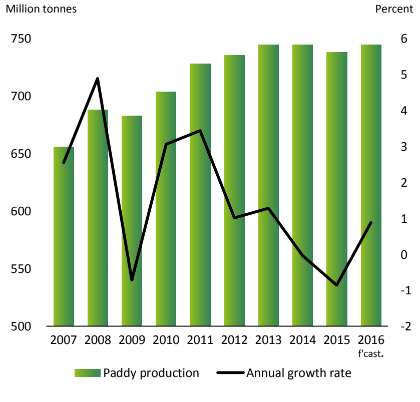
GLOBAL RICE MARKET
SITUATION AND OUTLOOK FOR 2016/17

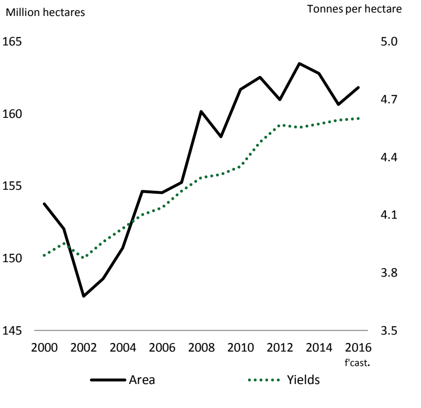
NINTH SESSION OF THE AMIS GLOBAL FOOD MARKET INFORMATION GROUP

FAO, Rome
22-23 June 2016

GLOBAL PRODUCTION TO RECOVER IN 2016

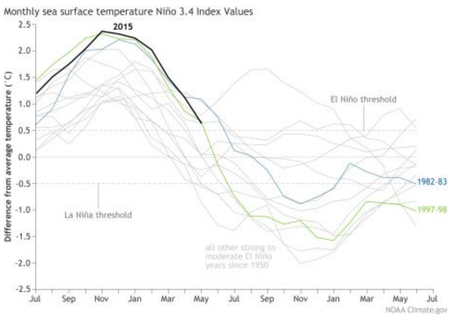
After two successive seasons of no or negative production growth, global paddy production to recover by 1 percent in 2016. Improved weather conditions to boost plantings in Asia, where these had been depressed by unseasonable dryness in 2014 and 2015.



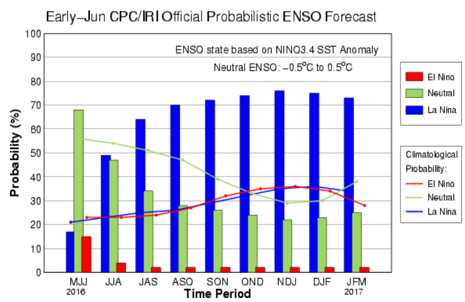


EL NIÑO DISSIPATES - LA NIÑA LIKELY TO FOLLOW

El Niño neutral conditions return in time for main-crop plantings in northern hemisphere Asia. The likely la Niña event could provide a further boost to rains over the region later in the year.



NOAA Climate.gov



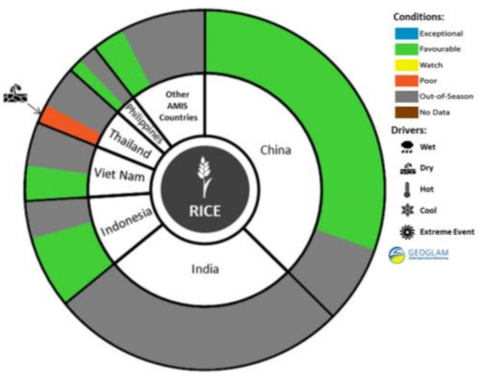
NOAA Climate Prediction Center: *Weekly ENSO Evolution, Status and Prediction Presentation,* 13 June 2016.

PRODUCTION IN THE MAJOR PLAYERS

Prospects generally favourable for northern hemisphere countries, less so for the southern hemisphere.

	2014	2015	2016 F	2016/2015 Change
	million tonnes, milled eq.			%
World	**494.4**	**490.1**	**494.4**	**0.9**
China (Mainland)	141.5	142.7	143.4	0.5
India	105.5	103.4	105.6	2.2
Indonesia	44.4	45.8	45.1	-1.5
Bangladesh	34.5	35.0	34.8	-0.4
Viet Nam	29.2	29.4	28.9	-1.6
Thailand	22.0	19.0	20.1	5.6
Myanmar	16.9	16.5	16.8	1.9
Philippines	12.4	11.7	12.2	4.4
Brazil	8.2	8.5	7.5	-11.6
Japan	7.8	7.6	7.7	1.2
United States	7.1	6.1	7.3	20.1
Pakistan	7.0	6.6	6.6	0.0

Countries ranked according to their position in 2014-2016 average production.
F=forecast



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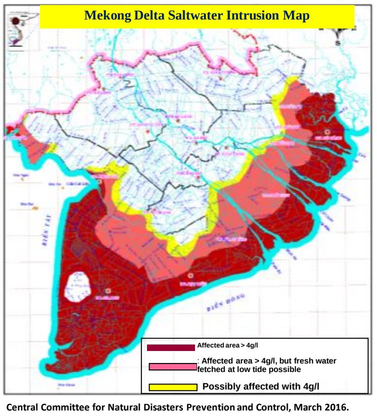
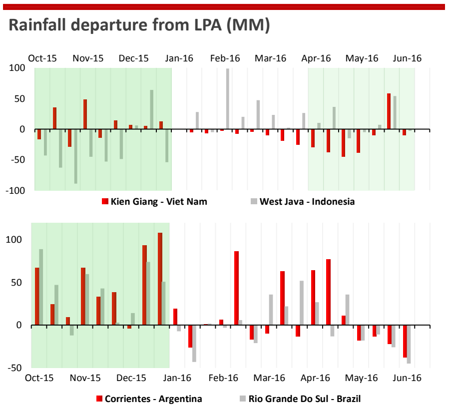
RETURN TO EL NIÑO NEUTRAL CONDITIONS TOO LATE FOR SOME

Where the 2016 season is more advanced, main-crops were hindered by untimely rains, unseasonable temperatures or water shortages, under peaking El Niño conditions.



Central Committee for Natural Disasters Prevention and Control, March 2016.



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FAO-AMIS-USDA-IGC Balances

General agreement on production upturn, but the extent of the forecast recovery also influenced by the treatment of southern hemisphere producing countries.

RICE *(milled)*	**FAO-AMIS** **2015/16** *est.*	**2016/17** *f'cast 2-Jun*	**USDA** **2015/16** *est.*	**2016/17** *f'cast 10-May*	**IGC** **2015/16** *est.*	**2016/17** *f'cast 26-May*
Production	490	494	470	481	473	486
Supply	664	663	585	587	584	587
Utilization	496	503	478	481	483	488
Trade	44.7	44.1	41.4	40.7	42.2	41.8
Stocks	169	164	106	107	101	99

Production: For FAO-AMIS, rice production data refer to the first year of the marketing season shown (e.g. 2016 production is allocated to the 2016/17 marketing season). By contrast, for rice and maize, USDA and IGC aggregate production of the northern hemisphere of the first year (e.g. 2016) with production of the southern hemisphere of the second year (2017 production) in the corresponding 2016/17 global marketing season.

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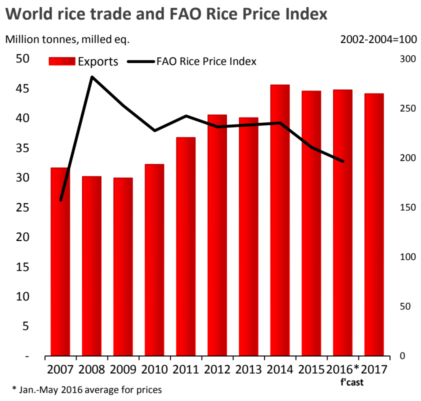
INTERNATIONAL TRADE IN RICE

Volumes traded across the globe to remain large in 2016 and 2017, but unlikely to match heights seen in 2014.
A combination of tighter exportable availabilities and improved harvests in major importing countries to check growth.



Some dominant market features:

- Still a thin market
- Strong government intervention
  - state trading
  - self-sufficiency agendas
- Large informal flows
- High level of segmentation
- Concentration of exports

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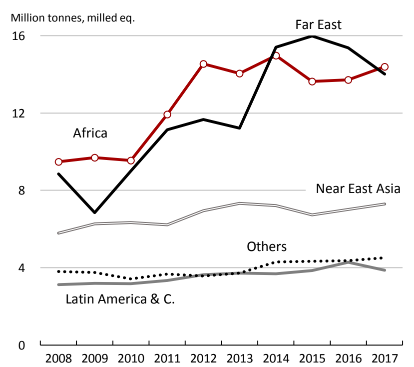
DEMAND IN ASIA AND LATIN AMERICA TO UNDERPIN TRADE IN 2016

Rising needs due to El Niño related production shortfalls and the need to reconstitute inventories to keep imports by Asia and Latin America and the Caribbean at above average levels in 2016.

	2015	2016 F	2017 F	2017/2016 Change
	million tonnes, milled eq.			%
World	**44.5**	**44.7**	**44.1**	**-1.4**
China (mainland)	6.6	6.3	6.0	-4.8
Nigeria	2.2	2.5	2.7	8.0
EU	1.8	1.9	1.9	1.6
Philippines	2.0	2.0	1.5	-25.0
Saudi Arabia	1.5	1.6	1.5	-2.6
Indonesia	1.3	1.8	1.0	-44.4
Côte d'Ivoire	1.3	1.2	1.3	9.7
Senegal	1.3	1.1	1.1	4.8
Malaysia	1.1	1.2	1.1	-8.3
Iraq	1.0	1.2	1.3	9.6
Iran, Islam. Rep of	0.8	1.2	1.2	4.3
Others	23.6	23.0	23.5	2.4

Countries ranked according to their position in 2015-2017 average imports.
F=forecast



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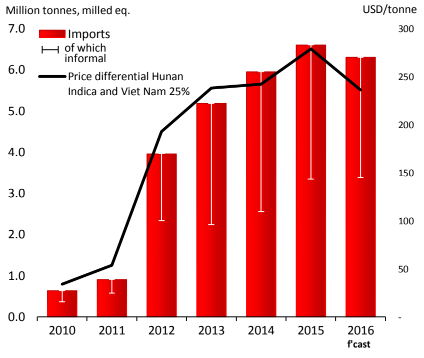
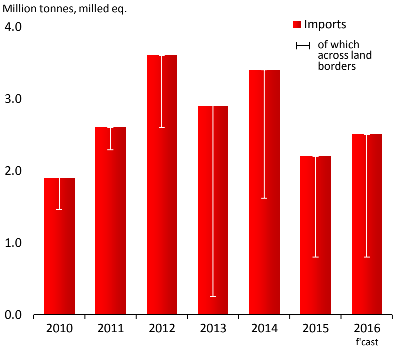
BUT MORE RESTRICTIVE POLICIES AND MACRO-ECONOMIC FACTORS CAP TRADE GROWTH





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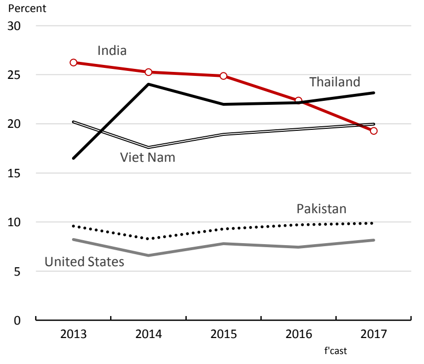
ON THE EXPORT SIDE...

Successive poor harvests to cost India its leading role amongst world rice exporters. In Thailand, supply releases from Government stockpiles to cushion production shortfalls and sustain exports.

	2015	2016 F	2017 F	2017/2016 Change
	million tonnes, milled eq.			%
World	**44.5**	**44.7**	**44.1**	**-1.4**
Thailand	9.8	9.9	10.2	3.0
India	11.1	10.0	8.5	-15.0
Viet Nam	8.4	8.7	8.8	1.1
Pakistan	4.1	4.4	4.4	0.0
United States	3.5	3.3	3.6	8.3
Myanmar	1.6	1.7	1.7	1.2
Cambodia	1.2	1.4	1.4	0.0
Brazil	0.9	0.8	0.9	6.8
Uruguay	0.7	0.9	1.0	5.6
Guyana	0.5	0.5	0.5	2.0
Others	2.7	3.2	3.3	1.5

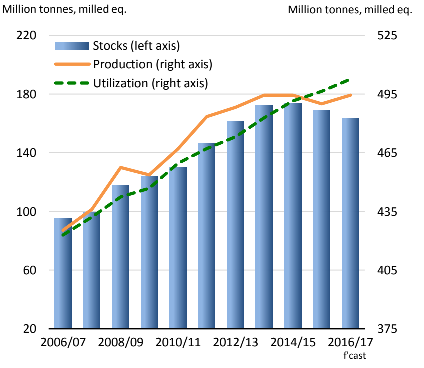
Countries ranked according to their position in 2015-2017 average exports.
F=forecast



GLOBAL UTILIZATION TO OUTPACE PRODUCTION

Sustained by greater food demand, global rice utilization to outpace production in 2016/17 leading to a second successive year of global inventory declines.

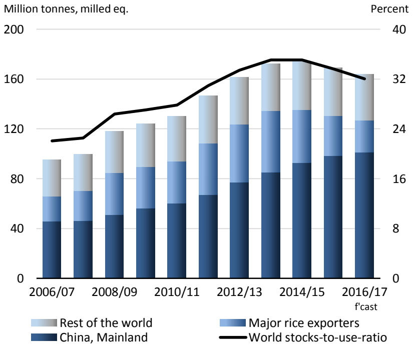
		2015-16 est.	2016-17 f'cast	Change: 2016-17/ 2015-16
		million tonnes, milled eq.		*%*
WORLD BALANCE				
Production	494.4	490.1	494.4	0.9
Trade	44.5	44.7	44.1	-1.4
Utilization	**491.5**	**496.4**	**502.6**	**1.3**
Food	395.2	399.7	404.7	1.3
Feed	17.8	17.9	18.1	0.7
Other uses	78.5	78.8	79.8	1.3
Ending stocks	**173.9**	**168.9**	**163.8**	**-3.0**



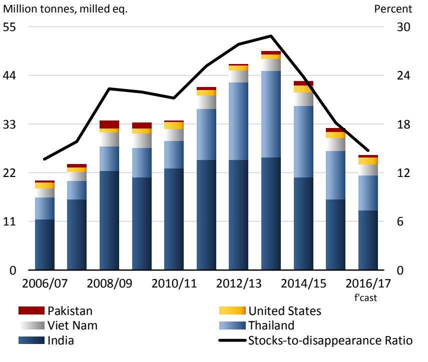
INDIA AND THAILAND TO DRIVE STOCK DRAW-DOWN

Efforts to dispose of large public reserves to cut inventories in Thailand and India, offsetting continued buildups in China (Mainland), due to successive large harvests and sizeable imports.

Global closing stocks and Stocks-to-use ratio



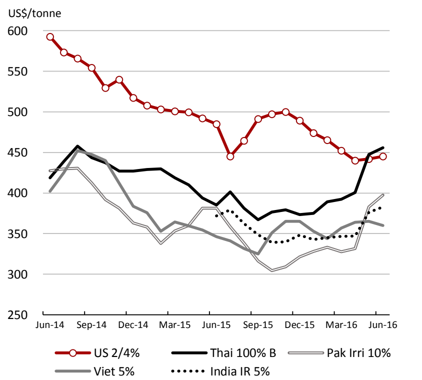
Stocks held by the major rice exporters and stocks-to-disappearance ratio



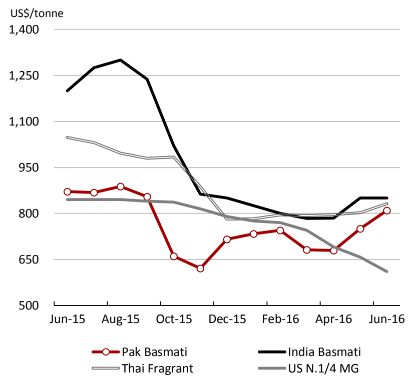
INTERNATIONAL RICE PRICES

In the Indica segment, a two year downward tendency is reversed amid prospects of tighter availabilities. Although less pronounced, gains also concern Aromatic rice.

High Quality Indica Prices



Aromatica and Japonica Prices



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UNCERTAINTIES IN THE SHORT TERM

- Weather
  - La Niña and its potential influence over monsoon rains in Asia
- Policies
  - In major exporters, particularly those concerning the release of public stocks in Thailand and India
  - In major importing countries like China (Mainland), Indonesia, Nigeria and the Philippines
- Macro-economic factors
  - currency exchange rates
  - energy prices, etc.
- Developments in other cereal markets

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Thank You


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