

Food Price Index by FAO

April 12, 2022

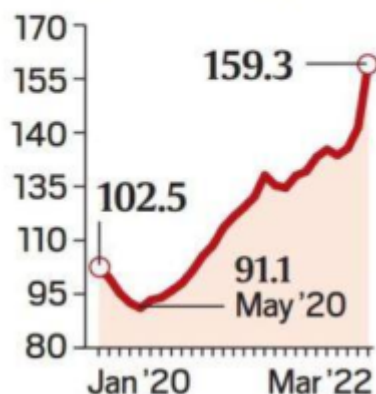
In news— Food and Agriculture Organization's (FAO) food price index has been released for the month of March 2022.

About the index-

- The FAO Food Price Index (FFPI) is **a measure of the monthly change in international prices of a basket of food commodities.**
- It is a weighted average of world prices of a basket of food commodities over a base period value (in this case, taken at 100 for 2014-16).
- The June 2020 edition of the Food Outlook presents the revision of the base period for the calculation of the FFPI and the expansion of its price coverage, to be introduced from July 2020.
- **FFPI averaged 159.3 points in March 2022**, up 17.9 points (12.6 percent) from February, making a giant leap to a **new highest level since its inception in 1990.**
- **The latest increase reflects new all-time highs for vegetable oils, cereals and meat sub-indices**, while those of sugar and dairy products also rose significantly.

RECORD LEVEL

FAO Food Price Index is at an all-time high



- It has exhibited **huge volatility in the last two years through the Covid-19 pandemic and now the Russia-Ukraine war.**
- The **index had crashed to a four-year low of 91.1 points in May 2020**, due to demand destruction triggered by pandemic-induced lockdowns across countries.
- The supply shortages have worsened with the Black Sea region tensions, leading to the index moving up almost 24 points or 17.5% between January and March.
- **The FAO's cereal and vegetable oil price indices hit record highs** of 170.1 points and 248.6 points, respectively in March, given **Russia and Ukraine's combined share of 28.3%, 19.5%, 30.8% and 78.3% in global exports of wheat, corn (maize), barley and sunflower oil**, respectively.
- FAO's meat and dairy price indices, too, averaged 120 points (an all-time high) and 145.2 points (highest since April 2014), respectively in March.
- **From India's standpoint**, the high global prices have enabled the **country's agricultural exports to grow by 19.9%** and reach a historic high of \$50.21 billion in 2021-22.