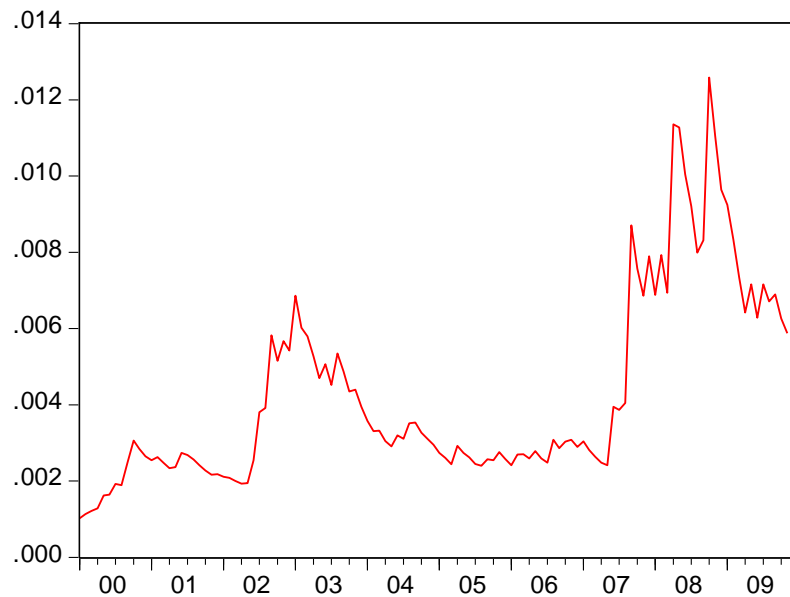
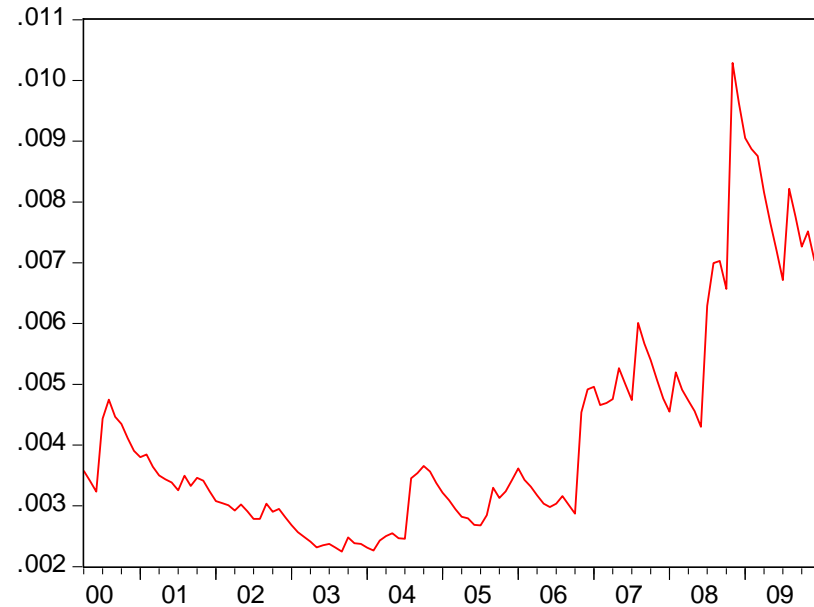


World Prices – Conditional variance

Wheat price

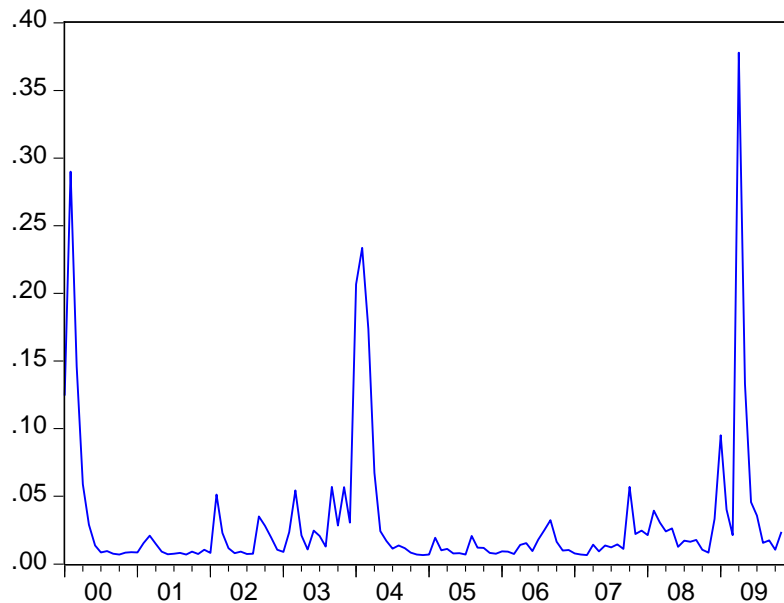


Maize price

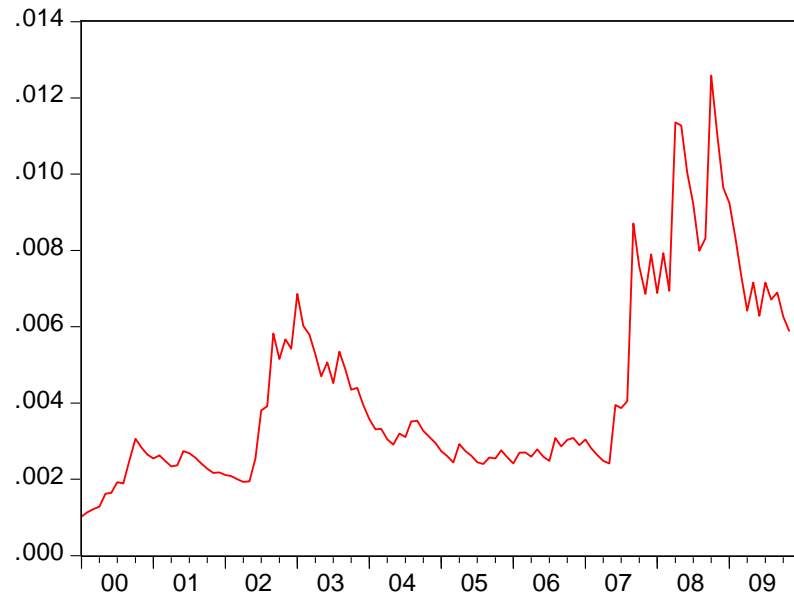


Peru – Conditional variance

Peruvian wheat price

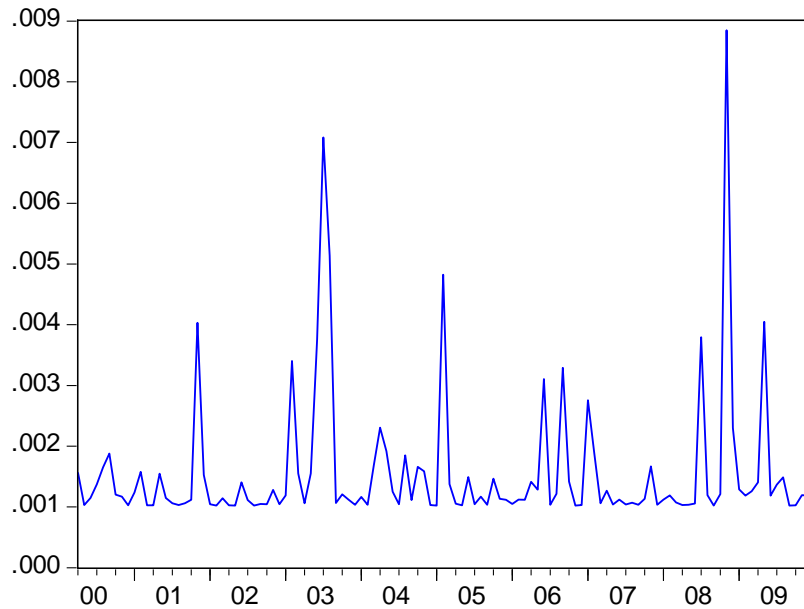


World wheat price

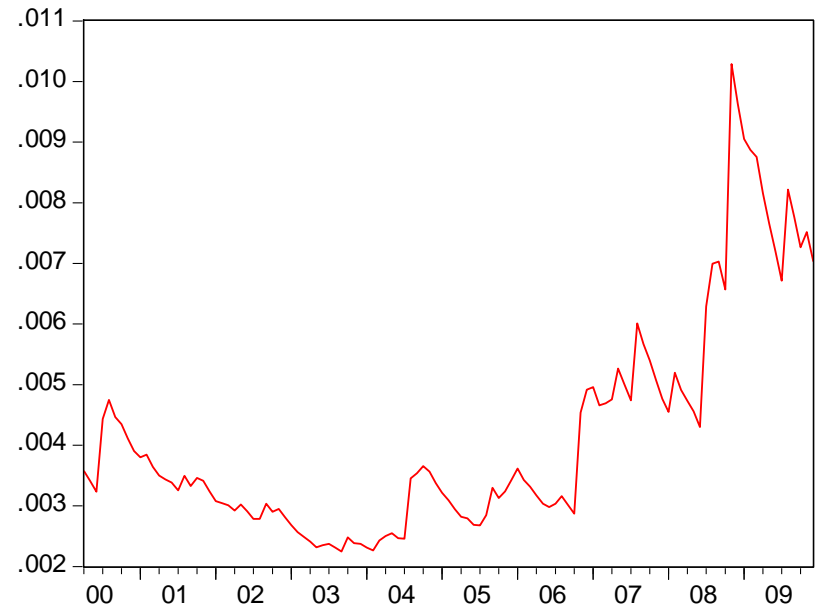


Mexico – Conditional variance

Mexican maize

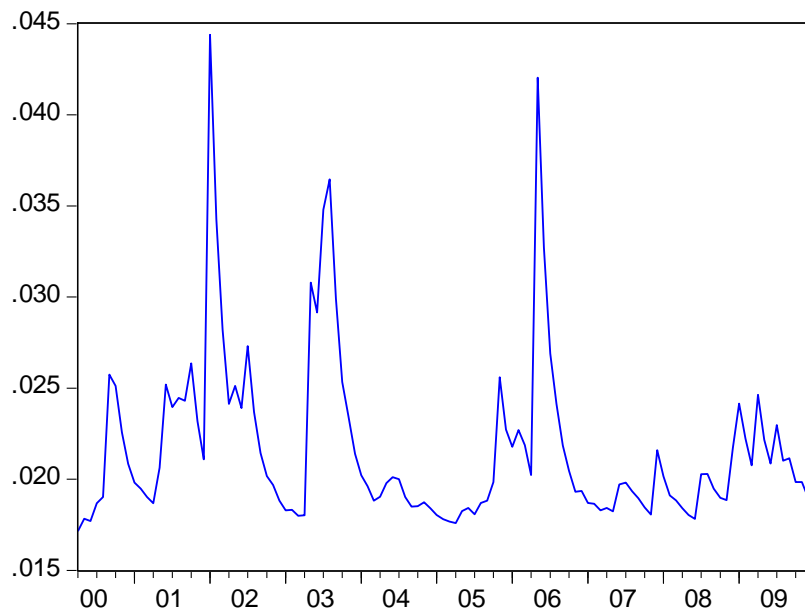


World maize

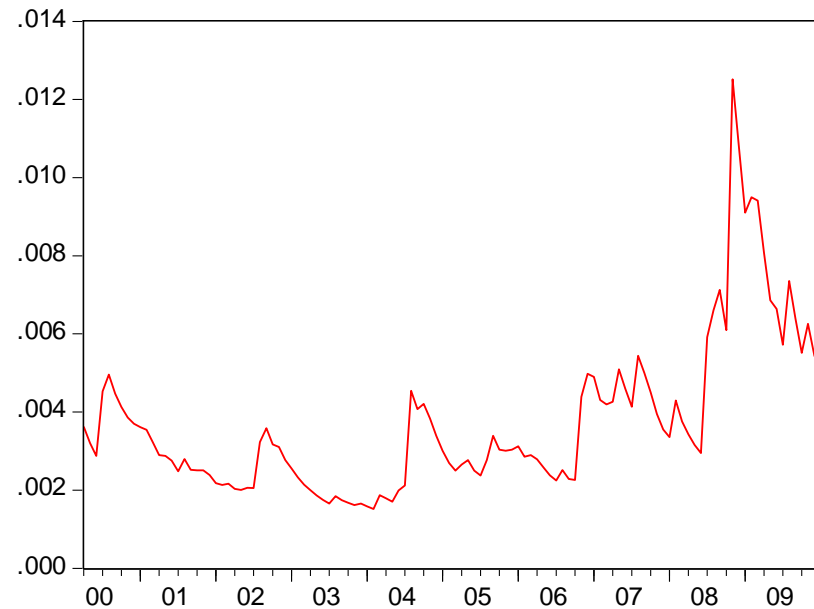


Malawi – Conditional variance

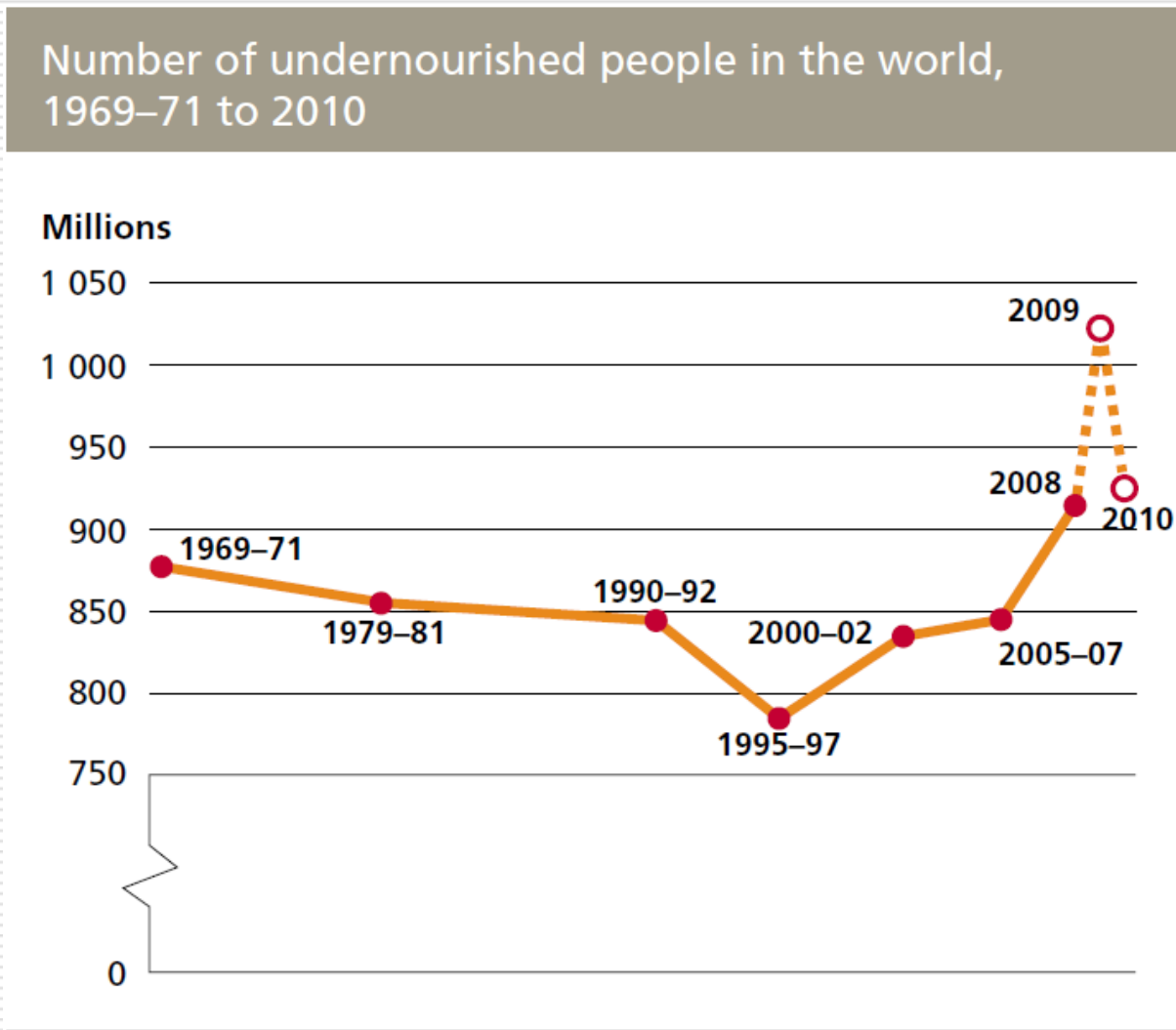
Malawian maize



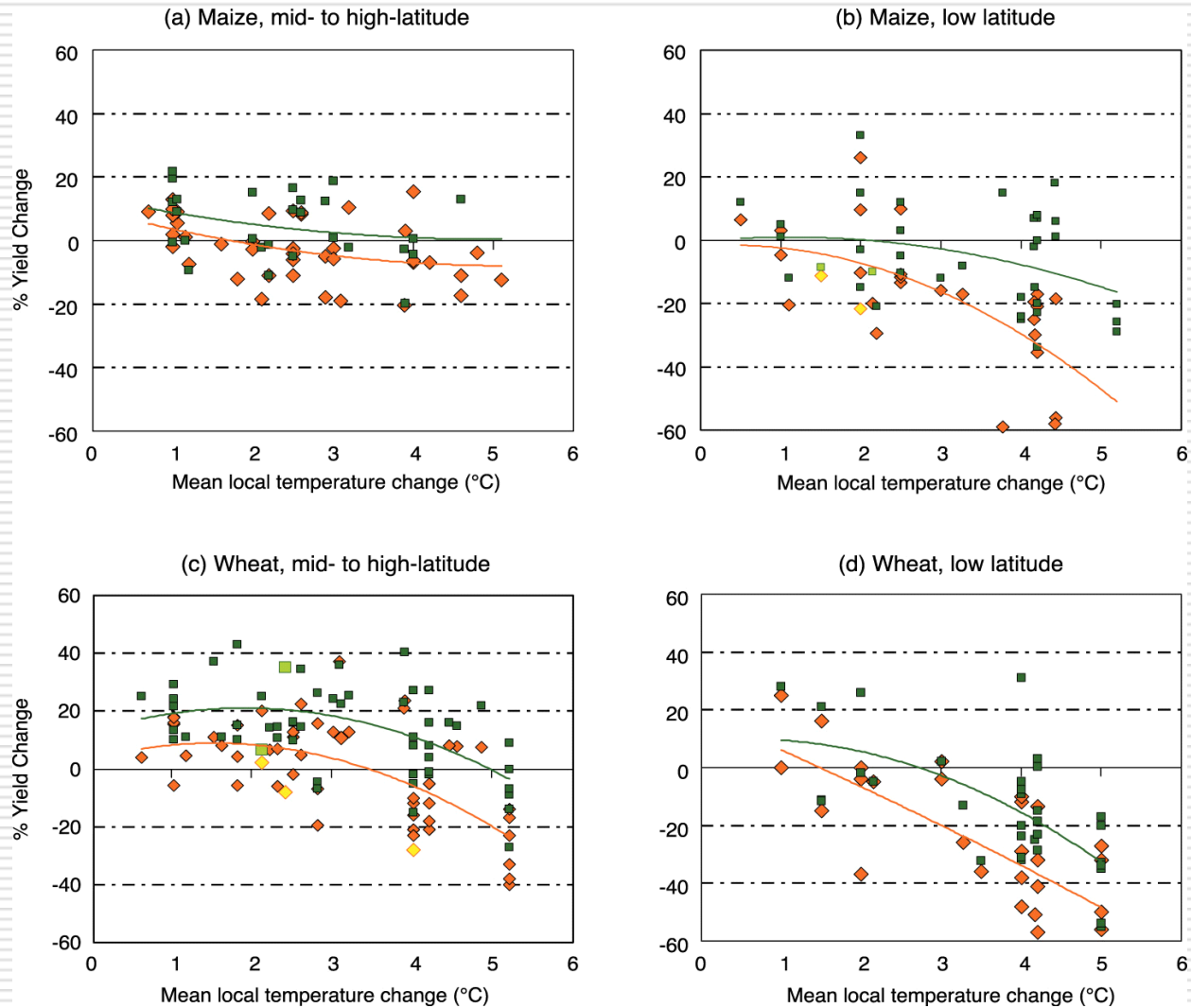
World maize



Food Security



Climate change: Impact on yields



FAO Food Price Index

FAO Food Price Index

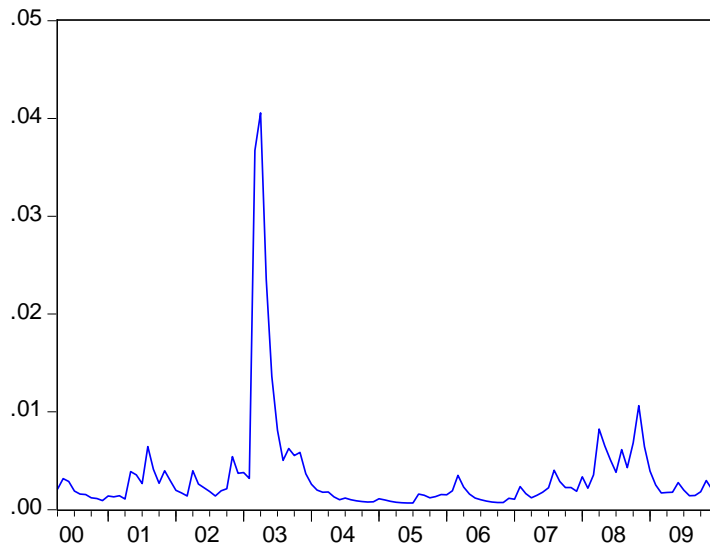
2002-2004=100



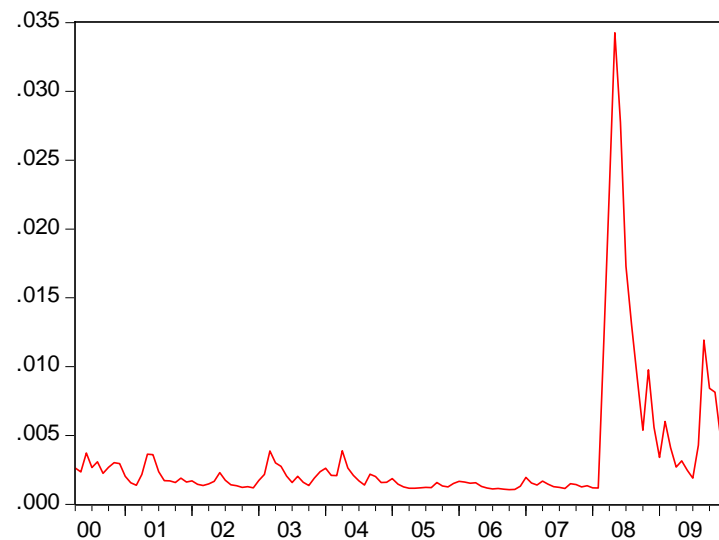
* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV)

India – Conditional variance

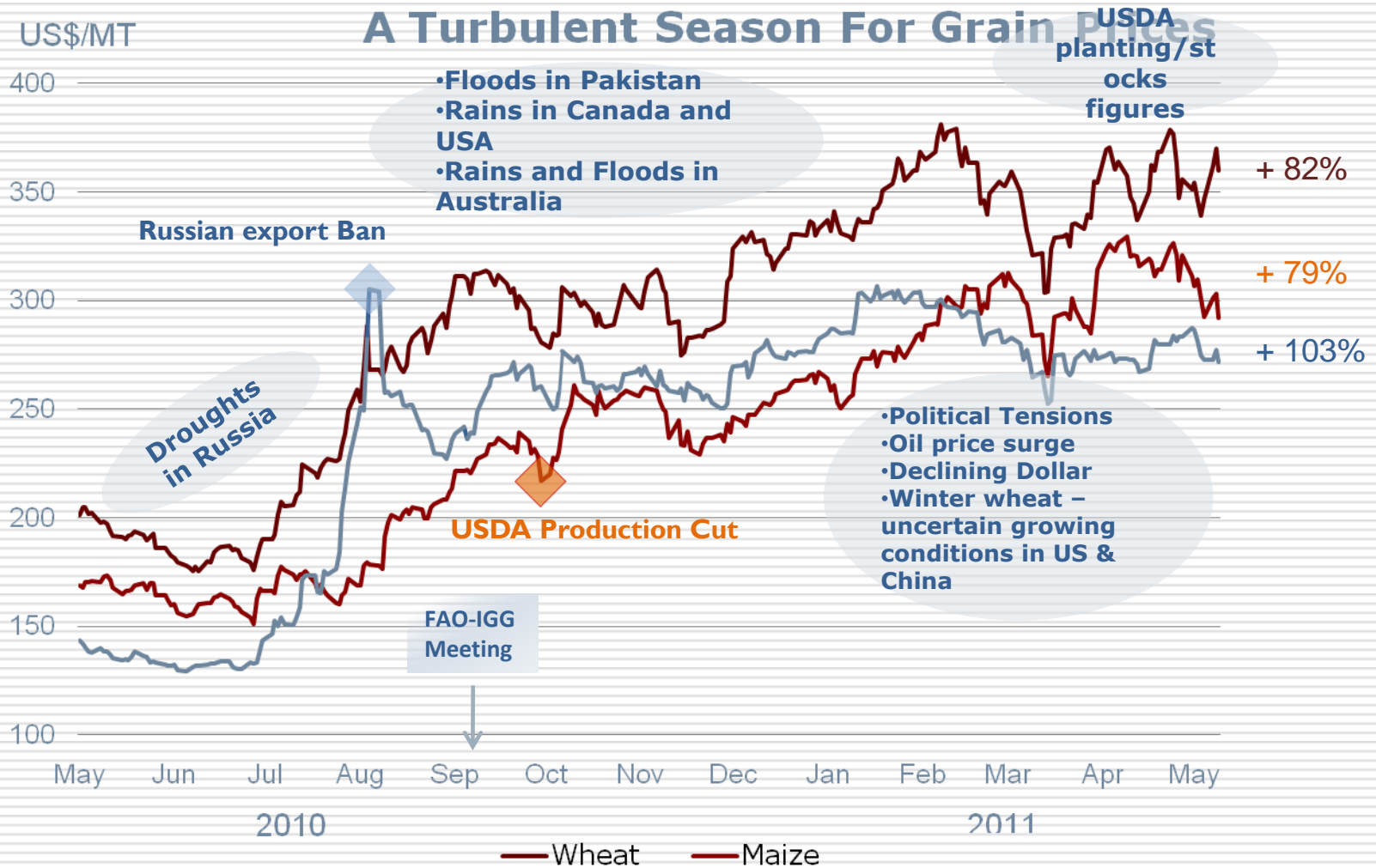
Indian rice



World rice



Grain prices 2010-2011



Policies to mitigate the effect of food price volatility

Food stocks reserves

- Physical – expensive and often distort
- Virtual – prone to speculative attack
- Not well placed to defend ceiling prices

International safety nets

- Exogenous Shock Facility – IMF; Global Food Crisis Response Programme, World Bank - eg. Ethiopia borrowed from IMF External Shock Facility USD 50 million
- Risk increases - import finance may not be forthcoming
 - credit or exposure limits constrain the capacity to obtain finance for food imports
 - Counterparty risk – default – need to address the issue
 - FiFF – can we build on existing mechanisms?

Risk management

- Futures contracts, call options
- Build technical capacity and expertise
- Create platforms for collaboration with private sector