Food Price Watch

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Internationally traded food prices remain stable at high levels after the July price hikes marked a new all-time record. International prices of grain have behaved differently during the last three months, with sustained increases in wheat, decreases in maize, and mixed patterns for rice.

The absence of panic policies has contributed to food price stabilization so far. Domestic prices of grains in most regions reflect expected seasonal patterns and increasing fuel prices. The pass-through of the July international price hike into domestic markets is not expected to be uniform, or immediate.

Even as the world seems to have averted a global food price crisis, a growing sense of a "new norm" of high and volatile prices seems to be consolidating. The new norm demands an unambiguous prioritization of food security in the global policy agenda, regardless of food price fluctuations. Simply put, the world cannot afford to get used to or be complacent with high and volatile food prices. More resources, better data, and sound policy choices continue to be needed to end hunger for the world's 870 million hungry people.

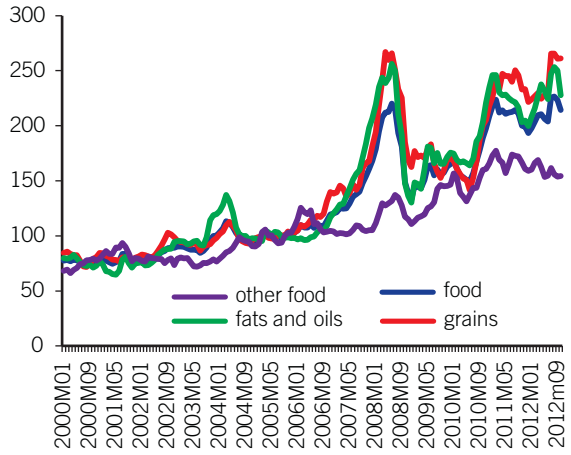
Global Price Trends

Following the July price hike of internationally traded food commodities, prices stabilized in August and September before starting to fall in October (figure 1). The Food Price Index in October is 5% below its July peak, when in one month international prices soared 10%. This means that only half of the July price surge has been redressed in the quarter between August and October.

Despite the recent decline, international food prices remain close to all-time highs. Back in August, the Food Price Index exceeded that observed in July, marking a new historical peak. In September, a downtick of the index put it exactly on par with the previous record-high prices in February 2011. In October, the food price index declined by some 4% below February 2011 levels (table 1), mostly explained by sinking prices in sugar (the lowest in two years), soybeans, and palm oils. Nonetheless, food prices in October are still 7% higher than a year ago, and the prices of grains remain particularly high. Prices of grains are 12% above their levels 12 months ago and very close to the all-time high observed in 2008.

The prices of all three major food categories declined between August and October 2012. The lion's share of the

Figure 1. World Bank Food Price Index



Source: World Bank, DECPG.
Note: The Food Price Index weighs export prices of a variety of food commodities around the world in nominal U.S. dollar prices, 2005 = 100.

Food Price Watch, produced by the Poverty Reduction and Equity group at the World Bank, is a series that aims at drawing attention to trends in international and domestic food prices in low- and middle-income countries and their policy implications. Contact: José Cuesta (jcuesta@worldbank.org)

Table 1. Price Change of Key Food Commodities

Indices	Aug 2012–Oct 2012 (%)	Oct 2011–Oct 2012 (%)	Feb 2011–Oct 2012 (%)
Food	-5	7	-4
Grains	-2	12	8
Fats and oils	-10	12	-7
Other	-1	-7	-13
Fertilizer	0	-13	10
Prices			
Maize	-3	17	10
Rice (Thai, 5%)	-2	-7	7
Wheat (U.S. HRV)	3	24	3
Sugar (world)	-3	-20	-31
Soybean oil	-6	-4	-14
Crude oil, average	-2	4	6

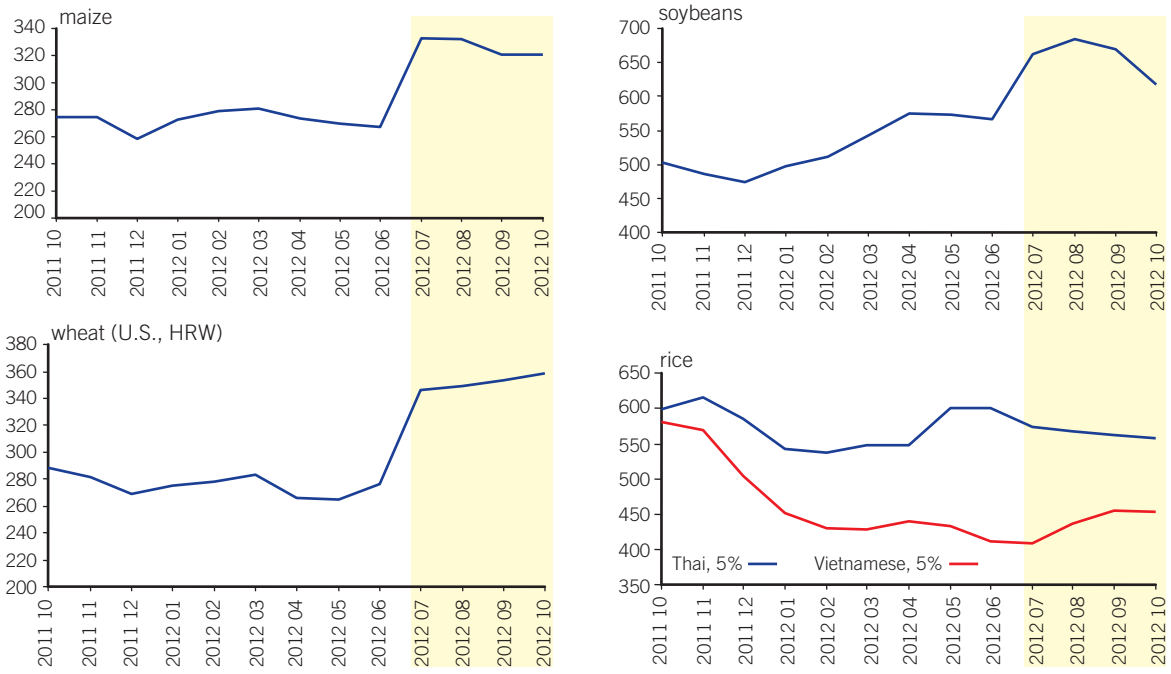
Source: World Bank, DECPG.

price decline in this quarter took place in October, mainly driven by fats and oils and more modest declines observed in grains and other foods (figure 1). The prices of fats and oils (a category including soybeans and palm oil) dropped 8%, while grains went down 2%, and other foods (which include sugar and meat) ticked down 1% (table 1). Among specific food commodities, the price of maize went down 3%, rice 2%, and soybean oil 6%. Only the price of wheat increased, up 3% between August and October.

The behavior of international prices has not been uniform across commodities in this third quarter of 2012, reflecting different dynamics after the price hike in July. Since July, monthly prices have decreased steadily for maize, increased for wheat, and showed mixed patterns for soybeans and rice (figure 2).

Maize markets remain tight globally, despite the moderately good news that has somewhat eased the international price of maize during the last three months.[1] Rains at the end of July in the areas hardest hit by the drought in the United States; smaller domestic feed and industrial demand in the United States increasing competition from Brazil exports[2]; and seasonally rising supplies from the Southern Hemisphere[3] all kept maize export price pressures down. However, markets remain tight because of the slash in the current winter U.S. harvest and future production declines forecast in the European Union (EU), even though the 2012/13 crop is expected to

Figure 2. Nominal Export Prices of Key Staples, US$/ton, October 2011–October 2012



Source: World Bank, DECPG.
Note: Monthly prices in nominal U.S. dollars (per metric ton).

be the second largest on record.[4] The United States Department of Agriculture (USDA) projects global production for food and stocks for 2012/13 to decline by almost 5% and 12%, respectively.[5] The most recent stock-to-use ratio estimates in the United States are 6% and 14% globally, the lowest ratios since 1972/73.[6] With tight supplies and high prices, the United Nations Food and Agricultural Organization (FAO) projects the global use of maize for feed and industry to decline.[7] In the United States, the use of maize for ethanol production is expected to drop—for the first time in a decade—by 10% in 2012/13.[8]

Increasing concerns on wheat production maintained its firm international prices, which were on the rise in the last quarter. Continued dry conditions have caused production declines in the three largest Black Sea exporters—Kazakhstan, Ukraine, and the Russian Federation—as well as in Australia and the EU. The global 2012/13 production forecast predicts a more than 5% drop with respect to the record crop of 2011/12.[9] The global wheat stock-to-use ratio remains at what some consider a "relatively comfortable level"[10] of 26% following the 2011 record crop, although not far from the 22% low registered in 2007/8.[11] Stocks are expected to decline markedly in 2012/13.[12] Increasing domestic utilization in the United States—including substituting feed wheat for traditional feed maize and soybeans[13]—has reduced the country's wheat exports. This is significant because the United States is the world's largest exporter, although increasing competition from other major exporters and expectations of a rebound on global production—weather permitting—provide some reason for cautious optimism.[14] Potential export restrictions by major exporters remain a concern. Contradictory reports about export restrictions in Ukraine have influenced the market.[15] Not surprisingly, even though a ban has not materialized yet, prices of wheat ticked up in the month of October. The November USDA *World Agricultural Supply and Demand Estimates* (WASDE) projects increases in exports by Ukraine and Russia by 2 and 1 million tons, respectively, for 2012/13,[16] and analysts remain alert to other restriction announcements in November and December in case the unfavorable weather in the Black Sea continues. The latest outlook for the next winter harvest remains favorable for Ukraine, but mixed for Russia and the United States.[17]

Recent rice export prices reflect a mixed performance based on origin. Abundant supplies mark international markets. The 2012 production is on par with the 2011 record harvest.[18] The extension of the Paddy Pledging Program, a farm price support scheme, to cover the main 2012 crop ensures high prices for the world's top exporter, Thailand. However, its rice prices declined between August and October (for some varieties), following the announcement of a 750,000 ton sale from public stocks to accommodate future public purchases. Prices of major competitors—India, Pakistan, and Vietnam—have increased despite a bumper crop in 2011/12 and increased projections in India following a favorable late season monsoon. Strong demand from Southeast Asia, West Africa, and China explains these price increases. This has reduced the price premium of competitors with Thailand, although it remains at substantial margins,[19] which may contribute to India surpassing Thailand as the world's largest rice exporter in 2012.[20] Global rice stocks remain strong after back-to-back bumper crops, with a global stock-to-use ratio exceeding 33% in 2011/12 (expected to increase to 35% in 2012/13).[21] Good prospects for 2012/13 crops in Australia, the Arab Republic of Egypt, and the United States inject additional optimism into the markets.[22]

The settling of grain prices in this quarter is not much of a guarantee for favorable price trends in the near future. USDA, IGC (International Grain Council), and FAO-AMIS (Agricultural Market Information System) all forecast global cereal production declines, although to different degrees,[23] for 2012/13. Concerns about a weaker demand in a slowing global economy persist. High prices may destroy demand at some levels for wheat and maize, although it remains to be seen by how much. On a positive note, the world has not seen panic policies in the face of July's soaring prices following the U.S. drought and global emergency interventions have been averted.[24] Yet, markets remain very alert and sensitive to unusually large purchases of grain. In early September, Egypt bought almost half a million tons of Black Sea origin wheat, and China reportedly imported large amounts of wheat last September, about three times more than in September 2011.[25] Ukraine has been discussing export restrictions, while Argentina announced that it allowed over 2 million additional metric tons of current stocks to be exportable.[26]

The effects of the unfolding weather will determine immediate price trends to a large degree. If large Southern Hemisphere crops materialize in the second half of the 2012/13 season, the maize and wheat export markets will ease to some extent. However, the projections of a strong to moderate el Niño, as anticipated back in July, have not come to fruition. The now increasingly expected weak el Niño, lasting through February 2013, will reduce the risks

of major droughts in Asia and Australia, but also the probability of the rains in other parts of globe, notably South America. The neutral conditions regarding el Niño through November—known as *la Nada*, *the Nothing*—mean that weather patterns in the upcoming months are "anyone's guess."[27] Nonetheless, current floods in Argentina's grain producing areas and dryness in southern Brazil are causes for concern.

Oil prices and the extent of emerging export competition also influence global food prices. First, oil prices have been on the rise since June, exceeding the US$100 per barrel threshold. Effects are unclear because these increases have not translated into increases in fertilizer prices,[28] and crude oil prices ticked down in October. Second, while increasing competition in grain exports is good news, the extent to which this increasing competition may offset U.S. grain supply cutbacks is unclear because of the logistic constraints that emerging competitors such as Brazil and Argentina face.[29] Finally, the role of biofuels in the future demand of maize is also uncertain. The U.S. Environmental Protection Agency has recently confirmed the 2013 Renewable Fuels Standards (RFS) mandate, while the EU approved limits on the use of crop-based biofuels. Further, while high crude oil prices raise returns for biofuels, high maize prices reduce the benefits for biofuels producers. It is hard to predict which effect will dominate.

Domestic Price Trends

Domestic prices of grains reflect expected seasonal patterns in most regions. Normal seasonal trends in West Africa and parts of East Africa are stable or have declined as harvests are marketed.[30] The progression of the lean season is affecting—likely, through February—southern African local markets in deficit areas, while in others prices remain stable but high. South and East Asia also experienced generally stable food prices, while ongoing harvests in Central America have eased price pressures.[31] The severe drought in Eastern Europe and Central Asia has tightened regional supplies and increased staple prices. However, as discussed in the August *Food Price Watch* (FPW), the pass-through of international price hikes in July is not expected to be uniform, nor immediate.[32] Depreciation of the domestic currency, removal of fuel subsidies, public stockpiling of food, and security concerns are adding price pressures in the short run across specific domestic markets. In contrast, stronger trade—formal or informal—more access to food aid, and improved economic and security conditions contribute to price easing in other markets.

Between July and September, national price increases of **wheat** averaged 27% and 16% in Tajikistan and Kyrgyzstan, and 15% in the capital cities of Belarus and Afghanistan, because of reduced crops and increasing imports from neighboring countries (table 2). Wheat price reductions were more moderate, with single-digit declines in several Latin American markets. In the case of **maize**, large Eastern European producers, Russia, and Ukraine saw their national average prices of maize go up (20% and 18%, respectively). National average maize prices also increased among Central American importers heavily reliant on U.S. exports such as Haiti (28%) and Honduras (19%). Markets in production areas of West Africa have seen declines in the price of maize (20% or more) yet to be transmitted to urban markets in the region. Domestic prices of **rice** have varied somewhat less than other grains, in part due to more stable international prices. Reduced output in Brazil and Haiti explain domestic price increases (14 and 11%, respectively), while in the monitored markets in Myanmar, increased export demand and localized floods led to price increases of 11%. More modest one-digit declines in the price of rice occurred in monitored markets in Mali, Colombia, and Niger from increased supplies and cheaper imported rice in Somalia.

Domestic price variations during the months of September 2011 and September 2012 show the usual wide range in yearly prices, reflecting high oil prices, country-specific poor crops in 2011/12, devaluations, and other policies. The picture is complex. The price of **wheat** in Belarus in September 2012 is 67% higher than 12 months ago, partially the result of a weaker exchange rate at a time of increasing import prices and production declines. Uruguay, a wheat exporter, has seen high international prices translated into (21%) higher domestic prices for flour than a year ago. In a different context, adequate stocks in Georgia and price regulations in Bolivia explain price declines of wheat (annually 13% each).[33] Some markets in southern Malawi[34] report the largest increases in the price of **maize**, over 100%, largely explained by poor crops, high inflation, and increasing fuel costs.[35] More modest increases in the annual price of maize have occurred in markets in Lesotho (37%) and Tanzania and Haiti (31%). Late harvest arrival and ample supplies explain lower annual prices of wheat in Somalia and Central American markets. The price of **rice** in some monitored domestic markets in India has increased 30% due to high procurement

Table 2. Largest Variations in Domestic Prices

Quarterly Price Movements: July 2012 – September 2012			
Wheat	**% change**	**Maize**	**% change**
Tajikistan, natl. avg., flour (first grade), retail (somoni/kg)	27	Haiti, Port-au-Prince, imported, retail (gourde/local)	28
Kyrgyzstan, natl. avg., flour (first grade), retail (som/kg)	16	Russian Federation, natl. avg., offer EXW, wholesale (Russian ruble/ton)	20
Belarus, Minsk, flour, retail (Belarussian ruble/kg)	15	Honduras, natl. avg., maize (white), wholesale (US$/kg)	19
El Salvador, San Salvador, flour, retail (US$/local)	14	Ukraine, natl. avg., maize (bid, EXW, processing), wholesale hryvnia/ton	18
Afghanistan, Kabul, flour, retail (afghani/kg)	14	Rwanda, Kigali, wholesale (US$/ton)	-19
Costa Rica, natl. avg., flour, retail (US$/kg)	-2	Nigeria, Kano, wholesale (naira/local)	-22
Peru, natl. avg., durum, wholesale (nuevo sol/kg)	-2	Ghana, Tamale, retail (Ghana cedi/kg)	-26
Ethiopia, Shashemene, white, wholesale (Ethiopian birr/local)	-5	Chad, Moussoro, retail (CFA franc/kg)	-31
Bolivia, La Paz, pelado, wholesale (boliviano/local)	-7	Uganda, Kampala, wholesale (US$/ton)	-43
Rice	**% change**	**Sorghum**	**% change**
Brazil, natl. avg., retail (Brazilian real/kg)	14	Niger, Maradi, local, wholesale (CFA franc/local)	16
Haiti, Port-au-Prince, imported, retail (gourde/local)	11	Ethiopia, Addis Ababa, white, wholesale (US$/kg)	10
Mexico, Mexico City, Morelos, wholesale (Mexican peso/kg)	11	El Salvador, San Salvador, Maicillo, retail (US$/local)	4
Myanmar, Yangon, Emata 25%, wholesale (kyat/kg)	11	Burkina Faso, Ouagadougou, local, wholesale (CFA franc/local)	2
Mali, Bamako, local, wholesale (CFA franc/local)	-5	Haiti, Port-au-Prince, retail (gourde/local)	-2
Colombia, natl. avg., 2nd quality, retail (Colombian peso/kg)	-5	Nigeria, Kano, wholesale (naira/local)	-6
Costa Rica, natl. avg., rice (2nd quality), retail (US$/kg)	-6	Sudan, Khartoum, Feterita, wholesale (Sudanese pound/local)	-12
Niger, Agadez, imported, wholesale (CFA franc/local)	-9	Somalia, Bossaso, red, retail (Somali shilling/kg)	-14
Somalia, Mogadishu, imported, retail (Somali shilling/kg)	-13	Mali, Bamako, local, wholesale (CFA franc/local)	-16
Annual Price Movements: September 2011 – September 2012			
Wheat	**% change**	**Maize**	**% change**
Belarus, natl. avg., flour, retail (Belarussian ruble/kg)	67	Malawi, Liwonde, retail (kwacha/kg)	116
Uruguay, natl. avg., flour, retail (peso Uruguayo/kg)	21	Lesotho, Maseru, meal (imported), retail (loti/kg)	37
Bangladesh, Dhaka, flour, retail (taka/kg)	20	Haiti, Port-au-Prince, imported, retail (gourde/local)	33
Ukraine, natl. avg., 3rd class (bid, EXW, processing), hryvnia/ton	20	Tanzania, Dar es Salaam, wholesale (US$/ton)	31
Sudan, Khartoum, wholesale (Sudanese pound/local)	18	Peru, Lima, white, retail (nuevo sol/kg)	29
Nepal, Kathmandu, flour, retail (Nepalese rupee/kg)	-6	Honduras, natl. avg., white, wholesale (US$/kg)	-23
Mauritania, Nouakchott, retail (ouguiya/kg)	-7	Colombia, Bogotá, white, wholesale (Colombian peso/kg)	-24
Ethiopia, Addis Ababa, white, wholesale (US$/kg)	-7	Nicaragua, natl. avg., white, retail (cordoba oro/kg)	-30
Bolivia, La Paz, pelado, wholesale (boliviano/local)	-13	El Salvador, San Salvador, white, retail (US$/local)	-33
Georgia, natl. avg., flour, retail (lari/kg)	-13	Bolivia, La Paz, hard yellow, cubano, wholesale (boliviano/46 kg)	-35
El Salvador, San Salvador, flour, retail (US$/local)	-20	Somalia, Mogadishu, white, retail (Somali shilling/kg)	-40
Rice	**% change**	**Sorghum**	**% change**
Rwanda, Kigali, wholesale (US$/ton)	50	Sudan, Khartoum, Feterita, wholesale (Sudanese pound/local)	83
Tanzania, Dar es Salaam, wholesale (US$/ton)	40	Mali, Bamako, local, wholesale (CFA franc/local)	60
Mexico, Mexico City, Morelos, wholesale (Mexican peso/kg)	40	Chad, N'Djamena, retail (CFA franc/kg)	48
India, Chennai, retail (Indian rupee/kg)	34	Burkina Faso, Ouagadougou, local, wholesale (CFA franc/local)	45
Chad, N'Djamena, local, retail (CFA franc/kg)	29	Niger, Niamey, local, wholesale (CFA franc/local)	43
Russian Federation, natl. avg., local, retail (Russian ruble/kg)	-7	Ethiopia, Addis Ababa, white, wholesale (US$/kg)	27
Peru, natl. avg., paddy, wholesale (nuevo sol/kg)	-9	Haiti, Port-au-Prince, retail (gourde/local)	20
Bangladesh, Dhaka, coarse, wholesale (taka/kg)	-23	El Salvador, San Salvador, Maicillo, retail (US$/local)	-36
Somalia, Mogadishu, imported, retail (Somali shilling/kg)	-48	Somalia, Mogadishu, red, retail (Somali shilling/kg)	-59

Source: Food and Agriculture Organization (FAO), and Global Information and Early Warning System (GIEWS). *Note*: Currencies as originally reported by FAO.

volumes, sustained exports, and rising fuel prices.[36] Annual prices in Bangladesh went down due to a satisfactory 2012 harvest and release of public stocks, while in Somalia, prices have gone down to reportedly the lowest levels since the 2008 crisis.[37]

Beyond Food Prices

Although the July price hikes have not prompted a new global food crisis,[38] as discussed in the August 2012 FPW, they have contributed to consolidate a growing sense that high and volatile prices (in terms of frequent spikes) constitute the new norm.[39] In this context, there is a clear need for additional efforts to strengthen safety nets, invest in sustainable agriculture, ensure a nutritional focus for interventions, and continuously monitor food prices. Ultimately, it is paramount that food security become and be treated as a top global priority.

There are many reasons why food insecurity *should* be a top global policy priority. The magnitude of the problem remains severe. Last October, FAO, the International Fund for Agricultural Development (IFAD), and the World Food Program (WFP) reported 870 million people living under chronic undernourishment in 2010/212. This figure remains unchanged from 2007/9, and behind the improvement necessary to achieve the hunger Millennium Development Goal (MDG) by 2015 (box 1). The situation is quite heterogeneous across and within regions,[40] and without an acceleration in the reduction of hunger, the proportion of the world's hungry in 1990 will not be halved until well after 2015, according to an International Food Policy Research Institute (IFPRI) study.[41]

The costs of delayed or no intervention are unacceptable. Malnutrition contributes to 3.5 million preventable deaths of children under the age of five every year.[42] The consequences of late interventions are also daunting. For example, the "extremely late"[43] humanitarian response at scale in southern Somalia did not take place until July 2011, despite timely and widely communicated warnings starting in August 2010. Many viewed the disaster as "the usual"[44] in a country without a functioning state and with perpetual crises. In addition, the disaster unfolded at a time when the international community was focusing on the Arab Spring uprisings, the global recession, and the Japan earthquake, tsunami, and nuclear disasters.[45] The early warning but late humanitarian response meant that more than 1.5 million Somalis benefited only after the famine declaration in July 2011 (figure 3).

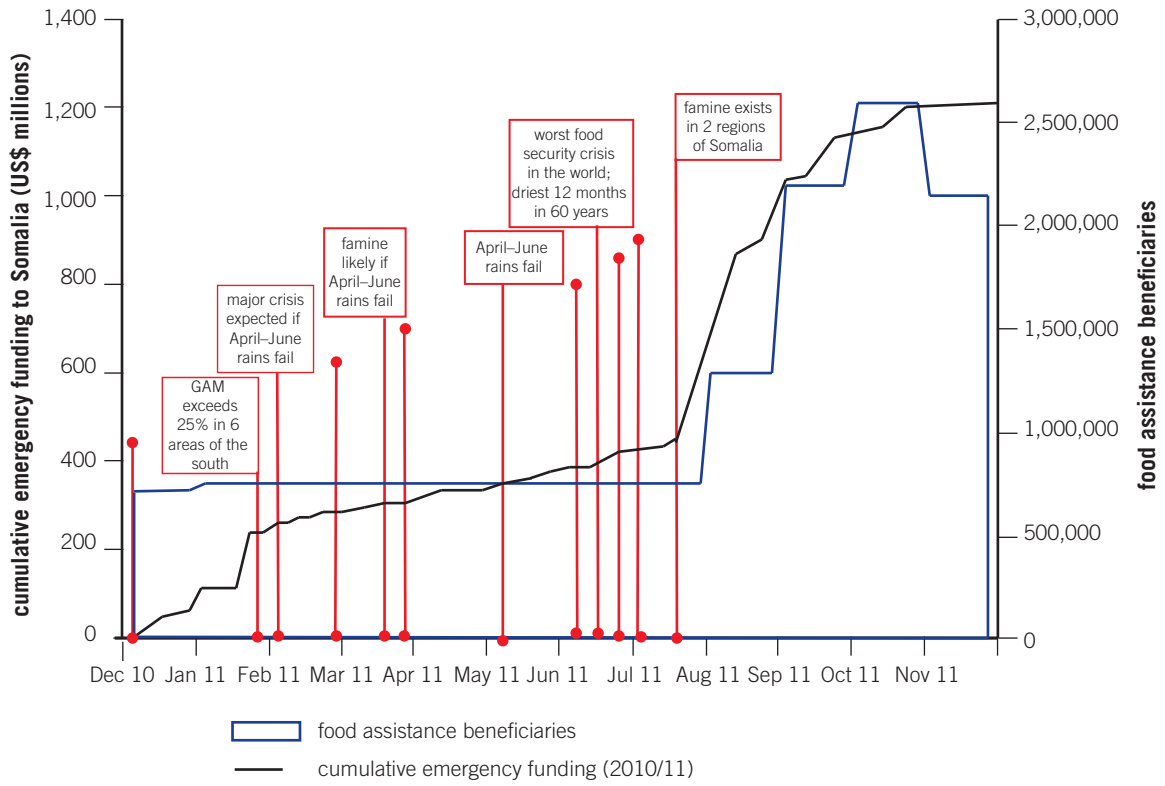
The right interventions bring about exceptional benefits. Bundling interventions to reduce undernutrition in preschoolers is the single most cost-beneficial policy among interventions related to climate change, diseases, armed conflict and natural disasters, according to a study by the Copenhagen Consensus.[46] Investments in research and development (R&D) conducive to increasing agricultural yields also rank very high in terms of returns.[47] Nutrition interventions have multiple benefits, from increasing economic growth, cognitive development, and learning to contributing to the empowerment of women;

Box 1. Global Efforts to Eradicate Food Insecurity

Eradicating hunger is the first of the(MDG), along with eradicating poverty. There are multiple specialized United Nations (UN) agencies dealing with food security from numerous angles. These agencies include the FAO, IFAD, the WFP, UNICEF, and now the High Level Task Force on the Global Food Security Crisis. The Scale Up Nutrition country-led movement working to increase the effectiveness of nutrition programs is also a testament to the international importance given to malnutrition. These are just some of the numerous efforts taking place alongside the work of multilaterals and regional development banks and international civil society organizations and foundations. This year's 67th UN General Assembly held a high-level meeting on scaling up nutrition, not to mention World Food Day—celebrated since 1945—and, more recently, the G-20 summits, which have been assiduously talking about enhancing food security and addressing commodity price volatility. In terms of resources, the most recent G-8 report indicates that financing for nutrition-specific and nutrition-sensitive activities has almost reached US$3 billion in 2011 (almost a 50% increase from 2009 levels).[a] Consolidated nutrition and food security official development assistance (ODA) disbursements have averaged US$12.6 billion for 2008–10, about 50% more in real terms than ODA in 2002.[b]

a. G-8 Camp David, *G8 Camp David Accountability Report: Actions, Approach and Results* (2012).
b. OECD, 2012 Aid for Food and Nutrition Securit, (2012; 1–2).

Figure 3. Evolution of Food Assistance Beneficiaries, Cumulative Funding and Timing of Food Crisis Warnings for Somalia (December 2010 through November 2011)



Source: Hillbruner and Moloney, "When Early Warning Is Not Enough—Lessons Learned from the 2011 Somalia Famine," Global Food Security (forthcoming)
Note: GAM stands for Global Acute Malnutrition and measures the percentage of the population that is severely wasted, that is, whose weight-for-height index is less than -2 Z scores, plus cases of edema (IPC Global Partners, Integrated Food Security Phase Classification Technical Manual, version 1.1, FAO, Rome [2008]).

improving maternal health, birth weight and infant nutrition; and reducing the negative interaction of malnutrition and HIV (human immunodeficiency virus) and other infectious diseases.[48] The World Bank's Global Monitoring Report (GMR) 2012[49] finds that child malnutrition accounts for more than a third of the mortality burden of children under the age of five, and malnutrition during pregnancy accounts for more than 20 percent of maternal mortality. Other hard to reverse impacts include growth faltering (stunting, low height for age) and low school attainment. A malnourished child has on average a seven-month delay in starting school, a 0.7 grade loss in schooling, and potentially a 10–17% reduction in lifetime earnings capacity—damaging future human capital and causing national GDP losses estimated at 2–3%. Malnutrition is thus not just a result of poverty—it is also a cause.

But is food security a top priority on the global policy agenda?[50] Unlike extreme poverty, there has been much less progress in reducing hunger. Trends have stagnated since the start of the global crises. The G-8 report identifies large funding gaps in food security national plans worldwide of around 50%.[51] The World Bank GMR 2012 reports that somewhat surprisingly the component of aid directed toward agriculture, food, and nutrition—11% of total commitments in 2010—has not increased in response to the recent food price spikes or since the MDGs were agreed upon in 2000.[52] This is partly explained by the fact that undernutrition is *invisible*, *multisectoral*, and *irreversible* after a short window of opportunity.[53] Additional challenges on food production, food affordability, trade, food safety, and geography (among others) make food insecurity harder to address. A recent analysis by Save the Children and World Vision—the Nutrition Barometer 2012—shows that even countries with sound or fair commitment to nutrition do not necessarily obtain sound or fair results immediately.[54]

Boosting national governments' effectiveness through increased mobilization of resources and knowledge, improved quality of interventions, and greater emphasis on

results will keep contributing to the scaling up of food security into global policy priorities. The generation of timely and reliable data (especially on the ground in many low-income countries) and the prevention of panic policy choices require special attention. In the end, food security is one issue that we cannot afford to ignore or move up and down along global priority standings based on the vagaries of monthly price trends.

Notes

1. Similarly, soybean prices remain high from the reductions in the U.S. crop and historically tight stocks. Seasonal increases in supplies, higher than anticipated yields, and record-high expected South American crops have avoided further increases in prices and have contributed to some price decline in September and October (International Grain Council [IGC], *Global Market Report* [GMR] *428*, September 28, 2012.

2. USDA, *World Agricultural Supply and Demand Estimates* (WASDE) *511*, October 2012.

3. IGC, GMR 424 (September 28, 2012); FAO and GIEWS, *Global Food Price Monitor*, October 10, 2012.

4. USDA, WASDE 512, November 2012.

5. Ibid.

6. In absolute terms, the world's ending stocks are the lowest since 2006/7 (USDA, WASDE 512).

7. Still, the November WASDE (USDA, WASDE 512) reports slightly smaller declines with respect to October estimates.

8. FAO (*Outlook*, November 2012) projects the absolute decline of maize used for ethanol to 114,204 tons from 127,005 tons in 2011/12. Given the strong decline in the production of U.S. corn, that 10% decline will not reduce the ratio of maize for ethanol out of total maize production, which will go up from 40 to 42%.

9. USDA WASDE 512; FAO *Outlook*; IGC GMR 424.

10. AMIS, *Market Monitor*, No. 2, October 4, 2012.

11. FAO, *Outlook*.

12. The FAO *Outlook* projects a 12% decline in global wheat stocks.

13. Wheat feed appears to substitute for alternative to traditional feeds such as distillers dried grains as well.

14. USDA, WASDE 512; FAO, *Outlook*.

15. FEWS NET (Famine Early Warning Systems Network), *Price Watch*, October 31, 2012.

16. USDA, WASDE 512.

17. Overall, the new winter wheat crop is rated 36% good to excellent below last year rating at this time of 50%. Slight improvements have been recorded in states, while others remain suffering from extreme to exceptional drought. In Russia, the winter crop outlook is mixed in southern regions, while favorable in central regions, both important wheat production areas (C. Gillam, "U.S. droughts persists despite rain; wheat struggles," Reuters, November 15, 2012; World Bank, *Daily Markets Report* (DMR), November 15, 2012.

18. AMIS, *Market Monitor;* FAO, *Outlook*.

19. FAO, "Rice Price Update," November 2012, http://www.fao.org/economic/est/publications/rice-publications/the-fao-rice-price-update/en/.

20. FAO, *Outlook*.

21. Ibid.

22. USDA, WASDE 511.

23. These aggregate numbers for cereals include, however, more favorable expectations for rice, as explained in the previous section.

24. For example, the international community considered unnecessary a meeting of the emergency Rapid Response Forum to discuss solutions to a potential escalation of food prices under the G-20 agricultural body, AMIS. Furthermore, the establishment of international strategic stocks of agricultural commodities has not yet been agreed on (World Bank, "Domestic Markets Review," October 4, 2012).

25. USDA, *USDA Grain: World Markets and Trade*, November 2012; Agrimoney.com, "Surge in Chinese Wheat Imports 'to Set a Trend," October 24, 2012, http://www.agrimoney.com/news/surge-in-chinese-wheat-imports-to-set-a-trend–5139.html.

26. Nepal lifted the ban on rice exports in place since 2008. Bangladesh also lifted its ban on aromatic rice exports, but renewed its ban on nonaromatic until 2013. FAO *Outlook* enumerates a comprehensive list of country policy developments between May and October 2012.

27. J. Samenow, "El Nino May Fizzle and Fall Short of Hype," *The Washington Post*, October 5, 2012.

28. Natural gas and phosphate prices affect fertilizer prices as well, but these commodity prices have remained stable during the last few months.

29. World Bank, DMR, 11 October 2012.

30. Prices of key grains in Rwanda and Tanzania, however, have increased seasonably as the lean season progresses there. FEWS NET Price Watch October 2012.

31. Haiti is an exception to this trend. Tropical Storm Isaac further damaged crops in Haiti, adding to a poor spring or *primera* harvest, and now there are losses from Hurricane Sandy's impacts.

32. For example, only 5 out of the 11 countries monitored in sub-Saharan Africa show some partial pass-through of the July 25% jump in world maize and wheat prices. The markets where that partial pass-through has taken place are Bujumbura in Burundi, Dire Dawa in Ethiopia, Mbeya in Tanzania, Ndjamena in Chad, and Wau in South Sudan (World Bank, "World and Sub-Saharan Africa – October 2012 Food Prices Update," Africa Sustainable Development and Africa Poverty Reduction Offices).

33. FAO, *Global Food Price Monitor*, October 2012.

34. Similar year-on-year price increases are reported in deficit areas in Zimbabwe (World Bank, "October 2012 Food Prices Update").

35. The increased availability of public reserves have partly offset such increases.

36. FAO, *Global Food Price Monitor*, October 2012.

37. FAO, *Global Food Price Monitor*, September 2012.

38. This is not to say that the soaring prices of internationally traded grains seen in July and August have not had an additional impact on poverty and further deterioration in food security conditions globally in the short term, as it is unfortunately the case following global price hikes.

39. While the *monthly* price volatility of internationally traded food prices has increased since 2007 until now, monthly price volatility has decreased for the last two years. However, this two-year average masks two food price hikes in February 2011 and June 2012. Interestingly, *daily* price volatility has decreased only in the last three months, which is due to the seasonal factor of new crops being harvested and future crops just being planted. Hence, the degree of short-term uncertainty has recently decreased. The extent of market uncertainties will continue to affect food price volatility.

40. Eastern and southeastern Asia and Latin America have experienced large reductions in hunger. In contrast, the Middle East, North Africa, and southern Asia have advanced insufficiently to halve their 1990 prevalence, and the number of hungry people has actually increased in sub-Saharan Africa and western Asia in the last 20 years. The combination of economic growth *and* good multisectoral policies at global and national levels are necessary conditions to accelerate malnutrition and hunger reductions. For example, the reduction in proportion of the undernourished population has been larger in Latin America than South Asia, despite faster economic growth in the latter (IFAD and WFP, *The State of Food Insecurity in the World 2012*).

41. In 1990/92, the total numbers of hungry people amounted to 1 billion, or 18.6% of the population. In 2050, 766 million hungry people would represent about 8.5% of the expected 9 billion people (J. Hoddinott, M. Rosegrant, and M. Torero, *Hunger and Malnutrition: Challenge Paper, Copenhagen Consensus 2012*).

42. Scale Up Nutrition, *A Framework for Action* (2008).

43. C. Hillbruner and G. Moloney, "When Early Warning Is Not Enough—Lessons Learned from the 2011 Somalia Famine," Global Food Security (forthcoming).

44. S. Lautze, W. Bell, L. Alinovi, and L. Russo, "Early Warning, Late Response (Again): The 2011 Famine in Somalia," (forthcoming, p. 5).
45. Ibid.
46. Copenhagen Consensus, *Expert Panel Findings* (2012).
47. Ibid.
48. Scale Up Nutrition, *Framework*.
49. World Bank, "Global Monitoring Report 2012: Food Prices, Nutrition, and the Millennium Development Goals," DECPG.
50. J. Cuesta, "Where Is Food Security Really on the Global Policy Agenda?" August 15, 2012, http://blogs.worldbank.org/voices/where-is-food-security-really-on-the-global-policy-agenda.
51. G-8, *Camp David Accountability Report: Actions, Approach, Results* (2012, 14).
52. Furthermore, assistance for nutrition represents a mere fraction of these commitments (approximately 2% of total aid flows to agriculture, food, and nutrition), despite widespread evidence that improving nutrition and gains in early childhood development are key in meeting a number of the MDGs and in making long-term progress in development.
53. L. Haddad, "How Can We Build an Enabling Political Environment to Fight Undernutrition in the Future?" In *A Nutritious New World: Will the World Nutritiously Feed Its Growing Population?* Special Debate Section, *European Journal of Development Research* (forthcoming).
54. Save the Children and World Vision (*The Nutrition Barometer: Gauging National Responses to Undernutrition* [2012]) analyzes commitment and outcomes for nutrition for 36 countries. Eighteen of these countries were categorized as having frail or emerging commitment, out of which nine had frail or emerging outcomes and another nine fair or sound outcomes. The remaining 18 countries had fair or sound commitments: 9 had frail and emerging outcomes, the other 9, fair or strong results. In other words, commitment alone does not determine outcomes.