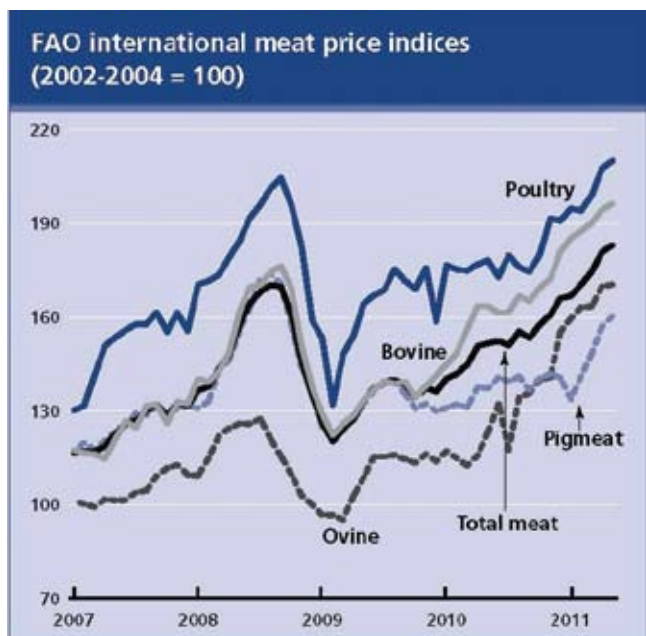


Grain Stocks Plunge As Prices Skyrocket

June 8—The latest estimates for the plunge of world grain stocks, given the totally inadequate levels of world production, are given in the June 7 UN Food and Agriculture Organization (FAO)'s *Food Outlook; Global Market Analysis*, its twice-yearly survey. Prices of grain are soaring all along the line, from futures contracts (most of them, phantom bushels), through wholesale (cartel) shippers and processors, on down to the local consumer. The same for meat, dairy, other foodstuffs, and for non-food agriculture commodities.

The new FAO figures are indicative, even though the agency, in keeping with its alignment with London policy, minimizes the lack of sufficient food, and tries to downplay the obvious price hyperinflation, even while reporting it. The 115-page report even has a section on food commodity speculation, but it's a joke, entitled, "A Regulatory Dialogue on Position Limits" (not to be confused with a sex manual!).

FIGURE 1
FAO International Meat Price Indices



The dimensions of the endangered world grain harvests, food production, and soaring prices are huge. LaRouche's demand for immediate food price controls is the only way. Here is the picture:

Wheat: World ending stocks are heading downward again this year, to 183 million metric tons, down from 188 mmt in 2010; and from 207 in 2009. Total world utilization (insufficient) is going up year-to-year, but world production fell from 685 mmt in 2009, down to 653 mmt in 2010, and now the FAO foresees 674 mmt this year. But their projection amounts to crystal-ball gazing, given crop crises in the U.S., French, and Canadian wheatbelts.

Wheat Prices: Up 72% in January-May 2011, compared with same period last year.

Coarse Grains: Heading downward again this year, to 168 mmt, which the FAO pegs as marginally higher than the 2010 level of 166 mmt, but far below 2009, of 195 mmt. Total world utilization—including corn-ethanol—is going up year-to-year, while *production has been less than utilization for the last two years!*

World 2009 coarse grains output was 1,122 mmt (1,127 utilized); 2010 output was 1,121 (1,149 utilized); and for 2011, the FAO foresees 1,165 produced (1,165 utilized). Of this, grain (mostly corn) for ethanol went

from 302 mmt (2009), up to 316 mmt (2010), and to 319 mmt (2011). In the United States, one-third of the Midwest corn crop was planted after the May 15 deadline for optimum yields. Thus, a huge amount of this Summer's corn crop is already iffy. If corn-ethanol usage continues, world global inventories of corn may fall to the lowest volume in 37 years.

Coarse Grain Prices have shot up 8% January-May 2010 to the same time this year.

Rice: The FAO portrays world rice stocks and production as holding steady. The significance of the huge Arkansas rice crop damage, given that the U.S. is an exporter, doesn't figure with the FAO version.

Rice Prices have shot up 12% from January-May 2010 to the same time in 2011.

Oilseed (and derived products): Prices are all up. Soy, canola, etc., up 41%; oils/fats up 56%, January-May 2011 compared with same time period 2010.

Dairy Prices up 15% from January-May 2010 to same time 2011.

Meat Prices: Up 20% from January-May 2010 to same time 2011.

marciabaker@larouchepub.com

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"The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there."

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