

# InterRice

Monthly report of the world market of rice

October 2011

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## RICE: world prices tend to fall

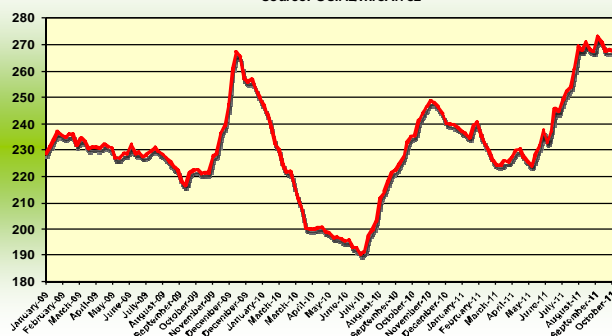
### Market Trends

In October, the **world prices** went down due to large supplies and a slightly stronger dollar. Furthermore, it is unlikely that the new domestic price policy in Thailand reflects strong consequences at the international level, for this while. Asian competitors are commercially more aggressive in the export markets and they have lowered their prices. Buyers, for their turn, are somehow comfortable as the prospects for 2012 are quite optimistic. The world production increased and the global stocks are likely to reach the highest level of the last ten years. Consequently, the world trade may go down a bit with weaker demand in major Asian importers, especially in the Philippines.

In October, the OSIRIZ/InfoArroz index (IPO) slightly decreased by 1.6 points to 268.3 points (base 100 = January 2000) against 269.9 points in September. By early November, the IPO index was around 267 points.

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000  
source: Osiriz/InfoArroz



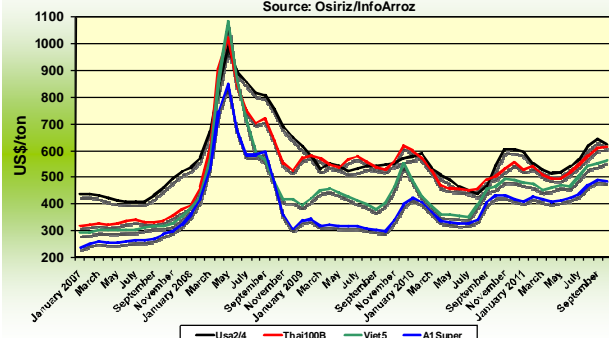
### IPO Index and Export Rice Prices (US\$/t FOB - Source: OSIRIZ)

	IPO	Usa2/4	Thai100B	Thai5	Thai Parb	India5	Viet5	Tai25	Viet25	Pak25	A1Super
<b>2009</b>	231.9	553	564	540	-	-	435	456	368	352	327
<b>2010</b>	220.1	523	506	481	517	-	420	439	387	370	380
<b>2011*</b>	243.7	574	548	532	546	-	501	489	458	436	442
<b>APR – JUN</b>	227.0	526	504	489	510	-	468	453	433	436	416
<b>JUL – SEP</b>	256.2	611	581	564	578	-	534	520	478	453	468
<b>SEPTEMBER</b>	269.9	645	613	598	610	469	553	553	501	446	493
<b>OCTOBER</b>	268.3	625	613	598	597	463	566	553	514	420	486
	03-oct-11	271.0	640	610	595	600	470	575	550	440	490
	10-oct-11	267.6	625	605	590	595	470	570	545	425	480
	17-oct-11	268.1	620	615	600	595	460	570	550	420	475
	24-oct-11	267.5	625	615	600	595	460	560	555	410	485
	31-oct-11	267.5	615	620	605	600	455	555	505	405	500

Source: Osiriz/InfoArroz, \*January - October

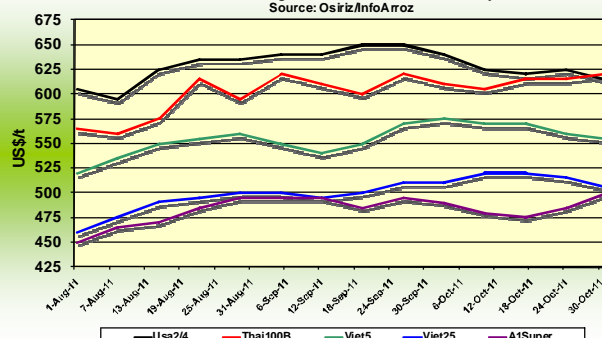
### Monthly Evolution of World Rice Prices

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

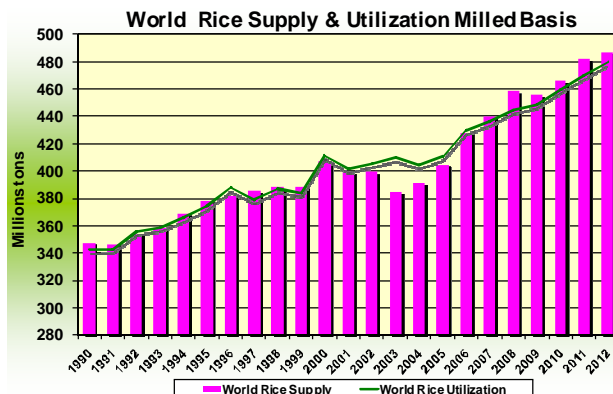
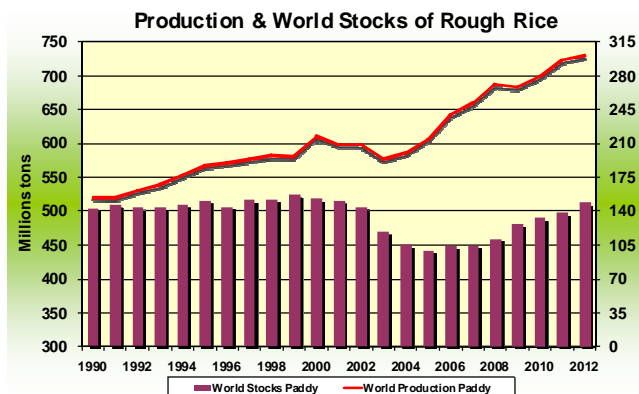


### World production and trade

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

In 2011, the **world trade** may rise by 8% from a record volume of 31.5 Mt to 34Mt of milled rice in 2010. In 2012, trade flows could decline by 1.5% to 33.5 Mt due to lower import demand in some Asian countries. Export availabilities from the major exporters are still largely sufficient to meet global demand.

**World stocks** at the end of 2011 were upward revised and may increase by 4.3% to 138.4 Mt, from 132.7 Mt in 2010. These reserves represent almost 30% of global needs. In 2012, global stock projections indicate a further significant increase by 7.7%, to 149Mt.



### Export market

In **Thailand**, prices were relatively stable in September, with a slight increase by the end of October. Severe floods have not greatly affected export prices, although reports indicate a loss of 3Mt of rice. Government and private exporters have about 5Mt in stocks. On the other hand, the revival of Indian exports with very competitive prices can hinder the implementation of the new Thai policy on domestic prices. In October, the Thai 100% B remained stable at \$ 613/ton Fob. In contrast, the Thai Parboiled decreased by 2%, from \$ 597/ton to \$ 610 /ton in September. The Broken A1 Super also fell to \$ 486/ton from \$ 493/ton in September.

In **Vietnam**, export prices strengthened again. Buyers show interest in this origin as some anticipate possible increases in the Thai market. However, trading activity is relatively weak due to the interest by other sources, such as India, Cambodia and Burma. In October, the Viet 5% was pigged at \$ 566/ton from \$ 553/ton in September. The Viet 25% rose to \$ 515/ton from \$ 501 previously. Early November, prices remained stable.

In **Pakistan**, prices showed a further drop of 6%. With the return of India to the world market, Pakistani exporters may align their prices to the Indian ones, in order to remain competitive, especially in Southeast Asian markets. The Pak 25% was quoted at \$ 420/ton from \$ 446/ton in September.

In **India**, prices continue to fall; they currently are the lowest price in the export market. India seems to intend to discard part of their stocks at low prices. The main importers are highly interested in the Indian rice. Indonesia continues to negotiate with India a contract that involves 250 to 500,000 t. The Indian 5% was pigged at \$ 463/ton in October from \$ 469/ton in September. The Indian 25% was quoted at \$ 412/ton from \$ 434 previously.

In the **United States**, export prices have begun to decrease for the first time since early August. US prices are still higher than Thai prices, but the difference tends to reduce. This could increase the export market activity, which is slow for now. In the Chicago Board of Trade, futures prices gained 4% in October spurred by domestic demand. In October, the price for Long Grain 2/4 was \$ 625/ton to \$ 645 in September.

In **Mercosur**, export prices slightly increased, but with a high weekly volatility. The sowing period has begun. Harvest prospects for the 2011/2012 season indicate a possible reduction in planted areas. In Brazil, the reference price for paddy has become stronger due to a relatively low supply.

In **Africa**, rice production may not make much progress this season due to irregular rains, especially in West African countries. Poor harvests and higher import prices may aggravate the food situation in this region of the continent, especially in the countries of the Sahel.

Millions ton	Production milled rice		Exports		Stocks
	2010	2011	2010	2011p	2011
<b>World</b>	467.0	482.4	31.5	34.0	138.4
<b>China</b>	134.0	137.0	0.7	0.8	75.2
<b>India</b>	91.1	99.5	2.0	2.5	19.1
<b>Indonesia</b>	43.2	44.3	-	-	5.4
<b>Vietnam</b>	26.0	26.7	6.9	7.5	2.8
<b>Thailand</b>	21.9	21.3	9.1	9.9	5.2
<b>Brazil</b>	8.6	8.0	0.4	0.8	2.0
<b>USA</b>	7.6	6.8	3.9	3.4	1.7
<b>Pakistan</b>	6.8	4.7	3.6	2.7	0.4

Sources: FAO & USDA October 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](http://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/](http://www.unctad.org/infocomm/)). All these versions can be found at the website [www.infoarroz.org](http://www.infoarroz.org). All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks