

Global Food Price Inflation: Trends, Channels, and Insights



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World Bank

2024 AAEA Annual Meetings

Workshop on “Food Prices and Forecasting”

July 31 – August 1, 2024

New Orleans Marriott

Outline

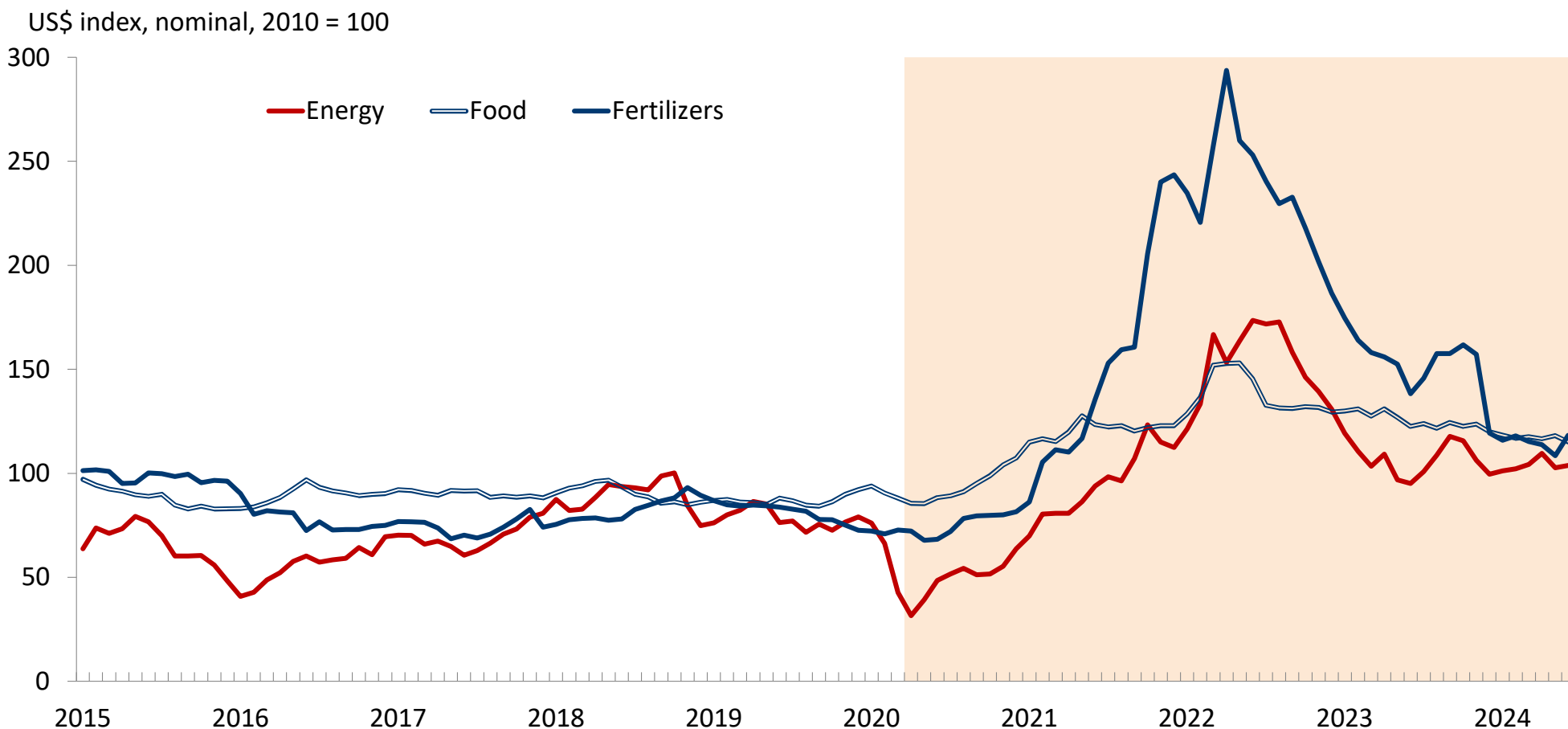
- *Commodity prices and global supply conditions*
- *Global food price inflation profile*
- *Likely causes and channels of food price inflation*

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Aggregate commodity price indexes

Broadly stable in 2024 but elevated compared to pre-pandemic (2015-2019) averages

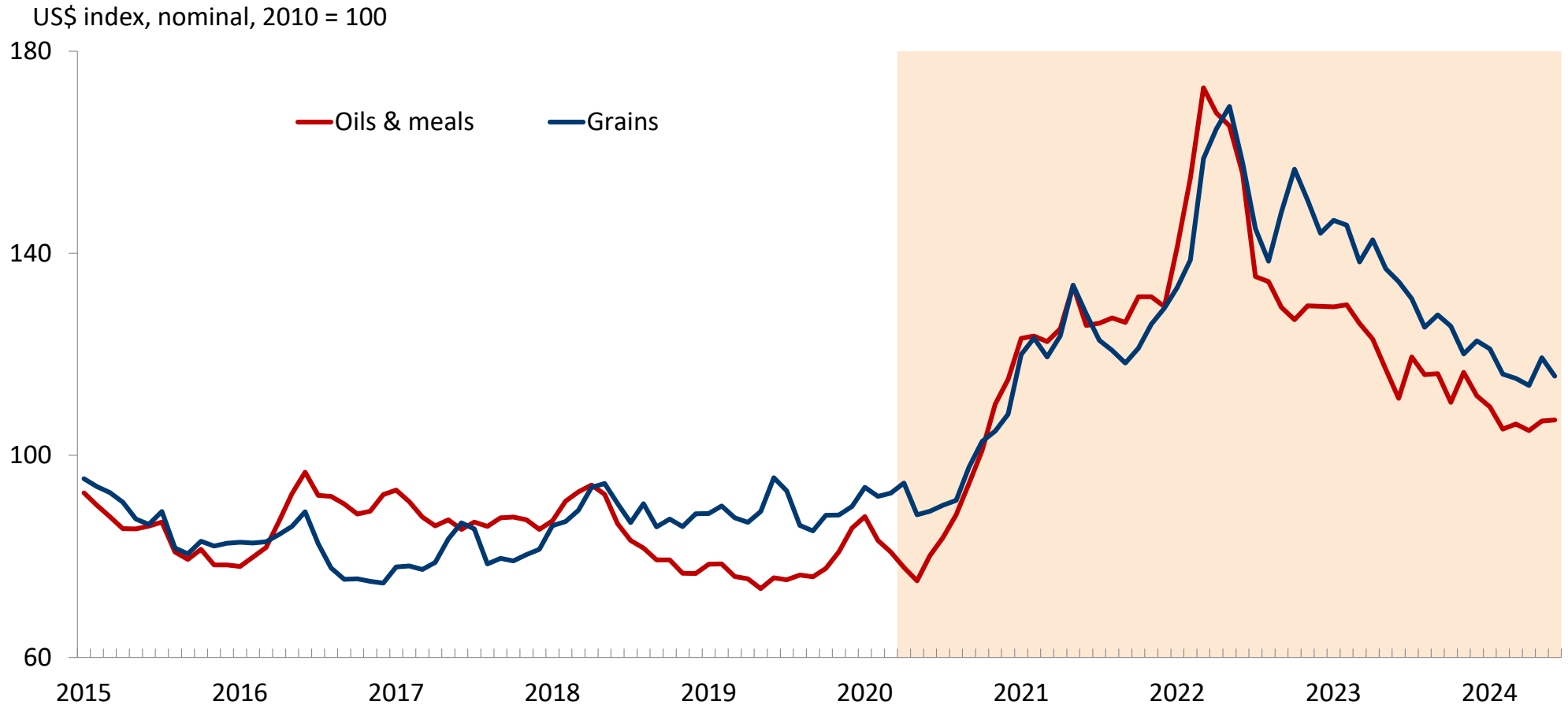


Source: World Bank

Notes: Last observation is June 2024. Shaded area begins in April 2020.

Food commodity prices

Food prices in 2024H1 averaged about 30 percent higher than pre-pandemic levels

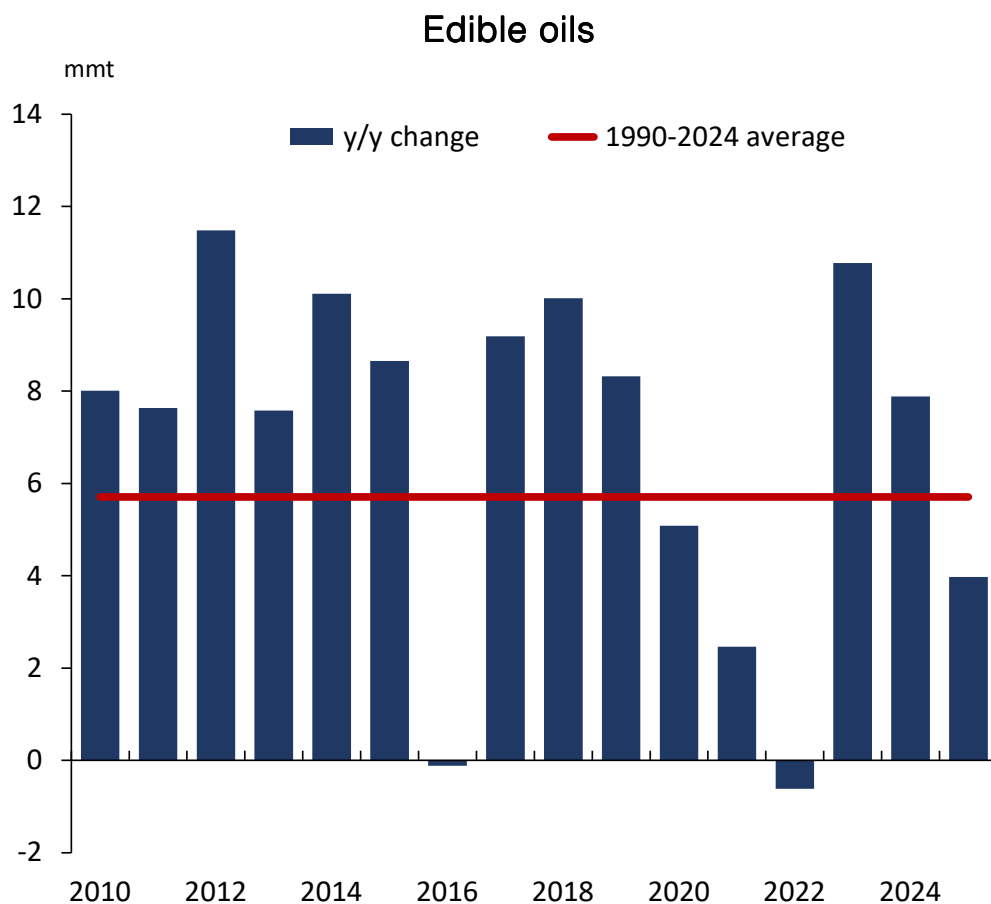
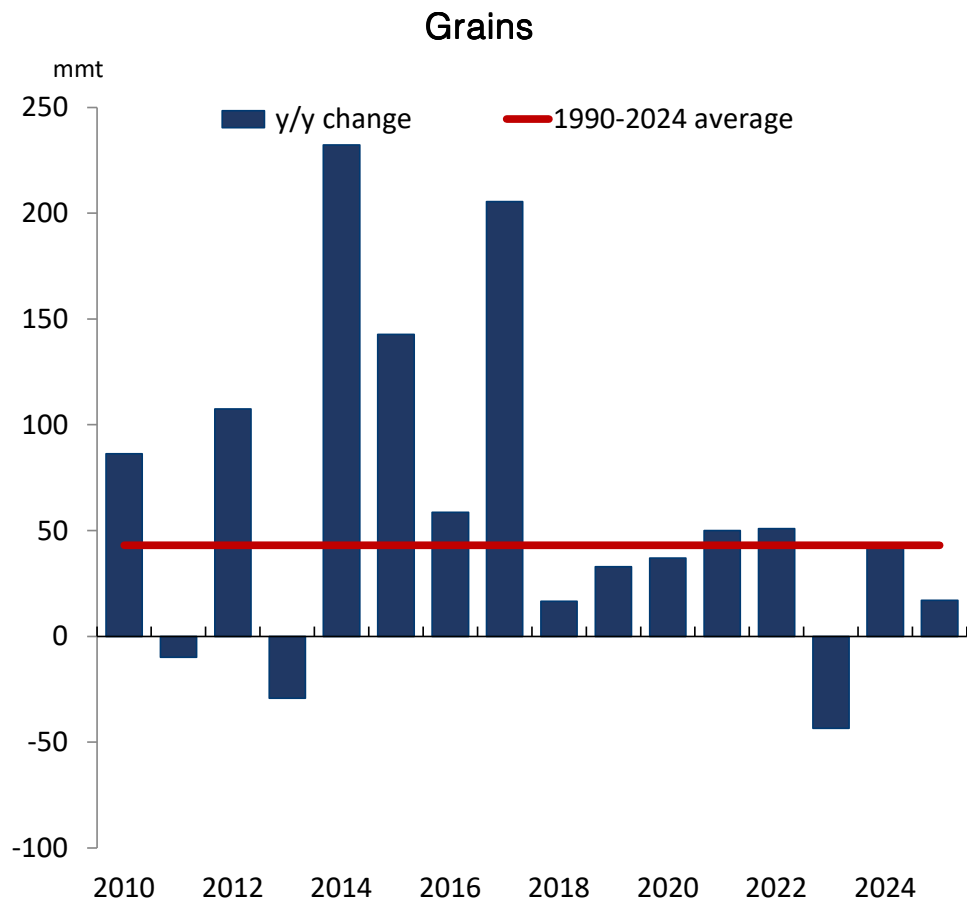


Source: World Bank

Notes: Last observation is June 2024. Shaded area begins in April 2020.

Grains and edible oils supply growth

The ongoing global crop stands at comfortable levels compared its long-term average growth

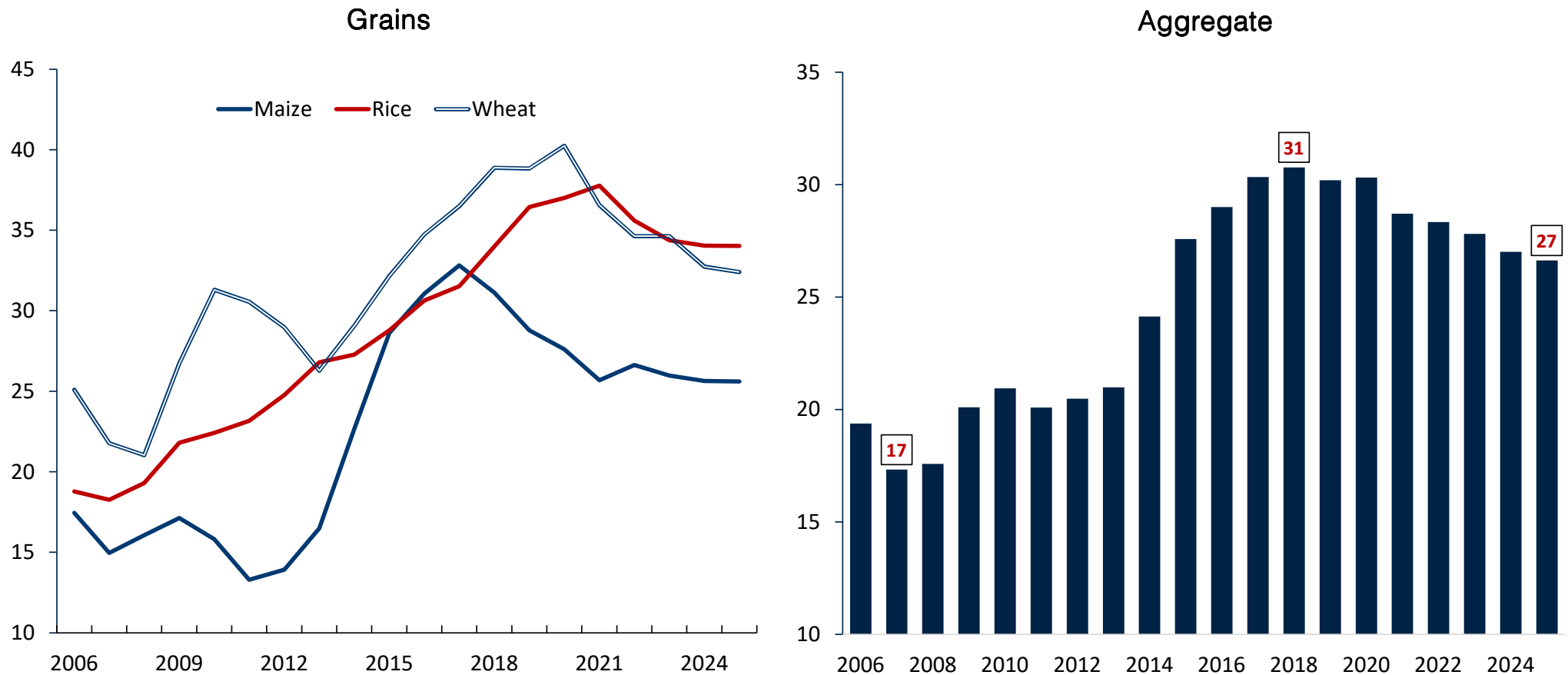


Source: U.S. Department of Agriculture and World Bank.

Notes: Years refer to crop seasons (e.g., 2024 refers to the 2023-24 crop season). Last observation reflects the USDA update from July 2024; mmt = million metric tons.

Global food inventories (stocks-to-use ratio, percent)

Despite easing, inventories relative to consumption are much higher than pre-2014 levels



Source: U.S. Department of Agriculture and World Bank.

Notes: Years refer to crop seasons (e.g., 2024 refers to the 2023-24 crop season). Last observation reflects the USDA update from July 2024. The aggregate index consists of 12 grains, oilseeds, and edible oils commodities, weighted by calorific content.

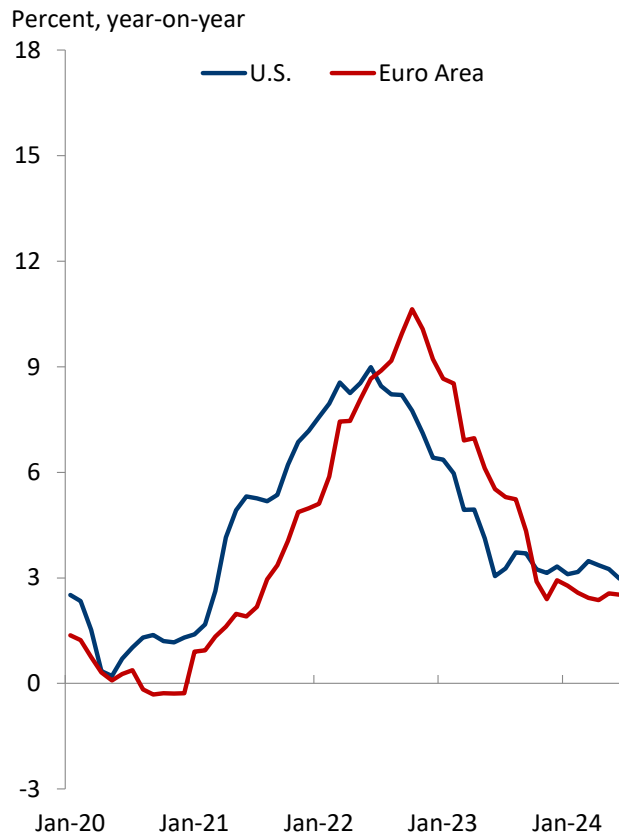
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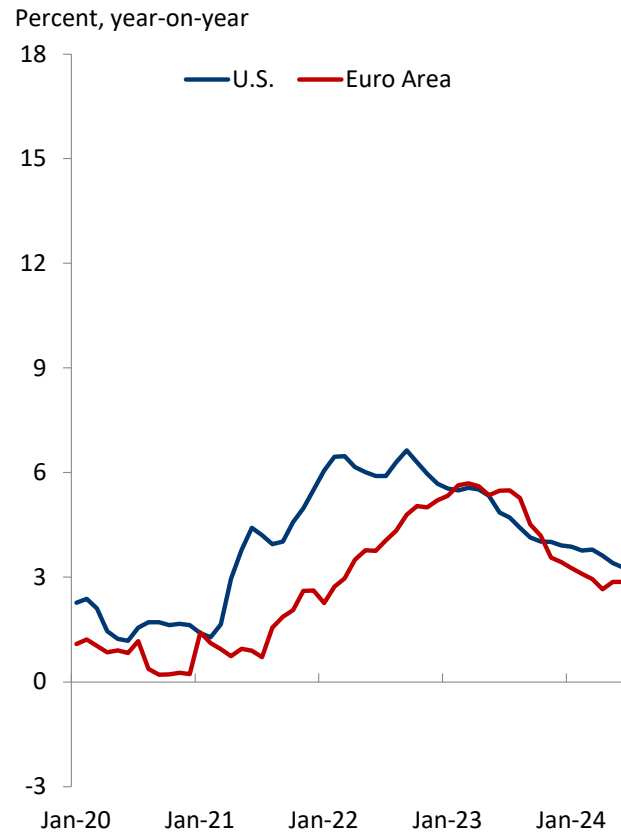
U.S. and Euro Area inflation profiles

Core is slowly falling and well above target while food is close to pre-pandemic

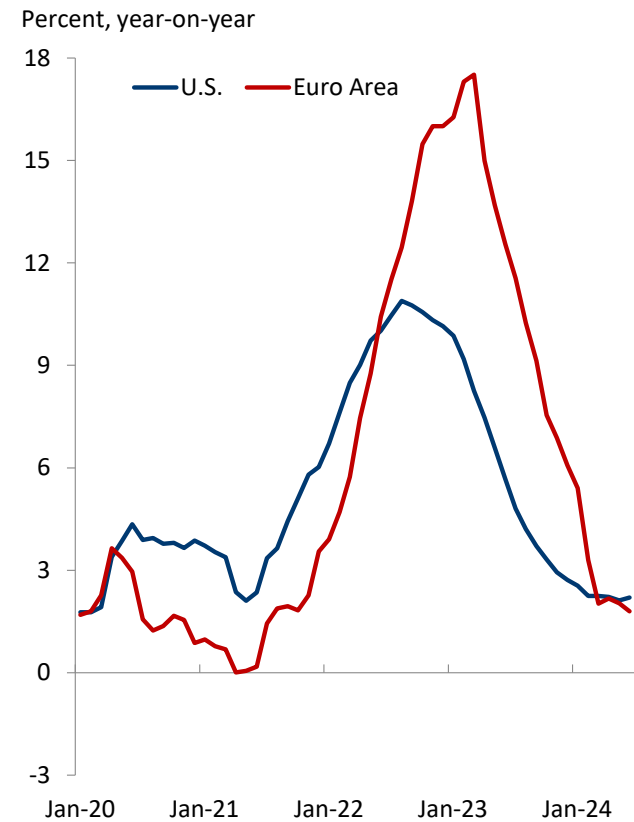
Headline



Core



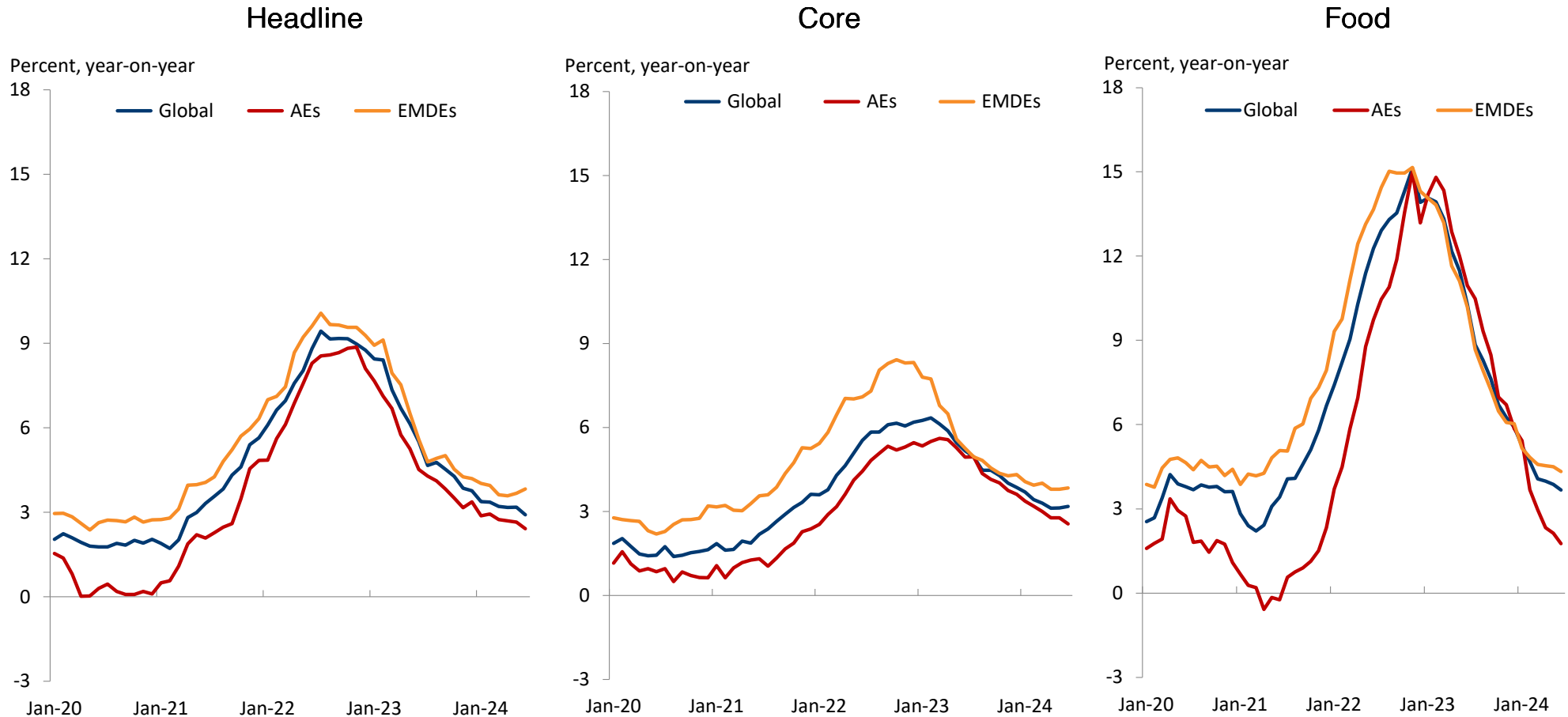
Food



Sources: Bureau of Labor Statistics; Eurostat; World Bank.
Note: Last observation is June 2024.

Global inflation profile

Falling across most income groups, core seen flattening

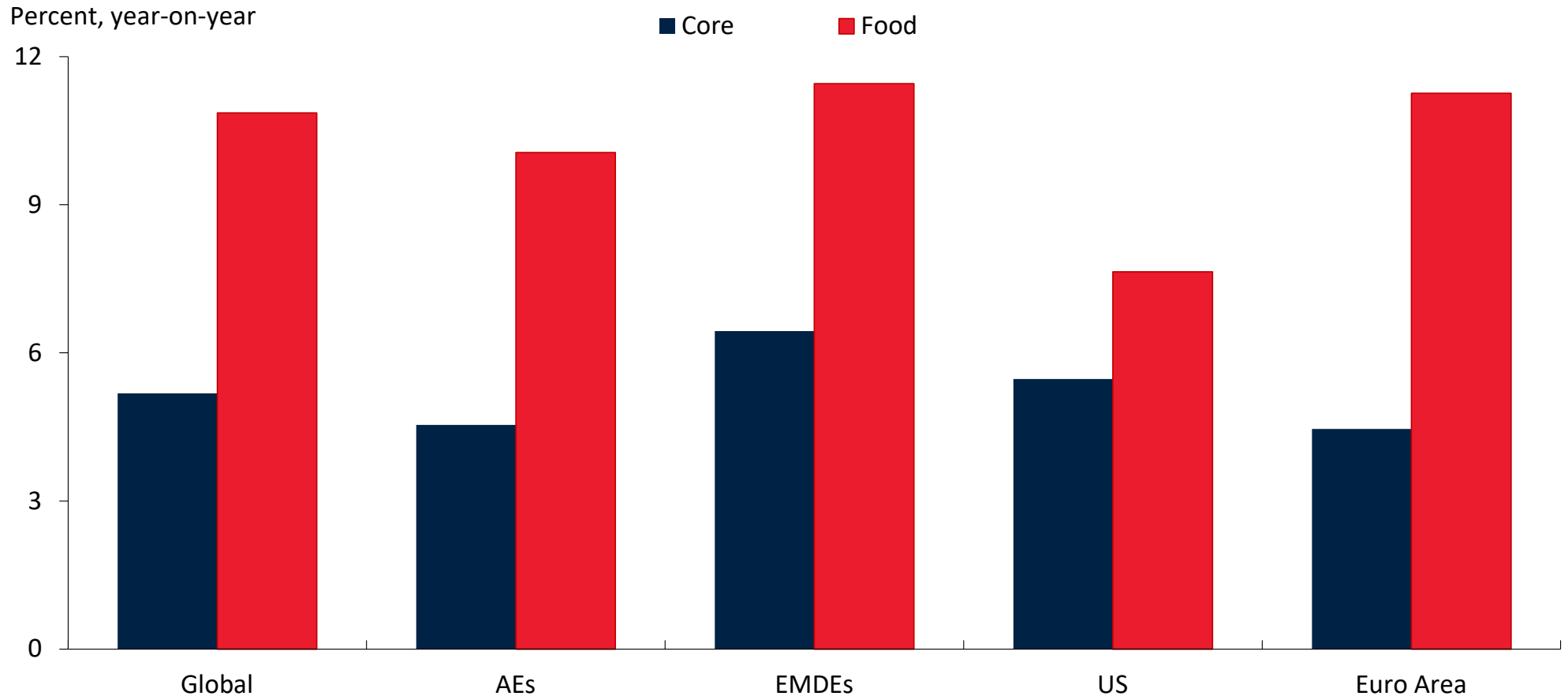


Sources: Haver Analytics; Ha, Kose, and Ohnsorge (2020); World Bank.

Note: Last observation is June 2024. AEs = Advanced Economies; EMDEs = Emerging Market and Developing Economies. Group median inflation for up to 35/31/23 AEs and 101/46/95 EMDEs.

Core vs food price inflation

Globally, food price inflation during 2022-23 was twice as high as core inflation

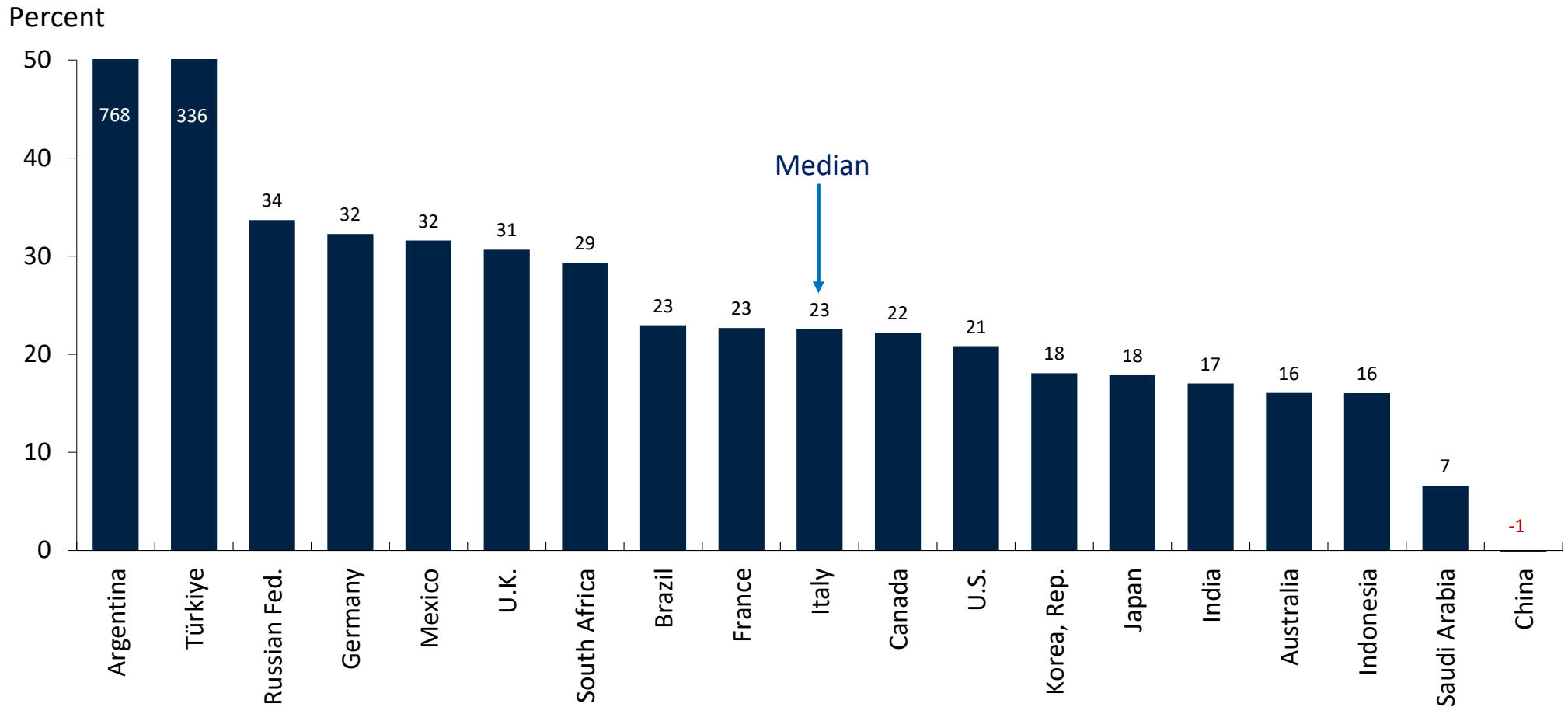


Sources: Haver Analytics; World Bank.

Note: Inflation represents average monthly percent changes over 2022-23, year-on-year. AEs = Advanced Economies, EMDEs = Emerging Market and Developing Economies.

Food price index for the G20

The median cumulative increase across the G20 from 2020Q4 to 2023Q4 was 23 percent

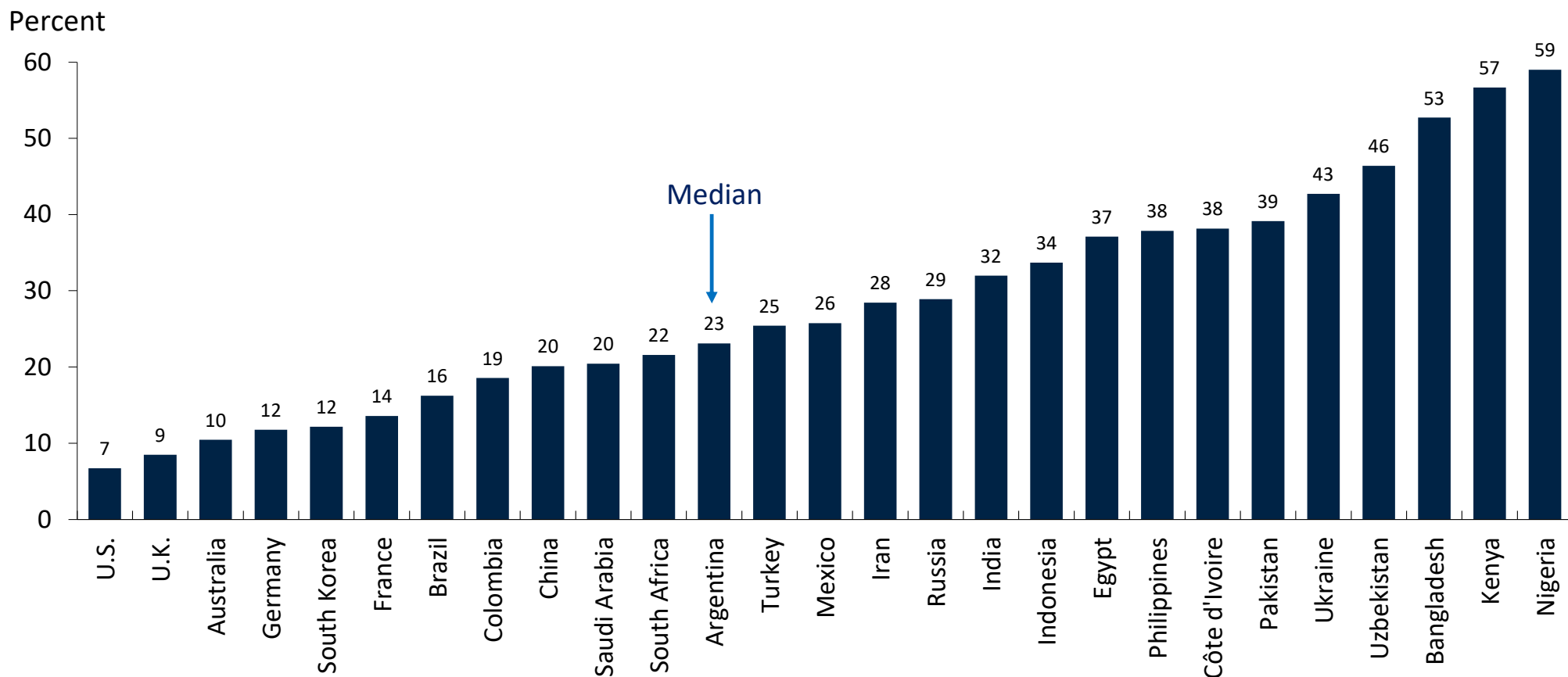


Sources: Food and Agriculture Organization of the United Nations (FAOSTAT database); World Bank.

Note: European Union and the Africa Union (both part of the G20) are not shown due to the unavailability of aggregate data. In 2023, G20 countries accounted for nearly 80% of global GDP.

Consumer expenditures spent on food in selected countries

The share of household expenditures spent on food ranges from 6.7 percent (U.S.) to 59 percent (Nigeria)



Sources: U.S. Department of Agriculture, 2022 edition.

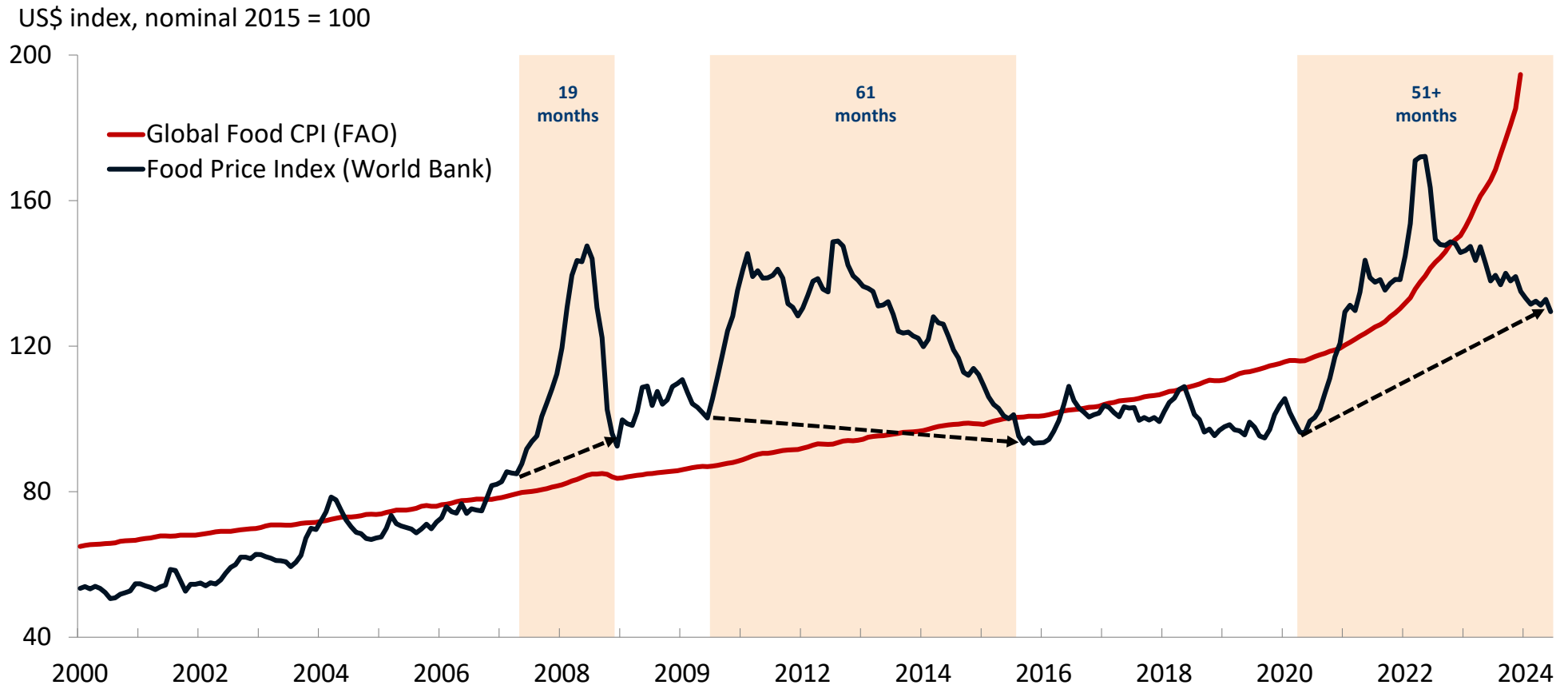
Note: Consumer expenditures refer to personal spending on goods and services. The chart illustrates data from 27 out of 104 countries surveyed. The median share of consumer expenditures across the entire sample is 23.1% while the median per capita expenditure is \$1,720.

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Persistent food price inflation

Rising food CPI amid falling global food prices

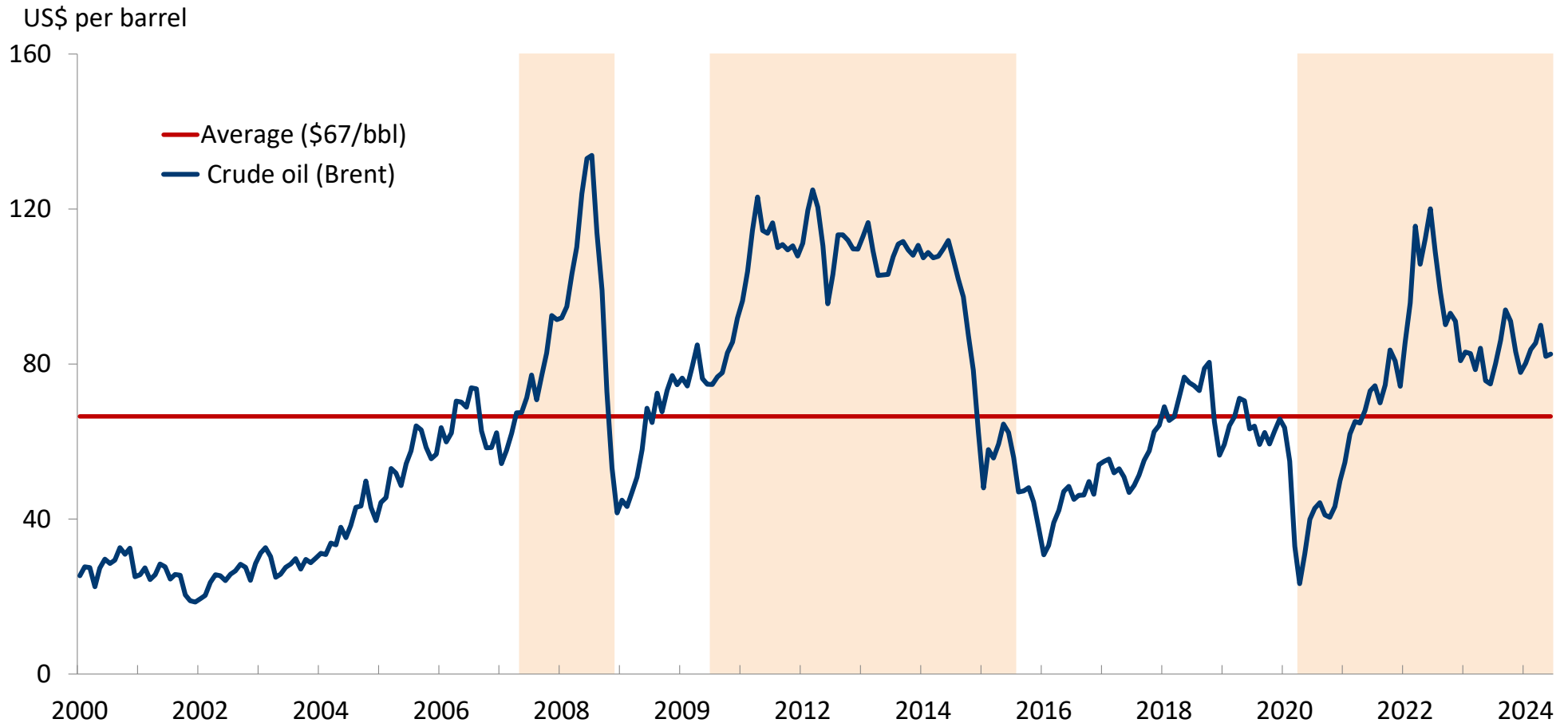


Source: World Bank; FAO.

Notes: Last observation for Global Food CPI is December 2023, and for the Food Price Index, it is June 2024. The CPI is calculated using weights from food expenditures for each country, adjusted to purchasing power parity. The shaded areas highlight three periods of boom-bust cycles in food commodity prices since 2000: May 2007 to November 2008, July 2015 to July 2020, and the ongoing period from April 2020 to June 2024. The duration of these cycles was estimated using a frequency-domain approach (Baffes and Kabundi 2023).

Crude oil price, 2000-2024

The oil price increase during 2022 was moderate compared to 2007-08 and 2011-14

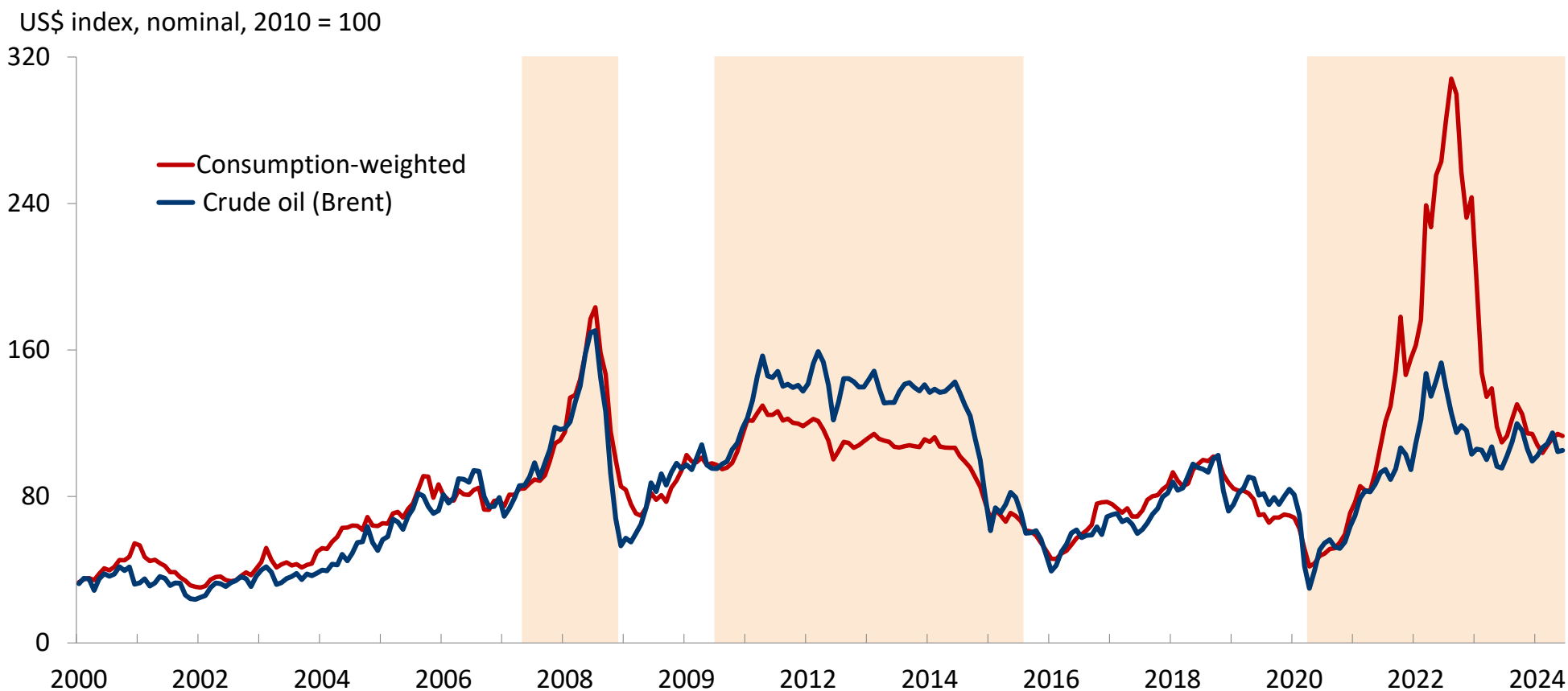


Source: World Bank.

Notes: Last observation is June 2024.

Crude oil vs consumption-weighted energy indexes

The consumption-weighted energy index shows a sharper rise during the pandemic



Source: BP Statistical Review and World Bank.

Notes: Last observation is June 2024. The Consumption-weighted index uses the average consumption shares for 2021-22, measured in Exajoules, with the following weights: Coal (32.6%), crude oil (37.6%), and natural gas (29.8%). The World Bank's energy price index, displayed earlier, is based on exports values by EMDEs, with these weights: Coal (4.7%), crude oil (84.5%), and natural gas (10.8%). The shaded areas correspond to the same periods as in the previous slide.

Key takeaways

- **The surge in headline and food price inflation during 2022-23 is a global phenomenon**, impacting most economies. At its peak in the last quarter of 2022, global food price inflation was twice as high as core inflation.
- **This trend was driven by several pandemic-related factors**, including supply chain disruptions amid lockdowns, wage increases due to tight labor markets, and fiscal policies aimed at smoothing consumption to avert recession. Additional trade disruptions following Russia's invasion to Ukraine exacerbated the situation.
- **The rise in food price inflation reflected, in part, increasing food commodity prices**, driven mostly by cost factors, rather than supply shortfalls as seen during the 2007-08 and 2010-11 periods. **Energy prices, particularly those of coal and natural gas, played a significant role**, with oil being less impactful. Energy prices peaked at the end of 2022, reaching more than four times their pre-pandemic average. As [Blanchard and Bernanke \(2024\)](#) noted “Globally ... inflation was due primarily to supply disruptions and sharp increases in the prices of food and energy.”
- **Although inflation has declined**, it remains above pre-pandemic levels, and the progress has been uneven across countries. Most central banks are now focused on bringing inflation down to target levels.

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July 2, 2024 — Energy prices increased 1.1% in June, led by natural gas (+9.9%). Non-energy prices eased by 1.3%. Food prices decreased by 2.5%. Raw materials changed little (+0.2%), while beverages climbed by 8.5%. Fertilizer prices surged by 9%. Metal prices contracted by 4.5%, led by nickel (-10.7%), iron ore (-9.6%), and zinc (-5.1%). Precious metals dipped by 0.8%.

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Risks in global food markets in six charts

JOHN BAFFES & DAWIT MEKONNEN | JUNE 06, 2024

This page in: English



Global food prices have stabilized amidst persisting risks.

This blog post is based on the [April 2024 Commodity Markets Outlook](#), a flagship report published by the World Bank.

Global food commodity prices stabilized in April 2024, following six consecutive quarterly declines. The World Bank's food price index is projected to decrease by 6 percent in 2024 and 4 percent in 2025. However, several risks underpin these price forecasts, including energy and fertilizer costs, potential maritime chokepoints, and weather-related supply shortfalls. In the longer term, biofuel policies could affect food prices.

Energy and fertilizer costs are easing. Energy and fertilizer prices are expected to decline by 3 and 22 percent, respectively, in 2024, with further declines projected in 2025. However, escalations of geopolitical tensions in the Middle East can push up energy prices and adversely affect fertilizer production—pushing food prices higher than forecast. Moreover, fertilizer producers in the Black Sea region, the Middle East, and North Africa heavily rely on the Suez Canal for exports, and this route could become unviable if Red Sea shipping disruptions intensify, raising the cost of transporting fertilizers to end-users.

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