

RICE

MARKET UPDATE SEPTEMBER 2024

The global rice market remains dynamic as key exporters like India, Vietnam, and Thailand adjust to shifting trade policies, production forecasts, and macroeconomic pressures. Global rice production for 2024/25 is projected to increase, supported by expanded planted areas and improved yields in Asia.

Key Market Movements

- **India:** Indian rice prices have remained stable, declining marginally by 0.2% quarter-on-quarter. Ongoing export restrictions, including a 20% export tax on parboiled rice and a minimum export price (MEP) on basmati rice, have kept prices steady. However, there are indications that India may reduce its export tariffs and lower the MEP by 10-15% before the end of 2024. This could influence global rice prices in the coming months.
- **Thailand:** Thai rice prices decreased by 8.2% compared to the previous quarter, reflecting an early harvest in Vietnam and market anticipation of potential Indian tariff reductions. Despite currency fluctuations, export prices have continued to fall due to weak demand and logistical issues like port congestion.
- **Vietnam:** Vietnam's rice prices declined by 5.6% quarter-on-quarter, driven by increased supply from the summer-autumn harvest and expectations of tariff changes in India. Vietnam remains a key supplier to markets such as the Philippines and Indonesia, helping to meet rising import demand.
- **Italy and Spain:** European rice markets have seen significant volatility. In Italy, prices rose by 7.3% in Q3 2024, partly due to wet weather that delayed sowing. Meanwhile, Spain's prices remained unchanged quarter-on-quarter but were down 11.4% year-on-year due to reduced demand.

Key Importers

- **Philippines:** The Philippines, the world's largest rice importer, is expected to see record-high imports for 2023/24, up 20% year-on-year. This is driven by a combination of low domestic production and increasing consumption, keeping the country a major influence on global rice demand.
- **China:** China's rice imports have been revised down by 6.3% from earlier estimates for 2023/24, reflecting a 65.2% year-on-year drop. The decrease is attributed to high global prices and lower domestic demand for rice as animal feed.

Looking ahead, global rice prices are expected to continue their downward trend in the coming months. This is largely due to anticipated reductions in India's export tariffs and strong production forecasts for 2024/25, particularly in India and Pakistan, where record harvests are expected. However, potential weather disruptions linked to the development of La Niña could pose risks to production in Southeast Asia later this year.

Additionally, global rice stocks for 2023/24 have been revised down, which may lead to some price volatility as supply tightens.

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