

# It's advantage US, thanks to India's rice export curbs

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The US has turned out to be one of the major beneficiaries of India's curbs on rice exports with prices of rough rice futures on Chicago Board of Trade (CBOT) rising to the sixth highest average of \$18.66 per cwt (hundred weight) (\$367.30/tonne) for an individual month in February.

Research agency BMI, a unit of Fitch Solutions, in a commentary raising the price forecast for rice in 2024 said the single most significant factor that has driven upward price development in the Chicago rice market has been increased export demand for the US rice.

February 2024 price was the sixth after the five higher-ranked months all during 2008, the period of the global rice price crisis when prices soared to near \$1,000/tonne.

## **BULLISH OUTLOOK**

"We have made an upward revision to our average price forecast for CBOT-listed



**SET TO RULE FIRM.** BMI said global rice prices are expected to remain elevated as India's curbs on exports are expected to be in force at least until after the elections to the Lok Sabha

second-month rough rice futures in 2024, raising our outlook from \$15.95 per cwt to \$16.50. As a result, our forecast now appears somewhat bullish when compared to the latest prices...,” BMI said.

Subsequently, the research agency has raised the price outlook for 2025 to \$15.85 per cwt. The forecast comes at a time when the Food and Agriculture's All Rice Price Index dropped to an eight-month low in March 2024. The FAO All Rice Price Index declined by 1.7 per cent in March,

largely reflecting a subdued global import demand. It was, however, 14 per cent higher year-on-year.

BMI said global rice prices are expected to remain elevated as India's curbs on exports are expected to be in force at least until after the elections to the Lok Sabha. The research agency said as of March 2024 end, US exporters had accumulated sales of almost 2.9 million tonnes (mt) during the 2023-24 (Aug-July) season compared with about 1.7 mt a year ago and a three-

season trailing average of under 2.3 mt.

## **US GAINS IN MEXICO**

"One of the import markets for US rice that has exhibited robust season-on-season growth has been Mexico, to which sales of almost 7,30,000 tonnes had been booked as of the end of March 2024 compared to approximately 2,00,000 tonnes twelve months ago," said the Fitch Solutions arm.

The International Grains Council (IGC) said with export availability dented by India's ongoing export ban, also linked to higher prices, trade is seen declining by 3 per cent year-on-year in 2024 (January-December). Though supply and demand are expected to recover in 2024-25 on gains in Asia, it forecast Indian dispatches "well below earlier peaks".

The US Department of Agriculture (USDA) in its "World Agricultural Supply and Demand Estimates" report said world consumption in 2023-24 is forecast at a record 521.3 mt,

though it has been cut by 1.5 mt from the earlier estimate.

This was largely due to a reduction in Chinese consumption. The report blamed India's export curbs on broken rice and fewer auctions of Chinese old rice for the lower offtake. Burma, Cambodia, Vietnam, and the US more than offset lower Indian exports, it said. Pakistan and Thailand are the other two beneficiaries of the Indian curbs.

BMI said high prices in the global rice market improved the competitiveness of US rice export quotation. "Through the first eight months of the 2023-24 season (August-March), US rice exporters have accumulated sales of almost 2.9 mt, a four season-high," it said.

India banned exports of broken rice in September 2022 and imposed a 20 per cent export duty on white rice. In July 2023, it banned white rice exports and imposed a 20 per cent duty on parboiled rice. It also fixed a minimum export price of \$950/tonne for basmati rice.