

WORLD RICE PRICES START TO SETTLE DOWN

WWW.INFOARROZ.ORG - @OSIRIZNEWS

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

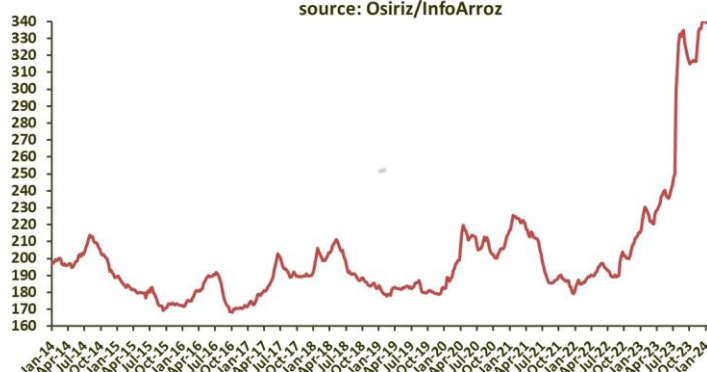
Market trends

In January, **world rice prices** rose again, but started to weaken in mid-January. Thai prices rose by 2%, as well as Indian parboiled rice. By contrast, Vietnamese prices fell by between 1.5% and 3%, according to the categories. Despite restrictions on Indian exports, competition between Asian exporters remains strong. A sharp rise in Vietnamese or Thai prices opens up the market for Asian competitors, especially Burma whose prices are more attractive. Currently, the market is still waiting for India to make a gradual return to the export market, but not before the arrival of the Rabi harvest in the 2nd quarter of 2024. In the meantime, despite an improving export supply, world prices remain high due to tensions in the Red Sea, which have pushed up sea freight costs, which have tripled since December. Longer transport times, which have to bypass Africa, are creating a shortage of ships, which is hampering the fluidity of trade. World trade, is set to tighten further due to a drop-in import demand, particularly from China, whose imports may not exceed 2.5 Mt in 2024, compared with 6.6 Mt in 2022. This drop will offset the strong demand expected from the Philippines and Indonesia, the world's 1st and 2nd largest importers respectively. As for exporters, although India's exports are expected to fall further, this will be largely offset by supply from Thailand and Pakistan, whose external sales are forecast to increase by 40% compared to 2023. Meanwhile, world production in 2023/2024 is expected to slightly outstrip global consumption, which is forecast to decline for the second year running.

In January, the OSIRIZ/InfoArroz (IPO) index rose only by 2.3 points to 340.2 points (base 100=January 2000), against 337.9 points in December. In early February, the IPO index tends to weaken to 337 points.

OSIRIZ/InfoArroz International price Index (IPO)

base 100 = January 2000
source: Osiriz/InfoArroz



World production

According to the latest FAO estimates, **world rice production** in 2023 is set to improve by just 0.6% to 790.0 Mt (524.6 Mt milled basis), against 785.5 Mt in 2022. In Pakistan, production is expected to increase by 30%, returning to its 2021 level. This will partly offset expected reductions in India, Thailand and China. 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 fell by 6% to 52.7 Mt from 56.0 Mt. 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 rise in world prices, largely due to these restrictions, forced some importing countries to defer and/or reduce their import demand. However, part of the decline in Indian exports was offset by Thailand and Vietnam, which increased their exports by 15% in 2023. In contrast, Indian rice exports, in all categories, fell by 20%. Early forecasts for 2024 indicate a further drop in world trade of 2.3% to 51.5 Mt.

World rice stocks ending in 2023 would have remained relatively stable at 196.7 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%, currently estimated at 198.8 Mt.

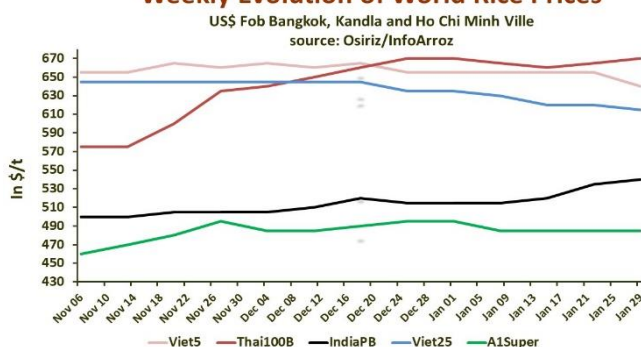
This monthly report is made by Patricio Méndez del Villar, researcher at the Centre de Coopération Internationale en Recherche Agronomique pour le Développement - CIRAD in France (www.cirad.fr). The contents are available in four languages: French (Osiriz), Spanish (InfoArroz), English (InterRice) and 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
DECEMBER	337.9	754	594	580	513	627	720	608	775	533	612	495	460
JANUARY	340.2	754	594	580	525	627	720	608	792	533	612	495	460
01-jan-24	340.4	745	670	645	515	655	720	615	790	590	635	525	495
08-jan-24	339.0	745	660	640	515	655	720	610	790	580	625	550	485
15-jan-24	339.5	750	660	640	520	655	720	610	790	580	620	560	485
22-jan-24	341.3	750	665	645	535	655	720	610	790	585	620	570	485
29-jan-24	340.9	750	670	645	540	640	720	615	800	585	615	585	485

source: Osiriz/InfoArroz; *January-December

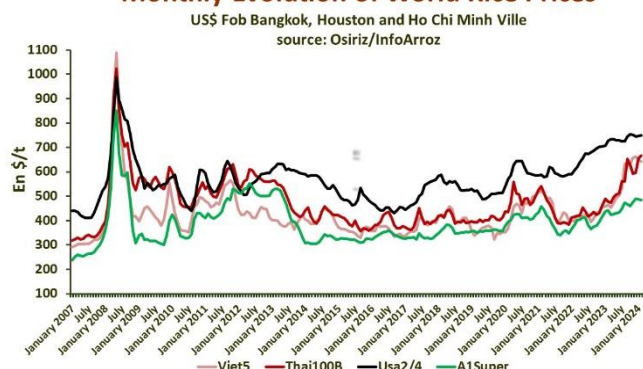
In **India**, parboiled rice price rose by a further 2.5%, but remains the most competitive on the market despite the 20% export duty. The ban on non-basmati white rice exports is still in force, but exemptions granted by the Indian government have enabled the country to export over 3 Mt between the last quarter of 2023 and the beginning of the year, mainly to African countries and Southeast Asia. In total, India exported 17.9 Mt by 2023, including 13 Mt non-basmati white and parboiled rice and 4.9 Mt basmati rice. Benin, Senegal, Togo and Guinea were the main destinations for non-basmati rice. By 2024, India could be exporting around 17 Mt. In January, Indian parboiled rice traded at \$ 525/t Fob, against \$ 513 previously. In early February, the price was firm at \$ 550.

Weekly Evolution of World Rice Prices


In **Thailand**, prices rose by 2% thanks to strong external demand. In 2023, Thai exports reached 8.8 Mt, up 15% on 2022. Indonesia was the main customer with 16% of Thai exports, followed by South Africa and Iraq with 10% each. China and the Philippines, although each accounting for only 5% of exports, were among the main customers in the last quarter of 2023 due to Indian restrictions. In 2024, exports could approach 9 Mt thanks to sustained demand from Indonesia, and despite forecasts of a decline in world trade. In January, Thai 100%B rice averaged \$ 666, against \$ 655 in December. Parboiled rice rose to \$ 643 from \$ 631. By contrast, Thai broken A1 Super fell slightly to \$ 487 from \$ 489. In early February, Thai prices tends to fall, mainly due to the strength of the bath against the dollar.

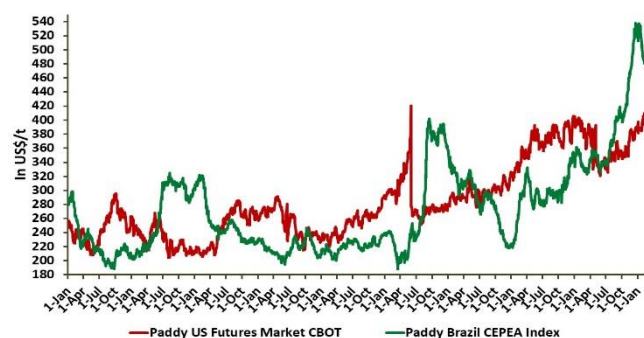
In **Vietnam**, export prices declined by between 1.5% and 3%, getting nearer to parity with Thai prices. Currently, Vietnam is concentrating more on its domestic market in anticipation of the Tet vacation, and foreign contracts are becoming scarcer. An upturn is expected in late February/early March. In 2023, Vietnamese exports rose by 15% to 8.3 Mt from 7.2 Mt in 2022. In 2024, Vietnamese exports could tighten due to lower world demand and the expected return of India to the world market in the second half of the year. In January, Viet 5% traded at \$ 652 against \$ 661 previously. Viet 25% marked \$ 624 against \$ 643, but is still well above its Thai competitor. Early February, prices were still tending to decline.

In **Pakistan**, rice prices rose by a further 4-6% due to strong demand from Southeast Asia. Pakistani rice is also of interest to African countries, given Indian restrictions. In December, Pakistan's monthly exports jumped to 850,000 t. Traditionally, Pakistani exports increase in the last quarter of the year, but in 2023 they were three times higher than in 2022. Overall, Pakistani exports reached 4.5 Mt in 2023, from 4.6 Mt in 2022. In 2024, Pakistan could export 5 Mt thanks to a more abundant export supply. In January, Pak 25% marked \$ 551 against \$ 519 in December. Early February, prices tends to stabilize, but remains firm at \$ 575.

Monthly Evolution of World Rice Prices


In **China**, imports would have fallen by 50% in 2023 to 2.7 Mt, partly due to the surge in world prices, but also because of larger-than-expected harvests. In 2024, Chinese imports could fall again to 2.4 Mt, behind the Philippines and Indonesia.

In the **United States**, rice prices remained firm thanks to continued strong demand. In January, exports reached 330,000 t against 337,000 t in December, but almost double compared to January 2022. In 2023, US exports amounted to 2.7 Mt versus 2.3 Mt in 2022, up 17%. Mexico has once again become the main customer, accounting for 23% of US exports. The indicative price for Long Grain 2/4 was \$ 748/t in January, against \$ 745 previously. Early February, the indicative price remained stable. On the Chicago Board of Trade, paddy rice futures rose by 2.2% to \$ 390/t from \$ 382 in December. Early February, futures prices held firm at \$ 405.

Daily price of paddy United States and Brazil


In **Mercosur**, export prices remain firm due to strong demand and lower exportable supplies this year. Lower production in 2022/2023 and uncertainties over the 2023/2024 harvest are weighing on export prices. The Brazilian paddy indicative price is still marking historic increases, but is tending to stabilize at \$ 518/t, against \$ 520 in December. Early February, the indicative price was down to \$ 486.

In **sub-Saharan Africa**, harvests are progressing and generally 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 pick up again, particularly in West Africa.

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	790.0
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	56.1	52.7
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	56.1	52.7
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	175.7	173.6	174.3	177.3	187.1	188.0	195.2	196.9	196.7
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