



About the Excessive Food Price Variability Tool

The Food Security Portal's [Excessive Food Price Variability Early Warning System](https://www.foodsecurityportal.org) 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 experiencing periods 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

While most major food commodities were still in a period of high price volatility in July, the situation appears to be improving somewhat due to improved production prospects for wheat, maize, and soybeans. However, price volatility in rice has only picked up as India's rice export restrictions continue to fuel uncertainty.

Monthly Price Volatility Alerts for July 2024

Commodity	Last month	Last 3 months	Last 12 months	Summary of July food price volatility in global markets
Soft wheat	●	●	●	While soft wheat futures prices were still in a period of high volatility in July, the number of extreme daily price changes was down compared to June, due to an improved supply outlook.
Soybean	●	●	●	Soybean futures prices continue to be in a period of high volatility overall, but the situation improved in July on abundant supply and low demand.
Rice	●	●	●	Rice futures demonstrated high price volatility as export policy in India continues to contribute to market uncertainty and high prices.
Hard wheat	●	●	●	Similar to soft wheat, hard wheat prices are still in a period of high price volatility, though the situation improved in July on a positive crop outlook in key producer countries.
Maize	●	●	●	Maize futures prices are in a period of moderate price volatility characterized by some market uncertainty, though overall supply appears ample. The number of days with extremely high price changes was low.
Cocoa	●	●	●	High price volatility in Cocoa futures persists due to supply concerns – though this may change as demand continues to shrink and production prospects appear improved.
Coffee	●	●	●	Coffee futures prices continue to experience a period of high volatility, but the number of days where returns exceeded the extreme volatility threshold was down compared to previous months, reflecting increased harvests in key producing regions, positive currency fluctuations, and increasing coffee inventories.
Sugar	●	●	●	Sugar prices demonstrated high price volatility over market uncertainty. There are solid production prospects in India and Brazil, while in Thailand output is much lower due to the heat there.
Cotton	●	●	●	High price volatility in the cotton market persists despite favorable supply outlook and subdued demand.

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

Coefficient of price variation: A measure of unconditional market volatility (Jul-2024)

	Current month	Previous month	Year ago
Hard wheat futures daily prices	9%	7.7%	4.3%
Soft wheat futures daily prices	9.4%	8.6%	6.4%
Maize futures daily prices	6.5%	3.3%	8.5%
Rice futures daily prices	10.2%	5%	7.3%
Soybean futures daily prices	4.7%	2.5%	4.8%
Cocoa CJ NYB futures daily prices	10.9%	13.5%	5.8%
Coffee C Arabica NYB futures daily prices	6.5%	6.3%	7%
Generic Cotton N.2 futures daily prices	5.6%	6.9%	3.3%
No 11 Sugar NYB futures daily prices	3.3%	5.7%	4.6%

The coefficient of variation is the standard deviation of daily prices relative to the mean, and it is calculated for the 3 month period ending with the specified month. The latest date is 2024-07-31

The coefficient of variation is a simple measure of how much prices moved around during the month, including downward price movements. This measure complements our main model output, which alerts to periods where there are several days in which prices increased by more than what the model considers an extreme daily price increase. Price movements during the current period were higher for rice and maize than they were during the previous period.

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