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Weekly Rice Price Update

Report Categories:

Grain and Feed

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Report Highlights:

TH9127 Domestic and export prices of white rice further declined by 1-2 percent as the Government continued to release intervention stocks, including 463,128 tons of 5% grade white rice and the retender of 100,107 tons of fragrant rice.

Market Tone

Table 1: Export Prices (FOB) for various grades of Thai rice (USD/MT), Week ending Aug. 24, 2009

| Quality | Exporter Observations | | | | | | | Period Average | |
|------------|-----------------------|----|-----|----|-----|-----|-----|----------------|------|
| | #1 | #2 | #3 | #4 | #5 | #6 | #7 | CUR. | PRV. |
| F WR 100 B | 970 | - | 990 | - | 990 | 920 | - | 968 | 973 |
| WR 100 B | 540 | - | 540 | - | 540 | 545 | 540 | 541 | 549 |
| PB 5% | 570 | - | 585 | - | 590 | 590 | 560 | 579 | 570 |
| WR 5% | 515 | - | 530 | - | 515 | 520 | 530 | 522 | 529 |
| WR 10% | 505 | - | - | - | 505 | 510 | - | 507 | 512 |
| WR 15% | 470 | - | - | - | - | 490 | - | 480 | 488 |
| WR 25% | 425 | - | - | - | - | 435 | - | 430 | 433 |
| WR 35% | - | - | - | - | - | - | - | - | - |
| A1 SUP | 295 | - | 320 | - | 310 | 315 | - | 310 | 306 |
| A1 SPEC | - | - | - | - | - | - | - | - | - |

Exchange rate: 33.8 baht/US \$

Source: Average actual prices received from exporters

Domestic and export prices for white rice further declined by 1-2 percent in anticipation of the Government's August 26 release of 5% grade white rice stocks of 463,128 tons. All are MY2007/08 second-crop intervention stock. These stocks will be tendered based on a basis-bidding approach in the Agricultural Future Exchange of Thailand (AFET) for October – December delivery. The winners will be those who offer the highest premium or lowest discount from the future prices on the delivery dates. Also, the tender will include 100,107 tons of fragrant rice (MY2008/09 main-crop intervention stock) which is the ending balance from the August 6 tender of 300,000 tons. The release is expected to ease current tight supplies facing domestic rice packers. Meanwhile, current export demand for white rice remains quiet as foreign buyers are sourcing Vietnamese rice which is over \$100/MT cheaper. Thai rice exports are presently dominated by parboiled rice and broken rice, accounting for 45 percent and 10 percent of total white rice exports, up significantly from 32 percent and 5 percent, respectively in the previous year.

The National Rice Policy Committee is expected to finalize parameters for the new rice price insurance scheme in the next two weeks with a budget of 25 billion baht (\$735 million). The insured prices will be based on a profit margin of 40 percent. According to the proposed parameters, insured prices for white rice paddy will be 10,000 baht/ton (\$296/MT) with eligible tonnage of 20 tons/farmer. Insured prices for fragrant rice paddy will be 15,300 baht/ton (\$453/MT) with eligible tonnage of 16 tons/farmer. Meanwhile, insured prices for provincial fragrant rice paddy and glutinous rice paddy will be 13,300 baht/ton (\$393/MT) and 9,500 baht/ton (\$281/MT), respectively, with eligible tonnage of 16 tons/farmer.

Rice Export Update

Unofficial exports (excluding fragrant rice) for Aug. 17-23, 2009 totaled 126,240 tons, up 13,973 ton from the previous week, and up 9,958 tons from the four-week moving average of 116,282 tons. Exports of white rice during Jan. 1 – Aug. 23 totaled 3,825,977 tons, as compared with 5,692,881 tons in the previous year.

According to the Department of Foreign Trade, Ministry of Commerce, total rice exports (including fragrant rice) during Jan. 1- Aug. 21, 2009, amounted to 5,560,886 tons, down 24.3 percent from

7,341,036 tons in the previous year.

Table 2: Weekly rice exports (excluding fragrant rice)

| WEEK ENDING | QUANTITY | 4 WK AVG | YEAR TO DATE | YEAR AGO | YEAR TO DATE AS % OF LAST YEAR |
|-------------|----------|----------|--------------|----------|--------------------------------|
| | (MT) | (MT) | (TMT) | (TMT) | (%) |
| Jun 8 | 134,312 | 144,811 | 2,500 | 3,944 | -36.6 |
| Jun 14 | 149,198 | 147,441 | 2,649 | 4,120 | -35.7 |
| Jun 21 | 118,359 | 133,481 | 2,767 | 4,291 | -35.5 |
| Jun 28 | 154,497 | 139,841 | 2,925 | 4,488 | -34.8 |
| Jul 5 | 120,707 | 136,440 | 3,045 | 4,657 | -34.6 |
| Jul 12 | 87,365 | 120,982 | 3,133 | 4,831 | -35.2 |
| Jul 19 | 129,035 | 123,651 | 3,262 | 5,009 | -34.9 |
| Jul 26 | 99,059 | 109,042 | 3,361 | 5,198 | -35.3 |
| Aug 2 | 111,845 | 106,826 | 3,473 | 5,300 | -34.5 |
| Aug 9 | 114,776 | 113,679 | 3,587 | 5,421 | -33.8 |
| Aug 16 | 112,267 | 109,487 | 3,700 | 5,547 | -33.3 |
| Aug 23 | 126,240 | 116,282 | 3,826 | 5,693 | -32.8 |

Note on data: Export figures since March 22, 2002, do not include fragrant rice. The authority to report fragrant rice exports was moved from the Thai Board of Trade to the Ministry of Commerce's Office of Commodity Standards, which does not release official fragrant rice export data. FAS/BKK will report only official export numbers from the Board of Trade for non-fragrant and from the Office of Commodity Standards for fragrant rice when available, but the reader should bear in mind the difference between the data.

Source: Board of Trade of Thailand

Table 3: Weekly private registered rice export sales

| Movement (MT) | Aug. 3-7 | Aug. 10-14 | Aug. 17-21 |
|--------------------|-----------|------------|------------|
| Weekly sales | 97,419 | 119,318 | 156,153 |
| 4 week sum | 410,493 | 421,250 | 479,242 |
| 4 week mov. avg. | 102,623 | 105,313 | 119,811 |
| Total weekly sales | 3,983,693 | 4,103,011 | 4,259,164 |

End of Report.