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Report Name: Rice Trade - Monthly

Country: Burma - Union of

Post: Rangoon

Report Category: Grain and Feed

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Report Highlights:

Post forecasts Burma's rice export lower in October due to the continued closure of all border checkpoints along the Burma-China border, poor demand from African and EU countries, and high shipping costs. Domestic prices for both Emata and Shwe Bo Pawsan in Rangoon market will likely increase in October due to lower supplies in the domestic markets and transportation challenges due to high fuel costs.

Burmese Rice Production

The Burmese Department of Agriculture expects farmers to cultivate 6.1 million hectares (MHa) of main rice crop (monsoon rice) in October 2021.

Non-border Trade

Post forecast Burma's official rice and broken rice exports lower in October due to very low demand from both African and EU countries. Traders continue facing high shipping costs and difficulties in secure shipping vessels, which has led to a drop in demand for rice and broken rice from the African and EU countries. Burmese and Chinese officials are negotiating the reopening of the border gates, but the date of reopening remains uncertain. There are long queues of truck waiting to cross in anticipation of the gates reopening.

Official export figures by type in August are available in Table 1, but official figures for September were not available at the time of reporting. Post will include September export figures in the next report. In August, Emata accounted for 57 percent of total exports in July followed by broken rice at 25 percent and Ngasein at 16 percent and parboiled at less than 2 percent.

Table 1: Burma's Rice Export by Type in August 2021 (Metric Tons)

Destination	Parboiled	Emata 5-20%	Emata 25%	Ngasein 5-20%	Ngasein 25%	Rice Total	Broken Rice Total	Total
Belgium							1,000	1,000
China		6,798				6,798	8,006	14,804
Hong Kong					442	442		442
Lithuania	556	1,200	300			2,056	1,500	3,556
Netherlands							500	500
New Zealand							46	46
Philippines		3,640	10,560			14,200	260	14,460
Poland	500	1,225	5,216	5,100	2,500	14,541		14,541
Singapore							126	126
Spain		550		100		650	500	1,150
Taiwan				250		250		250
Thailand							1,347	1,347
Vietnam		260				260		260
Total	1,056	13,673	16,076	5,450	2,942	39,197	13,285	52,482

Source: Ministry of Commerce, Custom Data

Border Trade

Post forecast Burma's rice and broken rice exports traded at the border lower in October due to the continued closure of all border gates. China has temporarily closed all trade gates in Kachin and Shan

states since July 8 due to COVID-19. Border trade between the two countries almost completely stopped. The Chinese and Burmese governments partnered in opening a 1,000 bed COVID-19 treatment center in the 105-mile trade zone in Muse on October 1 in order to resume border trade. However, borders gates have not reopened. There were negotiations between China and Burma on October 14 to discuss conditions for reopening the border gates, but the two parties did not agree on all the conditions for reopening.

Table 3. Monthly Rice Exports in 2020 and 2021 (Metric Tons)

Month	Rice Milled, 2020					Rice Milled, 2021				
	Non-border trade		Border trade		Total	Non-border trade		Border trade		Total
	Head Rice	Broken Rice	Head Rice	Broken Rice		Head Rice	Broken Rice	Head Rice	Broken Rice	
January	147,336	49,512	23,335	1,006	221,189	86,217	59,170	48,805	64,049	258,241
February	126,513	76,346	22,624	9,241	234,724	30,311	41,393	24,406	21,042	117,151
March	117,312	114,303	32,572	20,098	284,285	29,233	10,791	26,555	39,143	105,722
April	42,909	38,745	10,482	3,007	95,143	48,060	41,475	12,385	21,435	123,355
May	111,800	84,427	9,142	2,024	207,393	104,431	53,618	7,471	30,566	196,086
June	77,107	70,793	15,358	20,425	183,683	103,120	52,308	10,137	39,932	205,497
July	64,158	54,904	23,422	24,339	166,823	26,166	18,575	2,497	3,308	50,546
August	79,642	42,190	19,791	21,078	162,701	39,197	13,285	920	140	53,542
September	37,519	37,586	16,545	16,247	107,897	37,000*	15,000*	900*	150*	53,050*
October	33,722	33,215	32,445	13,452	112,834					
November	91,926	48,075	81,443	23,850	245,294					
December	107,787	58,404	60,652	59,756	286,599					
Total Rice	1,037,731	708,500	347,811	214,523	2,308,565	503,735	305,615	134,075	219,765	1,163,190

Source: Ministry of Commerce, Custom Data

Note: * represents post estimate

Market Overview

Domestic wholesale prices for both Emata 25 percent broken rice and Shwe Bo Pawsan have increased since August despite poor export demand. Low supply, high transportation and fuel costs, and the devaluation of the Myanmar Kyats against the U.S. dollar helped push wholesale prices up. Prices for fuel Octane 92 Ron increased 70 percent from February to September 2021. However, traders forecast that prices for rice will decline when the new rice crop enters the market in November, especially while the border gates remain closed.

Table 4. Monthly Domestic Wholesale Price for Emata and Shwe Bo Pawsan Rice in Rangoon Market

Type of Rice	Emata 25% (low grade)		Shwe Bo Pawsan	
	MMK/108lb	\$/MT	MMK/108lb	\$/MT
October (1-15)	23,000-24,000	267-273	52,000-59,000	593-673
September	22,300-22,800	254-260	48,000-54,000	547-615
August	21,000-22,000	239-250	47,000-51,000	536-581

MMK: Myanmar Kyat

Source: Myanmar Rice Federation

Reference exchange rate in September 2021: One US\$ = Kyat 1,754 (Central Bank of Myanmar)

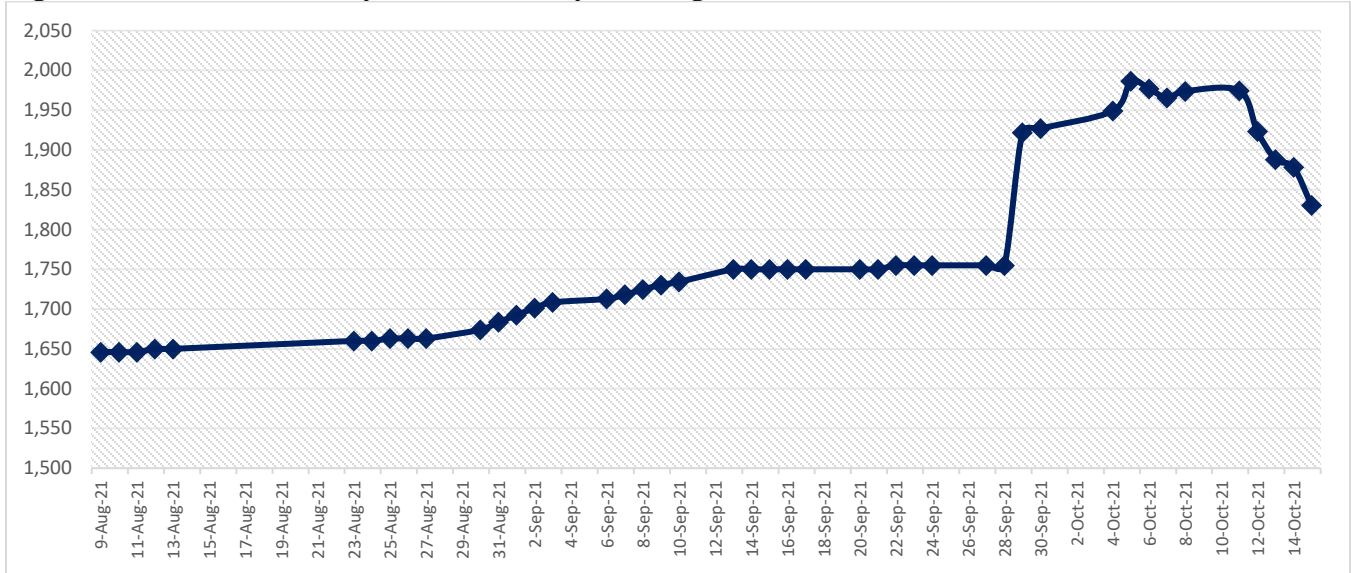
Policy Updates

The committee for the Farmers' Rights Protection and Benefit Promotion set the price of 100 baskets of rice (rough) at 540,000 kyats (USD 132/MT) as the basic reference price for monsoon rice (rough) and summer rice (rough) crops in MY2021/22 on October 6, 2021. Farmers complained about the reference price due higher production costs this year, especially fertilizers, fuel, and labor. However, market prices for the new rice crop (rough) ranges between 580,000-600,000 MMK/100 basket (USD 141-146/MT), which is much higher than the reference prices.

The Myanmar Kyat has depreciated sharply against the U.S. dollar since August, reaching a record 2,500-2,700 MMK per USD on September 28, 2021, at authorized money exchange counters, while the reference rate at Central Bank of Myanmar (CBM) was 1,670 MMK per USD. The Central Bank of Myanmar sold 63 million U.S. dollars between September 13 and 27 at an average exchange rate of 1,750-1,755 MMK per USD. Transferring money out of country continues to be a challenge for several importers and traders. Prices for USD, however, decreased in early October (see Figure 1), while the prices for imported goods (e.g., fertilizers, fuel, food, and construction materials) remained high.

CBM announced that licensed foreign exchange banks and non-bank companies were allowed to buy and sell Chinese Yuan and Japanese Yen on October 12, 2021, in order to reduce the requirement of USD for trading. CBM previously only allowed foreign exchange banks to buy and sell the following five currencies: USD, Euro, Singapore dollar, Thai baht, and Malaysian ringgit. CBM sold USD 50 million at an auction on October 18, 2021, at an average exchange rate of 1,820 MMK per USD. Trade sources confirmed that CBM sold these USD to petrol importers, palm oil importers, and drug importers through private banks.

Figure 1. Central Bank of Myanmar Currency Exchange Rate (MMK/USD)



Source: Central Bank of Myanmar

Attachments:

No Attachments