



Written by [Raven Clabough](#) on January 6, 2011

## World Food Prices Near Crisis Levels

The [New York Times](#) reports: "Prices are expected to remain high this year, prompting concern that the world may be approaching another crisis, although economists cautioned that many factors, like adequate stockpiles of key grains, could prevent a serious problem."



Data of commodity prices in the world export market have been measured by the United Nations. The UN asserts that wealthy nations such as the United States are relatively immune at this point to the increased world food prices.

However, the United States has already seen food prices escalate. Though some experts predict a modest rise of only 2 to 3 percent this year, such assertions are in stark contrast to an article by the *Wall Street Journal* published January 5. According to author Matt Andrejczak:

Compared to a year ago, a pound of bacon costs 44 percent more at the retail level, sliced deli ham is up 11 percent a pound, and a dozen eggs cost 3 percent more, according to the latest informal data compiled by the American Farm Bureau, which surveys U.S. supermarket prices in 29 states.

A caffeine jolt will hit your budget, too. The price to buy a pound of ground roasted coffee costs \$4.47, up 22 percent, or 80 cents a pound from a year ago, according to the Bureau of Labor Statistics.

Furthermore, the American Farm Bureau asserts, "Increasing our nation's livestock herd to meeting growing demand for meat and dairy products takes time so we are likely to see retail prices continue to increase for some foods throughout 2011."

Additionally, rising oil prices will ultimately impact food prices. The [Financial Times](#) reports:

Oil prices are entering a dangerous zone for the global economy. The oil import bills are becoming a threat to the economic recovery. This is a wake-up call to the oil consuming countries and to the oil producers...Oil exporters need clients with healthy economies but these high prices will sooner or later make the economies sick, which would mean the need for importing oil will be less...It is a very telling story. 2010 rang the first alarm bells and 2011 price levels could bring us to the same financial crisis times that we saw in 2008.

The increased cost of oil will most certainly inadvertently impact food prices.

The National Inflation Association declares, "Food inflation will become America's top crisis in 2011," adding, "The days of cheap food in America are coming to an end. The recent unprecedented rise that we have seen in agricultural commodity prices is showing no signs of letting up." But why is that? Generally overlooked in media reports is the rapid infusion of newly created fiat (unbacked) dollars into the economy, reducing the value of existing dollars and raising the costs of what we buy buy in dollars.



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In of course, it is not just the dollar that is being inflated but other fiat currencies as well. Rising prices are a consequence of this inflation.

The *Daily Commodities* writes,

Sugar futures at a new 30-year high. Coffee futures reached a new 13-year high last week. Orange juice, corn, soybeans, and palm oil have all stretched to near three-year highs in the past week or so.

According to the United Nations Food and Agriculture Organization, the world food price index rose 32 percent from June to December, though it is not adjusted for inflation. Abdolreza Abbassian, economist for the organization, stresses, "We are at a very high level. These levels in the previous episode led to problems and riots across the world."

Joseph Glauber of the U.S. Agriculture Department indicates that rising world commodity prices will impact the cost of meat and dairy in America because of the increased price of livestock feed. When livestock feed costs increase, farmers tend to reduce the size of their herds, resulting in less readily-available meat.



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