

Policy Backgrounder

Food Inflation Threatens Post-Pandemic Food Security Recovery

[The State of Food Security and Nutrition in the World \(SOFI\) 2025](#) report, published by five specialized United Nations (UN) agencies, revealed that persistent food price inflation is driving uneven global food security, resulting in a steady rise of hunger in most regions of Africa and western Asia. Low-income countries are disproportionately affected by rising food prices.

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- Since 2020, global food price inflation has significantly outpaced headline inflation reflecting heightened volatility in global markets. Food price inflation peaked in January 2023 at 13.6%, outpacing headline inflation by 5.1 percentage points at 8.5%.
- In marketing year (MY) 2024/25, Russia provided 50% of North Africa's wheat market share, including 70% of market share in Egypt and nearly the sole supplier for Libya. Meanwhile, EU market share in the region fell below 25%.
- The Food and Agriculture of the UN (FAO) Food Price Index [stood at](#) 130.1 points in July 2025, 7.6% higher than its value a year ago yet remained 18.8% below its peak reached in March 2022. While the price indices for cereals as well as sugar and dairy declined, they were outweighed by increases in the indices for meat and vegetable oils.
- Chicago wheat futures fell to a [five-year low](#) on August 6, hitting \$5.04 a bushel. Massive global supplies of wheat from US and Black Sea region harvests have flooded the market, and declining corn futures have put downward pressure on the wheat market, as livestock and poultry producers turn to corn as a lower cost feed alternative to wheat.

High Food Inflation Harms Post-Pandemic Food Security

[The State of Food Security and Nutrition in the World](#) (SOFI) 2025 report, published by five specialized UN agencies, estimates that 8.2% of the global population – approximately 673 million people – experienced hunger in 2024, down from 8.5% in 2023 and 8.7% in 2022. Despite this global improvement, hunger continued to rise in most subregions of Africa and western Asia, with the proportion of the population facing hunger in 2024 in Africa surpassing 20%, affecting 307 million people, while that number in western Asia stood at 12.7%, or 39 million people.

The report points to the persistence of [high food price inflation](#) following the pandemic as a major contributor to the slow recovery in food security. Since 2020, global food price inflation has significantly outpaced headline inflation, reflecting heightened volatility and ongoing pressures across the agricultural and food sectors. In addition to the unprecedented fiscal spending and relaxed monetary policies associated with the pandemic, the war in Ukraine and extreme weather events led to sharp price increases in agricultural commodities. Food price inflation peaked in January 2023 at 13.6%, outpacing headline inflation by 5.1 percentage points at 8.5%. Both indicators remained elevated through the end of the year, and by 2024, food inflation had returned to pre-pandemic levels.

Low-income countries are [disproportionately affected](#) by rising food prices. While global median food price inflation peaked in January 2023 at 13.6%, food price inflation in low-income countries far surpassed that figure, peaking at 30% in May 2023. Food inflation has been a major barrier to attempts to boost global food security in low-income countries, as relatively small increases in food prices can significantly increase the proportion of the population who are food insecure. A 10% increase in food prices is associated with a 3.5% rise in moderate or severe food insecurity and a 1.8% increase in the proportion of individuals experiencing severe food insecurity. Further, recent declines in global commodity prices have not been fully reflected in lower consumer prices in low-income countries.

Trends in Food Insecurity

The SOFI 2025 report [examined](#) 153 countries from 2015 to 2023 classified as having low food insecurity (72 countries), lower-medium food insecurity (33 countries), upper-medium food insecurity (33 countries), and high food insecurity (15 countries), revealing that even among those with initially comparable rates of food security, outcomes varied significantly, with some countries managing to maintain food security stability while others experienced worsening security outcomes.

In the low food insecurity baseline category, 35 countries slightly improved food security despite annual food price inflation surging from 2.33% in 2015 to 10.75% in 2023. A similar trend occurred in the lower-medium food insecurity baseline group, with 13 countries achieving minor food insecurity reductions, despite extreme food price inflation increases from 3.94% to 21.75% during the same period. In contrast, within the upper-medium food insecurity group, 16 nations

experienced substantial increases in food insecurity, associated with food price inflation spikes from 3.74% to 17.13%.

Analysis of over 10,000 policy actions and 35 policy instruments – including price controls, trade policies, and production subsidies – revealed distinct patterns across different food security trajectories.

Countries in the low food insecurity group with stable or improving food security were more likely to adopt a more strategic combination of trade policy instruments compared to high food insecure countries in which use of these types of instruments was more constrained. In contrast, countries experiencing deepening food insecurity were more likely to focus on policy instruments aimed at restricting exports in addition to a broader set of production support measures and few social protection interventions. Among countries facing the highest rates of food price inflation alongside worsening food security, the most prevalent policy scenario involved agricultural input support without accompanying food stock interventions, indicating that trade-focused approaches result in less favorable food security outcomes when not accompanied by adequate measures to boost food production and social protection.

Top Wheat Exporters See Slow Start to New Season

In July, international sales of Russian wheat fell to their [lowest since 2008](#), with traders saying this season's crop has been slow to reach Black Sea terminals. SovEcon consultancy estimates July wheat exports at 2.0 million-2.5 million tons, compared with 3.67 million tons in July of last year, with Russian rail carrier Rusagrotans putting the figure slightly higher at 2.4 million-2.6 million. Russia's Deputy Agriculture Minister Andrei Razin said the country's wheat export campaign began later than expected because of weather conditions, with crops collected from an area 60% smaller than the year prior. At the end of the month, however, SovEcon [increased its projection](#) for Russian wheat exports for the 2025/26 marketing year (MY) to 43.3 million metric tons (mmt), up 0.4 mmt from the previous projection, citing favorable conditions. USDA's July 2025 [Grain: World Markets and Trade](#) puts the most recent projection for MY 2025/26 higher at 46.0 mmt, up from 43.0 mmt the year prior.

Other top wheat exporters also had a [slow start](#) to the 2025/26 season, with Ukraine and the EU experiencing adverse weather and increased stockpiling by farmers. USDA's July projected wheat exports for Ukraine in MY 2025/26 stands at 15.5 mmt, down from 15.9 mmt in 2024/25 and a significant drop from 18.58 mmt in 2023/24. The most recent projection for the EU is 32.5 mmt, up from 26.5 in 2024/25, but a significant drop from 38.0 mmt in 2023/24. According to USDA's July 2025 [World Agricultural Production](#) report, Russia's wheat production for 2025/26 is forecast at 83.50 mmt, up 2.33% from last year. Ukraine's wheat production is forecast at 22.00 mmt, down 5.98% from last year. EU wheat production is also forecast at 137.25 mmt, up 12.39% from last year. The EU's reduction in exports despite its forecasted increased production can be explained by higher domestic demand because of lower imports following the expiration of the EU's Autonomous Trade Measures with Ukraine.

US Wheat Exports Forecast at Five-Year High

According to USDA's July 2025 [World Agricultural Production](#) report, US wheat production for 2025/26 is forecast at 52.49 mmt, down 2.16% from last year. USDA's July 2025 [Wheat Outlook](#) forecasts US wheat exports for the current year up 25 million bushels in July to 850 million, the highest since MY 2020/21, based on a strong pace of export sales and larger supplies. US Hard Red Winter (HRW) exports were forecast to rebound 26% in July to 275 million bushels, making it the largest class of US wheat exports in 2025/26. HRW has historically been the largest class of US wheat exports but in recent years was surpassed by other classes because of relatively tighter supplies and strong export competition.

Russia Increases Share of North African Wheat Market

North Africa (Algeria, Egypt, Libya, Morocco, and Tunisia) [accounts for](#) approximately 15% of global wheat imports, with a growing proportion coming from the Black Sea region in part because of smaller exportable supplies from the EU. In MY 2024/25, Russia secured 50% of the region's market share, including 70% of market share in Egypt while being nearly the sole supplier of Libya. Russian exports to Tunisia increased 50% and exports to Morocco have more than doubled. Ukrainian wheat also expanded its prominence in North African markets last year, tripling exports to Algeria and increasing shipments to Tunisia by over 50%. Meanwhile, EU market share in the region fell below 25%.

Food Markets Remain Vulnerable

The FAO Food Price Index [stood at](#) 130.1 points in July 2025, 7.6% higher than its value a year ago yet remained 18.8% below its peak reached in March 2022. The FAO Cereal Price Index averaged 106.5 points in July, down 3.8% from the previous year. While the price indices for cereals as well as sugar and dairy declined, they were outweighed by increases in the indices for meat and vegetable oils.

Chicago wheat futures fell to a [five-year low](#) on August 6, with the most active wheat future ending at \$5.08-1/2 a bushel, recovering after hitting \$5.04 a bushel, its lowest point since August 2020. Massive global supplies of wheat from US and Black Sea harvests have flooded the market, while strong export competition and a lack of supply shortfalls have pushed prices to steep lows. Chicago's most active corn future contract fell 3/4 cent to close at \$4.01-1/4 per bushel, rebounding after breaking through the psychological \$4 floor. Declining corn futures have put downward pressure on the wheat market, as livestock and poultry producers turn to corn as a lower cost feed alternative to wheat.

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