

InterRice

Monthly report of the world market of rice

January 2008

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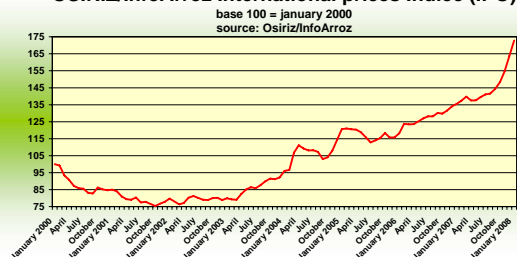
RICE: Global price upward trend goes on

Market Trends

In January, **global rice prices** remained firm. The hike got more intense by the end of the month, with Asia's strong import demand, mainly from Philippines and Indonesia. In 2008, the export supply may be limited again, what would pressure world prices again.

In January, the *OSIRIZ/InfoArroz index (IPO)* rose, like in the previous month, by 9.1 points to 172.8 points (basis 100 = January 2000) against 163.7 points in December. During the last 12 months (January 2007 – January 2008), the index increased by 37.3 points.

OSIRIZ/InfoArroz International prices Index (IPO)



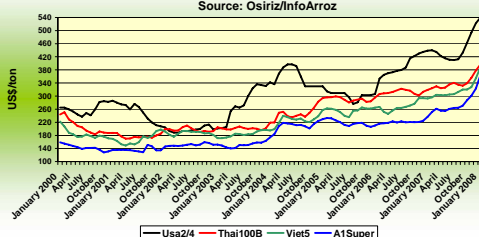
IPO Index and Export Rice Prices (US\$/t FOB - Source: OSIRIZ)

	IPO	Usa2/4	Thai100B	Thai5	Inde5	Viet5	Inde25	Thai25	Viet25	Pak25	A1Super
2006	126,8	383	311	305	271	268	235	274	248	229	219
2007	143,6	442	337	328	298	312	278	307	294	284	270
JUL-SEPT	142,2	418	336	328	307	312	294	307	294	292	266
OCT-DEC	155,5	493	358	349	320	334	304	334	316	332	304
DECEMBER	163,7	522	378	368	320	354	305	353	337	350	323
JANUARY	172,7	539	396	386	320	386	305	378	369	368	361
07-jan-08	167,6	530	382	372	320	370	305	365	350	350	345
17-jan-08	169,3	530	385	375	320	380	305	365	360	370	350
21-jan-08	175,4	545	400	390	320	395	305	385	380	375	370
28-jan-08	178,5	550	415	405	320	400	305	395	385	375	380

Source: Osiriz/InfoArroz

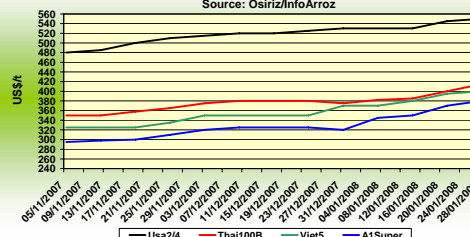
Monthly Evolution of World Rice Prices

US\$/t FOB Bangkok, Houston and Ho Chi Minh City
Source: Osiriz/InfoArroz



Weekly Evolution of World Rice Prices

US\$/t FOB Bangkok, Houston and Ho Chi Minh City
Source: Osiriz/InfoArroz



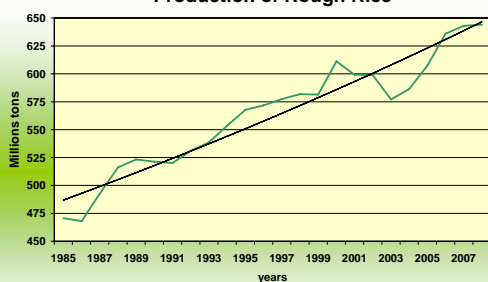
World production and trade

According to FAO's forecasts, the **world production** in 2007 increased only 1% to 643 Mt of paddy rice (equal to 429 Mt of white rice), against 636 Mt in 2006. Projections for 2008 indicate that the world production will stay almost steady at 644 Mt. In Asia, the particularly difficult weather conditions (droughts, floods, insect attacks) impair the harvest perspectives in many countries of the region.

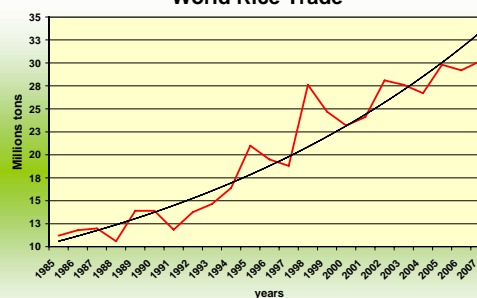
The **world stocks** went up to 107.6 Mt, against 106.8 Mt in 2006. The security stocks represent 25% of global needs, answering for a three-month consumption projected to 2008.

In 2008, the **world trade** should increase once again, reaching an all-time level of 30.5 Mt against 29.9 Mt in 2007. The imports are expected to rise in the Middle East and Far East countries.

Production of Rough Rice



World Rice Trade



Export market

In **Thailand**, prices went higher by 7% in average. The low quality rice increased even more, specially the broken rice (+12%), due to strong African demand. In 2008, with the likely restrictions of its main Asian competitors, the Thai exports should grow by 1 Mt to 10.5 Mt. In January, the Thai 100% B climbed to US\$ 396/ton, against \$ 378 in December. The broken A1 Super jumped to \$ 361/ton, from \$ 323 in December. This is the smallest price difference between these rice categories since 2004.

In **Vietnam**, prices increased by 9% because of new rice shipments to Philippines. It happened in spite of scarce exportable availability and recent sanitary problems in the Mekong Delta, which can impair part of the rice output this year. In January, the Viet 5% was pigged at \$ 385/ton, against \$ 354 in December. The Viet 25% reached \$ 369/ton, against \$ 337.

In **Pakistan**, prices rose by 5%. The Pak 25% marked \$ 368/ton against \$ 350 in December. The prices should remain strong because of the limited availability. The recent agreement between the government and the association of exporters to revalue the price paid to the producer will certainly weigh on future export prices

In **India**, indicative prices remained unchanged because of the export market inactivity. Remember that the central authorities have imposed a measure to ban new exports in order to ensure domestic supply, since last October.

In the **United States**, the indicative prices progressed again by 3% in relation to the previous month. This is the highest price level observed since 1993 when Japan

suddenly and massively imported over 2 Mt, or 10% of the world trade in that time. In January, the rice Long Grain 2/4 marked \$ 539/ton, against \$ 522 in December

In **Mercosul**, the export prices rose by 3% as a result of scarce availability. Projections for 2008 are optimistic due to the increase of domestic prices, which has led producers to expand rice fields.

In **Africa**, the production should climb but the import volume will probably remain high, because of growing local needs. In West Africa, the agreement on the reduction of import taxes may boost rice purchases. Imports now represent 40% of the continent's needs and 30% of world imports.

Millions ton	Production		Exportations		Stocks
	2007	2008	2006	2007	2007
World	643,7	644,0	29,9	30,6	107,6
China	189,3	190,5	1,4	1,6	60,6
India	139,1	140,0	4,4	4,0	14,0
Indonesia	51,4	51,6	-	-	2,4
Vietnam	35,8	35,6	4,6	4,8	4,1
Thailand	30,1	30,0	8,7	10,0	5,3
Brazil	11,8	11,5	0,2	0,3	0,3
USA	9,3	9,4	3,3	3,3	0,8
Pakistan	8,1	8,1	3,0	2,9	0,3

Sources: USDA & FAO, January, 2008

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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). 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/). All these versions can be found at the websites http://www.cirad.fr/ur/index.php/politiques_et_marches/services/produits/information_marches_agricultures/osiriz and www.arroz.agr.br (c). It is a partnership with Natural Consultoria & Comunicação, a Brazilian company that contributes to divulge this work. © 2004 Natural Consultoria & Comunicação. All rights reserved. Osiriz, InfoArroz, InterRice and InterArroz are registered marks