INTER-RICE

World rice market report- December 2023 n°238

WORLD RICE PRICES AT 15-YEAR HIGHS

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Market trends

In December, **world rice prices** rose by 4.5%, reaching 15-year highs and scoring 40% higher from January 2023. Southeast Asia demand was firm and exportable supplies should remain less abundant until mid-February. The rise in world prices during 2023 resulted in part from the precarious balance between world production and consumption needs. The phenomenon *El Niño*, with drought periods, affected the main producing regions, and global supply became tighter, especially for exporting countries suffering from domestic inflationary pressures. Thus, India continues to restrict white rice exports and has also imposed a 20% tax on parboiled rice exports. These restrictive measures should be maintained at least until the end of the first half of 2024. According to the latest forecasts, the world food situation will remain vulnerable as a result of *El Niño* phenomenon, which could last until the end of the first half of 2024. World prices will also remain high and there is a risk that exportable supplies will be less abundant, especially in Asia. Given these conditions, a world trade slowdown is anticipated, despite strong import demand from China, Indonesia, the Philippines and Malaysia. On the exporter side, further reductions in India's exports are unlikely to benefit Thailand and Vietnam, also due to lower export availabilities. In contrast, Pakistan will benefit fully thanks to its strong production increase in 2023. Likewise, U.S. export prospects are favorable, thanks to the significant recovery of rice production.

In December, the OSIRIZ/InfoArroz index (**IPO**) rose 15 points to 337.9 points (base 100=January 2000), up from 322.9 points in November. In early January, the IPO index was holding steady at 340 points.



World production

According to the latest FAO estimates, **world rice production** in 2023 should improve by 0.8% to 790.4 Mt (525.0 Mt milled basis), against 784.5 Mt in 2022. In Pakistan, production would have increased by 30%, returning to its 2021 level. This partly offsets expected reductions in India and Thailand. In China, production is expected to remain stable in 2023. In the United States, after a disappointing season in 2022, production recorded a strong rebound of 37% in 2023, back to its 2021 level. In contrast, Mercosur's rice production has once again declined due to poor weather conditions.

World trade and global stocks

World rice trade in 2023 would have fallen by 5.3% to 53.0 Mt from 56.0 Mt previously. This drop is mainly due to a reduction in Chinese imports, but also to increased production in some deficit regions, especially in Africa, Middle East and South Asia. In addition, India's decision to ban exports of non-basmati rice (a quarter of Indian exports and 11% of world exports) tends to amplify the drop-in trade. The sharp increase in world prices, largely caused by these restrictions, means some importing countries to defer and/or reduce their import demand. However, some of the Indian shortfall has already been offset by exports from Thailand and Vietnam, which recorded strong growth in external sales during the last quarter of 2023. Thai monthly exports increased by 15% during this period. In contrast, Indian exports of non-basmati rice fell by 50%. Early forecasts for 2024 indicate a further drop in world trade to 52.0 Mt.

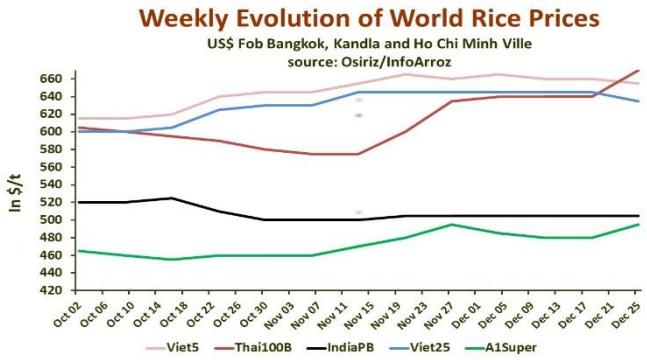
World rice stocks ending in 2023 would have remained relatively stable at 196.5 Mt, against 196.9 Mt in 2022, representing 38% of world consumption needs, or 3% above the five-year average. In 2023, Chinese stocks have fallen again to compensate for stagnating production and falling imports. However, Chinese reserves remain large, representing 70% of annual domestic consumption and 50% of world stocks. In India, the stocks would have increased by 4%, largely due to export restrictions. Stocks in the main exporting countries would have reached 57.5 Mt in 2023, slightly down from 2022 and equivalent to 30% of world stocks. In 2024, world stocks are expected to increase by 1.6%, currently estimated at 200 Mt.

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	Ind Parb	Viet5	Camb5	Burma5	Uru5	Thai25	Viet25	Pak25	A1Super
2022		**194.6**	**660**	**430**	**428**	**ND**	**418**	**460**	**401**	**533**	**409**	**398**	**362**	**390**
2023*		**253.5**	**734**	**552**	**541**	**470**	**547**	**548**	**565**	**631**	**504**	**529**	**485**	**450**
JULY-SEPTEMBER		**313.4**	**732**	**610**	**595**	**477**	**593**	**554**	**609**	**678**	**544**	**575**	**513**	**463**
OCT-DECEMBER		**325.0**	**751**	**613**	**596**	**509**	**650**	**548**	**606**	**765**	**548**	**634**	**502**	**474**
NOVEMBER		**322.9**	754	594	580	503	627	720	608	715	533	612	495	460
DECEMBER		**337.9**	**754**	**594**	**580**	**513**	**627**	**720**	**608**	**715**	**533**	**612**	**495**	**460**
	04-dec-23	**335.9**	745	640	620	505	665	720	615	590	575	645	530	485
	11-dec-23	**335.9**	745	640	615	510	660	720	615	588	570	645	530	480
	18-dec-23	**339.5**	745	640	615	520	660	720	615	628	570	645	530	480
	25-dec-23	**340.4**	745	670	645	515	655	720	615	635	590	635	515	495

source: Osiriz/InfoArroz; *January-December

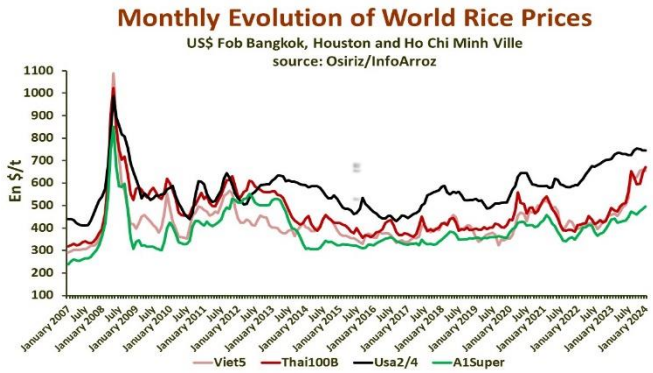
In **India**, parboiled rice prices rose by 2%, but remain the most competitive in the market despite the 20% exports duty, which will remain in place at least until the end of March 2024. Import demand for parboiled rice remains strong, especially from East African and Middle Eastern countries. In addition, since the announcement of the ban on non-basmati white rice exports, in July 2023, about 3 Mt would have been exported. African countries have been the main recipients of the exemptions provided by the Indian government. These sales do not greatly affect the stocks that India has been accumulating. However, the increase in public stocks, some 15 Mt more than in January 2023, increases the risk of post-harvest degradation, and some of it could end up in ethanol production. In December, Indian parboiled rice traded at $ 513/t Fob, against $ 503 previously. In early January, prices were stable.



In **Thailand**, prices rose by 10% due to strong foreign demand seeking to offset restrictions in India. Demand from the Philippines and Indonesia was particularly strong, as well as from African countries, especially Nigeria and South Africa. In 2023, Thai exports would have increased by 15% to 8.8 Mt against 7.7 Mt in 2022. In December, Thai 100%B rice averaged $ 655 against $ 596 in November. Parboiled rice rose 9% to $ 631 against $ 580. Thai broken *A1 Super* increased slightly less to $ 489 against $ 476. In early January, Thai prices were trending lower due to some easing in trading activities.

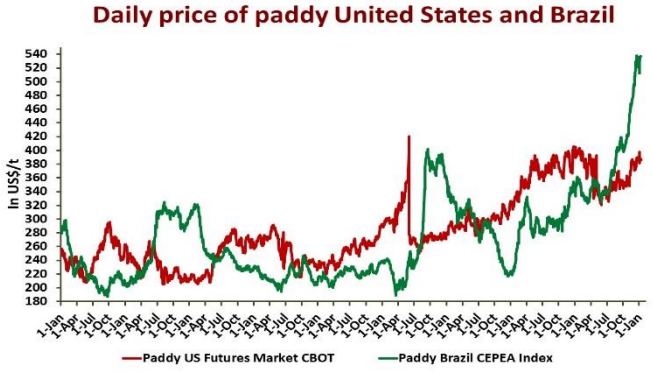
In **Vietnam**, in contrast to its competitors, export prices remained relatively stable and remain the highest in the market due to limited exportable availabilities and the lack of significant new contracts. However, Vietnamese exports also benefited from the Indian restrictions and would have increased by 15% to 8.3 Mt against 7.2 Mt in 2022, surpassing the 8 Mt export ceiling for the first time. However, Vietnamese exports could fall in 2024 as a result of the contraction in global demand and India's likely return to the international market in the second half of the year. In December, Viet 5% rice traded at $ 661 against $ 659. Viet 25% was $ 643 against $ 645. In early January, prices were stable.

In **Pakistan**, rice prices rose by 4% due to strong demand from Southeast Asia. African countries are also showing interest for Pakistani rice, to offset Indian restrictions. In November, Pakistani monthly exports reached a record level at 666,000 t, and should exceed 600,000 t again in December. In 2023, Pakistani exports should reach 4.3 Mt, but down 6% from 2022. Export forecasts for 2024 are favorable at 5 Mt. In December, Pak 25% scored $ 519 against $ 499 in November. In early January, prices had risen significantly to $ 550.



In **China**, imports would have fallen by 50% in 2023 to 3 Mt, partly due to the surge in world prices, but also because of larger-than-expected harvests. In 2024, Chinese imports could remain at around 3.3 Mt, behind the Philippines and Indonesia.

In the **United States**, rice prices fell by 1% due to abundant supply following improved production, up 37% over 2022. In December, exports rose again, to 345,000 t against 245,000 t in November, reaching 2.7 Mt in 2023 against 2.3 Mt in 2022. Mexico has once again become the main customer, accounting for 23% of US exports. The indicative price for *Long Grain 2/4* was $ 745/t in December, against $ 753 previously. Early January, the indicative price remained stable. On the Chicago Board of Trade, paddy rice futures rose by 2.7% to $ 382/t from $ 372 in November. Early January, futures prices held firm at $ 388.



In **Mercosur**, export prices increased again by 2%. The further decline in 2022/2023 production and uncertainties over the 2023/2024 harvest are weighing on export prices and tending to slow external sales. In Brazil, exports would have declined by 15% from 2022. The Brazilian paddy rice indicative price continues to score historic highs, rising again by 12% to $ 520/t from $ 464 in November. Early January, the indicative price held firm at $ 526.

In **sub-Saharan Africa**, harvests are almost finished and on the whole satisfactory. With the arrival of local rice on the markets and the good availability of imported rice, domestic prices are holding fairly steady. By 2023, African imports would have fallen by 5%, but remain high, equivalent to 40% of consumption needs. In 2024, imports could increase, particularly in West Africa, if India were to lift its export restrictions.

Rice (millions of tons)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Paddy rice								(e)	(p)
World Production	**736.4**	**748.6**	**752.8**	**765.3**	**758.4**	**780.1**	**792.1**	**784.5**	**790.4**
China	212.1	211.1	212.7	212.2	210.0	211.9	212.8	208.5	208.4
India	156.5	163.7	168.5	172.6	178.3	184.5	194.2	199.1	197.0
Indonesia	61.0	54.0.9	55.3	59.2	67.7	54.6	54.4	54.0	52.5
Bangladesh	51.8	50.4	54.2	54.5	55.2	55.9	56.8	57.8	58.5
Vietnam	45.1	42.8	42.8	44.0	43.4	42.7	43.9	42.7	43.1
Thailand	27.4	32.4	33.7	32.7	28.3	30.3	33.0	34.4	33.4
Burma	27.7	28.6	29.5	30.4	25.3	25.1	24.9	24.7	25.9
Brazil	12.4	10.6	12.3	12.1	10.5	11.2	11.8	10.8	10.0
Japan	10.5	10.7	10.8	10.6	10.5	10.5	10.6	10.4	10.3
Milled rice									
World Exports	**45.0**	**41.3**	**48.3**	**48.5**	**44.3**	**45.8**	**52.1**	**56.0**	**53.0**
India	11.2	10.1	12.5	11.6	9.8	14.5	21.4	22.5	19.4
Thailand	9.8	9.9	11.6	11.1	7.6	5.7	6.1	7.7	8.8
Vietnam	6.6	5.8	5.9	6.6	7.0	6.2	6.5	7.2	8.5
Pakistan	4.1	4.0	3.7	3.9	4.5	4.0	3.9	4.6	3.6
China	0.3	0.5	1.2	2.8	2.6	2.5	2.4	2.2	2.0
United States	3.5	3.5	3.3	3.1	3.1	3.1	2.9	2.2	2.4
Burma	3.1	2.8	3.1	2.7	2.5	2.2	1.8	2.2	2.2
Brazil	0.9	0.6	0.6	1.2	0.8	1.4	1.2	1.4	1.0
Others	5.6	4.1	6.3	6.4	6.2	5.9	5.9	5.9	5.9
World Imports	**45.0**	**41.3**	**48.3**	**48.5**	**44.3**	**45.8**	**52.1**	**56.0**	**53.0**
China	7.1	6.3	5.9	4.5	3.8	3.6	5.1	6.6	3.0
Nigeria	2.2	2.2	2.7	2.3	2.3	2.0	2.0	2.4	2.2
Philippines	2.0	0.8	1.2	2.5	2.8	2.5	3.0	3.9	3.7
European Union	1.8	1.8	2.0	1.9	2.2	2.0	1.9	2.5	2.2
Cote d'Ivoire	1.4	1.4	1.6	1.7	1.4	1.3	1.8	2.0	1.7
Iran	0.8	1.1	1.4	1.3	1.4	1.0	0.9	1.8	1.2
Saudi Arabia	1.6	1.2	1.1	1.2	1.3	1.1	1.2	1.3	1.2
Senegal	1.4	1.1	1.6	1.4	1.0	1.2	1.5	1.9	1.4
Indonesia	1.3	1.3	0.3	2.3	0.4	0.5	0.6	0.5	3.3
Brazil	0.3	0.7	0.8	0.6	0.7	0.9	0.7	0.8	1.0
Japan	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Fed. Russia	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Eastern Asia	**16.7**	**13.4**	**16.4**	**17.1**	**12.8**	**12.4**	**16.2**	**18.3**	**16.3**
Africa	**13.8**	**14.3**	**17.1**	**16.7**	**16.0**	**16.2**	**17.6**	**18.7**	**16.6**
Near & Middle East	**8.1**	**7.3**	**8.4**	**8.6**	**8.5**	**8.6**	**8.6**	**8.6**	**8.6**
Latin America	**3.8**	**4.3**	**4.4**	**4.3**	**4.2**	**4.9**	**4.0**	**4.2**	**4.4**
Developed countries	**4.1**	**3.9**	**4.2**	**4.3**	**5.0**	**5.7**	**5.2**	**6.3**	**6.2**
Stocks ending	**175.7**	**173.6**	**174.3**	**177.3**	**187.1**	**188.0**	**195.2**	**196.9**	**196.5**
China	92.9	98.0	99.0	103.3	105.9	103.9	102.8	100.6	100.1
India	21.5	18.1	19.5	21.7	28.8	32.7	35.6	41.4	43.2
Pakistan	1.1	0.9	0.7	0.8	0.6	0.6	1.1	1.0	0.4
Thailand	16.2	10.7	8.2	5.6	5.4	6.0	8.0	9.9	10.1
Vietnam	3.2	2.8	3.2	3.1	3.0	3.4	3.1	4.2	3.8
United States	1.5	1.5	1.5	0.9	1.4	0.9	1.4	1.3	0.9

Sources: FAO & USDA. 2023