InterRice

Monthly report of the world market of rice
April 2010

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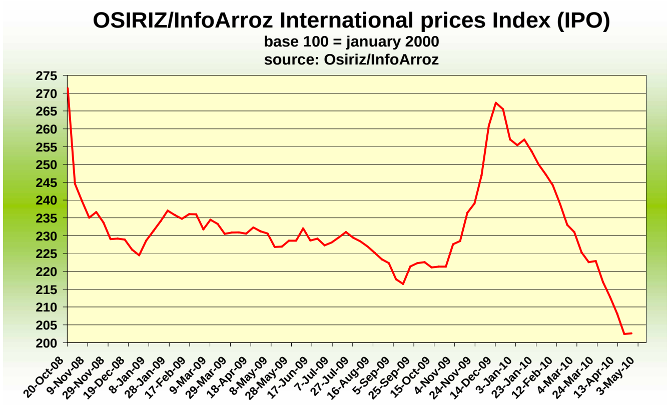
RICE: Toward world prices stability ?

Market Trends

In April, the **world prices** fell by 9% in one month, accumulating a 20% to 30% fall since the beginning of the year, according to the origin. Against the expected, the importers seem to bet on lower prices before going back to the market. Therefore, exporters have been strongly pressured, since the lack of new contracts and the risk of lower prices could mean big losses for those who got supplied by the beginning of the year. In May's first days, it was possible to notice some price stability and signals of a market recovery.

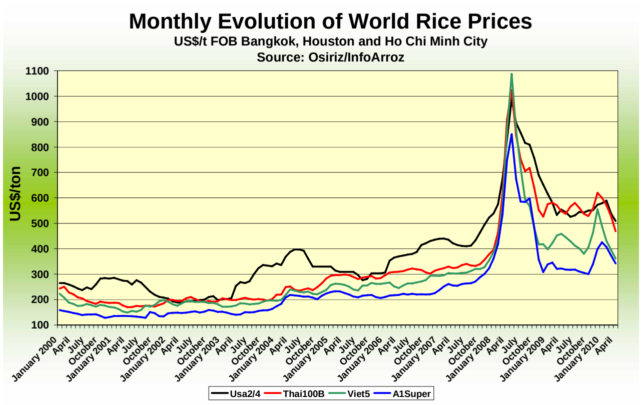
In April, the *OSIRIZ/InfoArroz* index (**IPO**) fell by 17.3 points to 206.5 points (basis 100 = January 2000) against 223.8 points in March. Since the beginning of the year, the world price index dropped by 54 points.

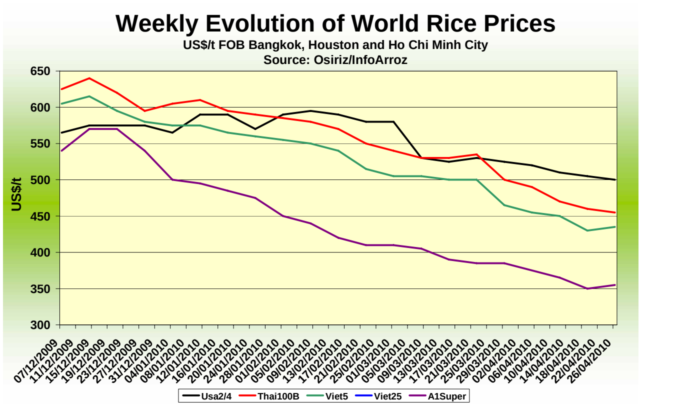


IPO Index and Export Rice Prices (US$/t FOB - Source: OSIRIZ)

		IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2008		**305.1**	**757**	**678**	**660**	**700**	**616**	**655**	**600**	**519**	**516**	**541**
2009		**231.9**	**553**	**564**	**540**	**-**	**435**	**-**	**456**	**368**	**352**	**327**
2010*		**230.4**	**553**	**541**	**511**	**-**	**417**	**-**	**460**	**388**	**359**	**386**
OCT- DEC		**239.7**	**558**	**568**	**542**	**-**	**474**	**-**	**474**	**416**	**363**	**346**
JAN- MAR		**238.3**	**566**	**563**	**532**	**-**	**435**	**-**	**477**	**403**	**368**	**399**
MARCH		**223.8**	538	527	495	-	395	-	445	366	350	373
APRIL		**206.5**	**509**	**469**	**443**	**-**	**361**	**-**	**406**	**338**	**329**	**343**
	05-apr-10	**212.9**	520	490	455	-	375	-	420	345	340	350
	12-apr-10	**207.0**	510	470	450	-	365	-	425	340	330	345
	19-apr-10	**201.8**	505	460	430	-	350	-	385	330	325	335
	26-apr-10	**202.6**	500	455	435	-	355	-	395	335	320	340

Source: Osiriz/InfoArroz. * January-April



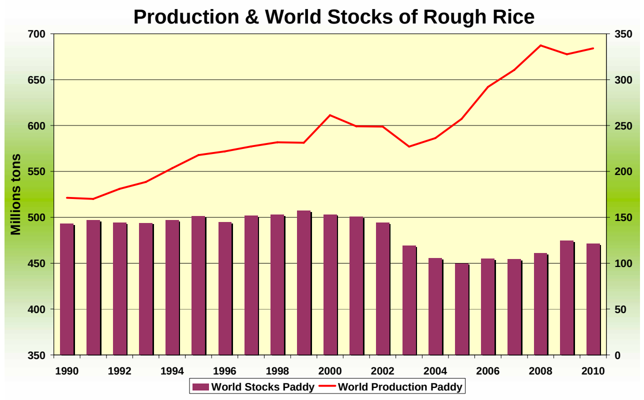


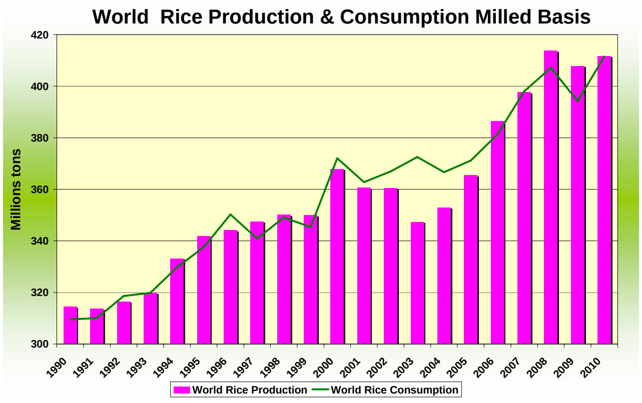
World production and trade

In 2009, the **world production** decreased by 1.4% to 678 million tons of paddy rice (453Mt of white rice equivalent). This decrease is mainly due to the reduction of Indian rice production – down by 12% against the previous year -, as a result of late rains. The 2010 forecasts indicate that global production could decrease again because of the drought that affects many countries in Southeast Asia.

In 2010, the **world trade** may increase to 30.5Mt against 30.0Mt in 2009. India keeps restrictions on non-fragrant rice exports, what can be compensated by the sales of other Asian exporting countries that are likely to expand foreign sales in 2010. The US exports also went up and they can reach the highest level of this decade.

The **world stocks** increased to 124,6Mt by the end of 2009, against 110,8Mt, due to the jump of 2008's production. These reserves answer for 28% of global needs. In 2010, world stocks are likely to remain steady at 123Mt.





Export market

In **Thailand**, prices went down again, by 10% in April. Market is slow and the pace of exports will probably be reduced during the second quarter. The recent tariff agreement with the Philippines aims to restore external sales ahead of its Vietnamese competitor. However, by now, the Philippines have rice enough and do not plan to come back to the importation market before the third quarter. In April, the Thai 100%B went down by US$ 58 to $ 469/ton Fob against $ 527 in March. The broken A1 Super also decreased, but in a smaller proportion, to $ 343/ton against 373/ton in March.

In **Vietnam**, the export prices decreased by 9%, accumulating a 40%-drop in the first four months of the year. Shipments have reduced and there are few new contracts. By the beginning of May, the exports reached 2Mt and the following shipments should represent further 2.6Mt. In total, the Vietnamese authorities expect to export about 6Mt during 2010. In April, the Viet 5% was at $ 361/ton against $ 395/ton in March. The Viet 25% went down to $ 338/ton against $ 366 in March.

In **Pakistan**, the export prices also declined by 7% in average. The Pakistanis rice is more competitive than the Thai and the Vietnamese ones, due to lower transportation costs, mainly toward Africa. In April, the Pak25% was pigged at $ 329/ton against $ 350 in March.

In **India**, non-fragrant rice exports partially restarted. On the other hand, the government confirmed the intention of not importing rice for this while, since internal availability is enough. We must remember that some months ago, India announced the aim to import up to 3Mt, what caused international prices to strongly rise by the end of 2009, but not in the same intensity as in 2008.

In the **United States**, the export prices went down by 5% in one month, following the downward trend of Asian markets. The export market was slow and the exportable availability is large. In the Chicago Board of Trade, contracts for May and July 2010 went down by only 1.5% after a short recovery of prices in the beginning of April, due to rumors of a decrease in national stocks. In April, the Long Grain average price was $ 509/ton against $ 538 in March.

In **Mercosur,** export prices went down again by 5% in one month. Contrarily, domestic prices slightly rose in Brazil, despite the current harvest period. The reason is the projection of a lower output caused by bad weather in Southern Brazil. As a consequence, Brazil could import more this year, around 1,2Mt (paddy basis) against 0,9Mt in 2009.

In **Africa**, the imports are globally weak since the rice available is enough. The importers are also expecting lower prices before setting new contracts. The 2009/10 production grew by 5% in relation to the previous year, especially in West Africa regions. In the following months, it is possible that the interest for rice from Pakistan and Myanmar increases, since they are more competitive than Thai and Vietnamese prices.

Millions ton	Production milled rice		Exports		Stocks
	2008	2009	2009	2010	2010
World	459.5	452.5	30.0	30.5	123.0
China	132.5	135.1	0.8	1.0	70.3
India	99.2	87.6	2.0	2.0	13.0
Indonesia	38.0	40.2	-	0.1	6.9
Vietnam	25.8	26.0	5.9	6.0	3.4
Thailand	21.0	21.1	8.6	10.0	5.2
Brazil	8.1	8.4	0.6	0.3	0.3
USA	6.5	7.0	3.0	3.3	1.4
Pakistan	7.0	6.4	3.0	3.3	0.7

Sources FAO & USDA April 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.