

# Wheat Shortage

## — It's Effect On Food Prices —

Russia's ban on wheat exports, following widespread fires in the country, sent food prices skyrocketing by 19 per cent in just a single week, as fears grow that global volatility in foodstuffs and commodities could lead to a worldwide inflationary timebomb, accompanied by widespread food riots.

Lenin once called grain the "currency of currencies," underscoring its importance in how it affects everything from staple foods such as bread to animal feed.

Recently, Russian Prime Minister Vladimir Putin signed a decree prohibiting the export of wheat, barley, rye, corn and flour until the end of the year, contributing to a whopping 92 per cent rise in world wheat prices since June.

Having A Large Supply Of Healthy Foods That Last Makes Good Sense!

Order fresh food that lasts from **eFoods Direct**

Persistent drought conditions across the Russian Federation are also threatening winter plantings, "With potentially serious implications for world wheat supplies in 2011/12," according to the United Nations Food and Agriculture Organisation.

Food shortages as a result of freak weather conditions in other areas of the globe are also contributing to spiraling prices.

— Droughts in Ukraine and Kazakhstan, two of the world's great "breadbaskets" are, also, impacting prices.

— Floods in Canada have further reduced wheat supply and driven up costs.

— Unseasonal frosts in Florida have hit orange juice harvests.

— Devastating floods in Pakistan have wiped away livestock and farms, with thousands of square miles of agricultural land destroyed, causing prices of staple foods to soar.

— Excessive rain in Brazil and Colombia has inflated coffee prices.

— Rising grain feedstock prices have led to a general spike in meat prices globally.

According to the London Independent, the crisis threatens to spark an "inflationary timebomb," wreaking fiscal devastation to fragile economies in the west, while threatening the very livelihoods of millions of people in developing countries.

"Taken together it suggests that Western nations will be hit by a sharp inflationary spike next year, as the price of bread, beer, petrol and many other everyday items climbs higher again. Given the sluggish prospects for growth in Western economies it threatens a return to "stagflation" — stagnant growth coupled with high inflation," states the report."

Global hedge funds are now moving to corner the food and commodities market, with hedge fund manager Anthony Ward investing a purported £650m (\$1 billion dollars) in the cocoa market by buying 240,000 tonnes of beans, enough to make 5 billion chocolate bars. Financial speculation on food prices has amplified volatile prices.

Globalist mouthpiece, the Financial Times, concedes that "another food crisis does not look out of the question," as a result of Russia's wheat export ban, noting that food riots occurred in developing countries two years ago amidst similar conditions.

Allied with proposed consumption taxes on carbon dioxide, spikes in sales taxes, income tax bracket hikes, gas price increases, crippling austerity measures, and the sinking U.S. dollar, skyrocketing food prices will serve to further financially-castrate Americans, achieving the elite's goal of eviscerating the middle class, by forcing them to adopt lower standards of living and becoming more dependent on big government for their sustenance and survival.

Russian drought could push up food prices. Russia is the world's second largest producer of barley after the EU and the cereal crop is used by many farmers as animal feed



Wildfires in Russia have destroyed millions of hectares of crops, leading to higher barley prices.

Shoppers could see the cost of the meat and poultry in their baskets rise as the price of barley has more than doubled over the past six weeks due to continued fears over the drought affecting Russia and Ukraine.

Russia is the world's second largest producer of barley after the EU and the cereal crop is used by many farmers as animal feed. The recent price rise could, also, have a possible knock-on effect on the cost of beer as a significant proportion of the remainder of barley production goes into the brewing trade on both sides of the Atlantic.

Barley is the latest commodity to see a dramatic price rise in recent weeks.

The worst drought for generations in Russia has already caused a 50% jump in the price of wheat, the world's most-consumed cereal, since June, and recently, president Vladimir Putin announced that Russia would freeze grain exports. Attention is, also, being focused on Australia, the world's fourth largest exporter of wheat, where this year's crop may be hit by dry weather in Western Australia, which accounts for 40% of exports. Prices have, also, been put under pressure by very wet weather in Canada at planting time, which reduced acreage.

But some commodity analysts have blamed speculators for pushing up the price of wheat and barley. Russian wheat, for instance, is mainly-exported to the Middle East, which has access to stocks from other areas, while strong harvests are expected in Europe and the US.

Traders are awaiting a key US Department of Agriculture report on stocks and production which is due out on Thursday and ahead of the report some speculators have cashed in their profits. The current projection is for the

2010/11 global wheat stock to be 187m tonnes, one-third higher than in 2007/08 when commodity prices were squeezed dramatically higher.

US wheat futures have fallen so far today, adding to losses made late last week. Chicago Board of Trade wheat for September delivery had dropped by 4.34% to \$6.94 per bushel by early morning trading, adding to a 7.6% fall on Friday. The December contract dropped 4.01% to \$7.25.