

InterRice

Monthly report of the world market of rice

November 2011

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RICE: world prices keep on decreasing, except in Thailand

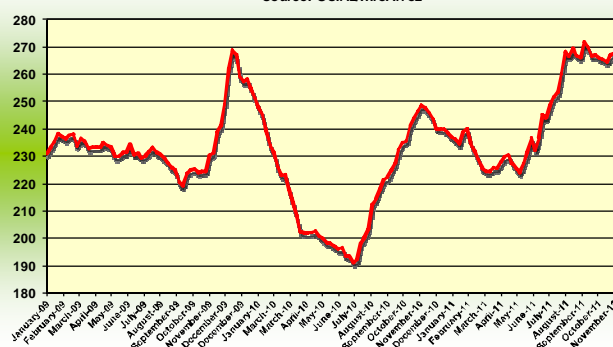
Market Trends

In November, the **world prices** continued to fall in all the markets, except in Thailand, where the new price policy and October's strong floods contributed to keep very high prices in relation to Asian main competitors. These countries have reduced their prices, enlarging the gap in relation to Thailand. The United States rice prices have followed the Asian trend, so that they are lower than Thai prices. In the coming months, the world prices may go on the downward trend due to export surpluses and the smaller global rice trade expected for 2012. This is the logical consequence of an increasing global production and stocks, which may reach the highest level of the past ten years.

In November, the *OSIRIZ/InfoArroz* (IPO) index slightly decreased by 0.5 points to 266.6 points (basis 100 = January 2000) against 267.1 points in October. In the beginning of December, the IPO index was at 264 points.

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000
source: Osiriz/InfoArroz



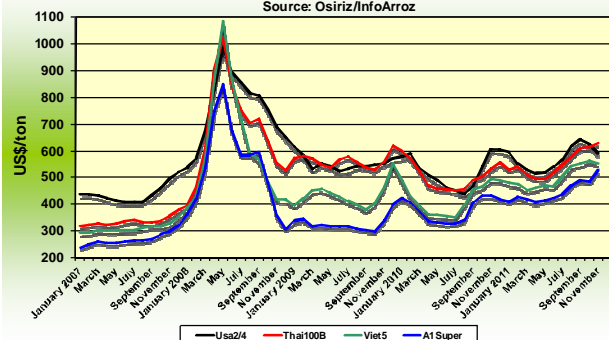
IPO Index and Export Rice Prices (US\$/t FOB - Source: OSIRIZ)

	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*	244.4	575	555	539	551	-	505	497	462	432	449
APR - JUN	227.0	526	504	489	510	-	468	453	433	436	416
JUL - SEP	256.2	611	581	564	578	-	534	520	478	453	468
OCTOBER	267.1	625	613	598	597	463	566	553	514	420	486
NOVEMBER	266.6	593	630	615	598	446	555	583	506	391	529
	07-nov-11	264.7	600	630	615	595	450	580	500	395	495
	14-nov-11	267.3	595	635	620	600	445	550	585	505	535
	21-nov-11	267.9	590	630	615	600	445	560	585	510	545
	28-nov-11	266.4	585	625	610	595	445	560	580	390	540

Source: Osiriz/InfoArroz, *January- November

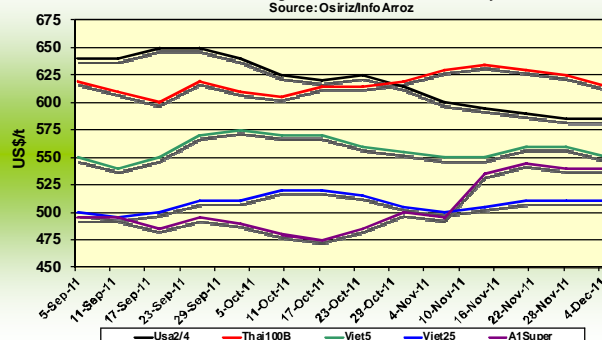
Monthly Evolution of World Rice Prices

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

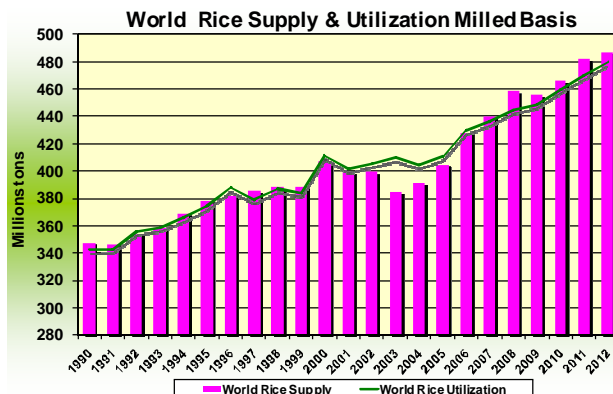
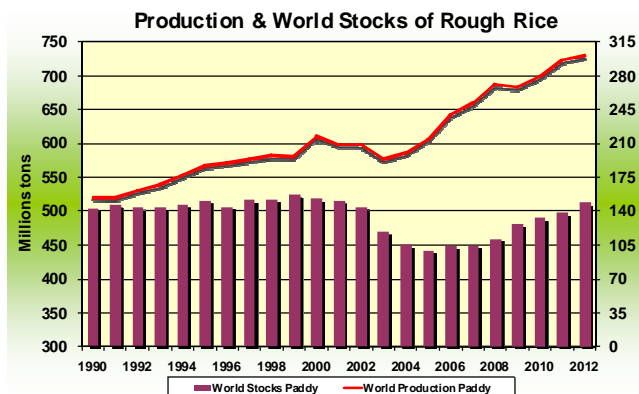


World production and trade

According to FAO, the **world production** in 2010 reached 700 million tons (467Mt of white rice) against 683Mt of paddy rice in 2009, an increase of 2.3%. Harvests have improved in almost all rice growing regions because of an extension of planted areas, which reached around 163Mha. The projections for the 2011 season indicate a new production record to 723Mt (482.4 Mt of white rice), up by 3.4%. This increase will be concentrated in major Asian rice producing countries, especially China, India and Indonesia, who sum up to two-thirds of world production.

In 2011, the **world trade** may grow by 8%, reaching a record amount of 34Mt against 31.5Mt in 2010. In 2012, trade flows may decline by 1.5% to 33.5Mt because of a weaker import demand in some Asian countries. The exportable availability in the main exporters are largely enough to meet global demand.

The **world stocks** by the end of 2011 were projected to be higher and they may grow by 4.3% to 138.4Mt against 132.7Mt in 2010. These reserves represent almost 30% of the world needs. Projections for the world stocks in 2012 indicate a new increase by 7.7% to 149Mt.



Export market

In **Thailand**, by contrast of the main export markets, prices remained firm on the back of the new scheme of internal prices and the floods that affected a part of the main crop. Public and private export reserves are abundant; the second crop, which will arrive in mid-2012, could increase significantly to compensate for previous losses. Meanwhile, exports declined by 20% to 30% in November over the past months. However, cumulative exports have exceeded 10 Mt in 2011. Forecasts for 2012 indicate that sales may decrease to 8Mt. In November, the Thai 100% B was quoted at US\$ 630/ton FOB, against \$ 613 in October. In contrast, the Thai Parboiled remained stable at \$ 598/ton to \$ 597/ton in October. The Broken A1 Super went up by 9% to \$ 529/ton to 486/ton in October. In early December, the high quality rice prices begin to decline, pressured by Vietnamese competition.

In **Vietnam**, export prices decreased by 2% when compared to October. This country continues to take advantage of the price gap in relation to Thailand. Vietnamese exporters have begun to capture some markets that were previously controlled by Thailand. The exports are likely to reach 7Mt in 2011. These could increase again in 2012 to 7.5 Mt, leading the country to get close to the first world ranking. In November, the Viet 5% was at \$ 555/ton against \$ 566/ton in October. The Viet 25% also fell to \$ 506/ton from \$ 514 previously. In early December, prices were firmer.

In **Pakistan**, prices showed a further drop of 5%. Pakistani exporters should line up against Indian competitors who continue to offer the lowest prices on the market. Pakistani sales should decline this year due to the weak 2010/11 crop. The Pak 25% was pigged at \$ 391/ton to \$ 420/ton in October.

India had a great return to the world market with extremely competitive prices. India seems to intend to massively get rid of their stocks. Even the state trade companies could return to the market within government to government agreements with Asian countries. India is also expected to boost its sales in the African continent. The Indian 5% decreased by 5% to \$ 394/ton against \$ 412/ton in October.

In the **United States**, export prices followed the trend of Asian markets and fell by 5% in a month. The price for the Long Grain 2/4 was \$ 593/ton against \$ 625 in October – being below the Thai benchmark prices for the first time since August 2010. In the Chicago Board of Trade, futures prices for January 2012 declined significantly by 15% between early-November and early-December, due to a “dead” domestic market.

In **Mercosul**, export prices also followed the downward trend of international prices. But the price of the benchmark paddy rice in Brazil stood firm in relation to October. Despite current slow external sales, the 2011 balance is broadly positive. Especially in Brazil, where the incentive program for exports had good results. Brazilian exports should exceed the historical level of 1Mt (milled rice) against 0.4 Mt in 2010. In Uruguay, exports continue to focus on the Middle East market.

In **Africa**, imports could be reactivated after two years of relative stability of import demand. Rice production, especially in West African countries, may stagnate this year due to erratic rainfall.

Millions ton	Production milled rice		Exports		Stocks
	2010	2011	2010	2011p	2011
World	467.0	482.4	31.5	34.0	138.4
China	134.0	137.0	0.7	0.8	75.2
India	89.1	94.1	2.0	2.3	19.1
Indonesia	43.2	44.3	-	-	5.4
Vietnam	25.9	26.6	6.9	7.5	2.8
Thailand	21.3	20.9	9.0	10.0	5.2
Brazil	8.6	8.0	0.4	1.0	2.0
USA	7.6	6.8	3.9	3.4	1.7
Pakistan	6.9	5.5	3.6	2.7	0.4

Sources: FAO & USDA November 2011

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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. All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks