

# InterRice

Monthly report of the world market of rice

March 2010

Patricio Méndez del Villar

[patricio.mendez@cirad.fr](mailto:patricio.mendez@cirad.fr)



## RICE: world prices continue to fall

### Market Trends

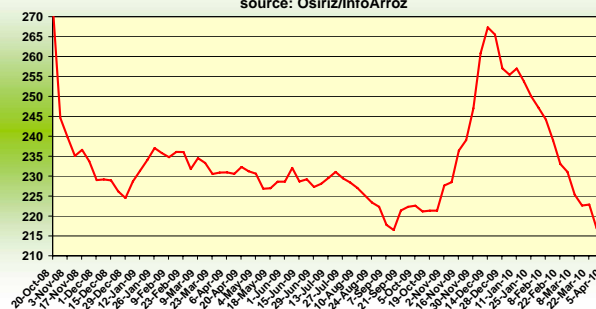
In March, **world prices** have continued to fall, dropping by 7% in a month. Since the beginning of the year, prices have fallen between 10% and 20% according to the origin. Global demand remains relatively scarce as importers anticipate lower prices. A rebound in demand should not happen before mid-May. Meanwhile, public food agencies in the major rice exporting countries buy massively to support domestic prices. Some forecasts indicate possible price increases later this year following a revival in global demand and a decline in Asian production, due to the bad weather, especially in China.

In March, the **index OSIRIZ / InfoArroz (IPO)** declined by 17.0 points to 223.8 points (base 100 = January 2000) against 240.8 points in February.

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

base 100 = January 2000

source: Osiriz/InfoArroz



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

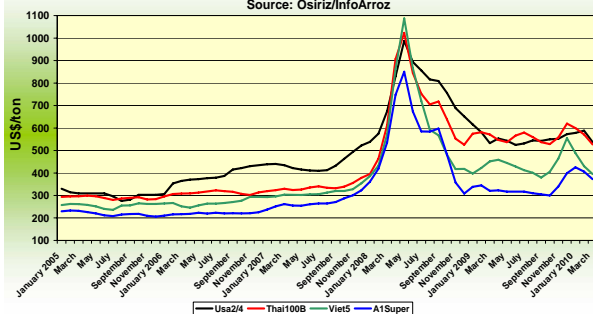
	IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
<b>2008</b>	<b>305,1</b>	<b>757</b>	<b>678</b>	<b>660</b>	<b>700</b>	<b>616</b>	<b>655</b>	<b>600</b>	<b>519</b>	<b>516</b>	<b>541</b>
<b>2009*</b>	<b>231,9</b>	<b>553</b>	<b>563</b>	<b>541</b>	-	<b>436</b>	-	<b>456</b>	<b>369</b>	<b>352</b>	<b>328</b>
<b>OCT- DEC</b>	<b>239,7</b>	<b>558</b>	<b>568</b>	<b>542</b>	-	<b>474</b>	-	<b>474</b>	<b>416</b>	<b>363</b>	<b>346</b>
<b>JAN- MAR</b>	<b>238,3</b>	<b>566</b>	<b>563</b>	<b>532</b>	-	<b>435</b>	-	<b>477</b>	<b>403</b>	<b>368</b>	<b>399</b>
<b>FEBRUARY</b>	<b>240,8</b>	<b>589</b>	<b>571</b>	<b>540</b>	-	<b>430</b>	-	<b>488</b>	<b>403</b>	<b>360</b>	<b>406</b>
<b>MARCH</b>	<b>223,8</b>	<b>538</b>	<b>527</b>	<b>495</b>	-	<b>395</b>	-	<b>445</b>	<b>366</b>	<b>350</b>	<b>373</b>
	01-mar-10	231,0	580	540	505	-	410	-	455	375	385
	08-mar-10	225,4	530	530	505	-	405	-	450	370	380
	15-mar-10	222,6	525	530	500	-	390	-	445	365	370
	22-mar-10	222,9	530	535	500	-	385	-	445	360	370
	29-mar-10	217,0	520	500	465	-	385	-	430	360	360

Source: Osiriz/InfoArroz. \* January-December

### Monthly Evolution of World Rice Prices

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

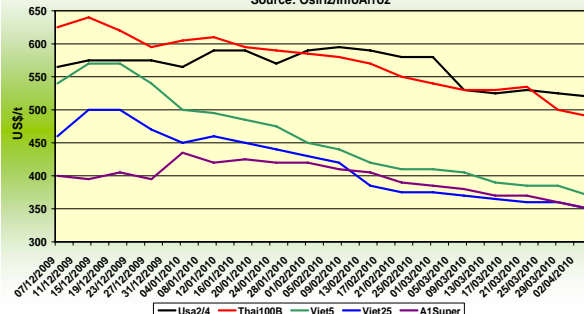
Source: Osiriz/InfoArroz



### Weekly Evolution of World Rice Prices

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

Source: Osiriz/InfoArroz



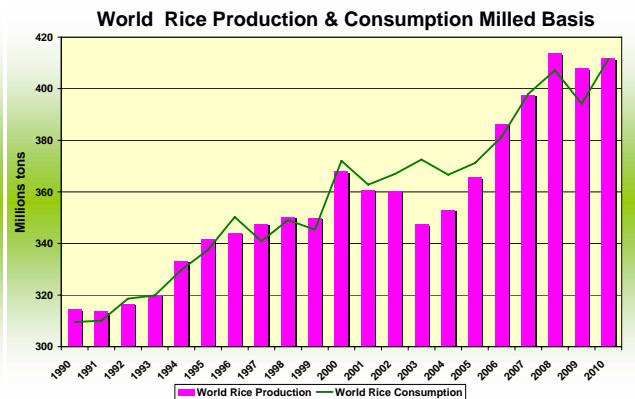
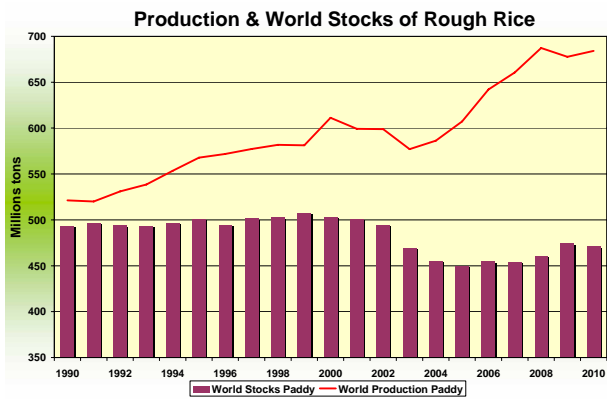
### World production and trade

In 2009, the **world production** may have fallen by 1.4% to 678 million tons of paddy (rice based 453Mt). In essence, this is India where late rains caused a 15% drop in production. While production in most rice-growing regions was rather an increase.

In 2010, it is estimated that **world trade** should rise again to 30.5Mt from 30.0 Mt in 2009,. The prolonged absence of India in export markets favored Thai and Vietnamese exports. In Pakistan also, foreign sales should increase as

well as in Burma, which dies back in strength to the world market. In contrast, U.S. and Chinese exports will remain stable.

**Global stocks** ending in 2009 rose to 124.6Mt from 110.8Mt due to the jump in 2008's production. These reserves represent nearly 28% of global needs. In 2010, global stocks are stable to 123Mt.



### Export market

In **Thailand**, prices declined 7% in March. More competitive prices tend to boost exports, in progression of 5% over the previous year in the same period. However, this fall concerns the Thai government seeking to negotiate with Vietnam to limit the decline in world prices. In March, the Thai 100% B increased by US\$ 44 to US\$ 527/t FOB, against \$ production 571 in February. The Broken A1 Super also fell to \$ 373 per ton against \$ 406/t in February.

In **Vietnam**, the export prices eased 9%, either a cumulative drop of 34% during the first quarter of 2010. The authorities have bought 1Mt for storage and support domestic prices. Exports show a backlog of 30% compared to last year's same period. The production outlook for the Winter-Spring crop indicate a jump in Vietnam in relation to the previous season, which should partially offset the expected decline in production in Thailand. In March, the Viet 5% was \$ 395 per ton against \$ 430/t in February. The Viet 25% down to \$ 266 per ton against \$ 403 in February.

In **Pakistan** export prices fell, but by 3% only. Pakistan must deal with low demand in East Africa and seeks new customers in Southeast Asia. In March, the Pak25% was \$ 350 per ton against \$ 360 in February.

In **India**, non-aromatic rice exports should recover, especially to Africa. Domestic supply seems to be sufficient and the government does not aim to import rice, for now. The outlook for next season is good thanks to a normal monsoon, contrary to South East Asia, affected by drought.

In the **United States**, after a firmness period, export prices fell by 9% in a month. Availability and stocks may increase by 10% in 2010. In the Chicago exchange, prices for May and July 2010 are in a downtrend, respectively, yielding 6% and 13.5% compared to February. In March, the Long Grain went under US\$ 538 per ton against US \$ 589 in February.

In **Mercosur** export prices had a significant drop from 13% to 14% in a month. It is the strongest variation in the last 12 months. Despite the fall in Brazilian production, due to bad weather in the southern regions of the country, the current harvest period pull down prices, including in countries of the Andean region where they would have difficulty in finding markets.

In **Africa**, the 2009/10 production has increased by 5% over the previous year, mainly in the regions of West Africa. In contrast, production in East Africa has made little progress. Demand is low because of difficulties in financing imports. In 2010, they should remain stable overall, thanks 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

Patricio Méndez del Villar. April 7<sup>th</sup> 2010  
[patricio.mendez@cirad.fr](mailto:patricio.mendez@cirad.fr)

#### InterRice - Monthly report of the world market of rice March - n. 73

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