

THE RICE TRADER

Rice Market Outlook

TRT Riec Americas 2013

24-25 April 2013, Corrientes,
Argentina



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The 7th TRT

RICE AMERICAS 2013

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GRUPO **KEPLERWEBER**

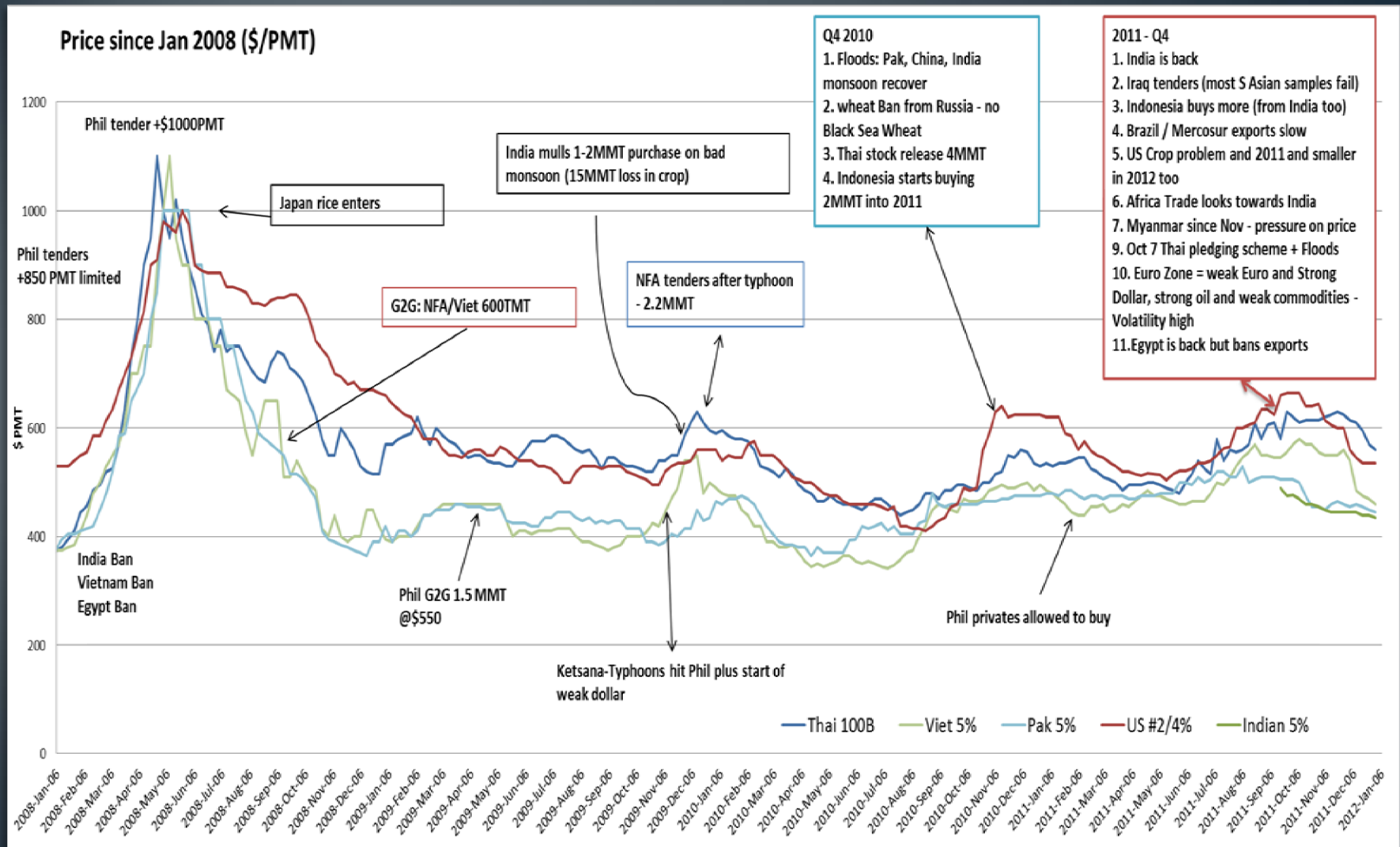


Semillero El Rocío

RUTADE ARROZ



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POST 2008 RICE MARKET

- Fresh policies in place for food security
- Rising rice production across several markets in Asia
- Thailand – India rice/food policy domination of market sentiment
- Production, consumption, and yield growth
- Outlook for markets – the key drivers

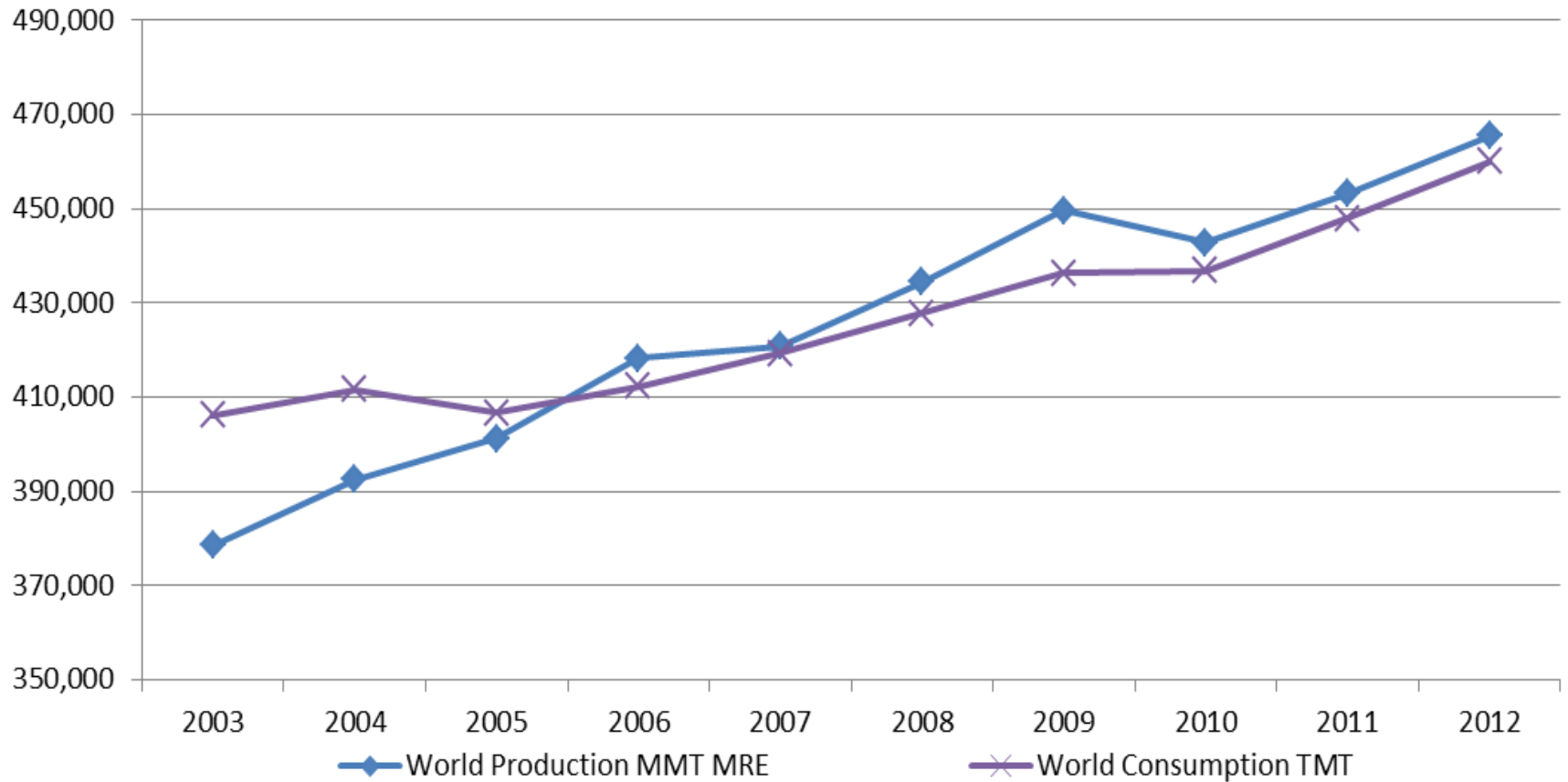
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Is rice a commodity?

- Of estimated 34-36 MMT of world trade:
 - 6 MMT parboiled rice (\$440-600 PMT)
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 - 3 MMT Hom Mali and Jasmine Rice (\$500-1170 PMT)
 - 2.5 MMT Japonica trades
 - 2 TMT white broken (WR) (\$330-50 PMT)
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 - 500 TMT glutinous rice (\$900 PMT)
 - And break the rest (14-16 MMT) into 100B, WR 5%, WR 10%, WR 15%, WR 25%, even WR 35% - Dominated by Africa
 - Example, Iraq buys 1.2 MMT WR 3%; Indonesia bought 3.1 MMT in 2010/11 of WR 5%, WR 10% and WR 15%; Cuba buys mostly WR 15%; Malaysia mostly WR 5%; while Saudi Arabia buys mostly basmati rice; Japan buys Japonica and 100B

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World Rice Production and Consumption (TMT)



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WORLD RICE IMPORTS BY REGION (TMT)

REGION	2008/09		2009/10		2010/11		2011/12		2012/13	2012/13
	USDA	TRT	USDA	TRT	USDA	TRT	USDA	TRT	USDA	TRT
	JAN	JAN	JAN	JAN	JAN	JAN	JAN	JAN	JAN	JAN
N. America	1,614	1,050	1,495	1,025	1,654	1,645	1,770	1,800	1,790	1,800
L. America /2	2,468	2,800	2,780	2,700	2,936	2,800	2,960	2,900	3,035	3,000
E.U.-27 3/	1,383	1,100	1,216	1,100	1,475	1,350	1,300	1,400	1,400	1,400
F.S.U. 4/	412	450	401	450	335	290	373	320	408	400
Middle East	5,349	4,400	5,808	4,400	5,974	5,910	6,200	6,100	6,440	6,000
Africa	8,355	8,500	8,553	8,500	10,089	8,845	11,805	12,000	10,310	10,000
Asia	6,939	10,000	8,513	10,000	10,767	9,800	9,760	10,000	9,185	9,000
Other/NA	510	1,425	552	2,010	491	2,000	478	2,000	442	2,000
World	27,030	29,725	29,318	30,185	33,721	32,640	34,646	36,520	33,010	33,600

* Revised: Highlighted & Bold

1/ Forecast.

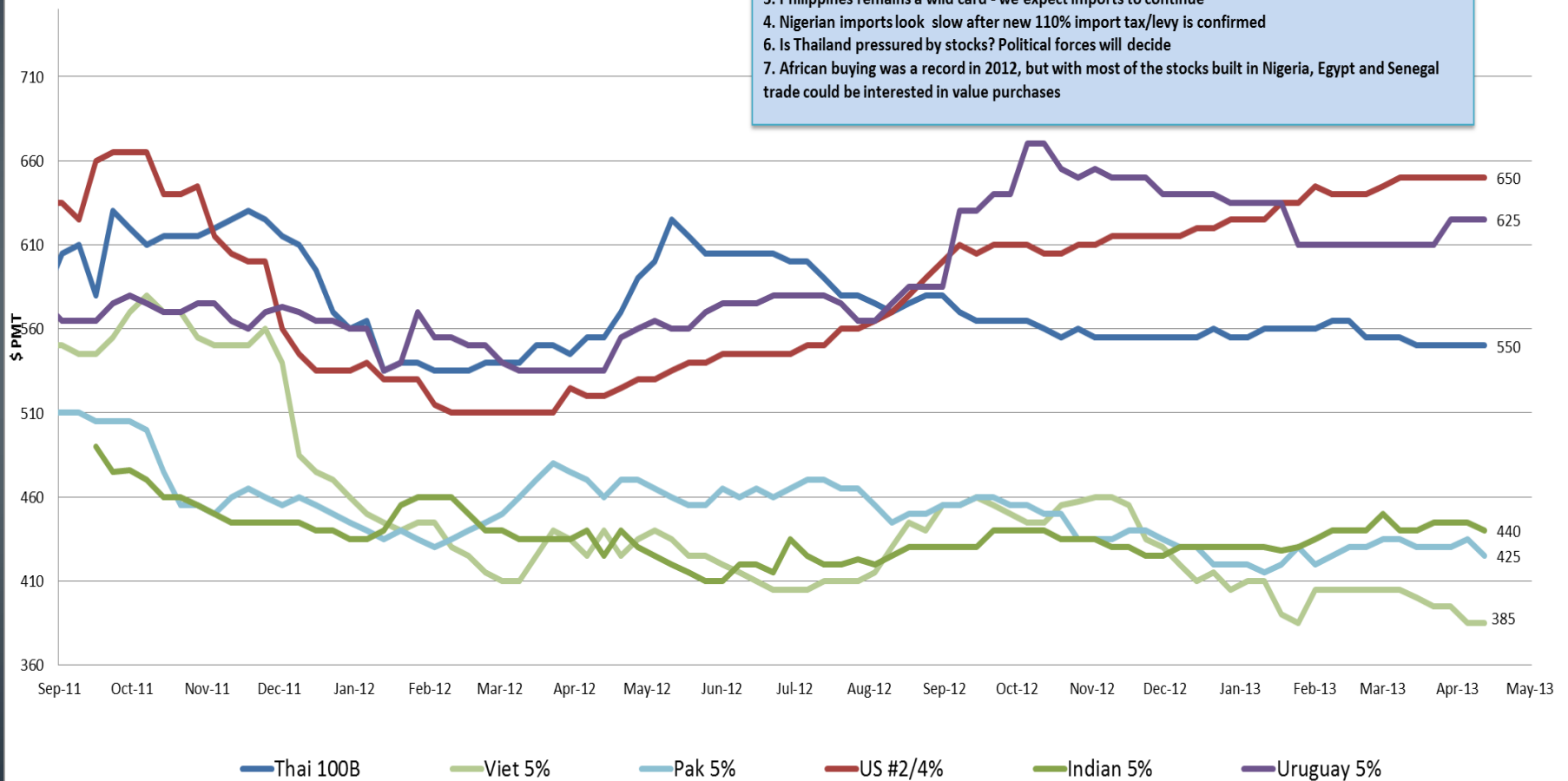
2/ Includes Mexico

3/ Excluding intra-E.U. trade.

4/ Former Soviet Union, excluding Estonia, Latvia, and Lithuania.

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Price since Sep 2011 (\$/PMT) - The India and Thailand show!



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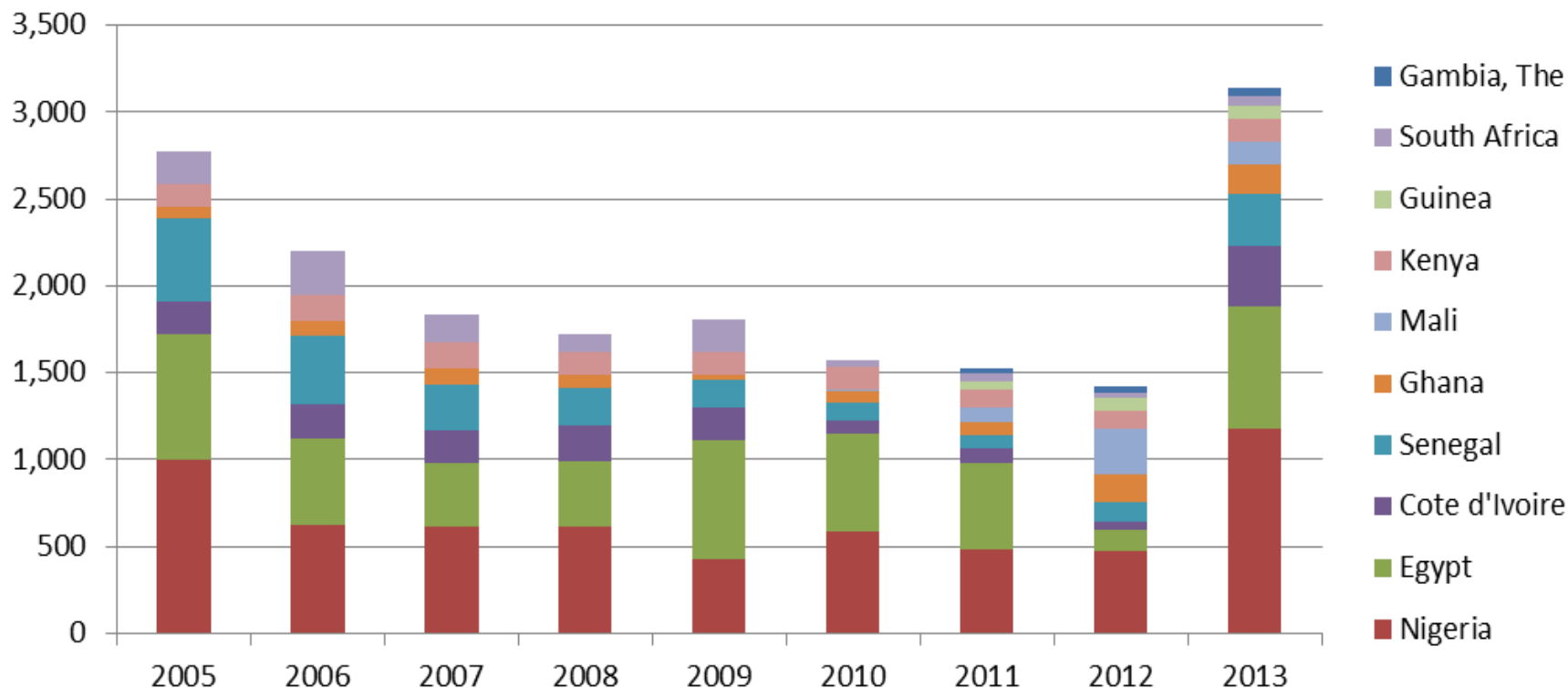
AFRICA: Est. Imports TMT

	2006	2007	2008	2009	2010	2011	Jan-Oct		Qty Chg	% Chg
							2011	2012		
Angola	212	192	207	299	291	243	185	209	24	13%
Benin	132	53	146	248	280	116	105	483	378	360%
Cameroon	275	133	240	322	325	363	238	461	223	94%
Cote d Ivoire	1,082	1,283	1,021	1,135	1,172	1,194	1,101	1,286	186	17%
Gambia	35	39	37	64	104	104	71	103	32	46%
Ghana	288	300	325	235	336	514	469	498	29	6%
Kenya	314	260	230	404	293	467	365	341	-24	-7%
Liberia	44	13	21	49	120	91	129	138	9	7%
Madagascar	90	180	208	68	110	91	89	115	26	30%
Mauritania	38	21	54	129	45	64	41	62	21	51%
Mozambique	394	359	273	302	306	384	302	328	26	9%
Nigeria	1,612	3,702	1,973	1,565	1,885	2,537	2,160	2,347	186	9%
Senegal	676	1,043	769	714	851	895	838	1,103	264	32%
Sierra Leone	131	57	103	115	87	73	66	102	36	54%
Somalia	141	128	95	145	152	237	173	142	-30	-18%
South Africa	955	864	753	1,002	740	886	701	815	114	16%
Togo	149	103	279	95	127	149	113	108	-4	-4%
TOTAL	6,567	8,730	6,734	6,889	7,225	8,280	7,146	8,641	1,496	21%

AFRICA Sales from key Origins

Origin	2013-Jan-Feb	2012	2011	% change	in MMT
India	0.55	5.35	1.34	299%	4.01
Thailand	0.49	3.52	4.7	-25%	-1.18
Vietnam	0.11	1.70	1.62	5%	0.08
Pakistan	0.35	1.42	1.66	-14%	-0.24
Total	1.52	12.00	9.32	29%	2.68

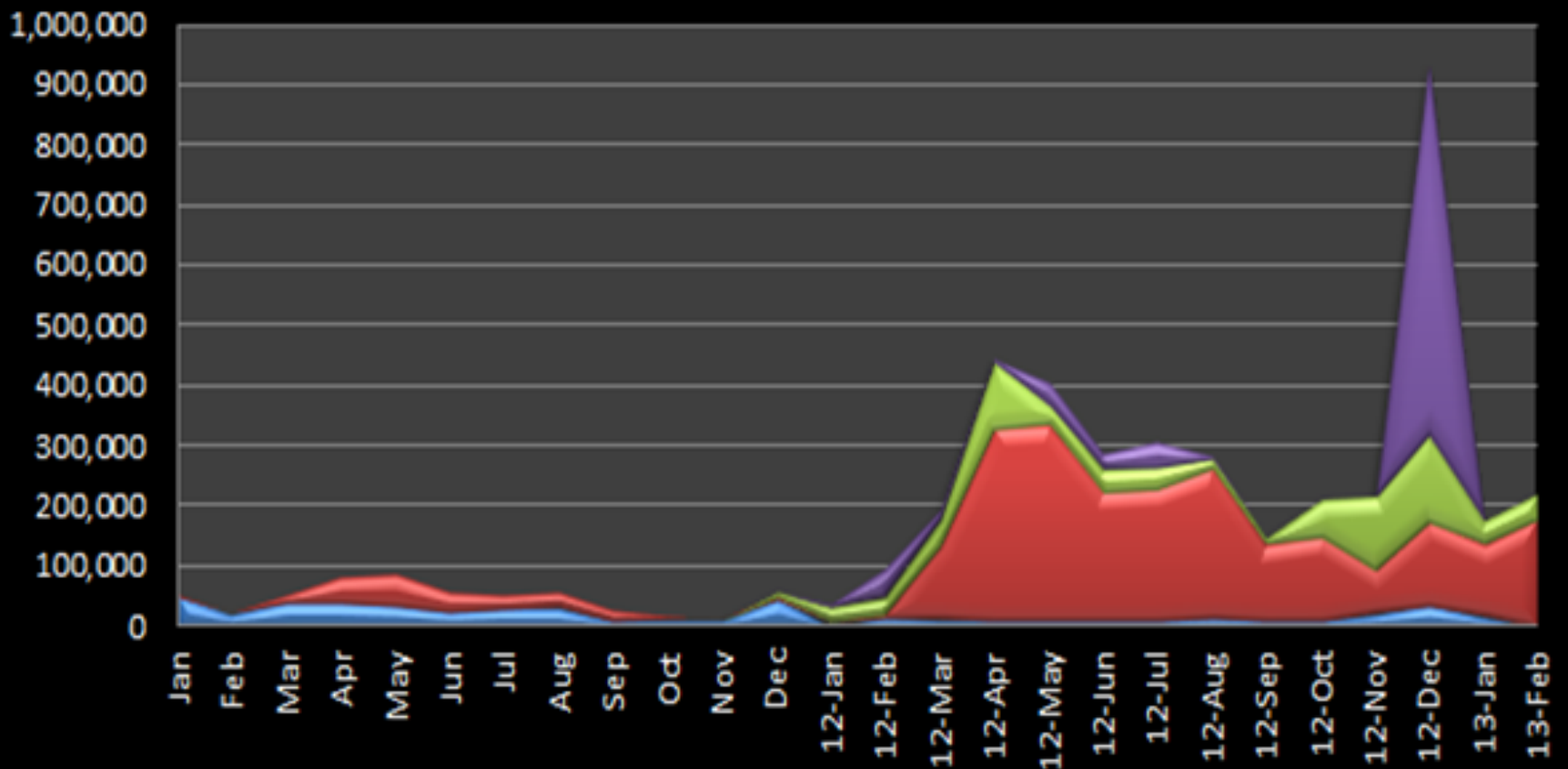
Beginning Stock at Key African Destinations since 2005 (TMT)



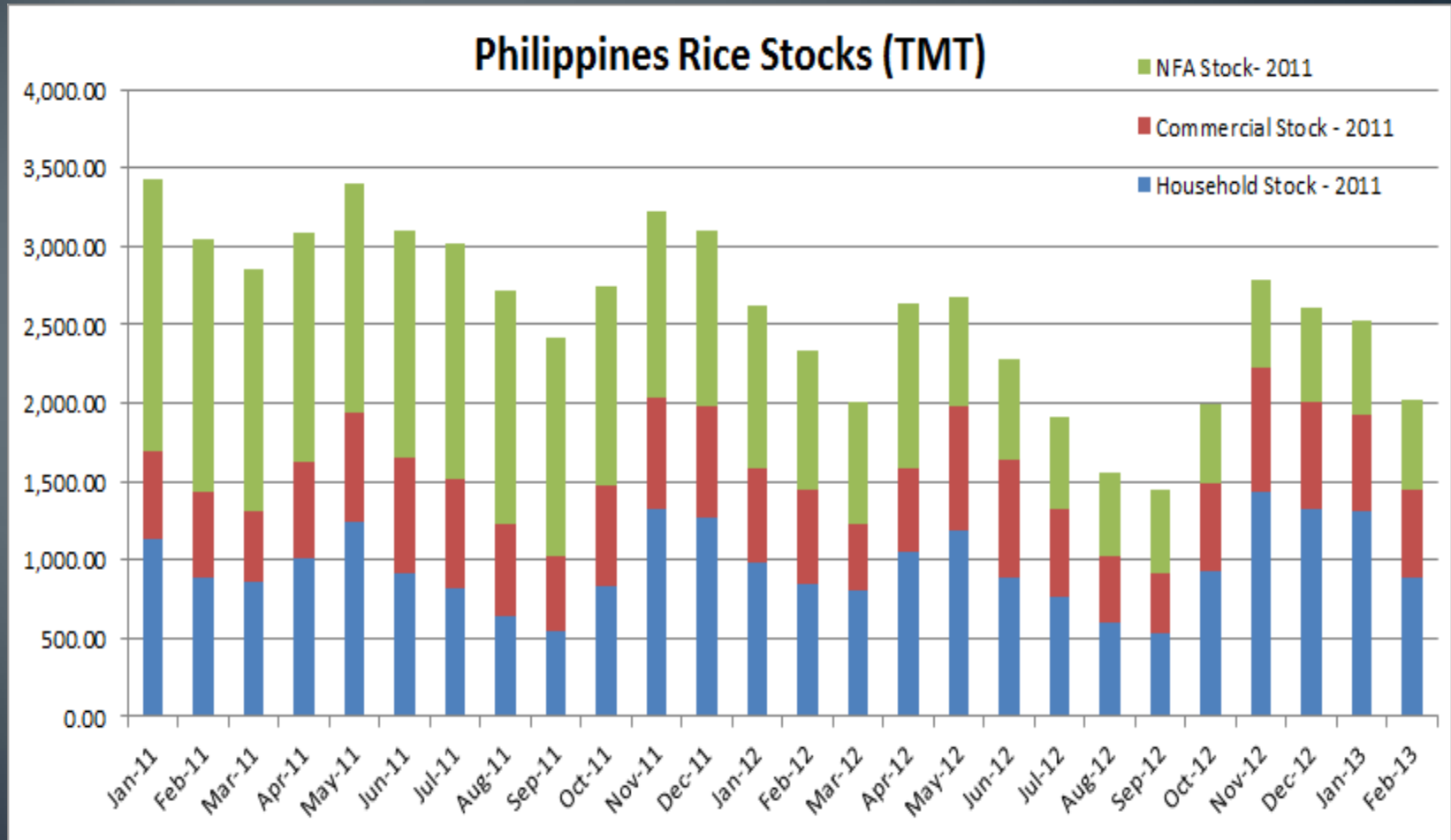
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China Imports since 2011 (MT)

■ Thailand ■ Vietnam ■ Pakistan ■ Myanmar

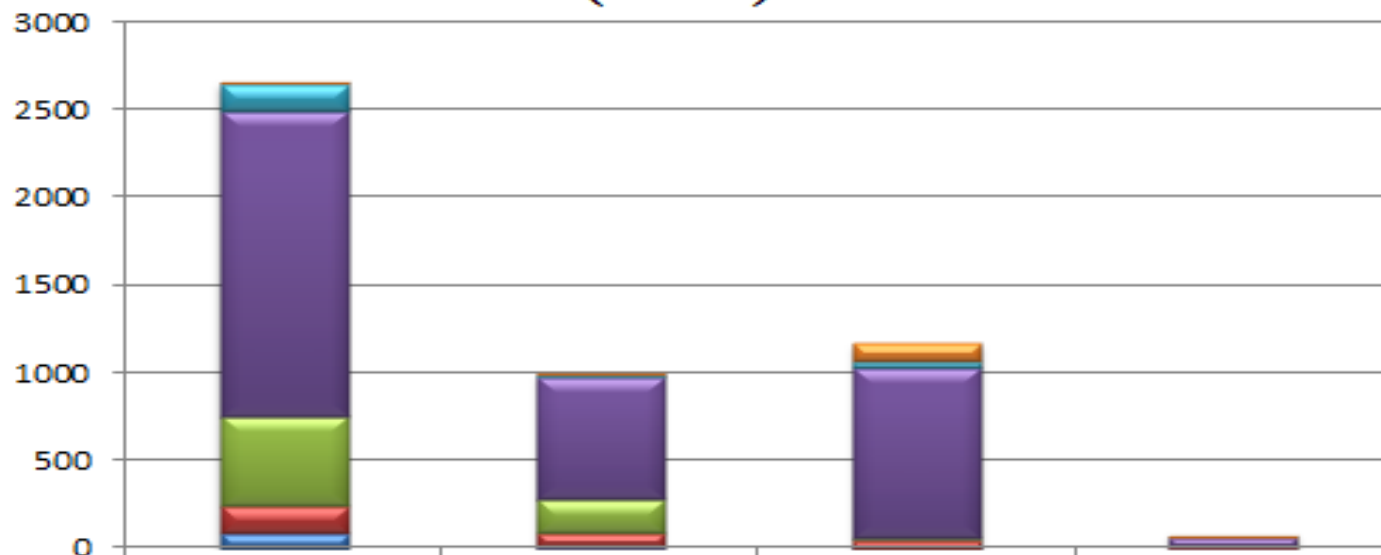


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Philippines Imports by Source and by Year (TMT)



	2010	2011	2012	2013*
India	2	3	102	11
Myanmar	151	13	35	0
Vietnam	1746	694	967	59
Thailand	511	186	19	0
Pakistan	151	84	43	4
United States	89	6	0	0

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WORLD RICE IMPORTS FOR SELECTED DESTINATIONS (TMT)

COUNTRY	2008/09		2009/10		2010/11		2011/12		2012/13	
	USDA	TRT	USDA	TRT	USDA	TRT	USDA	TRT	USDA	TRT
	JAN	JAN	JAN	JAN	JAN	JAN	JAN	JAN	JAN	JAN
Bangladesh	146	81	660	900	1,483	1,350	240	450	250	300
Brazil	650	669	778	875	591	500	660	650	750	700
F.S.U. 2/	412	365	401	365	335	450	373	400	408	400
China	337	1400	366	1600	575	1,200	1,900	2,800	1,500	2,200
Cuba	457	487	498	550	558	500	525	450	525	500
E.U.-27 3/	1,383	1106	1,216	1200	1,475	1,200	1,300	1,300	1,400	1,400
Indonesia	250	245	1,150	900	3,098	3,100	1,500	1,500	1,450	1,500
Iran	1,470	800	1,520	800	1,870	1,484	1,900	1,500	1,950	1,600
Iraq	1,089	1018	1,188	1100	1,036	1,000	1,200	1,200	1,300	1,200
Ivory Coast	800	1509	840	1050	935	1,190	1,000	1,300	950	900
Japan	750	714	649	700	697	725	700	700	700	700
Malaysia	1,086	980	907	960	1,076	1,100	1,085	1,100	1,050	1,100
Mexico	610	611	575	675	705	700	730	675	750	750
Nigeria	2,000	1668	2,000	1700	2,550	2,540	3,000	3,600	2,250	2,400
Philippines	2,000	2400	2,400	2700	1,200	1,300	1,500	1,500	1,500	1,500
S. Arabia	1,072	1161	1,069	1000	1,059	1,100	1,150	1,200	1,225	1,200
Senegal	715	884	685	650	805	900	950	1,100	820	800
South Africa	745	851	733	825	885	800	950	1,000	1,000	1,000
U.S.	682	610	562	750	621	725	700	750	700	750
Others	10,376	12166	11,121	10885	12,164	11,256	13,283	13,345	12,532	12,700
Subtotal	27,030	29725	29,318	30185	33,718	32,640	34,646	36,520	33,010	33,600

1/ Forecast.

2/ Former Soviet Union, excluding Estonia, Latvia, and Lithuania.

3/ Excluding intra-E.U.-trade.

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US Dollars (USD) to 1 Euro (EUR)



Indian Rupees (INR) to 1 US Dollar (USD)



www.exchange-rates.org

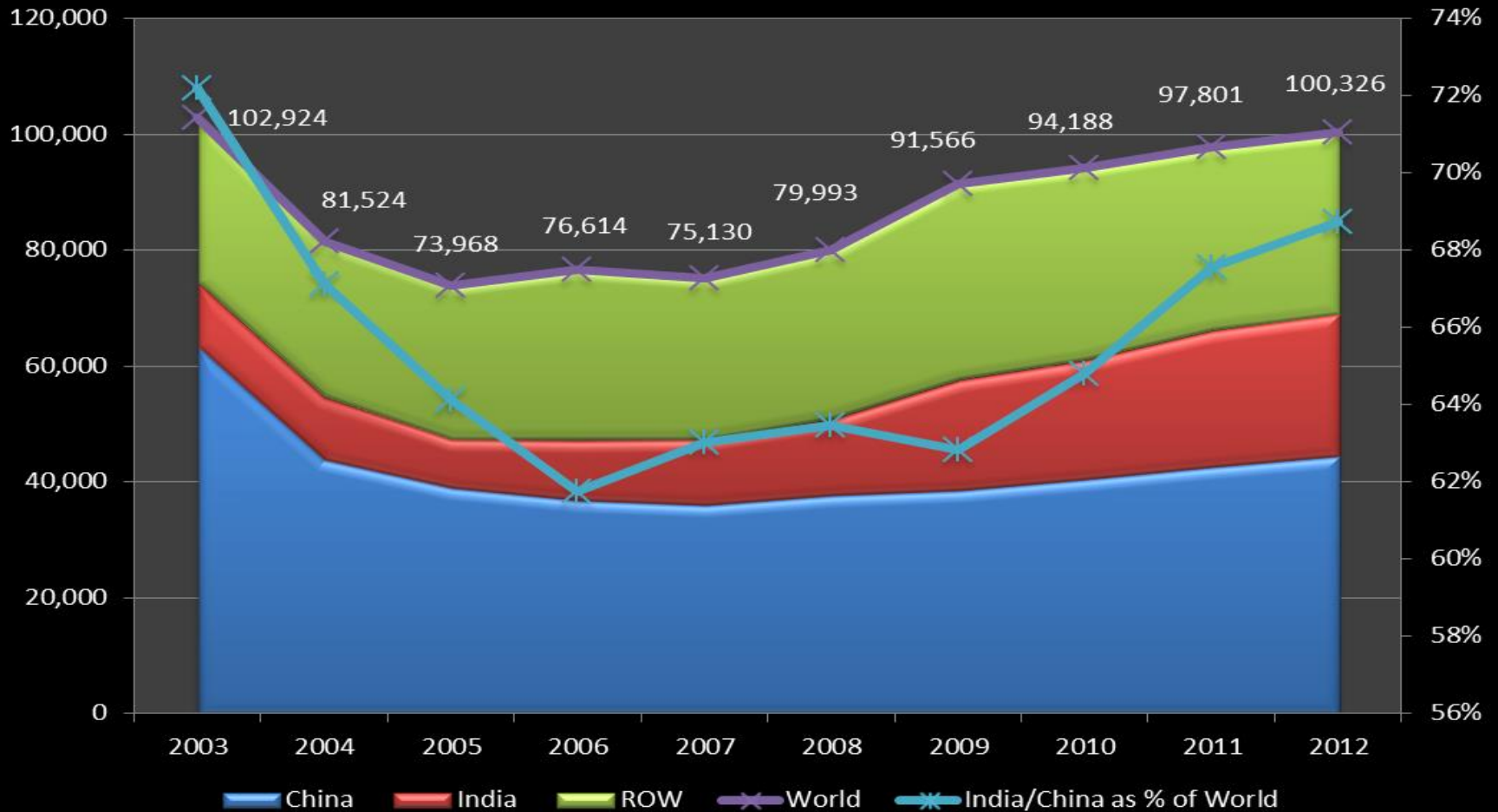
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Weather is a bigger concern

- Weather is a bigger concern
 - Indian monsoon
 - Floods (now Droughts) in Thailand
 - Drought in China, US (Texas)
 - Typhoon in the Philippines, hurricanes in US
 - Even the drought (as seen in U.S., Russia, Ukraine, and Australia impacts rice demand through the global food SND) – this time by supply availability and lower corn, soy and wheat prices
 - More surprises ahead?

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Global rice stocks - India and China dominate

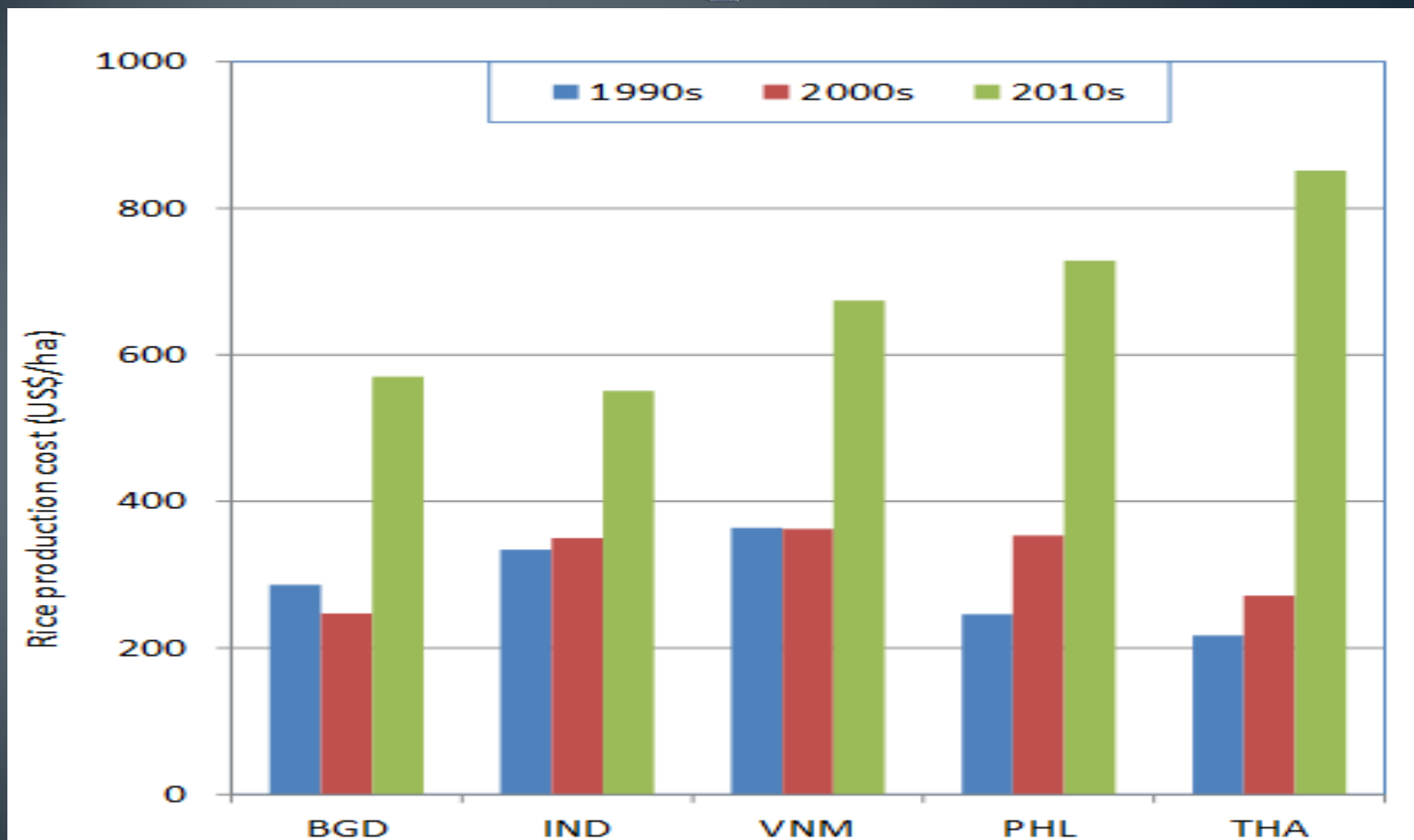


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Domestic prices in Asia (estimated prices at selected markets)

- **Indonesia IR64-I** (medium grade) is Rp. 8300-8400/Kg (just under \$1000 PMT)
- **Philippines** – well milled rice – Peso 33-34/Kg (just under \$800 PMT)
- **Chinese long grain** average price (ex-warehouse – Yuan 3600 PMT or \$620 PMT)
- **Bangladesh** 29 Taka/Kg or \$355 PMT
- **Afghanistan** – AFN 36-38/Kg or \$746 PMT
- **India** – INR 28/Kg or \$480 PMT (WR 5% FOB is \$445 PMT)

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Source – IRRI, from Dr Sam Mohanty's presentation in March 2013

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Demand is changing and so is risk

- More emphasis on Asian demand – Asia is the price “maker,” while Africa has become the price “taker”
 - Chinese demand is the current flavour
 - Philippine tender for 163 TMT (and NFA 187 TMT – done at 449.75 PMT for WR 25% Viet origin)
 - Bulog and the Indonesian impact are not clear, but Rp.6600/Kg procurement price vs. Rp. 8300/Kg market price is a concern – 2013 procurement price is not yet set
 - Africa may have to accept taking on an almost “residual” market price taker, but looks well stocked

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“Middle Class” in Developing Countries Could Reach 730 Million Households By 2020, Up 104% From 2010 Levels

20% of households in these countries are middle class. By 2020, this could increase to 36% and the impact on food consumption will be large

Developing countries with fastest growing “middle class”



Source: Global Insight's Global Consumer Markets data as analyzed by FAS/OGA

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Demand is changing and so is risk

- The global economy and currency markets
 - Eurozone and impact on Euro and purchasing power of West Africa (CFFA)
 - US economy and the dollar; falling dollar = rising commodity prices
 - Counterparty risk; wash outs, MF GLOBAL = do contracts matter?
 - 5 Rice trading desks closed between end 2012 and early 2013

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Price Outlook

- Short Term:
 - Vietnam bearishness due to high-inventory in Africa
 - Thai 500 TMT release in April and stocks weigh on markets
- Medium Term:
 - Vietnam Summer and Autumn crop
 - Indian Monsoon
 - Indonesian harvests – up to July
 - Chinese buying
- Medium Term part 2 or Long Term:
 - Indian Food Security Bill – what does this mean
 - Thai crop and pledging scheme and more releases
 - High carry overs seen in Pakistan, Vietnam and Thai stocks remain an issue (even after stocks are released)
 - Bearish – BUT – we can see stability when buyers pick up stocks
- LONG TERM – Bullish – the world is temporarily oversupplied – and there are structural SND issues that affect the global food industry

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India's National Food Security Bill

- Plans to cover nearly 70% of the Indian population
 - Estimated to be 46% of the rural population and a 28% urban group
 - Subsidies vary, but up to 65-70 MMT of rice may need to be procured (currently 40 MMT being bought)
 - 7 kg of grains per month per person (rice and wheat primarily)
 - Analysts expect Indian rice exports in 2013 to drop to 7 MMT, but we feel that the bill is one to impact 2014, and the question then is about the efficiency of the PDS system

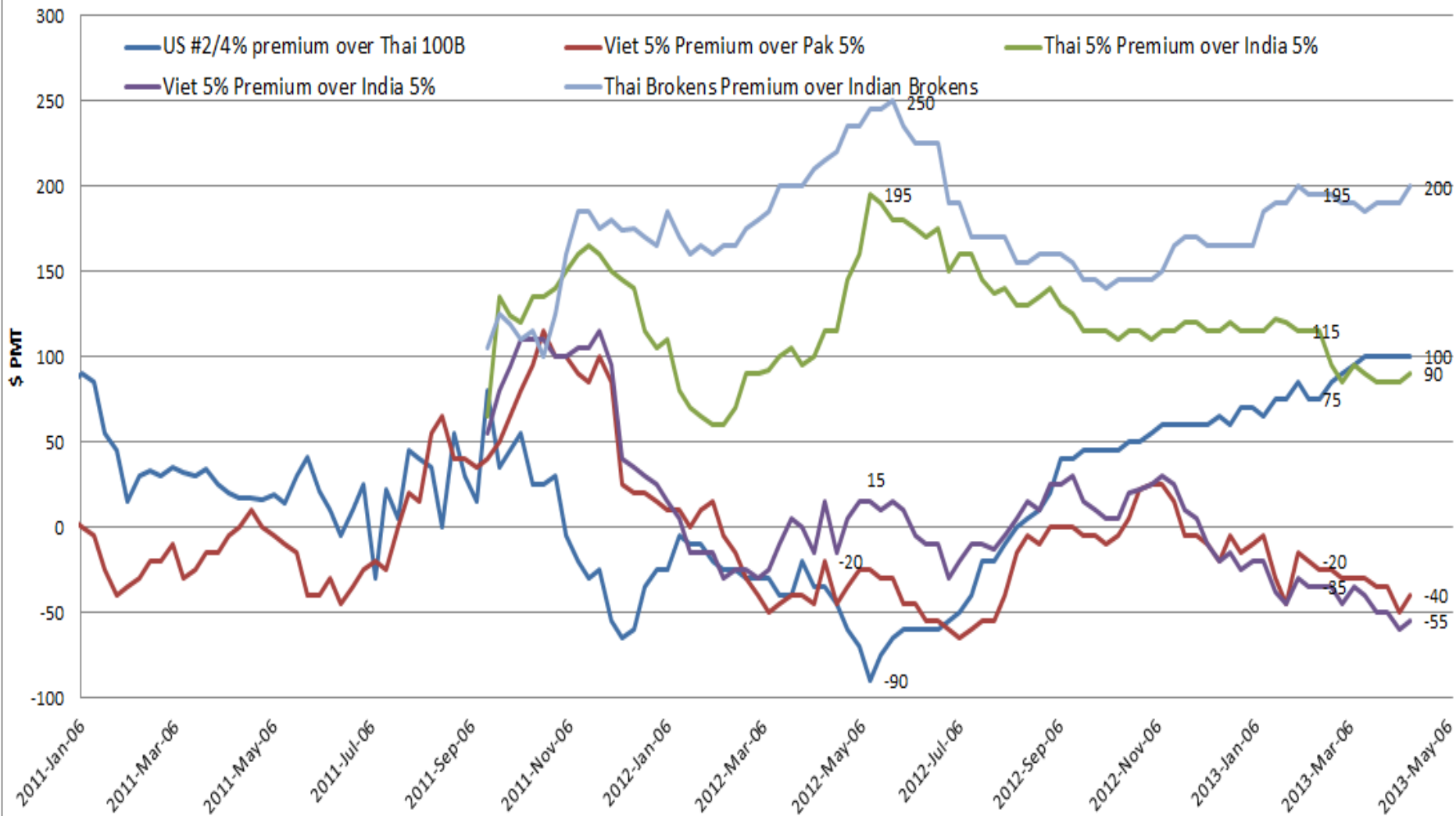
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Thailand's rice-pledging scheme

- Facing challenges as stocks by the end of the year could be at 18 MMT
- Financial challenges – 2013/14 scheme aims for 7 MMT, down from 9 MMT
- 18 Varieties not qualify – mostly short growth period varieties, popular after pledging scheme so more plantings possible per year (7 every 2 years)
- 500 TMT to be released in April, many expect that up to 2 MMT needs to be released, and this will still not leave any major impact on the challenges of maintaining scheme
- This is a big event potentially in the market – a huge supply phenomenon

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Price Premiums since Jan 2011 (\$/PMT) - Premiums narrow but not enough



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THANK YOU!

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