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FAO and the FAO Food Price Index

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Every month, one number tells the world whether food is getting dearer. **That number comes from a UN agency in Rome: the FAO.**

At a Glance

Five facts to hold on to.

01
FAO

Founded 16 October 1945. Headquarters in Rome.

02
Index of 5 groups

Cereals, vegetable oils, dairy, meat, sugar.

03
Base 2014–2016

The base value equals 100 points.

04
Sept 2026: 136.0

Up 1.5% on August. About 15% below the 2022 peak.

FFPIFAO Food Price Index. It tracks monthly change in world food commodity prices.
Nominal priceA price in today's money. It is not adjusted for inflation.
Real priceA price adjusted for inflation. It shows true buying power.
Laspeyres index An index that uses fixed base-period weights.

What Is the FAO?

Must Know

Identity and structure

- The FAO is the **Food and Agriculture Organization** of the United Nations. It leads global efforts to defeat hunger.
- It was founded on **16 October 1945** in Quebec City, Canada. Its headquarters are in Rome, Italy.
- Its Latin motto is *Fiat Panis*. It means “let there be bread”.
- It has **194 members**: 193 countries and the European Union.
- It works in over 130 countries. It has five regional offices.
- The regions are Africa, Asia and the Pacific, Europe and Central Asia, Latin America and the Caribbean, and the Near East and North Africa.

Leadership and goal

- The Director-General is **Qu Dongyu** of China. He took office on 1 August 2019.
- Member countries re-elected him in July 2023. His second term runs to 31 July 2027.
- The core goal is food security for all. People should have regular access to enough good food for active, healthy lives.
- **World Food Day** falls on 16 October each year. It marks the day FAO was founded.

> **Quick check 1.** The FAO was founded on 16 October 1945, and its headquarters are in Rome. *(True or False?)* See answer ↓

What the FAO Does

Good to Know

Four jobs, in plain words

- **Data:** FAOSTAT is a free database on food, farming, fisheries and forests. It covers over 245 countries and territories from 1961.
- **Standards:** FAO and WHO together run the **Codex Alimentarius**. This “Food Code” was set up in 1963. It sets food-safety standards.
- **Plant health:** the International Plant Protection Convention is a 1951 treaty. Its secretariat sits at FAO in Rome.
- **Knowledge:** FAO publishes several flagship “State of” reports. Their schedules differ. For example, The State of World Fisheries and Aquaculture comes out every two years.

Flagship report	Short name	Covers
State of Food Security and Nutrition in the World	SOFI	Hunger and food insecurity
State of Food and Agriculture	SOFA	Farming and agrifood systems
State of the World’s Forests	SOFO	Forests
State of World Fisheries and Aquaculture	SOFIA	Fisheries and fish farming
State of Agricultural Commodity Markets	SOCO	Trade and commodity markets

SOFI 2026: the hunger scorecard

- About **645 million people** faced hunger in 2025. That is 7.8% of the world.

- It was 8.1% in 2024 and 8.6% in 2022. Hunger has now fallen for a third year in a row.
- About 2.1 billion people were moderately or severely food insecure.
- Healthy diets are out of reach for about 2.7 billion people.
- For the first time, Africa has the most hungry people: 309 million. Asia has 292 million.
- Read more: FAO on SOFI 2026.

Quick check 2. Codex Alimentarius is a food-standards programme run jointly by FAO and WHO. *(True or False?)* See answer ↓

Quick check 3. SOFI 2026 reports that global hunger rose in 2025. *(True or False?)* See answer ↓

The FAO Food Price Index

Must Know

What it measures

- The FFPI measures the **monthly change in international prices** of a basket of food commodities.
- The basket has **24 basic food commodities**. They sit in five groups: cereals, vegetable oils, dairy, meat and sugar.
- In all, 95 price quotations feed the index. All are in US dollars.
- Prices are export or spot prices. They are not shop prices.

How it is built

- The base period is **2014–2016**. The base level is 100 points.
- The five group indices are weighted by their **average export shares** in 2014–2016.
- It is a Laspeyres index. The weights stay fixed to the base period.
- FAO revised the base period and price coverage in July 2020.
- The monthly series starts in January 1990. The annual series starts in 1961.
- FAO reports both nominal and real prices.
- FAO usually releases it early each month. The September 2026 figure came out on 2 October 2026.

Remember: a rising FFPI means world commodity prices are rising. It does not mean your grocery bill rose by the same amount.

> **Quick check 4.** The FFPI measures the prices that consumers pay in retail stores. *(True or False?)* See answer ↓

Quick check 5. The FFPI weights its five commodity groups by their average export shares in 2014–2016. *(True or False?)* See answer ↓

Reading the Latest Numbers

Current Affairs

September 2026 release

- The FFPI averaged **136.0 points** in September 2026.
- That is up 2.0 points, or 1.5%, from August. It is up 7.4 points, or 5.8%, from a year earlier.
- It is still 24.3 points, or about 15%, below the March 2022 high.
- Wheat and maize hit multi-year highs. Among the five groups, sugar rose the most in the month, and cereals were close behind.

Group	Sept 2026	Change from Aug	Main reason
Cereals	122.8	+5.1%	Wheat and maize at multi-year highs.
Vegetable oils	198.6	+0.9%	Stronger palm oil prices and strong import demand.
Dairy	119.1	–0.1%	Cheaper cheese offset dearer milk powder.
Meat	127.9	–1.1%	Weaker poultry and pig meat prices.

Group	Sept 2026	Change from Aug	Main reason
Sugar	114.0	+6.1%	Third monthly gain in a row. Highest since April 2025.

What pushed grains up

- World wheat prices rose 6% in a month. They reached their highest level since August 2023.
- Black Sea logistics problems made importers shift to other suppliers. Dry weather in North America added to the rise.
- Maize rose nearly 6%, to a three-year high. US yields came in lower than expected, and Brazil had less to export.
- The All Rice Price Index rose 1.4%, on weather worries and tighter seasonal supplies.
- Source: FAO Food Price Index. Figures are as released on 2 October 2026.

> **Quick check 6.** The FFPI in September 2026 was above its March 2022 peak. *(True or False?)* See answer ↓

Why Prices Move, and Why India Cares

Great to Know

The 2022 shock

- The index hit a record of about **160 points in March 2022**. That is its highest since records began in 1990.
- Russia’s invasion of Ukraine disrupted exports of grain and sunflower oil. The Black Sea region is a major supplier of both.

- The index has since eased. In September 2026 it stood about 15% below that peak.

What usually moves the index

- **Weather:** drought or floods in a big exporter cut supply.
- **Energy and fertiliser:** costlier fuel raises farm costs. It also lifts demand for biofuel crops.
- **Trade policy:** export bans and taxes shrink what reaches world markets.
- **Logistics and war:** blocked ports and shipping delays squeeze supply.
- **Exchange rates:** prices are in US dollars, so a weaker dollar can lift them.

Limits of the index

- It tracks traded commodities. Local crops that are rarely exported are not in it.
- It is in nominal dollars. A real-price series shows buying power more fairly.
- It is a world average. A country's own food inflation can differ a lot.

The India link

- India is a big producer and exporter of rice and sugar. World price shifts affect its export decisions.
- India imports vegetable oils in large quantities. A high vegetable oil index passes into Indian cooking-oil prices.
- India's retail food inflation is tracked separately. See the site's article on the Consumer Price Index.

Think it through: why can world food prices rise while your local market stays calm?

The FFPI tracks export prices in US dollars for traded commodities. Your local market sells fresh produce and may rely on local harvests. Government stocks and subsidies can also soften shocks. Retail prices add transport, storage and trader margins. So world and local prices move together only in part.

Quick Q&A

When was FAO founded?

16 October 1945, in Quebec City.

Where is FAO headquartered?

Rome, Italy.

What are the five FFPI groups?

Cereals, vegetable oils, dairy, meat and sugar.

What is the FFPI base period?

2014–2016.

When did the FFPI peak?

March 2022, at about 160 points.

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Consumer Price Index (CPI)

Practice MCQs

1. Which of the following is NOT one of the five commodity groups tracked by the FAO Food Price Index?

A. Sugar

B. Vegetable oils

C. Fruits and vegetables

D. Cereals

See answer ↓

2. The FAO Food Price Index currently uses which base period, set equal to 100 points?

A. 2014–2016

B. 2002–2004

C. 2019–2021

D. 1990–1992

See answer ↓

3. In the FAO Food Price Index, the five commodity group indices are combined using weights based on which of the following?

A. Share of each group in world production

B. Average import shares of each group

C. Share of each group in household consumption

D. Average export shares of each group

See answer ↓

4. The Codex Alimentarius, which sets international food-safety standards, is run jointly by the FAO and which other body?

A. World Trade Organization

B. World Food Programme

C. World Health Organization

D. International Monetary Fund

See answer ↓

5. According to SOFI 2026, which region hosts the largest number of hungry people for the first time?

A. Africa

B. Latin America and the Caribbean

C. Asia

D. Oceania

See answer ↓

Answer Key

1. **C.**
   The FFPI tracks five groups: cereals, vegetable oils, dairy, meat and sugar. Fruits and vegetables are not a separate group in the index.
   ↑ Q1
2. **A.**
   The FFPI base period is 2014–2016, which equals 100 points. FAO adjusted the base period and price coverage in July 2020.
   ↑ Q2
3. **D.**
   The five group indices are weighted by their average export shares in 2014–2016. The FFPI therefore reflects traded prices, not retail prices.
   ↑ Q3
4. **C.**
   The Codex Alimentarius was set up in 1963 as a joint FAO and WHO programme. It sets voluntary international food standards, guidelines and codes of practice.
   ↑ Q4
5. **A.**
   SOFI 2026 reports about 309 million hungry people in Africa, ahead of Asia at about 292 million. Global hunger still fell for a third year in a row.
   ↑ Q5

Quick-check answers

1. **True.** ↑ 1
2. **True.** ↑ 2
3. **False.** ↑ 3
4. **False.** ↑ 4
5. **True.** ↑ 5
6. **False.** ↑ 6

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