INTER-RICE

World rice market report- July 2024 n°245

A NEW DROP IN WORLD RICE PRICES

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Market trends

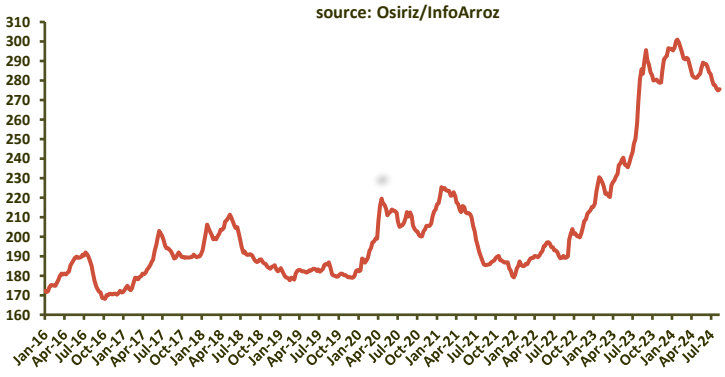
In July, **world rice prices** fell again by an average of 2%, confirming the downward trend that began in mid-June. Import demand remains weak as buyers and sellers anticipate a release in the India's export restrictions on non-basmati white rice, which has been slow to materialize. Additionally, global trade is being affected by postponed purchases or transactions involving only small quantities, despite efforts by Asian exporters to lower their prices in order to revive the export market. Rising shipping costs and a shortage of empty containers add further pressure on the export market. Thai prices dropped significantly by 7%, marking their lowest level in three months. However, in other export markets, prices fell more moderately thanks to slightly stronger import demand. Importers are also waiting for export offers from new harvests that will begin arriving at the end of August and continue until January 2025. Currently, the market is relying mainly on purchases by Indonesia and the Philippines to reactivate trade. With production prospects looking promising in major Asian countries, by a 2% increase compared to 2023, and potentially more abundant export supplies, price trends in the coming months will be heavily influenced by trade decisions of India, the Philippines, and Indonesia.

In July, the OSIRIZ/InfoArroz index (**IPO**) fell by 8.0 points to 279.0 points (base 100=Jan. 2000), from 287.0 points in June. By early August, the IPO index continued to decline, reaching 275 points.

OSIRIZ/InfoArroz International price Index (IPO)

base 100 = january 2000

source: Osiriz/InfoArroz



World production

According to FAO estimates, **world rice production** in 2023 improved by 1% to 798.5 Mt (530.2 Mt milled basis) against 791.5 Mt in 2022. This improvement reflects good harvests in Asia, Africa, and North America. In Pakistan, production increased by 30%, partially offsetting reductions in India, Thailand, and China. In the United States, production rebounded strongly by 37%, back to its 2021 level. By contrast, production in the Mercosur region declined again due to poor weather conditions. In 2024, early projections suggest global production could reach a historic high of 805.8 Mt (535.1 Mt milled basis).

World trade and global stocks

World rice trade in 2023 fell by 6% to 52.9 Mt from 56.4 Mt previously. This decline is mainly due to reduced Chinese imports and increased production in some deficit regions, such as Africa, the Middle East, and South Asia. India's ban on non-basmati white rice exports also contributed to the reduction in global trade. High world prices, largely due to these restrictions, forced some importing countries to defer or reduce their import demand. However, part of the decline in Indian exports was offset by a 15% increase in exports from Thailand and Vietnam, while overall Indian rice exports fell by 20%. In 2024, global trade is expected to decrease by 3.4% to 51.2 Mt. However, early projections for 2025 indicate a recovery in global trade by nearly 4% to 53.2 Mt, still below the 2022 record of 56.4 Mt.

World rice stocks ending in 2023 slightly increased to 195.8 Mt from 195.4 Mt in 2022, representing 37% of world consumption requirements. Chinese stocks are expected to have decreased further to compensate for stagnant production and reduced imports, though they remain abundant, covering 70% of annual domestic consumption and 50% of world stocks. Indian stocks increased by 5% due to export restrictions. Stocks in major exporting countries reached 57.5 Mt in 2023, slightly down from 2022, representing 30% of global stocks. In 2024, world stocks are expected to increase by nearly 2%, currently estimated at 199.5 Mt, potentially rising further to 204.9 Mt in 2025.

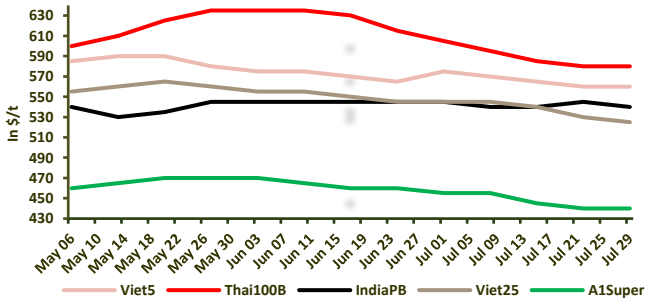
This monthly report is made by Patricio Méndez del Villar, researcher at the Centre de Coopération Internationale en Recherche Agronomique pour le Développement - CIRAD in France (www.cirad.fr). The contents are available in four languages: French (Osiriz). Spanish (InfoArroz). English (InterRice) and 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
2023		**252.5**	**734**	**552**	**541**	**470**	**547**	**548**	**565**	**654**	**504**	**529**	**485**	**450**
2024*		**287.3**	**786**	**620**	**606**	**542**	**595**	**720**	**605**	**780**	**553**	**569**	**552**	**468**
JANUARY-MARCH		**294.9**	**774**	**644**	**628**	**541**	**624**	**572**	**623**	**808**	**572**	**598**	**561**	**485**
APRIL-JUNE		**284.7**	**801**	**611**	**597**	**543**	**579**	**547**	**601**	**742**	**547**	**556**	**549**	**463**
JUNE		**287.0**	805	629	614	545	571	720	586	748	561	551	549	464
JULYT		**279.0**	**792**	**589**	**581**	**542**	**566**	**720**	**572**	**800**	**529**	**537**	**532**	**447**
	01-jul-24	**283.3**	805	605	600	545	575	720	580	780	545	545	530	455
	08-jul-24	**280.5**	805	595	590	540	570	720	575	790	540	545	520	455
	15-jul-24	**277.8**	790	585	575	540	565	720	570	810	525	540	525	445
	22-jul-24	**275.8**	780	580	570	545	560	720	570	810	520	530	545	440
	29-jul-24	**275.1**	780	580	570	540	560	720	565	810	515	525	540	440

source: Osiriz/InfoArroz; *January-July

In **India**, parboiled rice price slightly declined in a relatively calm market. African demand remains fairly low as importers anticipate further price drops. Additionally, export supply is slow as Indian farmers prefer to store their rice, waiting for the new minimum support prices set by the government for the next harvest. Operators also expect changes in trade policy, with the possible lifting of the 20% tax on parboiled rice exports and the application of a flat-rate tax of US$90/t. Exceptional harvests are expected in 2024/2025 due to a more favorable monsoon, which should further encourage the Indian government to release exports. During the first seven months of the year, Indian exports are estimated to reach nearly 10 Mt, but a 25% drop from the same period last year. In July, Indian parboiled rice averaged $ 542/t FOB against $ 545 previously. By early August, the price continued to weaken to $ 540.

Weekly Evolution of World Rice Prices
US$ Fob Bangkok, Kandla and Ho Chi Minh Ville
source: Osiriz/InfoArroz



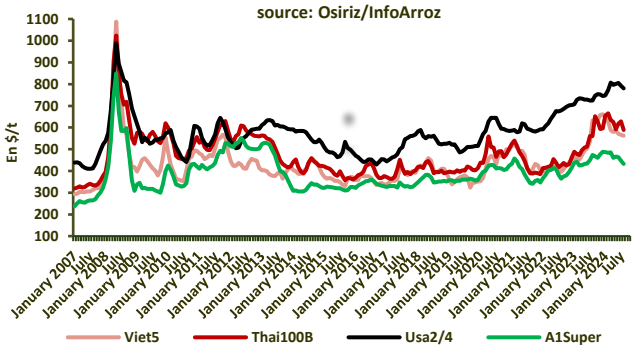
In **Thailand**, prices dropped significantly by 7%, reaching their lowest level in three months. Despite the strengthening of the baht against the dollar and competitive prices, import demand remains low as operators expect further declines with India's return to the export market. Thai exporters hope to revive sales through new tenders from Indonesia, but competition will be tough. However, Thai exports are estimated to reach nearly 6 Mt during the first seven months of the year, a 30% increase from 2023 at the same period. In July, Thai 100%B rice averaged $ 589 against $ 629 in June. Thai parboiled rice also fell to $ 581 from $ 614 previously. Broken rice *A1 Super* declined to $ 447 from $ 464. By early August, Thai prices continued to decline.

In **Vietnam**, export prices declined by 1% to 2% due to increased supply. This relatively moderate decline is also due to strong demand from the Philippines, the main market for Vietnamese rice and the world's largest importer. During the first seven months of the year, Vietnamese exports are estimated to reach about 5.3 Mt, a 10% increase from 2023 at the same period, and could reach 8.2 Mt in 2024. In July, Viet 5% rice was traded at $ 566 against $ 571 previously. Viet 25% averaged $ 537 from $551. By early August, prices were still trending downward.

In **Pakistan**, rice prices fell by 3% due to weak import demand for old crops. Buyers and sellers are waiting for the new harvest, which will hit the market starting in September. Cumulative exports for the first seven months of the year are estimated to reach about 3.8 Mt, a 75% increase compared to last year at the same time. In total, Pakistani exports could exceed the historic threshold of 5 Mt in 2024, from 4.5 Mt in 2023. In July, Pak 25% rice averaged $ 432 against $ 549 in June. By early August, prices were tending to firm up due to a lack of sufficient quality rice for export.

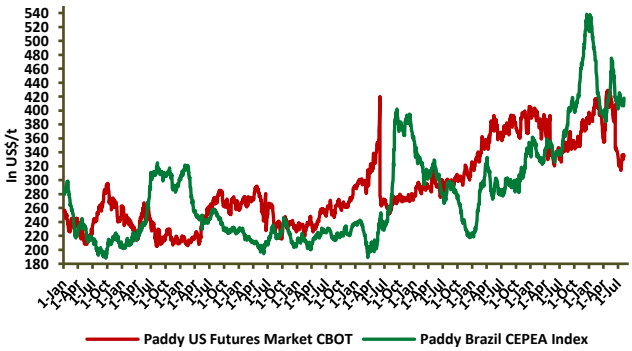
In **China**, a prolonged heatwave in the eastern, central, and southern regions of the country is expected to have affected rice production, which could stagnate this year. In 2024, Chinese rice imports are also expected to decline again to 1.9 Mt from 2.7 Mt in 2023, due mainly to reduced consumption. China is estimated to import nearly 800,000 t of rice during the first six months of the year, a 60% decrease compared to the same period last year. Broken rice would account for 40% of total imports, mainly from Myanmar, and is primarily intended for animal consumption.

Monthly Evolution of World Rice Prices
US$ Fob Bangkok, Houston and Ho Chi Minh Ville
source: Osiriz/InfoArroz



In the **United States**, rice prices declined in a relatively calm market. In July, exports were estimated to fall to 265,000 t from 280,000 t previously, but still representing a 45% increase compared to 2023 at the same time. Mexico is once again the main market, accounting for 26% of exports, followed by Japan and Haiti, each accounting for 10% of US sales. In July, the indicative price of *Long Grain 2/4* rice averaged $ 792/t from $805. By early August, the price dropped again to $ 780. On the Chicago Board of Trade, paddy rice futures prices fell by 11% to $ 326/t from $ 366 in June. By early August, futures prices were tending to recover to $ 333.

Daily price of paddy United States and Brazil



In **Mercosur**, export prices remain firm due to reduced export supply resulting from a drop-in production due to poor weather conditions during the harvest. The indicative price of Brazilian paddy rice contracted by 2% to $ 415/t against $ 425 in June. By early August, the price of paddy rice continued to weaken to $ 411.

In **Sub-Saharan Africa**, local rice stocks are dwindling and insufficient to supply major urban areas. Consequently, consumer prices are under pressure until new orders of imported rice arrive. In 2024, harvest prospects are good due to favorable rainfall, and African imports could fall once again, while remaining high, equivalent to 40% of consumption requirements.

Rice (millions of tons)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Paddy rice								(e)	(p)
World Production	**736.4**	**748.5**	**752.8**	**764.6**	**758.3**	**780.3**	**792.5**	**791.6**	**798.5**
China	212.1	211.1	212.7	212.2	210.0	211.9	212.8	208.5	206.6
India	156.5	163.7	168.5	172.6	178.3	184.5	194.2	203.6	201.1
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	58.6
Vietnam	45.1	42.8	42.8	44.0	43.4	42.7	43.9	42.7	43.5
Thailand	27.4	32.4	33.7	32.7	28.3	30.3	33.0	34.9	33.4
Burma	27.7	28.6	29.5	30.4	25.3	25.1	24.9	24.7	25.6
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**	**56.4**	**52.9**
India	11.2	10.1	12.5	11.6	9.8	14.5	21.4	22.5	17.9
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	8.3
Pakistan	4.1	4.0	3.7	3.9	4.5	4.0	3.9	4.6	4.5
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	6.3	6.4	6.2	6.1	5.7
World Imports	**45.0**	**41.3**	**48.3**	**48.5**	**44.3**	**45.8**	**52.1**	**56.4**	**52.9**
China	7.1	6.3	5.9	4.5	3.8	3.6	5.1	6.6	2.7
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	**175.9**	**173.9**	**174.5**	**177.5**	**187.0**	**187.7**	**194.5**	**195.4**	**195.8**
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. 2024