Global Situation and Outlook on Demand and Supply of Rice

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I wrote this in November 2015 for my blog and Rice Today

“If the 2016 wet-season crop turns out to be normal in the major rice-growing countries, then the pressure on rice prices will be significantly relieved, and the market will likely remain fairly stable through early 2017.

However, if the season is rocked by some major weather events such as drought, cyclone or typhoon, and flooding in a few major countries, the mettle of the market will definitely be tested.”
Thai 25% Broken Rice Price
(January 2001- September 2016)

Data Source: FAO Rice Market Monitor & World Bank
Top 5 Exporters Rice Stocks vs Stock-to-Use Ratio*

Data source: PSD Online Database, USDA (Accessed on October 3, 2016)

*India, Thailand, Vietnam, Pakistan and the United States
Global Paddy Production Projected to Recover in 2016

000 Tons (paddy equivalent)

718 mmt paddy
Global Rice Consumption

60 million tons increase in the past 10 years

Data Source: USDA, 2016
Rice Crop in Odisha, India (October 17, 2016)

Kharif production estimate: 94-96 million tons
Record Production Expected in India

Source: PSD, USDA, Accessed on October 18, 2016
Indian Rice Exports

Million Tons

- Basmati
- Non-basmati
- Column1
- Column2

Source: APEDA
Thai and Vietnam Rice Exports

Source: PSD, USDA, accessed on October 21, 2016
Thai Rice Inventory

Source: PSD, USDA, accessed on October 19,
Cambodian Rice Exports

000 Tons

2013 2014 2015

Total

Fragrant
Fragrant Jasmine Rice Exports

000 Tons


Thailand Vietnam Cambodia

Data Source; The Rice Trader
U.S. Jasmine Rice Imports

Data Source: ERS, USDA
EU Rice Imports

Metric Tons

Africa Rice Imports by Origin

Million Tons

2012 2013 2014 EST

Pakistan 1.42 1.71 1.31
Vietnam 1.70 1.83 0.87
India 5.32 4.76 3.20
Thailand 3.52 3.73 6.55

Data Source: Manish Behl, Bonte
Africa: Rising Market for Fragrant Rice

000 Tons

- 2011
- 2012
- 2013
- 2014
- 2015
- 2016 Jan-Mar
- 2016 Trend

Viet-Fr  Thai-Fr

IRRI
SSA Per Capita Rice Consumption

Kilograms


IRRI
Urbanization in SSA

Data Source: UNDESA (2016)
SSA Rice Production and Consumption
Chinese Rice Imports

Million Tons

2012/13
2013/14
2014/15

Viet
Thai
Others

Data Source: USDA Gains Reports
Chinese Rice Inventory

- 10/11: 40,000 Tons
- 11/12: 45,000 Tons
- 12/13: 50,000 Tons
- 13/14: 55,000 Tons
- 14/15: 60,000 Tons
- 15/16: 65,000 Tons
Chinese Fragrant Rice Imports

Tons

Viet Frag  Thai Frag  Camb Frag

2011  2013  2014  2015

Data Source: Subra, Rice Trader
Rice Inventory in Indonesia and the Philippines

Data Source: PSD, USDA (accessed on October 19, 2016)
What Cambodia has

• Ample land and water to expand rice production
  – Rice area can be increased by 50% or even more.
• Strategic location
• One of the lowest cost rice producers
• Lower fertilizer and pesticide application; almost considered organic rice.
• Good reputation in the international market
Cost of Production Comparison

US$/mt

<table>
<thead>
<tr>
<th>Country</th>
<th>Importers</th>
<th>Exporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>277</td>
<td></td>
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<tr>
<td>Philippines</td>
<td>233</td>
<td>188</td>
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<tr>
<td>China</td>
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<td>Vietnam</td>
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<tr>
<td>India</td>
<td>188</td>
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<tr>
<td>Thailand</td>
<td>212</td>
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</tbody>
</table>
What Cambodia Needs to Do

• Remove production constraints (Yield stagnation, irrigation infrastructure, milling, storage, market linkages, R&D investment, etc.)
  – Focus on reducing production risk of farmers

• Target high quality rice exports (5 & 10% broken and jasmine); 60-70% of the total rice exports.
  • Jasmine rice market is expected to grow from 3 to 6 million tons in the next decade
  – Enter Africa market (both fragrant and non-fragrant)
    • Africa (Ghana, Ivory Coast, Tanzania, Mozambique, Kenya and other West African countries)
  – Future Growth markets: China, United States, Europe and Canada
  • Continue to strengthen market share in China and Europe.
Market Outlook

• 2016 main season rice crop in good condition.
  – Normal monsoon in majority of Asia’s rice growing regions
• Thailand continues to offload its old stockpiles (2.8 million tons during Jan-June, 2016)
• Rice prices are likely to remain under pressure as we approach harvesting months (Nov-Jan)
• Major uncertainty now: late season flood
• Major uncertainty for 2017: Low carryover stock
The Path to Prosperity Starts with Rice

Photo: CSISA