

InterRice

Monthly report of the world market of rice

March 2011

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RICE: Large supply and lower world prices

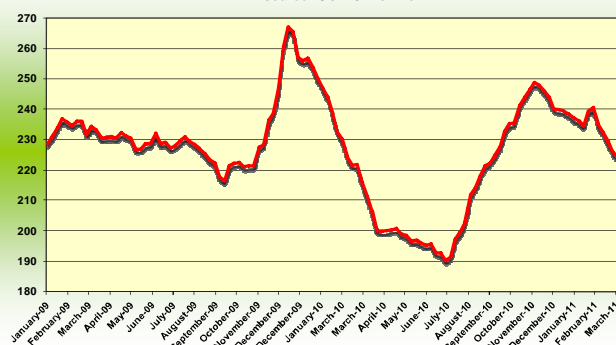
Market Trends

In March, **world prices** continued to fall as a result of large exportable supply. At the same time, import demand is relatively active. Due to attractive prices, importers are returning to the market. The announcement of limitations of some exporters and the situation in Japan have not had major impact on the world market. In Japan, the area affected by the disaster and radiation are relatively far from the major rice producing regions. In addition, the export supply for the Japanese market, mainly from the United States and Australia, is enough to meet the Japanese demand. If weather conditions remain normal worldwide, the downward trend in international prices could continue in the coming months.

In March, the OSIRIZ/InfoArroz (IPO) index decreased by 9.4 points to 228.0 points (basis 100 = January 2000) against 237.4 points in February. In early April, IPO was at 224 points.

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000
source: Osiriz/InfoArroz



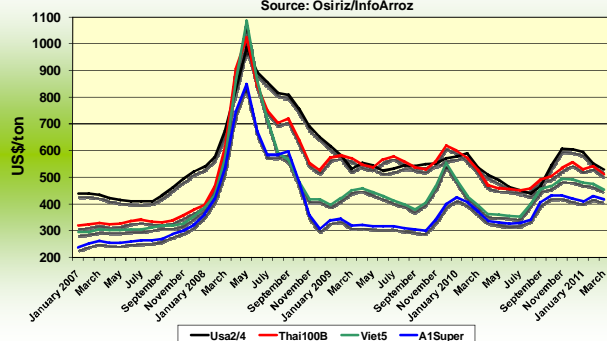
IPO Index and Export Rice Prices (US\$/t FOB - Source: OSIRIZ)

	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*	233.5	562	528	512	528	-	471	462	437	426	418
OCT – DEC	238.0	587	531	512	540	-	485	472	448	415	428
JAN – MAR	233.5	562	528	512	528	-	471	462	437	426	418
FEBRUARY	237.4	553	543	525	541	-	474	473	444	426	429
MARCH	228.0	530	511	496	518	-	455	454	420	425	416
	07-mar-11	232.4	540	525	510	-	465	465	430	420	425
	14-mar-11	229.4	530	515	500	-	455	460	420	430	425
	21-mar-11	225.9	525	505	490	-	450	450	415	420	415
	28-mar-11	224.4	525	500	485	-	450	440	415	430	400

Source: Osiriz/InfoArroz, *January- March

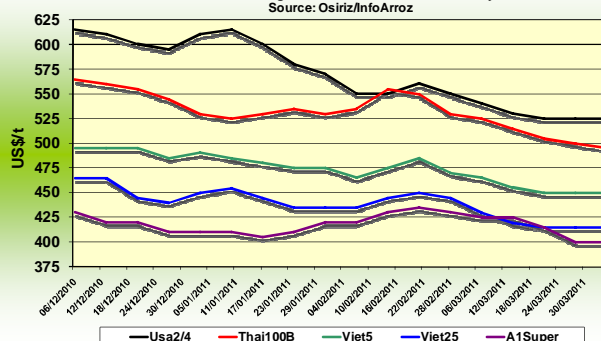
Monthly Evolution of World Rice Prices

US\$/t FOB Bangkok, Houston and Ho Chi Minh City
Source: Osiriz/InfoArroz



Weekly Evolution of World Rice Prices

US\$/t FOB Bangkok, Houston and Ho Chi Minh City
Source: Osiriz/InfoArroz

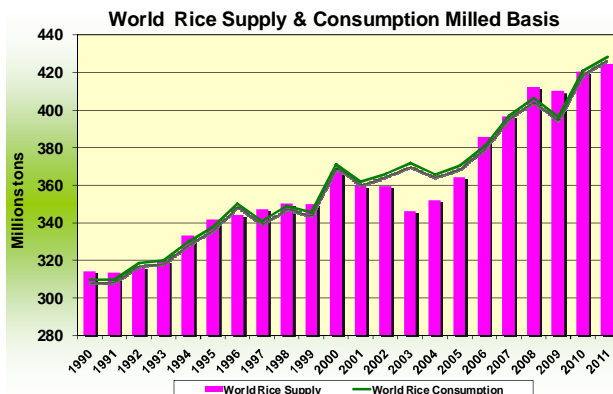
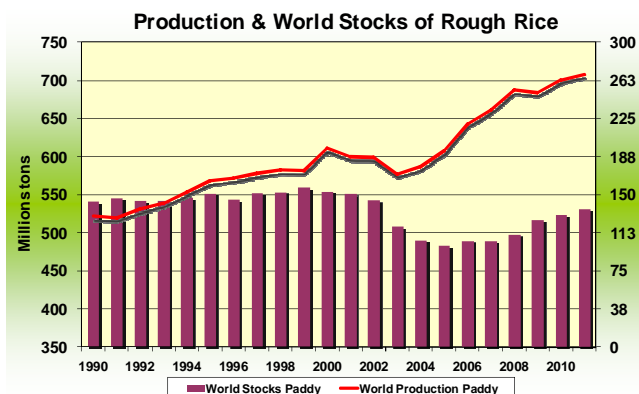


World production and trade

According to FAO, **world production** in 2010/2011 is expected to reach a record 700 million tons of paddy (467Mt basis white rice) from 683Mt in 2009, an increase of 2.5%. Harvests have improved in almost all rice growing regions of the world, due to an expansion of rice planted areas, which may reach 162 million ha. This improvement would occur mainly in the Asian region, starting with China, India, Indonesia and Bangladesh, the major producing countries, answering for two-thirds of total world production.

In 2010, the **world trade** increased to 31.5 Mt from 29.7 Mt in 2009. In 2011, trading may slightly increase to 31.6 Mt. Export availabilities of the major exporting countries are expected to be more than adequate to meet a stable global demand.

World rice stocks at the end of 2010 would have increased to 131.3 Mt from 125.5 Mt in 2009. These reserves represent 30% of global needs. In 2011, global inventories may rise to 136.8 Mt. But this figure may be downward revised due to a possible increase of global consumption.



Export market

In **Thailand**, prices declined by 5% during the month of March due to the large availability and the strong competition with Vietnam. The foreign market was fairly active in March and exports exceeded 1Mt on average per month. During the first quarter of 2011, exports have increased by 45% compared to 2010 in the same period. The export prospect for the current year is encouraging, with a volume that may exceed 10 Mt. In March, Thai 100% B was quoted at US\$ 511/ton Fob, against \$ 541 in February. Parboiled Thai was at \$ 518/ton Fob against \$ 541/ton in February. The Broken A1 Super also dropped to \$ 416/ton against \$ 429/ton in February.

In **Vietnam**, export prices also fell between 4% and 5% in a month. The authorities had to cut down the minimum export prices by two consecutive times, following the exportable surplus. The pace of Vietnamese exports was also active, with an average volume of 550,000 tons per month. In total, this country could export about 6.5 Mt in 2011, a decline of 5% compared to the record level of 2010. Its main markets are the Asian countries, with nearly 60% of total exports, followed by African countries, with about 30% of the total. In March, the Viet 5% was quoted at \$ 455/ton against \$ 474/ton in February. The Viet 25% had an average price of \$ 420/ton against \$ 445 earlier.

In **Pakistan**, prices remained stable compared to February. The export prospects in 2011 indicate a reduction of 40% over the previous year due to bad weather conditions in 2010, which caused a serious collapse of rice production. The Pak 25% was quoted at \$ 425/ton against \$ 426/ton in February. Early April, it was firm at \$ 430/ton.

In **India**, despite the increase of rice production - which is likely to reach a record level of 100 Mt of white rice equivalent -, the Indian authorities kept restrictions on the export of non-fragrant rice, in effect since late 2007. Exports are generally of aromatic Basmati rice, which may also decline this year because of smaller sales to Iran, one of its main customers in the Middle East. More than 50% of Basmati rice production is exported, mainly to Gulf countries.

In the **United States**, export prices declined again, losing 4% in March. In contrast, at the Chicago Board of Trade (CBOT), future prices for May and June 2011 started to recover in mid-March, after the sharp reduction during the past two months. The market anticipates a possible reduction in the planted area in 2011 as a result of lower prices. In March, the Long Grain 2/4 was at \$ 530/ton against \$ 553 in February.

In **Mercosur**, export prices declined by 1% compared to February. The exportable supply is large, especially in Brazil, where the harvest process is at the peak and prices paid to producers are at the lowest levels since 2006. In Uruguay, the foreign market is slow because of the low demand from Brazil.

In **Africa**, production would increase by 4% due to new rice planted areas and better yields. However, this increase is still insufficient to reduce imports. These may progress by 3% this year to meet domestic consumption, which continues to grow at a rate of 6% per year.

Millions ton	Production milled rice		Exports		Stocks
	2009	2010	2010	2011p	2010
World	455.6	467.3	30.5	30.4	130.0
China	133.7	136.3	0.8	1.0	70.6
India	91.1	99.1	2.4	2.5	19.0
Indonesia	43.2	44.2	0.1	-	5.9
Vietnam	26.0	26.7	6.9	6.5	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	7.5	3.5	3.6	1.2
Pakistan	6.8	4.3	3.5	1.8	0.7

Sources: FAO & USDA March 2011

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InterRice - Monthly report of the world market of rice March - n. 85

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