

Rice gains as Asia braces for El Nino

PREPARING FOR THE WORST. Indonesia, Philippines and Malaysia looking to build stocks

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White rice (raw) prices have increased across Asia as some of the countries depending on the cereal as the staple food are building stocks to overcome any problem that might arise from the El Nino, which is likely to develop in the second half of 2023. "Rice prices are up as countries such as Indonesia, the Philippines and Malaysia are looking to buy more rice," said BV Krishna Rao, President, The Rice Exporters Association of India (TREA).

"There is more demand from islands around the Philippines. The Malaysia market too is open. We are getting enquiries from Vietnam too," said VR Vidya Sagar, Director, Bulk Logix. "Arrivals of the new crop are likely in Vietnam by this month-end. Buyers are asking us to expedite shipments," said M Madan Prakash, President, Agri

Commodities Exporters Association (ACEA).

"Countries such as Indonesia, the Philippines and Malaysia are stocking up to ensure they are not affected by the upcoming El Nino in any way. They don't want to go through their 2007-08 experience when agri commodities prices exploded," said S Chandrasekaran, trade analyst.

2007-08 CRISIS

In 2007-08, India banned rice exports resulting in the grain's prices touching \$1,000 in the global markets. According to the Food and Agriculture Organisation (FAO), an arm of the UN, it resulted in a crisis, harming the poor. "If the government keeps up its support, we could end up exporting the same volume of rice like last fiscal," said Rajesh Paharia Jain, a New-Delhi based exporter.

According to the International Grains Council, India's



HIGHER PURCHASE. White rice prices are gaining also due to the fact that the FCI is procuring stocks for the central pool to be distributed through ration shops

25 per cent broken white rice is quoted at \$442 a tonne, while Thailand and Vietnam are quoting \$490 and \$480, respectively.

Indian rice prices have increased 27 per cent year-on-year, more than Thailand (11 per cent) and Vietnam (16 per cent). According to FAO, production of maize, rice and soyabean could be affected in

the event of the El Nino developing.

KEY DEVELOPMENT

The India Meteorological Department (IMD) has said El Nino will set in in the second part of the monsoon from August, while the Australian Bureau of Meteorology expects it to develop in July-end. The US Climate Predic-

tion Center sees the event, which leads to drought in Asia and floods in the Americas, developing during May-June and strengthening further. "One of the key developments in the global rice markets is that buyers have accepted the 20 per cent export duty on white rice," said Jain.

"These Asian countries are buying so that they will not be caught by any ban that India might resort to ensure food security as it did last year when it banned wheat and fully broken rice exports," said Chandrasekaran.

"We are getting supplies of 25 per cent broken in Chennai at ₹28,500 a tonne. Two weeks ago, we shipped at \$430 a tonne cost and freight to South-East Asia. Prices have gone up further," said ACEA's Prakash.

"However, parboiled rice prices are stressed. There is no (Indian) government procurement so prices are falling," said Bulk Logix's Sagar.