

# InterRice

Monthly report of the world market of rice  
June 2006

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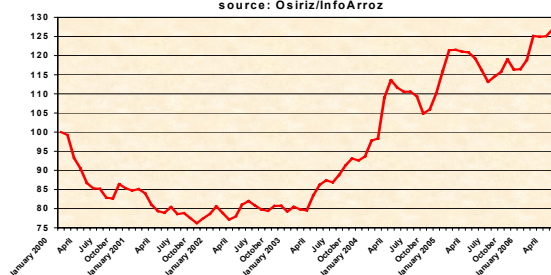


## RICE: world prices keep firm

### Market Trends

The **world rice prices** keep firm in June following the upward trend observed since the beginning of the year. The import demand kept strong, specially in the Middle East. In the end of June the importers were in a calm position, anticipating lower prices with the gradual arrival of the new Asian harvest. The prices' high was moderate in the United States (1%), while in Thailand and Vietnam prices increased between 2% and 3% according to the rice categories. However, the rice of low quality fell as a result of a strong competition between exporters and an African demand relatively lower. In June, the OSIRIZ/InfoArroz index (IPO) rose by 1.8 points, to 128.7 points, against 126.9 points in May (bases 100 = January 2000).

OSIRIZ/InfoArroz International prices indice (IPO)  
base 100 = January 2000  
source: Osiriz/InfoArroz

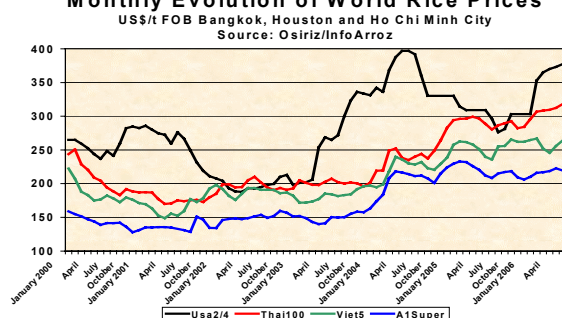


### IPO Index and Export Rice Prices (US\$/t FOB - Source: OSIRIZ)

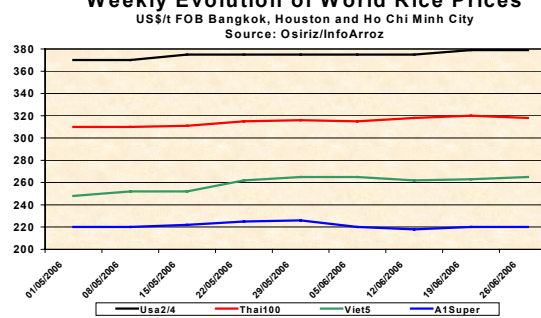
	IPO	Usa2/4	Thai100	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2004	108,0	358	244	238	195	224	175	225	212	229	207
2005	118,0	304	291	285	285	256	235	258	240	236	219
OCT-DEC	117,4	303	287	280	274	263	236	253	244	224	212
JAN-MAR	122,7	337	303	297	270	261	236	265	242	217	214
APRIL	125,1	370	309	303	270	246	238	271	231	220	219
MAY	126,9	373	312	307	269	256	234	274	239	233	223
JUNE	128,7	377	318	313	268	264	230	280	245	236	220
05-jun-06	128,2	375	315	310	268	265	230	275	245	230	220
12-jun-06	128,3	375	318	312	268	262	230	278	242	238	218
19-jun-06	129,3	379	320	315	268	263	230	283	245	238	220
26-jun-06	129,2	379	318	315	268	265	230	284	247	238	220

Source: Osiriz/InfoArroz

### Monthly Evolution of World Rice Prices



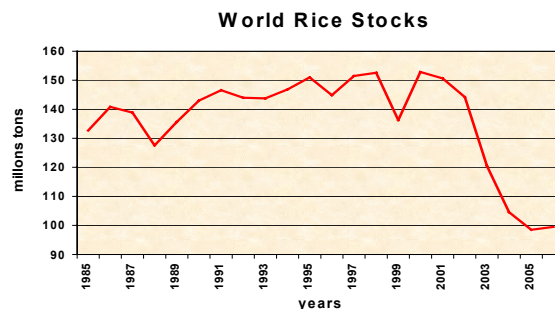
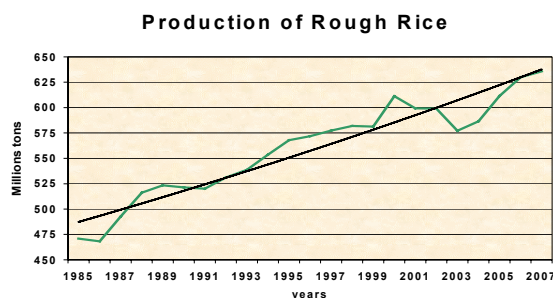
### Weekly Evolution of World Rice Prices



### World production and trade

According to FAO's forecasts, the **world rice production** in 2006 could progress by 1% to 635 Mt of rice (424 Mt in equivalent white rice), against 630 Mt in 2005. The Asian harvest would be abundant in most of the large producing countries due to the good climatic conditions during the sowings. Outside Asia, the 2006 production may also have increased, except in the United States where the planted areas have been reduced by 8% this year. With the new **global supply**, the world stocks should stabilize around 100 Mt.

In 2006, the **world trade** could reach 28.5 Mt against a record volume of 29.4 Mt in 2005. This reduction is mostly related to the production increase in several importing countries. Nevertheless, the exportable supply in large exporting countries may not increase so much in 2006/07. Therefore, international prices are not likely to fall significantly during the next months.



### Export market

In **Thailand**, the prices upped in an average of 2%. Only the broken rice decreased by 2.3% as a result of the South American competition in the African markets. The expectation of an important contract with Iran (800,000 tons) has led the Thai government to liberates part of the stock a public tender. On the other hand, Iraq could buy around 700,000 tons. In June, the Thai 100%B raised to US\$ 318/ton FOB, against \$ 312 in May. However, the broken Super A1 lowered to \$ 220/ton against \$ 223/ton in the month before.

In **Vietnam**, prices increased by almost 3% as a result of a new interest of the African countries and the Middle East. The Vietnamese exports continue progressing. At the end of June, these exceeded 2,5 Mt, a rise of 3% in relation to the amount exported at the same time in the previous year. In June, Viet 5% jumped to US\$ 264/ton against \$ 256 in May. The Viet 25% was also valorized to \$ 245/ton, against \$ 239 in May.

In **Pakistan**, the exportable supply continues scarce, causing a new rise in export prices. The lack of water would threaten the new harvest, possibly reducing the exports between 15% and 20% in 2006/07. In June, Pak 25% was pigged at an average of US\$ 236/ton against \$ 233 in May.

In **India**, the prices smoothed once again as a result of exportable supply. The external market continuous active, taking advantage of the scarce Pakistani supply, mainly in Africa and the Middle East.

In the **United States**, the external market was reactivated in last weeks. The sales to Iraq, around 100,000 tons, relighted the American position in a world

region where the commercial interests become vital ahead the strong competition of the Asian and South American exporters. In June, the Long Grain 2/4 upped to \$ 377/ton, against \$ 373/ton in May.

In the **Mercosul**, the restrictive measures toward rice imports in Brazil force the Argentine and Uruguayan exporters to look for new buyers, as in the Middle East. Thus, Iran was one of the main clients of Uruguay in 2005/06. Argentina also signed a new contract with Iraq.

In **Africa**, a reduction of the imports is expected according a more abundant rice production, especially in West Africa, with a rise of 5.5% in relation to the last year. Nevertheless, the import necessity continues being important. With 9.2 Mt projected in 2006, the imports cover more than 45% of the African consumption and represent a third of the world-wide imports.

Millions	Production		Exportations		stocks
	2005	2006	2005	2006	2006
<b>World</b>	630	635	29,4	28,5	99,5
<b>China</b>	184	187	0,7	1,3	58,1
<b>India</b>	132	134	5,3	4,4	9,5
<b>Indonesia</b>	54	54	-	-	2,4
<b>Vietnam</b>	36	37	5,2	5,2	4,2
<b>Thailand</b>	30	31	7,5	7,5	5,0
<b>Brazil</b>	13	12	0,3	0,1	1,0
<b>USA</b>	10	10	3,8	3,3	1,1
<b>Pakistan</b>	7,7	8	3,0	2,9	0,4

Source: FAO/USDA.

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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) with the support of InfoComm project from the United Nations Conference on Trade and Development (UNCTAD, [www.unctad.org/infocomm](http://www.unctad.org/infocomm)). All these versions can be found at the website [www.arroz.agr.br](http://www.arroz.agr.br). It is a partnership with Natural Consultoria & Comunicação, a Brazilian company that contributes to divulge this work. © 2004 Natural Consultoria S/S Ltda. All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks.