



WEEKLY RICE MARKET SUMMARY

08 Jun

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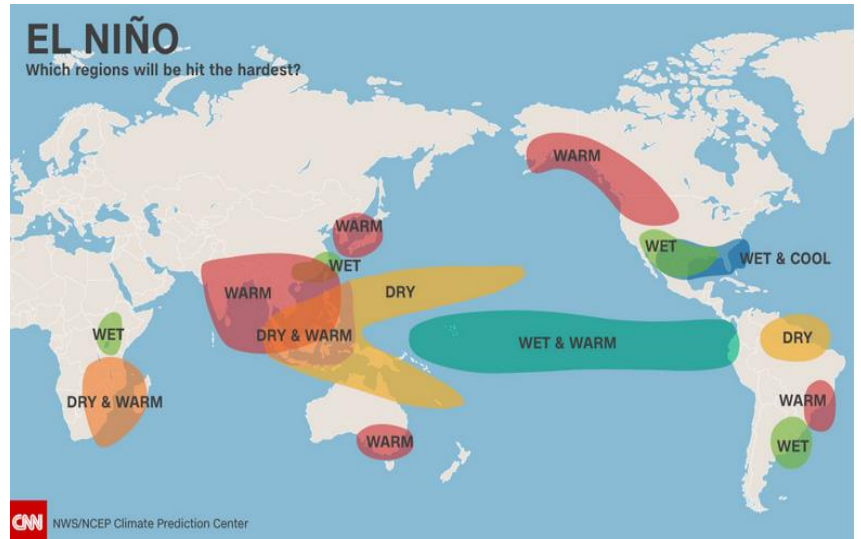
INSIDE

EL NINO CONCERNS REMAIN, PRICES STAY FIRM AS MARKETS FOCUS ON ARRIVALS AHEAD, WHILE INDONESIA PROVIDES NEAR TERM DEMAND, WHILE BROADER DEMAND SOFTER

Buying interest for new contracts seen softening, though Indonesian demand remains firm, as more buyers look ahead to next crop and expected performances

From SSRicenews.com
Weekly Summary

- India and Pakistan crops ahead and availability seen key to supply side of rice markets.
- Pakistan secures \$3 billion IMF Loan
- Viet markets focus on Indonesia and Philippines in what trade sees as oversold markets that have supported current summer-autumn crop arrivals, while short sellers feel the heat.
- Thai markets show millers drive for higher prices, as lack of arrivals expected to remain in place up to late Jul when next season shows.
- Focus ahead looks for recovery in Pak crop (from flood impacted 2022/23 season), Indian supplies and election influence on policies, while El Nino stard down Asian markets, as current quiet amongst buyers show strong potential influence from politics/policy and weather (El Nino).



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WEEKLY MARKET SUMMARY:

WEEK OF 23 Jun - 30 Jun 2023

EL NINO CONCERNS REMAIN (WEATHER IMPROVES), PRICES STAY FIRM AS MARKETS FOCUS ON ARRIVALS AHEAD, WHILE INDONESIA PROVIDES NEAR TERM DEMAND, WHILE BROADER DEMAND SOFTER

- By SSricenews.com

SSRICENEWS.COM ASIAN PRICES SUMMARY															Ver. 02 - 30 Jun 2023		
THAILAND			VIETNAM			CAMBODIA			MYANMAR			INDIA			PAKISTAN		
	30-Jun	23-Jun		30-Jun	23-Jun		30-Jun	23-Jun		30-Jun	23-Jun		30-Jun	23-Jun		30-Jun	23-Jun
5%	\$515	\$505	5% d.p.	\$510	\$505	5%	\$640	\$640	5%	\$570	\$570	5%	\$470	\$465	5%	\$495	\$500
15%	\$505	\$495	15%	\$505	\$495				25%	\$540	\$540	15%	\$465	\$460	15%	\$480	\$490
25%	\$485	\$480	25%	\$490	\$485							25%	\$450	\$440	25%	\$470	\$475
A1S	\$438	\$435	Brokens	NQ	NQ				B1/2 Sortex	\$460	\$460	Brokens	NQ	NQ	A1S	\$465	\$465
FA1S	\$455	\$455	Fr. Brokens	\$460	\$460												
Hom Mali	\$830	\$830	ST 24	\$680	\$670	Jasmine (Sen											
Pathum	\$620	\$617	DT8	\$540	\$535	Kra Ob)	\$810	\$810									
			Jas. 5%	\$585	\$590								P 5%	\$405	\$405		
Glut 10%	\$670	\$670	Glut 10%	\$520	\$530								P Basmati 2%	\$1,140	\$1,150		
P 100% S	\$505	\$505											P Basmati PB 2%	\$1,100	\$1,110	P 100% S	\$535
			Japonica 5%	\$635	\$640												
			5451	\$530	\$525												
			Nang Hoa	\$595	\$595												
			KDMI	\$620	\$620												

FOB prices for Jul 2023 shipment (in 50 kg pp bags)

The week's highlights show a continued undercurrent of Indonesian demand lead the influence in a weakening global demand, as more buyers look towards the next set of crop arrivals, while the current active arrivals show mostly in Vietnam, where oversold exports seem to be providing ample support to the Viet market with short sellers in Vietnam feeling more heat from firm markets, especially in white rice exports. The market fulcrum remains around India, which, despite recent price rises, remains the most affordably priced offering, but as this lowest price has been rising with each reduction in public distribution rice, and as India's government also looks set to buy-up the upcoming crop. Key political highlights remain to be seen in India and Indonesia's elections in 2024, while we are still waiting for clarity from Thailand on leadership decisions connected with May 2023 elections, with most suggesting a Sep conclusion. Prices remain steady to firm as markets look generally weaker in supply and demand which looks to support "oversold" suggestions for Thai and Viet exports, while India, Pakistan and Myanmar markets look set to be determined by future supply conditions after key crop arrivals ahead. El Nino remains an undercurrent for fear and supply concerns, especially if we look at the pace of interest from the global press. Lastly, Pakistan's securing an IMF loan for \$3 billion provides much needed assistance to Pakistan's embattled economy, even if the deal comes with several conditions including a raised interest rate.





Markets were relatively quiet, as the focus has shifted from several trade buyers to **upcoming harvests and crops**, especially with Pakistan hopes for a “normal” crop (to us, this represents 7-9 MMT with the upper range represented by hybrid rice seeds propagation across the country, and some concerns that IRR16 may become an endangered variety ahead), we also have the monsoon, across South Asia and off to a slow start as the data (presented below) shows rainfall below historic levels and as planting is below past year comparisons), while we also have Myanmar seeking a monsoon to support the next main monsoon crop for Q4 supplies and sales. Thailand is also joining this club now, with the recent lack of arrivals as most see the arrivals to only pick up in late July and into Aug before the focus shifts to the main crop in Q4 2023. **Vietnam is the active market showing summer-autumn harvests meeting a steady flow of demand**, with current highlights from Indonesia and Philippines, while we have a steady Malaysia, West Africa but weaker Chinese demand in recent weeks as the demand support, and with exports already showing 4 MMT from Vietnam, this looks supportive of prices as the price weakness many expected from arrivals never really materialized. **El Nino remains a daily focus** in the press, while Russia-Ukraine relations now seem to indicate more efforts in the Black sea markets to make Ukrainian supplies available through alternative channels as the current deal to allow shipments looks threatened by the latest round of developments that show a Wagner group mutiny, and as the **geo-political risk elements look volatile** at best.

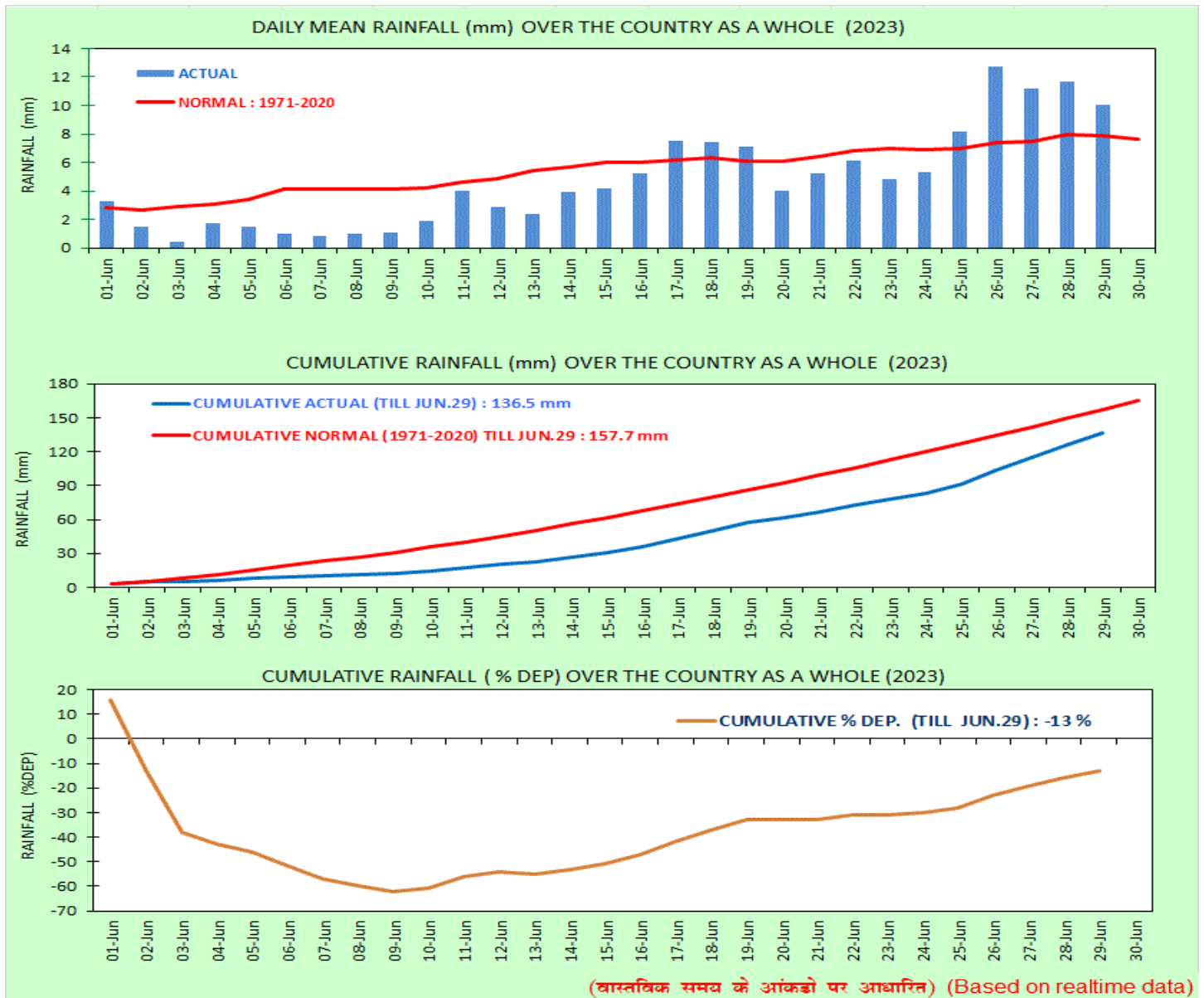
Prices mixed with higher Indian, softer Pak and generally firm Thai and Viet offers. Prices which we feature on the table above show a mixed week, but the key remains Indian prices, which edge higher, and with higher Indian prices, the cheapest segments in markets are more expensive. Thai and Indonesian prices look supported by Indonesian demand as a newsworthy element, even if Thailand has a regular Iraq and Japan demand, and is tightened by a more recent lack of supplies, while Vietnam has seen Chinese demand weaker (hence lower glutinous rice prices), while Philippines and Malaysian demand join Indonesia, as the Viet price story shows a firm white rice market and a fragrant or specialty market that shows more arrivals to counterbalance demand. Myanmar was steady and really a market awaiting the monsoon crop and rainfalls as a key determinant. Pak prices look softer as some sellers seeking to liquidate, but demand looks weak, and the focus ahead is on the next crop, and a recovery from the flood hit Pak market as more competitiveness is expected, but as suggested in the first line, the rising Indian price offers support to global markets by raising the price of the cheapest option in global markets. Buyers are essentially facing a rising price for the basket of offerings from Asia.

India grows increasingly concerned with rainfall and the monsoon. We have said a lot about India’s broken rice export allowances that seem to support exports to Senegal, Gambia and Indonesia, but as an undercurrent, there is a worry line developing when we look at the Indian monsoon’s weak start which essentially lends to a weaker planting, as kharif concerns are already showing along with El Nino worries, but as rains improved considerably this week to reduce the rainfall deficit to 13% below the long-term average. Now add more recent reports of India’s lack of foreign exchange earnings (though India’s basmati rice trade to Iran seem to bear the brunt of this), we can see some pressure points emerge. The general expectation is for an aggressive government procurement which is expected to limit supply and support prices ahead, but with forex, food





security (and the rise of food inflation as a subject along with supply side), the policy decisions ahead from India will shape Indian offerings and how global exports. If we look at the Indian press, we also have invoicing concerns being raised (over the month we have heard of white rice invoiced as parboiled etc., but nothing we could verify), and the weak monsoon is probably best depicted by the chart below.



Pak gains \$3 billion IMF loan. Pak markets were soft as some willing seller sought to liquidate stocks, but the news this week highlighted a deal with the IMF which saw Pakistan attain a \$3 billion dollar loan to help take Pakistan from the brink of collapse in what the global press described as the worst economic situation faced by Pakistan since its independence. Rice markets remain soft and lack demand interest, and shows some sellers





seeking to liquidate stocks, in a market that is otherwise awaiting the next crop. Details of the news and some of the complexities surrounding the loan can be found at <https://www.reuters.com/world/asia-pacific/pakistan-imf-reach-3-bln-staff-level-agreement-2023-06-30/> as notably, the terms include a rising interest rate, is subject to further discussion after elections, and is seen recognizing the challenging circumstances faced by Pakistan.

Viet markets firm for white rice, while fragrant and other varieties show mixed trends. Viet markets show a strong Indonesian interest which is the relatively new element compared to recent years and this adds to Philippines, Malaysia and a steady but weaker West African demand as active ingredients this week. The summer arrivals have seemingly influences DT8, 5451, ST24, Japonica and Glutinous rice to show a wider offering in prices (\$10-15 PMT above and below indications above which tend to be averages), while white rice (IR 50404) is where the Indonesian influence shows clearest with firm prices. Once again, we hear of short sellers in the market facing challenges as the arrivals never really met any significant price dips, as demand has been steady and when we consider that Vietnam has exported 4.1 MMT up to late June 2023 compared to 3.2 MMT for the same period in 2022, there is validity in some talk of a oversold market thirsty for arrivals that are underway. Viet imports of rice are also estimated higher as we hear of 418 TMT of imports from India in 2023 compared to 400 TMT for the same period in 2022, and this adds to a rising import from Cambodia as well, which is more challenging to quantify, but seems natural considering the strong export sales.

Thai markets show miller squeeze as arrivals dry up. Thai exports have been somewhat of a success and when we take a look at the details Jan-May 2023 exports stand at 3.47 MMT and show key demand showing from Iraq (593 TMT), U.S. (298 TMT and a strong fragrant rice component), Indonesia (465 TMT and no surprise as a demand factor), South Africa (364 TMT and a parboiled rice demand leader), China (160 TMT), Japan (167 TMT), Senegal (144 TMT), Cameroon (118 TMT), and Bangladesh (115 TMT) as the main markets to have shipped 100 TMT or more for Jan-May, and while Bangladesh demand looks complete and representative of a 2022 sale, much of the rest represent active demand elements with Iraq, Indonesia, and South African demand as stand out demand features. For now, markets show millers drive for higher prices, as lack of arrivals expected to remain in place up to late Jul when next season shows. Thailand has performed well and look well-placed to beat 2022 export volumes, while India's rising prices are seen supporting Thai sales, though the big difference between 2022 and 2023 comes from the Indonesian demand element within.

Demand has slowed, as the emphasis shifts to arrivals across Asia and an undercurrent of El Nino. Demand shows mostly an Indonesian and Philippines highlight of late, while most of the major buyers look slower and as most trade buyers are also looking at the arrivals ahead. This is where the volatility ahead lies, with El Nino as a risk, though this week's rainfall in India showed a strong catch-up, while rainfall across most of the rest of Asia has been steady, but suggested to be below levels seen last year, hence a risk reveals itself from the recent floods, droughts and heatwaves reported regularly over the last two months. The latest shifts in the Ukraine war, with the Wagner group shifts and talks of uncertainty in Russia could also roll the dice on markets and add risk and unpredictability of supply, while markets looking buoyed by rising prices in India, and in politics, we have Thai leadership and elections in India and Indonesia as important elements.





The Weather – highlights from the USDA.

International Weather and Crop Summary

June 18-24, 2023

International Weather and Crop Highlights and Summaries provided by USDA/WAOB

HIGHLIGHTS

EUROPE: Much-needed rain across northern Europe eased dryness concerns and improved prospects for spring grains and summer crops.

WESTERN FSU: Showers in western growing areas improved soil moisture for vegetative summer crops, while drier weather in southwestern Russia favored winter wheat drydown after recent wetness.

EASTERN FSU: Sorely-needed rain and much cooler temperatures eased drought and improved conditions for vegetative spring grains, while hot weather in the south accelerated cotton development.

MIDDLE EAST: Additional showers in Turkey benefited vegetative summer crops, though drier weather later in the period favored winter grain drydown and seasonal fieldwork.

SOUTH ASIA: The southwest monsoon advanced rapidly in India, producing widespread rainfall and encouraging kharif crop sowing.

EAST ASIA: Favorable moisture conditions in southern China contrasted with the need for more moisture in northeastern growing areas.

SOUTHEAST ASIA: Widespread monsoon showers continued but remained lighter than normal in parts of Indochina.

AUSTRALIA: Widespread showers maintained overall good early season winter crop prospects.

ARGENTINA: Seasonably cool weather, accompanied by scattered showers, benefited emerging winter grains.

BRAZIL: Corn and cotton harvesting advanced, while showers lingered over southern wheat areas.

MEXICO: Unseasonably hot, dry weather stressed summer crops nearly nationwide.

CANADIAN PRAIRIES: Scattered showers and more seasonable temperatures benefited emerging spring crops.

SOUTHEASTERN CANADA: Warm, showery weather maintained favorable prospects for crops and forage growth.

Looking at the highlights from this week’s USDAS report, and the global press, El Nino remains the risk, but from the summary, we can see that Europe received much needed rainfall, FSU and Baltic markets look to be enjoying good weather even if the war continues to offer several road bumps along the way, we also see rains in Middle East, Australia, Southeast Asia and South Asia offer positives when we look at the crop ahead, while rains in China seem to show negatives in the indica areas of Southern China, but positives for the next japonica crop from Northern areas for Chinese rice. The weather looks improved this week, but if we look at the news, El Nino and weather anomalies are a growing risk.

This week’s USDA weather report highlights are presented below, while the link for the full report is at <https://www.usda.gov/sites/default/files/documents/wwcb.pdf> for a weekly look at the weather elements around the world.

