

InterRice

Monthly report of the world market of rice

January 2010

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RICE: some stability is back to the world market

Market Trends

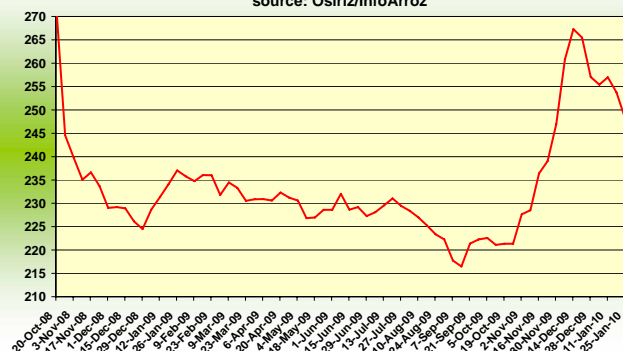
In January the **world prices** decreased by 3%. The main Asian markets returned to a relatively calm condition after the Philippine event, so confirming the trend observed by the end of December. This stability, however, may last a short period, if the previsions of new droughts were confirmed, as a result of the *El Niño* climate phenomenon, in the Southeast Asia. Additional import demand or a reduction of exportable supply may cause new tensions to international prices due to the marginal structure of world rice market.

In January, the *OSIRIZ/InfoArroz* index (IPO) fell by 9.1 points to 253.6 points (basis100 = January 2000) against 262.7 points in December.

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000

source: Osiriz/InfoArroz



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

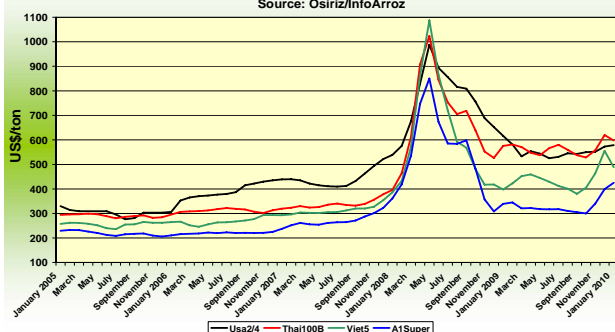
	IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2007	156,8	442	337	328	298	312	278	307	294	284	270
2008	305,1	757	678	660	700	616	655	600	519	516	541
2009*	231,9	553	563	541	-	436	-	456	369	352	328
JUL- SEP	224,8	540	559	534	-	398	-	445	341	344	311
OCT- DEC	240,0	558	568	543	-	476	-	474	418	363	347
DECEMBER	262,7	573	620	599	-	555	-	538	483	384	399
JANUARY	253,6	579	599	568	-	489	-	501	450	401	425
04-jan-10	255,4	565	605	575	-	500	-	505	450	400	435
11-jan-10	257,0	590	610	575	-	495	-	510	460	405	420
18-jan-10	253,7	590	595	565	-	485	-	500	450	400	425
25-jan-10	248,2	570	580	550	-	475	-	490	440	400	420

Source: Osiriz/InfoArroz. * January-December

Monthly Evolution of World Rice Prices

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

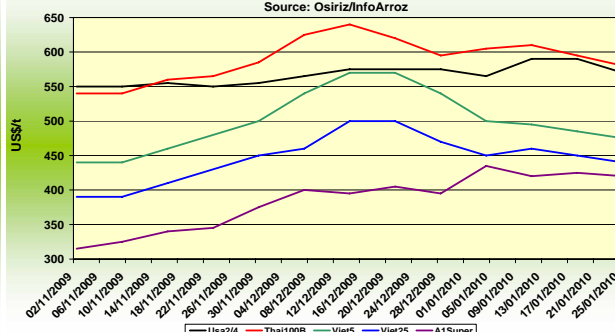
Source: Osiriz/InfoArroz



Weekly Evolution of World Rice Prices

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

Source: Osiriz/InfoArroz



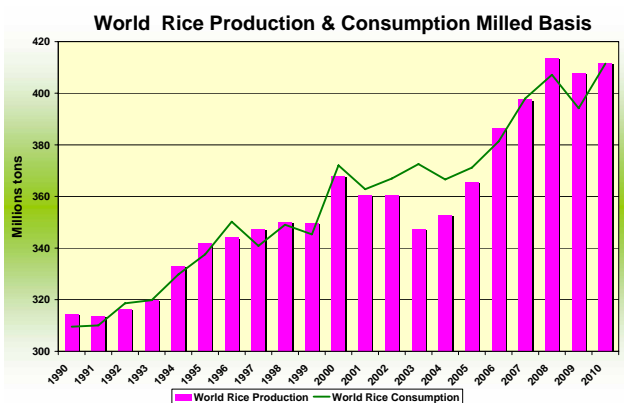
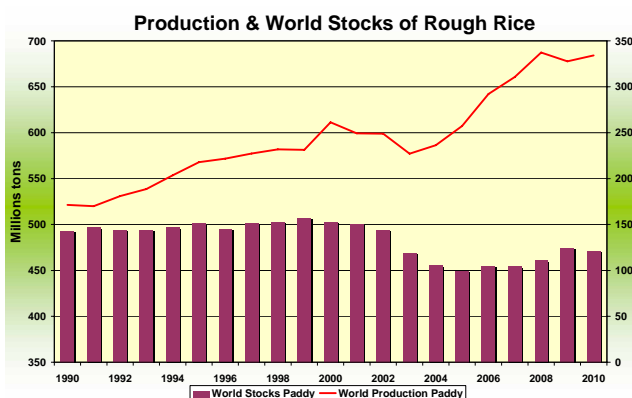
World production and trade

In 2009, the **world production** decreased by 1.4% to 678 million tones of paddy rice (453Mt of white rice equivalent). Briefly, it was led by India, where late rains caused production to fall by 15%. Even so, in the majority of the world regions, the production relatively increased.

In face of the rice deficit in some Asian countries, it is estimated that **world trade** shall increase again in 2010 to 31.2Mt against 30.4Mt in 2009. The long-lasting absence

of India from export markets is likely to favor Thai and Vietnamese exports. In Pakistan, external sales also are likely to increase. On the other hand, US and China exports may remain steady.

The **world stocks** by the end of 2009 went up to 124Mt against 110.8Mt because of production jump in 2008. These stocks represent almost 28% of world needs. In 2010, the world availability may reach 121Mt.



Export market

In **Thailand**, prices went down by 6% in one month. This drop is mainly explained by the firmness of Bath against the Dollar and the announcement of further sales of public stocks aiming to allow exporters to meet their contracts in the following months. On the other hand, the broken A1 Super went up on the back of African demand. In 2010, the Thai exports may surpass 10Mt against 8.6Mt in 2009. In January, the Thai 100%B decreased to US\$ 598/ton Fob against US\$ 620 in December. The broken A1 Super rose to US\$ 425/ton against US\$ 399/ton in December.

In **Vietnam**, export prices decreased by 12% after the strong high of previous months, a consequence of massive purchases from the Philippines, of whom Vietnam is the main supplier. In 2010, despite bad weather conditions, the production and the exports may increase. The last ones may surpass 6Mt. In January, the Viet 5% was pigged at US\$ 489/ton against US\$ 555/ton in December. The Viet 25% went down to US\$ 450/ton against US\$ 483 in December.

In **Pakistan**, moving in the opposite direction of other markets, export prices remained firm, rising by 5% in average. The demand is strong and the Pakistan's exports may get close to 4Mt in 2010. In January, the Pak25% was at US\$ 401/ton against US\$ 384 in December.

In **India**, the harvest previsions were increased again. By the other side, fragrant rice exports were also increased to a record level of 3Mt for the year 2009/10, what may globally balance the needs of non-fragrant rice imports.

In the **United States**, the export prices slightly increased within a steady market. In the Chicago Board of Trade, the downward trend prevails, with falling prices for March and May 2010. They declined by 6% in relation to December. In January, the rice Long Grain 2/4 was at US\$ 579/ton against US\$ 573/ton in December.

In **Mercosul**, the export prices were somehow stable in the beginning of the month, and they strongly rose by the end of January. The perspective of a falling production, due to climate problems in Southern regions, weights over prices, including domestic paddy prices, which registered highs of 12% in one month.

In **Africa**, the 2009/10 production rose by 5% in relation to the previous year. It is less than in 2008/09, when prices paid to growers increased after the collapse of world prices. The 2010 imports should remain stable due to enough stocks.

Millions ton	Production milled rice		Exports		Stocks
	2008	2009	2009	2010	2010
World	459.6	453.0	30.4	31.2	121.1
China	132.5	135.1	0.8	1.5	70.3
India	99.2	85.0	2.5	3.0	13.0
Indonesia	38.0	40.2	-	0.1	6.9
Vietnam	25.8	26.0	5.8	6.3	3.4
Thailand	21.0	21.1	8.6	10.0	5.2
Brazil	8.1	8.4	0.7	0.5	0.3
USA	6.5	7.0	3.1	3.1	1.4
Pakistan	7.0	6.4	2.9	3.8	0.7

Sources FAO & USDA January 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. All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks