



FIERAGRICOLA
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Analysis by Professor Dario Casati (University of Milan) at VeronaFiere during the Best Seller Award

WHEN WARS AND MAJOR EVENTS AFFECT COMMODITIES FROM KOREA TO VIETNAM AND THE OIL SHOCK: PRICES PLUMMET

There is a correlation between major world events and market list trends for maize and wheat. There were record grain prices after the first petroleum crisis in 1973. The exception was the first Gulf War (1991), when prices continued falling. Merely a coincidence?

Verona, 13 February 2013. And does war also contribute to the price of cereals? Since if it is true (and it is), that variations in agricultural supplies can be caused by phenomena related to agriculture as well as other events exerting an influence on markets, then major events may also trigger variations in the evolution of cereal prices.

Throughout his report focusing on "Agricultural Engineering: What future?" on the occasion of the first edition of the Fieragricola Best Seller Awards, Dario Casati, Professor of Agricultural Economics and Appraisal at the University of Milan, lined up major world events and price dynamics for cereals, which are a key product of agriculture representing 16% of the value of world agricultural production, totalling 2.3 billion tonnes.

«From the Korean War in 1952 to the tensions between the United States and Cuba ten years later," Casati remarked, "price increases are a constant phenomenon. And this holds true for both wheat and maize." There were also peaks in 1966, with the onset of the Vietnam War, as well as for other events of a different nature.

"The oil shock in 1973 brought about record prices for wheat: 9 dollars/bushel (approximately \$327/tonnes)," Casati highlighted, "with further increases in 1979, during the second petroleum shock. And then in 1988-89, because of booming inflation, in 1995 with the crisis in Eastern European and in 2003 through a combination causes inside and outside agriculture: drought and the crisis of the new economy." And naturally through to three crises occurring from 2007-2008 to 2012.

In 1991-1992, during the First Gulf War and in its immediate aftermath, prices for maize and wheat did not leap. On the contrary, they continued their descent. Merely a coincidence?

Press release - VeronaFiere Press Office

Tel.: +39.045.829.82.42-82.85

Fax: +39.045.829.81.13

E-mail: pressoffice@veronafiere.it - www.fieragricola.com