FOOD SECURITY PORTAL
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COMMODITY PRICE VARIABILITY MONTHLY OUTLOOK MAY 2024

About the Excessive Food Price Variability Tool

The Food Security Portal's Excessive Food Price Variability Early Warning System identifies periods of unusual price volatility in world food commodity markets. It is updated daily and uses a traffic light system that alerts about the number of days of high, moderate, or low price variability. The tool is based on a statistical model that formally models the fluctuations of commodity price returns (i.e. day-to-day percentage changes of commodity prices) using futures market prices closest to maturity. For all data, trends, and methods see: https://www.foodsecurityportal.org.

Highlight of the month

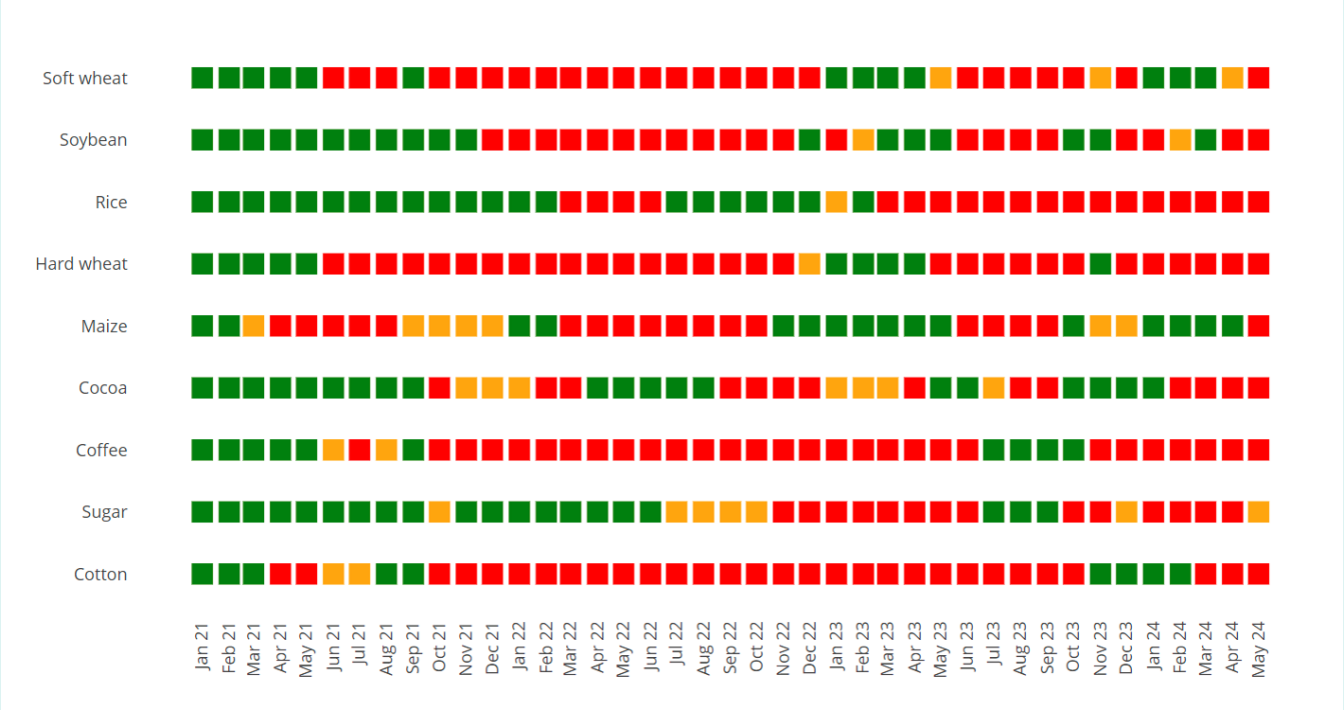
High levels of price volatility continued in May. Volatility was largely driven by supply concerns and uncertain production prospects. The war in Ukraine and rice export restrictions in India remain significant drivers of price volatility.

Monthly Price Volatility Alerts for May 2024

Commodity	Last month	Last 3 months	Last 12 months	Summary of May food price volatility in global markets
Soft wheat	🔴	🔴	🔴	Wheat prices remained in high volatility, and prices reached a 9-month high in mid-May. Volatility was driven by supply concerns caused by adverse weather conditions in Russia and Brazil, as well as attacks on shipping infrastructure in the Black Sea region. Prices later retreated somewhat with forecasts of rain in Russia's dry areas .
Soybean	🔴	🔴	🔴	Soybean prices showed significant volatility in May, initially reaching a 3-month high, d ue to concerns about over flooding in Brazil which affected 34% of the unharvested soybean crop. However, prices later eased with the report of higher forecasted output for the year.
Rice	🔴	🔴	🔴	Rice prices remained highly volatile throughout May, with prices initially surging to near four-year highs due to supply concerns and record-high global consumption forecasts. However, prices later eased as the WASDE report projected larger supplies and increased production in key countries for 2024/25, despite ongoing challenges such as adverse weather conditions in Asia and India's export restrictions.
Hard wheat	🔴	🔴	🔴	Similar to soft wheat, hard wheat prices experienced high volatility driven by adverse weather conditions in major producer countries and shipping disruptions in the Black Sea region.
Maize	🔴	🔴	🔴	Maize prices showed high price volatility, due in part to spillover from movements in wheat markets. Moreover, wet weather conditions caused planting delays, adding some supply pressure. Adding to these supply concerns was the WASDE forecast of decreased global production with significant reductions in major producing countries like the U.S. and Ukraine.
Cocoa	🔴	🔴	🔴	Cocoa prices remained highly volatile as they continued their upward trajectory. This volatility was mainly driven by severe supply constraints, such as the projected drop in Ivory Coast's cocoa production and a forecasted global cocoa supply deficit for 2023/24.
Coffee	🔴	🔴	🔴	Coffee prices showed high volatility this month, with prices climbing to a 5-week high in late May. This significant price volatility primarily resulted from severe rainfall deficits in Vietnam and Brazil, raising concerns about potential crop damage and reduced global production.
Sugar	🟡	🔴	🔴	Sugar prices shifted to medium volatility, plunging to a 20-month low as traders anticipated a global surplus in the 2024/2025 season. This was primarily due to Brazil's record-breaking sugar production, on track for its second-biggest crop ever, coupled with the sharp decline in crude oil prices that shifted Brazilian cane producers' focus from ethanol to sugar production.
Cotton	🔴	🔴	🔴	Cotton prices experienced high volatility, with prices climbing in mid-May due to supply concerns from heavy rains in key growing regions. However, prices later plummeted to their lowest levels since October 2022, as above-average rainfall in the U.S. improved crop conditions. In addition, signs of weakening demand further pressured prices downward.

Red = At least 25% of the days in the specific period registered extreme price variations relative to that expected by the model; Yellow = At least 25% of the days in the specific period registered moderate price variations relative to that expected by the model; Green = A period characterized by a low price variability

May 2024 Price Volatility in Context



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- Acute food insecurity is set to increase in magnitude and severity in 18 places, according to the latest Hunger Hotspots report: **Hunger Hotspots June to October 2024 Outlook** released.
- Visit the FSP's **Food Crisis Risk dashboard** for the latest data and alerts on potential and ongoing food crises.
- Keep an eye on food price trends for major global commodities with the FSP's **Excessive Food Price Variability Early Warning System**
- The new **Food Security Simulator** provides an easy-to-use tool for assessing the potential short-term impacts of food price or household income shocks on food security and people's diets.
- Keep up-to-date with the latest food security and food price reports and resources from the FSP and external sources on our **Resources page**.
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