

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

FAO Regional Office for Latin America and the Caribbean



November 2013

Main messages

- **The monthly food inflation of Latin America and the Caribbean** reached 0.8% in October, a slightly higher rate than during September, mainly due to the influence of South America.
- **Argentina, Bolivia, Brazil, Ecuador, Paraguay and Venezuela** showed variations in their food price indexes of at least 1% during October, while **Colombia, Honduras, Mexico and Nicaragua** experienced negative variations during that same month.
- The price of **potatoes** had a positive incidence on the general price levels of several countries in the region, while **tomatoes, lemons and onions** showed mixed results in several countries for the second month in a row.
- The **FAO International food price index** varied 1.3% between September and October, ending a downward trend that lasted for the past five months.

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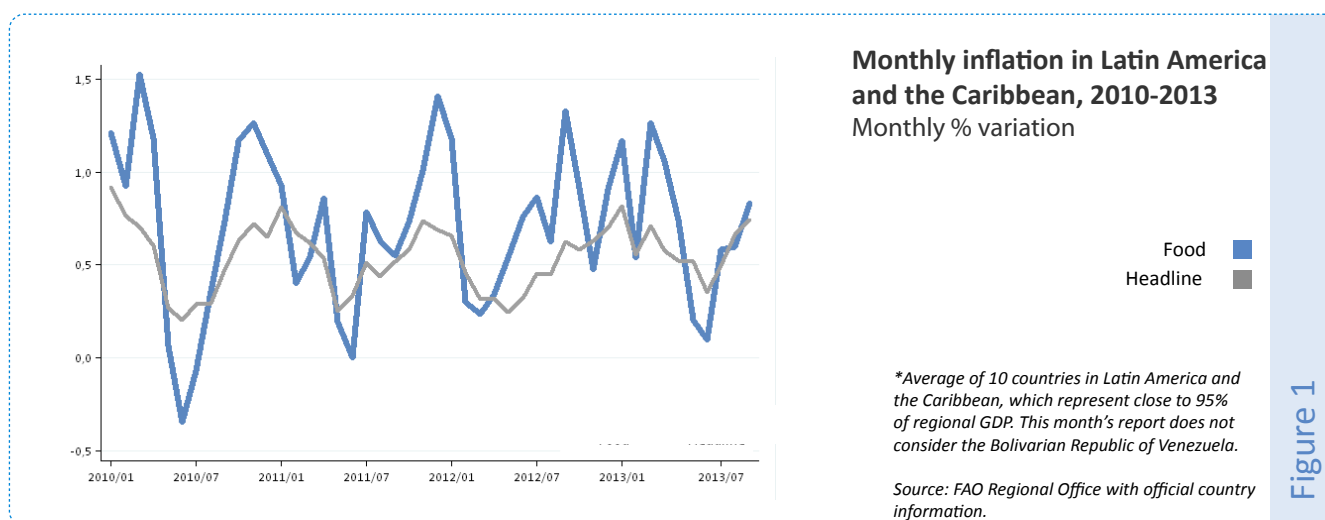
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Inflation report for Latin America and the Caribbean

Food inflation in Latin America had a monthly variation of 0.8% in October, slightly above the level seen in September, of 0.6%, in large part due to the variations seen in the food price indexes of South American economies. Although food inflation during October was one of the highest monthly rates for 2013, it was far from the maximum level reached in March, of 1.3%.

Regional headline inflation reached 0.7% during October, with no variation with respect to September, ending a three month upward trend.



YEAR-ON-YEAR INFLATION

The price variations of the past twelve months showed signs of stability during October. On the one hand, regional year-on-year food inflation maintained the same level as in September -9.6%- while headline year-on-year inflation increased slightly, from 7.8% in September to 8% in October.



Monthly and annual inflation in countries of LAC, October 2013

Percentages

	Monthly		Annual	
	Headline	Food	Headline	Food
Argentina	0.9	1.0	10.5	7.1
Bolivia, PE	0.7	1.5	7.5	14.6
Brazil	0.6	1.0	5.8	8.9
Chile	0.1	1.8	1.5	2.8
Colombia	-0.3	-1.0	1.8	0.7
Costa Rica	-0.8	0.4	4.1	4.2
Ecuador	0.4	1.0	2.0	0.4
El Salvador	-0.1	0.0	0.5	2.4
Guatemala	0.0	0.0	4.2	7.9
Honduras	0.1	-0.2	4.6	4.1
Mexico	0.5	-0.1	3.4	2.4
Nicaragua	-0.2	-0.4	6.7	9.1
Panama	0.1	0.4	3.9	6.0
Paraguay	0.8	2.5	4.4	9.4
Peru	0.0	0.0	3.0	3.3
Dom. Repub.	-0.1	0.0	4.7	4.2
Uruguay	0.8	0.8	8.7	9.8
Venezuela, BR	5.1	5.6	54.3	72.1
LAC*	0.7	0.8	8.0	9.6

**Average of 10 countries in Latin America and the Caribbean, which represent close to 95% of regional GDP. This month's report does not consider the Bolivarian Republic of Venezuela.*

Source: FAO Regional Office with official country information.

Table 1

Monthly inflation in countries of Latin America and the Caribbean

Central America, Mexico and the Caribbean

In October, the monthly inflation rates –both headline and food inflation– did not show significant changes in Central America, Mexico and the Dominican Republic.

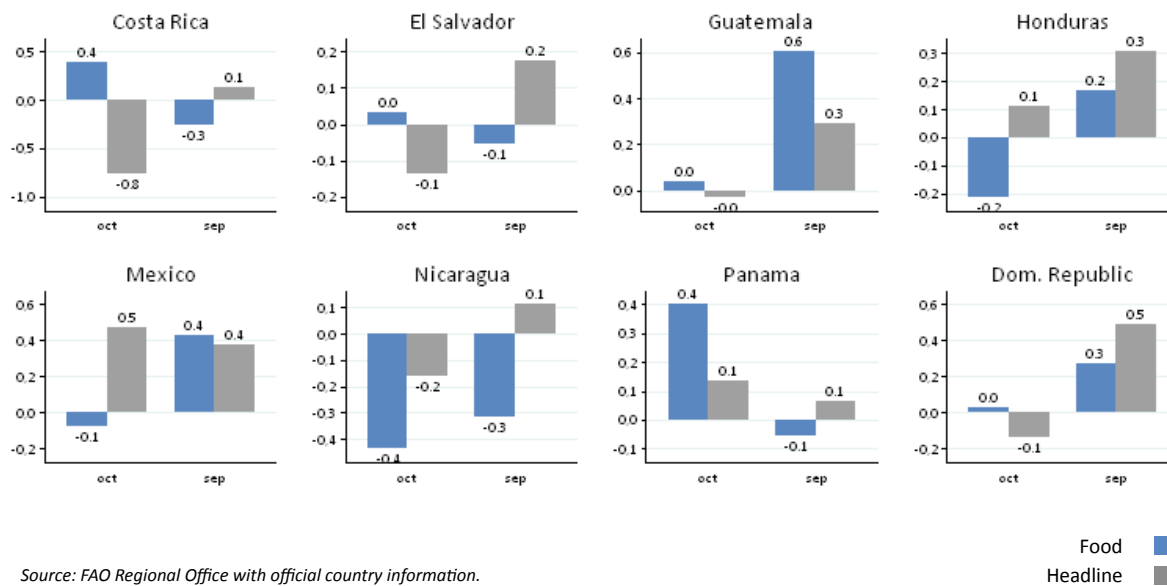
Costa Rica and Panama were the only two countries in Central America that showed positive variations in their food price indexes during October, although they were moderate and in both cases reached 0.4%.

In contrast, Honduras, Mexico and Nicaragua showed small negative variations in their food prices, which did not exceed half a percentage point.

El Salvador, Guatemala and the Dominican Republic suffered almost no changes in their food and headline inflation rates.

Monthly inflation in Central America, Mexico and the Caribbean

Percentages



Source: FAO Regional Office with official country information.

Figure 2

South America

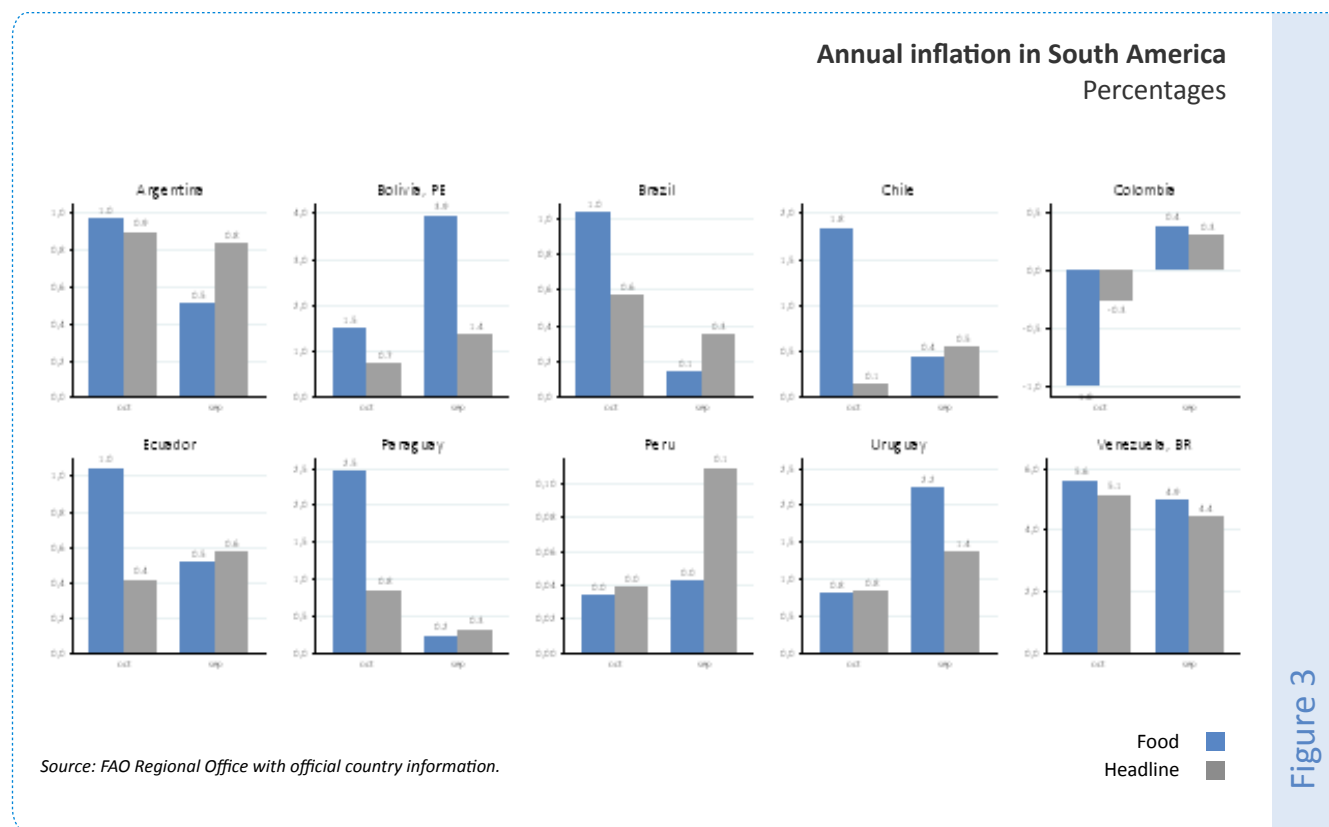
The most outstanding changes in food inflation rates during October were seen in South American countries, which accounted for the small upsurge that regional food inflation had.

Some of the largest economies of this subregion, such as Argentina, Brazil and Venezuela, showed increases in their food inflation rates of at least half a percentage point from September to October. Brazil and Argentina's food inflation reached 1%, while in Venezuela said rate exceeded 5%.

Similarly, during October both Chile and Paraguay registered notably higher inflation rates than in September. While in Chile food inflation reached 0.4% in September, during October food inflation rose to almost 2%, while in Paraguay that rate increased from 0.2% in September to almost 3% in October. Ecuador had a more moderate change in its food inflation: from 0.5% in September, to 1% in October.

The food inflation rates of Bolivia and Uruguay in October were less than half the values seen in September. With this change, both countries broke the tendency of the last few months, when their food rates were experiencing a relative increase.

Finally, in Peru there were no changes either in headline or food inflation, while in Colombia there was a notable 1% decrease in food inflation.



Principal foods that affected monthly inflation of countries in LAC

Potatoes had the largest positive incidence on headline inflation, according to the latest country reports. Bell peppers, on the contrary, had the highest negative incidence on inflation. Lemons and onions showed mixed results for the second month in a row, with their prices falling or increasing depending on the country.

In Bolivia and Chile, potatoes were the product which had the greatest positive incidence on prices, while in Costa Rica it was the third product, after coriander and canned tuna. In Bolivia, potato prices increased 13% in one month, 21.1% in Chile and 5.2% in Costa Rica. In Colombia, potato prices dropped by 17%, being the product with the highest negative effect on the variation of general prices.

Bell pepper prices fell in Bolivia, Chile and Uruguay. On Bolivia and Chile they were the third product with the largest negative incidence on price variation, falling by 19% in Bolivia and 9% in Chile, while in Uruguay it was one of the products with the largest drop in prices during October, falling 22%.

As in September, the behaviour of the price of tomatoes was mixed: it increased by 33.1% in Argentina, 8.3% in Bolivia and 7% in Chile, being one of the three most important products in the increase of general prices in Bolivia and Chile. In Guatemala and Nicaragua the prices of tomatoes fell by 9% and 8%, respectively, being the first and second most important product in the negative variation of prices in these countries. It is important to note that in September the price of tomatoes had already increased 27% in Bolivia and had fallen by 15% in Nicaragua.

The prices of lemons increased in Argentina by 27.9% and 18.2% in Uruguay, while it fell by 20% in Nicaragua, being the third food product with the greatest negative impact on the level of general prices in that country.

The prices of onions had new hikes in Mexico, increasing by more than 36% in October after a significant increase of 18% in September. Because of this it became the second product with the greatest increase in prices, after eggs. In Guatemala, onions were the product with the highest incidence on prices increases, while in Costa Rica onions prices fell by 8% and by 16% in Uruguay.

Finally, the reduction in the price of poultry meat in Mexico during October was of note. The two products that had the greatest negative incidence on price variations in Mexico during the month were poultry and meat from corral poultry, which varied by -8.9% and -7.4%, respectively.

Products with the highest incidence in the headline inflation of countries of LAC, October 2013

Country	Positive incidences			Negative Incidences		
	Product	Variation (%)	Incidence (% Points)	Product	Variation (%)	Incidence (% Points)
Bolivia	Potatoes	12.9	0.370	Chicken meat (whole)	-2.6	-0.050
	Tomatoes	8.3	0.160	Peas	-10.1	-0.040
	Locoto	32.3	0.040	Red pepper	-18.7	-0.030
Chile	Potatoes	21.1	0.128	Lettuce	-12.1	-0.030
	Squash	44.1	0.038	Sausages	-1.8	-0.012
	Tomatoes	6.7	0.022	Red pepper	-8.9	-0.009
Colombia	Cold meats and sausages	1.1	0.010	Potatoes	-16.6	-0.090
	Other dairy products	0.9	0.000	Other fresh fruits	-5.0	-0.040
	Cheese	0.6	0.000			
Costa Rica	Coriander	25.1	0.027	Onions	-7.9	-0.018
	Canned tuna	3.1	0.024			
	Potatoes	5.2	0.023			
Guatemala	Onions	18.7	0.080	Tomatoes	-8.9	-0.080
	Bread	...	0.020	Corn	-4.8	-0.080
	Coriander	15.9	0.020			
Mexico	Eggs	6.8	0.017	Corral poultry	-7.4	-0.059
	Onions	36.3	0.011	Poultry	-8.9	-0.036
	Pasteurized milk	1.7	0.009	Avocados	-19.7	-0.021
Nicaragua	Cheese	5.5	0.104	Sweet pepper	-11.6	-0.084
	Other fresh fruits	9.0	0.044	Tomatoes	-8.2	-0.064
	Curd	6.1	0.033	Lemons	-20.0	-0.056

.../ Not available
Source: FAO Regional Office with official country information.

Table 2

Monthly variation in the price of selected food in LAC countries, October 2013

Country	Positive		Negative	
	Product	Variation (%)	Product	Variation (%)
Argentina	Tomatoes	33.1	Eggplant	-37.6
	Chilli	32.4	Squash	-35.0
	Lemons	27.9	Strawberries	-21.3
Dom. Republic	Limes	18.2	Chilli	-8.6
	Lettuce	15.4	Cassava	-4.3
	Seasonal fruits	11.8	Vegetables	-4.2
Uruguay	Squash	22.8	Red peppers	-21.6
	Bananas	5.5	Onions	-15.7
	Sweet potatoes	4.6	Strawberries	-8.6

Source: FAO Regional Office with official country information.

Table 3

International food prices

International food prices increased slightly during October, ending a five month decline in prices. The FAO food price index varied 1.3% between September and October.

The positive variation in the FAO index was mainly due to the rise in the international price of sugar (7.5%), oils and fats (2%) and cereals (1.1%).

In spite of the increase seen during October, the FAO index accumulates a 5% drop in the past twelve months, and a 4% drop during 2013.

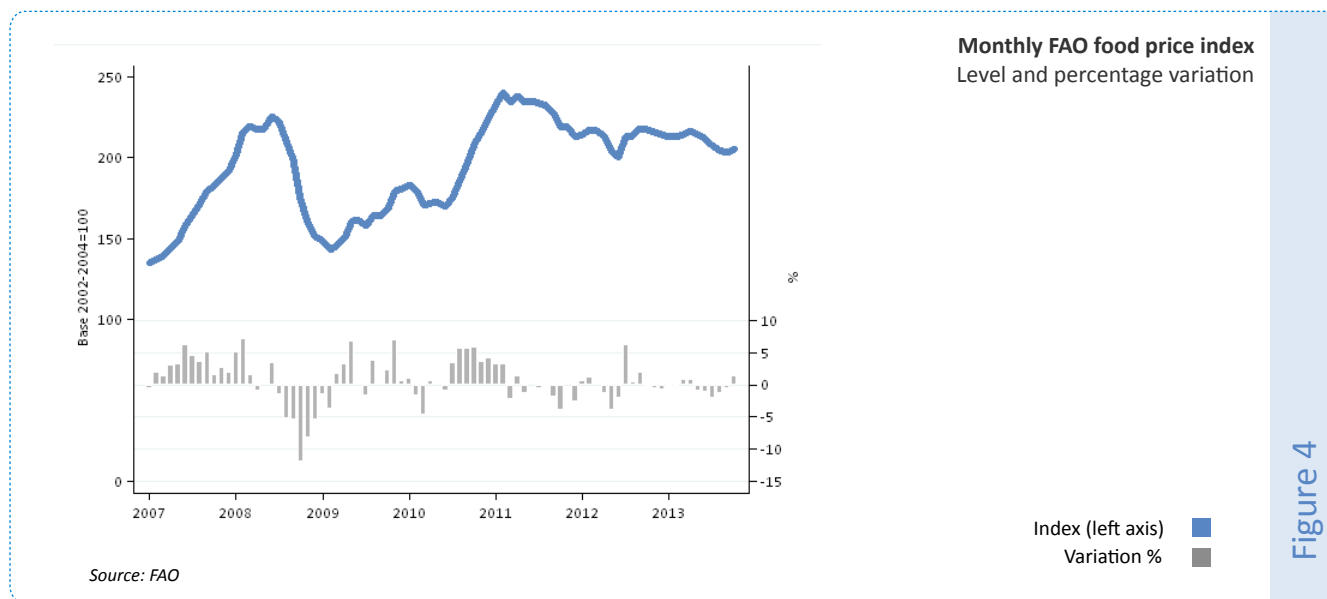


Figure 4

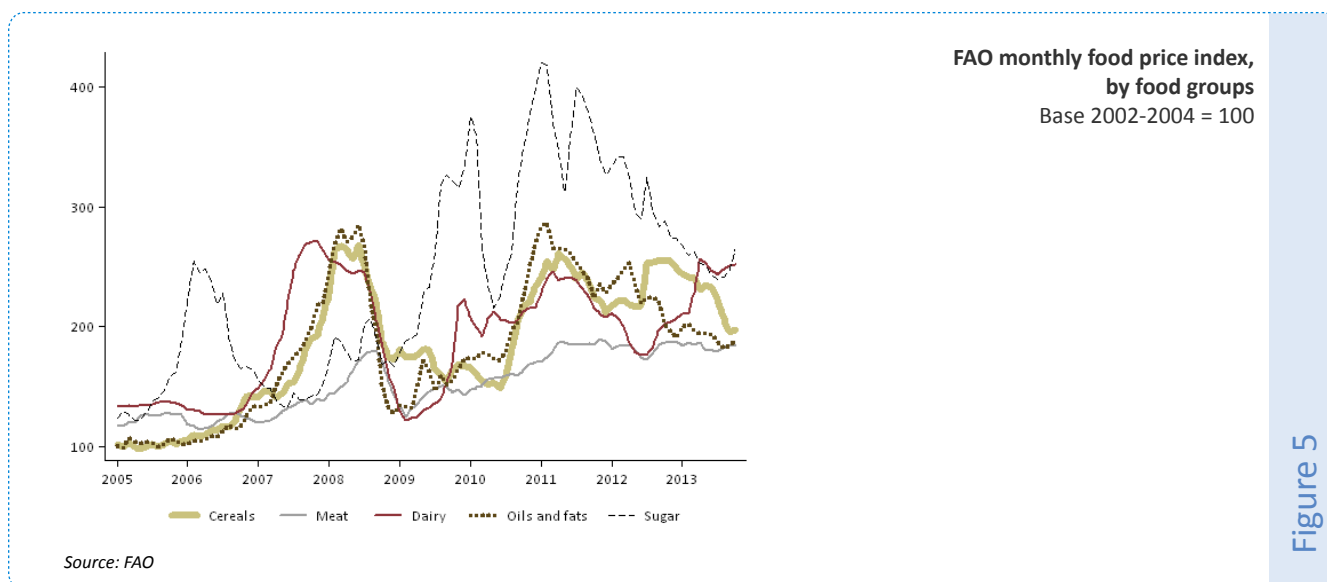


Figure 5

Appendix

Rates of food and headline inflation in selected LAC countries

Percentages

Country	Food inflation							Headline inflation						
	Annual % variation				Monthly % variation			Annual % variation				Monthly % variation		
	2010	2011	2012	Oct. 2013	Aug-2013	Sep. 2013	Oct. 2013	2010	2011	2012	Oct. 2013	Aug-2013	Sep. 2013	Oct. 2013
Argentina	14.7	7.6	9.9	7.1	1.3	0.5	1.0	10.9	9.5	10.8	10.5	0.8	0.8	0.9
Bolivia, PE	11.6	6.9	5.6	14.6	3.9	3.9	1.5	7.2	6.9	4.5	7.5	1.3	1.4	0.7
Brazil	10.4	7.2	9.9	8.9	0.0	0.1	1.0	5.9	6.5	5.8	5.8	0.2	0.3	0.6
Chile	5.6	8.6	4.7	2.8	0.5	0.4	1.8	3.0	4.4	1.5	1.5	0.2	0.5	0.1
Colombia	4.1	5.3	2.5	0.7	0.1	0.4	-1.0	3.2	3.7	2.4	1.8	0.1	0.3	-0.3
Costa Rica	9.0	4.1	1.2	4.2	-0.1	-0.3	0.4	5.8	4.7	4.6	4.1	0.0	0.1	-0.8
Ecuador	5.4	6.8	5.0	0.4	0.4	0.5	1.0	3.3	5.4	4.2	2.0	0.2	0.6	0.4
El Salvador	7.9	3.1	1.1	2.4	-0.2	-0.1	0.0	2.1	5.1	0.8	0.5	0.1	0.2	-0.1
Guatemala	6.0	7.9	0.1	0.6	0.0	5.4	6.2	3.4	4.2	0.1	0.3	0.0
Haiti	7.8	9.0	8.8	...	0.0	-0.1	...	6.2	8.3	7.6	...	0.3	0.1	...
Honduras	9.2	1.9	4.1	4.1	0.1	0.2	-0.2	6.5	5.6	5.4	4.6	0.4	0.3	0.1
Mexico	4.9	5.8	7.5	2.4	0.7	0.4	-0.1	4.4	3.8	3.6	3.4	0.3	0.4	0.5
Nicaragua	13.7	9.3	8.1	9.1	0.6	-0.3	-0.4	9.2	8.0	6.6	6.7	0.5	0.1	-0.2
Panama	5.1	7.5	7.2	6.0	0.1	-0.1	0.4	4.9	6.3	4.6	3.9	0.3	0.1	0.1
Paraguay	11.2	3.9	0.7	9.4	1.5	0.2	2.5	7.2	4.9	4.0	4.4	0.6	0.3	0.8
Peru	2.5	8.0	4.1	3.3	0.8	0.0	0.0	2.1	4.7	2.6	3.0	0.5	0.1	0.0
Dominican Republic	5.5	9.7	6.3	4.2	0.5	0.3	0.0	6.2	7.8	3.9	4.7	0.7	0.5	-0.1
Trinidad and Tobago	29.5	10.9	12.7	...	0.0	-2.1	...	13.4	5.3	7.2	...	0.0	-1.0	...
Uruguay	8.4	8.7	10.8	9.8	1.9	2.2	0.8	6.9	8.6	7.5	8.7	1.0	1.4	0.8
Venezuela, BR	33.8	33.6	23.7	72.1	2.9	4.9	5.6	27.2	27.6	20.1	54.3	3.0	4.4	5.1
LAC ^a	9.6	8.5	8.9	9.6	0.6	0.6	0.8	6.8	7.0	6.0	8.0	0.5	0.7	0.7
LAC ^b	9.6	9.7	7.5	10.6	0.7	0.7	1.0	7.2	7.8	6.0	9.1	0.6	0.8	0.6

Source: FAO Regional Office using official country information.

... / No available information.

a / Refers to the weighted average of ten countries that represent 95% of regional GDP. The countries included are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Peru, and the Bolivarian Republic of 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 (e.g., food, clothing, transportation, housing, etc.).

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