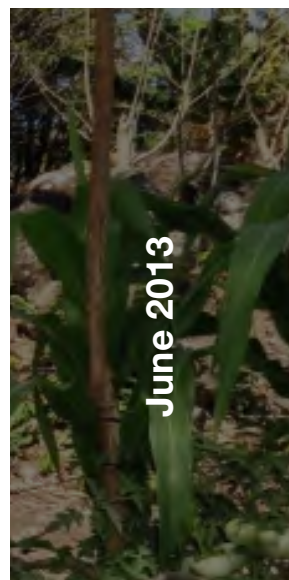


FAO Monthly Food Price Report FOOD PRICES IN LATIN AMERICA AND THE CARIBBEAN

FAO Regional Office for Latin America and the Caribbean



Key messages

- Regional **monthly food inflation** reached 0.7 % in May, slightly below its April level, due in large part to lower food inflation rates in the majority of countries in Latin America and the Caribbean.
- During May, **monthly food inflation rates in most regional economies were lower than the levels seen in April**. This is the case for Argentina, Brazil, Colombia, Ecuador, Honduras, Mexico, Panama, Paraguay, the Dominican Republic and Uruguay.
- **Poultry, beef and orange** prices were the foods that had the **highest positive incidence in the region's general inflation**. By contrast, the prices of **lemons and bananas** had the lowest impact.
- The **FAO Food Price Index** varied marginally in May (-0,3%) with regard to April.

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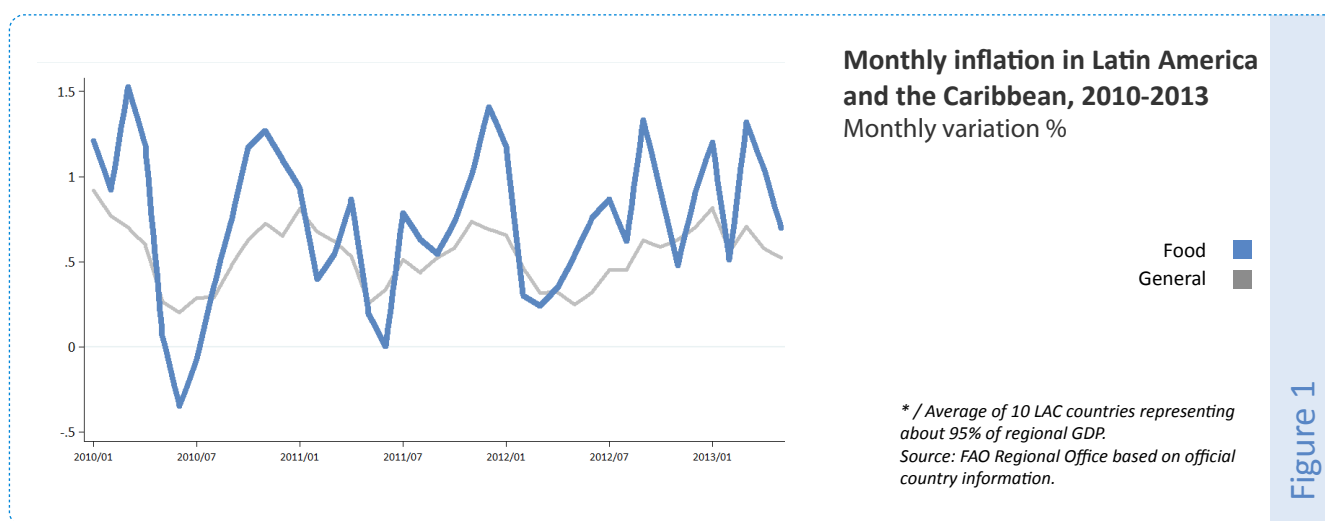
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Latin America and the Caribbean inflation report

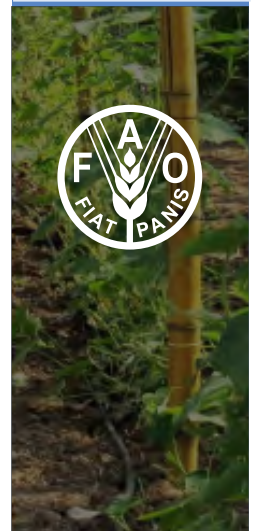
Regional monthly food inflation reached 0.7% in May, 0,4 % below its April level of 1.1%. This is due to lower food inflation rates in most countries, compared to April.

Regional monthly headline inflation reached 0.5 %, maintaining the average of the last 12 months.



YEAR-ON-YEAR INFLATION

Year-on-year food and headline inflation rates continued their upward trend as has been the case during the first months of 2013. Regional inter-annual food inflation went from 11.2 % in April to 11.5% in May. Regional inter-annual headline inflation increased from 7% in April to 7.4% in May.



Monthly and annual inflation in LAC countries, May 2013

Percentages

	Monthly		Annual	
	Headline	Food	Headline	Food
Argentina	0.7	0.1	10.3	6.3
Bolivia	0.3	0.1	4.7	5.1
Brazil	0.4	0.3	6.5	13.5
Chile	0.0	0.4	0.9	4.9
Colombia	0.3	0.2	2.0	1.3
Costa Rica	0.0	-0.1	5.3	3.3
Ecuador	-0.2	-0.9	3.0	2.4
El Salvador	-0.1	-0.4	0.1	1.9
Guatemala	0.3	0.6	4.3	8.7
Honduras	0.3	0.2	4.8	4.8
Mexico	-0.3	-0.3	4.6	8.6
Nicaragua	1.0	1.6	7.7	10.6
Panama	0.4	0.6	3.7	5.3
Paraguay	-0.3	-1.4	0.9	-0.9
Peru	0.2	0.6	2.5	3.2
Dom. Republic	-0.2	-0.8	5.0	6.0
Uruguay	0.3	-0.4	8.1	10.6
Venezuela, RB	6.1	10.0	35.2	48.1
LAC*	0.5	0.7	7.4	11.5

* / Average of 10 LAC countries representing about 95% of regional GDP.
Source: FAO Regional Office based on official country information.

Table 1

Monthly inflation in Latin America and the Caribbean

Central America, Mexico and the Caribbean

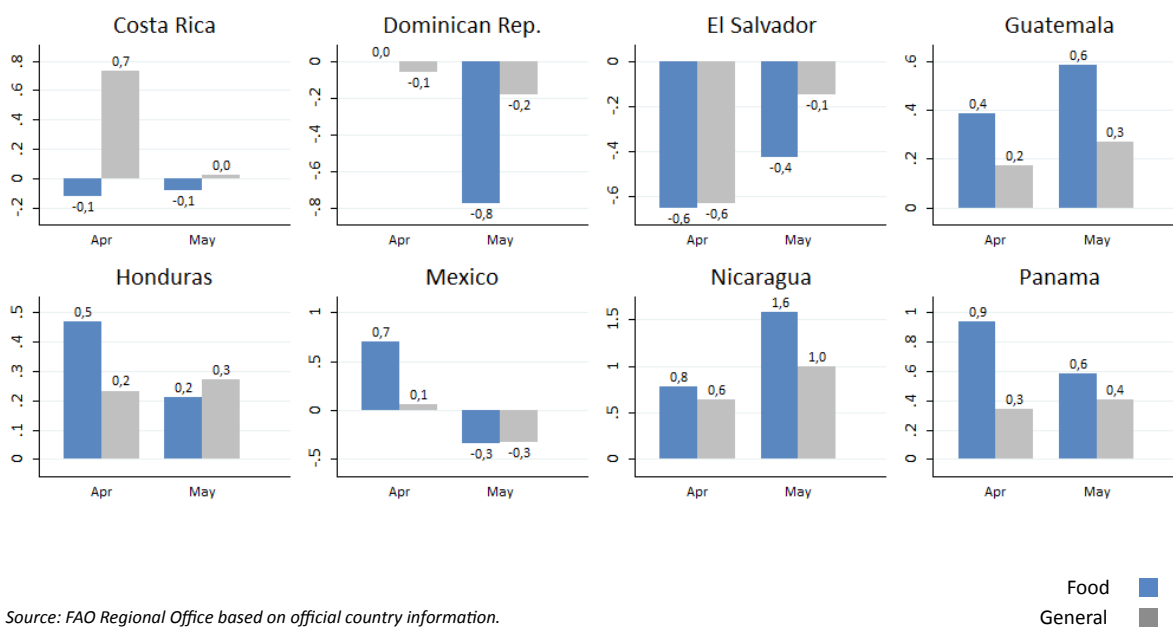
Guatemala and Nicaragua showed monthly headline and food inflation rates that were higher than those of April. However, there is great difference between them, since in Guatemala the variations were only slightly higher than the previous month, while in Nicaragua the May variations doubled the April levels.

In contrast, in El Salvador, Mexico and the Dominican Republic the price indices –headline and food– showed slight negative variations. In El Salvador this phenomenon is repeated for the second consecutive month.

Although Honduras and Panama reported increases in their food inflation, they were barely above zero and were less than the rates reported in April.

Finally, in Costa Rica the headline and food inflation rates showed practically no variation in May.

Monthly inflation in Central America, Mexico and the Caribbean
Percentages



Source: FAO Regional Office based on official country information.

Figure 2



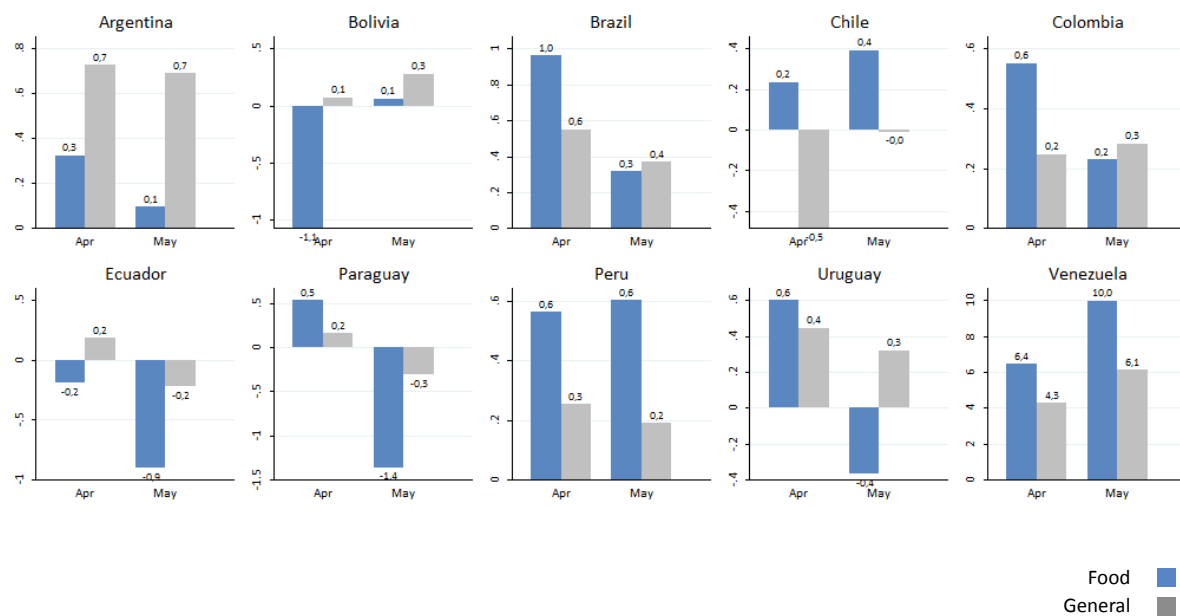
South America

During May, the majority of the economies in this sub-region registered monthly food inflation rates lower than those seen in April. Such is the case of Argentina, Brazil, Colombia, Ecuador, Paraguay and Uruguay.

In Bolivia, Chile and the Bolivarian Republic of Venezuela, however, monthly headline and food inflation rates were higher in May compared to April.

In spite of these changes, in many countries both food and headline inflation rates did not exceed 0.5 %.

Annual inflation in South America
Percentages



Source: FAO Regional Office based on official country information.

Figure 3

Food with the highest incidence in the monthly inflation of LAC countries

Meat –particularly poultry and beef– and oranges were the products that had the highest influence on the positive variation of regional food prices. On the contrary, products such as lemons and bananas showed drops in several countries, while other food products, such as tomatoes, potatoes, onions show mixed results.

Poultry meat had the highest incidence in positive food inflation in Mexico, its price varying 4.4% in that country, and the second highest in Bolivia and Guatemala. Beef had the biggest influence in Chile (1.4%) and the second highest in Colombia (1.7%). On the other hand, Paraguay registered drops in the prices of beef, and in Chile pork prices fell by 3.1%, becoming the second product with the highest negative incidence in price variations.

Lemons were the product that had the highest negative impact on prices, falling by 11.5% in Chile, 15.9% in Argentina, 12.9% in the Dominican Republic (sour lemons) and 16.7% in Uruguay. Bananas were the product with the highest negative incidence in Chile and Costa Rica, and the second in Colombia, varying negatively by 22.8%, 4.6% and 5%, respectively.

Finally, tomatoes, potatoes and onions, among other, showed mixed results across the region and within countries. In Mexico, red tomatoes were the second product with the highest positive incidence in price variations, with an increase of 10.7% in May, while green tomatoes fell by 23.3%, becoming the food with the highest negative incidence. Other countries that saw rises in tomato prices were Colombia (13.4%, the third product with the highest influence) and the Dominican Republic (15.6%). In other countries it showed negative variations, such as in Bolivia (-19.9%), Guatemala (-6.4%) and Uruguay (-11.5%). In all these countries, save for Uruguay, tomatoes were the food product they had the biggest effect on price reductions.

Potatoes showed increases in Chile, Colombia and Costa Rica. In the latter two countries it was the product of greatest positive impact on overall prices, while in Chile it was the second largest contributor to rising prices. In Argentina and the Dominican Republic, the price of potatoes fell by 8% and 10.3%. Finally, onions showed increases in Nicaragua (27.1%) and Uruguay (10.9%), while they decreased their prices in Mexico (-30%) and Dominican Republic (-9.3%).

Products with higher incidence in the general inflation in LAC, May 2013

Country	Positive incidences			Negative incidences		
	Product	Variation (%)	Incidence (% points)	Product	Variation (%)	Incidence (% points)
Bolivia	Rice	16,1	0,180	Tomatoes	-19,9	-0,280
	Poultry meat (whole)	2,8	0,050	Oranges	-9,0	-0,040
	Peas	11,4	0,040	Tangerines	-11,1	-0,030
Chile	Beef	1,4	0,033	Bananas	-22,8	-0,044
	Potatoes	6,4	0,028	Lemons	-11,5	-0,023
	Oranges	12,9	0,024	Pork	-3,1	-0,013
Colombia	Potatoes	17,4	0,080	Other fresh fruits	-8,9	-0,070
	Beef	1,7	0,040	Bananas	-5,0	-0,010
	Tomatoes	13,4	0,030			
Costa Rica	Potatoes	28,1	0,099	Bananas	-4,6	-0,013
				Eggs	-1,4	-0,009
				Watermelon	-7,8	-0,008
Guatemala	Eggs	3,3	0,070	Tomatoes	-6,4	-0,050
	Poultry meat	...	0,060	Beans	-1,6	-0,020
	Güisquil	23,6	0,060			
Mexico	Poultry meat	4,4	0,065	Green tomatoes	-23,8	-0,071
	Red tomatoes	10,7	0,035	Onions	-30,0	-0,062
	Eggs	3,9	0,035	Baby squash	-37,5	-0,054
Nicaragua	Oranges	21,0	0,117	Beans	-5,9	-0,039
	Onions	27,1	0,110	Common bread	-1,4	-0,019
	Cabbages	42,5	0,066	Maize tortillas	-1,6	-0,018

.../ not available

Source: FAO Regional Office based on official country information.

Table 2

Monthly variation in food prices selected LAC countries, May 2013

Country	Positive		Negative	
	Product	Variation(%)	Product	Variation(%)
Argentina	Tangerines	7,2	Lemons	-15,9
	Pears	7,1	Potatoes	-8,0
	Cucumbers	3,9	Chard	-6,9
Dominican Republic	Tomatoes	15,6	Sours lemons	-12,9
	Peppers	14,9	Potatoes	-10,3
	Oranges	8,6	Onions	-9,3
Uruguay	Pears	11,5	Lemons	-16,7
	Onions	10,9	Spinach	-15,9
	Squash	10,8	Tomatoes	-11,5

Source: FAO Regional Office based on official country information.

Table 3

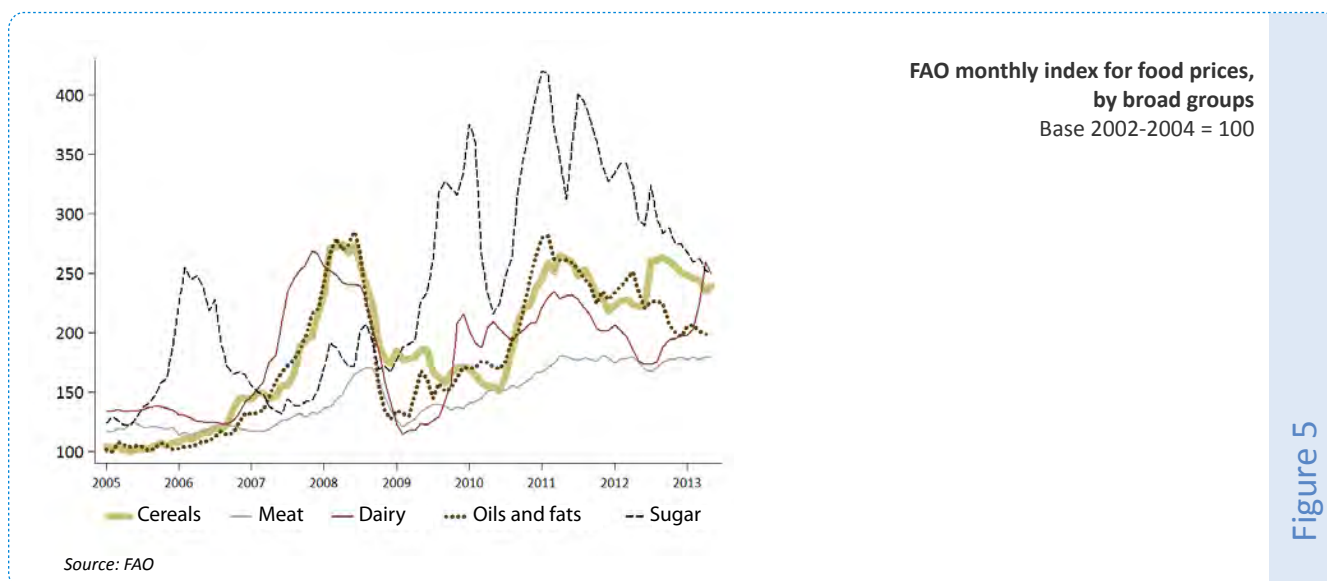
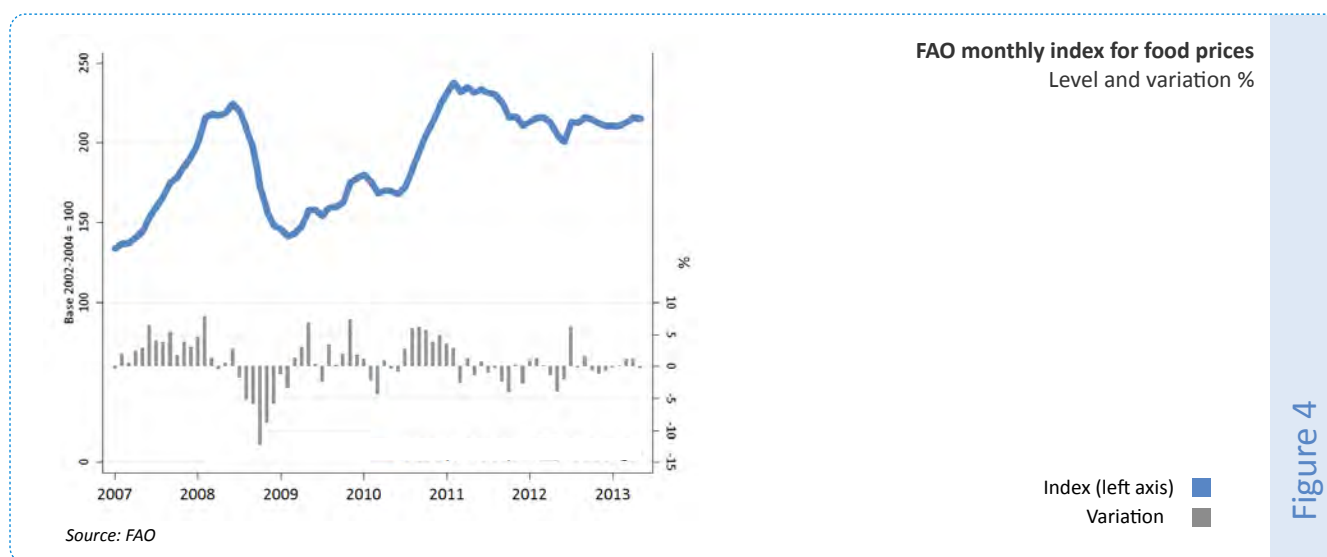
International food prices

The international food prices, measured by the FAO index, practically maintained the same level in May regarding April, falling marginally by -0.3%.

Nevertheless, grain prices showed an increase of 1.9% between April and May, caused largely in reaction to the restriction of export supplies and delayed planting in the United States.

Meanwhile, the greatest decrease was observed in dairy product prices, which fell by 3.5% in May. Despite this drop, dairy prices have recorded an increase of 27% so far in 2013.

Finally, the prices of meat and oils and fats were stable during May.



Annex

Rates of food and headline inflation in selected LAC countries

Percentages

País	Food inflation							Inflación General						
	Annual % variation				Monthly % variation			Variación % anual				Variación % mensual		
	2010	2011	2012	May. 2013	Mar. 2013	Abr. 2013	May. 2013	2010	2011	2012	May. 2013	Mar. 2013	Abr. 2013	May. 2013
Argentina	14.7	7.6	9.9	6.3	0.5	0.3	0.1	10.9	9.5	10.8	10.3	0.7	0.7	0.7
Bolivia	11.6	6.9	5.6	5.1	0.0	-1.1	0.1	7.2	6.9	4.5	4.7	0.2	0.1	0.3
Brazil	10.4	7.2	9.9	13.5	1.1	1.0	0.3	5.9	6.5	5.8	6.5	0.5	0.6	0.4
Chile	5.6	8.6	4.7	4.9	0.7	0.2	0.4	3.0	4.4	1.5	0.9	0.4	-0.5	0.0
Colombia	4.1	5.3	2.5	1.3	0.2	0.6	0.2	3.2	3.7	2.4	2.0	0.2	0.2	0.3
Costa Rica	9.0	4.1	1.2	3.3	-0.6	-0.1	-0.1	5.8	4.7	4.6	5.3	0.1	0.7	0.0
Ecuador	5.4	6.8	5.0	2.4	0.8	-0.2	-0.9	3.3	5.4	4.2	3.0	0.4	0.2	-0.2
El Salvador	7.9	3.1	1.1	1.9	0.9	-0.6	-0.4	2.1	5.1	0.8	0.1	0.4	-0.6	-0.1
Guatemala	...	...	6.0	8.7	1.0	0.4	0.6	5.4	6.2	3.4	4.3	0.5	0.2	0.3
Haiti	7.8	9.0	8.8	...	0.8	0.5	...	6.2	8.3	7.6	...	0.6	0.3	...
Honduras	9.2	1.9	4.1	4.8	0.6	0.5	0.2	6.5	5.6	5.4	4.8	0.5	0.2	0.3
Mexico	4.9	5.8	7.5	8.6	2.0	0.7	-0.3	4.4	3.8	3.6	4.6	0.7	0.1	-0.3
Nicaragua	13.7	9.3	8.1	10.6	-0.1	0.8	1.6	9.2	8.0	6.6	7.7	0.1	0.6	1.0
Panama	5.1	7.5	7.2	5.3	0.5	0.9	0.6	4.9	6.3	4.6	3.7	0.4	0.3	0.4
Paraguay	11.2	3.9	0.7	-0.9	0.0	0.5	-1.4	7.2	4.9	4.0	0.9	-0.1	0.2	-0.3
Peru	2.5	8.0	4.1	3.2	0.8	0.6	0.6	2.1	4.7	2.6	2.5	0.9	0.3	0.2
Dominican Republic	5.5	9.7	6.3	6.0	0.5	0.0	-0.8	6.2	7.8	3.9	5.0	0.4	-0.1	-0.2
Trinidad & Tobago	29.5	10.9	12.7	...	0.4	...	...	13.4	5.3	7.2	...	0.2	...	...
Uruguay	8.4	8.7	10.8	10.6	1.1	0.6	-0.4	6.9	8.6	7.5	8.1	0.7	0.4	0.3
Venezuela, RB	33.8	33.6	23.7	48.1	3.3	6.4	10.0	27.2	27.6	20.1	35.2	2.8	4.3	6.1
LAC^a	9.6	8.5	8.9	11.5	1.3	1.1	0.7	6.8	7.0	6.0	7.4	0.7	0.6	0.5
LAC^b	9.6	9.7	7.5	9.8	0.9	0.9	1.0	7.2	7.8	6.0	7.5	0.7	0.6	0.7

Source: Based on official country information.

... / No information.

a / Refers to the weighted average with information from ten countries representing 95% of regional GDP. The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Peru, Venezuela RB.

b / Simple average calculated from the same ten countries mentioned above.

Glossary

Incidence or contribution to variation of the Consumer Price Index: effect of each of the goods and services on the variation of the overall price index. This effect depends on the magnitude of the change in price and the weight of the good or service being analyzed. The total sum of each of these effects is equal to the variation of the CPI for the reference period.

Consumer Price Index (CPI): an index that measures changes in prices of goods and services acquired or used by households. The total set of goods and services covered by the CPI can be divided into groups such as "food and beverages." This index is usually monthly produced and published by the national statistical institute of the respective countries.

FAO food price index: an index that measures monthly change in international prices of a basket of goods. It consists in the average price indices of five groups of commodities (which include more than 55 series of nominal prices), weighted with the average export shares of each of the groups for 2002-2004. <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/es/>

Inflation: sustained and widespread increase in the price level of an economy, often measured through the Consumer Price Index. The inflation rate is the percentage change in the price index in a given period.

Accumulated inflation: the percentage change in the price index between the reference month and December of the previous year. This variation can be calculated for the CPI and for each of its divisions.

Year-on-year inflation: the percentage change in the price index over a period of twelve months. By convention, the change between the months of December of two successive years is known as annual inflation, while for the rest of the months is called year-on-year inflation. This variation can be calculated for the general price level (using the CPI) or for each of the divisions of the CPI (eg, food, clothing, transportation, housing, etc.).

Monthly inflation: the percentage change in the price index between two successive months. This variation can be calculated for the CPI or for each of its divisions.