

InterRice

Monthly report of the world market of rice

November 2009

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RICE: Import demand drives world prices upward

Market Trends

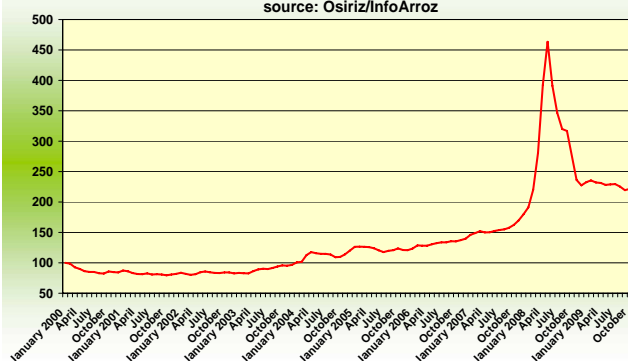
In November, the **world rice prices** continued to rise due to the strong Asian import demand and the contraction of export supply. The Philippines has increased its import demand to 3Mt, answering for 10% of the world rice trade; the country launched tenders for rice shipping during 2010. India, in its turn, will be out of non-fragrant rice export market, and it is likely to be a net importer in 2010. Uncertainties about the imported volume still remain. As a consequence, Thailand and Vietnam updated their export targets, what should calm down tensions in 2010 markets.

In November, the OSIRIZ/InfoArroz index (IPO) increased by 13.2 points to 234.8 points (basis 100 = January 2000) against 221.6 points in October.

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000

source: Osiriz/InfoArroz



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

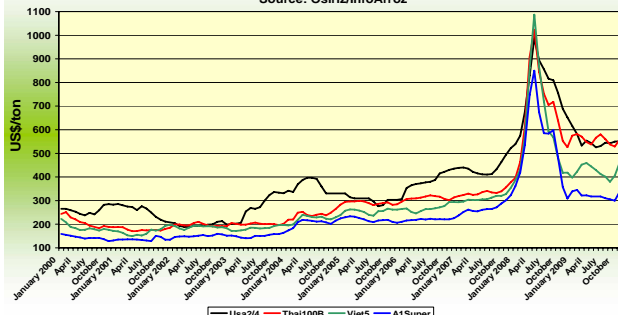
	IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2007	156,8	442	337	328	298	312	278	307	294	284	270
2008	305,1	757	678	660	698	617	655	601	520	515	542
2009*	229,2	551	559	536	-	425	-	449	358	349	321
JUL- SEP	224,8	540	559	534	-	398	-	445	341	344	311
OCTOBER	221,6	550	529	500	-	405	-	419	353	355	300
NOVEMBER	234,8	551	558	531	-	460	-	463	410	353	337
02-nov-09	227,6	550	540	520	-	440	-	435	390	340	315
09-nov-09	228,5	550	540	520	-	440	-	445	390	340	325
16-nov-09	236,4	555	560	525	-	460	-	475	410	380	340
23-nov-09	239,1	550	565	530	-	480	-	480	430	355	345
30-nov-09	242,6	550	585	560	-	480	-	480	430	350	360

Source: Osiriz/InfoArroz. * January-November

Monthly Evolution of World Rice Prices

US\$/t FOB Bangkok, Houston and Ho Chi Minh City

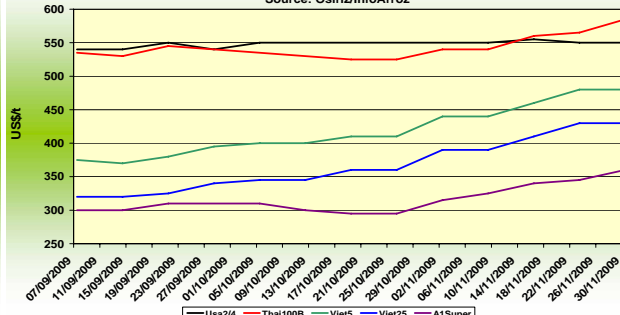
Source: Osiriz/InfoArroz



Weekly Evolution of World Rice Prices

US\$/t FOB Bangkok, Houston and Ho Chi Minh City

Source: Osiriz/InfoArroz



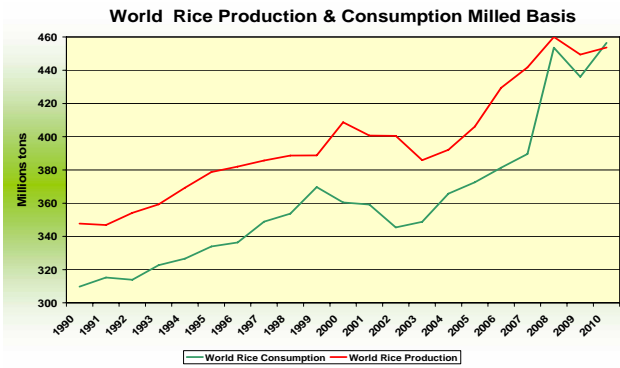
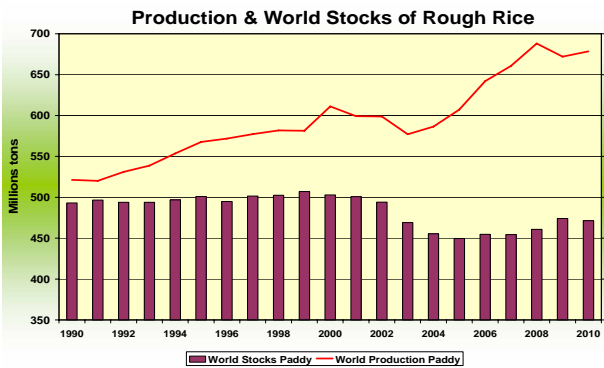
World production and trade

In 2009, the **world production** could fall by 3% to 672 million tons of paddy rice (450Mt of white rice equivalent). These estimates take into account the bad weather conditions in many South Asian countries, primarily in India. This region represents 30% of world production.

World trade in 2009 should increase slightly to 30.5 Mt. The fall of India's exports may directly benefit Thai and Vietnamese exporters, as well as new exporters such as

Burma and Cambodia. China is likely to return to the export market due to a larger production.

World stocks ending in 2009 will probably increase, despite the reduction of Indian reserves, to 124Mt against 110.8 Mt in 2008, up by 5%. These reserves represent 25% of global needs, in comparison to 24% in 2008. In 2010, global stocks could reach 121Mt.



Export market

In **Thailand**, prices rose by an average of 8% in a month. Low-quality rice was the most affected by rising prices because of the increased demand from the Philippines. The interest of India for Thai rice 25% broken also led to higher prices. Thai exports in October and November increased, thus offsetting part of the delay observed during the first 9 months of the year. Public stocks are still abundant, around 6MT. In November, the Thai 100% B registered US\$ 558/ton Fob against \$529 in October. The Broken A1 Super rose sharply to \$337/ton against \$300/ton in October.

In **Vietnam**, export prices had a sharp rise of 15% in a month, as a consequence of Filipino's demand and sales prospects in India. The Vietnamese authorities have implemented measures to stabilize the domestic market in order to avoid speculation and a new jump in prices, as occurred in 2008. Exporters also face foreign sales restrictions until international prices stabilize, probably between \$700 and \$750/ton for the high quality categories. In November, the Viet 5% scored \$ 460/ton against \$ 405/ton in October. The Viet 25% jumped by \$58 to \$410/ton, against \$353 in October.

In **Pakistan**, unlike other markets, prices fell slightly. The government, aiming to stabilize domestic prices, has forced producers to sell part of the harvest at low prices. In November, the Pak 25% was pigged at \$353/ton against \$ 355 in October.

In **India**, uncertainties about the future import volumes and the beginning of the external purchases still persist. It seems that tender calls will not be launched before February or March as public stocks are still abundant, around 14.5 Mt. Exports of aromatic rice (Basmati) should, in turn, remain at 1.5 Mt in 2009.

In the **United States**, export prices were stable, lower than Thai prices once again. In the Chicago Board of Trade, the futures market reflects the agitation of Asian markets, and prices for January and March are oriented upward. In November, the Long Grain 2/4 was at \$551/ton against \$550/ton in October.

In **Mercosur**, export prices rose by 1%. The bad weather in southern Brazil could affect yields and bring down the planted areas. In Argentina, by contract, the return of the rains and the recovery of water reserves led rice sowing activities to be reactivated.

In **Africa**, rice production increased due to the revaluation of prices paid to producers. Subsidies for input products have also helped to improve rice yields. Therefore, imports should remain stable, but the possible tensions in global markets could heavily weigh on trade balances in the poorest countries of the continent.

Millions ton	Production milled rice		Exports		Stocks
	2008	2009	2008	2009	
World	460,3	450,0	30,2	30,3	117,4
China	133,3	133,4	0,9	1,0	70,1
India	98,9	84,0	2,7	1,5	11,0
Indonesia	38,0	38,4	-	-	3,5
Vietnam	25,8	26,0	4,7	6,5	3,0
Thailand	20,8	20,6	10,0	9,0	4,5
Brazil	8,1	8,6	0,5	0,4	1,1
USA	6,5	7,2	3,2	3,1	1,4
Pakistan	6,5	6,3	2,9	3,0	0,4

Sources: FAO & USDA. November 2009

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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