

# InterRice

Monthly report of the world market of rice

February 2010

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## RICE: world prices continue to fall

### Market Trends

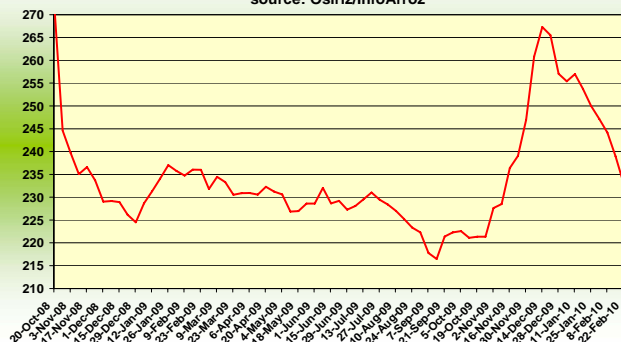
In February, world prices continued to fall, reaching about 5%. The Asian supply is abundant on the eve of the new harvest in major producing countries, while African and Philippine demand remains scarce. In 2010, the competition among Asian exporters is expected to rise, with the strong arrival of Myanmar, which could double its exports this year, reaching about 1.5 Mt. Is this country going to be the new top exporter of the 2010's decade, just like Vietnam was in the 1990's and Thailand in the 1980's?

In February, the *OSIRIZ / InfoArroz* index (IPO) dropped by 13.2 points to 240.8 points (basis 100 = January 2000) against 254.0 points in January.

### OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000

source: Osiriz/InfoArroz



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

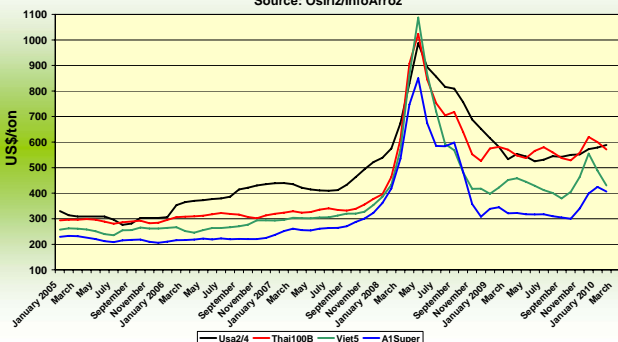
	IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2007	156,8	442	337	328	298	312	278	307	294	284	270
2008	305,1	757	678	660	700	616	655	600	519	516	541
2009*	231,9	553	563	541	-	436	-	456	369	352	328
JUL- SEP	224,8	540	559	534	-	398	-	445	341	344	311
OCT- DEC	240,0	558	568	543	-	476	-	474	418	363	347
JANUARY	254,0	579	600	569	-	489	-	506	450	400	425
FEBRUARY	240,8	589	571	540	-	430	-	488	403	360	406
01-feb-10	247,2	590	585	555	-	450	-	500	430	380	420
08-feb-10	244,2	595	580	550	-	440	-	495	420	360	410
15-feb-10	238,9	590	570	540	-	420	-	485	385	350	405
22-feb-10	233,0	580	550	515	-	410	-	470	375	350	390

Source: Osiriz/InfoArroz. \* January-December

### Monthly Evolution of World Rice Prices

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

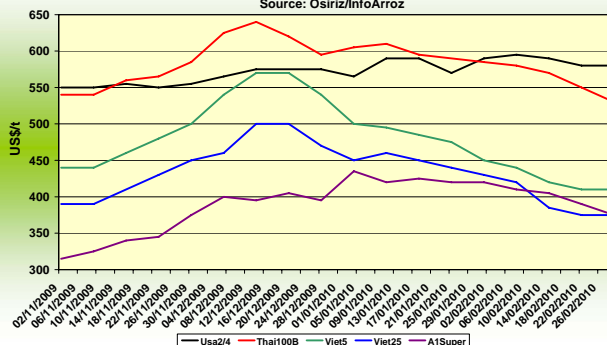
Source: Osiriz/InfoArroz



### Weekly Evolution of World Rice Prices

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

Source: Osiriz/InfoArroz



### World production and trade

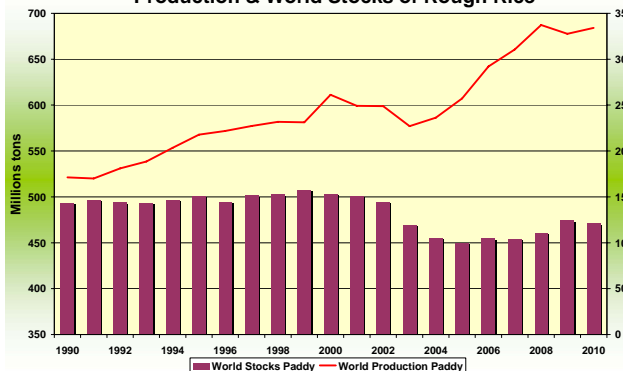
In 2009, **world production** fell by 1.4% to 678 million tons of paddy rice (white rice equivalent: 453Mt). This is mainly because of India, where late rains caused a 15% drop in production. However, the world production increased in most rice-growing regions.

In 2010, it is estimated that **world trade** should rise again to 30.5Mt against 30.0Mt in 2009. The prolonged absence of India in the export markets should benefit Thai and

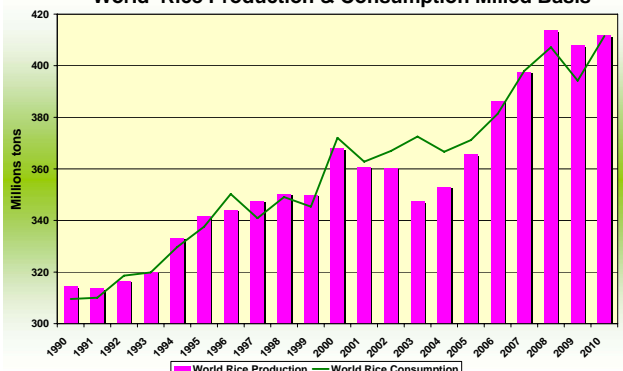
Vietnamese exporters. Foreign sales in Pakistan are also likely to increase, as well as in Myanmar, who is strongly coming back to the world market. Instead, U.S. and Chinese exports will remain steady.

**Global stocks** ending in 2009 rose to 124Mt in comparison to 110.8 Mt in 2008. These reserves represent nearly 28% of global needs. In 2010, global stocks could reach some 123Mt.

**Production & World Stocks of Rough Rice**



**World Rice Production & Consumption Milled Basis**



**Export market**

In **Thailand**, prices declined by 5% in February. The beginning of the new public purchases program in order to support domestic producer prices should increase public storage and export availabilities. To also try to support export prices, the authorities have announced their intention to reduce the amount of public purchases in the coming months. Although falling prices have boosted exports, January's exports are 10% smaller than they were in the same period of last year. In February, the Thai 100% B reduced by US\$ 29 to US\$ 571/ton Fob against \$ 600 in January. The Broken A1 Super also dropped to US\$ 406/t from US\$ 425/ton in January.

In **Vietnam**, export prices dropped by 12%. In the past two months, prices' cumulative decline is of almost 25%. After the strong commercial activity with the Philippines, the Vietnamese export market is little active. Exports show a backlog of 50% compared to sales of last year at the same time. Vietnam has passed a difficult year with the arrival of Myanmar as a direct competitor in the low quality rice market. In February, the Viet 5% was at US\$ 430/tonne against US\$ 489/ton in January. The Viet 25% went down to US\$ 403/tonne, against \$ 450 in January.

In **Pakistan**, export prices eased by 10% after having had some strength earlier this year. Pakistan must deal with the current weakness of African demand, especially from East Africa. In February, the Pak25% was at US\$ 360/tonne, against \$ 400 in January.

In **India**, the measures to limit exports of non-aromatic rice are still in place, trying to control domestic prices and avoid any possible shortages in domestic markets. In contrast, aromatic rice exports continue to be strong and show a progress of 50% when compared to the same period of last year. The balance of the year 2009/10 should be generally positive between rice import requirements and export of aromatic rice.

In the **United States**, contrary to the major Asian markets, export prices have remained firm within a relatively stable market. In the Chicago Board of Trade, prices for March and May 2010 finally resisted to the downward trend and fell by only 1% compared to January. In February, the Long Grain 2/4 scored US\$ 589/tonne against US\$ 579/ton in January.

In **Mercosur** export prices remained firm and went up by 4% in a month. At the beginning March, the prices were in decline. In Brazil, by contrast, prices of paddy fell 10% compared to January. February is usually a calm period and the approach of the new harvest is not likely to promote advanced trade. However, the prospects of a fall in Brazilian production, after the flood that affected the southern regions of the country, may strengthen prices in the coming months.

In **Africa**, production in 2009/10 has increased by 5% in relation to the previous year, mainly in the regions of West Africa. In contrast, in East Africa production has had little growth. Imports in 2010 should remain stable due to sufficient stocks.

Millions ton	Production milled rice		Exports		Stocks
	2008	2009	2009	2010	2010
<b>World</b>	459.5	452.5	30.0	30.5	123.0
<b>China</b>	132.5	135.1	0.8	1.5	70.3
<b>India</b>	99.2	85.0	2.5	3.0	13.0
<b>Indonesia</b>	38.0	40.2	-	0.1	6.9
<b>Vietnam</b>	25.8	26.0	5.8	6.3	3.4
<b>Thailand</b>	21.0	21.1	8.6	10.0	5.2
<b>Brazil</b>	8.1	8.4	0.7	0.5	0.3
<b>USA</b>	6.5	7.0	3.1	3.1	1.4
<b>Pakistan</b>	7.0	6.4	2.9	3.8	0.7

Sources FAO & USDA February 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](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). 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