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FOOD SECURITY SNAPSHOT

- Favourable rice and maize prospects for 2012
- Cereal imports increase
- Cereal prices stable

Favourable prospects for 2012 rice and maize production

Sowing of the 2012 rice crop is currently underway, and planting intentions suggest a recovery in the area sown compared to 2011, which was hampered by inadequate rainfall. The hydrological situation has now improved substantially. The Chancay - Lambayeque watershed in the producing zone in the north of the country has trended positively since mid-December last year, with the improvement extending into January thus far. As a result, current water levels guarantee a normal crop growing season.

Sowing of the 2012 secondary season maize crop was completed in December. Prospects are good for hard yellow maize, which accounts for over 80 percent of Peru's total maize production and is used for animal feed. Sowing intentions in this case suggest a total area of 326 000 ha, 16 percent more than in 2010, in response to growing demand from the fodder industry. Hard yellow maize is mainly produced under irrigation, and reservoir water levels are adequate for crop growth. The prospects are good also for amylaceous maize, which is used for human consumption, with a provisionally estimated increase in sown area of 5 percent, in response to higher prices. Maize production in 2012 is expected to be substantially up on the previous year's level, and a harvest of around 1.6 million tonnes is tentatively forecast.

Cereal imports increase

Peru imports about 60 percent of its maize consumption and nearly all of its wheat. Growing domestic demand and lower cereal output in 2011 boosted imports in 2011.

Cereal prices stable

Rice prices, which had risen sharply in the first half of 2011 owing to unfavourable production prospects, held steady in the second half of the year, but in December they were 15 percent above their levels of a year earlier. Prices of yellow maize and wheat flour remained mostly unchanged in the second half of last year, but in December they were respectively 7 percent and 5 percent higher than in the same period in 2010.

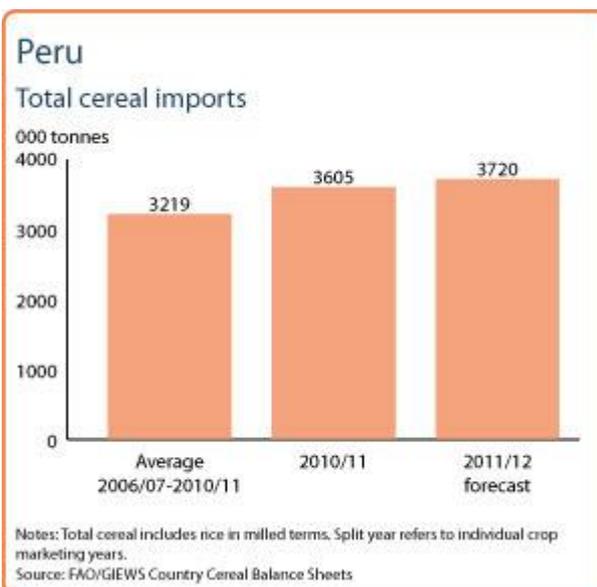
Potato prices rose in the last three months of 2011, in the wake of the July frosts that damaged the crop during the growing period.



Peru
Cereal production

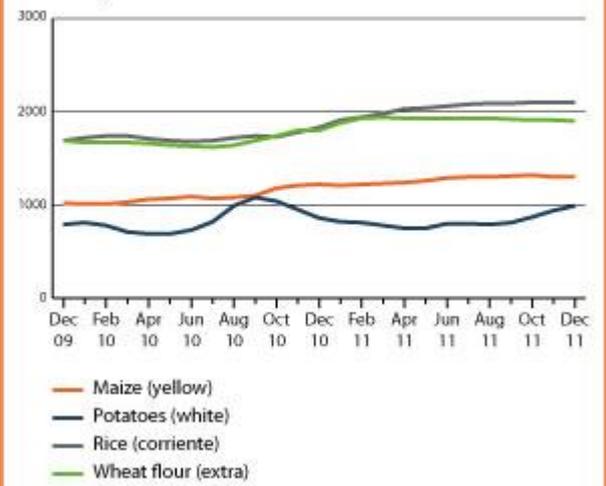
	2006-2010 average	2010	2011 estimate	change 2011/2010
	000 tonnes		percent	
Rice (paddy)	2 682	2 838	2 600	-8
Maize	1 443	1 539	1 483	-4
Wheat	205	219	209	-5
Others	242	262	244	-7
Total	4 572	4 858	4 536	-7

Note: percentage change calculated from unrounded data.
Source: FAO/GIEWS Country Cereal Balance Sheets



Selected wholesale prices in Peru

Nuevo Sol per



Source: Instituto Nacional de Estadística e Informática