

## TOWARDS A DECLINE IN WORLD RICE PRICES

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Patricio Méndez del Villar – [patricio.mendez@cirad.fr](mailto:patricio.mendez@cirad.fr)

### Market trends

In August, **world rice prices** rose by a further 14%, but started to moderate towards the end of the month. The announcement in mid-July of a ban on Indian non-basmati rice exports sent shockwaves through the rice markets, with Asian prices rising by 20% in just a few days, reaching their highest level for 15 years. Tensions on world markets are also having repercussions on domestic markets, in both exporting and importing countries. Measures to regulate domestic prices are being put in place to reassure consumers in the context of inflationary trends. At the same time, the authorities in exporting countries, especially Thailand and Vietnam, reassured external markets that **there is no reason to restrict exports**, as supplies remained abundant. At the beginning of September, world prices began to fall, partly due to importers, mainly the Philippines, who were reluctant to pay such high prices, preferring to wait for the new Asian harvests to start arriving in the last quarter of the year. The world market thus seems to be beginning to “digest” the earthquake caused by the world's leading exporter, although the new restrictive measures now extend to Indian parboiled rice, which is subject to a provisional export tax of 20% until mid-October, in the same way as Indian white rice categories since September 2022. As for the El Niño weather phenomenon, which has been predicted since the beginning of 2023 for the current season, it could finally have an impact on the 2024 season. Indeed, fears of El Niño as early as 2023 had led some importers to increase their purchases well before India's ban. The next few months will therefore be crucial for global supply. In the meantime, global demand could slow down somewhat, especially for feed, which could ease the pressure on world prices in the months ahead.

In August, the OSIRIZ/InfoArroz (IPO) index rose a further 40.5 points to 325.3 points (base 100 = January 2000) from 284.8 points in July. In mid-September, the IPO index was tending to settle at 322 points.



### World production

According to the latest FAO estimates, **world rice production** in 2023 should improve by 1.1%, to 787.9 Mt (523.2 Mt milled basis), against 779.4 Mt in 2022. In Pakistan, where harvests have already started, production is expected to increase by 30% and thus recover its 2021 level. Similarly, in the United States, after a disappointing season in 2022, production is expected to return to its 2021 level. In China, production will increase, partly offsetting expected reductions in India and Thailand.

### World trade and global stocks

In 2023, **world rice trade** should contract by 6.2%, to 52.4 Mt against a record volume of 55.9 Mt in 2022. The decline in world trade is partly due to increased production in some deficit regions, especially in Africa. However, this downward trend in world trade is becoming more pronounced following the Indian ban on non-basmati rice exports (a quarter of Indian exports and 11% of world trade). The rise in world prices caused by these restrictions leads importing countries to defer and/or reduce their import demands. However, some of India's export restraints are being offset by Thailand and Vietnam, whose exportable supplies remain satisfactory. Early projections for 2024 point to a recovery of world trade to 53.3 Mt, an increase of 1.7%.

**World rice stocks** ending in 2023 should decrease by 1%, to 195.3 Mt, from 197.1 Mt in 2022. These represent almost 38% of world consumption needs, 3% above the average of the last five years. In 2023, Chinese stocks should decline again, but will be offset by a 3% increase in Indian inventories, in a context of restrained exports. Nevertheless, Chinese reserves remain large, representing 70% of annual domestic consumption and 50% of world stocks. Stocks in the main exporting countries will reach 57.5 Mt in 2023, slightly down from 2022 and equivalent to 30% of world stocks. In 2024, a global recovery to 198 Mt is expected.

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](http://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](http://www.infoarroz.org).

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

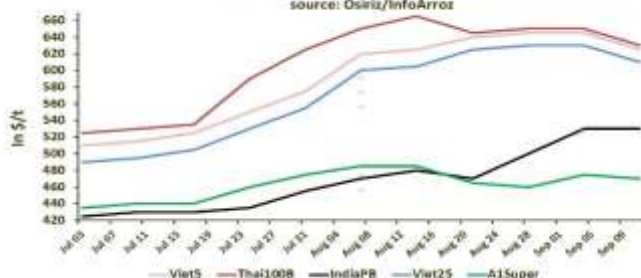
	IPO	Usa 2/4	Thai100B	Thai Parb	India5	Viet5	Camb5	Burma5	Uru5	Thai25	Viet25	Pak25	A1Super
2022	194.6	660	430	428	356	418	460	401	533	409	398	362	390
2023*	272.3	726	528	519	445	508	460	546	612	486	489	474	442
JANUARY-MARCH	223.6	722	481	476	428	458	460	485	478	455	438	443	435
APRIL-JUNE	235.5	730	506	499	453	490	460	559	594	469	472	477	431
JULY	253.3	725	561	546	494	535	460	567	618	509	515	487	470
AUGUST	325.3	725	653	638	NC	633	460	635	696	575	615	520	474
07-aug-23	321.9	725	650	635	NC	620	460	620	670	580	600	500	485
14-aug-23	327.2	725	665	650	NC	625	460	650	690	590	605	510	485
21-aug-23	324.7	725	645	630	NC	640	460	635	710	565	625	530	465
28-aug-23	327.2	725	650	635	NC	645	460	635	715	565	630	540	460

source: Osiriz/InfoArroz ; \*January-August

In **India**, non-basmati white rice prices remain unquoted, except for parboiled rice. In addition to the ban on exports of non-basmati rice since mid-July, the Indian authorities have introduced a 20% export tax on parboiled rice exports. This measure will remain in place until mid-October, when the new crop will gradually begin to reach the market. Strong world prices, since the beginning of the year, have encouraged Indian producers to increase their plantings. According to the latest projections, the rice area is expected to increase by 3.7%, and the Kharif crop (85% of total Indian production) could reach a record 118 Mt. This could ease to mitigate pressure on domestic prices and perhaps prompt the government to review its export policy. In August, Indian parboiled rice averaged \$ 480/t FOB, against \$ 435 in July. In early September, the price was holding steady at \$ 530.

**Weekly Evolution of World Rice Prices**

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



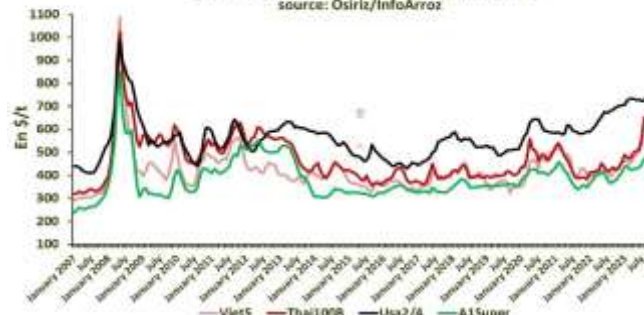
In **Thailand**, prices rose another 16% in one month, and now are 50% higher year to year. Renewed external demand, following the ban on Indian exports, has also pushed up domestic prices. By the end of August, prices were starting to fall as buyers are reluctant to pay such high prices. The depreciation of the bath against the dollar since the end of August has also contributed to the decline in export prices. In addition, the new harvest arriving during the last quarter of the year should further mitigate the pressure on domestic and international prices. In the first eight months of the year, Thai exports would have totaled nearly 5.5 Mt, up 15% from 2022. Exports are currently estimated to reach 8.5 Mt in 2023. In August, Thai 100%B rose to \$ 653, against \$ 561 in July. Parboiled rice also rose to \$ 638 from \$ 546. Thai broken A1 Super rose to \$ 474 against \$ 450. In early September, prices were trending down, but are still at their highest level in 15 years.

In **Vietnam**, export prices increased by 20%, exceeding 60% from August 2022. Vietnam is taking advantage of Indian restrictions. The country would have exported 921,000 t in August against 657,000 t in July, already an increase, for the first eight months of the year, of 20% compared to 2022, and equivalent to 90% of the target set by the Vietnamese authorities for the whole of 2023. As in Thailand, Vietnamese prices have tended to ease since the end of August. The Philippines, the main customer accounting for 40% of Vietnamese sales, has set a price ceiling for regular and well-milled rice, forcing Vietnam to reduce its export prices. Vietnamese authorities remain optimistic estimating that the country could export up to 8 Mt in 2023, against 7.2 Mt in 2022, while preserving domestic food security. Viet 5% traded at \$ 633, against \$ 535 previously. Viet 25% was quoted at \$ 615 from \$ 515 in July.

In **Pakistan**, rice prices rose again, between 7% and 10%, according to category. At the beginning of September, Pakistani prices remained firm due to the economic instability and inflationary context that the country has been experiencing for months. Pakistan will organize general elections at the end of November, and new policies could affect the export market. In the meantime, Pakistani authorities are counting on an increase in exports, especially to China, thanks to the recovery of production from the disappointing 2022 season. Pakistan also expects to increase its basmati rice exports, following the minimum export price imposed by India on its basmati rice sales, corresponding to 15% above the current market price. In August, the Pak 25% marked \$ 520 against \$ 487 in July.

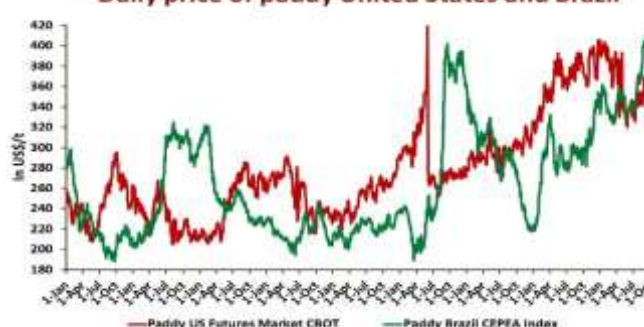
**Monthly Evolution of World Rice Prices**

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



In **China**, rice consumption is estimated to fall by 2%, due to a reduction in the feed use of broken rice, as it has become less competitive with corn, following the sharp rise in world prices and the ban on exports of Indian broken rice from September 2022. China will also reduce its imports in 2023 thanks to increased production, but will remain the world's largest importer of rice, reaching 4 Mt in 2023, a volume that should remain stable in 2024.

In the **United States**, rice prices remain disconnected from the Asian markets and stable compared to July. However, the ban on Indian exports could have an impact, in the near future, on export prices in the Western Hemisphere, as is already the case in Mercosur. In August, US exports increased to 147,000 t against 120,000 t in July, marking a slight advance compared from the same period last year. The indicator price for Long Grain 2/4 rice remained stable at \$ 725/ton. On the Chicago Board of Trade, paddy rice futures prices rose 3.5% to \$ 352/ton against \$ 340 in July. In early September, futures prices were steady at around \$ 360.

**Daily price of paddy United States and Brazil**


In **Mercosur**, export prices rose between 10% and 12% in one month. Reduced production in Brazil and Argentina impacts export prices. Mercosur is also recording new import demands, following the Asian restrictions. However, exportable supplies are decreasing and it is relevant to consider Brazil's import needs, which are basically covered by its neighbors, Uruguay, Argentina and Paraguay. The Brazilian paddy rice indicative price rose by 8.5% to \$ 381/t from \$ 351 in July. In early September, the indicative price was firm at \$ 402, its highest level since August/September 2008.

In **sub-Saharan Africa**, grain prices remain high due to strong domestic demand. New export restrictions imposed by India are contributing to the upward trend in domestic prices. Some African countries are negotiating with India for exemptions to secure their supplies. Meanwhile, domestic supplies remain satisfactory, thanks to abundant imported grain reserves. Crop prospects, which will start arriving in the coming weeks, are quite good despite contrasts in rainfall patterns from one region to another. Imports are expected to decline by 4.4% to 17.7 Mt in 2023, with a further decline expected in 2024. However, imports still account for more than 40% of the continent's consumption needs.

Rice (millions of tons)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Paddy rice</b>								(e)	(p)
World Production	<b>736.4</b>	<b>748.6</b>	<b>752.8</b>	<b>765.3</b>	<b>758.4</b>	<b>780.1</b>	<b>792.1</b>	<b>779.4</b>	<b>787.9</b>
208.2	212.1	211.1	212.7	212.2	210.0	211.9	212.8	208.5	209.3
158.2	156.5	163.7	168.5	172.6	178.3	184.5	194.2	196.2	195.5
70.8	61.0	54.0.9	55.3	59.2	67.7	54.6	54.4	54.0	54.2
51.8	51.8	50.4	54.2	54.5	55.2	55.9	56.8	57.8	58.7
45.0	45.1	42.8	42.8	44.0	43.4	42.7	43.9	42.7	42.9
27.4	27.4	32.4	33.7	32.7	28.3	30.3	33.0	34.4	34.5
28.2	27.7	28.6	29.5	30.4	25.3	25.1	24.9	23.7	23.7
12.1	12.4	10.6	12.3	12.1	10.5	11.2	11.8	10.8	10.0
10.8	10.5	10.7	10.8	10.6	10.5	10.5	10.6	10.4	10.3
<b>Milled rice</b>									
<b>World Exports</b>	<b>45.0</b>	<b>41.3</b>	<b>48.3</b>	<b>48.5</b>	<b>44.3</b>	<b>45.8</b>	<b>52.1</b>	<b>55.9</b>	<b>52.4</b>
India	11.2	10.1	12.5	11.6	9.8	14.5	21.4	22.5	20.0
Thailand	9.8	9.9	11.6	11.1	7.6	5.7	6.1	7.7	8.5
Vietnam	6.6	5.8	5.9	6.6	7.0	6.2	6.5	7.2	7.6
Pakistan	4.1	4.0	3.7	3.9	4.5	4.0	3.9	4.6	3.5
China	0.3	0.5	1.2	2.8	2.6	2.5	2.4	2.2	2.4
United States	3.5	3.5	3.3	3.1	3.1	3.1	2.9	2.2	2.2
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	0.9	1.2	0.8	1.4	1.0
Others	5.6	4.1	6.2	5.8	6.3	6.4	6.2	5.9	5.0
<b>World Imports</b>	<b>45.0</b>	<b>41.3</b>	<b>48.3</b>	<b>48.5</b>	<b>44.3</b>	<b>45.8</b>	<b>52.1</b>	<b>55.9</b>	<b>52.4</b>
China	7.1	6.3	5.9	4.5	3.8	3.6	5.1	6.6	4.0
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	3.8
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	2.0
Iran	0.8	1.1	1.4	1.3	1.4	1.0	0.9	1.8	1.6
Saudi Arabia	1.6	1.2	1.1	1.2	1.3	1.1	1.2	1.3	1.3
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	1.9
Brazil	0.3	0.7	0.8	0.6	0.7	0.9	0.7	0.8	0.9
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	<b>16.7</b>	<b>13.4</b>	<b>16.4</b>	<b>17.1</b>	<b>12.8</b>	<b>12.4</b>	<b>16.2</b>	<b>18.3</b>	<b>17.0</b>
Africa	<b>13.8</b>	<b>14.3</b>	<b>17.1</b>	<b>16.7</b>	<b>16.0</b>	<b>16.2</b>	<b>17.6</b>	<b>18.7</b>	<b>17.7</b>
Near & Middle East	<b>8.1</b>	<b>7.3</b>	<b>8.4</b>	<b>8.6</b>	<b>8.5</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
Latin America	<b>3.8</b>	<b>4.3</b>	<b>4.4</b>	<b>4.3</b>	<b>4.2</b>	<b>4.9</b>	<b>4.0</b>	<b>4.2</b>	<b>4.4</b>
Developed countries	<b>4.1</b>	<b>3.9</b>	<b>4.2</b>	<b>4.3</b>	<b>5.0</b>	<b>5.7</b>	<b>5.2</b>	<b>6.3</b>	<b>5.8</b>
<b>Stocks ending</b>	<b>175.5</b>	<b>173.6</b>	<b>174.2</b>	<b>177.3</b>	<b>187.0</b>	<b>187.8</b>	<b>195.0</b>	<b>197.1</b>	<b>195.3</b>
China	92.9	98.0	99.0	103.3	105.9	103.9	102.8	100.6	100.0
India	21.5	18.1	19.5	21.7	28.8	32.7	35.6	41.4	43.5
Pakistan	1.1	0.9	0.7	0.8	0.6	0.6	1.1	1.0	0.2
Thailand	16.2	10.7	8.2	5.6	5.4	6.0	8.0	9.9	9.8
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 &amp; USDA, 2023