



Record high global food prices

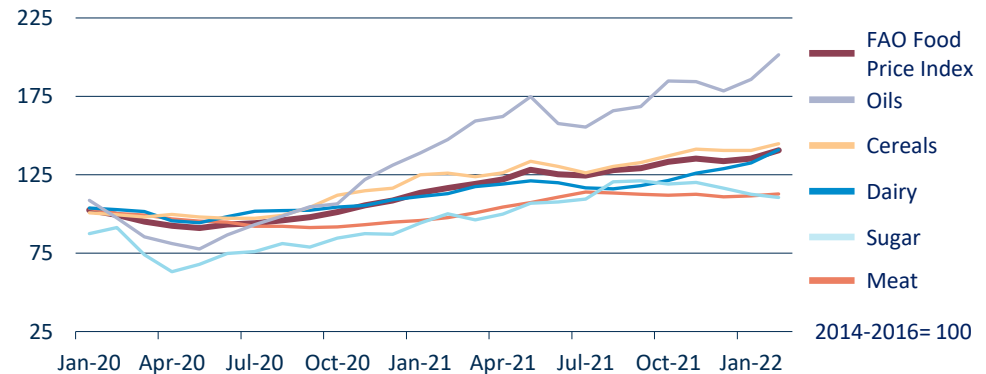
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Global food prices have risen to their highest level on record. Price rises are being driven by strong demand, poor conditions in some production regions, and high freight and input costs. The Russian invasion of Ukraine will likely add further upward pressure to food prices.

World food prices at record high

- > The United Nations Food and Agriculture Organisation Food and Price Index tracks the international price of food. Between January 2020 and February 2022, the index rose by +37.2% from 102.5 to 140.7, its highest level on record.
- > Price increases were predominately caused by strong demand for food. Other contributing factors include poor production in several major production regions and steep increases in freight, energy and fertiliser costs.
- > Several countries have imposed export restrictions. This move aims to protect local consumers from rising food prices. However, export restrictions could further increase global food prices by reducing the amount of food available for global trade.
- > Russia and Ukraine are major producers of several staple crops, including wheat, corn, sunflower oil and barley. Russia is also a major producer and exporter of energy (oil, gas and coal) and fertiliser. Conflict between Russia and Ukraine is disrupting production of these commodities. This will place further upward pressure on food prices through reduced global production and increased energy and fertiliser costs.
 - > In 2020, Russia and Ukraine collectively accounted for 25.6% of the value of global wheat exports, 23.9% of barley exports, 14.3% of global maize exports and 66.1% of sunflower oil exports.

Monthly FAO Food Price Indices – Nominal (Jan 2020 to Feb 2022)



Future outlook

- > Australian agricultural exports are expected to reach a record high of \$64.3 billion in 2021-22. This places Australian exporters in a favourable position to benefit from high global demand and prices.
- > Price rises in 2021 occurred despite strong global production of most key commodities, including record wheat production.
- > Generally favourable weather conditions in most global production regions will again support high production levels in 2022. This should assist prices to stabilise.
- > The key risks to production and prices include high-input costs, which may reduce plantings and/or yields, and disruptions to exports from Ukraine and Russia. The magnitude of the impact will depend on the severity and length of the Russia-Ukraine conflict.
- > Elevated food prices may lead some countries to introduce export restrictions. These measures could reduce global supplies and contribute to further increases in global food prices.

Annual FAO Food Price Indices – Nominal (Jan 2000 to Feb 2022)

