THE RICE TRADER

Rice Market Brief

VOL 2. ISSUE 4

Feb 22, 2021

EXECUTIVE SUMMARY

Viet markets remain festive, with buyers and sellers assessing winter-spring crop arrivals, and if future sales will drive markets ahead. As mentioned, we expect a strong but late crop. This crop shows a larger fragrant and white rice component, a steady to higher glutinous rice production, and weaker japonica rice production, while the weather has been supportive, even if some concerns over weak Mekong river water levels could affect plantings for the summer and autumn crops.

India markets showed price rises in higher grade raw material (for most 25% to 5% grades) as supply seemed tight (next arrival in Apr), while the main influence seemed to be the stronger Indian rupee. Interestingly, broken rice prices remain stable as India continued to enjoy the demand's interest, which has come in abundance.

Thai markets soften with a weaker THB, and weak sales left its own mark on prices. Container tightness and high costs associated were revealed in news reports that showed a limit to small volume buyers from playing a more active role in Thai rice export was behind.

Pak markets maintained a steady price though facing a stronger PKR. There is an expected Chinese, African, and Middle East demand ahead, which is maintaining market sentiment, while the bigger picture seems to show a global market lacking Myanmar competition as maintaining Pak sellers' firm offers.

There is still some lack of clarity on the **Myanmar** situation, but traders say it remains unclear with most of the emphasis in current markets focused on older contract performance.

Still no word on a **U.S.** only tender from Iraqi and as we suspect it may not actually come to fruition. Iraq buying 60 TMT of rice from Uruguay (roughly 2 months' worth of rice) all but confirms that we may not see that U.S. only tender. Lobby groups are still pursuing legal battles with our competition rather than growing the markets and making the rice in southern states better and cheaper in price. Water is still an issue in California, but the north state got some rain and snow in the last 7 days, which could help water districts decide if they are going to cut any water. An SBS tender was awarded this week from Japan and then they issued the 8th SBS tender of the marketing year a day after the awards for the 7th SBS tender.

Markets in Asia (and the Americas) look supply tight, with Indian offers seen as the main supply origin with an attractive price and availability to deliver larger volumes contracts. Vietnam is the exciting prospect ahead with its winter-spring arrival on its way and expected to peak in Mar/Apr, while we have to look further down to Q2 to see a string of arrivals in Asia and South America, with Asian offers showing more supply being added. This week saw the cheapest Indian offers show a higher price for all segments except broken rice, which has remained stable, as most of the price rises seem to be from a strong Indian rupee. Market activity levels were weaker as the ongoing Chinese New Year festivities lend to the quieter market this week.

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WORLD WEEKLY
PRICE TABLE SUMMARY

Thailand	100% B	5%		15%	25%	A 1 S	F A 1 S	P 100% S	Hom Mali
	$542	$532		$515	$505	$470	$465	$525	$800
	-$13	-$13		-$15	-$15	-$5	-$5	-$15	$0
Vietnam		5% d.p.	10%	15%	25%	Brokens	Jas 5%	Glut 10%	Japonica 5%
		$515	$510	$505	$490	$450	$570	$530	$610
		-$5	-$5	-$5	-$5	$0	-$20	-$5	$10
Pakistan		5% d.p.	10%	15%	25%	Brokens	Parboiled		
		$450	$430	$415	$405	$360	$470		
		$0	$0	$0	$0	$0	$0		
India		5%		15%	25%	Brokens	P 5%	P Basmati 2%	P Basmati PB 2%
		$400		$380	$360	$270	$380	$1,000	$920
		$10		$10	$10	$0	$0	$0	$0
								1121 Basm 2%	1121 Basm PB 2%
								$1,020	$970
								$0	$0
Cambodia		5%		15%	25%	A 1 S Brokens			
		$600		NA	NA	NA			
		$0		NA	NA	NA			
Myanmar		5%		15%	25%	B1/2 Sortex			
		$460		$440	$430	$385			
		$0		$0	$0	$0			
U.S.		#2/4% LG		#3/15% LG	#5/20% LG	#2/4% MG	#1/4% MG bulk ex-spout		
		$610		$595	$525	$585	$870		
		$0		$0	$0	$0	$0		
Uruguay		5%	10%						
		$620	$610						
		$0	$0						
Argentina		5%	10%						
		$600	$590						
		$0	$0						
Brazil		5%					PB 5%		
		$600					$610		
		$0					$0		

FOB prices closed today as follow for Feb/Mar shipment (in 50 kg pp bags)

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KEY MARKET HIGHLIGHTS Exporting nations

PAKISTAN

- Pak prices stable in quiet week as raw material prices hover around PKR 60/kg.
- Buying interest ahead seen maintaining firm stance in prices with some exporters suggesting Chinese and Middle East demand as key elements that will need to be realized from current expectations to provide vital sales for Q3 2021.

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INDIA

- Indian markets remain stable, show weaker broken rice prices, and raised white rice prices while maintaining best-pried offer status in global rice markets as Ramadan peak and winter crop to offer to trade dynamics ahead.
- - 2020 Dec exports reveal a record 1.51 MMT in exports for a record monthly total, while driving 2020 full-year exports to a historic 14,6 MMT (49% or 4.79 MMT more than 2019).
- - 333 TMT of basmati (up from 303 TMT in Nov) and stunning 1.17 TMT of non-basmati rice exports (up from 897 MMT in Nov) show strength, especially in non-basmati rice exports that gain from Chinese, Viet, Nepal, Malaysia, and South American demand
- - 2020 Dec month on month shows strength across all markets except FSU.
- - 2020 compared to 2019 data shows all regions trending higher year on year with stronger gains from African (3 MMT more in 2020), Asian and Middle East demand as highlights.

THAILAND

- Prices firm for white/parboiled, weaken for glutinous in quiet markets with strong Thai baht.
- Thai prices start to show some weakness as weak sales bites into quiet markets with volatile dollar lending to weak Thai baht and influence on dollar prices – lack of competitiveness in white and parboiled rice remains a complaint.
- Tightness in container shipping pointed as an element that is exacerbating weak exports as buyers are more reluctant to commit to smaller parcels that are shipping by containers that continue to face up to the higher freight rates seen in recent years.
- Fragrant and glutinous rice remain attractive in price compared to recent years but look weak in sales during current period dominated by Lunar New Year holidays across Asia.
- Second remains a vital supply source for white and parboiled rice competitiveness and for expected future sales that are aimed at pre-Ramadan period.
- Paddy markets and wholesale markets remain steady in THB price, while volatile exchange rates drive dollar prices.

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LATIN AMERICA

- Brazil foresees an increase in rice area for next rice season.
- Uruguay wins 60 TMT tender from Iraq offering higher prices than other bidders due to better quality.
- Final price of 2020 harvest to be paid to Uruguay rice growers by local millers was defined by third-party arbitration at $180 PMT.

- The main takeaway from this week is that long grain is going to have a rough 2020/2021 if they cannot get any sales. Net sales have been very rough for the long grain market for the past few weeks. The domestic market is not going to have the demand that the USDA thinks it does and because of this, there is going to be a large carry-in.
- It is unlikely that Iraq is going to issue a U.S. only tender of rice after buying 60 TMT from Uruguay last week. Originally, they were searching for 30 TMT of rice and decided to buy double of that.
- Lobby groups are still pursuing legal battles with our competition rather than growing the markets and making the rice in southern states better and cheaper in price.
- The medium grain market is preforming average if not a little worse than that. They are not the long grain market, but this is due to having a normal planting year and sub-average exporting marketing year.
- Water is still an issue in California, but the north state got some rain and snow in the last 7 days, which could help water districts decide if they are going to cut any water.

- Viet markets quiet in a week dominated by Tet festivities, stable prices, and no real business interest showing as buyers and sellers await winter-spring crop.
- Winter-spring crop arrivals have started as most expect peak of arrivals to show in Mar/Apr, with some expecting price weakness, but most agreeing that the weakness will not be like the last two years.
- Demand from China, Philippines, Malaysia, and African markets will be important in shaping price trends that also contend with less Iraq and Cuba related sales in 2021.

KEY MARKET HIGHLIGHTS Importing Nations

Glutinous

- 2020 shows improved trade boosted by rebound in Chinese and small but improving Indonesian demand as Chinese demand maintains influence on global markets.
- Improved production in 2020/21 expected with Thai production seen improved after over a year of weak supply while Viet production expected steady with Chinese and Southeast Asian buyers dominating Viet exports, while Thai exports show Chinese, U.S. and Japan demand
- Chinese demand drives 2020 trades with strong import demand benefitting both Vietnam and Thailand, while Indonesian imports rise, but favor Viet origin: Philippines, Malaysia, Singapore, and Laos provide additional positives in 2020 markets.
- Jan-Dec 2020 show 142 TMT of Thai glutinous rice exports (up from 126 TMT in 2019) and 989 TMT of Viet glutinous rice exports (up from 392 TMT in 2019) for combined 1.13 MMT of global exports which beats 2019 full-year (517 TMT) and 2018 full-year (1.09 MMT).
- 2020 trade reveals an improved export of glutinous rice, with foundation built on Chinese demand, as well as a rising Southeast Asian demand that shows Indonesia, Malaysia, and Philippines, while Thailand has lost market share to Vietnam: 2021 shows a better supplied Thai offer, which will compete for more market share.

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KEY MARKET HIGHLIGHTS Importing Nations

Malaysia

- Rice production steady, USDA shows 1 MMT of 2020 import expectations while TRT data has 1.3 MMT of Jan-Dec 2020 imports and well above 1.16 MMT for 2019 as early year slow imports replaced by stronger response from Malaysia especially in Q2.
- Malaysian imports show most of growth potential coming from white and higher-grade rice imports as purchases from India (the biggest riser) as well as from Vietnam, Myanmar, and Pakistan while Thai exports to Malaysia drop to just 73 TMT in 2020.
- 2020 shows weaker share for Thai exports to Malaysia as gains seen in Myanmar, Pakistan, and with India claiming the biggest market share growth, while Vietnam maintains dominant position.
- Vietnam enjoys advantage in fragrant, glutinous, and specialty rice, but white rice demand seen benefitting strong Indian offering, with Malaysian demand also seen rising for higher qualities and specialty rice; Thai imports could rise in 2021, while Malaysia maintains procurement that includes price competitiveness considerations expected to continue

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KEY MARKET HIGHLIGHTS Importing Nations

Turkey

- Only 2 changes were made to the USDA’s prediction of the 2020/2021 marketing year: exports and ending stocks.
- Area harvested is down from last year, as well as yields, which makes production down by almost 20 TMT.
- Exports were going to be lower than 2019/2020 but has been revised up so now its higher 250 TMT vs 235 TMT.
- Imports stay the same at 450 TMT, which is lower than 2019/2020’s 574 TMT.
- TRT data however, shows imports at 631.7 TMT in 2020 and 539.9 TMT in 2019.
- TRT data also shows exports at 233.76 TMT in 2020 and 202.1 TMT in 2019.

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PRICE DIRECTION

Key Price Highlights:

- Indian higher-grade rice price rise while Thai prices ease in quiet markets that reflect on current Chinese New Year festivities while Viet winter-spring crop comes into focus: Global supply looks tight for now, but Viet winter-spring crop in arriving and Q2 will see a number of secondary harvests across Asia.

- **High-grade WR 5%** shows firmer prices for Indian offers, Pak, Viet, and Myanmar prices are steady and as Thai prices lower with stronger dollar and weak sales.

- **Low-grade (25% grade)** continues to favor rising prices for Indian offers (at $360 PMT), while most alternatives are priced over $400 PMT, Pak is cheapest alternative at $410 PMT.

- **Broken rice** markets continue to show best-priced Indian offer as dominant origin in markets that look relatively uncompetitive to India by price or size of availability.

- **Fragrant rice** markets show quiet markets with Lunar New Year slowdown and the Viet winter-spring crop will provide the next supply event in the weeks ahead.

- **Fragrant brokens** show softening Thai and Viet prices, as buying interest looks weak with most traders seeking better prices especially from Vietnam.

- **Parboiled rice** prices rise for Indian offers and soften for Thai in markets that reflect on buyers rushing for Indian raw materials that are best priced with sizeable market in Africa while Thai and Brazil alternatives look tight for supply.

- **Glutinous rice** shows steady Thai and Viet markets that are slow over Chinese New Year

- Markets are show a rising price with cheaper Indian offers showing price gains, while supply looks relatively tight from most origins, as Vietnam's winter-spring crop will come, while next sizeable supply event will come from secondary arrivals across Asia in Q2 as Vietnamese focus ahead is expected.

WEEKLY RICE EXPORTS

Big Five Exports ended the week with 612 TMT of exports, down from last week's 621 TMT, which was an decrease of 1.46% or 9 TMT lower. Thailand's exports were 95 TMT this week, down 1.04% from the total last week of 96 TMT. Indian exports were up this week at 287 TMT, for a 1.41% increase over last week's 283 TMT. Vietnam shipped 80 TMT this week, down 1.23% over last week's 81 TMT. Pakistan exports were up this week at 105 TMT from 102 TMT last week or a 2.94% increase. The U.S. shipped 45 TMT, for a 23.78% decrease over last week's 59 TMT. Cumulative exports for this year are up 9.16% over the same period last year.

WEEKLY EXPORT MOVEMENTS (TMT)

ORIGIN	PERIOD	PRIOR WEEK	THIS WEEK	% CHG	CUMULATIVE 2018	2019	2020	2021	Yearly CHG	CY 2018 Full Yr	CY 2019 Full Yr	CY 2020 Full Yr Est
Thai	16-Feb	96	95	-1.04%	1,445	1,300	787	763	-3.04%	11,059	7,562	5,669
India	16-Feb	283	287	1.41%	1,571	1,542	1,550	1,990	28.38%	11,609	9,811	14,601
Viet	16-Feb	81	80	-1.23%	616	622	793	586	-26.14%	6,988	7,327	6,575
Pak	16-Feb	102	105	2.94%	556	652	580	750	29.28%	3,258	3,984	4,064
Subtotal		562	567	0.89%	4,187	4,115	3,711	4,089	10.20%	33,557	28,915	30,130
U.S.	17-Feb	59	45	-23.78%	413	324	378	374	-0.99%	3,160	3,113	2,840
Total		**621**	**612**	**-1.46%**	**4,600**	**4,439**	**4,088**	**4,463**	**9.16%**	**36,909**	**32,038**	**32,970**

EXPORT DEVELOPMENT UPDATES

Cambodia: Agriculture Minister Veng Sakhon said recently on his Facebook page that it is necessary to update both the classification and the eco-agricultural map of the rice-growing areas in Cambodia as a basis for building an orientation plan on the implementation of policies and development for rice production.

China: Planting of the 2021 main winter wheat, which accounts for more than 90% of the annual wheat production, was completed in Oct and the harvest is expected to start in May. The area planted is estimated at 22.8 MMT, close to the previous year's average level.

India: Recent shifts to greater food production in the dry season to avoid unreliable rainfall in the wet season may further increase dependency on ground- and surface-water for agricultural irrigation.

Pakistan: High Commission of South Africa and the Lahore Chamber of Commerce & Industry (LCCI) would make joint efforts to build meaningful partnership between private sectors of the two countries and to cement mutual trade and economic ties.

Thailand: The Bank for Agriculture and Agricultural Cooperatives (BAAC) has paid the insurance claims of farmers participating in the Rice Insurance Scheme 2020, totaling 370-mil baht. The initiative aims to ease damage and mitigate production risks for over 32,000 farmers, covering 310,000 rai of farmland.

Vietnam: The nation's rice export price in January stood at US$551.7 PMT, representing a year-on-year rise of 15.4%, according to the General Department of Vietnam Customs.

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