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Thailand

Rice Price - Weekly

Weekly Rice Price Update

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Report Highlights:

TH1122 Domestic and export prices for white rice increased 3 – 6 percent driven by speculative activities despite the weakening of the Thai baht from 30.2 baht/\$ to 30.8 baht/\$ and the lack of enquiries from foreign buyers. Also, the government is considering extending the new Paddy Pledging Program from the end of February 2012 to the end of March 2012.

Post:
Bangkok

Author Defined:
Market Tone

Table 1: Export Prices (FOB) for various grades of Thai rice (USD/MT), Week ending Sep. 26, 2011

Quality	Exporter Observations							Period Average	
	#1	#2	#3	#4	#5	#6	#7	CUR	PRV
FWR100B	1,100	-	1,070	-	1,070	1,070	-	1,078	1,079
WR100B	690	-	690	-	620	620	610	622	600
FB 100%	615	-	620	-	620	610	610	615	609
FB 5%	610	-	615	-	615	605	605	610	604
WR5%	610	-	610	-	610	600	600	606	581
WR10%	605	-	-	-	605	595	-	602	570
WR15%	580	-	-	-	590	590	-	587	563
WR25%	560	-	-	-	560	560	-	560	542
WR35%	-	-	-	-	-	-	-	-	-
A1 SUP	480	-	-	-	490	490	-	487	487
A1 SPEC	-	-	-	-	-	-	-	-	-

Exchange rate: 90.8 baht/U.S.\$

Source: Average actual prices received from exporters

Despite the weakening of the Thai baht from 30.2 baht/\$ to 30.8 baht/\$ and lack of enquiries from foreign buyers, domestic and export prices for white rice increased 3 – 6 percent driven by speculative activities. While flooding is under control, millers are holding stocks in order to benefit from the Paddy Pledging Program which will begin next week (October 7). In addition, the government is considering extending the program from the end of February 2012 to the end of March 2012 in order to include those farmers who have had to replant their crops due to flooding.

The intervention prices have been set at 13,800 - 15,000 baht/ton (\$460-500/MT) for white rice paddy, 20,000 baht/ton (\$666/MT) for fragrant rice paddy, 18,000 baht/ton (\$600/MT) for Provincial fragrant rice paddy, 16,000 baht/ton (\$533/MT) for Pathumthani fragrant rice paddy, and 16,000 – 18,000 baht/ton (\$533 – 600/MT) for glutinous rice paddy. No limit restrictions were imposed on the amount that can be pledged as the budget will cover all MY2011/12 paddy production which is officially estimated at 25.0 million tons. Farmers will obtain immediate cash loans after bringing their paddy to designated mills. They can redeem their paddy within four months for the amount of the interest-free loan, or forfeit the rice and keep the cash. During the first phase of the program (October 7 – mid December 2011), the Bank for Agriculture and Agricultural Cooperative (BAAC) will provide a credit line of 90.0 billion baht (\$3.0 billion) which should buy 6-7 million tons of paddy. The remainder of the program will be covered by loans from other government banks.

New enquiries for white rice and parboiled rice remain quiet as foreign buyers shift to Indian rice which is approximately \$100/MT cheaper after the Indian government removed its non-basmati export ban. In addition, some exporters are avoiding offering quotations due to concerns over domestic price volatilities.

Under the existing program, the government's weekly benchmark price for white rice for September 26 – October 2, 2011 decline 0.4 percent. As such farmers will receive higher compensation compared to the previous week. Farmers that sell their supplies this week will be able to arbitrage as market prices are above the benchmark prices. There will be no benchmark price next week as the Paddy Pleading Program will be in place.

Table 2: Price Insurance Scheme for MY2009/2010 - MY2010/2011 rice crop

	Rice paddy				
	Fragrant rice (Hommah)	Provincial fragrant rice	Pathum fragrant rice	Glutinous rice	White rice
1. Eligible tonnage (ton/household)	14	16	30 ^{a/}	30 ^{a/}	30 ^{a/}
2. Insured prices (Baht/ton) ^{d/}	15,300	14,300	11,500	10,000	11,000
3. Benchmark prices (Baht/ton) ^{b/ c/}					
Aug 29-Sept 4	-	-	11,547	14,918	9,983
Sept 5-11	-	-	11,537	14,633	9,564
Sept 12-18	-	-	11,883	14,530	9,966
Sept 19-25	-	-	12,126	14,703	9,887
Sept 26 - Oct 2	-	-	12,401	14,715	9,847
4. Compensation (1-2), (Baht/ton)					
Aug 29-Sept 4	-	-	-	-	1,017
Sept 5-11	-	-	-	-	1,436
Sept 12-18	-	-	-	-	1,034
Sept 19-25	-	-	-	-	1,113
Sept 26 - Oct 2	-	-	-	-	1,153
5. Market prices (Baht/ton)					
Aug 29-Sept 4	14,450	14,000	11,000	15,250	10,250
Sept 5-11	14,450	14,250	12,000	15,250	10,400
Sept 12-18	14,450	14,500	11,350	15,250	10,300
Sept 19-25	14,900	13,800	10,950	15,750	10,050
Sept 26 - Oct 2 ^{e/}	14,900	13,800	11,250	15,250	9,800

Note:

^{a/} Cabinet approval on March 8, 2010 to raise eligible tonnage to 30 tons/household for MY2010/11 off-season crop

^{b/} Starting March 8, 2010 the benchmark prices will be published on a weekly basis instead of

twice a month on the 1st and 16th, based on average wholesale prices of last 15 days in

Bangkok. The prices are set by the Subcommittee on Benchmark Price Determination, chaired by

the Permanent Secretary General of the Ministry of Commerce.

^{c/} Starting Apr. 26, 2010 the benchmark prices will be based on average wholesale price of last week

in Bangkok.

^{d/} The insured prices of MY 2009/10 second-crop Pathum Fragrant rice were revised up

from 10,000 baht/MT in MY2009/10 main-crop price insurance scheme, effective Mar. 16, 2010.

In addition, the insured prices of MY2010/11 season-crop Pathum Fragrant rice were revised up again

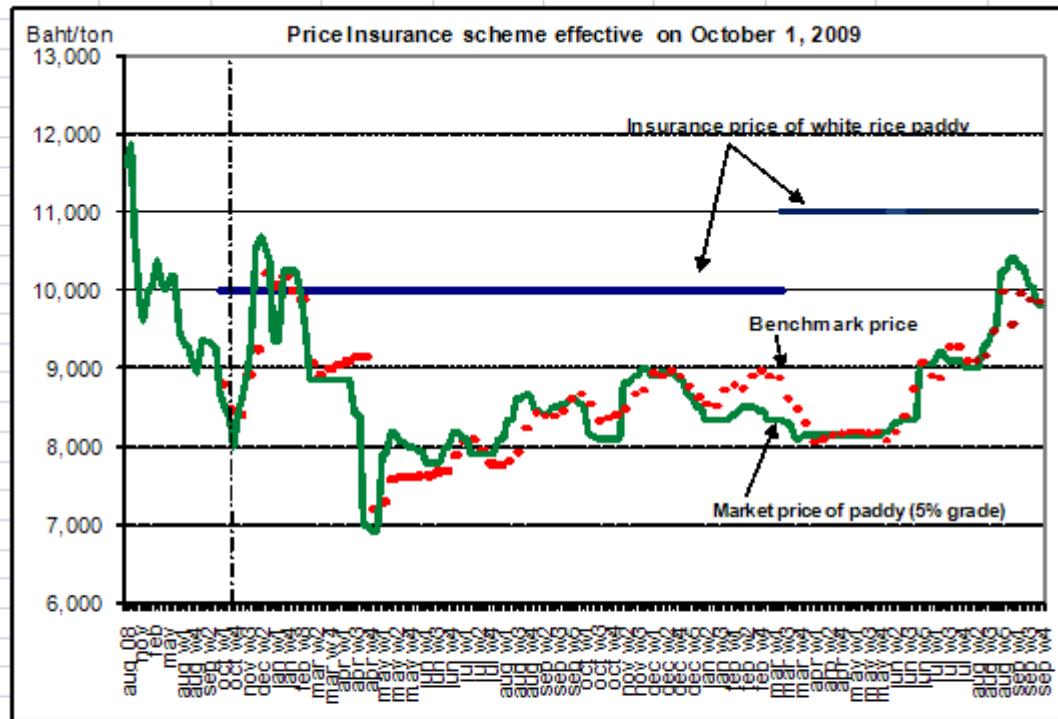
to 11,500 baht/ton, effective Mar. 16, 2011. Also, those of white rice were raised from 10,000 baht/ton to

11,000 baht/ton, and glutinous rice from 9,500 baht/ton to 10,000 baht/ton.

^{e/} The benchmark prices of fragrant rice and Provincial fragrant rice are for MY2010/11 main crop.

^{f/} As of Sep 26, 2011

Figure 1: Comparison of market price, insurance price, and benchmark price



Note: 1/ Benchmark prices are average historical wholesales 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.

2/ Starting March 8, 2010 the benchmark prices will be published on a weekly basis instead of twice a month on the 1st and 16th, based on average wholesale prices of last 15 days in Bangkok. The prices are set by the Subcommittee on Benchmark Price Determination, chaired by the Permanent Secretary General of the Ministry of Commerce.

3/ Starting Apr. 26, 2010 the benchmark prices will be based on average wholesales price of last week in Bangkok.

Rice Export Update

Unofficial rice exports (excluding fragrant rice) September 19-25, 2011 totaled 144,852 tons, up 11,755 tons from the previous week, and up 2,143 tons from the four week moving average of 142,710 tons.

Exports of white rice and parboiled rice during January 1 – September 25, 2011 totaled 7,073,878 tons, up 62.4 percent from 4,355,497 tons in the previous year.

According to the Department of Foreign trade, Ministry of Commerce, total rice exports (including fragrant rice) during January 1 – September 21, 2011 amounted to 8,792,199 tons, up 50.4 percent from 5,844,777 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)	(%)
Jul 10	193,263	204,909	5,438	3,044	78.6
Jul 17	165,055	194,616	5,603	3,184	76.0
Jul 24	176,480	180,024	5,779	3,305	74.9
Jul 31	166,204	175,251	5,945	3,415	74.1
Aug 7	131,189	159,732	6,076	3,501	73.6
Aug 14	123,362	149,309	6,200	3,581	73.1
Aug 21	146,492	141,812	6,346	3,660	73.4
Aug 28	156,711	139,439	6,503	3,799	71.2
Sept 4	148,132	143,675	6,651	3,911	70.1
Sep 11	144,757	149,023	6,796	4,047	67.9
Sep 18	133,097	145,674	6,929	4,203	64.9
Sep 25	144,852	142,710	7,074	4,355	62.4

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. FASBKK 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.

Table 4: Weekly private registered rice export sales			
Movement (MT)	Sep 5-9 (Revised)	Sep 12-16	Sep 19-23 (Preliminary)
Weekly sales	190,634	178,732	NA
4 week sum	867,052	773,093	NA
4 week mov. avg.	216,763	193,273	NA
Year-to-date sales	7,670,620	7,849,352	NA

End of report.