

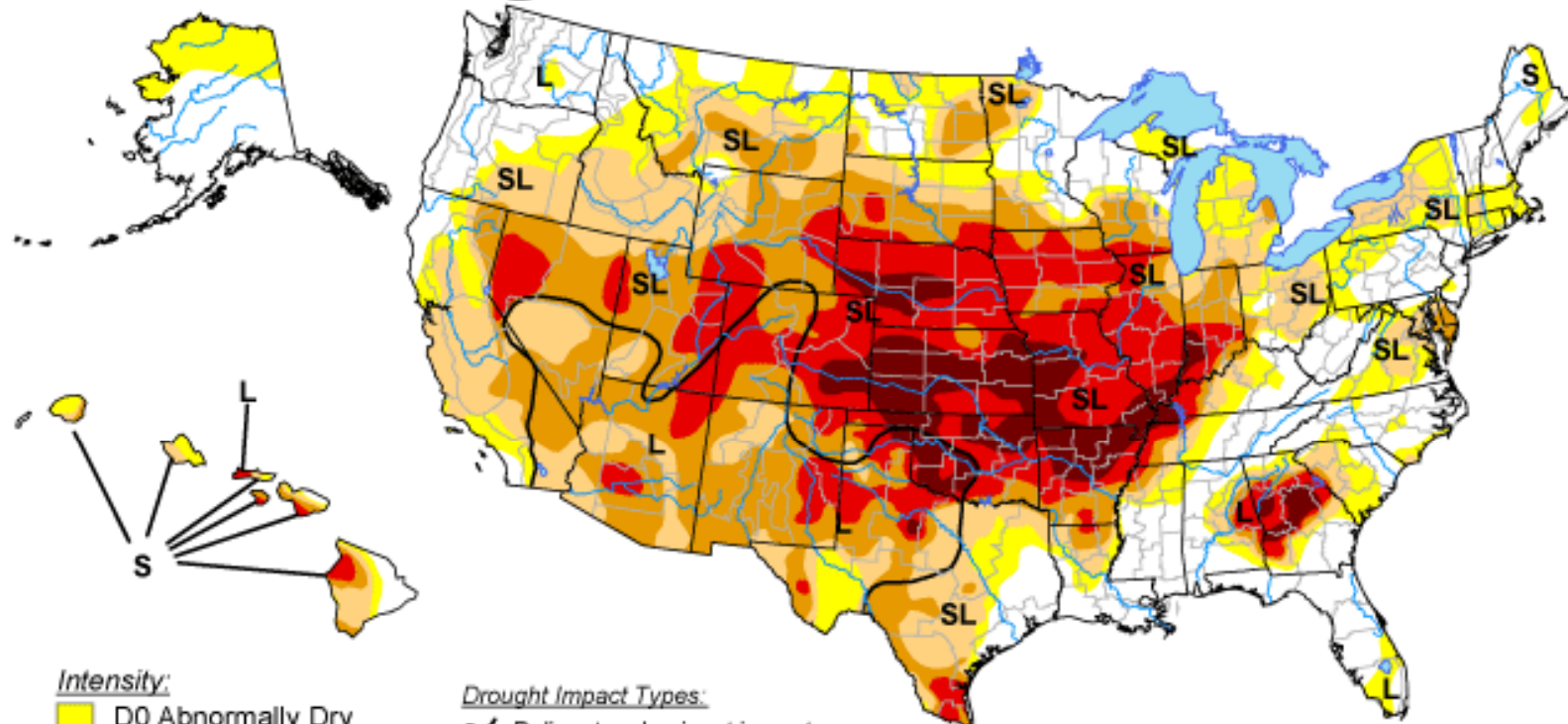
The Global Rice Economy: Current Situation and Future Outlook

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U.S. Drought Monitor


August 21, 2012
Valid 7 a.m. EDT



Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>

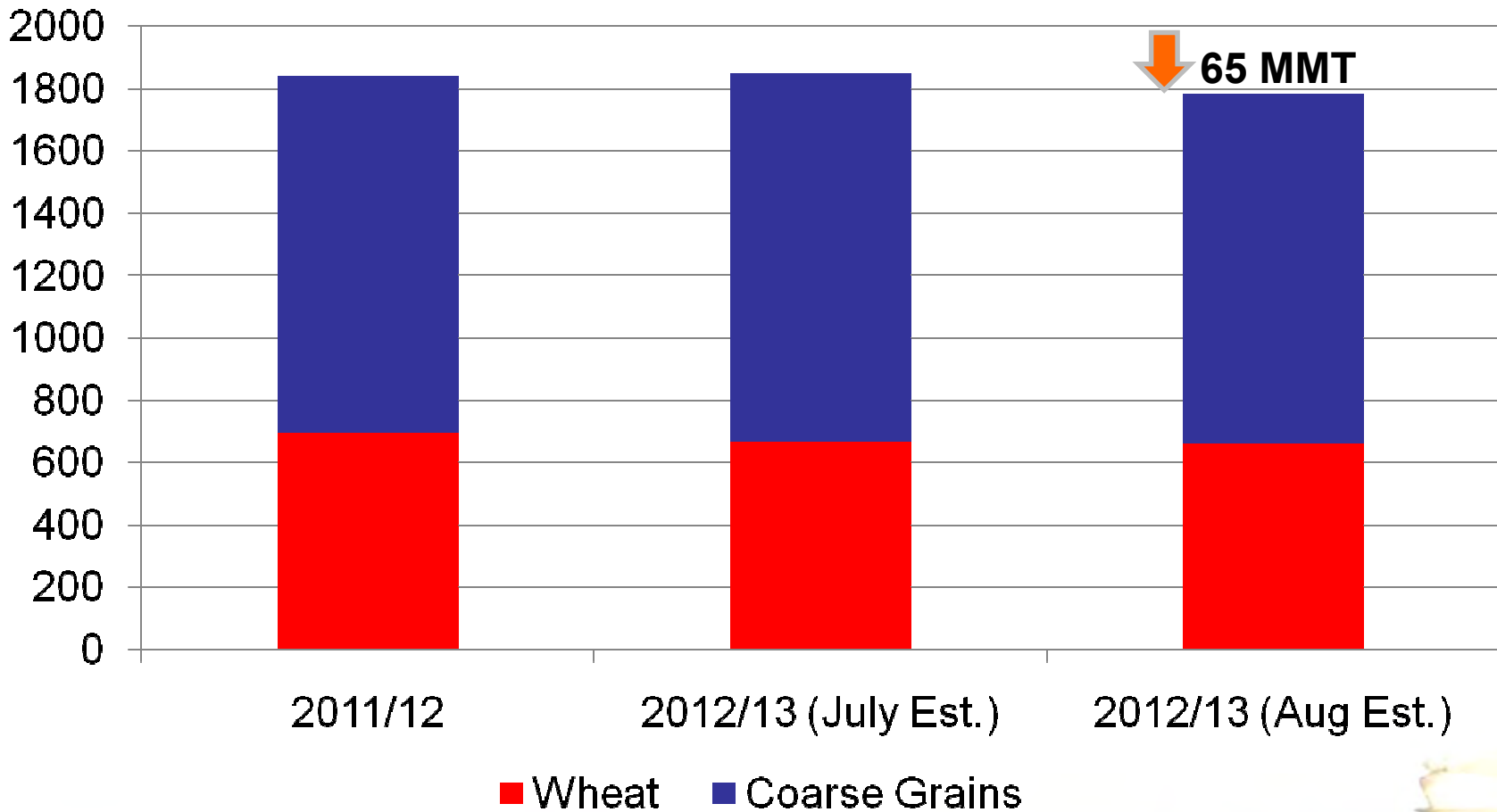


Released Thursday, August 23, 2012

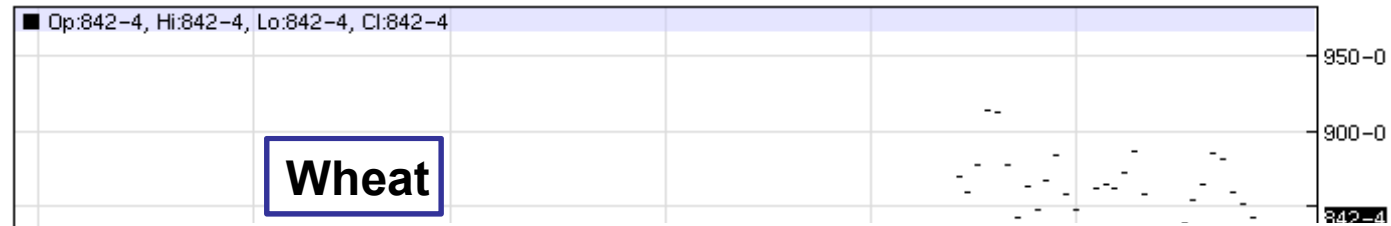
Author: Michael Brewer/Liz Love-Brotak, NOAA/NESDIS/NCDC

World Grain Production

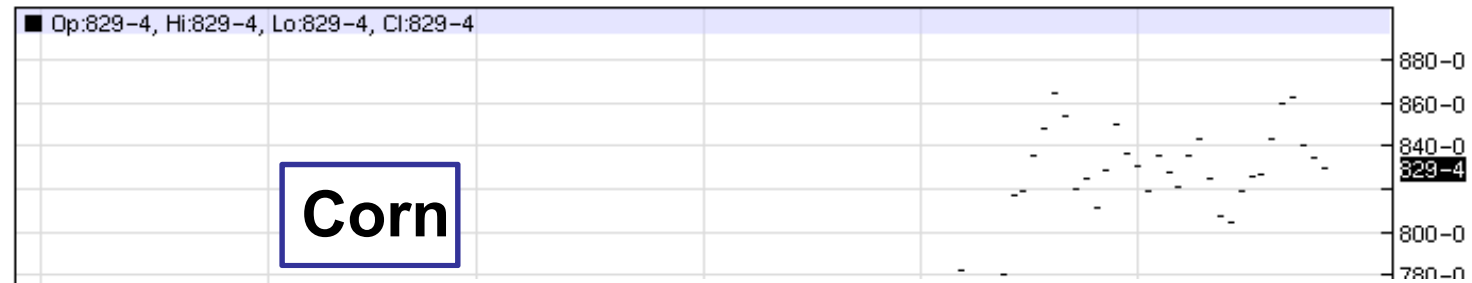
Million Tons



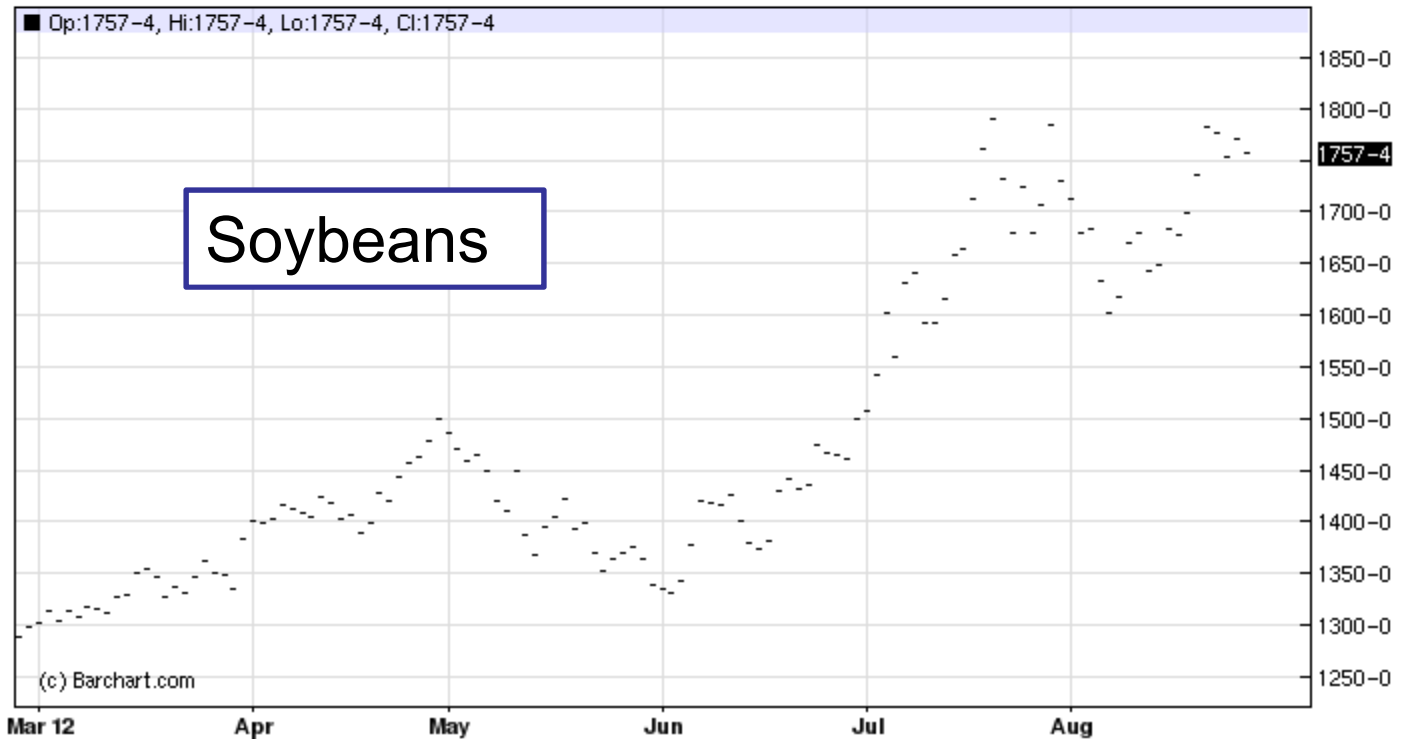
ZWY00 - Wheat - Daily OHLC Chart



ZCY00 - Corn - Daily OHLC Chart



ZSY00 - Soybeans - Daily OHLC Chart



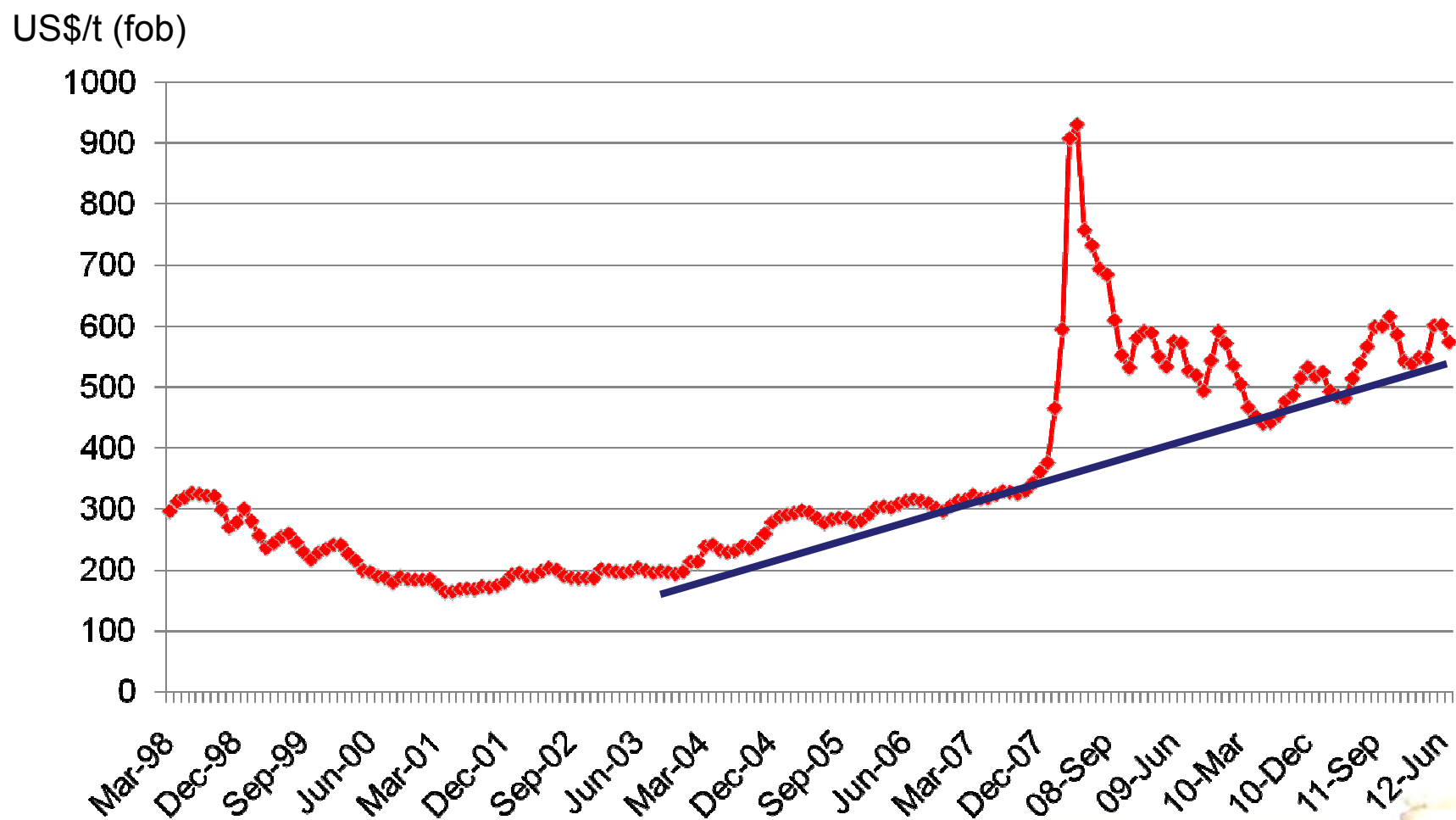
(c) Barchart
Mar 12

(c) Barchart.com
Mar 12 Apr

(c) Barchart.com

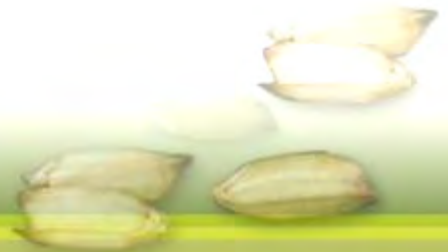


Thailand 5% Broken Rice Price (Mar-98 to July-12)

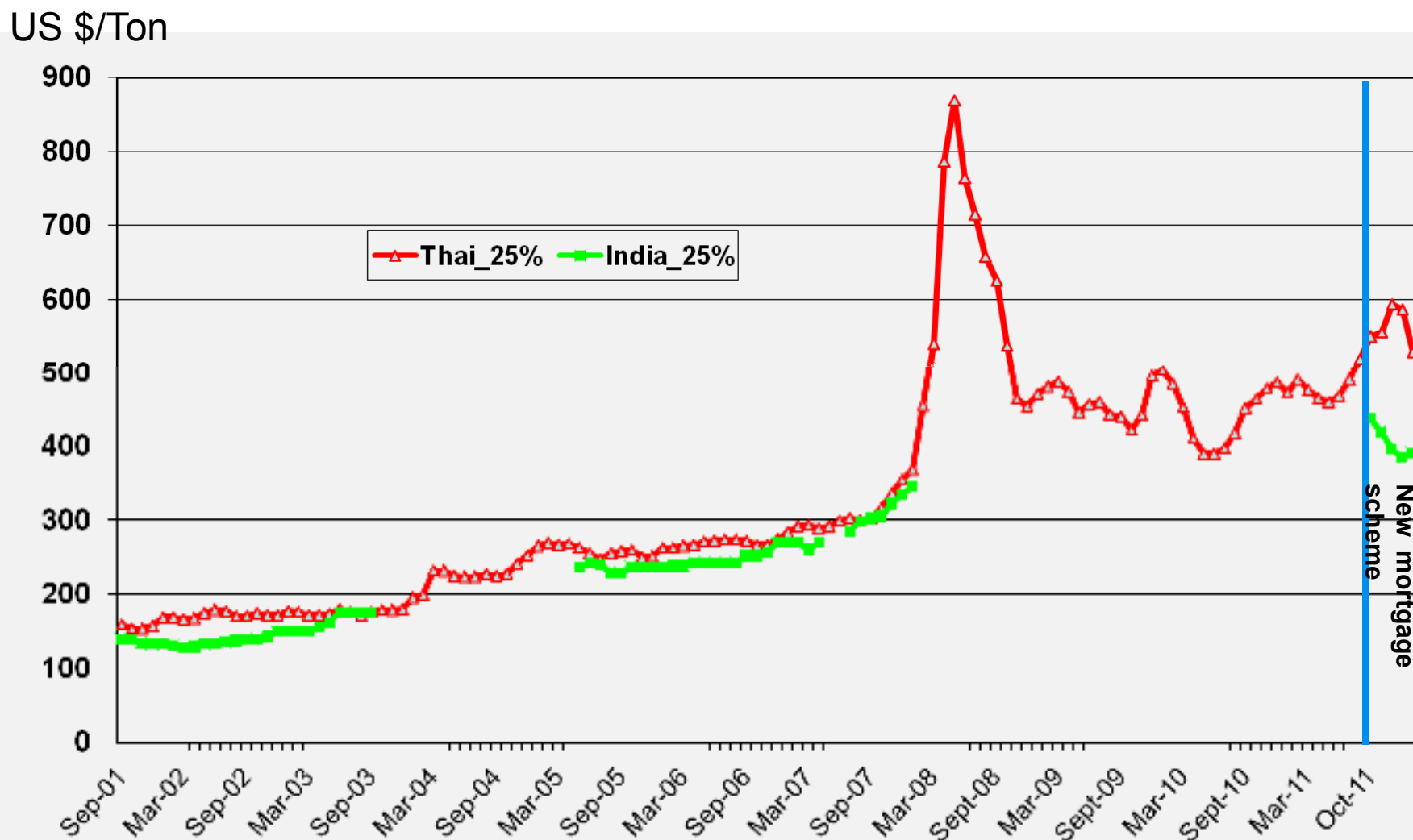


Two Major Policy Shifts

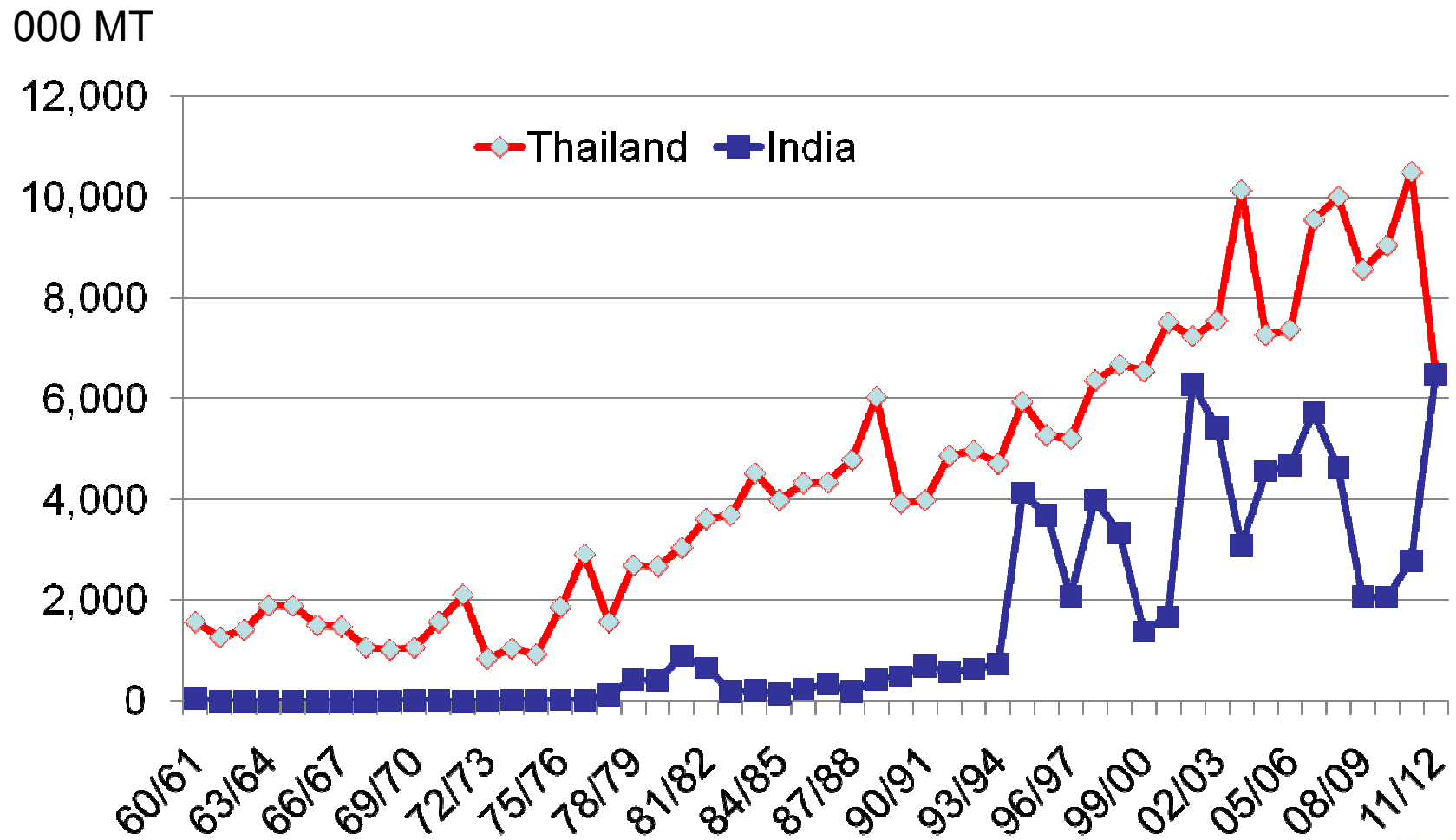
- India's lifting of export ban on nonbasmati rice after 4 years.
- Thai rice mortgage program



Pledging Scheme Pricing Thai Rice Out of the Market

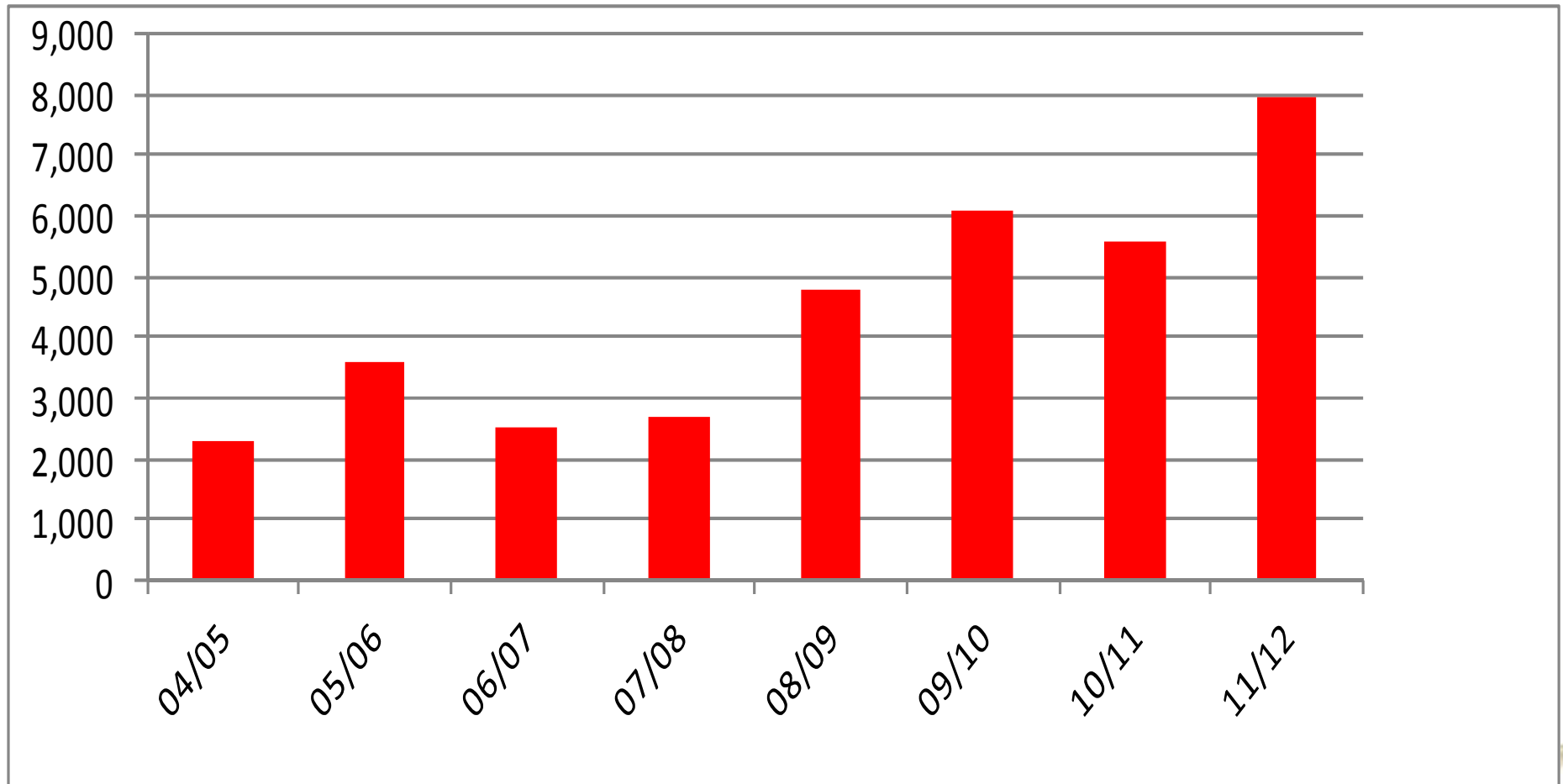


India's Dramatic Reentry



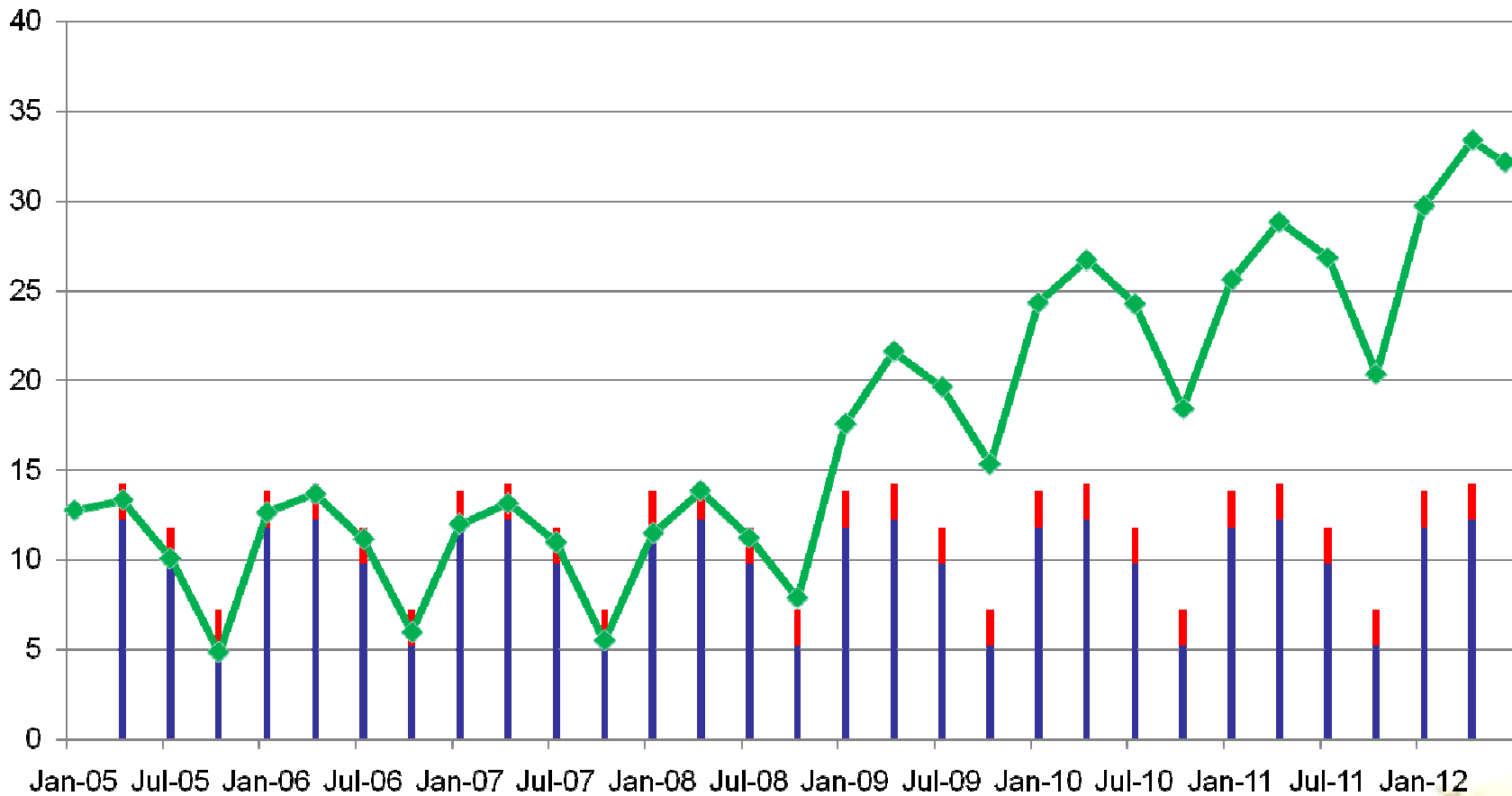
Thai Rice Inventory

000 MT



Indian procurement stocks actual vs (buffer + strategic reserve)

Million metric tons

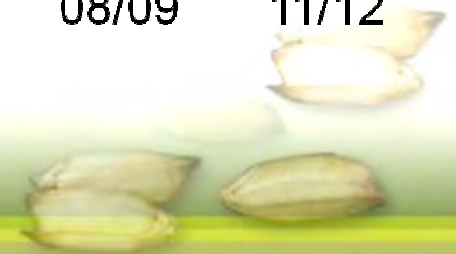
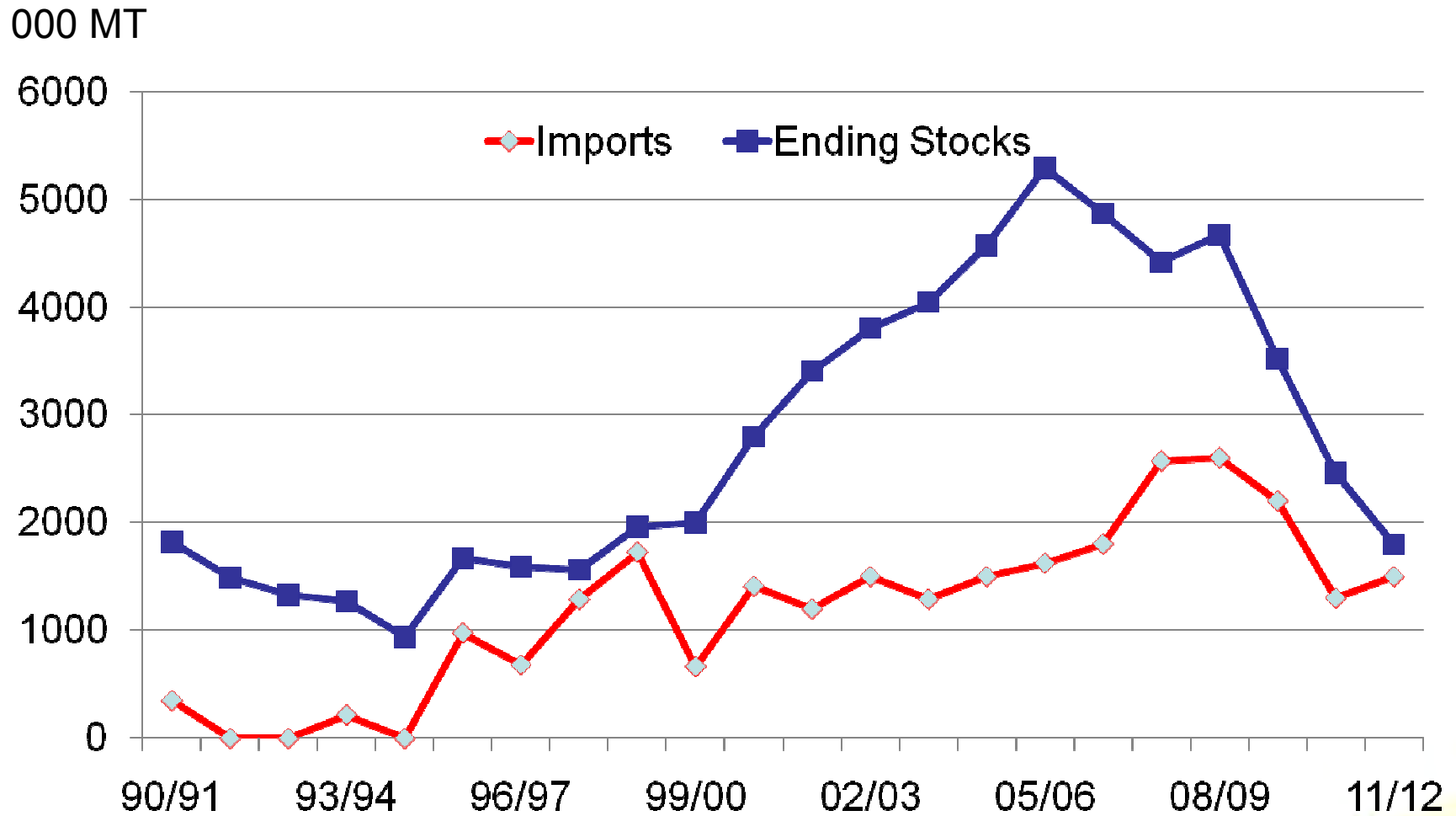


■ Buffer Norms ■ Strategic Reserve ◆ Rice Stocks



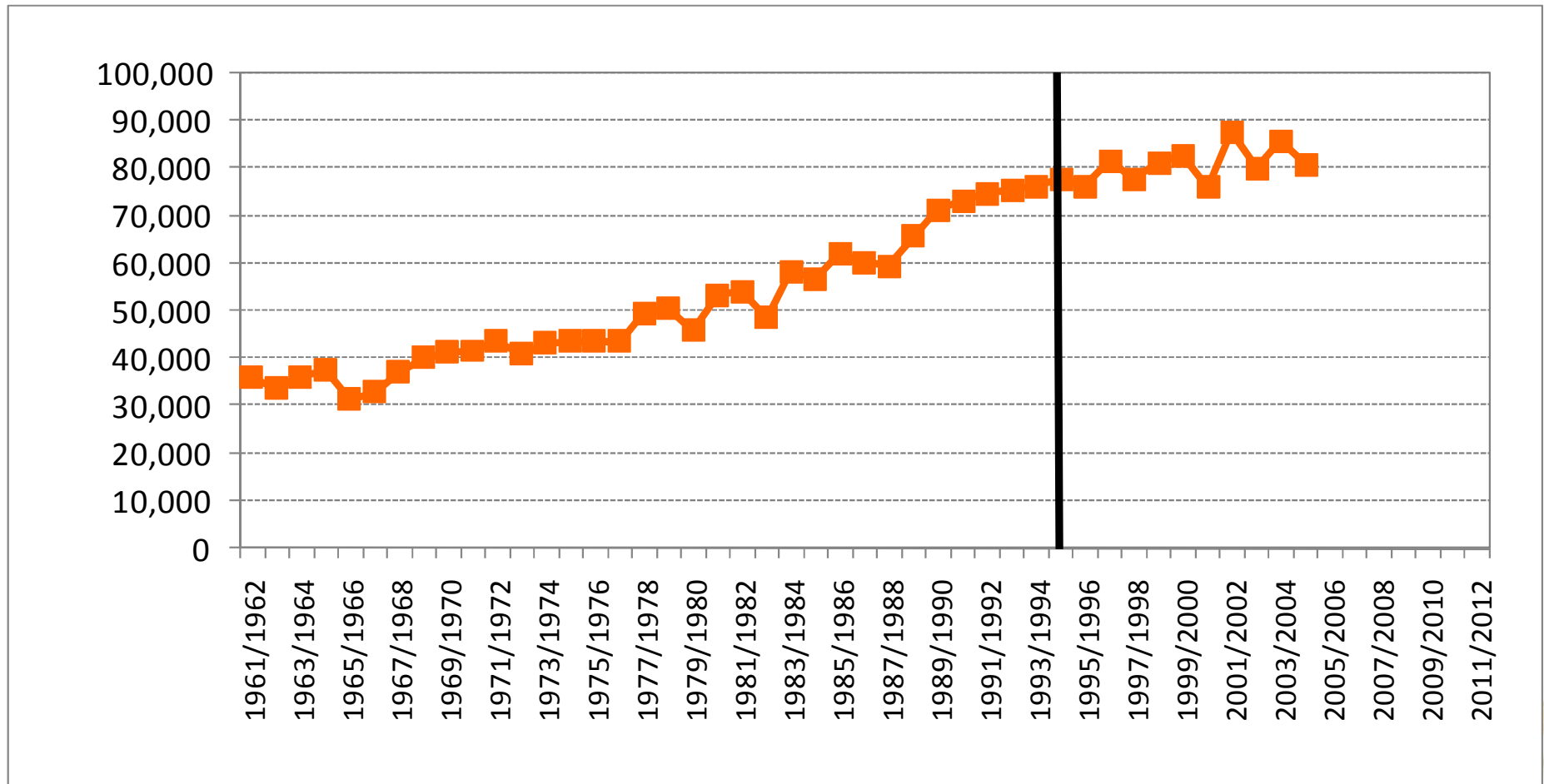
Data Source: Food Corporation of India

Philippine Inventory Management



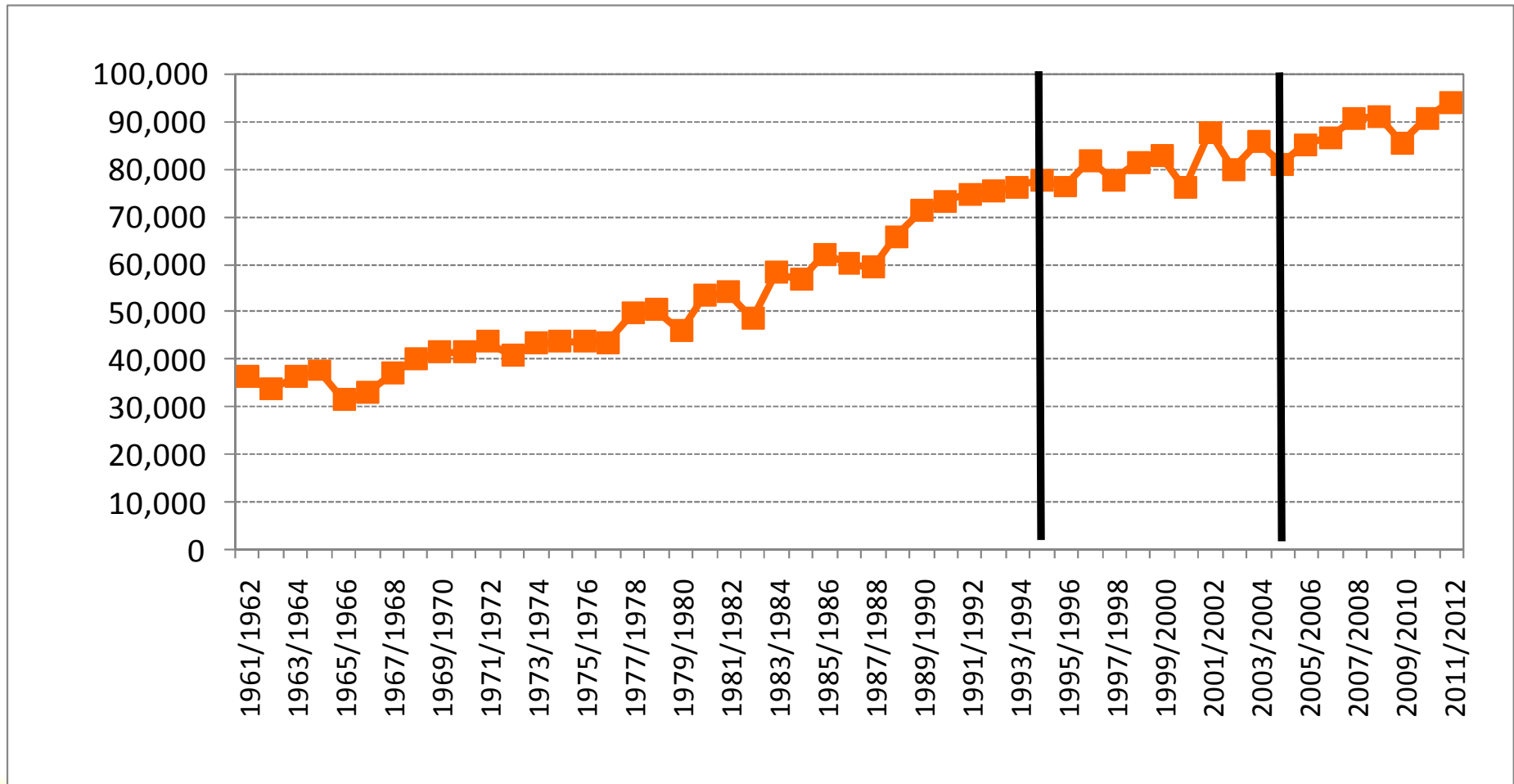
Slowdown in Indian Rice Consumption?

TMT



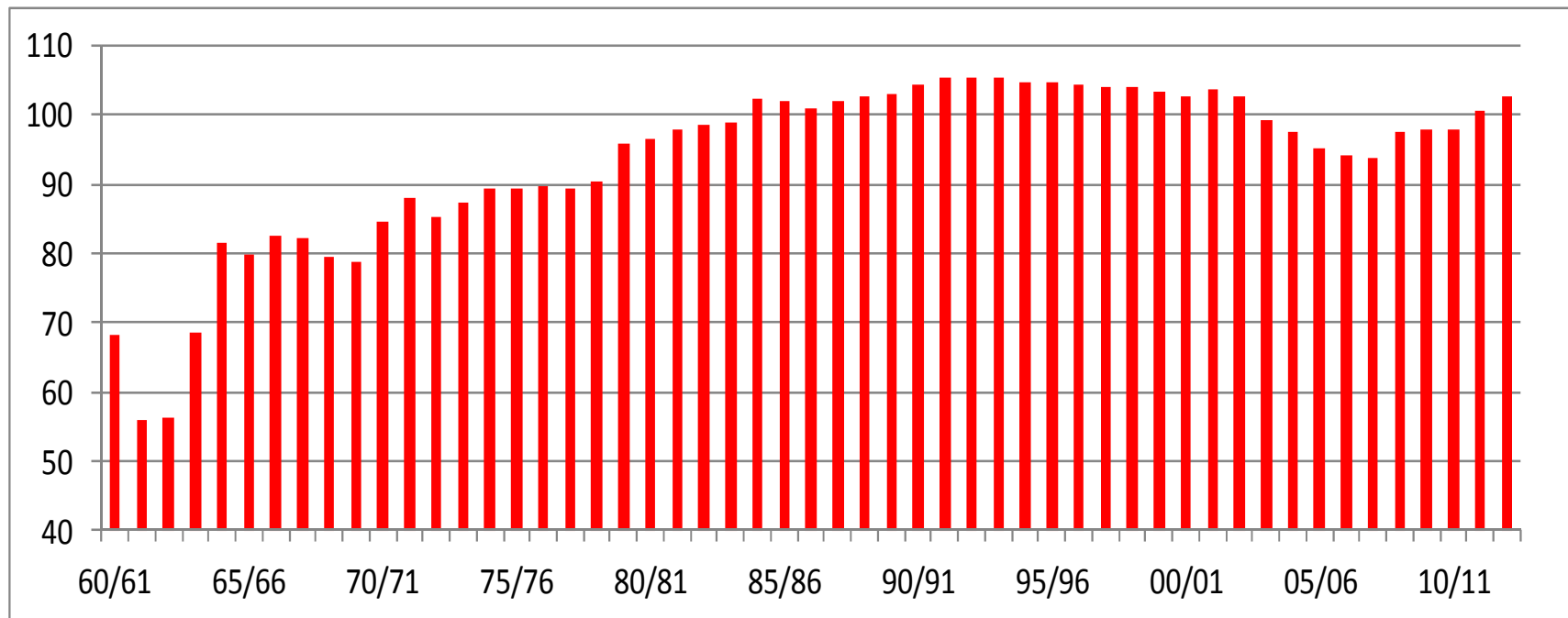
Slowdown in Indian Rice Consumption?

TMT



Chinese Per Capita Rice Consumption

Kilograms

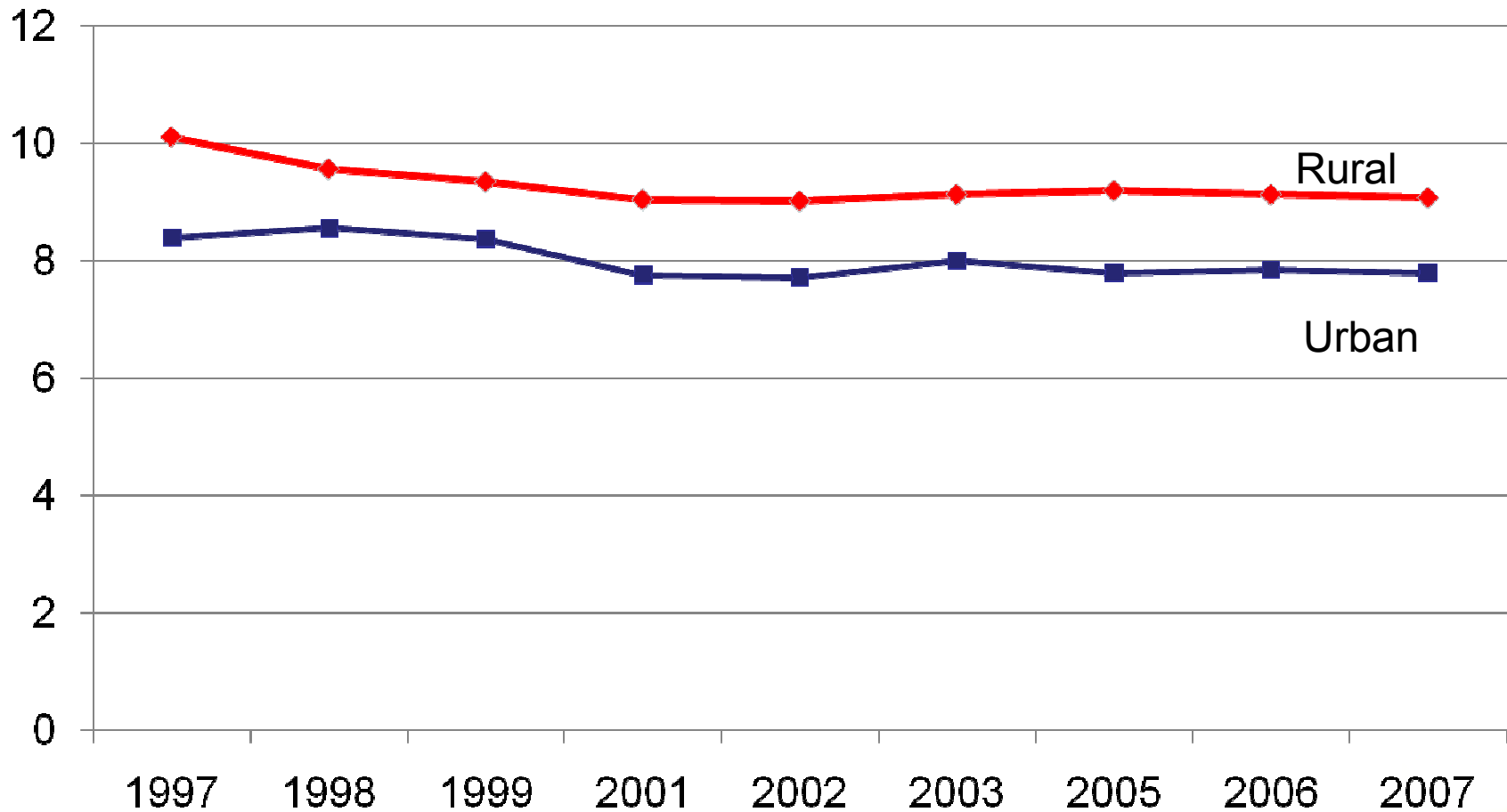


Data Source: USDA & FAOSATAT

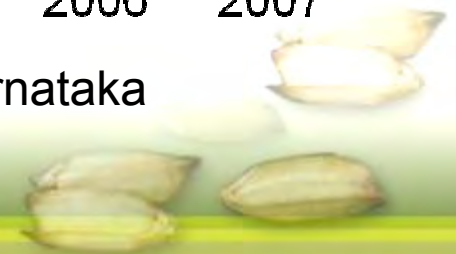


Monthly Per Capita Rice Consumption: Southern India

Kilogram



*South: Andhra Pradesh, Tamil Nadu, Kerala, and Karnataka



Monthly Per Capita Rice Consumption: Eastern India

Kilogram

12

10

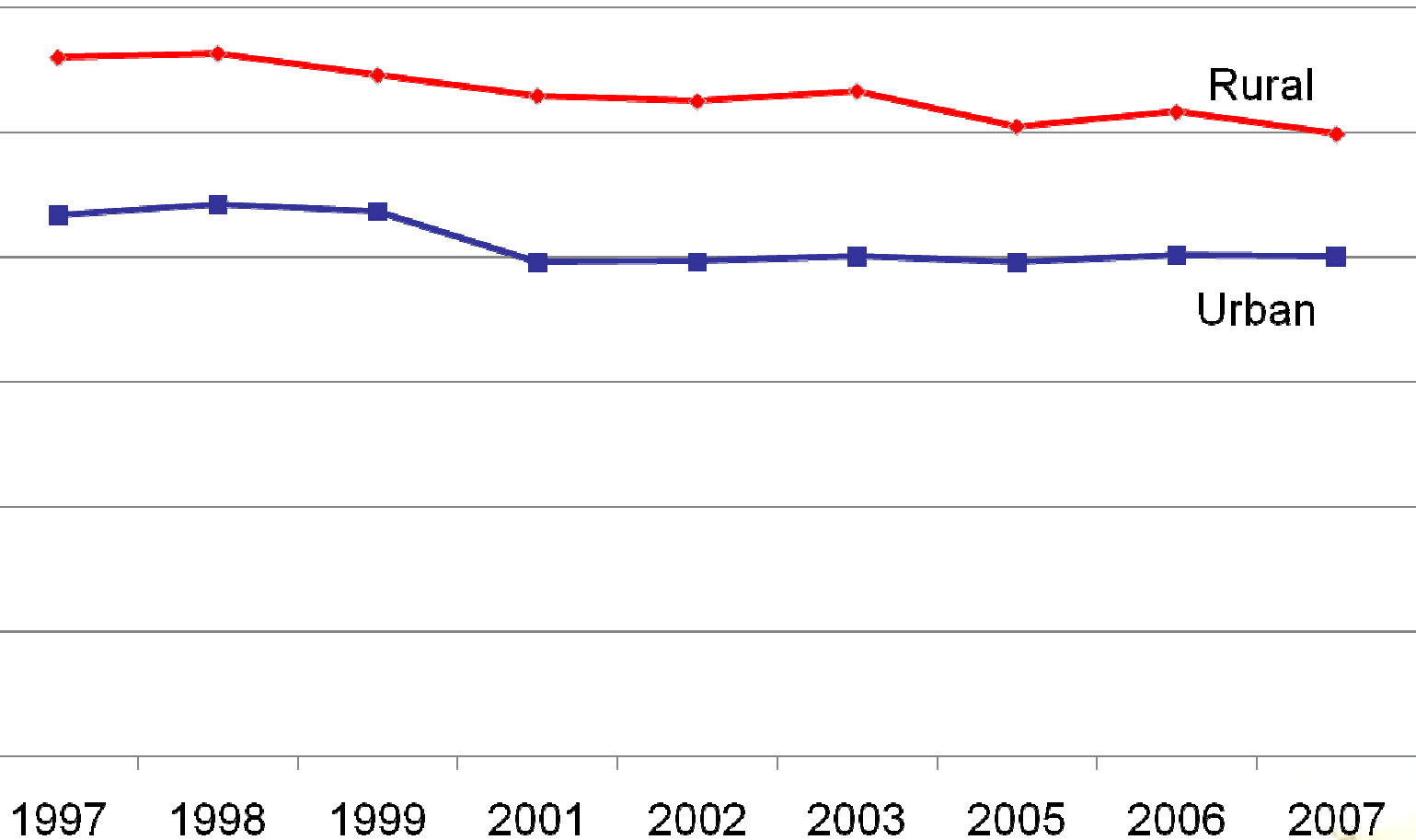
8

6

4

2

0

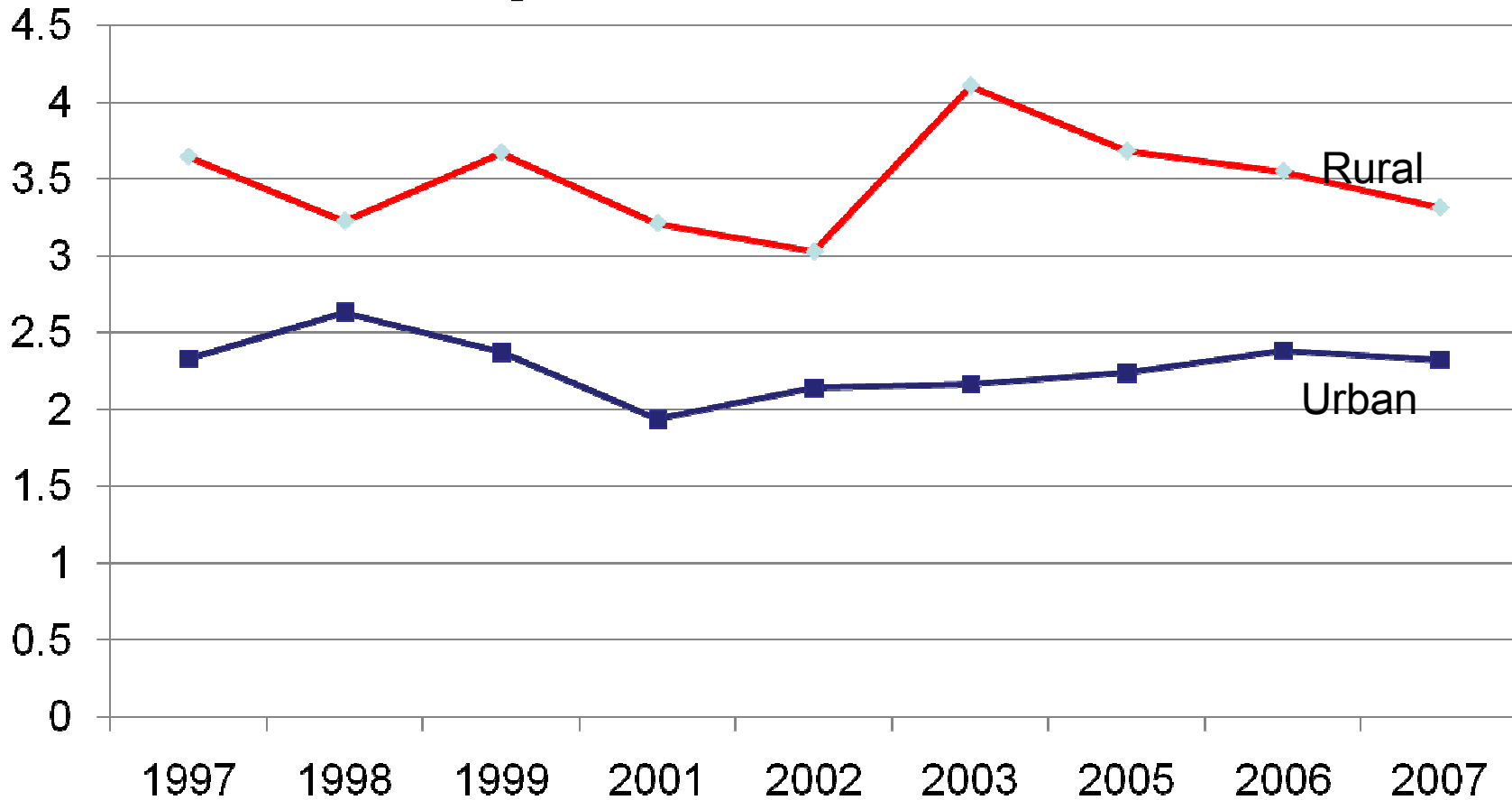


*East: Assam, Bihar, Odisha, West Bengal



Monthly Per Capita Rice Consumption: Northern India

Kilogram



—♦— Rural —■— Urban

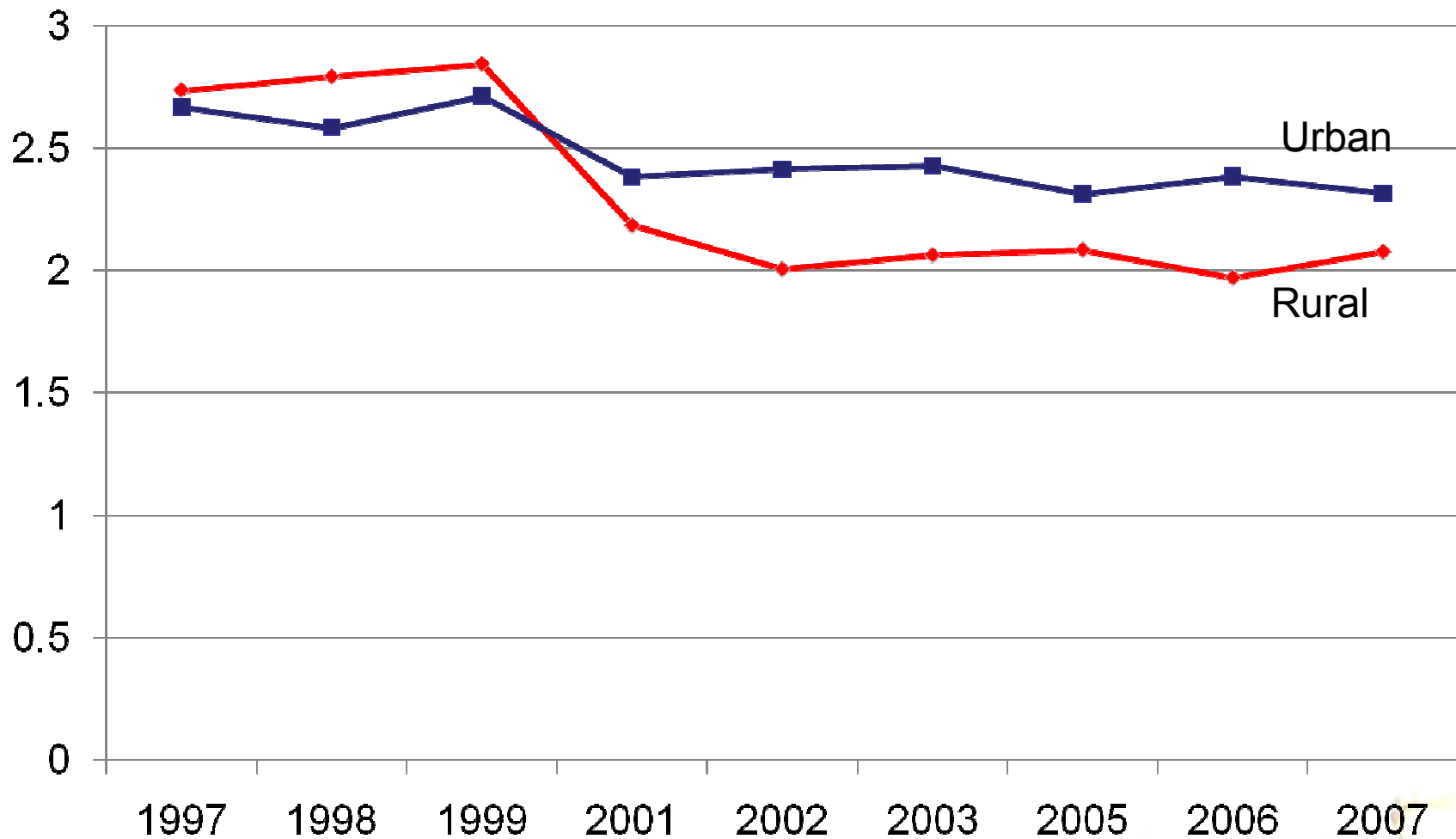
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*North: Uttar Pradesh, Punjab, and Haryana



Monthly Per Capita Rice Consumption: Western India

Kilogram

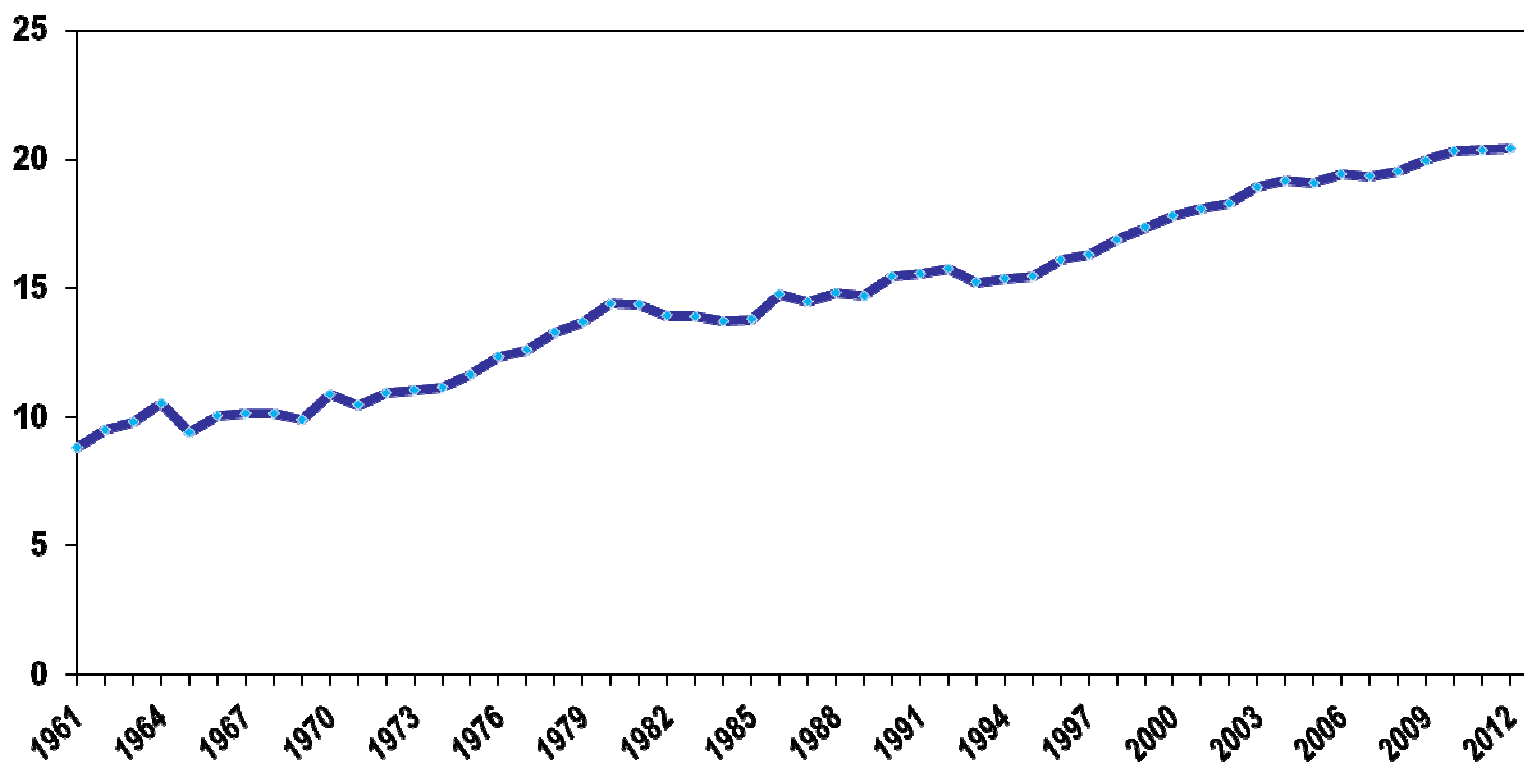


*West: Gujarat, Madhya Pradesh, Maharashtra and Rajasthan



Per Capita Rice Consumption (World-Asia-SSA)

Kilograms



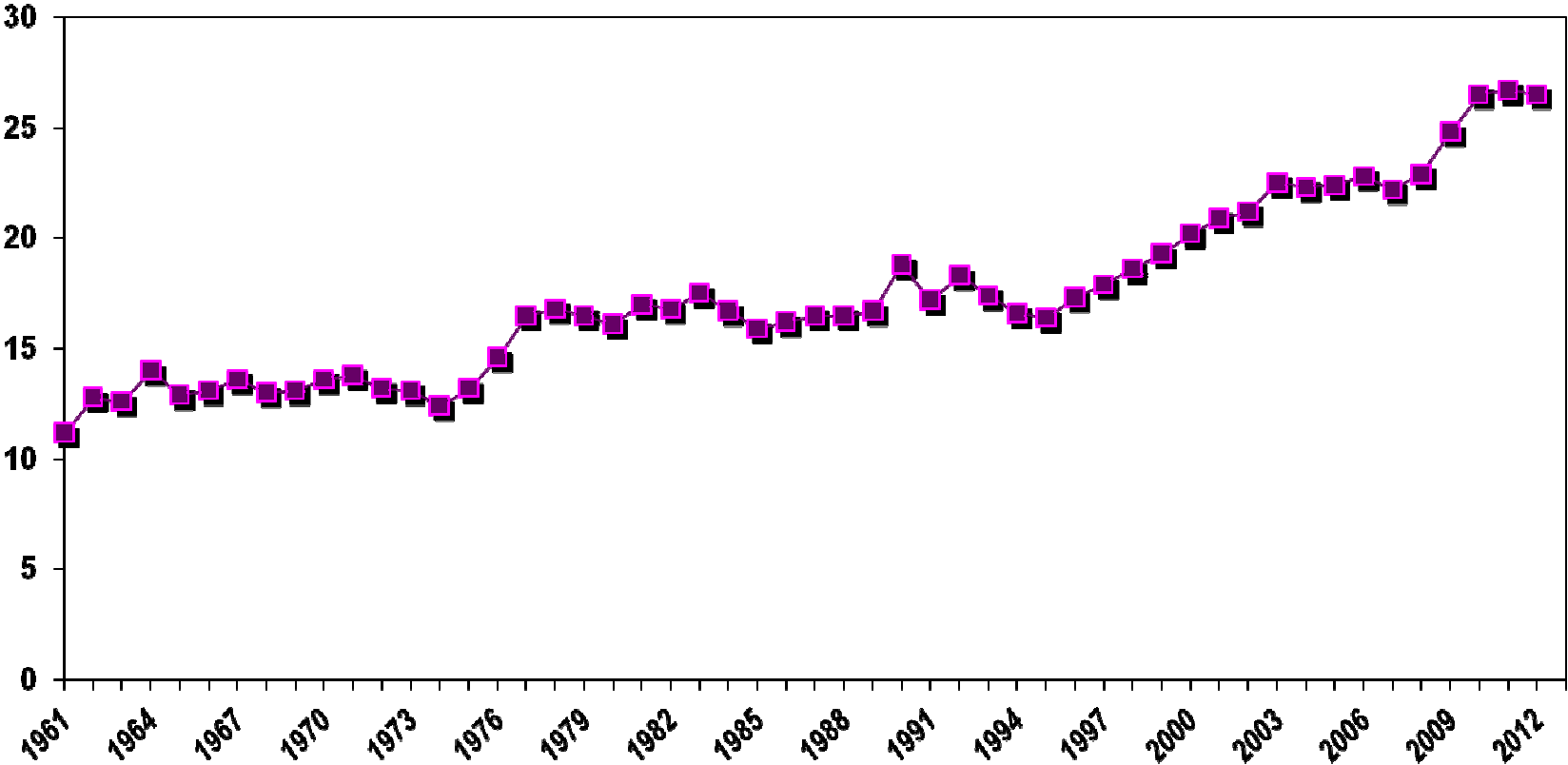
Data Source: USDA, FAO

IRRI



SSA Per Capita Rice Consumption

Kilograms



Data Source: USDA, FAO



Long-term Forecasting of Rice Consumption

- Future consumption behavior
 - Moving away from rice consumption/moving from “low” to “high” quality rice
 - Estimation of rice consumption in a multi-commodity framework.
 - Staple/processed products
- New usage of rice
 - Ex: Growing usage of rice starch in consumer products



Market Segmentation

Rice Market is segmented by

- Variety
- Degree of processing
- Grain quality
- Country of origin



Market Segmentation



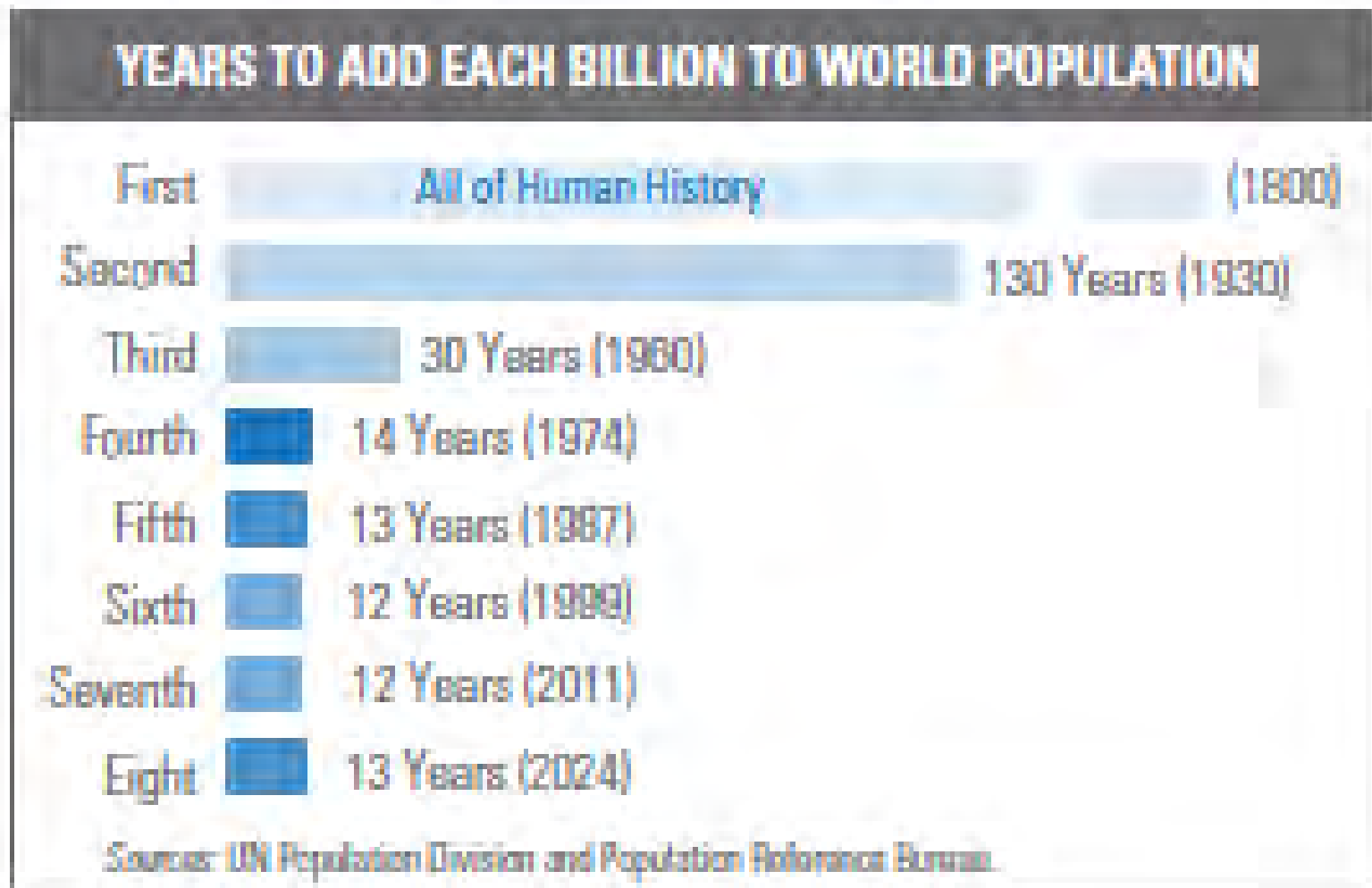
Rice as Birthday Gift

IRRI



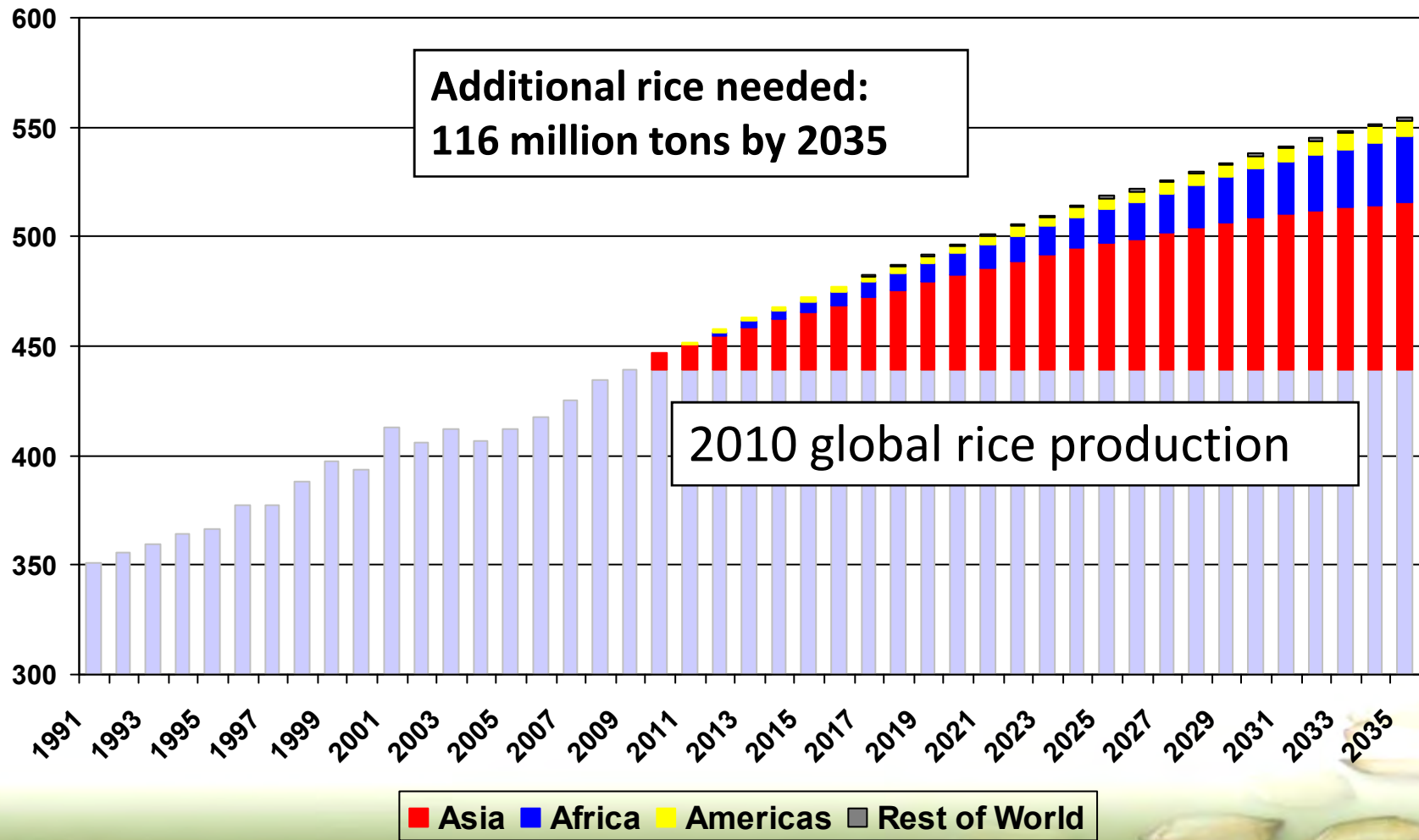


No Respite on Number of Mouths to Feed



Global Rice Needs

Million tons milled rice



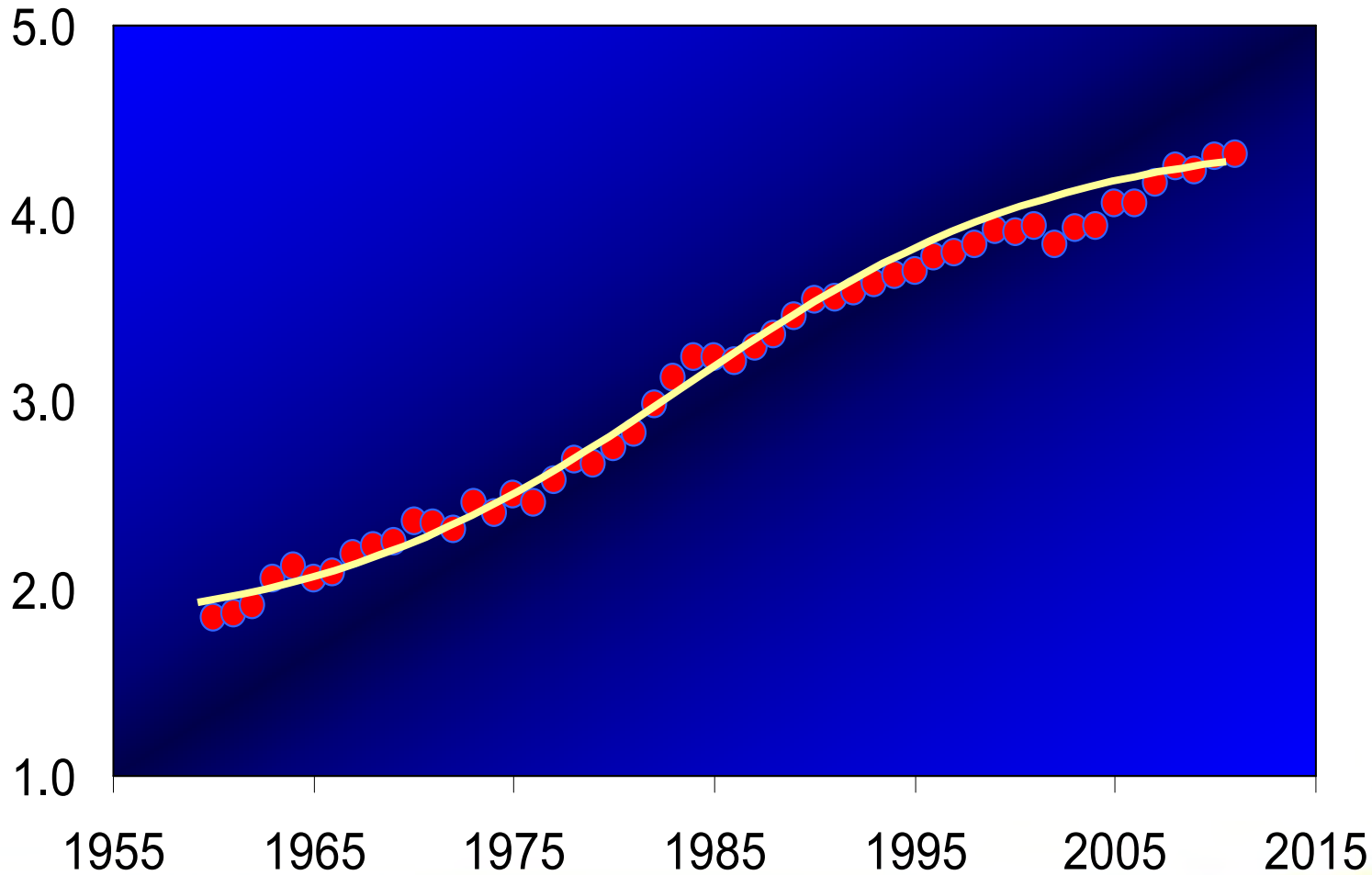
Key Message

- **Rice consumption continues to remain strong both locally and globally.**
- **Total global rice consumption will continue to rise in the future**
- **Take these forecasts with a pinch of salt**



Slowdown in Global Paddy Yield Growth (1960-2011)

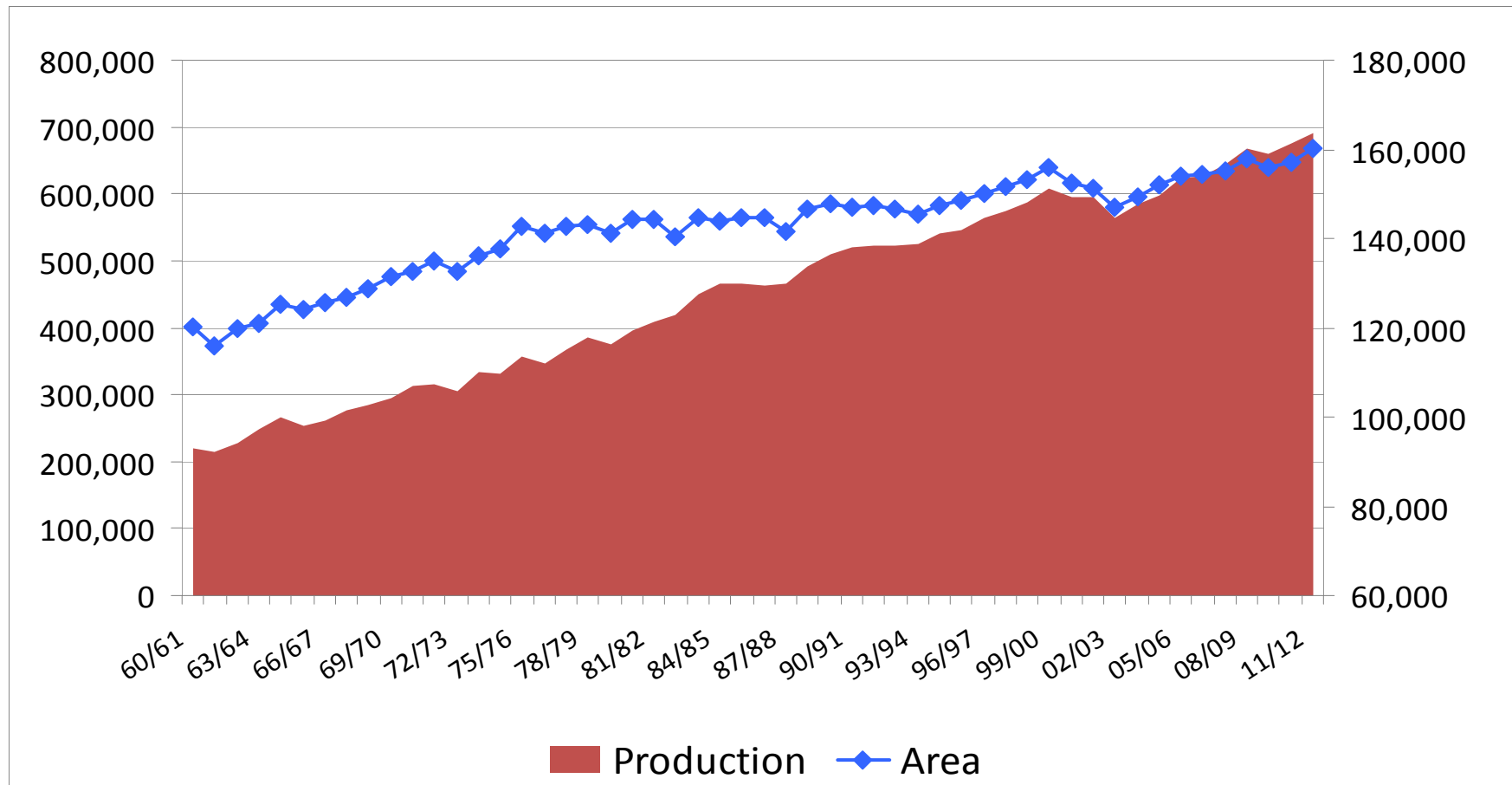
Tonne per Hectare



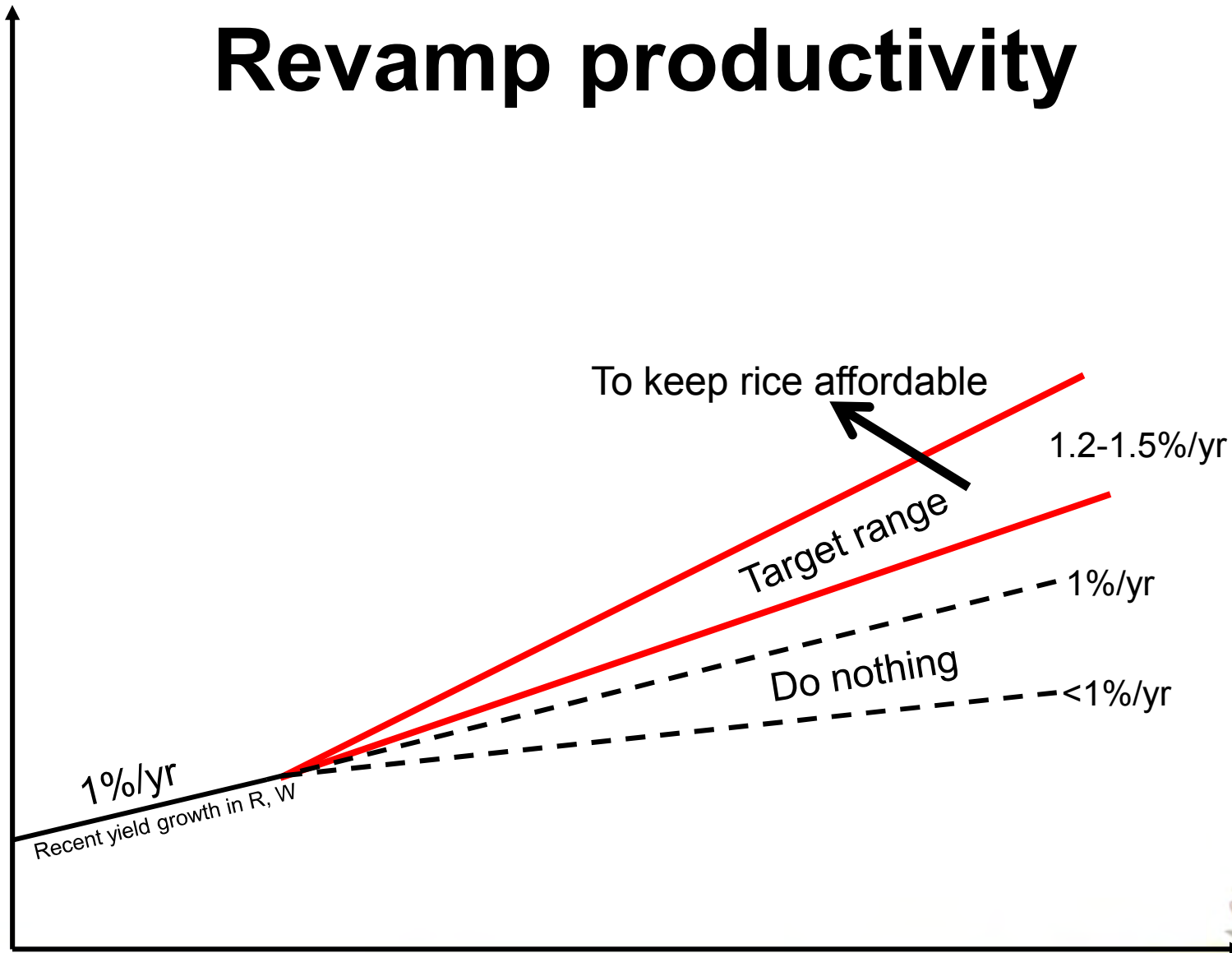
Global Paddy Area at All Time High

000 MT

000 HA



Revamp productivity



Concluding Remarks

- **What's Ahead?**

- Weather and Policy: Two major drivers in the short-run.
- Further rise in wheat prices may put additional pressure on rice.

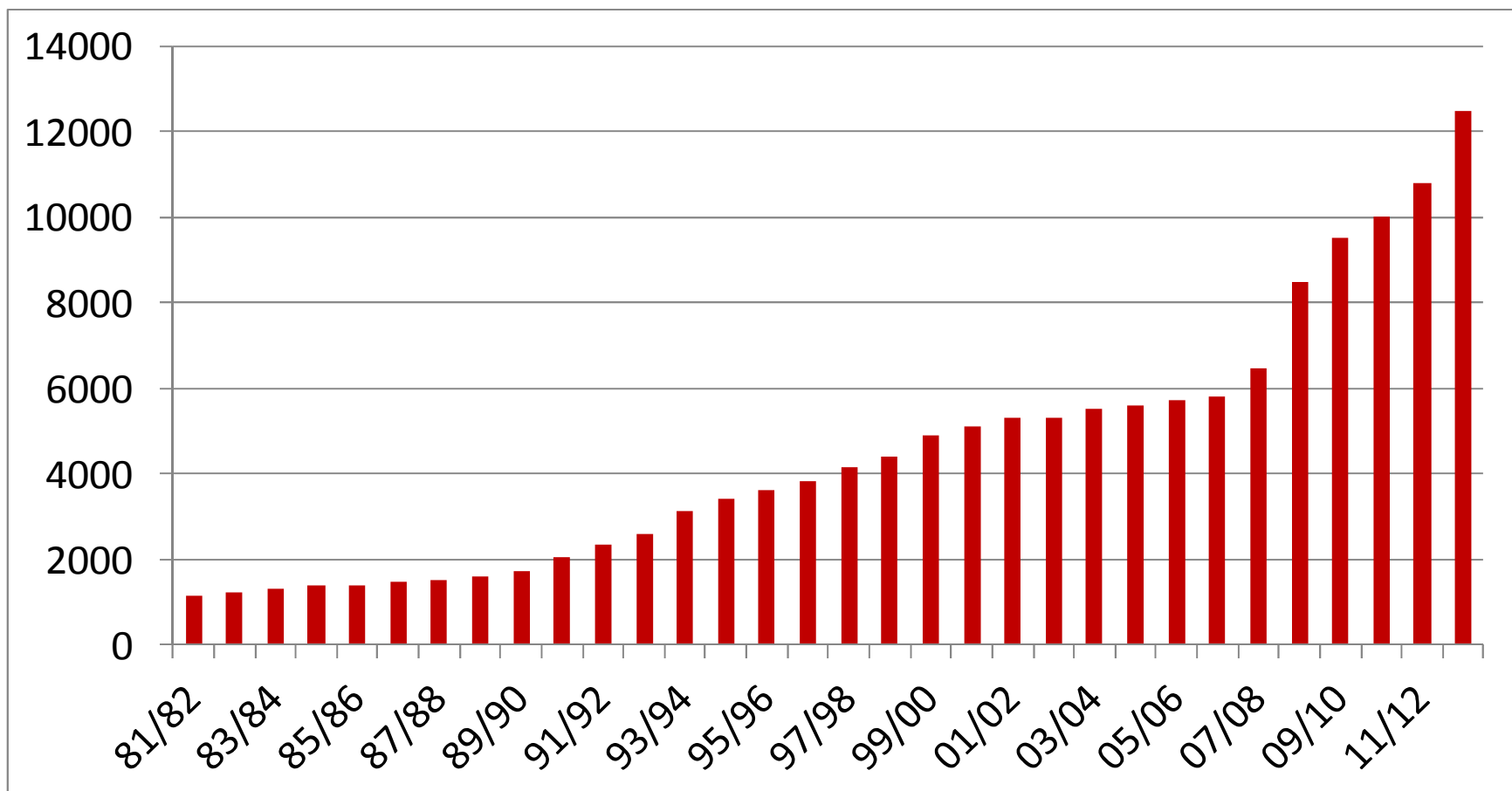
- **How to stabilize global rice market in the future?**

- Productivity growth has to match consumption growth
 - Required yield growth of 1.5% as compared to 0.8% in the baseline.
- Allow rice to move across borders



Indian Paddy MSP (Common Varieties)

Rupees per ton



Thai Rice Mortgage Program

000 MT

