

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 3/6/2015

GAIN Report Number: ID1507

Indonesia

Post: Jakarta

Indonesia Rice Update March 2015

Report Categories:

Grain and Feed

Approved By:

Ali Abdi

Prepared By:

Thom Wright, Sugiarti Meylinah

Report Highlights:

Indonesian wholesale rice prices grew by 22 percent in February, 2015, while retail prices increased more than 5 percent during the same period. Post attributes the price rise due to supply declines caused by delayed harvests. The Indonesian government has allocated 300,000 MT of rice in order to offset rising prices, and also distributed 174,000 MT of rice through its *raskin* program during January/February 2015.

General Information:

Indonesian wholesale rice prices rose significantly in February 2015. The wholesale price of medium quality rice (IR 64-I) at Jakarta's Cipinang market was Rp. 9,400/kg (\$729/MT) on February 1, 2015. By February 26, the wholesale price had risen 22.3 percent to Rp. 11,500/kg (\$892/MT). Post notes, however, that the retail price increase is less drastic. Jakarta's average retail price for the same variety of rice increased 5.6 percent from Rp. 10,800/kg (\$838/MT) in early February 2015 to Rp. 11,400/kg (\$885/MT) on February 23, 2015.

Post attributes the wholesale price increase to reduced available stocks which were brought on by the following factors:

1. Delayed plantings of 2015's first main crop resulted in a delayed harvest. First harvest has been delayed from February, to mid-March or April 2015. The most recent harvest (third harvest 2014) took place in August/September 2014, although some small sporadic harvests regularly occur throughout Java.
2. The Cipinang wholesale market received 2,500 MT to 3,000 MT of rice daily during the September 2014-January 2015. This has declined to less than 2,000 MT per day in February, following delayed harvests.
3. *Raskin program* (rice for the poor) was not distributed in November and December 2014. BULOG distributed the allotment set aside for November and December 2014 in February and March, 2014 following flooding which caused widespread losses in parts of Java. As a result, *raskin* consumers sought their regular rice requirement on the open market for in November and December.

It is possible that the rise in retail prices is less extreme due to existing retailer stocks and Government of Indonesia interventions through the *raskin* program. Bulog has allocated a total of 300,000 MT of rice to supply key markets in Indonesia in order to offset rising rice prices. This rice is sold at Rp. 7,400/kg (\$574/MT) on Java and Rp. 7,500/kg (\$582/MT) outside of Java. Additionally, Bulog distributed 174,000 MT of *raskin* rice from January until February 24, 2015.

Prices are expected to decline with the new March crop. Newly received data indicated that on March 4, 2015, the price of medium quality rice has declined to Rp. 10,450/kg (\$811/MT).

Exchange rate: Rp. 12,887/ \$1 as of February 26, 2015.

Price data source: Ministry of Trade and Cipinang Wholesale Market