



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 10/7/2008

GAIN Report Number: TH8155

Thailand

Grain and Feed

Weekly Rice Price Update

2008

Approved by:

Gary Meyer, Agricultural Counselor
U.S. Embassy

Prepared by:

Ponnarong Prasertsri, Agricultural Specialist, Maysa Kunasirirat, Agricultural Assistant

Report Highlights:

Domestic and export prices declined sharply as anticipation continues to grow that existing excessive rice supplies will utterly be forced into a Government stock release to make room for the following new main-crop harvest. Total government intervention stocks will increase to 4.7 million tons, of which 2.1 million tons were old-crop intervention stocks. At the moment, an intervention stock release is reportedly unattractive to exporters as bidding benchmark prices are higher than current market prices. A stock release would become much more attractive under a Government-to-Government brokered deal at less than benchmark prices.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Bangkok [TH1]
[TH]

Indicative Prices (Week Ending Oct. 6):

Thailand: Export (FOB) Prices for various grades of rice (USD/M.T.)									
	Exporter Observations							Period Avg.	
	#1	#2	#3	#4	#5	#6	#7	CUR.	PRV.
F WR 100 B	815	-	-	-	845	775	-	812	820
WR 100 B	660	-	690	670	700	665	670	676	692
PB 5%	-	-	670	-	690	640	670	668	694
WR 5%	620	-	680	660	680	640	660	657	674
WR 10%	-	-	-	-	-	633	-	633	658
WR 15%	-	-	-	-	-	620	-	620	640
WR 25%	-	-	-	-	-	520	-	520	575
WR 35%	-	-	-	-	-	-	-	-	-
A 1 SUP	370	-	-	-	390	390	390	385	403
A 1 SPEC	-	-	-	-	-	-	-	-	-

Source: Average actual prices received from exporters, Exchange rate: 34.4 baht/U.S.\$

Market Tone

Domestic and export prices declined sharply as anticipation continues to grow that existing excessive rice supplies will utterly be forced into a Government stock release to make room for the following new main-crop harvest. As the second-crop intervention program comes to a close in major growing areas, particularly in the central plain, the program will have reportedly absorbed a record 3.97 million tons of paddy (2.6 million tons milled equivalent) valued at 55 billion baht (\$1.6 billion). Total government intervention stocks will increase to 4.7 million tons, of which 2.1 million tons were old-crop intervention stocks. Of the total intervention stocks, approximately 3.7 million tons are white rice and 1.0 million tons are fragrant rice. The Thai Commerce Minister has encouraged the Government to release stocks for export and has insisted on maintaining high intervention prices of 14,000 baht/ton (\$407) for the 2008/09 main-crop intervention program. The program will likely be postponed until November 1, 2008, instead of starting by the mid-October in order to initiate a possible release of old-crop stocks first. The decision is expected to be finalized within this week after the Cabinet meeting scheduled for October 7.

At the moment, the intervention stock release plan proposed by the Minister of Commerce is reportedly unattractive to exporters as bidding benchmark prices are higher than current market prices. A stock release would become much more attractive under a Government-to-Government brokered deal at less than benchmark prices. However, current foreign demand for Thai rice remains quiet. Exporters expect benchmark prices will likely be approximately \$600/MT (based on the average cost of old-crop and current intervention stocks), which remains \$140-\$150/MT higher than Vietnamese rice. In addition, exporters are able to source newly harvested main-crop premium rice in the domestic market at reasonable prices for export.

The following are the reported rice exports (as is basis):

WEEK ENDING	QUANTITY	4-WK AVG	YEAR TO DATE	YEAR AGO	YEAR TO DATE AS % OF LAST YEAR
	(MT)	(MT)	(TMT)	(TMT)	%
Aug 10	122,027	146,116	5,427	3,165	71.4
Aug 17	125,268	132,888	5,553	3,254	70.6
Aug 24	155,649	126,108	5,708	3,355	70.2
Aug 31	154,550	139,373	5,863	3,442	70.4
Sep 7	131,622	141,772	5,995	3,573	67.7
Sep 14	129,898	142,930	6,124	3,717	65.0
Sep 21	125,818	135,472	6,250	3,866	61.7
Sep 28	133,622	130,240	6,384	4,060	57.3
Oct 5	88,544	119,470	6,472	4,238	52.7

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.

Unofficial exports (excluding fragrant rice) for Sep. 29 – Oct. 3, 2008 totaled 88,544 down 45,077 from the previous week, and down 30,926 from the four-week moving average of 119,470 tons. Exports during Jan. 1 – Oct. 5, 2008 totaled 6,472,398 tons, as compared with 4,237,790 tons in the previous year.

According to the Department of Foreign Trade, Ministry of Commerce, total rice exports (including fragrant rice) during Jan. 1 – Sep. 30, 2008, amounted to 8,390,094 tons, up 35.82 percent from 6,176,920 tons in the previous year.

Weekly Rice Sales

Private registered rice export sales for the period of Sep. 15-19, Sep. 22-26, and Sep. 29 - Oct. 3, 2008 are as follows:

Movement (MT)	Sep. 15-19	Sep. 22-26	Sep. 29 – Oct. 3
Weekly sales	144,381	112,431	92,659
4 week sum	-	396,997	454,084
4 week mov. avg.	-	99,249	113,521
Total weekly sales	5,687,770	5,800,201	5,892,860

End of Report.