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Food Outlook

BIANNUAL REPORT ON GLOBAL FOOD MARKETS

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HIGHLIGHTS

Global markets for most foodstuffs are characterized by abundant supplies and less uncertainty than in recent years, a situation reflected in FAO's Food Price Index falling to a four year low. Major exceptions are markets for animal-based products, which are expected to sustain a 1 trillion dollar world food import bill for the fifth year in succession.

WHEAT

World production is forecast to reach a new record in 2014. Ample supplies have pushed international prices to multiple-year lows. Based on the latest supply and demand outlook for 2014/15, global wheat inventories would reach their highest levels since 2003.

COARSE GRAINS

Prospects for a near record production in 2014, combined with already high inventories at the start of the season, are portraying a very comfortable world supply and demand balance in 2014/15, evidenced by the rapid fall in maize prices and expectation of even higher ending stocks.

RICE

After two seasons of below trend growth, global rice production may fall in 2014, albeit marginally. However, global rice reserves would still be sufficient to cover more than a third of the 2015/16 projected world consumption. Trade is forecast to hit new records in 2014 and 2015.

CASSAVA

The forecast for global output, while highly provisional, points to yet another record in 2014, driven by sustained growth in Africa, where food demand, particularly for value-added products, has accelerated. Trade is also set to surpass previous records on account of vibrant industrial demand.

OILCROPS

In 2014/15, record soybean crops will likely push up world meal/cake availabilities, while only moderate growth is expected in oil/fat supplies. There is scope for a further easing of international meal prices, but vegetable oil values could stabilize at their current relatively low level.

SUGAR

World production is forecast to increase marginally in 2014/15, but will still exceed projected global consumption, resulting in yet another, albeit small, increase in world sugar inventories. Trade is anticipated to grow, driven by lower prices and improved economic prospects in several traditional sugar importers.

MEAT

World production is anticipated to grow moderately in 2014. The FAO Meat Price Index reached an historic high in April 2014, and has continued to increase since then. While the price situation varies among the different types of meat, there is no sign of an overall decrease.

DAIRY

Milk production continues to increase steadily in many countries. The FAO Dairy Price Index which started the year at an historic peak, fell continuously between March and September, dropping to a level last seen in mid-2012.

FISHERIES

Aquaculture production continues to boost overall supply. The effect of El Niño on South American catches has been fairly modest so far. Most fish prices have dropped sharply since their highs in March on weaker demand and improved supply.

FOOD STOCKS AND PRICES

The experience of three food price spikes in five years highlighted the vulnerability of international markets to supply and demand shocks when stock-to-use ratios are low. The resulting "excessive" price volatility was associated with lower stock levels that were not "adequate" to cushion the impact of shocks, although defining "excessive" and "adequate" is not easy and reliable stocks data are scarce.

MARKET SUMMARIES

Monitoring and analysis of **Domestic Food Prices** in support of Early Warning for Food Security

FPMA website

The new Food Price Monitoring and Analysis (FPMA) website, developed by GIEWS to strengthen market and food security assessments, contains latest information and dynamic analysis on domestic prices of basic foods mainly in developing countries, complementing FAO's work on international markets.

What's in the website?

- map visualizing countries with abnormally high food prices
- domestic food price roundups by region
- overview of international benchmark prices
- latest food policy and market developments
- relevant market indicators

FPMA data tool

The online GIEWS data and analysis tool provides easy access to over 1 100 monthly retail and/or wholesale domestic staple food price series in 85 countries, as well as 43 international export price series (as of September 2014). The tool also contains a series of analysis features, including basic statistics and multi-series charts.

FPMA bulletin

The FPMA activities include a monthly electronic bulletin, the Global Food Price Monitor, reporting on recent food price developments at world, regional and country level, with focus on developing countries.

www.fao.org/giews/food-prices

FPMA
Food Price Monitoring and Analysis

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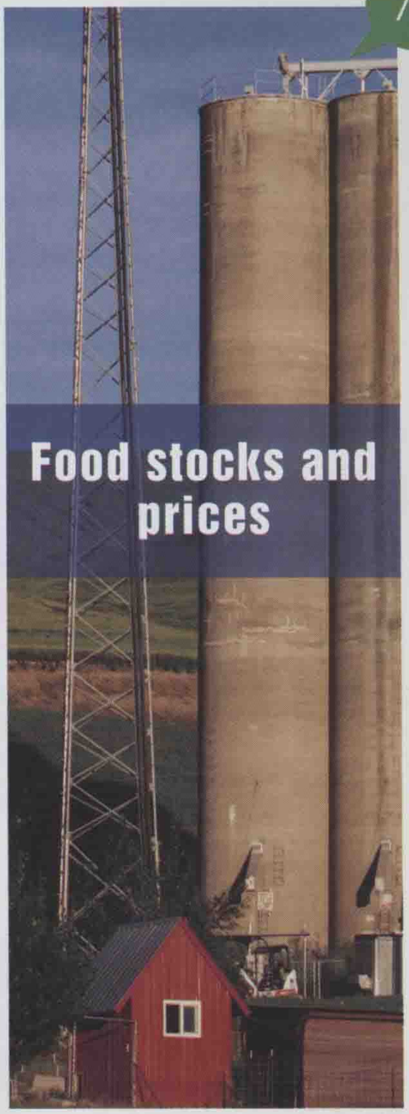
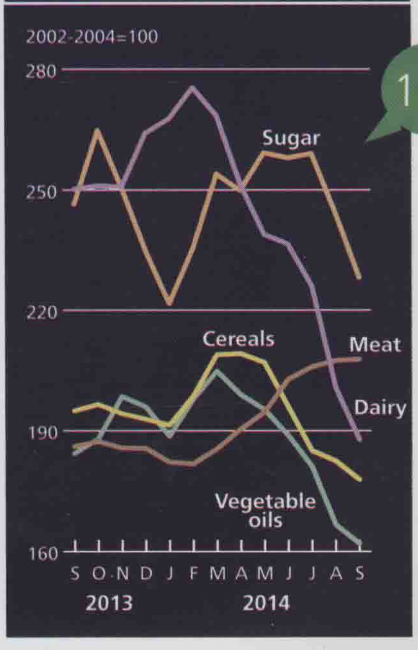


FAO Food Commodity Price Indices (Sept 2013 - Sept 2014)



CEREALS

World cereal production in 2014 is anticipated to reach 2 523 million tonnes, some 65 million tonnes higher than FAO's initial forecast published in the May issue of this report. A continued upgrading of this year's coarse grain harvests, maize in particular, has been the main underlying factor. Under current expectations, world cereal production would fractionally decline from the 2013 peak; with wheat production achieving a new record, at 718.5 million tonnes, and coarse grains virtually matching last year's high of 1 308 million tonnes. By contrast, unfavourable weather conditions have lowered prospects for rice production, which is now forecast to reach 496.4 million tonnes, down 0.4 percent from 2013.

Global cereal utilization in 2014/15 is set to increase by 1.8 percent from 2013/14. Total food use is expected to rise by just over 1 percent, implying a stable per capita basis of 153kg per annum. Feed use, on the other hand, is likely to expand by 2.5 percent, a much slower pace than in 2013/14.

Based on the latest forecasts for production and utilization, world cereal stocks at the close of crop seasons ending in 2015 would surge to 627.5 million tonnes, up 8.3 percent from an already large volume at the start of the season and its highest level in 15 years. Maize would account for the biggest increase, followed by wheat, while rice stocks are forecast to decline, albeit from a record level. The overall positive outlook, if realized, will result in the cereal stocks-to-use ratio increasing to 25.2 percent in 2014/15 from 23.5 percent in 2013/14, and the highest since 2001/02.

This year's abundant supplies have already resulted in sharp declines in international prices of all cereals, with the exception of rice. However, the lower prices are not expected to stimulate trade, as the major cereal importing countries are holding large supplies, which may depress import demand and result in total cereal trade contracting by 5.0 percent to 337 million tonnes in 2014/15.

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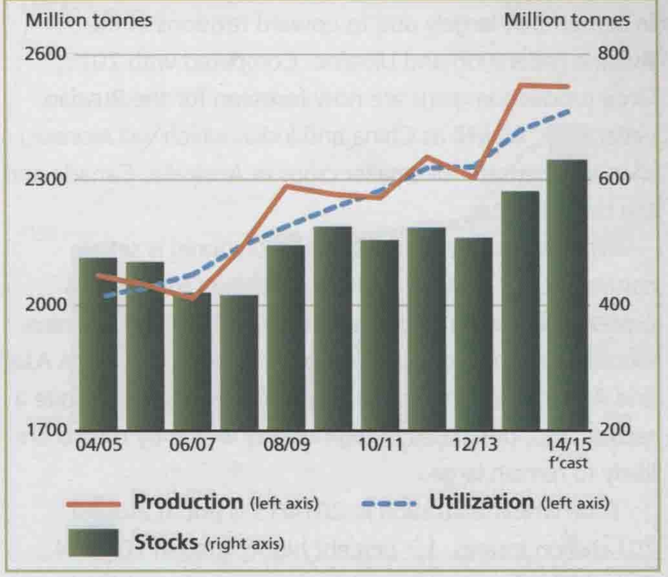
CEREAL PRODUCTION, UTILIZATION AND STOCKS



WORLD CEREAL MARKET AT A GLANCE [1]

	2012/13	2013/14 *estim.*	2014/15 *f'cast*	Change: 2014/15 over 2013/14
	million tonnes			%
WORLD BALANCE				
Production	**2 305.4**	**2 526.1**	**2 522.9**	**-0.1**
Trade[2]	**308.8**	**354.8**	**337.0**	**-5.0**
Total utilization	**2 330.4**	**2 417.8**	**2 461.3**	**1.8**
Food	1 078.0	1 094.8	1 106.3	1.1
Feed	801.4	851.0	872.3	2.5
Other uses	451.1	472.0	482.6	2.2
Ending stocks	**504.9**	**579.5**	**627.5**	**8.3**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	152.5	153.1	153.0	-0.1
LIFDC[3] (kg/yr)	150.1	150.6	150.4	-0.1
World stock-to-use ratio (%)	*20.9*	*23.5*	*25.2*	
Major exporters stock-to-disappearance ratio (%)	*16.9*	*17.7*	*18.6*	

FAO CEREAL PRICE INDEX (2002-2004=100)	**2012**	**2013**	**2014 *Jan-Sep***	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	236	219	195	-14.2

[1] Rice in milled equivalent.
[2] Trade refers to exports based on a July/June marketing season for wheat and coarse grains and on a January/December marketing season for rice.
[3] Low-income Food-Deficit countries.

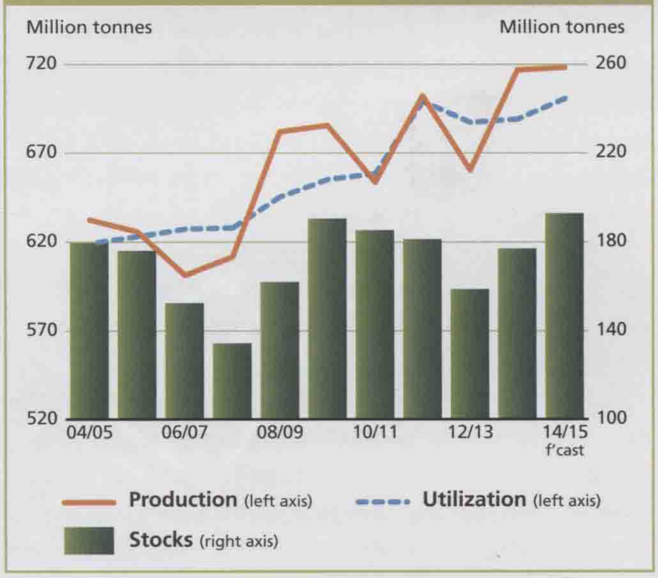
WHEAT

Global wheat production in 2014 is forecast at 718.5 million tonnes, a marginal increase from the 2013 record output. This forecast is slightly higher than was reported in September, largely due to upward revisions in the Russian Federation and Ukraine. Compared with 2013, large production gains are now foreseen for the Russian Federation, as well as China and India, which will more than compensate for smaller crops in Australia, Canada and the United States.

World wheat trade in 2014/15 (July/June) is set to contract to 150 million tonnes, 7.3 million tonnes (4.6 percent) below the record level of 2013/14. The reduction would be mainly attributed to lower import demand in Asia and Africa, more than offsetting a rise in Europe. Despite a record crop, purchases of high quality wheat by the EU are likely to remain large.

Total wheat utilization in 2014/15 is put at around 701 million tonnes, 1.7 percent higher than in 2013/14. Given this season's prospect for large supplies of feed quality wheat, usage by the livestock sector is likely to show a strong growth after two consecutive seasons of declines. World wheat inventories are forecast to reach 192.4 million tonnes by the end of seasons in 2015, their highest level since 2003. Based on latest forecasts for stocks and utilization, the world wheat stock-to-use ratio increases from 25.2 percent in 2013/14 to 26.9 percent in 2014/15, while the ratio of major wheat exporters' closing stocks to their total disappearance rises from 14.1 percent to 15.6 percent, reflecting this season's ample supply situation. Against this background, international wheat prices have come under strong downward pressure in recent months, falling in September to their lowest levels in four years.

WHEAT PRODUCTION, UTILIZATION AND STOCKS



WORLD WHEAT MARKET AT A GLANCE

	2012/13	2013/14 *estim.*	2014/15 *f'cast*	Change: 2014/15 over 2013/14
		million tonnes		%
WORLD BALANCE				
Production	**660.6**	**717.1**	**718.5**	**0.2**
Trade[1]	**140.2**	**157.3**	**150.0**	**-4.6**
Total utilization	**687.3**	**689.1**	**700.8**	**1.7**
Food	475.3	481.7	486.7	1.0
Feed	132.3	128.6	132.6	3.1
Other uses	79.7	78.8	81.5	3.4
Ending stocks	**158.2**	**176.5**	**192.4**	**9.0**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	67.2	67.4	67.3	-0.1
LIFDC (kg/yr)	46.3	46.5	46.6	0.2
World stock-to-use ratio (%)	*23.0*	*25.2*	*26.9*	
Major exporters stock-to-disappearance ratio[2] *(%)*	*14.1*	*14.1*	*15.6*	

FAO WHEAT PRICE INDEX[3] **(2002-2004=100)**	**2012**	**2013**	**2014** *Jan-Sep*	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	204	194	183	-6.7

1 Trade refers to exports based on a common July/June marketing season.
2 Major exporters include Argentina, Australia, Canada, EU, Kazakhstan, Russian Fed., Ukraine and the United States.
3 Derived from the International Grains Council (IGC) wheat index.

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COARSE GRAINS

Global production of coarse grains is forecast at 1 308 million tonnes for 2014, virtually unchanged from the 2013 record. Maize output is expected to reach 1 018 million tonnes, 0.7 percent above the record output in 2013. The expansion in world maize production mainly rests on anticipated record harvests in China and the United States, as well as significantly higher outputs for the EU and the Russian Federation. By contrast, world barley production is forecast at 140.2 million tonnes, 4 percent below the record level in 2013, mainly reflecting smaller outputs in the EU, North America and Australia. The forecast for global sorghum production stands at 60.1 million tonnes, virtually unchanged from 2013.

Reflecting another good year for global production, especially in many importing countries, world trade in coarse grains in 2014/15 is set to decline to 147 million tonnes, down 6.9 percent from the 2013/14 record level. The sharp contraction, if realized, would be the biggest in over two decades. Maize is responsible for the bulk of this decline, with total maize imports forecast to contract by 4.5 percent to 114 million tonnes. World trade in barley is set to fall slightly, to 21 million tonnes, while global imports for sorghum could dip to 7.5 million tonnes, down 600 tonnes from the previous season's level.

The latest forecast for global utilization of coarse grains in 2014/15 points to a 1.9 percent increase to 1 260 million tonnes, which compares with a 6.0 percent expansion estimated for 2013/14. Most of this deceleration reflects a slower rise in feed intake in the United States. Based on the latest forecasts for global production and utilization, world stocks of coarse grains in 2015 are forecast to rise to 257.4 million tonnes by the close of crop seasons, 16 percent above their opening levels and their highest level since 1986/87. The anticipated increase in world inventories will result in the stock-to-use-ratio reaching 20.2 percent, a value not seen since 2001/02, and well above the historical low of 13.8 percent registered in 2012/13. Good crop prospects and rising inventories have continued to put downward pressure on international prices with maize futures in September falling as much as 25 percent below their corresponding period last year.

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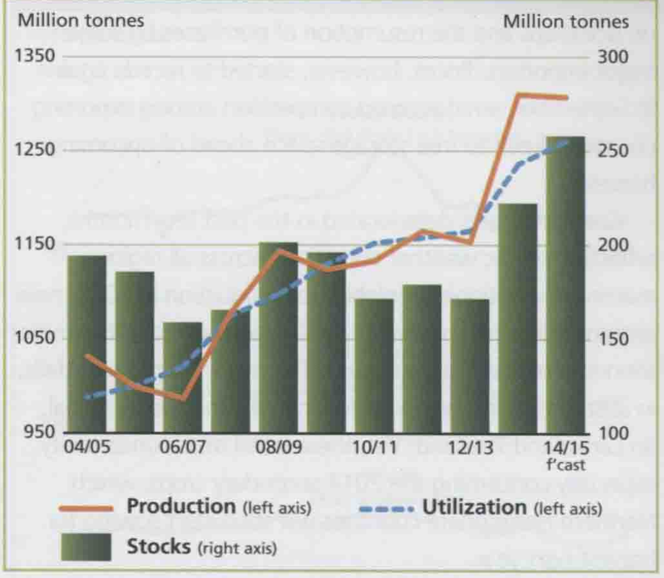
COARSE GRAIN PRODUCTION, UTILIZATION AND STOCKS



WORLD COARSE GRAIN MARKET AT A GLANCE

	2012/13	2013/14 *estim.*	2014/15 *f'cast*	Change: 2014/15 over 2013/14
		million tonnes		%
WORLD BALANCE				
Production	**1 153.9**	**1 310.7**	**1 308.0**	**-0.2**
Trade[1]	**131.3**	**157.9**	**147.0**	**-6.9**
Total utilization	**1 165.2**	**1 236.5**	**1 260.2**	**1.9**
Food	200.4	202.8	204.2	0.7
Feed	655.8	708.3	725.3	2.4
Other uses	309.1	325.4	330.7	1.6
Ending stocks	**171.0**	**221.8**	**257.4**	**16.1**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	28.4	28.4	28.3	-0.4
LIFDC (kg/yr)	40.6	40.2	39.6	-1.5
World stock-to-use ratio (%)	*13.8*	*17.6*	*20.2*	
Major exporters stock-to-disappearance ratio[2] *(%)*	*8.4*	*11.1*	*15.0*	

FAO COARSE GRAIN PRICE INDEX (2002-2004=100)	**2012**	**2013**	**2014** *Jan-Sep*	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	283	246	189	-28.8

[1] Trade refers to exports based on a common July/June marketing season.
[2] Major exporters include Argentina, Australia, Brazil, Canada, EU, Russian Fed., Ukraine and the United States.

RICE

International rice prices edged steadily higher between May and August 2014. The price strength mainly reflected concerns about the possible impacts of erratic weather on rice crops and the resumption of purchases by some major importers. Prices, however, started to recede again in September, amid accrued competition among exporting countries, keen to free storage space ahead of upcoming harvests.

Crop prospects deteriorated in the past few months, reflecting erratic weather conditions across all regions, marring the outlook for global rice production in 2014, now anticipated to fall marginally (by 0.4 percent) to 496.4 million tonnes in milled rice equivalent. The major output shortfalls, in absolute terms, are expected in India, Indonesia, Nepal, Sri Lanka and Thailand. Yet, there is still much uncertainty, especially concerning the 2014 secondary crops, which Northern Hemisphere countries will soon start sowing for harvest next year.

Taking advantage of the lower international prices and in anticipation of possible production setbacks, many countries have been actively buying rice from world markets during the course of 2014. This strong import demand, combined with large supplies in major exporting countries, is expected to sustain a 7 percent increase in the volume of rice transactions in calendar 2014 to a record 39.7 million tonnes.

Looking ahead, world rice trade is expected to grow further in 2015, although by only 0.7 percent, to about 40 million tonnes. African countries are predicted to drive the expansion in world imports, while inflows to Asian countries may contract. Ample availabilities in exporting countries are also expected to underpin trade in 2015.

Global rice utilization is forecast to hover around 500 million tonnes in 2014/15, 1.7 percent more than in 2013/14, sustaining a fractional increase in per capita consumption to 57.5 kg. With world production falling short of utilization, world rice inventories ending in 2015 are forecast to be trimmed for the first time in ten years. However, their volume is projected to remain huge, sufficient to cover more than a third of the 2015/16 projected rice consumption.

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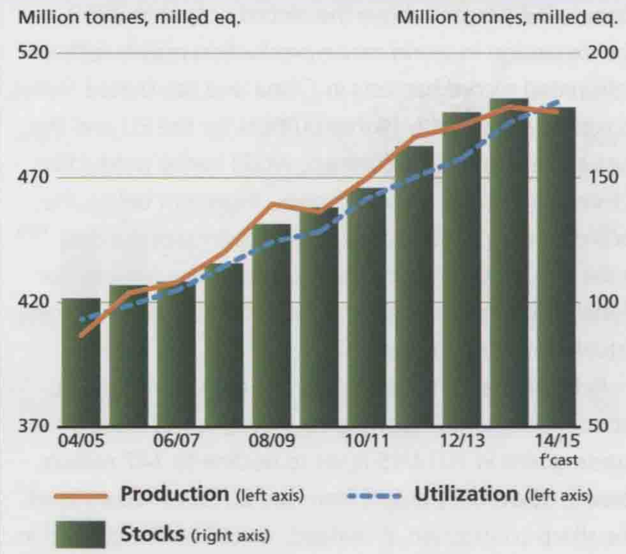
RICE PRODUCTION, UTILIZATION AND STOCKS



WORLD RICE MARKET AT A GLANCE

	2012/13	2013/14 *estim.*	2014/15 *f'cast*	Change: 2014/15 over 2013/14
		million tonnes		%
WORLD BALANCE				
Production	**490.9**	**498.4**	**496.4**	**-0.4**
Trade [1]	**37.3**	**39.7**	**40.0**	**0.7**
Total utilization	**477.9**	**492.1**	**500.3**	**1.7**
Food	402.3	410.3	415.5	1.3
Ending stocks	**175.7**	**181.3**	**177.7**	**-2.0**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	56.9	57.4	57.5	0.2
LIFDC (kg/yr)	63.3	63.9	64.3	0.6
World stock-to-use ratio (%)	*35.7*	*36.2*	*34.8*	
Major exporters stock-to-disappearance ratio[2] *(%)*	*28.2*	*27.7*	*25.1*	

FAO RICE PRICE INDEX (2002-2004=100)	**2012**	**2013**	**2014** *Jan-Sep*	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	231	233	236	0.2

[1] Calendar year exports (second year shown).
[2] Major exporters include India, Pakistan, Thailand, the United States and Viet Nam.

CASSAVA

Although the forecast for global cassava production output remains highly tentative, another record is expected in 2014. Cassava's upward trajectory is firmly set, underpinned by sustained growth in Africa – the largest growing region – where food demand, particularly for value-added products, has accelerated, and also in Asia where industrial applications in the form of ethanol and starch are on the rise. International trade in cassava, mostly confined to Asia and, in particular, Southeast Asia, is also expected to surpass previous records on account of vibrant industrial demand.

World cassava output in 2014 is expected to reach 291 million tonnes, representing a 4.6 percent increase from 2013, which is well above global population growth. The expansion is being driven by rising demand for food across the African continent, especially in the form of flour, and increasing industrial applications of cassava in East and Southeast Asia, notably for ethanol and starch. World trade in cassava products, much sustained by industrial demand, is set to expand significantly, reaching over 20 million tonnes (almost 41 million tonnes in root equivalent) in 2014 - a near doubling of volume in five years. This record outcome would be a result, by and large, of the competitiveness that cassava has maintained over competing products, and also market stabilization policies in Thailand, the world's leading international supplier of cassava products. International prices of chips, starch and flour have been remarkably stable in spite of strong demand and an appreciating baht.

While highly preliminary, the outlook for 2015 points to a continued expansion of production in Africa, where cassava remains a strategic crop for both food security and poverty alleviation. In Asia, prospects for further expansion of the sector critically hinge on how cassava fares with competitive substitutes. In recent weeks, international quotations of maize have fallen precipitously while, at the same time, the Thai baht has appreciated strongly, causing some uncertainty about near-term prospects.

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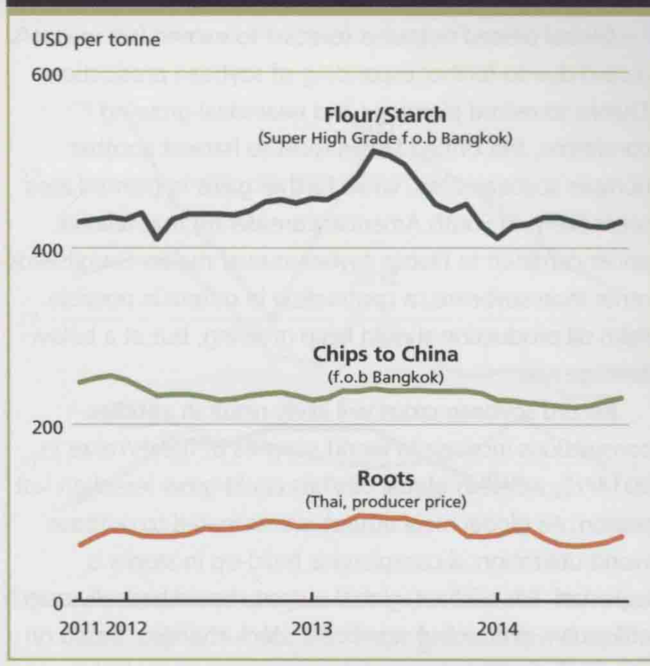
INTERNATIONAL CASSAVA AND THAI DOMESTIC PRICES (Oct 2011 - Sept 2014)



WORLD CASSAVA MARKET AT A GLANCE

	2012	2013 *estim.*	2014 *f'cast*	Change: 2014 over 2013
	million tonnes, fresh root eq.			%
WORLD BALANCE				
Production	**268.4**	**278.6**	**291.3**	**4.6**
Trade	**35.0**	**35.1**	**40.7**	**15.9**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	20.4	20.9	21.6	3.4
Developing (kg/year)	25.6	26.2	27.1	3.2
LDC (kg/year)	80.1	87.4	91.3	4.4
Sub-Saharan Africa (kg/year)	131.5	136.0	138.9	2.1
Trade share of prod. (%)	13.0	12.6	14.0	10.9

CASSAVA PRICES [1] (USD/tonne)	**2012**	**2013**	**2014 *Jan-Sep***	**Change: Jan-Sep 2014 over Jan-Sep 2013**
Chips to China (f.o.b. Bangkok)	234.5	236.2	226.5	-5.0
Starch (f.o.b. Bangkok)	439.2	473.4	428.9	-10.5
Thai domestic root prices	80.7	90.1	71.5	-21.5

[1] Source: Thai Tapioca Trade Association.

OILCROPS

The current outlook for the 2014/15 marketing season points to a further improvement in the global supply and demand balance for oilseeds and derived products.

Global oilseed output is forecast to exceed last season's record due to further expanding of soybean production. Thanks to record plantings and near-ideal growing conditions, the United States is set to harvest another bumper soybean crop, while further gains in planted area seem likely in South America, considering that relative prices continue to favour soybeans over maize. For oilseeds other than soybeans, a contraction in output is possible. Palm oil production should keep growing, but at a below-average rate.

Record soybean crops will likely result in another conspicuous increase in world supplies of meals/cakes in 2014/15, whereas global oils/fats could grow less than last season. As global meal output is anticipated to outpace world utilization, a conspicuous build-up in stocks is expected. For oils/fats, global output should basically match utilization, precluding significant stock changes. Based on current forecasts, the stock-to-use ratio for meals/cakes is poised to rise strongly, whereas that for oils/fats should remain about unchanged.

The present outlook suggests that there is scope for international meal prices to ease further during 2014/15, thus extending the recently commenced descending trend and abandoning the high levels recorded since mid-2012. Additional downward pressure is likely to come from record global feedgrain supplies. As for the oils/fats market, a balanced supply and demand situation and stable stock-to-use ratios point to a stabilization in prices around their current relatively low level.

International trade in oilseeds and derived products is forecast to expand further in 2014/15, although less strongly than last season. The anticipated slowdown reflects ample domestic supplies, stemming in part from large carry-in stocks in a number of significant importing countries, including China and the EU. It also reflects limited export availabilities arising from poor crops, higher domestic utilization or the need to re-build stocks in several exporting nations, notably the United States, Indonesia, Malaysia and Brazil.

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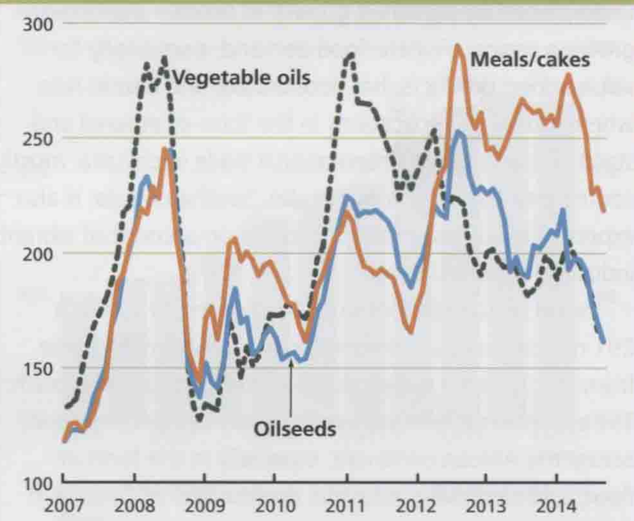
FAO MONTHLY INTERNATIONAL PRICE INDICES FOR OILSEEDS, VEGETABLE OILS AND OILMEALS/CAKES (2002-2004=100)



WORLD OILCROP AND PRODUCT MARKET AT A GLANCE

	2012/13	2013/14 *estim.*	2014/15 *f'cast*	Change: 2014/15 over 2013/14
	million tonnes			%
TOTAL OILSEEDS				
Production	481.7	511.2	535.4	4.7
OILS AND FATS				
Production	189.5	202.0	207.5	2.7
Supply	221.8	233.7	242.2	3.6
Utilization	189.9	198.4	206.6	4.1
Trade	102.1	106.2	108.1	1.8
Stock-to-utilization ratio (%)	*16.7*	*17.5*	*17.0*	
Major exporters stock-to-disappearance ratio (%)	*9.0*	*9.5*	*9.9*	
MEALS AND CAKES				
Production	120.0	128.2	137.1	7.0
Supply	137.7	146.3	158.6	8.5
Utilization	118.4	123.6	130.9	5.8
Trade	73.5	81.7	84.3	3.1
Stock-to-utilization ratio (%)	*15.3*	*17.4*	*19.6*	
Major exporters stock-to-disappearance ratio (%)	*7.6*	*9.5*	*12.7*	

FAO PRICE INDICES (Jan/Dec) (2002-2004=100)	2012	2013	2014 *Jan-Sep*	Change: Jan-Sep 2014 over Jan-Sep 2013 %
Oilseeds	224	207	191	-8.1
Oilmeals/cakes	241	255	251	-1.1
Vegetable oils	224	193	187	-2.9

NOTE: Refer to table 2 in the Oilseeds section of the Market Assessments chapter, for explanations regarding definitions and coverage.

SUGAR

FAO forecasts world sugar production to increase in 2014/15 and to surpass consumption for the fifth consecutive season, but the anticipated surplus is likely to be small. Falling sugar outputs in Brazil, China and Pakistan are anticipated to be offset by expansions in India, the EU and the Russian Federation. World sugar consumption is set to grow in line with its long-term trend, reflecting increases in several developing countries that are expected to benefit from falling domestic sugar prices as well as improved economic performance in 2015. This positive economic prospect is supportive to sugar demand, as manufacturing and food preparation sectors, which account for the bulk of aggregate sugar consumption, are highly influenced by the economic environment. Sugar consumption growth will be particularly pronounced in Asia and Africa. Falling international sugar prices are expected to stimulate global import demand and boost world sugar trade in 2014/15, even though imports by China and the Russian Federation, are expected to contract. Exports are anticipated to remain unchanged in Brazil, the world's largest sugar producer and exporter, but to rise in Thailand. International sugar prices, on a downward trend for most of 2013, recovered modestly in the first half of 2014, underpinned by drought conditions in Brazil. However, by the end of July 2014, sugar quotations began to decline, amid improved production in several major sugar-producing countries. The downgrading of production in Brazil was not sufficient to invert the tendency for prices to fall.

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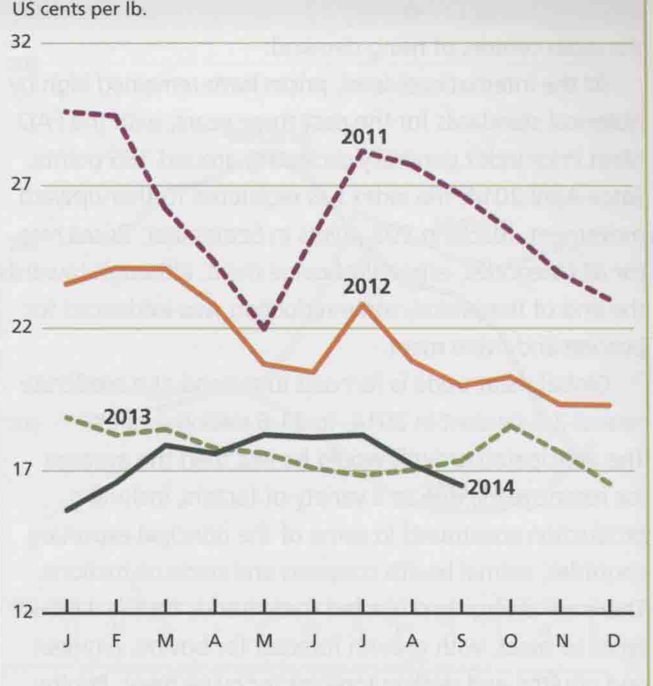
INTERNATIONAL SUGAR PRICES*



* As measured by the International Sugar Agreement (ISA)

WORLD SUGAR MARKET AT A GLANCE

	2012/13	2013/14 *estim.*	2014/15 *f'cast*	Change: 2014/15 over 2013/14
		million tonnes		%
WORLD BALANCE				
Production	**182.1**	**182.2**	**183.9**	**0.89**
Trade [1]	**53.5**	**55.0**	**55.7**	**1.18**
Total utilization	**173.1**	**177.7**	**181.9**	**2.37**
Ending stocks	**73.1**	**74.8**	**77.1**	**3.07**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	24.7	25.0	25.3	1.11
LIFDC (kg/yr)	16.5	16.5	16.8	1.87
World stock-to-use ratio (%)	*42.2*	*42.1*	*42.4*	**0.68**
ISA DAILY PRICE AVERAGE (US cents/lb)	**2012**	**2013**	**2014** *Jan-Sep*	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	26.0	17.71	17.35	-2.03

[1] Trade refers to exports based on a common October/September marketing season.

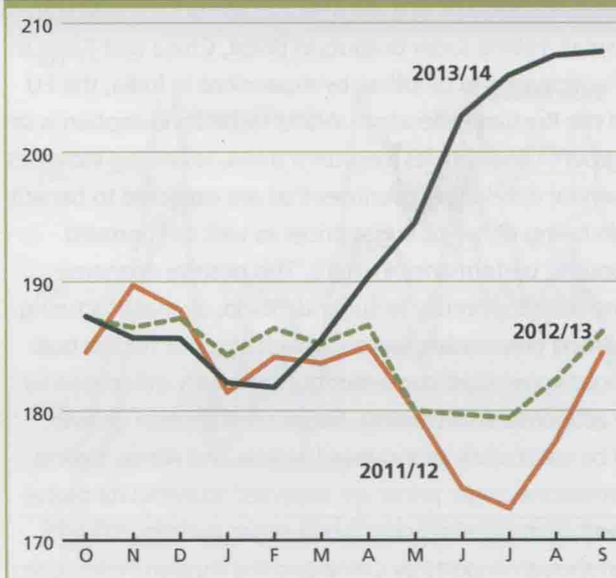
MEAT AND MEAT PRODUCTS

World meat production is anticipated to grow modestly in 2014 to 311.6 million tonnes, 3 million tonnes or 1.1 percent above 2013. The expansion is likely to be concentrated in the developing countries, which are also the main centres of rising demand.

At the international level, prices have remained high by historical standards for the past three years, with the FAO Meat Price Index generally oscillating around 185 points. Since April 2014, the Index has registered further upward movement, reaching 208 points in September. Prices rose for all categories, especially bovine meat, although towards the end of the period, some reduction was evidenced for porcine and ovine meat.

Global meat trade is forecast to expand at a moderate rate of 2.3 percent in 2014, to 31.6 million tonnes. The anticipated growth would be less than the average for recent years, due to a variety of factors, including production constraints in some of the principal exporting countries, animal health concerns and trade restrictions. There are diverging projected trade trends for the various types of meat, with growth forecast for bovine, pigmeat and poultry, and decline forecast for ovine meat. Poultry remains the main product traded, representing 43 percent of the total, followed by bovine, pig and ovine meat, respectively.

FAO INTERNATIONAL MEAT PRICE INDEX (2002-2004 = 100)



WORLD MEAT MARKET AT A GLANCE

	2012	2013 *estim.*	2014 *f'cast*	Change: 2014 over 2013
		million tonnes		%
WORLD BALANCE				
Production	**304.2**	**308.3**	**311.6**	**1.1**
Bovine meat	67.0	67.8	68.3	0.8
Poultry meat	105.4	106.4	107.6	1.1
Pigmeat	112.4	114.5	116.1	1.4
Ovine meat	13.7	13.9	14.0	0.6
Trade	**29.6**	**30.9**	**31.6**	**2.3**
Bovine meat	8.0	9.0	9.3	3.4
Poultry meat	13.0	13.2	13.5	2.1
Pigmeat	7.5	7.4	7.5	2.1
Ovine meat	0.8	1.0	1.0	-1.8
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	42.8	42.8	42.8	-0.1
Developed (kg/yr)	76.2	75.7	75.5	-0.2
Developing (kg/yr)	33.4	33.7	33.8	0.2
FAO MEAT PRICE INDEX (2002-2004=100)	**2012**	**2013**	**2014 *Jan-Sep***	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	182	184	195	6.6

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MILK AND MILK PRODUCTS

The FAO Dairy Price Index started the year at an historic peak and then fell continuously between March and September. In September it stood at 188 points, a level last seen in mid-2012. Quotations for all dairy products covered in the Index plummeted. The fall reflected both abundant export availability and reduced import demand. Export supplies increased in the EU and there was a favourable start to the new season in Oceania. Already declining prices, caused by a slackening of imports by China, fell further following Russian Federation trade prohibitions introduced in August.

World milk production is forecast to grow by 2.4 percent in 2014, a rate similar to previous years, reaching 792 million tonnes. Asia is expected to account for most of the expansion, but production is likely to rise in all regions.

World trade in dairy products is projected to continue increasing in 2014, linked to a favourable milk production outlook in most of the major exporting countries and continued strong demand. Trade is forecast to grow by 4.6 percent to reach 72 million tonnes of milk equivalent.

Asia is expected to remain the main centre for rising international demand in 2014, with increased purchases forecast for China, Indonesia, Malaysia and Thailand. Elsewhere in Asia, Saudi Arabia, the United Arab Emirates, Japan, the Philippines and Singapore remain important markets, but the level of their imports is not expected to change markedly and, in some cases, could decrease. Reduced international prices may stimulate imports in Africa as a whole. The principal importers that could see growth are Algeria, Egypt and Ghana. In Europe, imports by the Russian Federation are anticipated to fall.

As for exports, two principle suppliers, New Zealand and the European Union, are both anticipated to record an increase in sales. Also, the United States is set for further growth, following an exceptional hike in shipments already last year.

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FAO INTERNATIONAL DAIRY PRICE INDEX (2002-2004 = 100)

WORLD DAIRY MARKET AT A GLANCE

	2012	2013 *estim.*	2014 *f'cast*	Change: 2014 over 2013
		million tonnes		%
WORLD BALANCE				
Total milk production	**762.3**	**773.4**	**792.0**	**2.4**
Total trade	**66.1**	**68.8**	**71.9**	**4.6**
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/yr)	107.7	108.0	109.4	1.3
Developed (kg/yr)	222.5	220.6	223.2	1.2
Developing (kg/yr)	75.4	76.4	77.7	1.7
Trade share of prod. (%)	*8.7*	*8.9*	*9.1*	*2.2*
FAO DAIRY PRICE INDEX (2002-2004=100)	**2012**	**2013**	**2014 *Jan-Sep***	**Change: Jan-Sep 2014 over Jan-Sep 2013 %**
	194	243	239	0.3

FISH AND FISHERY PRODUCTS

Despite the weak economic recovery, firm import demand is boosting the volumes and values of international trade in 2014. After reaching record highs in March, price levels weakened during the second and third quarters due to softening consumer demand in many European markets and in Japan, and an improving supply situation for shrimp and salmon. Prices remain above 2013 levels for most species and products.

The short-term outlook for prices is not positive. In addition to the weak consumer demand in many key European markets, the political tensions in Eastern Europe has resulted in the import imposition of bans against a number of key suppliers who will have to find alternative markets for significant volumes of their production. For those countries not targeted by the import restrictions, the bans have created new opportunities, especially for salmon, trout and small pelagics. At the end of the year, some upward movement in prices can be expected because of cyclical demand swings.

Overall supply continues to be boosted by a vibrant aquaculture sector, especially in Asia, but also in Africa and South America. Domestic consumption in many developing country markets is growing rapidly, further encouraging national investments in aquaculture and improved distribution systems.

The El Niño phenomenon which had potential to drastically reduce catches of small pelagics in South America has until now turned out to be fairly weak. Although its impact has been limited, prices on fish meal and fish oil have firmed during the first six months of the year, as uncertainty remains concerning the level of catches towards the end of this year.

Annual fish consumption as food is estimated to reach 20 kg per capita in 2014, for the first time, with the share of aquaculture in food fish consumption overtaking that of capture fisheries. This heralds a new era in the fisheries and aquaculture sector, indicating that the aquaculture sector will increasingly be the driver in product and distribution development, pricing strategies, marketing and the development of domestic and regional markets. Nonetheless, the capture sector will remain dominant for a number of species and vital for domestic and international food security.

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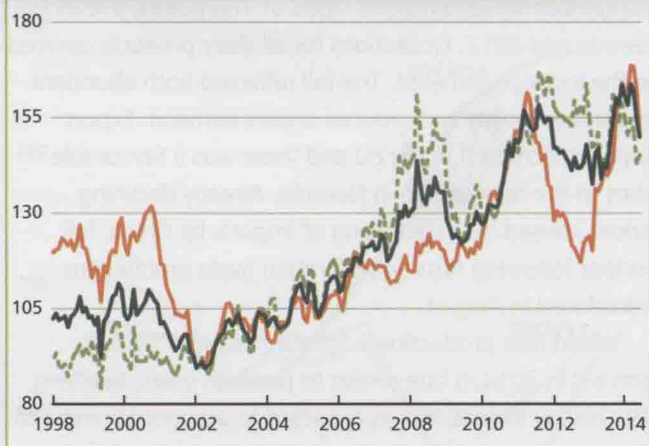
FAO FISH PRICE INDEX (2002-2004 = 100)



Source: Norwegian Seafood Council (NSC)

WORLD FISH MARKET AT A GLANCE

	2012	2013 *estim.*	2014 *f'cast*	Change: 2014 over 2013
	million tonnes			%
WORLD BALANCE				
Production	**158.0**	**162.9**	**165.9**	**1.9**
Capture fisheries	91.3	92.4	92.0	-0.4
Aquaculture	66.6	70.5	73.9	4.9
Trade value (exports USD billion)	**129.4**	**136.4**	**145.3**	**6.5**
Trade volume (live weight)	**58.1**	**58.8**	**59.4**	**1.0**
Total utilization	**158.0**	**162.9**	**165.9**	**1.9**
Food	136.2	141.1	144.6	2.5
Feed	16.3	16.8	16.6	-1.2
Other uses	5.4	5.0	4.7	-6.0
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
Food fish (kg/yr)	19.2	19.7	20.0	1.4
From capture fisheries (kg/year)	9.8	9.9	9.8	-1.0
From aquaculture (kg/year)	9.4	9.8	10.2	3.7

FAO FISH PRICE INDEX (2002-2004=100)	**2012**	**2013**	**2014** *Jan-June*	**Change: Jan-Jun 2014 over Jan-Jun 2013 %**
	144	148	158	11.0

Source: Norwegian Seafood Council (NSC)
Totals may not match due to rounding