



Asia Pacific Weekly Price Monitor

Regional Office for Asia and the Pacific

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Policy

Regional

In late May, [Asia Pacific Economic Cooperation \(APEC\) agricultural ministers](#) concluded the Second APEC Ministerial Meeting on Food Security in Kazan, Russia. The Kazan Declaration on APEC Food Security focuses on (i) increasing agricultural production and productivity; (ii) facilitating trade and developing food markets; (iii) enhancing food safety and quality; (iv) improving access to food for socially vulnerable groups; and (iv) ensuring sustainable ecosystems based management and combating illegal, unreported and unregulated fishing and associated trade (APEC, 31 May 2012).

National

The [Indian Cabinet Committee on Economic Affairs](#) approved the Minimum Support Prices (MSPs) for Kharif* Crops of 2012-13 season. The MSP for paddy (Common) has been fixed at INR 1,250 per quintal (USD 22.4 per quintal) and for paddy (Grade A) at INR 1,280 per quintal (USD 23). These increases are 16 percent above last year's MSPs (Press Information Bureau, 14 June 2012).

* Kharif refers to the planting, cultivation and harvesting of any plant/crop sown in the rainy (monsoon) season.

Weather conditions

According to latest reports, the [Indian Meteorological Department](#) has revealed that during the second week of June, the deficit in rainfall so far is about 50% and not 40% as earlier thought. Farmers had started preparing their fields for sowing paddy in some parts for the Kharif season. Officials in the state of Karnataka have initiated plans to ask rice farmers to grow short-term crops or other alternative crops that require less water (India Meteorological Department and The Business Standard, 14 June 2012).

Prices

Over the past week, staple food commodity prices remained relatively stable except for:

- In [Afghanistan](#), rice prices increased by 2 percent and were 17 percent higher than the prices observed a year earlier. Chicken prices increased by 4 percent and remained 17 percent above the levels observed a year ago.
- Wheat flour prices in [Bangladesh](#) fell by 3 percent and were 14 percent higher than a year earlier. Soybean prices fell by 2 percent and were 10 percent above the levels observed a year ago.
- In [Cambodia](#) rice prices (Phkar Khney, high quality) increased by 8 percent over the past week and were 8 percent above those observed a year ago.
- Cassava prices in [Fiji](#) increased by 4 percent towards the end of May and were 5 percent below the prices observed a year ago. Taro prices increased by 5 percent during the same period and were 6 percent below the prices observed a month earlier.
- In [India](#), rice prices increased by 4 percent and were 13 percent above those observed a year ago.
- In [Myanmar](#), rice, soybean and palm oil prices remained stable over the past week. Yet, rice prices were 12 percent below the levels observed a year ago. On the other hand, wheat, maize and groundnut oil prices increased over the past week by 3, 5, and 3 percent, respectively.
- Taro prices in [Samoa](#) increased by 6 percent in May and were 65 percent above the prices observed a year ago and 23 percent below those registered three years ago. Taro palagi prices increased by 20 percent in May and more than doubled from the levels observed three months and a year ago.
- In [Thailand](#), chicken and pork prices fell by 3 and 4 percent respectively; and were 36 and 12 percent below those observed a year ago, correspondingly.

For further detail, please refer to section on "Price and policy information at country level".



Rice

	↑	↓	→ (+/-1%)
Afghanistan	↑12.3%		
Bangladesh			→
Bhutan			→
Cambodia*			→
China			→
India	↑2%		
Indonesia		↓1.1%	
Myanmar	↑18.4%		
Lao PDR			→
Pakistan**	↑8.1%		
Philippines			→
Sri Lanka		↓1.1%	
Thailand	↑12.9%		
Viet Nam		↓3.8%	

*Phkar Khney variety

**Basmati variety

*** 5% broken

Unlike other cereals which registered notable drops over the past month, international rice prices generally strengthened in May 2012. In Asia and the Pacific Region, **nominal rice prices** increases above 10 percent were observed in Afghanistan (+12.3%), Myanmar (+18.4%), and Thailand (12.9%). India and Pakistan remained above the prices observed in April by 2 and 8 percent, respectively. Yet, nominal rice prices remained largely stable (+/-1%) in six reporting countries (out of fourteen). On a month to month basis, rice prices slightly fell in Indonesia (-1.1%), Sri Lanka (-1.1%) and Viet Nam (-3.8%).

Root crops

During the past month, **nominal prices for root crops** show diverging trends. Taro prices in Samoa increased by 6 percent and fell by the same proportion in Fiji. Cassava prices increases slightly by 2 percent over the past month.

	↑	↓	→ (+/-1%)
Cassava, Fiji	↑1.9%		
Taro, Fiji		↓6%	
Taro, Samoa*	↑5.8%		

Maize

	↑	↓	→ (+/-1%)
Afghanistan	↑11.1%		
Fiji	↑10.8%		
Myanmar	↑7.3%		
Philippines	↑2%		
Viet Nam			→

Over the past month, **nominal maize prices** in Asia and the Pacific Region increased in Afghanistan (+11.1%), Fiji (+10.8%), Myanmar (+7.3%) and the Philippines (+2%). In Viet Nam maize prices remained unchanged from the levels observed a month earlier.

Vegetable oils

	↑	↓	→ (+/-1%)
Afghanistan		↓1.5%	
Bangladesh			→
Cambodia			→
China			→
Indonesia	↑1.1%		
Myanmar*		↓10.7%	
Thailand			→

*Palm oil

Over the past month, **nominal vegetable oils/ cooking oil prices** remained stable in the majority of the reporting countries. On a month to month basis, vegetable oil prices showed a 11 percent decline in Myanmar.

Wheat (grain/ flour)

	↑	↓	→ (+/-1%)
Afghanistan		↓4.3%	
Bangladesh		↓1.6%	
China		↓1.9%	
India			→
Indonesia			→
Myanmar	↑14.6%		
Pakistan		↓1.5%	
Sri Lanka	↑10.4%		

International wheat prices fell most following improved weather conditions and influenced by maize prices, which plunged following the release of the USDA report projecting a record maize crop in the United States. In Asia and Pacific Region, over the past month, **nominal wheat prices** fell in Afghanistan (-4.3%), Bangladesh (-1.6%), China (-1.9%) and Pakistan (-1.5%); and remained largely stable (+/-1%) in India and Indonesia. On a month to month basis wheat prices in Myanmar and Sri Lanka increased by 15 and 10 percent, respectively.



IN FOCUS: THAILAND

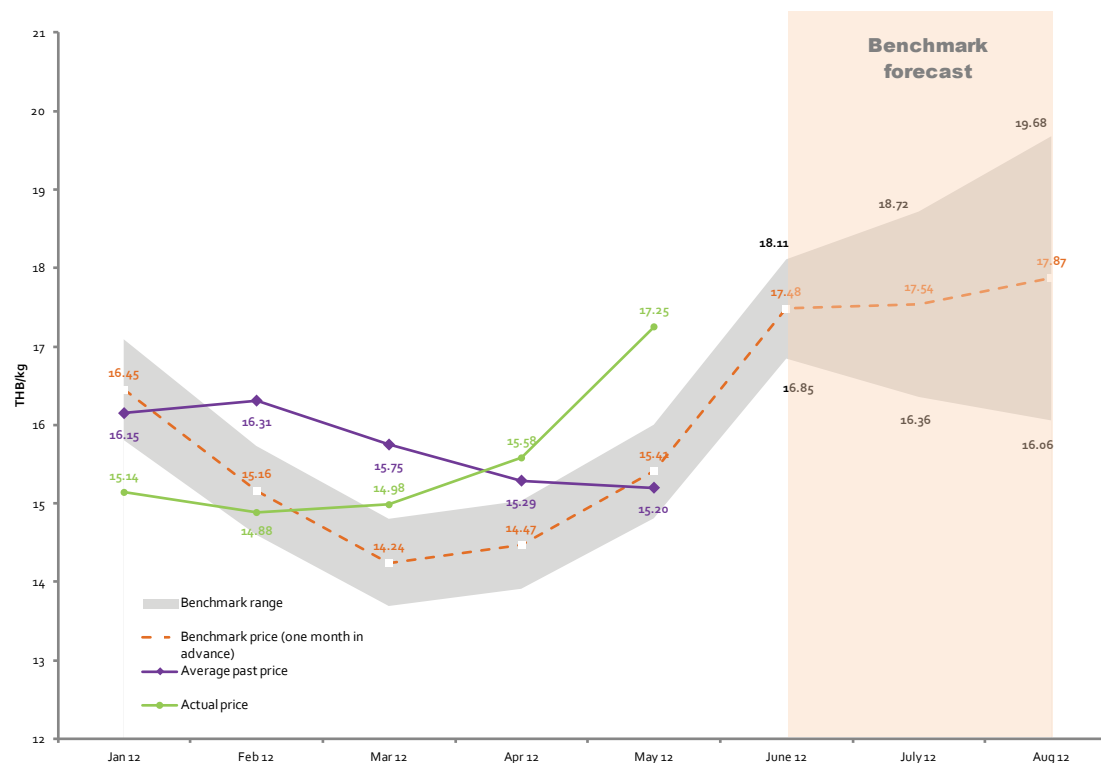
Price Movements (rice 25% broken, Bangkok market)

The benchmark forecast price for June is THB 17.48 (with a benchmark range of THB 16.85 – 18.11 per kilo), which would represent a 16 percent increase from February 2012. Over the past five months, rice prices have been outside the benchmark range 4 times (January, March, April and May). If prices follow normal seasonal patterns during the next three months, wholesale nominal prices for rice 25% broken are likely to increase within a benchmark range of THB 16.06-19.68 per kilo.

The graph shows that recent price movements have not been in line with those typically observed over the past 7 years. Towards the end of the second rice crop (dry season) prices normally fall from February to May by about 7 percent (the average past price line), but actual prices (green line) increased by 16 percent instead. From April to May actual prices show a sharp increase of 11 percent compared to a normal decline in average past prices of 1 percent. It is likely that the high level of government-held stocks is putting pressure on domestic and export prices.

According to USDA, the Government is holding total intervention stocks* of around 11.5 MMT milled equivalent, above the amount that Thailand exports in a normal year (8-10 MMT). According to media reports**, the Thai Government is currently discussing releasing stocks through two channels: (i) via Thai exporters and (ii) via government-government deals.

* From the paddy pledging program, where the government purchases rice to farmers at guaranteed prices. ** Reuters, 11 June 2012.



Technical notes

The FAO Price Monitoring Model is a simple tool designed to assist policy makers, farmers and traders in assessing whether recent price trends are in line with those typically observed in the past. The purpose of the model is to determine whether short-term price movements of a commodity exceed a benchmark which takes into consideration seasonality, inflation and historic variability. The model uses only data on past prices and the consumer price index (CPI) to capture these characteristics. It establishes an expected level of price for the following month along with a range of uncertainty generated by past deviations from expected prices. Price movements can be interpreted as "excessive" if prices fall outside the benchmark range. The difference between the actual price and the "benchmark price" (1 month in advance) that was forecasted for that same month is also calculated by the model although not shown in the graph. An additional feature of the model is to show the current level of prices relative to an average of past prices during the past four years (adjusted for inflation). For details on the model, please see: <http://www.foodsec.org/web/publications/briefs/>