

InterRice

Monthly report of the world market of rice

July 2011

Patricio Méndez del Villar

patricio.mendez@cirad.fr

www.infoarroz.org



RICE: Firm world prices despite large supply

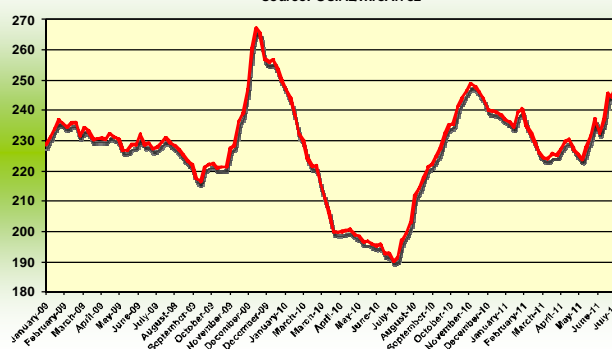
Market Trends

In July, the **world prices** remained firm due to promises for domestic prices revaluation made by the new government of Thailand. This measure is not likely to enter effect before the end of 2011, but its announcement has already caused upward moves in all Asian markets. By end-July, Thai prices tended to reduce because of a larger export supply. With these facts, little attention was given to the return of India to the export market of non-fragrant rice. Export licenses given to Indian exporters are significant, but there is some uncertainty on the regard of the real capacity for using such export quotes. There are also uncertainties on how long this liberalization is going to last, since local authorities postponed it many times in the past, concerned about inflationary risks on domestic prices.

In July, the OSIRIZ/InfoArroz index (IPO) rose by 11.7 points to 244.2 points (basis 100 = January 2000) against 232.5 points in June. By the beginning of August, the IPO index was at 248 points.

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000
source: Osiriz/InfoArroz

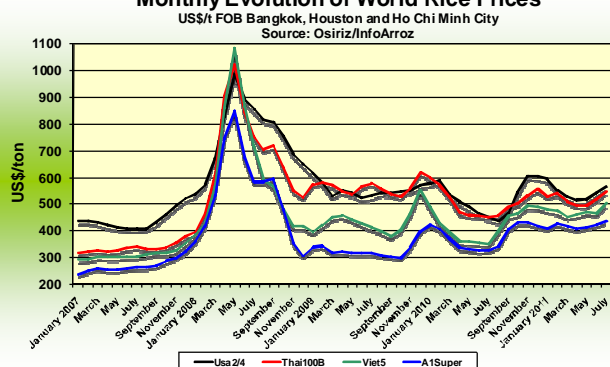


IPO Index and Export Rice Prices (US\$/t FOB - Source: OSIRIZ)

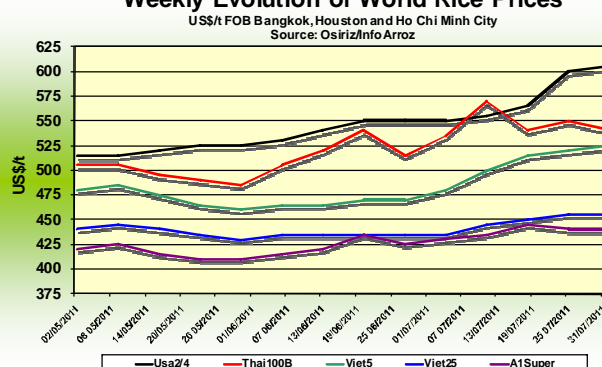
	IPO	Usa2/4	Thai100B	Thai5	Thai Parb	India5	Viet5	Tai25	Viet25	Pak25	A1Super
2009	231.9	553	564	540	-	-	435	456	368	352	327
2010	220.1	523	506	481	517	-	420	439	387	370	380
2011*	230.3	549	520	505	524	-	475	462	437	435	420
JAN - MAR	233.5	562	528	512	528	-	471	462	437	426	418
APR - JUN	227.8	526	505	490	510	-	470	454	435	434	416
MAY	232.5	543	520	506	518	445	468	466	435	443	424
JUNE	244.2	568	549	531	545	455	504	489	446	451	438
04-jul-11	237.2	550	535	520	530	445	480	470	435	450	430
11-jul-11	245.8	555	570	555	550	455	500	495	445	450	435
18-jul-11	244.6	565	540	520	540	460	515	490	450	450	445
25-jul-11	249.3	600	550	530	560	460	520	500	455	455	440

Source: Osiriz/InfoArroz, *January- July

Monthly Evolution of World Rice Prices



Weekly Evolution of World Rice Prices

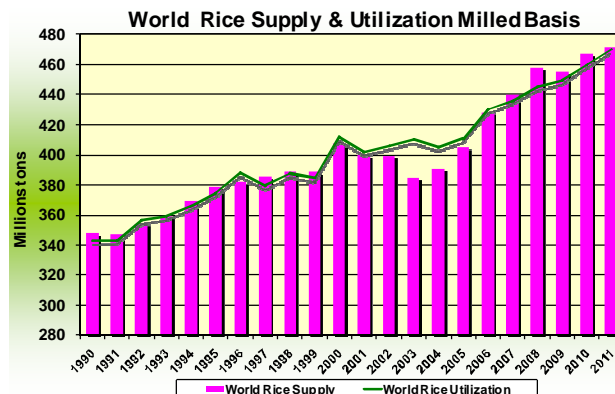
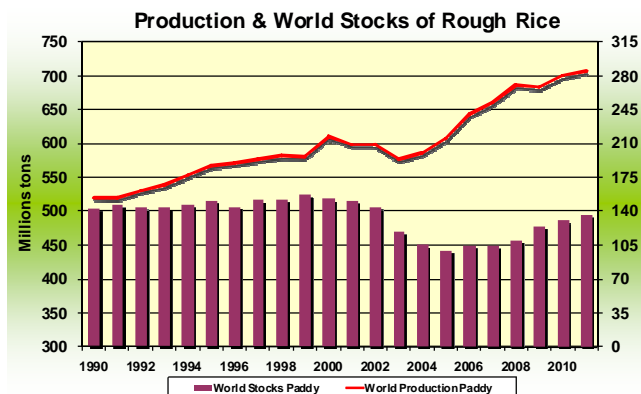


World production and trade

According to FAO, the **world production** in 2010 reached a record volume of 696 Mt (464Mt White rice equivalent) against 683Mt of paddy rice in 2009, up by 1.8%. Harvests have improved in almost all rice regions of the world, due to planted areas expansion, which may reach 162Mha. This increase shall be especially observed in Asian regions, notably China, India, Indonesia and Bangladesh. These countries are the main world producers and answer to two thirds of global output. Projections for the 2011/2012 season indicate a new production increase by 2.6%, to 713Mt (476 Mt of white rice). Good conditions in the Southern hemisphere tend to confirm these projections.

In 2010, **world trade** rose by 6%, from 29.6 Mt in 2009 to 31.9 Mt. In 2011, trade flows are expected to remain relatively stable at 32Mt. Export availabilities of the major exporters may continue to be largely sufficient to meet global demand.

World stocks increased by 4.6% in the end of 2010, from 126.6 Mt in 2009 to 132.3 Mt. These reserves represent 30% of global needs. In 2011, projections for global stocks indicate a further increase to 136.6 Mt.



Export market

In **Thailand**, prices continued the upward trend, boosted by the victory of the opposition coalition in general elections. The new government promised a revaluation of the price paid to producers. But this measure is not likely to be implemented before the end of 2011. It played an advantaged for Asian competitors, who showed more competitive prices. Thai sales in the export market were also affected, as opposed to record sales achieved during the first half of 2011 - more than 1 Mt per month on average. Late July, prices tended to decline. In July, the Thai 100% B was at \$ 549/ton FOB, against \$ 520 in June. Parboiled Tai also rose to \$ 545/ton from \$ 518 in June. The Broken A1 Super rose to \$ 438/ton from \$ 424/ton in June.

In **Vietnam**, export prices increased due to a strong import demand. Vietnamese rice took advantage of the appreciation of Thai prices, settling new important contracts with Asian customers. Consequently, export prospects for 2011 have been reviewed and could reach about 7.4 Mt against 6.9 Mt in 2010. In July, the Viet 5% was pigged at \$ 504/ton to \$ 468/ton in June. The Viet 25% also rose to \$ 446/ton, from \$ 435 previously.

In **Pakistan**, prices went up again. Exports are expected to have a strong growth, due to a significant increase in production. The exports could surpass the record volume of 4Mt in the 2011-2012 crops. The Pak 25% rose to \$ 451/ton from \$ 443/ton in June.

In **India**, the main event of the market was the authorization for non-fragrant rice exports. Nevertheless, uncertainties remain about the volumes that are to be exported. More than one million tons were released for export, leading exports to an anticipated total of 3.5 Mt in 2011, including aromatic rice. In July, the average price of Indian rice 5% was \$ 455/ton.

In the **United States**, export prices continued to rise. The situation in Asian markets and bad weather conditions across US' southern producing regions have strongly impacted current and future trends in the American market. On the Chicago Board of Trade, futures prices showed a 15% increase in a month. Export prospects do not seem to be very encouraging, because of scarce supply and less competitive prices. In July, the average price of rice Long Grain 2/4 was \$ 568/ton, against \$ 543 in June. Early August, the product ranged between \$ 600 and \$ 610/ton.

In **Mercosur**, export prices remained relatively stable because of a large export supply. The competitiveness of South American rice continues to improve. They begin to compete with U.S. rice in its Caribbean markets, and continue to expand their market-shares in West Africa and Southern Africa's countries.

In **Africa**, rice production in 2011 is expected to rise again, especially in Guinea, Mali and Nigeria. With this increase, imports may remain stable. Africa represent nearly one third of world imports, and Sub-Saharan Africa is the major pole of world imports.

Millions ton	Production milled rice		Exports		Stocks
	2010	2011	2010	2011p	2011
World	455.6	463.8	31.4	31.8	132.3
China	134.0	136.6	0.6	0.8	70.7
India	91.1	99.1	2.0	2.3	19.0
Indonesia	43.2	44.2	0.1	-	5.9
Vietnam	26.0	26.7	6.9	7.1	3.3
Thailand	21.9	21.4	9.1	10.0	5.5
Brazil	8.6	8.0	0.4	0.6	2.0
USA	6.9	7.6	3.8	3.4	1.2
Pakistan	6.8	4.7	4.0	3.5	0.7

Sources: FAO & USDA July 2011

Patricio Méndez del Villar. August 4th 2011
patricio.mendez@cirad.fr

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This monthly report is made by Patricio Méndez del Villar, researcher at the Centre de Coopération Internationale en Recherche Agronomique pour le Développement - CIRAD, in France (www.cirad.fr). The contents are available in four languages: French (Osiriz), Spanish (InfoArroz), English (InterRice) and Portuguese (InterArroz) with the support of InfoComm project from the United Nations Conference on Trade and Development (UNCTAD, www.unctad.org/infocomm/). All these versions can be found at the website www.infoarroz.org. It is a partnership with Natural Consultoria & Comunicação, a Brazilian company that contributes to divulge this work. All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks