

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

**Date:** 3/16/2010

**GAIN Report Number:** TH0051

## **Thailand**

### **Rice Price - Weekly**

#### **Weekly Rice Price Update**

**Approved By:**

Orestes Vasquez, Agricultural Attaché

**Prepared By:**

Ponnarong Prasertsri, Agricultural Specialist

**Report Highlights:**

TH0051 Export prices extended their decline by dropping \$10-15/MT due to quiet foreign demand. As a result of volatile prices, the benchmark prices will be published on a weekly basis from a bi-weekly basis starting on March 15, 2010. This measure should ease farmers' concerns regarding an adequate compensation mechanism, as the bi-weekly benchmark prices lag in capturing the market's swift swings.

**Post:**  
Bangkok

## Market Tone

**Table 1: Export Prices (FOB) for various grades of Thai rice (USD/MT), Week ending Mar. 15, 2010**

Quality	Exporter Observations							Period Average	
	#1	#2	#3	#4	#5	#6	#7	CUR.	PRV.
F WR 100 B	960	-	1,000	-	980	925	-	966	973
WR 100 B	515	-	550	-	530	515	550	532	539
PB 100%	500	-	565	-	550	515	580	542	552
PB 5%	495	-	555	-	530	510	575	533	543
WR 5%	470	-	510	-	500	485	540	501	507
WR 10%	465	-	500	-	490	480	-	484	490
WR 15%	445	-	485	-	-	465	-	465	475
WR 25%	430	-	455	-	-	450	-	445	455
WR 35%	-	-	-	-	-	-	-	-	-
A1 SUP	360	-	390	-	380	380	-	378	385
A1 SPEC	-	-	-	-	-	-	-	-	-

Exchange rate: 32.5 baht/US \$

Source: Average actual prices received from exporters

Despite a strengthening Thai baht to 32.4 baht/\$, export prices declined further by \$10-15/MT due to quiet foreign demand. Foreign buyers stayed away from Thai rice as Vietnamese rice supplies are available at \$120/MT cheaper than Thai rice. In addition, some exporters are facing difficulties as buyers are trying to renegotiate lower prices for previous contracts. Other exporters are cautious in lowering their quotations as concerns loom over a strengthening Thai baht to 32.0 baht/\$, which would result in unanticipated higher domestic costs.

As a result of volatile prices, the Government will start publishing benchmark prices on a weekly basis from a bi-weekly basis on March 15, 2010. This measure should ease farmers concerns regarding an adequate compensation mechanism, as the bi-weekly benchmark prices lag in capturing the market's swift swings. In addition, farmers that are currently selling paddy directly to the Government under the recently instituted direct purchase program will benefit as the new benchmark prices will more accurately reflect current market prices, which have been declining due to increasing supplies of new off-season crop.

**Table 2: Price Insurance Scheme for MY2009/2010 rice crop**

	Rice paddy				
	Fragrant rice (Hom Mali)	Provincial fragrant rice	Pathum fragrant rice	Glutinous rice	White rice
1. Eligible tonnage (ton/household) <sup>a/</sup>	14	16	25	16	25
2. Insured prices (Baht/ton) <sup>a/</sup>	15,300	14,300	11,000 <sup>c/</sup>	9,500	10,000
3. Benchmark prices (Baht/ton) <sup>b/</sup>					
Feb. 1-15, 2010	14,915	14,359	12,004	11,511	9,993
Feb. 16-28, 2010	14,796	14,148	11,824	11,207	9,886
Mar. 1-15, 2010	-	-	11,313	10,665	9,074
Mar. 15-21, 2010 <sup>b/</sup>	-	-	10,204	10,519	8,919
4. Compensation (1-2), (Baht/ton)					
Feb. 1-15, 2010	385	-	-	-	7
Feb. 16-28, 2010	504	152	-	-	114
Mar. 1-15, 2010	-	-	-	-	926
Mar. 15-21, 2010	-	-	796	-	1,081
5. Market prices (Baht/ton)					
Feb. 1-15	15,025	14,000	11,750	11,800	10,250
Feb. 16-28	14,700	13,900	11,500	11,125	9,400
Mar. 1-15	14,500	13,900	10,125	11,750	8,850
Mar. 15-21 <sup>d/</sup>	14,500	13,900	10,100	11,250	8,850

Note:

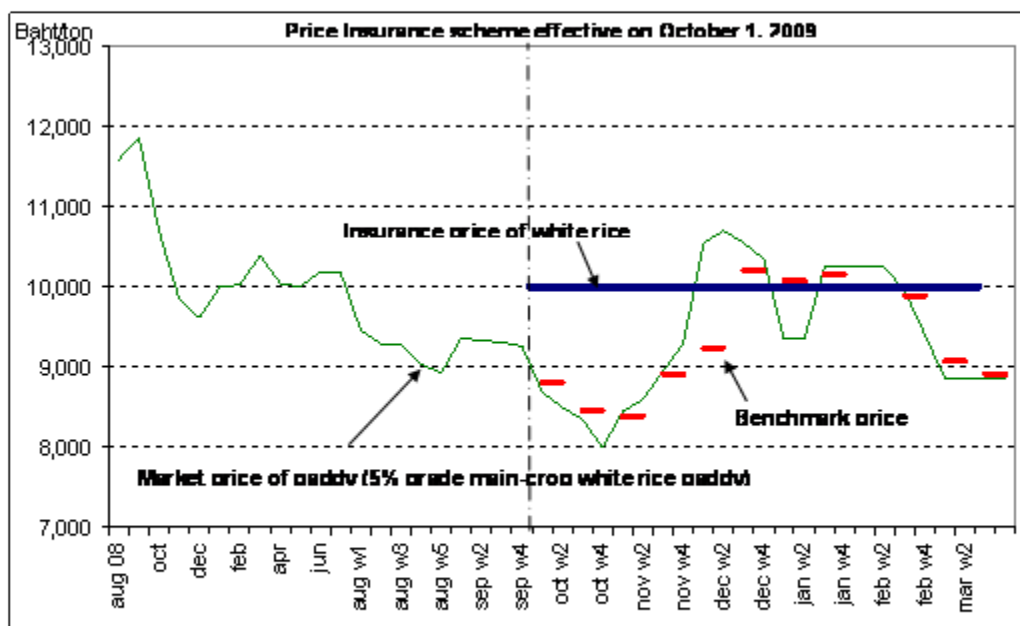
<sup>a/</sup> Cabinet approval on Sep. 22, 2009

<sup>b/</sup> Starting March 15, 2010 the benchmark prices will be published on a weekly basis instead of twice a month on the 1st and 16th, based on average historical wholesale prices of last week in Bangkok. The prices are set by the Subcommittee on Benchmark Price Determination, chaired by the Permanent Secretary General of the Ministry of Commerce.

<sup>c/</sup> The insured prices of MY 2009/10 second-crop Pathum Fragrant rice were revised up from 10,000 tons/MT in MY 2009/10 main-crop price insurance scheme.

<sup>d/</sup> As of March 15, 2010

Figure 2: Comparison of market price, insurance price, and benchmark price



Note: Benchmark prices are average historical wholes ales prices which will be used for the calculation of compensation to farmers. The compensation is based on the difference between insurance prices and benchmark prices.

## Rice Export Update

Unofficial rice exports (excluding fragrant rice) for March 8-14, 2010 totaled 113,829 down 21,398 tons from the previous week, and down 22,709 tons from the four-week moving average of 136,838 tons. Exports of white rice and parboiled rice during January 1 – March 14, 2010 totaled 1,292,125 tons, up 19.9 percent from 1,077,444 tons in the previous year.

According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) during January 1 – February 18, 2010 amounted to 1,147,875 tons, up 7.9 percent from 1,064,224 tons in the previous year.

**Table 3: Weekly rice exports (excluding fragrant rice)**

WEEK ENDING	QUANTITY	4 WK AVG	YEAR TO DATE	YEAR AGO	YEAR TO DATE AS % OF LAST YEAR
	(MT)	(MT)	(TMT)	(TMT)	(%)
Dec 27	126,910	111,113	5,870	7,453	-21.2
Dec 31, 2009	25,812	97,440	5,900	7,470	-21.1
Jan 3, 2010	1,000	-	1	3	-68.0
Jan 10	111,299	-	112	85	32.6
Jan 17	171,849	-	284	211	34.8
Jan 24	137,308	105,364	422	353	19.5
Jan 31	104,448	131,226	526	428	22.9
Feb 7	98,535	128,035	624	545	14.7
Feb 14	121,947	115,559	746	654	14.1
Feb 21	139,182	116,028	886	783	13.1
Feb 28	157,915	129,395	1,043	880	18.6
Mar 7	135,227	138,568	1,178	974	21.0
Mar 14	113,829	136,538	1,292	1,077	19.9

*Note on data: Export figures since March 22, 2002, do not include fragrant rice. The authority to report fragrant rice exports was moved from the Thai Board of Trade to the Ministry of Commerce's Office of Commodity Standards, which does not release official fragrant rice export data. FAS/BKK will report only official export numbers from the Board of Trade for non-fragrant and from the Office of Commodity Standards for fragrant rice when available, but the reader should bear in mind the difference between the data.*

Source: Board of Trade of Thailand

**Table 4: Weekly private registered rice export sales**

Movement (MT)	Feb. 22-26	Mar. 1-5 (Revised)	Mar. 8-12 (Preliminary)
Weekly sales	190,442	80,340	161,370
4 week sum	703,580	686,995	614,963
4 week mov. avg.	175,895	171,749	153,741
Year-to-date sales	1,274,871	1,355,211	1,516,581

End of report.