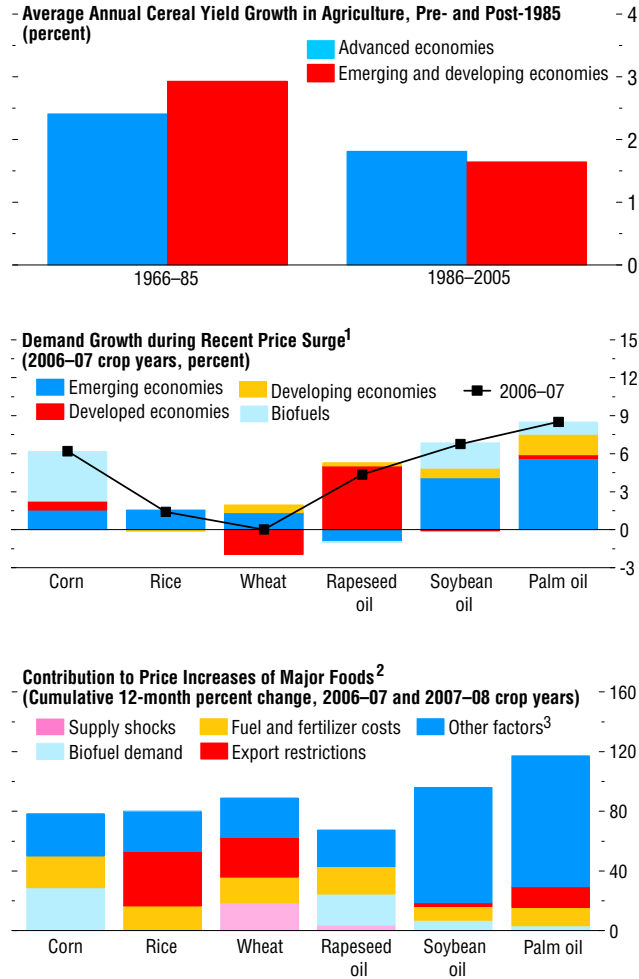


Figure 3.5. Price Trends of Major Foods

The recent price surge followed a period of declining yield growth in grains amid sluggish investment in agriculture. Recent demand growth, mostly from emerging economies, has shifted toward soybean oil and palm oil. In addition to biofuel growth, the price surge reflects a confluence of factors.



Sources: Food and Agriculture Organization; U.S. Department of Agriculture; World Bank (2007); and IMF staff calculations.

¹Demand growth from biofuels is excluded from the calculation for country groups.

²See Appendix 3.2 for details on the calculations.

³Including spillovers and substitution effects.