InterRice

Monthly report of the world market of rice

May 2010

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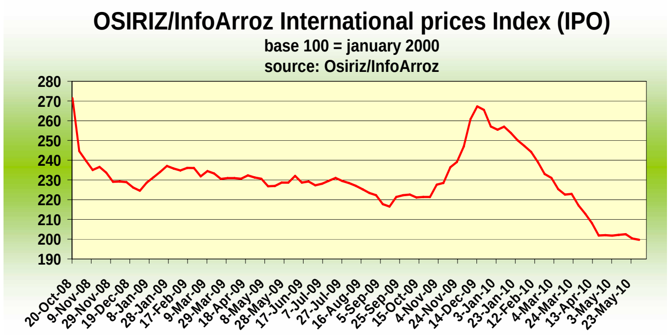
RICE: limited fall of world prices

Market Trends

In May, **world prices** decreased once again, but in a smaller proportion – they fell by 2% in average this month, against 9% in the previous month. The downward trend remains due to a scarce import demand. Good harvests are expected for the following months in most of the world regions, especially in the main rice deficit regions, due to a normal rain regime. If these projections were confirmed, world prices tend to remain relatively steady during this year, only registering slight conjunctural variations.

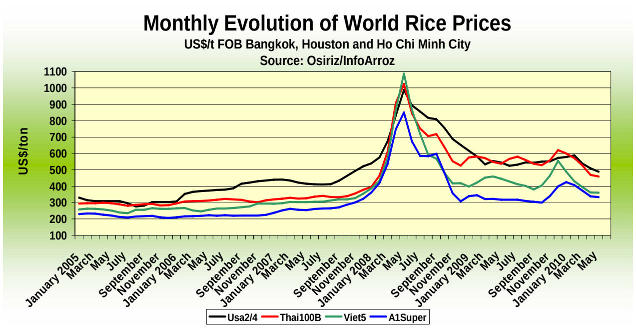


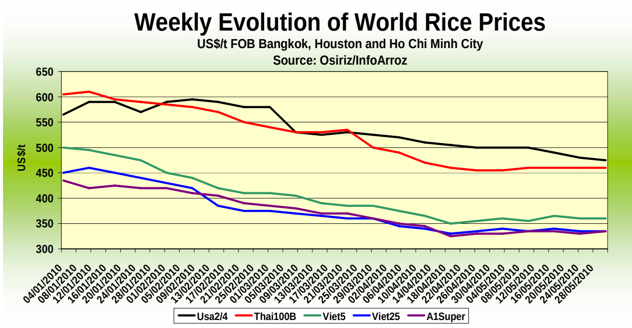
In May, the *OSIRIZ/InfoArroz* index (**IPO**) fell by 4.9 points to 201.3 points (basis 100 = January 2000) against 206.2 points in April. In the beginning of June, the world prices index was ranging around 200 points.

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*		**224.1**	**538**	**522**	**492**	**-**	**404**	**-**	**445**	**376**	**352**	**327**
OCT- DEC		**239.7**	**558**	**568**	**542**	**-**	**474**	**-**	**474**	**416**	**363**	**346**
JAN- MAR		**238.3**	**566**	**563**	**532**	**-**	**435**	**-**	**477**	**403**	**368**	**399**
APRIL		**206.2**	509	469	443	-	361	-	406	338	329	338
MAY		**201.3**	**490**	**459**	**430**	**-**	**360**	**-**	**399**	**337**	**328**	**334**
	03-may-10	**201.8**	500	455	430	-	360	-	395	340	320	330
	10-may-10	**202.2**	500	460	430		355		395	335	330	335
	17-may-10	**202.5**	490	460	430	-	365	-	390	340	330	335
	24-may-10	**200.3**	480	460	430	-	360	-	395	335	330	330
	31-may-10	**199.7**	475	460	430	-	360	-	400	335	330	335

Source: Osiriz/InfoArroz. * January-May



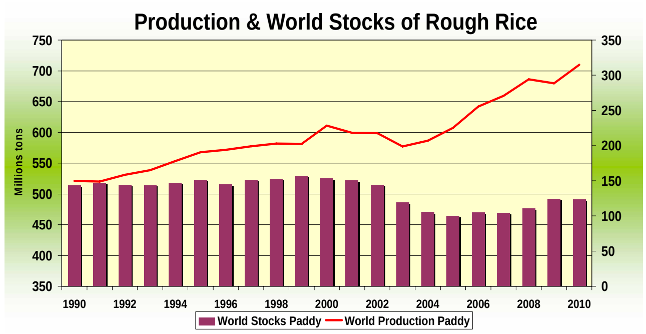


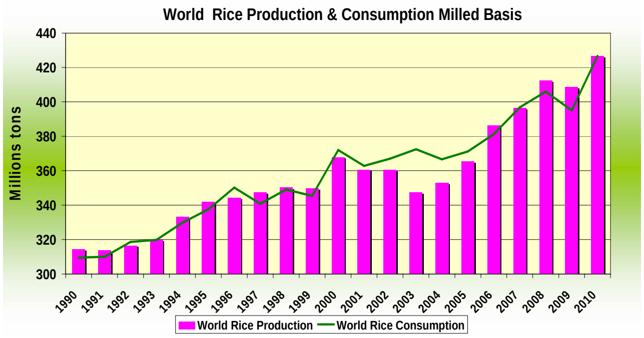
World production and trade

In 2009, the **world production** decreased by 1.4% to 680 million tones of paddy rice (454 Mt of white rice equivalent) against 686Mt in 2008. This reduction is because of a smaller production in India, down by 12% in relation to the previous year. New perspectives for 2010 indicate, on the other hand, that production is likely to increase by 4.5% to 710Mt (474Mt of white rice), mainly in India, where production is expected to recover to 2008's level. In the rest of the world, production is also likely to grow due to good weather conditions.

In 2010, the **world trade** is projected to increase to 31.3Mt against 29.7Mt in 2009. This forecast takes into consideration the rise of demand in some importing countries. By the exporters' side, supply is likely to be enough, in spite of Indian export restrictions, which tend to be more flexible.

The **world stocks** by end 2009 rose by 124.6Mt against 110.8Mt, up by 5%. These stocks represent 28% of the world's needs of rice. In 2010, the world stocks tend to be stable around 123.5Mt.





Export market

In **Thailand,** prices had a slight decrease of 2%. At the end of May, prices were somehow firm, as the Philippines and the Middle East reactivated their demands. Thailand is facing the aggressive competition of Vietnam in the high quality markets. As a result, the projections for exports in 2010 were downward revised to 9.5 Mt, but they still represent an increase of 10% in relation to 2009. In May, the Thai 100%B decreased by US$ 10 to US$ 459/ton Fob against US$ 569 in April. The Broken A1 Super had a slight fall, to US$ 334/ton, against US$ 338/ton in April.

In **Vietnam**, export prices remained almost unchanged. More competitive prices and better quality products tend to attract new clients. Exports have increased mainly toward West Africa. Considering shipments already done and new export contracts, the Vietnamese foreign sales are calculated to be at 4.6Mt. In total, Vietnamese authorities expect to export about 6Mt in 2010. In May, the Viet 5% was at US$ 360/ton against US$ 361/ton in April. The Viet 25% was at US$ 337/ton against US$ 338 in April.

In **Pakistan** prices also remained quite stable, contributing to exports. Exports may significantly increase by 2010, making the country the 3rd in the world ranking, ahead of the Unites States. In May, the Pak25% was pigged at US$ 328/ton against US$ 329 in April.

In **India**, non-fragrant rice export restrictions are less hard, reactivating foreign sales towards the Middle East and neighbor countries as Bangladesh. Market inactivity since the end of 2007 has helped the country to face the strong fall of 2009 production. This also favored the reconstruction of public stocks, which multiplied by two in relation to 2009, to 24Mt, avoiding massive imports and a possible high of world prices.

In the **United States**, export prices fell by 4% in one month. The foreign market is still slow and the perspective is of abundant export supply in the coming months. At CBOT, future prices for July and September 2010 indicate a downward trend. This downward trend may go on during the year's last quarter and beginning of 2011. In May, the Long Grain was at US$ 490/ton against US$ 509 in April.

In **Mercosur**, export prices slightly went down. In Brazil, domestic prices have declined a little because of the lack of supply from Southern producers. Rice players were concentrated in the revision of TEC (Common Foreign Tariff) in the economic block, which passed from 12% to 30%. The measure intends to limit Vietnamese rice import towards the Brazilian Northeast.

In **Africa**, rice availability is enough and the imports are slow for this while. The importers have shown more interest for the Vietnamese and Myanmar rice, which presents more competitive price than Thailand ones. Rice import from Mercosur could also increase, mainly toward the Atlantic Coast. These imports would be of parboiled and broken rice.

Millions ton	Production milled rice		Exports		Stocks
	2008	2009	2009	2010	2010
World	458.1	453.9	29.7	31.3	123.5
China	132.5	137.0	0.8	0.9	70.3
India	99.2	87.5	2.1	2.2	15.0
Indonesia	38.3	38.8	-	0.1	8.0
Vietnam	24.4	24.3	5.9	5.8	3.4
Thailand	19.9	20.3	8.6	9.5	6.3
Brazil	8.6	7.8	0.6	0.3	0.3
USA	6.4	6.9	3.0	3.3	1.0
Pakistan	6.7	6.5	3.0	3.5	0.7

Sources FAO & USDA May 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.