybean crop in the United States. Current supply and demand forecasts for the new season provide limited scope for a relaxation in prices – at least until prospects for record South American soy crops are confirmed.

### ■ SUGAR

World sugar production is forecast to reach a new record, more than sufficient to cover projected global sugar consumption. Large export availabilities in key supplying countries, along with a rebuilding of sugar inventories in major importing countries, are expected to boost trade in 2012/13.

### ■ MEAT

Global meat markets are challenged by high feed prices, stagnating consumption, and falling profitability, with growth in total output slowing down to 2 percent. With international prices close to record highs, growth in world trade is also decelerating.

### ■ MILK

International prices of dairy products are rising in the face of limited export supplies. Milk production continues to grow in many countries, especially in Asia, Oceania and South America.

### ■ FISH

Weakening import demand caused international fish prices to drop in the first half of 2012. The dip mainly affected farmed species, while quotations for wild fish, such as tuna, fared better.

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### FAO Commodity Price Indices (October 2011 - October 2012)

