InterRice

Monthly report of the world market of rice
June 2010

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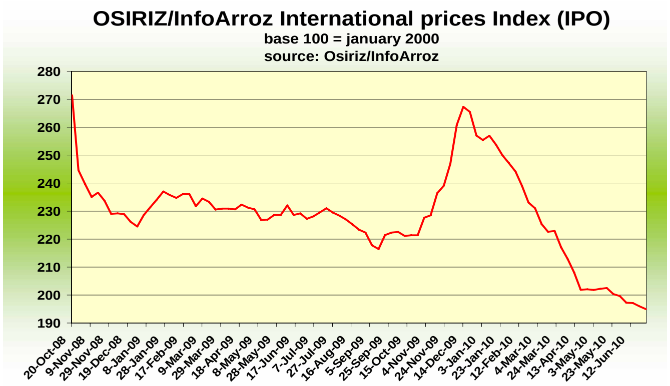
RICE: world price downward trend is likely to remain

Market Trends

In June, rice **world prices** decreased further, by 2.5% in average. This downward trend, although in a more limited degree than in the first quarter of 2010, is likely to continue because of a large supply. There is no sign of changes in this trend in the next months, as a result of a satisfactory world supply. Moreover, supply will probably increase with the consecutive arrival of good harvests in the main producing regions of the world.

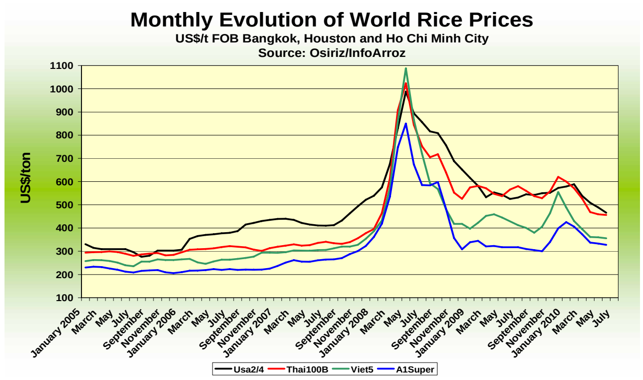
In June, the *OSIRIZ/InfoArroz* index (**IPO**) fell by 5 points to 196.3 points (basis 100 = January 2000) against 201.3 points in May. In the beginning of July, the world prices index was around 195 points.

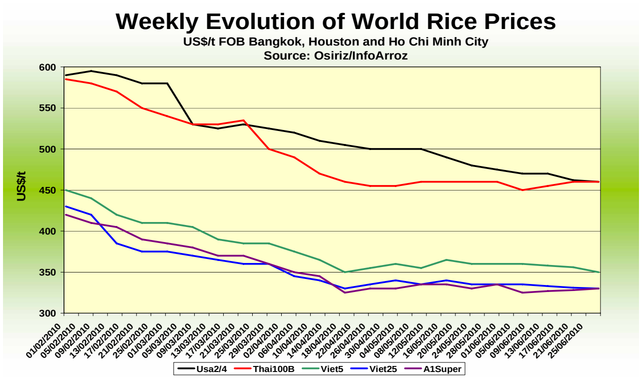


IPO Index and Export Rice Prices (US$/t FOB - Source: OSIRIZ)

		IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2008		**305.1**	**757**	**678**	**660**	**700**	**616**	**655**	**600**	**519**	**516**	**541**
2009		**231.9**	**553**	**564**	**540**	**-**	**435**	**-**	**456**	**368**	**352**	**327**
2010*		**219.8**	**527**	**512**	**482**	**-**	**397**	**-**	**437**	**369**	**353**	**366**
JAN- MAR		**238.3**	**566**	**563**	**532**	**-**	**435**	**-**	**477**	**403**	**368**	**399**
APRIL- JUNE		**201.3**	**488**	**461**	**433**	**-**	**359**	**-**	**397**	**336**	**338**	**333**
MAY		**201.3**	490	459	430	-	360	-	399	337	328	334
JUNE		**196.3**	466	456	428	-	356	-	390	332	360	328
	07-jun-10	**197.2**	470	450	420	-	360	-	385	335	360	325
	14-jun-10	**197.1**	470	455	425	-	358	-	390	333	360	327
	21-jun-10	**196.0**	462	460	430	-	356	-	390	331	360	328
	28-jun-10	**194.9**	460	460	435	-	350	-	395	330	360	330

Source: Osiriz/InfoArroz. * January-June



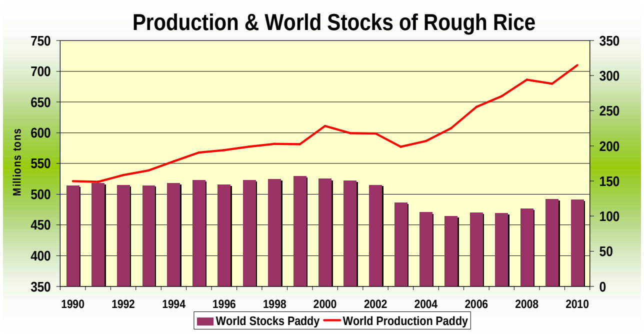


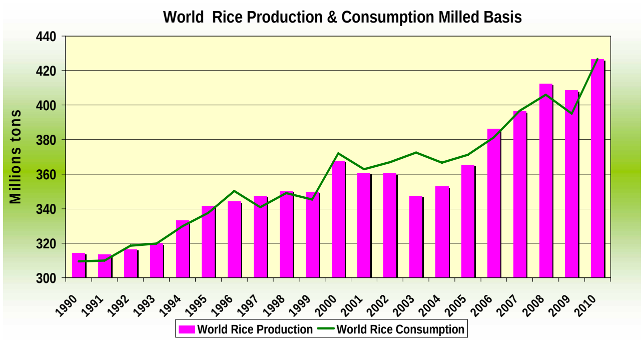
World production and trade

In 2009, according to FAO's latest figures, the **world production** had a slight fall of 0.6% to 682 million tons of paddy rice (456Mt of white rice equivalent) against 686Mt in 2008. New projections for 2010's global production indicate an increase up to 3.6% to 707Mt (472Mt of white rice). This growth is due to production recovery in India, which could reach the same level obtained in 2008. In other countries, favorable outputs are expected, because of good weather conditions.

In 2010, the **world trade** is expected to grow to 31.3Mt against 29.7Mt in 2009. This increase considers a rising demand from some importing countries. By the exporters' side, supply is likely to be enough. India still imposes some export restrictions, but they tend to be more flexible.

World stocks by the end of 2009 were calculated at 124.5Mt against 110.8Mt, up by 5%. These stocks represent 28% of the world's needs. In 2010, world stocks may increase further, to 125,3Mt.





Export market

In **Thailand**, prices fell by 1%. By end-June, prices were firmer with the revaluation of dollar against Thai currency. In the following weeks, the government expects to sell part of the public stocks in order to open space for the new harvests that start to arrive in a few months. These sales are supposed to happen slowly to avoid the drop of world prices, which are already down. In June, the Thai 100%B fell by US$ 3 to $ 456/ton Fob against $ 459 in May. The broken A1 Super went down to $ 328/ton against $ 333/ton in May.

In **Vietnam**, export prices also decreased by 1% in one month. The country has exported about 400 to 500,000 tons per month, mainly toward Southeast Asian countries. The total exported volume in 2010 may get close to 6Mt, up by 20% in relation to 2009. Almost 75% of the Vietnamese exports are sent to Asian countries, competing with Thailand, which tends to progressively lose markets in the ASEAN countries - the group answers for 30% of Thai exports, while it represented 60% five years ago. In June, the Viet 5% was pigged at $ 356/ton against $ 360/ton in May. The Viet 25% was at $ 332/ton against $ 337 in May.

In **Pakistan,** oppositely to other markets, prices rose due to the lack of exportable supply. The external demand is active. Pakistan takes advantage of India's absence from the export market to attract new market-shares. In 2010, this country may rank third among the largest exporters of the world, ahead of the United States. In June, the Pak 25% had an average price of $ 360/ton against $ 328 in May.

In **India**, the restrictions on non-fragrant rice exports were partially suspended. Even so, exports are limited to neighbor countries like Bangladesh. The recovery expected for Indian production in 2010 may allow the country to return to the export market in 2011.

In the **United States**, the export prices sharply decreased by 5% in one month. Plenty supply is confirmed and it tends to pressure prices down. Exports, on the other side, had a strong increase of 50% in comparison to the previous month. At the Chicago Board of Trade, the contracts for June and September 2010 point to a decrease of 5 to 6%. In June, the Long Grain rice was at $ 466/ton against $ 490 in May.

In **Mercosur,** export prices had a slight fall of 1%. In Brazil, domestic prices decreased more significantly, by 5% in relation to May. The Common External Tariff (TEC) of Mercosur, contrarily to what we have announced last month, will remain at 30% for rice imports. TEC's revision was intended, among others, to limit Vietnamese rice imports toward the Brazilian Northeast.

In **Africa**, falling world prices tend to boost the import demand from Africa. In West Africa's rice producing countries, the main season sowing has just begun. So that local rice is likely to hit the market only after October. Meanwhile, urban markets will be mainly supplied with imported rice. Africa imports almost one third of the world's rice imports.

Millions ton	Production milled rice		Exports		Stocks
	2008	2009	2009	2010	2010
World	455.5	472.0	29.7	31.3	125.3
China	135.1	137.3	0.9	1.1	70.8
India	89.3	100.7	2.5	2.2	15.1
Indonesia	40.5	40.9	-	0.1	4.5
Vietnam	25.9	25.9	6.0	5.8	4.3
Thailand	19.7	19.9	8.5	8.8	5.1
Brazil	8.4	7.7	0.6	0.5	0.3
USA	6.9	7.6	3.0	3.3	1.0
Pakistan	6.7	6.7	2.9	3.6	1.1

Sources FAO & USDA June 2010

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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.