

## FOOD PRISE RISE

For nation shall rise against nation . . . and there shall be famines and troubles; these are the beginnings of sorrows.

Nothing is older to man than his struggle for food. From the time the early hunters stalked the mammoths and the first sedentary "farmers" scratched the soil to coax scrawny grain to grow, man has battled hunger. History is replete with his failures. The Bible chronicles one famine after another; food was in such short supply in ancient Athens that visiting ships had to share their stores with the city; Romans prayed at the threshold of Olympus for food.

Every generation in medieval Europe suffered famine. The poor ate cats, dogs and the droppings of birds; some starving mothers ate their children. In the 20th century, periods of extreme hunger drove Soviet citizens to cannibalism, and as late as 1943, floods destroyed so much of Bengal's crops that deaths from starvation reached the millions.

After World War II, however, it seemed that man at long last was winning the battle against hunger. Bumper harvests in many nations, notably the U.S., created food surpluses in the West, while the development of "miracle seeds" brought the hope that the densely populated poor countries would soon attain self-sufficiency. Then, in the past two years, this optimism turned to despair as hunger and famine began ravaging hundreds of millions of the poorest citizens in at least 40 nations. Much of the ground gained in the battle for food seemed lost as the world's harvest in 1972 was roughly 3% short of meeting demands.

The world's reserves\* of grain have reached a 22-year low, equal to about 26 days' supply, compared with a 95-day supply in 1961. Low harvests and high prices have forced the traditional surplus-producing nations to curtail the amount of food that they normally give as aid to the hungry nations. Sales of food are also shrinking. Argentina, Brazil, Thailand, Burma and the Common Market nations have restricted food exports.

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## UNDERSTANDING THE CRISIS

Although it is almost impossible to pinpoint the exact cause of soaring food prices, experts have placed the blame on rising fuel costs, lower agricultural production, weather shocks, more meat consumption, and shifts to bio-fuel crops. High prices threaten to increase malnutrition, already an underlying cause of death for over 3.5 million children a year.

Despite growing attention in the world media and expanding aid efforts by many organizations, the world hunger crisis continues to worsen as many of the communities in which we work struggle with daily hunger and starvation. The basic staples that feed the world wheat, rice and corn continue their inexorable rise in cost and scarcity.

### Indian data for food crisis

India is facing adverse crisis of food grains. Madhya Pradesh is also one of the 12 states of the country which is facing food grain crisis. No state has been found in light crisis of food. The food crisis has spread all over world. The rise in fuel price and falling global markets are impacting all over world. 12 states of the country are in acute crisis of food grain whereas Madhya Pradesh is in critical condition. Punjab, Kerala, Haryana, and Assam are in serious condition of food crisis

The years 2007–2008 saw dramatic rises in world food prices, creating a global crisis and causing political and economical instability and social unrest in both poor and developed nations.



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### REASONS FOR INCREASE IN FOOD PRICES.

- Unseasonable droughts
- Rising oil prices
- Oil prices further heightened the costs of fertilizers, food transport, and industrial agriculture.
- Other causes may be the increasing use of biofuel in developed countries and an increasing demand for a more varied diet (especially meat) across the expanding middle-class populations of Asia.
- These factors, coupled with falling world food stockpiles have all contributed to the dramatic worldwide rise in food prices.

### Drastic price increases

Between the start of 2006 and 2008, the average world price for rice rose by 217%, wheat by 136%, maize by 125% and soybeans by 107%.



### World population growth

The actual annual growth in the number of humans fell from its peak of 87 million per annum in the late 1980s, to a low of 75 million per annum in 2002, at which it stabilized and has started to slowly rise again to 77 million per annum in 2007. The world's population, on its current growth trajectory, is expected to reach nearly 9 billion by the year 2042.

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### Increased demand for more resource intensive food

In 2008 that the gradual change in diet among newly prosperous populations is the most important factor underpinning the rise in global food prices. Where food utilization has increased, it has largely been in processed foods, sold in developing and developed nations. Although the vast majority of the population in Asia remains rural and poor, the growth of the middle class in the region has been dramatic, and is projected to continue to be so. For comparison, in 1990, the middle class grew by 9.7 percent in India and 8.6 percent in China, but by 2008 the growth rate was nearly 30 percent and 70 percent, respectively. The corresponding increase in affluence has also brought with it a change in lifestyle and eating habits, particularly a demand for greater variety and more meat in the diet, leading to greater demand for agricultural resources. This demand exacerbates dramatic increases in commodity prices, such as oil.

	India	China	Brazil	Nigeria
Cereals	1.0	0.8	1.2	1.0
Meat	1.2	2.4	1.7	1.0
Milk	1.2	3.0	1.2	1.3
Fish	1.2	2.3	0.9	0.8
Fruits	1.3	3.5	0.8	1.1
Vegetables	1.3	2.9	1.3	1.3

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## Impact of petroleum price increases

The rise in the price of oil has heightened the costs of fertilizers the majority of which require petroleum or natural gas to manufacture. Although the main fossil fuel input for fertilizer comes from natural gas to generate hydrogen. Natural gas has its own supply problems similar to those for oil. Because natural gas can substitute for petroleum in some uses (for example natural gas liquids and electricity generation ), increasing prices for petroleum lead to increasing prices for natural gas, and thus for fertilizer. Thus it leads to increase in food prices.



Higher prices for liquid fuels from petroleum increase the demand for biofuels which may result in diverting some crops from food to energy. High energy prices are also affecting agricultural prices, as they push up the price of inputs such as fertilisers, pesticides and diesel, as well as processing and transport costs.



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### Crop shortfalls from natural disasters

Several distinct weather- and climate-related incidents have caused disruptions in crop production. The effects of Cyclone nagris on Burma in May 2008 caused a spike in the price of rice. Burma has historically been a rice exporter, though yields have fallen as government price controls have reduced incentives for farmers. The FAO had previously estimated that Burma would export up to 600,000 tons of rice in 2008, but concerns were raised in the cyclone's aftermath that Burma may be forced to import rice for the first time, putting further upward pressure on global rice prices.



### Rising levels of ozone

One possible environmental factor in the food price crisis is rising background levels of ozone in the atmosphere. Plants have been shown to have a high sensitivity to ozone levels, and lower yields of important food crops, such as wheat and soybeans, may have been a result of ozone levels.

### Rising prices

From the beginning of 2007 to early 2008, the prices of some of the most basic international food commodities increased dramatically on international markets. The international market price of wheat doubled from February 2007 to February 2008 hitting a record high of over USD\$10 a bushel. In some nations, milk and meat prices more than doubled. Total food import bills rose by an estimated 25% for developing countries in 2007. Aside from wheat, the prices of corn, rice and barley have all risen



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The prices of milk are continuously increasing, the consumption is not getting reduces as milk is used to produce various products. If people are not consuming milk directly they consume in way of ghee, butter or cheese. So the prices are increasing. The supermarket price of milk has gone up 11 per cent, eggs have gone up almost 18 per cent, butter has gone up five per cent and meat six per cent, all well above the rate of inflation.

### Steps taken by government:

IFDA is making up to US\$200 million available to support poor farmers boost food production in face of the global food crisis.

BUSH did announce an extra \$770 million funding for international food aid.

The release of Japan's rice reserves onto the market may bring the rice price down significantly. As of May 16, anticipation of the move had already lowered prices by 14% in a single week.

Thailand announced the creation of the Organization of Rice Exporting Countries (OREC) with the potential to develop a price-fixing cartel for rice.

\$1.2 billion in food aid was committed for the 75 million people in 60 countries hardest hit by rising food prices.

**Conclusion:** Now the world is facing the food prices hikes. Worldwide, the implications of rising food prices for developing countries differ in the short and long term, although impacts vary from country to country, and within countries

- Recent violent protests and food riots in Latin America, Africa and Asia demonstrate the immediate and dramatic impact on the world's poorest populations. Few dispute that the net welfare effect on the global poor is negative, particularly in the short term.
- In the medium to long term, rising prices offer new opportunities for farmers to generate income. Given the right incentives they could enhance the contribution of agriculture to economic growth.

### Take action to improve global food supply

- Making bio fuels more sustainable
- Boosting R&D in Agriculture.

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Thus to control the food prices it's necessary to control the rise in oil prices and control inflation. If the things are not under control the price will rise and people will start starving. Many corporate being under cost cutting pressure and are under pressure to lay off people to control cost, which will directly reduce the consumption. Thus all this will impact the world wide economy. So it has become now compulsory to take action for controlling food prices by reducing the oil prices and also to control inflation. It may happen that all these things lead us to the past the great depression of 1929. Will we move out of these or enter to situation of depression.

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