

# Global food prices drop for third month: UN

August 8 2013

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A farmer harvests wheat on July 25, 2013, in Civray-sur-Esves, central France. Global food prices dropped in July for the third month running, the United Nations said Thursday, driven largely by a fall in the value of cereals that are set to reach record production levels this year.

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The food price index of the UN's Food and Agriculture Organisation

(FAO)—a measure of the monthly change in international prices of a basket of food commodities—averaged 205.9 points in July, nearly 2 percent below its June value.

"The decline in July, which marked the third consecutive monthly drop, was largely driven by lower international prices for [grains](#), soy and palm oil while sugar, meat and dairy quotations were also down from the previous month," the FAO said.

The index was also down by 7 points or 3.3 percent from July last year.

The organisation said cereal prices dropped sharply last month, mostly driven by the falling value of [maize](#) "as favourable weather boosted hopes of a significant production increase in several leading maize producing countries."

The FAO's sub-index for oils and fats, meanwhile, also fell last month compared to June, driven mainly by a drop in the value of soy and palm oil.

"Soy oil values have fallen in response to ample export availabilities, especially in Argentina, combined with weak demand (including from the biodiesel sector), as well as good [soybean crop](#) prospects in the United States," the organisation said.

"The palm oil price weakness mainly resulted from the combination of ample production and lower than expected import demand, most notably by China."

Dairy and sugar prices also fell in July, while the value of meat stayed more or less the same compared to the previous month.

Citation: Global food prices drop for third month: UN (2013, August 8) retrieved 24 May 2024 from <https://phys.org/news/2013-08-global-food-prices-month.html>

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