

WORLD RICE PRICES REMAIN FIRM

WWW.INFOARROZ.ORG - @OSIRIZNEWS

Patricio Méndez del Villar – patricio.mendez@cirad.fr

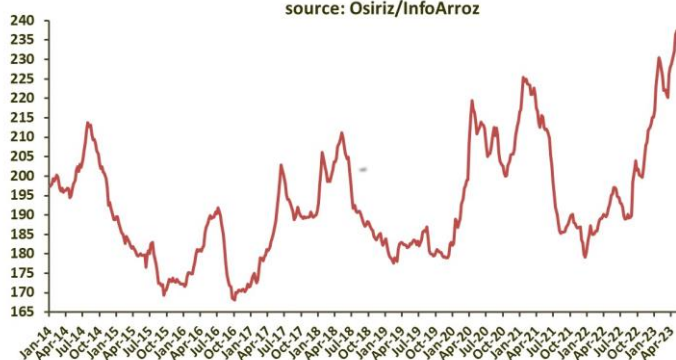
Market trends

In April, world rice prices rose by an average of 3.5% following strong Asian and African demand, while exportable supplies are tighter, at least until the new crop starts arriving in June. Production forecasts for 2023/2024 could be revised downward due to the risk of drought in Asia's main producing regions as a result of the *El Niño* meteorological phenomenon. Experts are even forecasting a particularly severe weather event in 2023, impacting on exportable supplies in 2024. **Upward pressure on world rice prices is therefore expected in the coming months.** Over the past year, world prices have already appreciated by an average of 20%. India and Pakistan have recorded the largest increases, between 30 and 40%, due to India's new export price policy and the 30% drop in Pakistani production. In Thailand and Vietnam, although prices increased more moderately, they are at their highest level in the last two years. At the beginning of May, world prices remained firm, marking a ten-year high.

In April, the OSIRIZ/InfoArroz index (IPO) rose 7.5 points to 229.9 points (base 100=January 2000) from 222.4 points in March. In early May, the IPO index remains firm at 237 points.

OSIRIZ/InfoArroz International price Index (IPO)

base 100 = january 2000
source: Osiriz/InfoArroz



World production

According to FAO's latest estimates, **world rice production** in 2022 fell by 1.8% to 778.2 Mt (516.7 Mt milled basis) against 792.1 Mt in 2021. Production has declined as a result of poor weather conditions in South Asia, particularly in Pakistan where crops fell by 30%. In China, production fell by 1.3%, as well as in Vietnam. In contrast, Indian and Thai production increased. In the United States, production fell by another 16% following a further decline in rice growing areas. In Mercosur, production fell by 11%, returning to its 2019 level. In sub-Saharan Africa, rice production was again disrupted by input shortages and floods. However, African production in 2023 could improve, especially in West Africa. In 2023, world production could fall again by 1.5%. The reduction would affect the main producing countries in Asia, as well as in the Western Hemisphere and the European Union.

World trade and global stocks

In 2022, **world rice trade** would have increased by 7.5% reaching a record 56 Mt, equivalent to 11% of world production. This estimate has been revised upwards following the easing of India's export restrictions. However, the effects of lower world production in 2022 are expected to be felt in world trade in 2023, which could fall by 4.4% to 53.6 Mt. In Asia, import requirements remained stable, while in Sub-Saharan Africa, imports would have increased by 6% in 2022, mainly due to the revival of imports from Nigeria and Cote d'Ivoire. Imports are also expected to increase in the Americas, as well as in the European Union. For exporters, Indian sales reached a new record of 22.3 Mt, up 4% from the previous year's record. India thus asserts its leadership with 40% of world exports. Meanwhile, Thailand recovered its second place in the world ranking, ahead of Vietnam, thanks to a strong export activity at the end of 2022.

World rice stocks ending in 2022 would have increased by 1.1% to 197 Mt from 194.8 Mt in 2021. They represent 38% of world consumption needs and remain above the average of the last five years. Decrease in Chinese stocks by 2% was largely offset by the improvement in Indian stocks in 2022. However, Chinese reserves remain very large, equivalent to 70% of annual domestic consumption and 50% of world stocks. In the main exporting countries, stocks have increased by 17% in 2022 to 58 Mt, or 30% of world stocks. In 2023, world stocks are expected to decline by 1.3% to 194.4 Mt due to the announced decline in world production in 2022/2023.

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). All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks. Any reproduction, even partial, is not allowed without prior written consent of the author. The full report can be downloaded only from the website www.infoarroz.org.

OSIRIZ Index (IPO 100 = January 2000) & Export Rice Prices (US\$/t FOB – source: OSIRIZ)

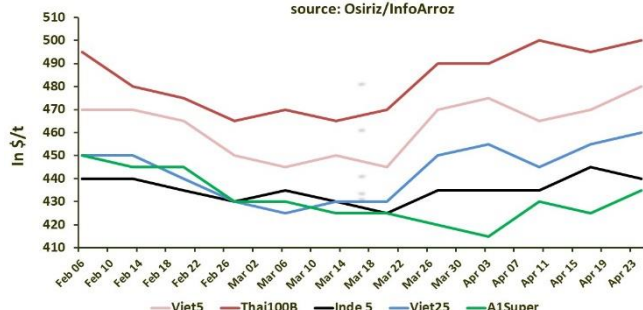
	IPO	Usa 2/4	Thai100B	Thai Parb	India5	Viet5	Camb5	Burma5	Uru5	Thai25	Viet25	Pak25	A1Super
2022	194.6	660	430	428	356	418	460	401	533	409	398	362	390
2023*	226.3	725	487	482	433	464	460	502	581	458	444	453	434
OCT-DECEMBRE	206.1	700	438	437	386	440	460	419	548	415	420	398	395
JANUARY-MARCH	223.6	722	481	476	428	458	460	485	478	455	438	443	435
MARCH	222.4	735	474	466	431	453	460	514	583	446	434	431	425
APRIL	229.9	734	496	491	439	473	460	540	585	460	454	464	426
03-apr-22	228.0	735	490	485	435	475	460	540	585	460	455	450	415
10-apr-22	228.8	735	500	495	435	465	460	540	585	465	445	460	430
17-apr-22	230.8	735	495	490	445	470	460	540	585	460	455	465	425
24-apr-22	232.1	730	500	495	440	480	460	540	585	465	460	480	435

source: Osiriz/InfoArroz ; *January-April

In **India**, rice prices rose 2%. This increase, relatively moderate compared to its main competitors, is explained by the easing of foreign demand. Despite restrictive export measures and new tariff policy on non-basmati rice exports, importers continue to prefer Indian rice, which remains competitive compared Thai and Vietnamese rice. In April, Indian 5% broken rice marked \$ 439/t Fob against \$ 431 in March. Indian 25% rice rose to \$ 425 from \$ 418. In early May, Indian prices remains particularly firm.

Weekly Evolution of World Rice Prices

US\$ Fob Bangkok, Kandla and Ho Chi Minh Ville
source: Osiriz/InfoArroz



In **Thailand**, prices rose by 5%, driven by strong Asian demand, especially from Indonesia, as well as from the Middle East. Currently, Iraq is the main customer, followed by Indonesia. In 2023, Thai exports could reach 8 Mt due to a more abundant export supply. The Thai 100%B marked \$ 496 from \$ 474 in March. Parboiled rice also rose to \$ 491 against \$ 466 previously. In contrast, Thai broken A1 Super remained stable at \$ 426.

In **Vietnam**, export prices increased by 5% due to strong demand from China and the Philippines, its main markets. This is the highest price level in the last two years. Exports in April would have doubled compared to April 2022, cumulatively up 40% to 2.95 Mt from the same period last. At the current rate, exports could exceed the 7 Mt target by 2023. Viet 5% was traded at \$ 473 against \$ 453 previously. Viet 25% marked \$ 454 from \$ 434. In early May, prices remain firm.

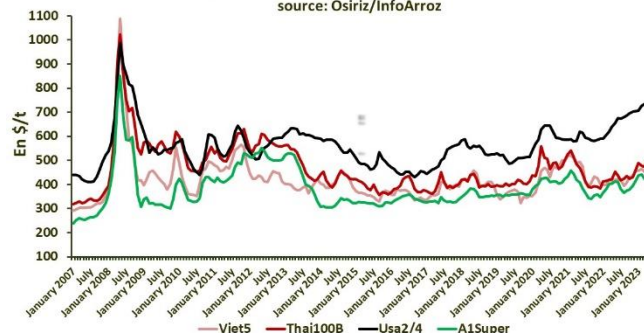
In **Pakistan**, rice prices rose by 8%. This is the highest monthly increase recorded since December 2022. Exportable supplies are at the lowest level after a 30% drop in production in 2022. In 2023, exports could fall to 3.5 Mt against 4.5 Mt in 2022. In April, the Pak 25% marked \$ 464 against \$ 431 in March. In early May, prices remain significantly firm.

In **China**, drought affected main rice-producing provinces, pushing domestic production down by 1.3% in 2022. By the end of 2022, China has also been affected by flooding. Therefore, it is expected to draw partly on stocks to meet consumption needs, but also to procure from external markets. In 2023, Chinese imports could reach a record volume to 6 Mt.

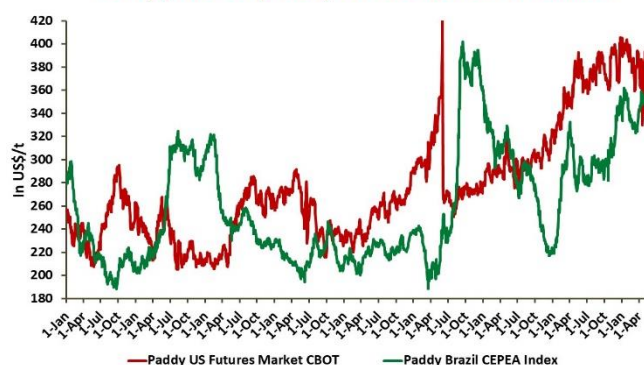
In the **United States**, rice prices remained relatively stable, declining slightly at the end of the month. Supplies remain tight in a sluggish market. In April, exports are reported to have reached only 135,000 t against 305,000 t in

Monthly Evolution of World Rice Prices

US\$ Fob Bangkok, Houston and Ho Chi Minh Ville
source: Osiriz/InfoArroz



March, down 4% from last year at the same period. The indicator price for Long Grain 2/4 rice dropped slightly to \$ 734/ton from \$ 735 in March. At the beginning of May, prices remain steady. On the Chicago Board of Trade, rice futures prices were down again by 4% to \$ 365/ton against \$ 380 in March. In early May, futures prices looked volatile.

Daily price of paddy United States and Brazil


In **Mercosur**, export prices were relatively stable. Harvests are almost finished and could be lower compared to last season due to the lack of water, especially in Brazil and Argentina. Brazilian exports are progressing, but are still 10% behind last year at the same period. The Brazilian paddy indicative price rose 6% to \$ 350/t against \$ 330 in March, thanks largely to the appreciation of the real against the dollar. At the beginning of May, the Brazilian price was stable at \$ 350.

In **sub-Saharan Africa**, grain prices remain high due to strong local demand and lower local supply due to the lean season, particularly in West Africa. Imported rice stocks remain high thanks to government policies to stabilize prices. By 2023, sub-Saharan rice import demand could decline by 2%, while remaining high at 45% of consumption needs.

Rice (millions of tons)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Paddy rice									(e)
World Production	736.4	736.4	748.6	752.8	765.3	758.4	780.0	792.1	778.2
208.2	206.5	212.1	211.1	212.7	212.2	210.0	211.9	212.8	208.5
158.2	157.2	156.5	163.7	168.5	172.6	178.3	184.5	194.2	196.2
70.8	59.1	61.0	54.0.9	55.3	59.2	67.7	54.6	54.4	54.8
51.8	51.8	51.8	50.4	54.2	54.5	55.2	55.9	56.8	57.4
45.0	45.0	45.1	42.8	42.8	44.0	43.4	42.7	43.9	42.7
27.4	33.6	27.4	32.4	33.7	32.7	28.3	30.3	33.0	34.4
28.2	28.8	27.7	28.6	29.5	30.4	25.3	25.1	25.0	24.2
12.1	12.1	12.4	10.6	12.3	12.1	10.5	11.2	11.8	10.8
10.8	10.8	10.5	10.7	10.8	10.6	10.5	10.5	10.6	10.4
Milled rice									
World Exports	45.5	45.0	41.3	48.3	48.5	44.3	45.8	52.1	56.0
India	11.5	11.2	10.1	12.5	11.6	9.8	14.5	21.4	22.3
Thailand	11.0	9.8	9.9	11.6	11.1	7.6	5.7	6.1	7.7
Vietnam	8.4	6.6	5.8	5.9	6.6	7.0	6.2	6.5	7.1
Pakistan	3.7	4.1	4.0	3.7	3.9	4.5	4.0	3.9	4.6
China	0.4	0.3	0.5	1.2	2.8	2.6	2.5	2.4	2.8
United States	3.0	3.5	3.5	3.3	3.1	3.1	3.1	2.9	2.3
Burma	0.4	3.1	2.8	3.1	2.7	2.5	2.2	1.8	2.2
Brazil	0.8	0.9	0.6	0.6	1.2	0.9	1.2	0.8	1.1
Others	6.5	5.6	4.1	6.2	5.8	6.2	6.2	6.0	5.5
World Imports	45.5	45.0	41.3	48.3	48.5	44.3	45.8	52.1	56.0
China	5.9	7.1	6.3	5.9	4.5	3.8	3.6	5.1	5.7
Nigeria	3.0	2.2	2.2	2.7	2.3	2.3	2.0	2.0	2.5
Philippines	1.7	2.0	0.8	1.2	2.5	2.8	2.5	3.0	3.3
European Union	1.4	1.8	1.8	2.0	1.9	2.2	2.0	1.9	2.3
Cote d'Ivoire	1.2	1.4	1.4	1.6	1.7	1.4	1.3	1.8	1.9
Iran	1.4	0.8	1.1	1.4	1.3	1.4	1.0	0.9	1.6
Saudi Arabia	1.4	1.6	1.2	1.1	1.2	1.3	1.1	1.2	1.2
Senegal	1.3	1.4	1.1	1.6	1.4	1.0	1.2	1.5	1.5
Indonesia	1.0	1.3	1.3	0.3	2.3	0.4	0.5	0.6	0.6
Brazil	0.6	0.3	0.7	0.8	0.6	0.7	0.9	0.7	0.8
Japan	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Fed. Russia	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Eastern Asia	14.3	16.7	13.4	16.4	17.1	12.8	12.4	17.8	17.4
Africa	15.2	13.8	14.3	17.1	16.7	16.0	16.2	17.8	19.4
Near & Middle East	8.6	8.1	7.3	8.4	8.6	8.5	8.6	8.6	8.6
Latin America	3.6	3.8	4.3	4.4	4.3	4.2	4.9	4.0	4.3
Developed countries	3.6	4.1	3.9	4.2	4.3	5.0	5.7	5.2	5.9
Stocks ending	172.9	175.5	173.4	174.1	177.1	186.7	187.7	194.8	197.0
China	85.2	92.9	98.0	99.0	103.3	105.9	103.9	102.8	100.6
India	25.5	21.5	18.1	19.5	21.7	28.8	32.7	35.6	41.4
Pakistan	0.7	1.1	0.9	0.7	0.8	0.6	0.6	1.1	1.0
Thailand	19.6	16.2	10.7	8.2	5.6	5.4	6.0	8.0	9.9
Vietnam	2.7	3.2	2.8	3.2	3.1	3.0	3.4	3.1	4.2
United States	1.1	1.5	1.5	1.5	0.9	1.4	0.9	1.4	1.3

Sources: FAO & USDA, 2023