

Global Rice Market Outlook

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Outline

- Current situation
- Short-term outlook
- Medium- to long-term outlook
 - Structural transformation in Asia
- Initial Findings from our Hybrid rice studies in Bangladesh

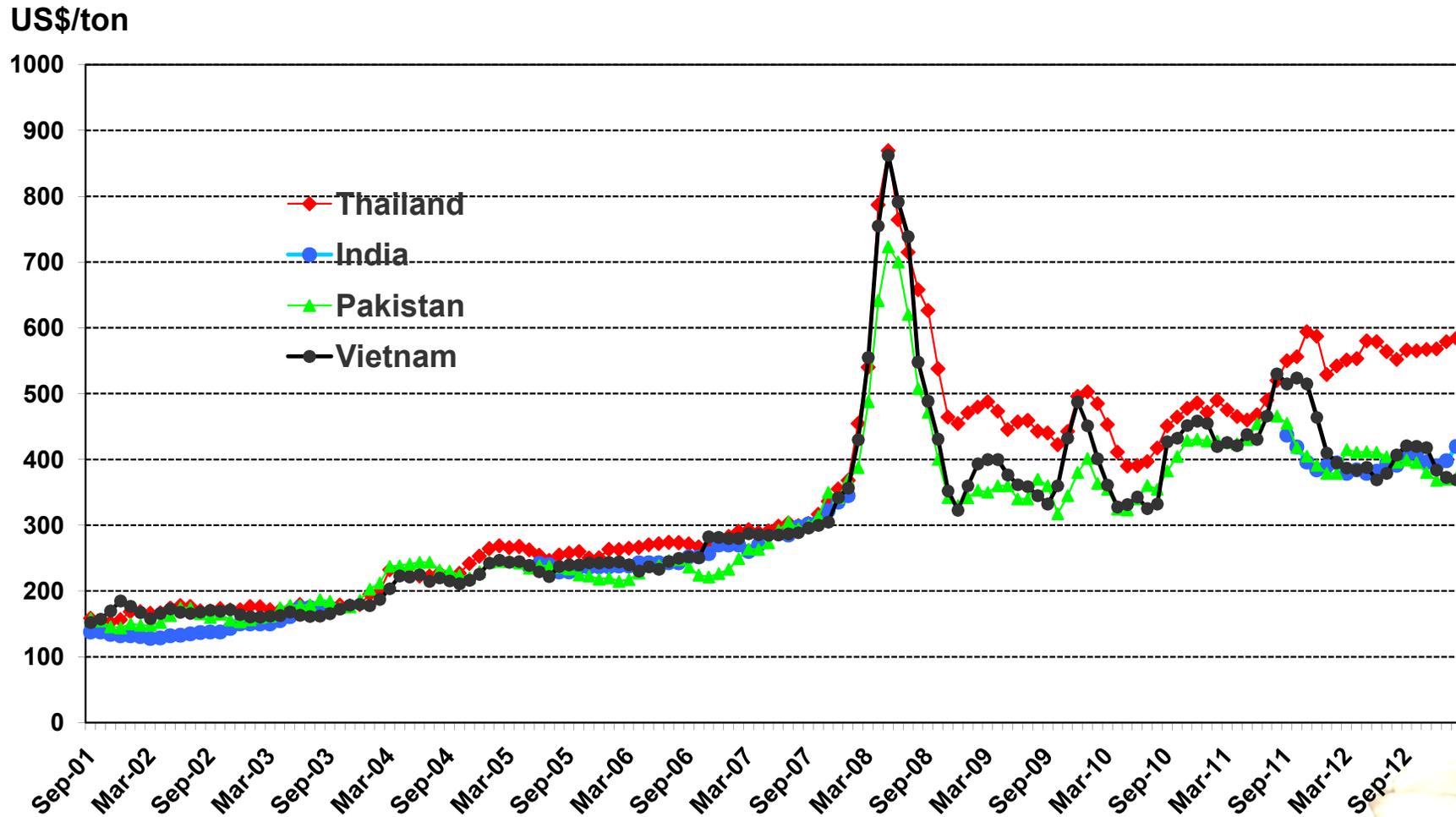


Current Market Situation

- This is a buyer's market.
- Two-tier price quotations
 - 25% broken prices: Thailand: \$525-\$535; Vietnam: \$360-370 and India: \$385-395 (March 26).
 - Thailand is priced out of the market
- Too much rice in government warehouses
 - 17 million tons of Thai mortgage stocks+30 million tons of Indian procurements stocks remain outside the market.
- Few bright spots
 - Record Chinese rice imports (Jan.-Feb. 2013): 424,420 tons
 - Some increase in Philippine rice imports

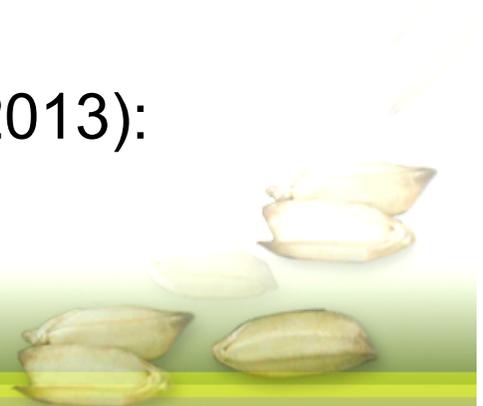


25% Broken Rice Prices (January 2001-February 2013)



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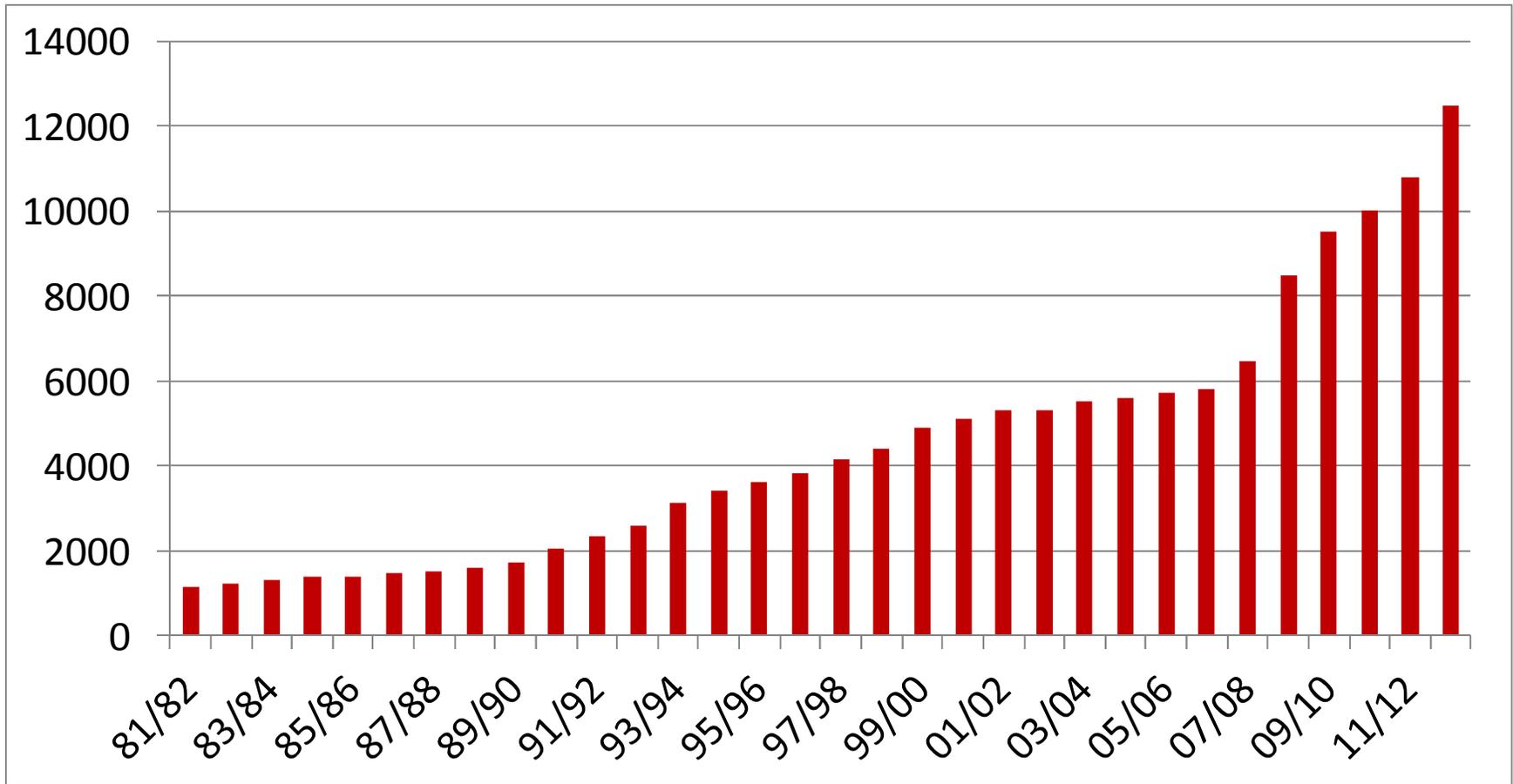
Renewed Support after 2007 Rice Crisis

- The introduction of Thai Mortgage Scheme at 50% higher than market price
- Double digit annual growth in support prices in Indonesia, China and other rice growing countries.
- Rice self-sufficiency program in the Philippines and Indonesia.
- New support programs and import restrictions in many African nations
- Rapid increase in Indian MSP since 2007



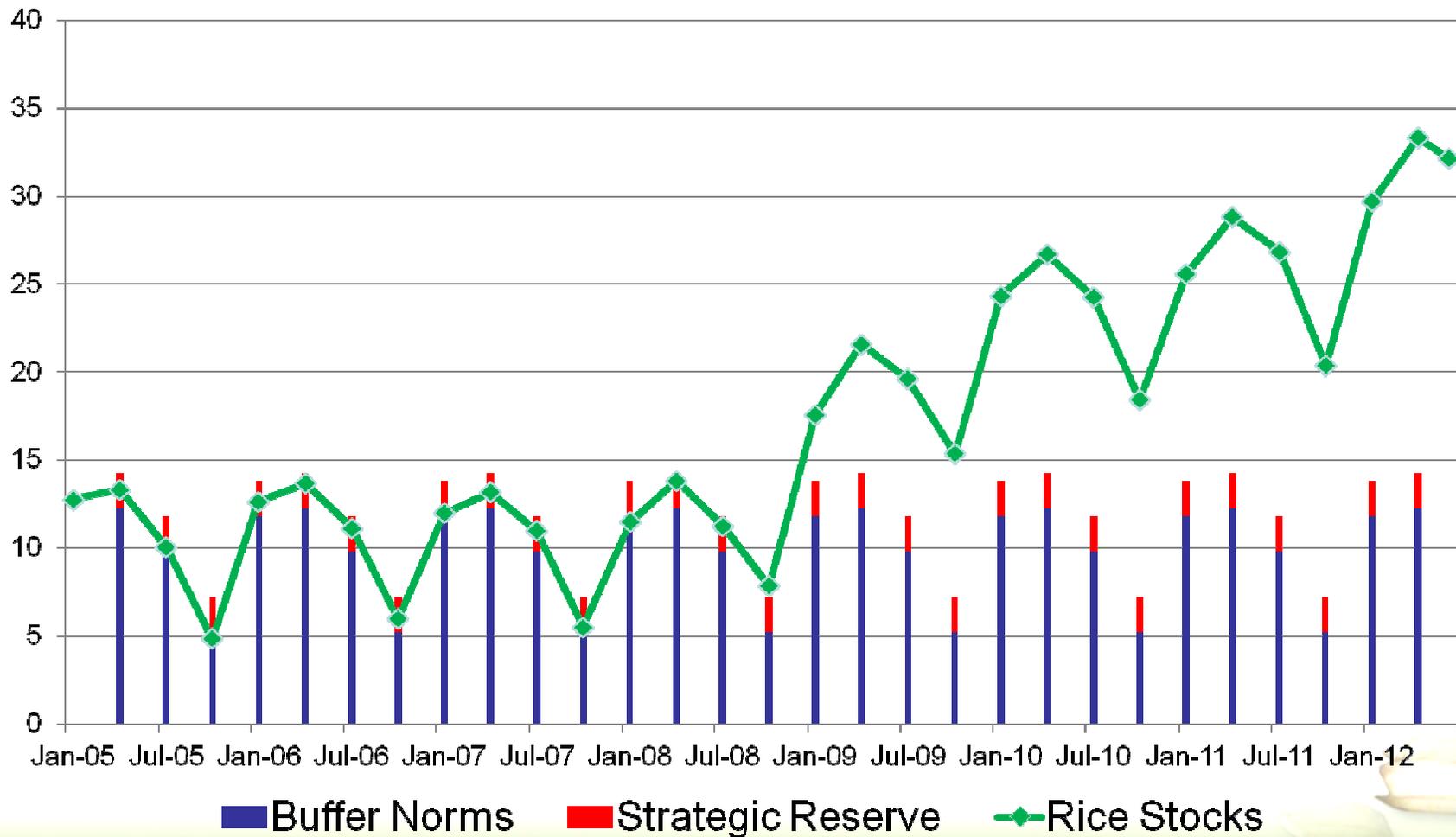
Indian Paddy MSP (Common Varieties)

Rupees per ton



Indian Rice procurement stocks actual vs (buffer + strategic reserve)

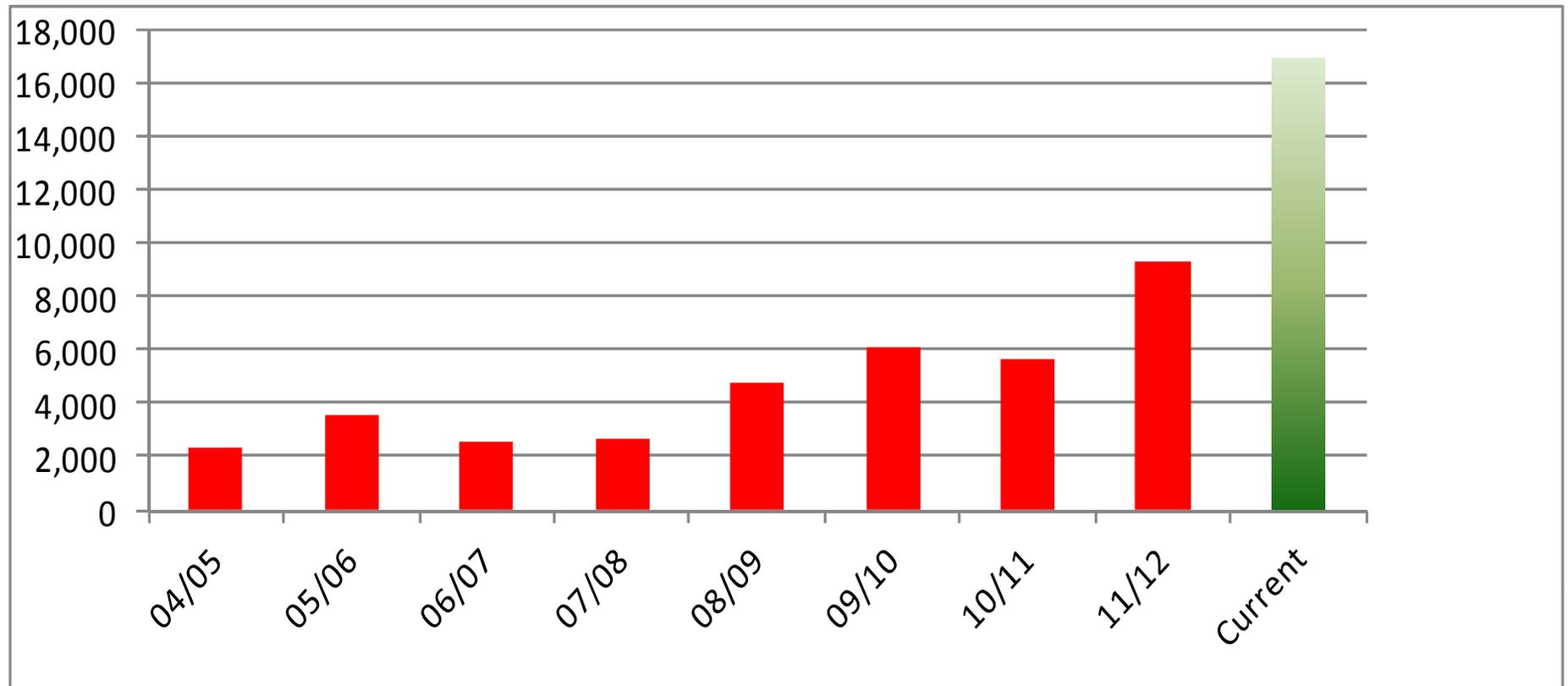
Million metric tons



Data Source: Food Corporation of India

Thai Rice Inventory

000 MT

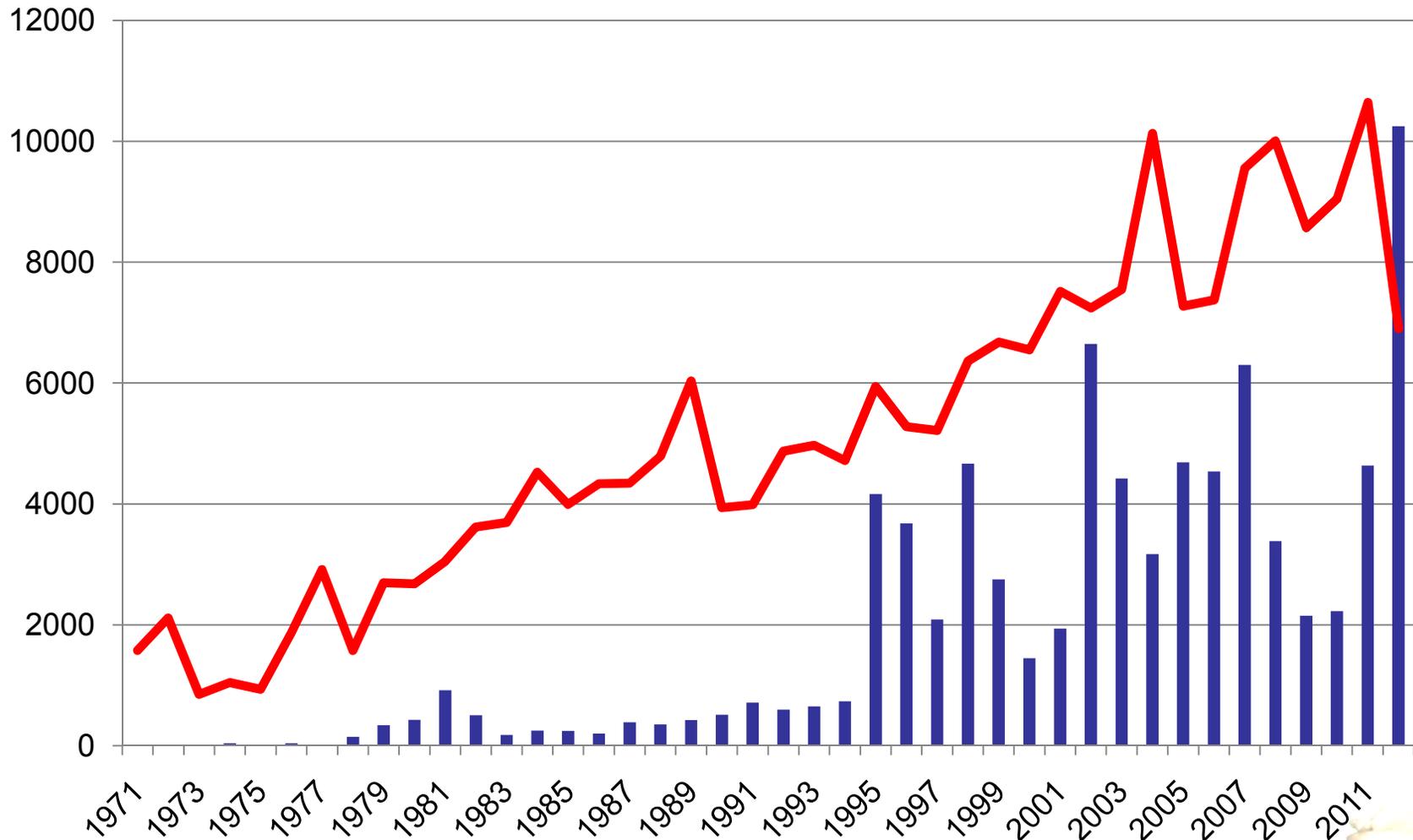


Data Source : USDA (04/05-11/12) & Current estimate: Grapevine rumor



The rise of India as the world's largest rice exporter.

000 Metric Tons

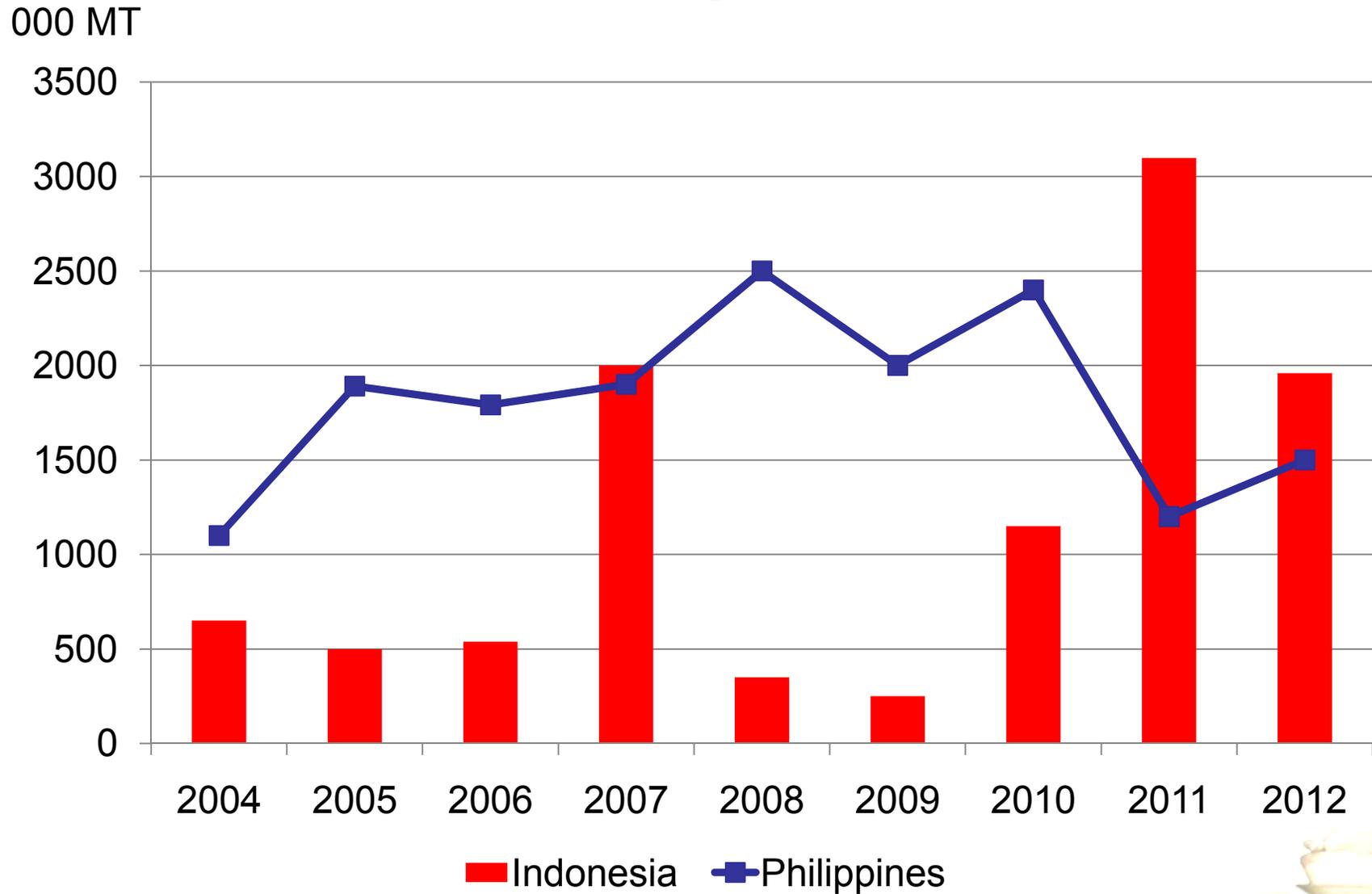


Self-Sufficiency Drive in the Philippines and Indonesia

- 2007/08 crisis prompted both these countries to pursue self-sufficiency.
- Two-pronged approach to achieve rice self-sufficiency
 - various domestic programs have been rolled out to expand rice production
 - citizens have been urged to move away from rice to other staples.
- Philippines: Expand production through improved productivity
- Indonesia: Expansion of rice area; improve irrigation infrastructure



Rice Importers



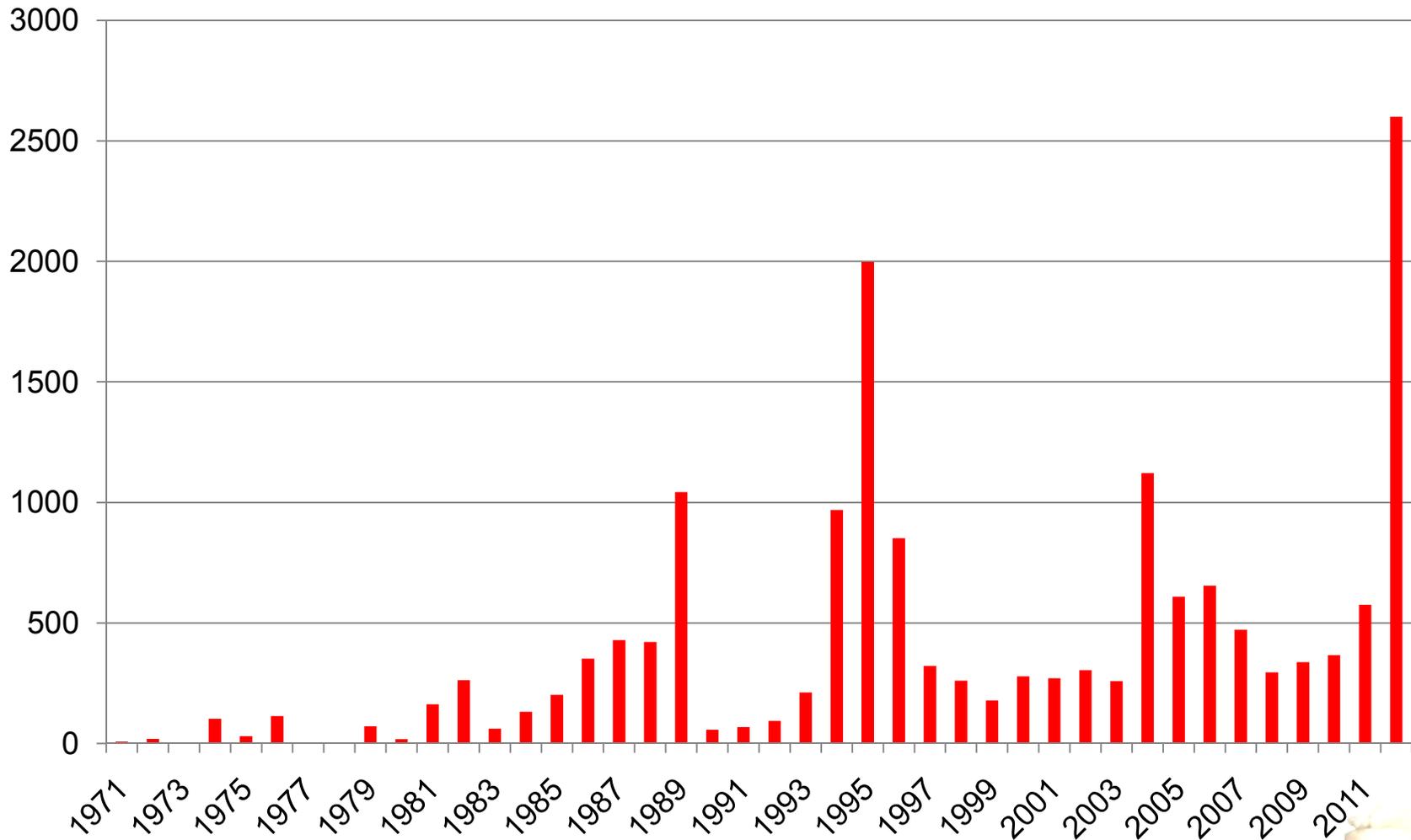
Implications of Self-Sufficiency Policy

- Restricts the use of land for more profitable use (rubber and palm production in Indonesia).
- Slows down structural transformation and efficiency of rice production
- Higher prices for the domestic consumers
- Greater volatility in the world market

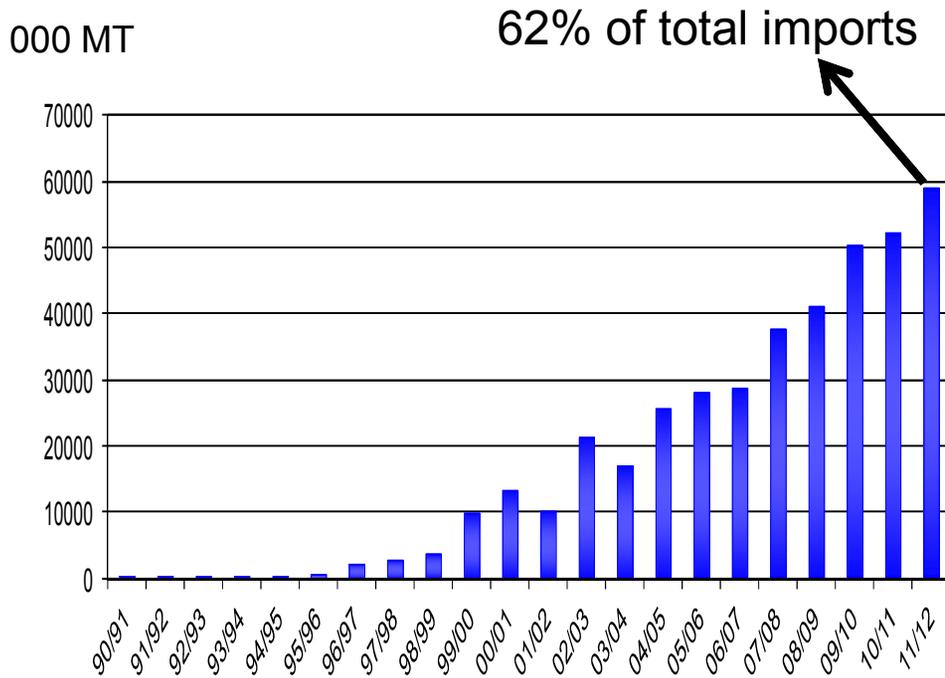


Chinese Rice Imports

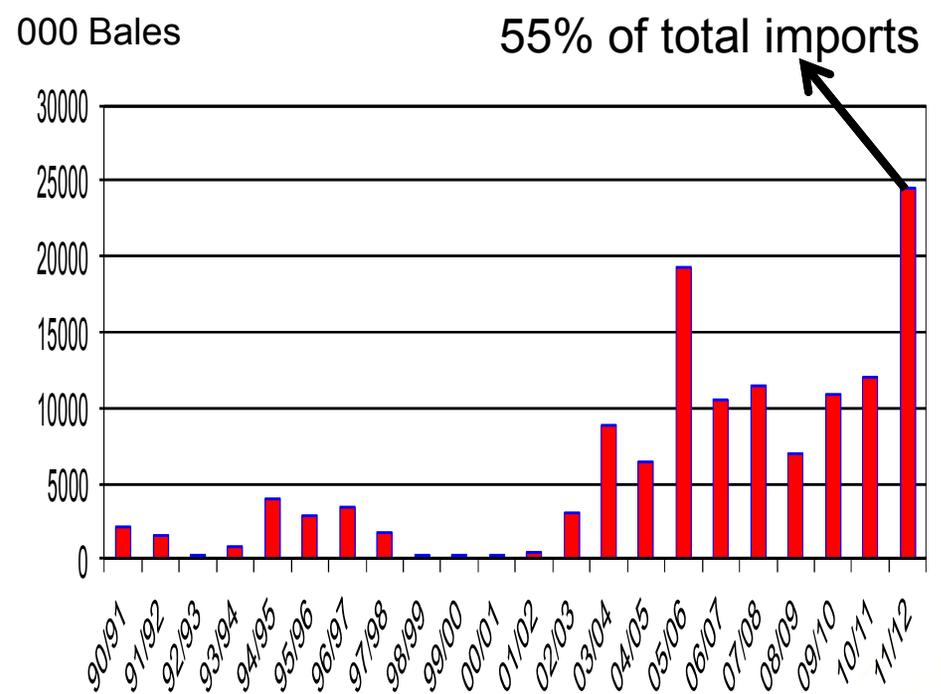
000 Metric Tons



Chinese Soybean and Cotton Imports



Soybean



Cotton



Short-Term Outlook

- Market may be range bound in the next few months.
- Possibility of some weakening in rice prices if Thailand decides to aggressively off load some of its mortgage stocks
- Indian exports will fall this year.
- Monsoon holds the key to what will happen to rice prices in the second half of the year



National Food Security Bill: India

- Plans to cover nearly half of billion plus population
 - 75% of the rural population
 - 46% of the urban population
- Highly subsidized grains for priority households
 - 46% of the rural population
 - 28% of the urban population
 - 7 kilograms of grains per month per person
- Indian rice exports in 2013 may drop to 7 million tons in 2013.

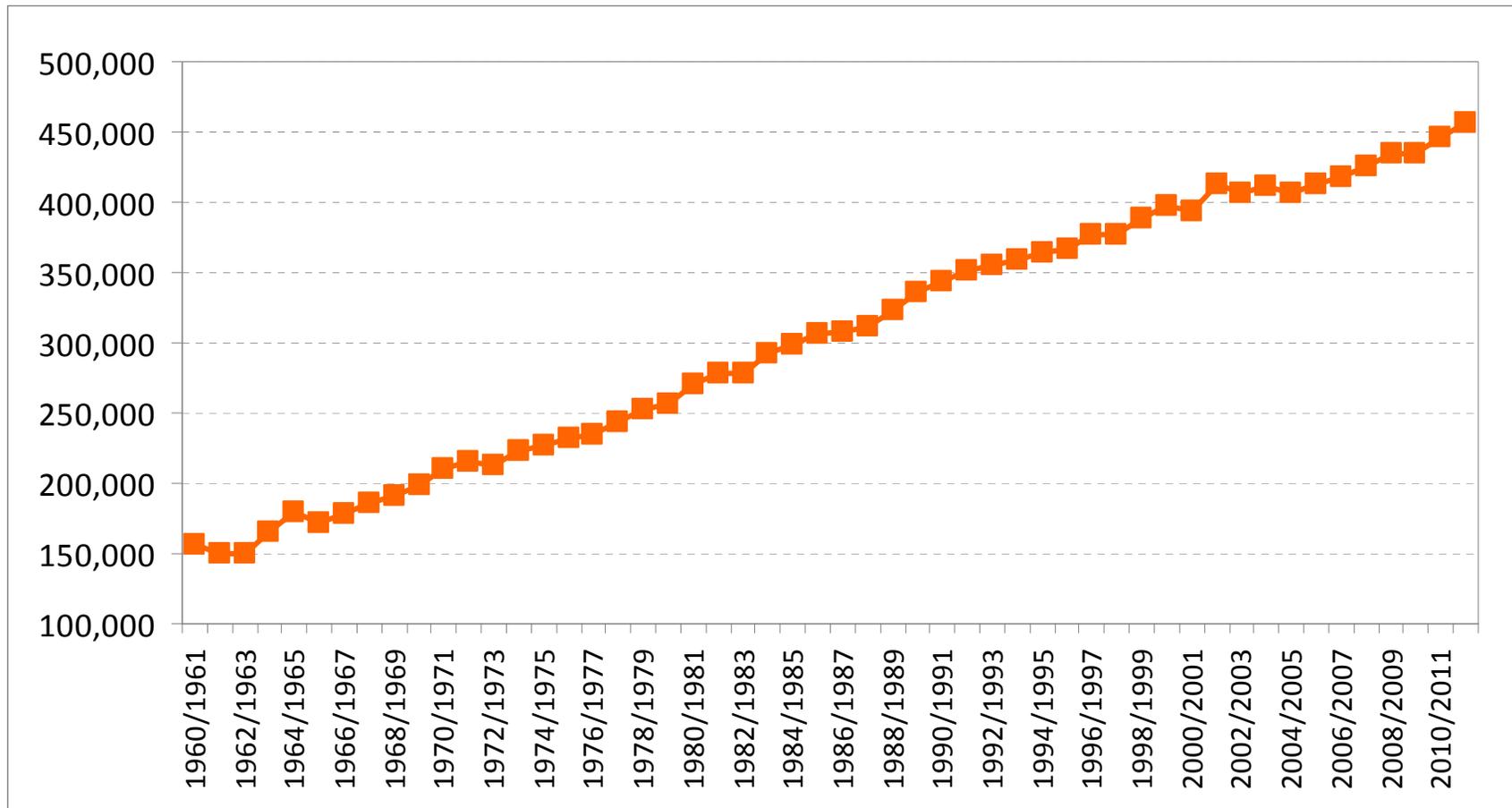


Going Forward



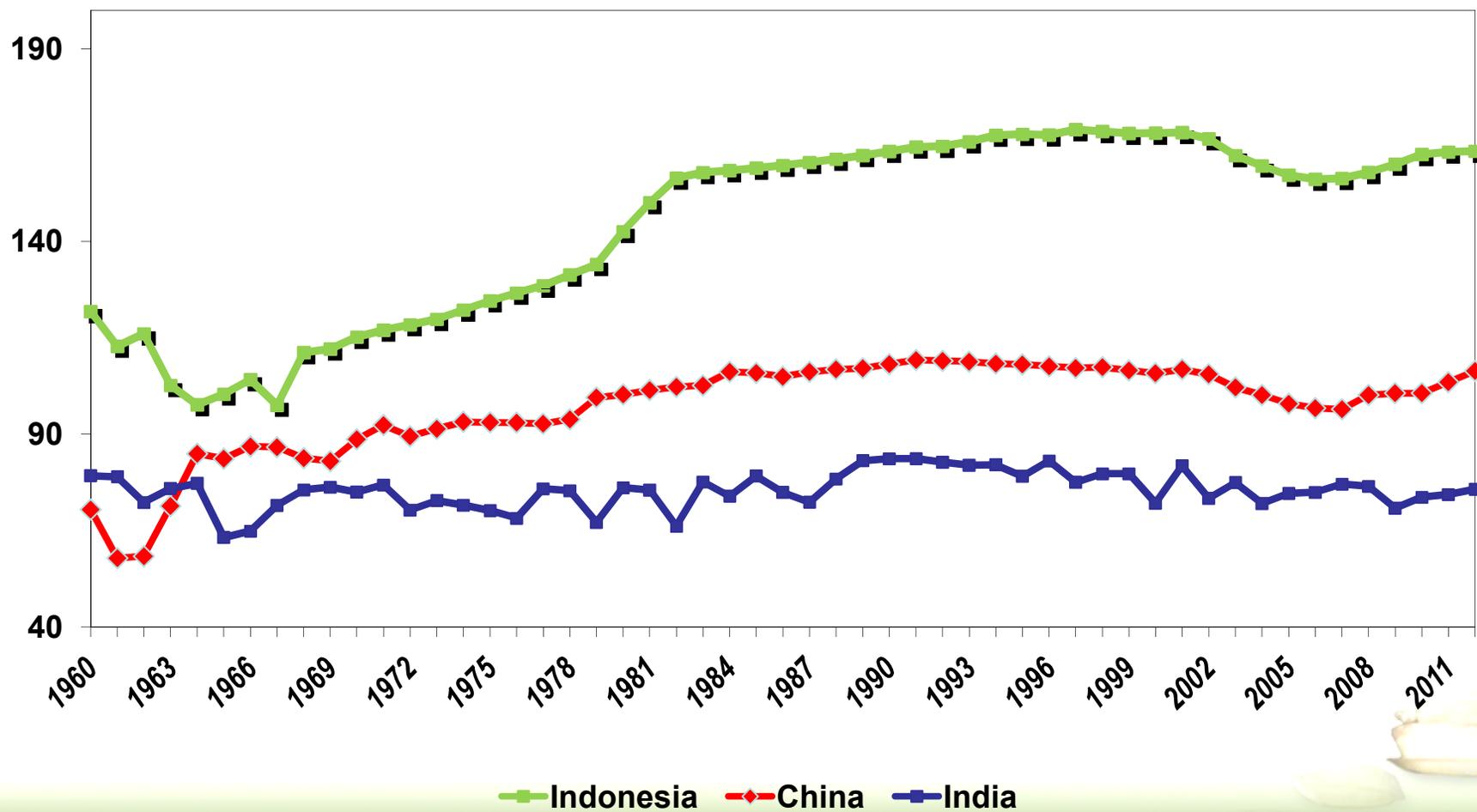
Slowdown in Global Rice Consumption?

MMT



Per Capita Rice Utilization

Kilogram/year

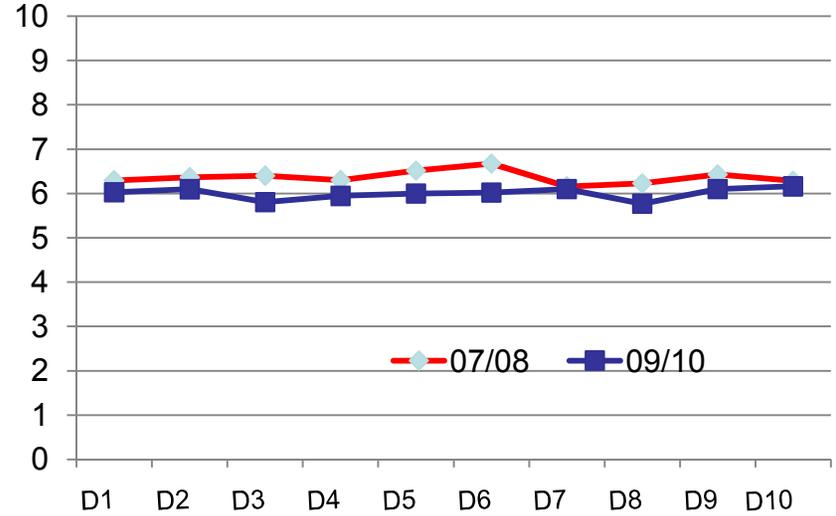
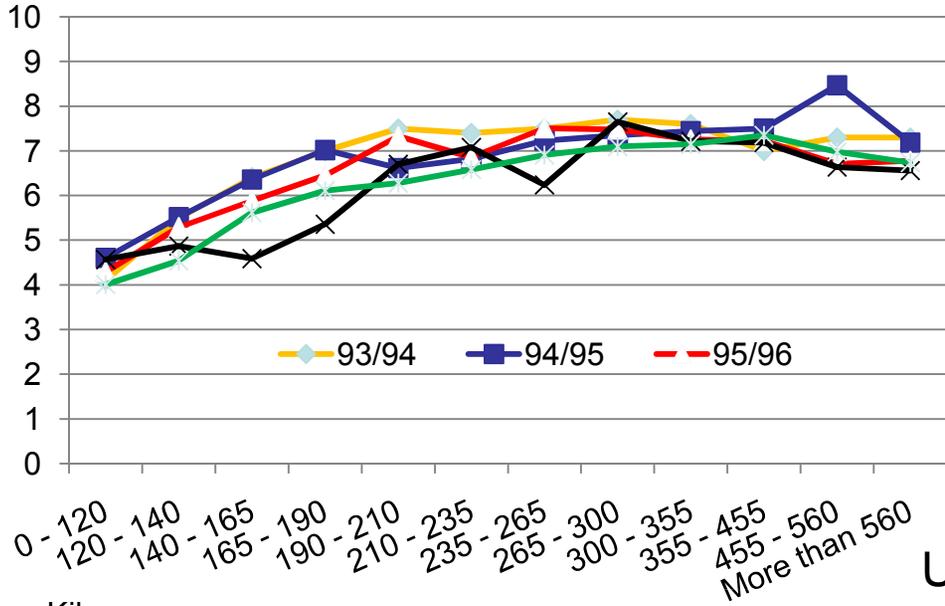


Data Source: USDA, UN



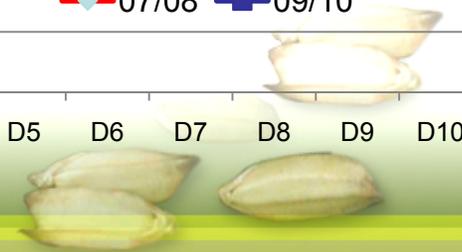
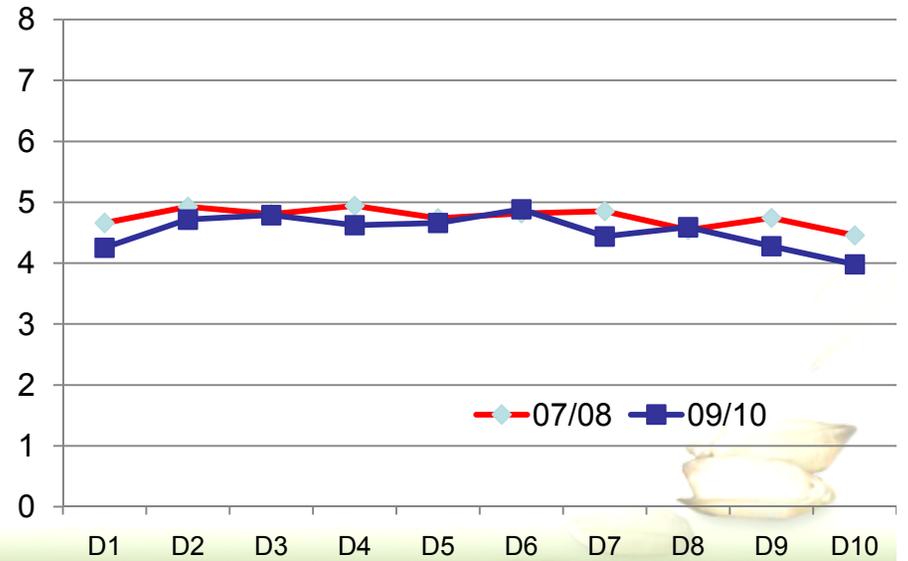
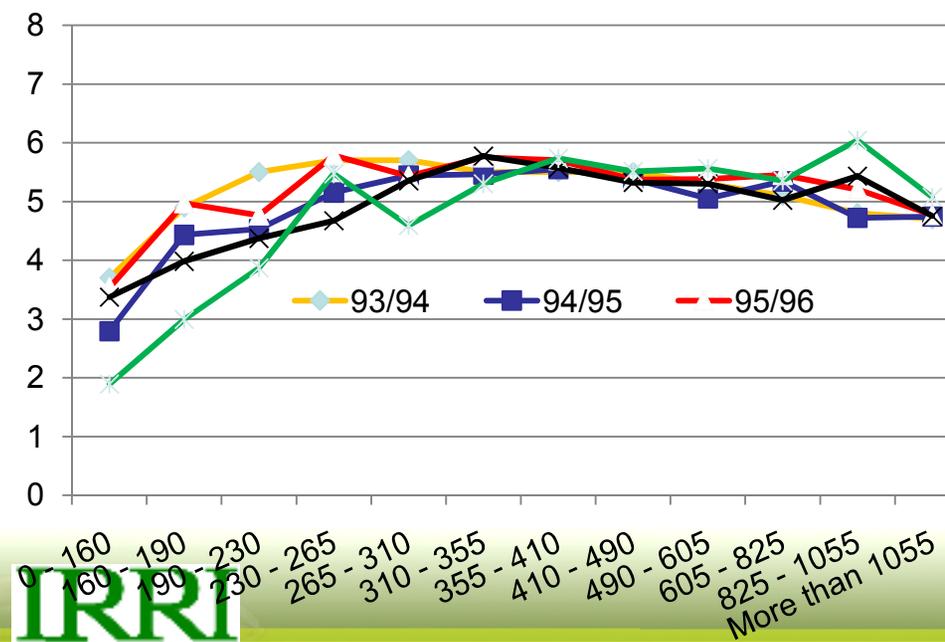
Monthly Per Capita Rice Consumption (Rural)

Kilogram



Urban

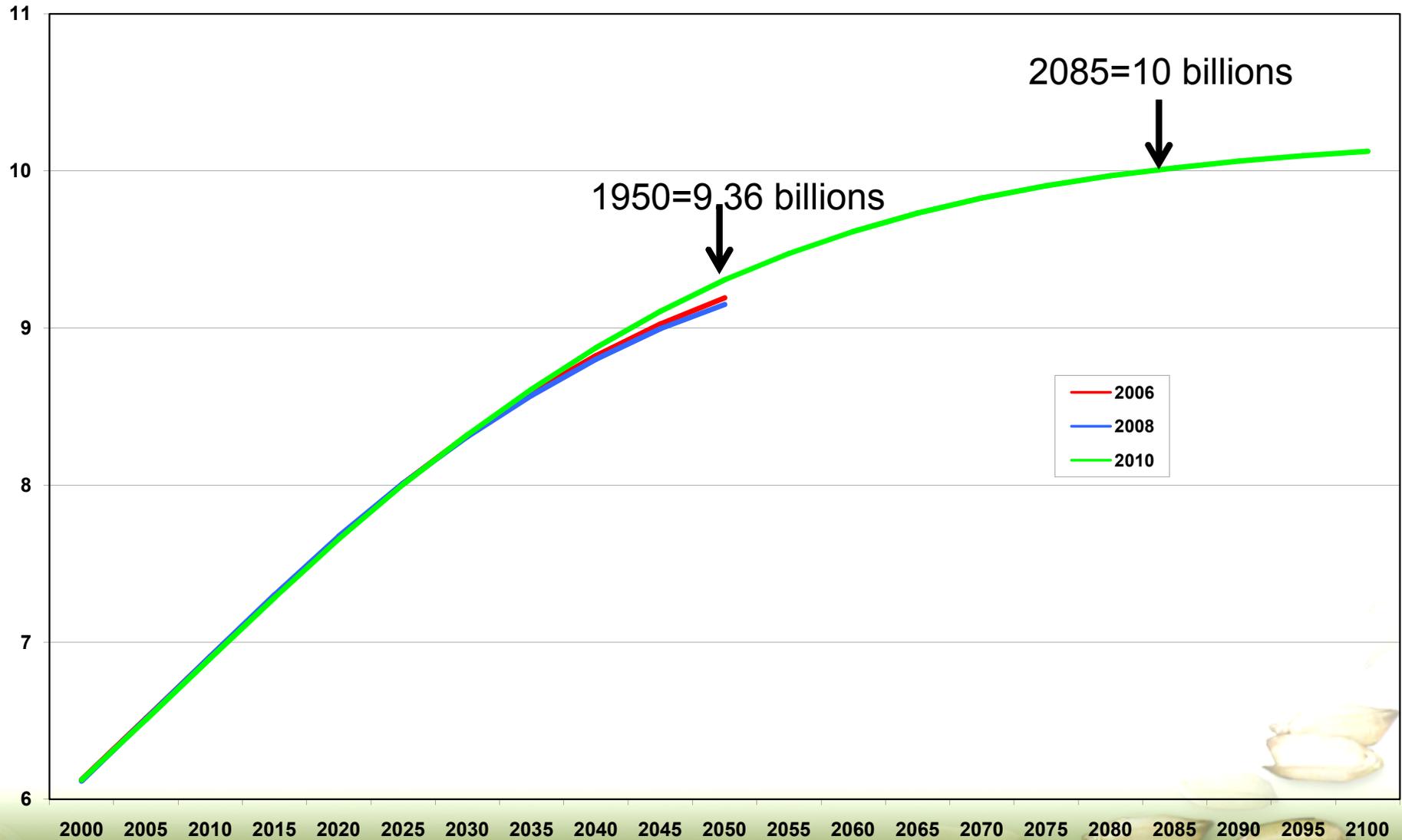
Kilogram



World Population Prospects

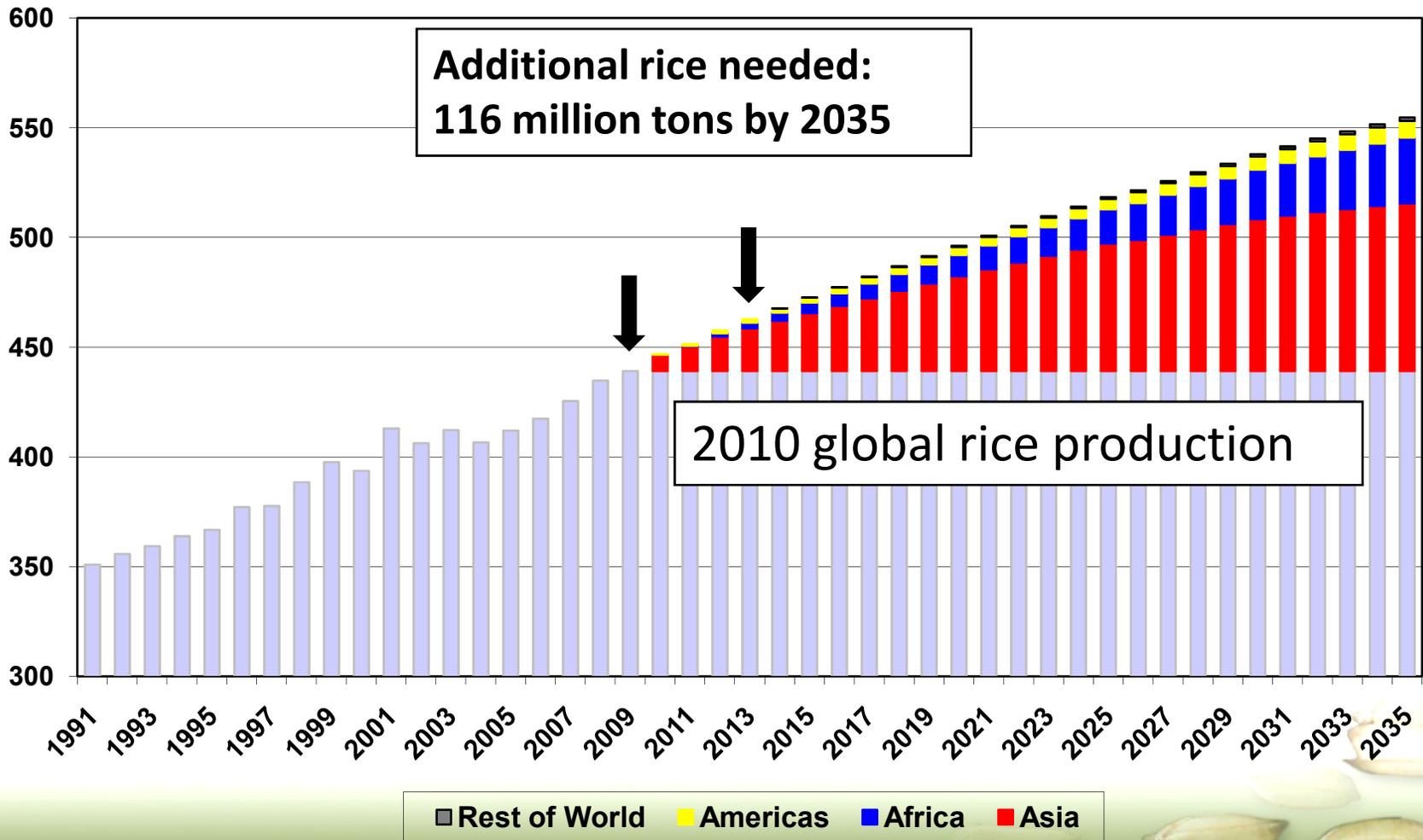
2006, 2008, 2010 standard (medium) variants

in billion

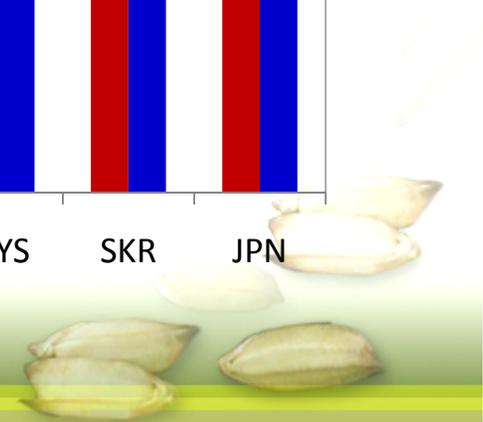
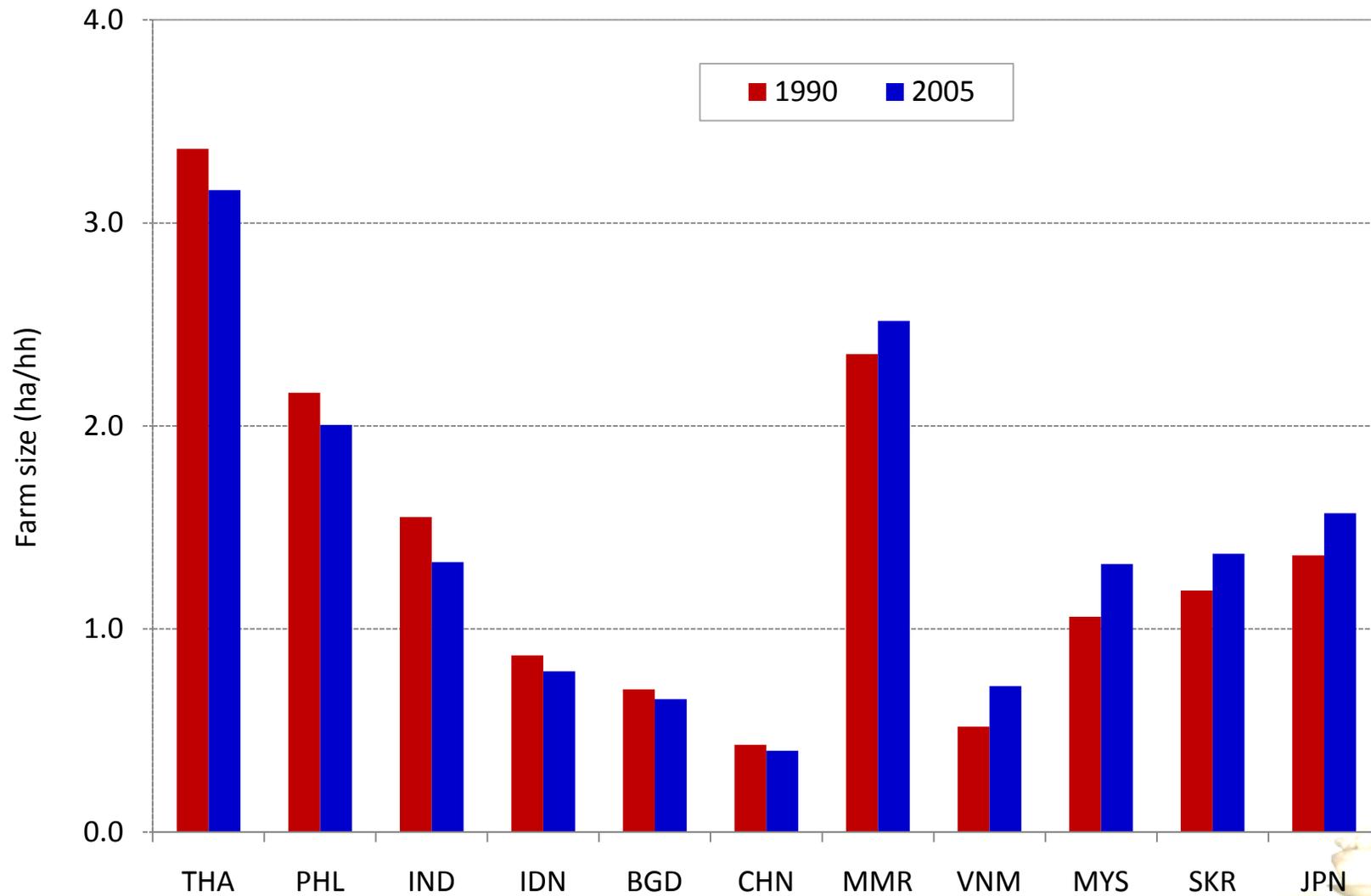


Global Rice Needs

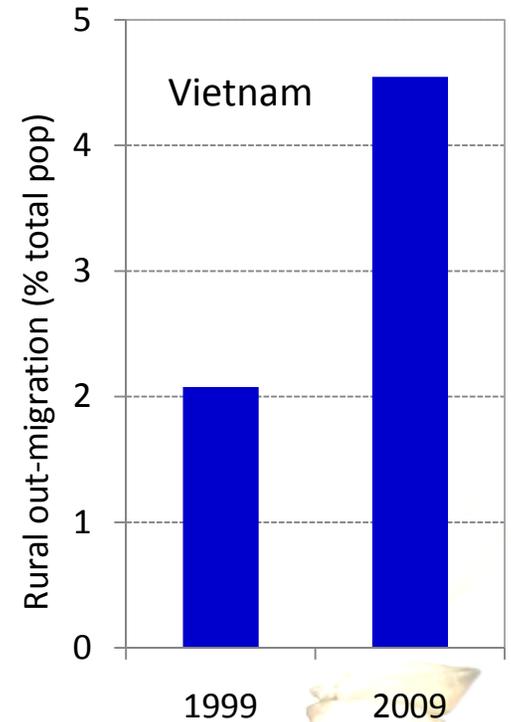
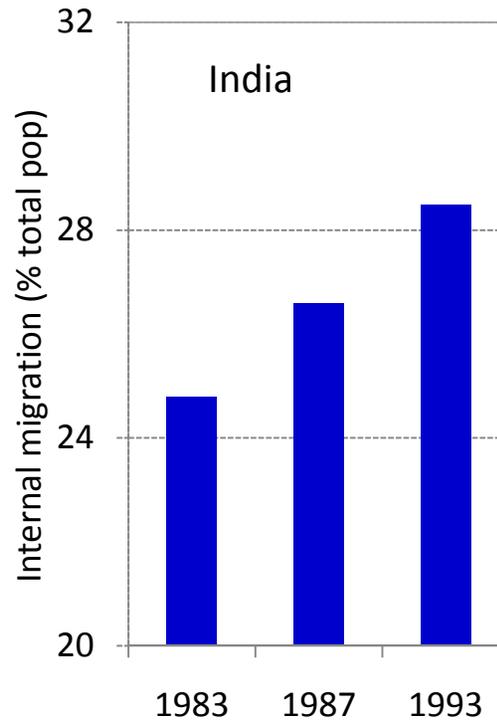
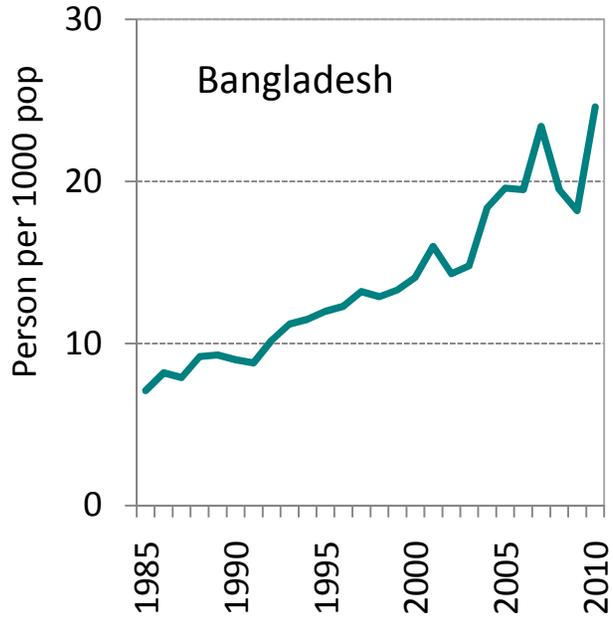
Million tons milled rice



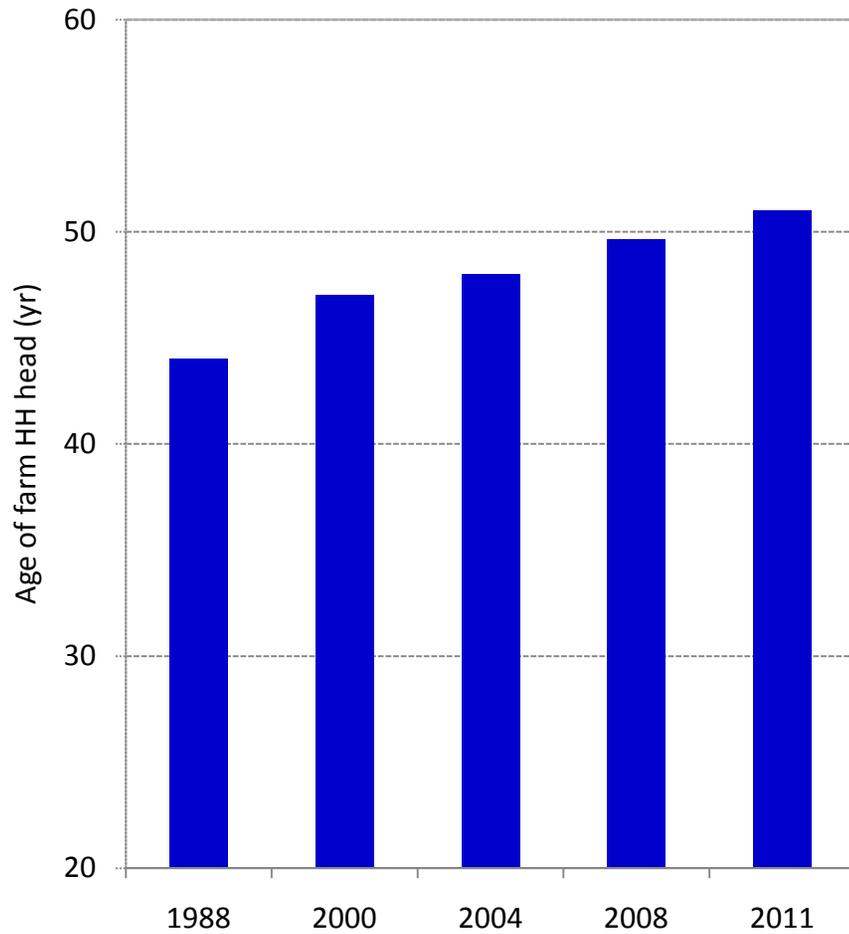
Trends in farm size in Asia, 1990-2005



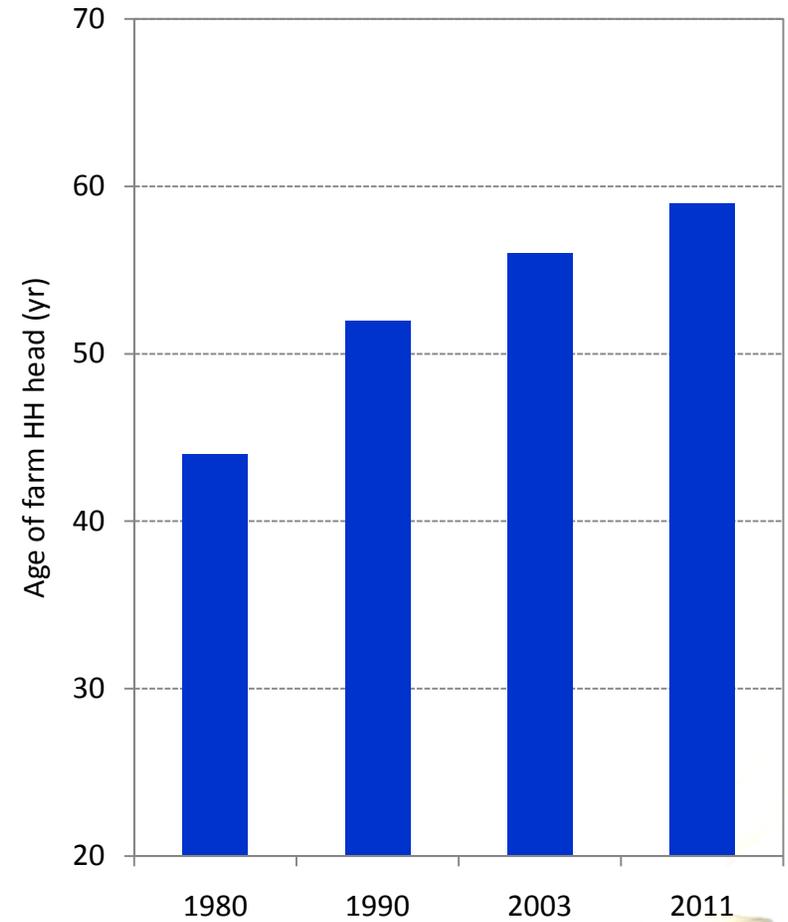
Rural out-migration in Asia



Age of farm household head in Asia



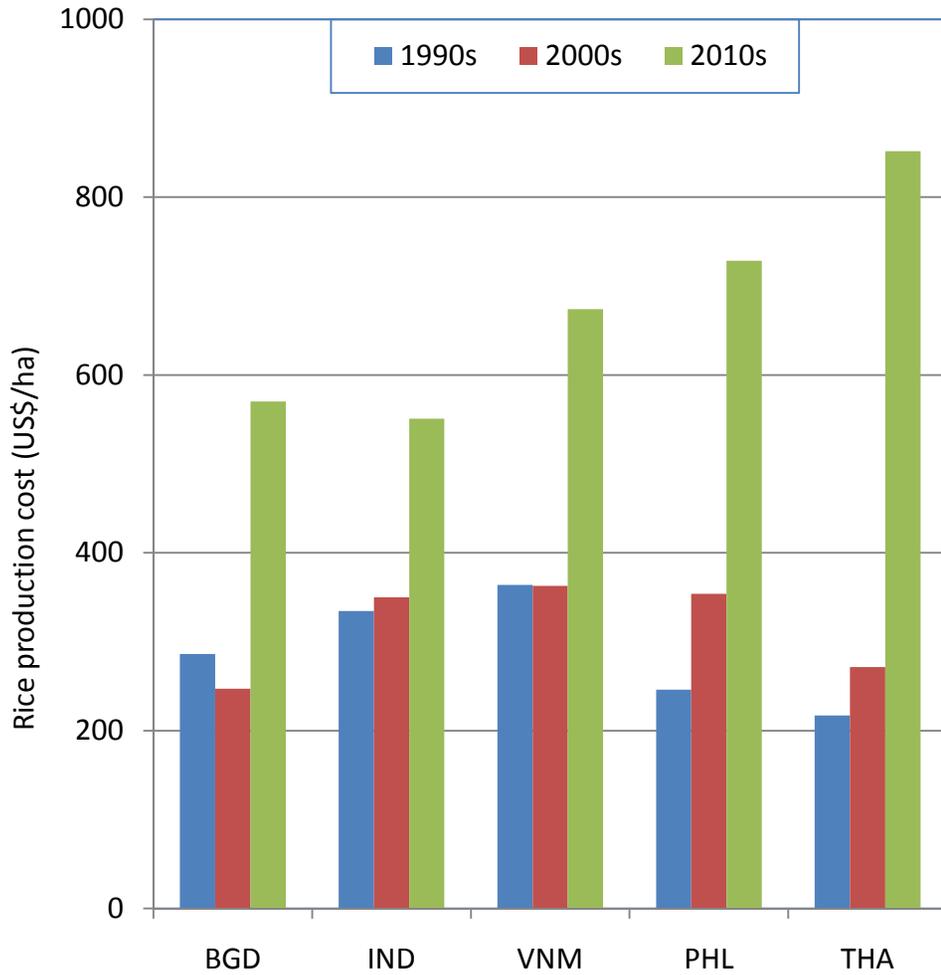
Bangladesh



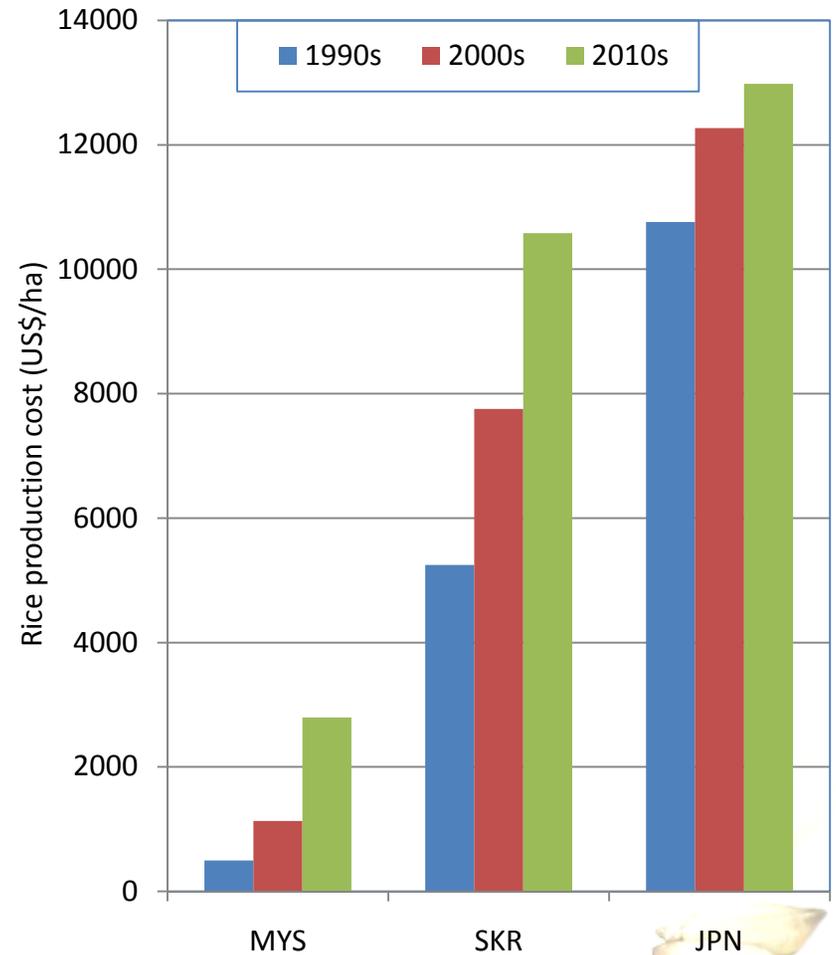
Philippines



Rice production cost in Asia



Developing Asia



Developed Asia



Key Messages

- Global rice consumption remains strong
 - 115 million tons additional rice will be needed in the next 20 years.
- Greater productivity growth is necessary but not sufficient for food security.
- Traditional farm programs (price support, input subsidies) may have run its course.
 - High cost
 - Cripple the market
 - Restrict farmers to diversify
 - Create inefficiency in the supply chain
 - More instability in the global market



Key Messages

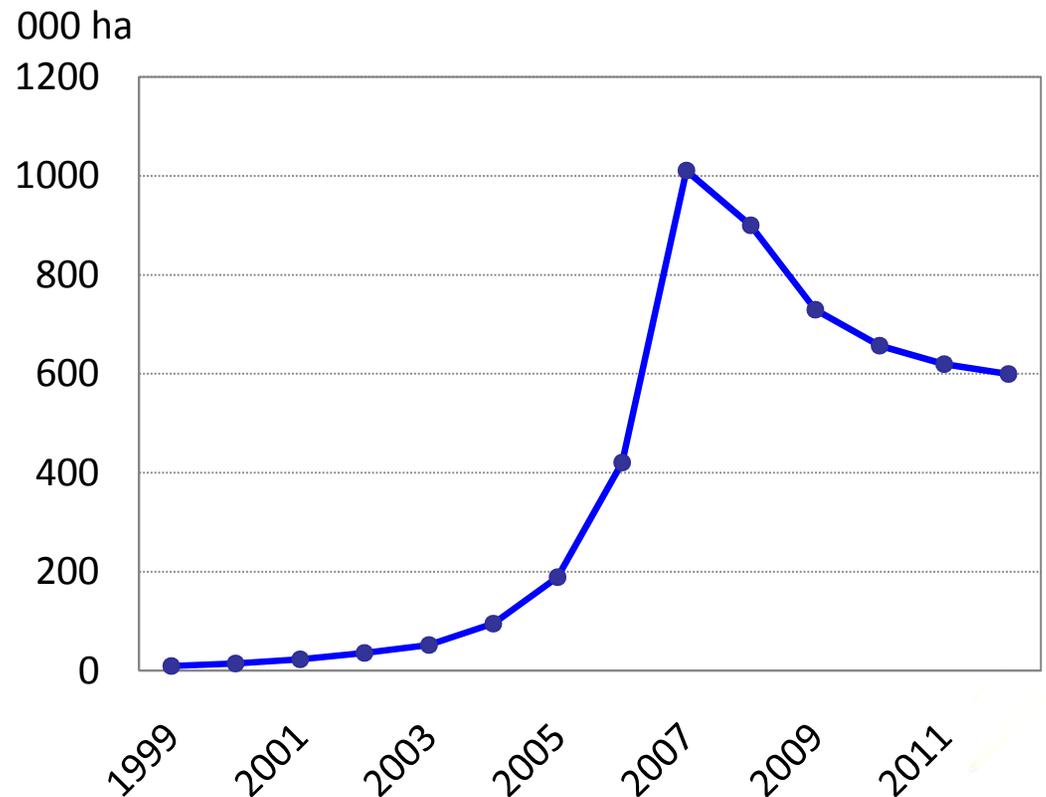
- Going forward, the govt. policies should focus on:
 - Direct income transfer to the farmers
 - Introduction of some form of revenue safety net
 - Support the development and dissemination of risk reducing technologies
- Self-sufficiency should not be pursued at all costs.
- Greater productivity growth+ strong global rice market are essential for food security



Hybrid rice study in Bangladesh

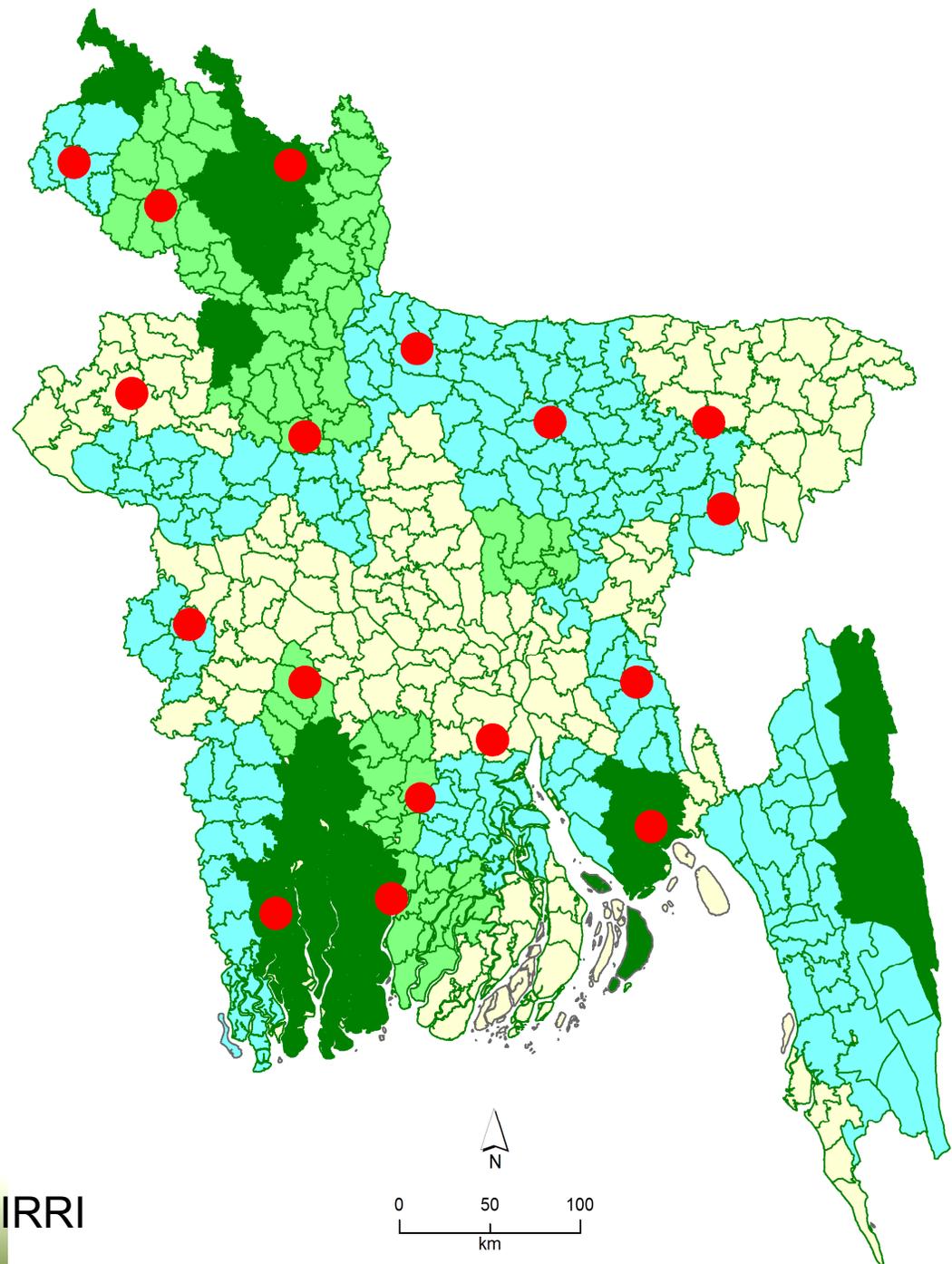
Objective:

To assess farm-level adoption, impacts and major challenges of hybrid rice technology



Hybrid Rice Area in Bangladesh

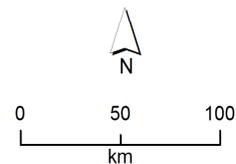
Location of
households
surveys, 2012



Legend (% of Boor rice area)

- >30%
- 21-30%
- 11-20%
- <=10%

Source: Bhandari, IRRI



Data source: BBS (2010)

Sampling design, Bangladesh, 2012

Rice ecosystem	Sample villages (no.)	Sample HHs (no.)
Favorable	3	90
Flood-prone	5	150
Tide water-prone	3	90
Cold-prone	1	30
Drought-prone	3	90
Salinity-prone	2	60
All	17	510

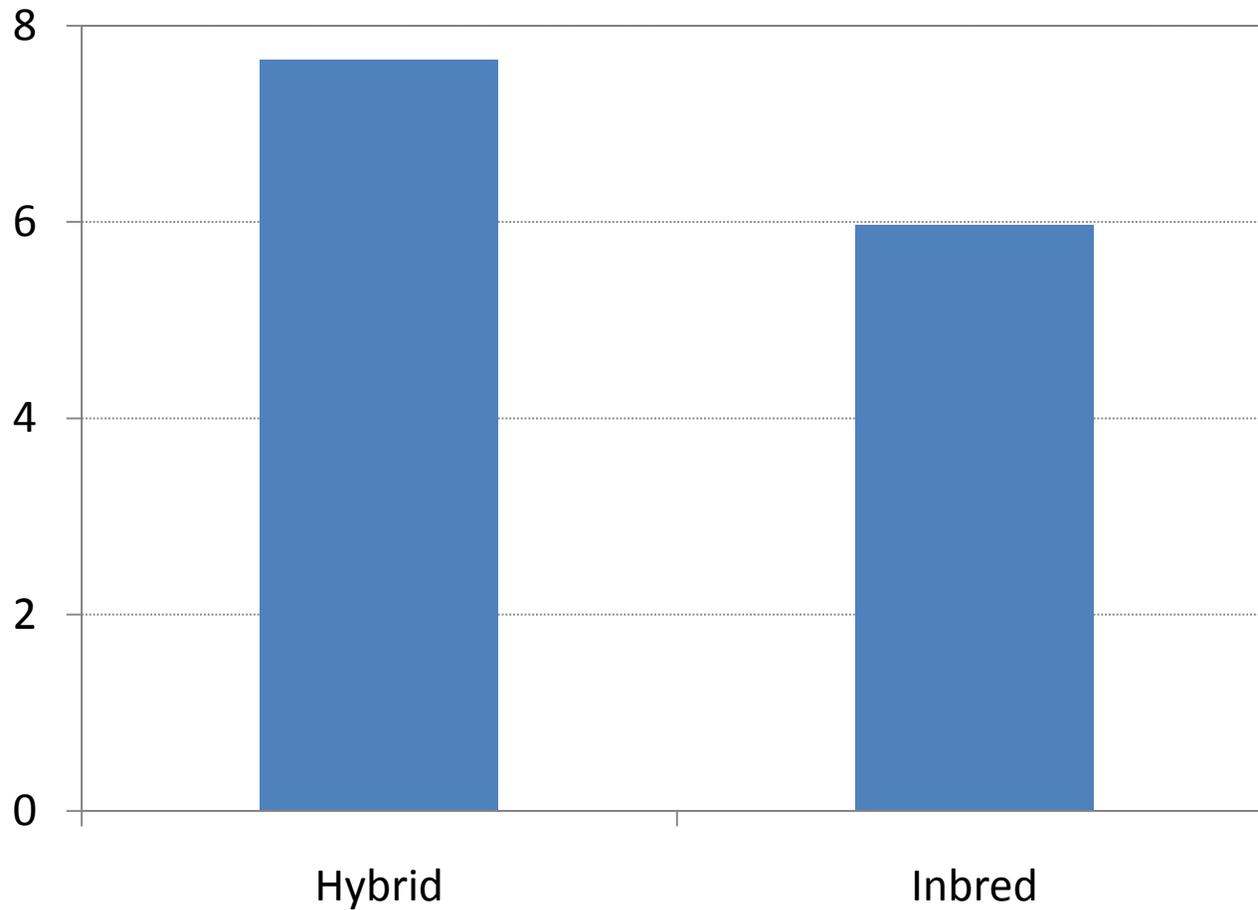
Data collection: Farmer interviews, FGDs, Crop cuttings

Source: Bhandari, IRRI

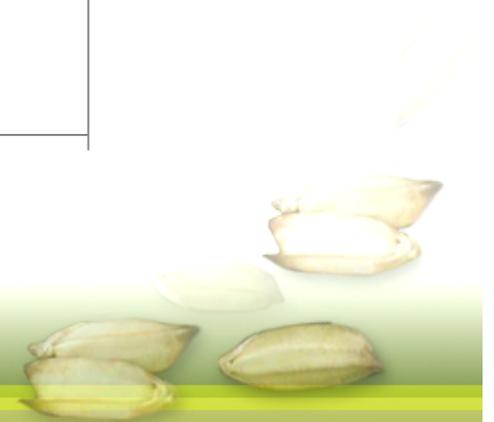


Boro rice yield, Bangladesh, 2012

Paddy yield (t/ha)

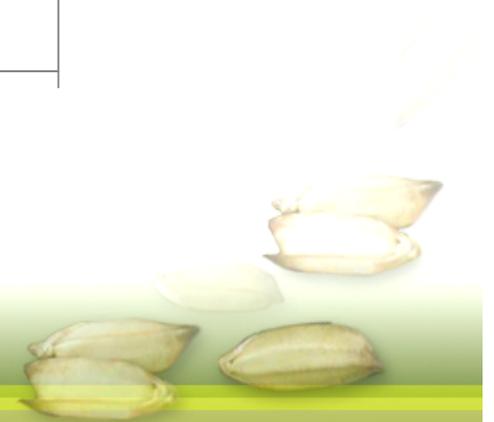
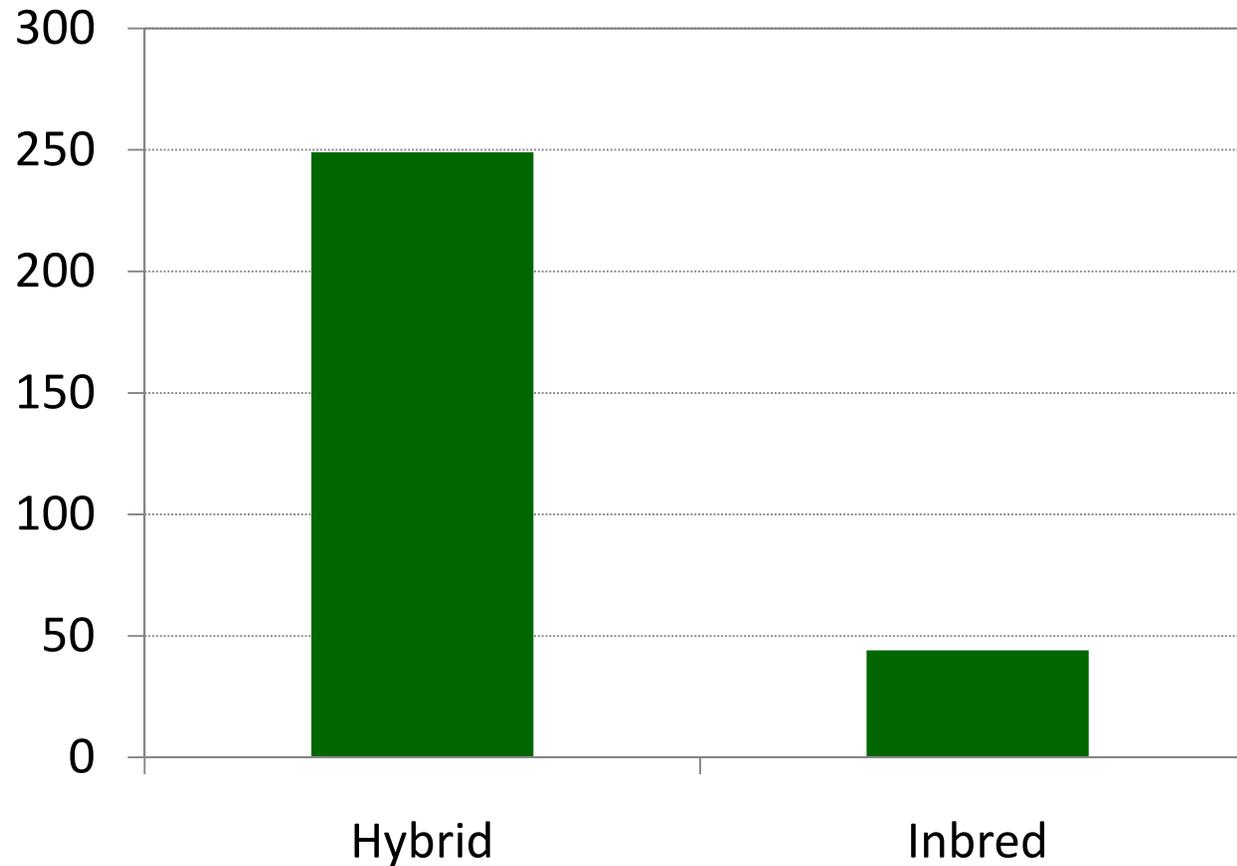


Source: Bhandari, IRRI



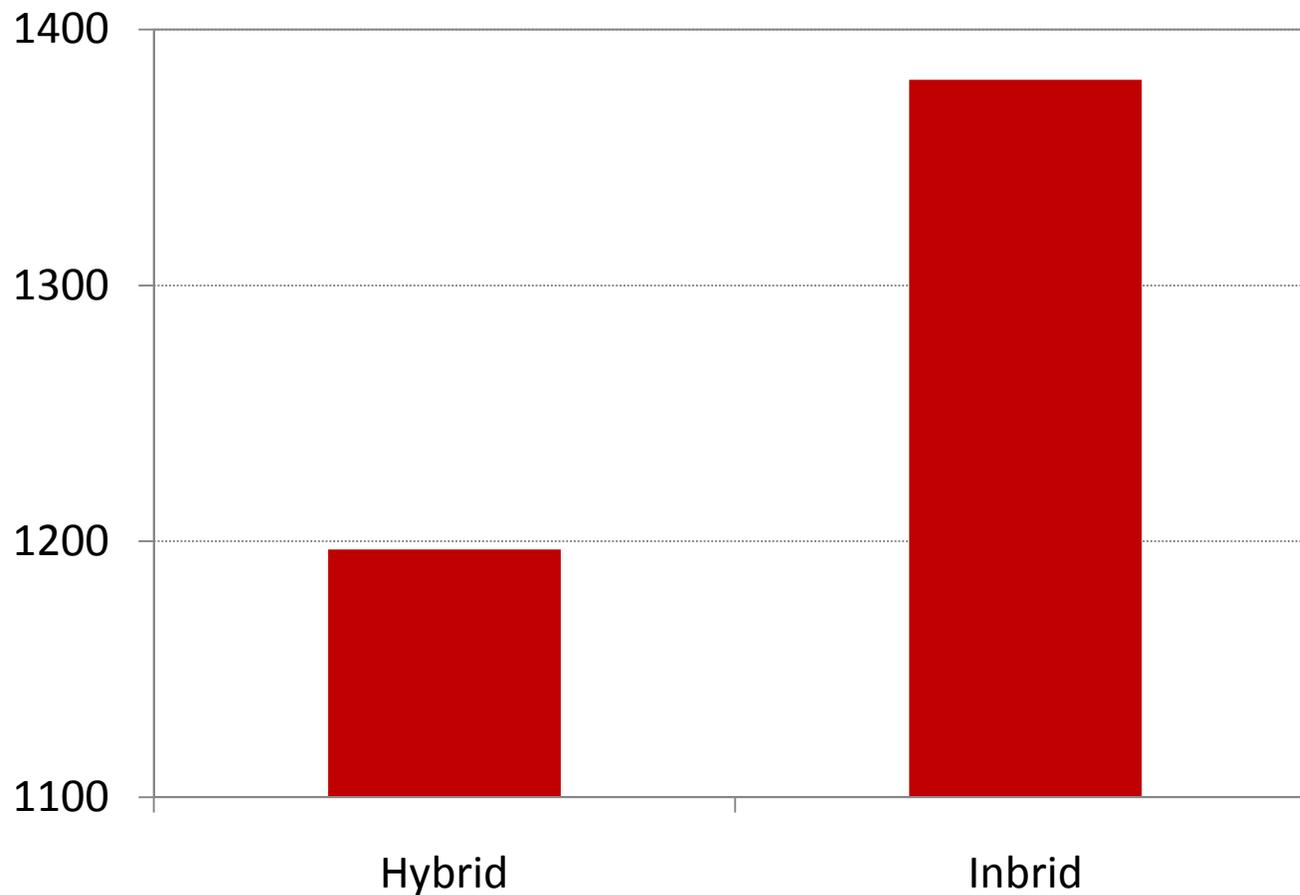
Hybrid vs Inbred Seed prices (2012 boro)

Seed price (Taka/kg)

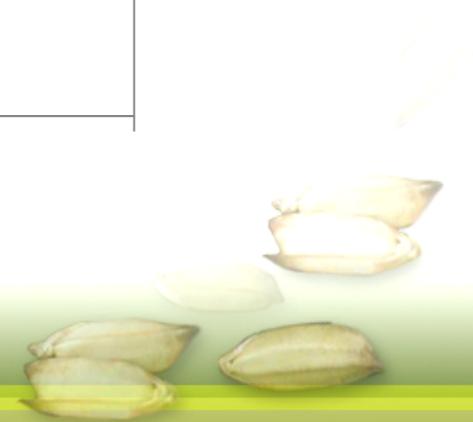


Hybrid vs Inbred Farm gate prices (2012 boro)

Paddy price (Taka/100 kg)



Source: Bhandari, IRRI



Economics of hybrid rice

Item	Unit	Hybrid	Inbred	% Diff (HV-IV)
Production cost	\$/ha	860	790	9
Gross return	\$/ha	1210	1060	14
Net return	\$/ha	350	270	30



Farmers perceptions of hybrid rice

Positive aspects

- Higher yield
- Shorter maturity
- Less irrigation cost due to early maturity
- Lodging resistance
- Salinity resistance
- Some level of drought tolerance



Farmers perceptions of hybrid rice

Negative aspects

- High price of seeds
- Cannot keep seeds from own harvest
- Low market price
- Poor eating quality (sticky, bold grain)
- Cooked rice cannot be kept for longer time
- Need more inputs, knowledge, and management



Socioeconomic Factors Affecting Hybrid Rice Adoption

- Credit availability
- Electricity supply
- Irrigation facility
- Reliable source of seed supply
- Paved road

Source: Mottaleb, Mohanty and Nelson



Rice Price & Market Blog

<http://irri.org/irri/our-people/blogs/rice-price-and-market-blog>

Rice price and market blog

Keeping rice prices affordable for everyone – including the poorest rice consumers – is an underlying aim for IRRI.

In this blog, our economic and policy experts will share their expertise and views on issues related to rice prices, the supply and demand of rice, and rice market and policy issues. Key contributors include economist [Dr. Samarendu Mohanty](#), who heads IRRI's [Social Sciences Division](#) and regularly contributes articles on the rice market to [Rice Today: Rice Facts](#).



Latest Slides on Rice Supply and Demand



Weather and politics rule the rice market

Wednesday, November 02, 2011

Written by [Sam Mohanty](#)

The floodwater that is causing havoc in Bangkok had earlier ripped through the central part of Thailand, inflicting damage on millions of hectares of rice. Preliminary estimates indicate that more than a quarter of Thailand's wet-season rice crop (5 to 7 million tons of paddy rice) has been lost to flood damage.

[Read more...](#)