

## FEATURE

### World Food Situation

## FAO Food Price Index

The FAO Food Price Index (FFPI) is a measure of the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices weighted by the average export shares of each of the groups over 2014-2016. A feature article published in the June 2020 edition of the Food Outlook presents the revision of the base period for the calculation of the FFPI and the expansion of its price coverage, to be introduced from July 2020. A November 2013 article contains technical background on the previous construction of the FFPI.

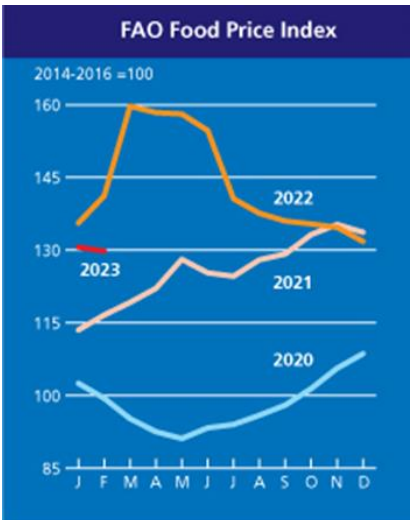
Monthly release dates for 2023: 6 January, 3 February, 3 March, 7 April, 5 May, 2 June, 7 July, 4 August, 8 September, 6 October, 3 November, 8 December.

**The FAO (Food and Agriculture administration of the United Nations) - Food Price Index drops again in February, albeit only marginally**

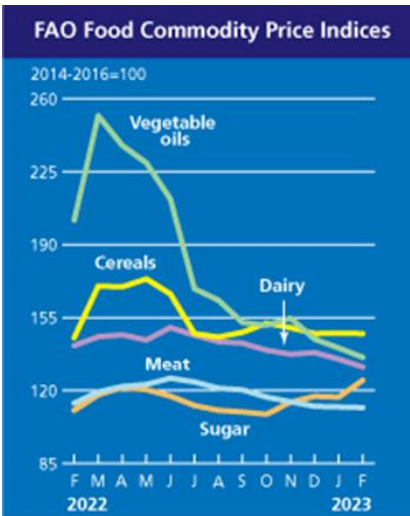
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Release date: 03/03/2023

<https://www.fao.org/worldfoodsituation/foodpricesindex/en/>



The **FAO Food Price Index\*** (FFPI) averaged 129.8 points in February 2023, marginally down (0.6 percent) from January, continuing the downward trend for the eleventh consecutive month. With the latest decline, the index has fallen 29.9 points (18.7 percent) from the peak it reached in March 2022. The marginal decline of the FFPI in February reflected significant drops in the price indices of vegetable oils and dairy, together with fractionally lower cereals and meat indices, more than offsetting a steep rise in the sugar price index.



The **FAO Cereal Price Index** averaged 147.3 points in February, down fractionally (0.1 percent) from January and 2.0 points (1.4 percent) above its level one year ago. After falling for three consecutive months, international wheat prices rose marginally (0.3 percent) in February. The slightly firmer tone mostly reflected ongoing concerns over dry conditions in key production areas of Hard Red Winter wheat in the United States of America, and robust demand for supplies from Australia, while strong competition among exporters helped to cap price gains. World maize prices changed little, up just 0.1 percent month-on-month. Support stemmed from worsening conditions in Argentina, and planting delays for the second maize crop along with a strong export pace in Brazil, while low demand for supplies from the United States of America weighed on maize export prices. By contrast, among other coarse grains, world prices of sorghum were down fractionally (0.2 percent), while barley prices declined slightly (0.9 percent) in February, mostly attributed to higher seasonal availability in the southern hemisphere. On the other hand, international rice prices eased by 1.0 percent in February, as trading activities in most major Asian exporters slowed, while their national currencies depreciated against the United States dollar. This was especially the case in Thailand, where the baht weakened from the ten-month highs it reached in January, contributing to the reversal of most of the price increases registered in January.

The **FAO Vegetable Oil Price Index** averaged 135.9 points in February, down 4.5 points (3.2 percent) from January and marking the lowest level since the beginning of 2021. The continued weakness of the index was driven by lower world prices across palm,

soy, sunflowerseed and rapeseed oils. International palm oil prices dropped for the third consecutive month in February, chiefly weighed by lingering sluggish global import demand, despite seasonally lower production from major growing regions in Southeast Asia. Meanwhile, world soyoil prices also continued to decline, underpinned by softened purchases from key importing countries and prospects of rising outputs from South America. As for sunflower and rapeseed oils, world quotations remained on a downward trajectory, depressed by their abundant global exportable availabilities.

The **FAO Dairy Price Index** averaged 131.3 points in February, down 3.6 points (2.7 percent) from January and standing 10.2 points (7.2 percent) below the corresponding month last year. In February, the decline in the index was driven by lower prices across all dairy products, with the steepest falls in butter and skim milk powder (SMP). The continued weakness in global import demand, especially for near-term deliveries underpinned the price declines, despite a noticeable increase in purchases in recent weeks by North Asia. In addition, increased exportable supplies, including inventories of butter, cheese and SMP, in Western Europe, where seasonal milk deliveries in recent months have tracked above their corresponding monthly averages, also weighed on global export prices.

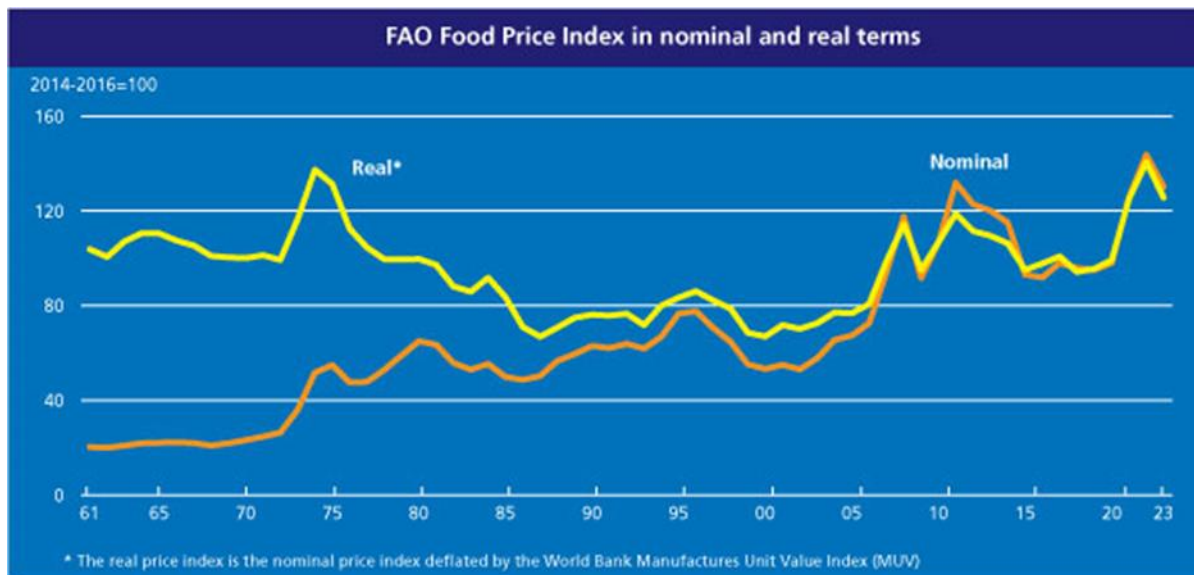
The **FAO Meat Price Index\*** averaged 112.0 points in February, fractionally lower (0.1 points and 0.1 percent) from January and standing 1.9 points (1.7 percent) below its value a year ago. In February, international poultry meat prices fell for the eighth consecutive month, reflecting abundant global supplies compared to softer import demand, notwithstanding avian influenza outbreaks in several leading producer countries. By contrast, international pig meat prices increased, underpinned by market concerns over the low availability of slaughter-ready hogs amid rising internal demand in Europe. Meanwhile, bovine meat prices were stable, following continuous declines since June 2022, as improved import purchases, especially from North Asia, led global demand to balance relatively well with current supplies. International ovine meat prices also remained broadly unchanged, as global demand was adequate to absorb elevated supplies from Australia.

The **FAO Sugar Price Index** averaged 124.9 points in February, up 8.1 points (6.9 percent) from January, reaching the highest level since February 2017. The February rebound was mostly related to the downward revision to the 2022/23 sugar production forecast in India, which dampened export prospects for the current season. Concerns over lower export availabilities from India amid strong global import demand lent additional support to world sugar prices. However, the good harvest progress in Thailand and abundant precipitation in the key growing areas of Brazil prevented a larger monthly price increase. The decline in international crude oil price quotations and ethanol prices in Brazil also contributed to limit the upward pressure on world sugar prices.

*Unlike for other commodity groups, most prices utilized in the calculation of the FAO Meat Price Index are not available when the FAO Food Price Index is computed and published; therefore, the value of the Meat Price Index for the most recent months is derived from a mixture of projected and observed prices. This can, at times, require significant revisions in the final value of the FAO Meat Price Index which could in turn influence the value of the FAO Food Price Index.*

*To access benchmark export quotations of various foodstuffs and national retail/wholesale prices of foods please visit FAO's [Food Price Monitoring and Analysis \(FPMA\) Tool](#)*

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## FAO food price index

	Food Price Index <sup>1</sup>	Meat <sup>2</sup>	Dairy <sup>3</sup>	Cereals <sup>4</sup>	Vegetables Oils <sup>5</sup>	Sugar <sup>6</sup>
2005	67.4	71.8	77.2	60.8	64.4	61.2
2006	72.6	70.5	73.1	71.2	70.5	91.4
2007	94.3	76.9	122.4	100.9	107.3	62.4
2008	117.5	90.2	132.3	137.6	141.1	79.2
2009	91.7	81.2	91.4	97.2	94.4	112.2
2010	106.7	91.0	111.9	107.5	122.0	131.7
2011	131.9	105.3	129.9	142.2	156.5	160.9
2012	122.8	105.0	111.7	137.4	138.3	133.3
2013	120.1	106.2	140.9	129.1	119.5	109.5
2014	115.0	112.2	130.2	115.8	110.6	105.2
2015	93.0	96.7	87.1	95.9	89.9	83.2
2016	91.9	91.0	82.6	88.3	99.4	111.6
2017	98.0	97.7	108.0	91.0	101.9	99.1
2018	95.9	94.9	107.3	100.8	87.8	77.4
2019	95.1	100.0	102.8	96.6	83.2	78.6
2020	98.1	95.5	101.8	103.1	99.4	79.5
2021	125.7	107.7	119.1	131.2	164.9	109.3
2022	143.7	118.8	142.4	154.7	187.8	114.5
2022 February	141.2	113.9	141.5	145.3	201.7	110.5
March	159.7	119.3	145.8	170.1	251.8	117.9
April	158.4	121.9	146.7	169.7	237.5	121.5
May	158.1	122.9	144.2	173.5	229.2	120.4
June	154.7	125.9	150.2	166.3	211.8	117.3
July	140.6	124.1	146.5	147.3	168.8	112.8
August	137.6	121.1	143.4	145.6	163.3	110.5
September	136.0	120.3	142.7	147.9	152.6	109.7
October	135.4	116.8	139.3	152.3	151.3	108.6
November	134.7	114.6	137.4	150.1	154.7	114.4
December	131.8	112.4	138.2	147.3	144.6	117.2
2023 January	130.6	112.1	135.0	147.5	140.4	116.8
February	129.8	112.0	131.3	147.3	135.9	124.9

**1 Food Price Index:** Consists of the average of 5 commodity group price indices mentioned above, weighted with the average export shares of each of the groups for 2014-2016; in total 95 price quotations considered by FAO commodity specialists as representing the international prices of the food commodities are included in the overall index. Each sub-index is a weighted average of the price relatives of the commodities included in the group, with the base period price consisting of the averages for the years 2014-2016.

**2 Meat Price Index:** Based on 35 average export unit values/market prices of four meat types (bovine, pig, poultry and ovine) from 10 representative markets. Within each meat type, export unit values/prices are weighted by the trade shares of their respective markets, while the meat types are weighted by their average global export trade shares for 2014-2016. Quotations for the two most recent months may consist of estimates and be subject to revision.

**3 Dairy Price Index:** Computed using 8 price quotations of four dairy products (butter, cheese, SMP and WMP) from two representative markets. Within each dairy product, prices are weighted by the trade shares of their respective markets, while the dairy products are weighted by their average export shares for 2014-2016.

**4 Cereals Price Index:** Compiled using the International Grains Council (IGC) wheat price index (an average of 10 different wheat price quotations), the IGC maize price index (an average of 4 different maize price quotations), the IGC barley price index (an average of 5 different barley price quotations), 1 sorghum export quotation and the FAO All Rice Price Index. The FAO All Rice Price Index is based on 21 rice export quotations, combined into four groups consisting of Indica, Aromatic, Japonica and Glutinous rice varieties. Within each varietal group, a simple average of the relative prices of appropriate quotations is calculated; then the average relative prices of each of the four rice varieties are combined by weighting them with their (fixed) trade shares for 2014-2016. The Cereal Price Index combines the relative prices of sorghum, the IGC wheat, maize and barley price indices (re-based to 2014-2016) and the FAO All Rice Price Index by weighing each commodity with its average export trade share for 2014-2016.

**5 Vegetable Oil Price Index:** Consists of an average of 10 different oils weighted with average export trade shares of each oil product for 2014-2016.

**6 Sugar Price Index:** Index form of the International Sugar Agreement prices with 2014-2016 as base.