

Global rice rates dip 5% on demand-supply gap

MULTIPLE ROADBLOCKS. Strong dollar, higher exchange rate also drag shipments; demand from Africa stable

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Rice prices in the global market have dropped by over 5 per cent in the past three weeks on slack demand and good production resulting in ample supplies.

“Prices are down sharply as production is high this year. For example, the price of Sona Masuri from Chennai has currently dropped to around ₹42 a kg from ₹62 in early December. Similarly, Sona Masuri rice that is compliant with European Union norms costs ₹52-₹54 a kg,” said New Delhi-based trade analyst S Chandrasekaran.

The lower-priced rice goes to Vietnam and Singapore while the higher priced variety goes to Europe and the US.

MALAYSIA BARGAINING
“Export orders to Sri Lanka

have got over. The government there has fixed a cap on rice price, which is discouraging imports. There are not many inquiries,” said M Madan Prakash, Director of Rajathi Group, which exports agricultural commodities.

Importers in Malaysia are bargaining at \$490 a tonne cost, insurance and freight (c.i.f) against \$580 quoted by exporters. However, exporters are not willing to accept lower quotes because of a rise in freight charges.

“Indian rice prices have not dropped much. In fact, they have not dropped (compared to Vietnam and Thailand),” said BV Krishna Rao, President, The Rice Exporters Association (TREA).

New Delhi-based exporter Rajesh Paharia Jain said prices are lower as a strong dollar has resulted in better realisation in local currencies. “Demand for Indian

rice is low as the (currency) exchange rate is higher,” he said. The general sentiment is that the market has a big supply to export; so the pressure shows on Indian exporters’ need to compete in the world market.

CURRENT PRICES

According to the Thai Rice Exporters Association, Thailand’s 5 per cent broken white rice is quoted at \$494 compared with \$523 a tonne in mid-December 2024. India is quoting \$447-\$451, Pakistan \$449-\$553 and Vietnam \$460-\$464 for the same variety.

India enjoys an edge in the parboiled sector, quoting \$440-\$444 a tonne. In comparison, Pakistan is quoting \$462-\$466 and Thailand’s offer price is \$506.

“No miller in India wants to keep rice inventories,” said Chandrasekaran. This is particularly true given the



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record high rice production during the kharif season.

The Ministry of Agriculture and Farmers’ Welfare has estimated kharif rice output at a record 119.34 million tonnes during the current crop year compared with 113.26 mt a year ago.

The estimates come amid projections of a record high Indian rice production of 137 mt this crop year by

USDA and the trade.

VIETNAM CONTAINERS

Prakash said about 500 containers of rice from Vietnam have got stuck at the Pasir Gudang port in Malaysia. The rice got held up as the grain prices dropped sharply, and the importers backed off.

Jain said the collapse in Vietnam’s rice price had led

to the Philippines pushing for lower prices. If the Indian government reaches out to the Philippines, it could be a buyer of cheaper rice. “It’s an opportunity for India and Pakistan in view of the free fall,” he said.

The exporters are now looking to sell at throwaway prices, and it is also putting some pressure.

TREA’s Rao said India had exported small quantities to the Philippines and Indonesia. “Demand from Africa is good. Currently, 18 ships have anchored at Kakinada port,” he said. However, Jain said shipments from Kakinada are slow due to politics over the alleged diversion of ration rice.

Jain said prices may not fall below a point and could gain once buyers show interest. “Buyers are not rushing because of the perception that supply is massive,” he added.