

Required Report: Required - Public Distribution

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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 Burmese rice exports lower in August due to fewer supplies in the domestic market, higher domestic prices, lower anticipated production, and changes to foreign currency policies. Domestic prices for both Emata and Shwe Bo Pawsan rose significantly.

Burmese Rice Production

The Burmese Department of Agriculture (DOA) reported that farmers plan to cultivate 6.07 million hectares of main crop rice in marketing year (MY) 2022/23 and have planted about 72 percent as of August 8, 2022. The DOA reported that farmers have cultivated roughly 0.98 million hectares of the second rice crop in MY 2021/22 and have harvested almost 99 percent of the second rice crop cultivated area as of August 8, 2022.

The military government will allocate 400 billion Myanmar kyats (MMK) (\$190 million) of the remaining COVID-19 funds for economic development. Agriculture and livestock sectors received up to 170 MMK (\$80 million) with priorities given to rice and green gram production. The regime also pledged to support the exportation of rice and green gram.

Non-Border Trade

Posts forecasts Burma's rice and broken rice exports lower in August due to reduced supplies in the domestic market and higher domestic prices. Domestic prices for all grades of rice were higher in early August due to high transportation costs, high fuel prices, and fewer supplies. The military government did reduce the requirement for exporters to convert all their earnings into MMK at the Central Bank of Myanmar's (CBM) fixed rate of 2,100 MMK/USD down to only 65 percent of their earnings on August 5. The market exchange rate is currently about 2,700-2,900 MMK/USD.

Post obtained official export numbers by type and destination for the month of May (Table 1). Emata rice accounted for 48 percent of total exports, followed by broken rice at 42 percent, and Ngasein and parboiled rice at 4 percent each. Post revised rice and broken rice export estimates higher for July (Table 3) based on information from the Myanmar Rice Federation (MRF).

Table 1: Burma's Rice export by Types in May 2022 (Metric ton)

Destination	Parboiled Brown Rice	Emata 5-20%	Emata 25%	Ngasein 5-20%	Ngasein 25%	Glutinous Rice	Brown rice	Paw San	Rice Total	Broken Rice Total	Total
Australia		40							40		40
Belgium	6,150	5,000				750	1,000	1,000	13,900	34,999	48,899
Benin			1,410						1,410	133	1,543
China		10,040							10,040	18,907	28,947
Czech Republic	200								200	125	325
Croatia		200							200		200
France		50							50		50
Germany	150		475	250					875		875
Greece		4,280							4,280		4,280
Hong Kong					259				259		259
Italy	500	12,491		5,000					17,991		17,991
Latvia		125							125		125
Madagascar			1,000						1,000		1,000
Malaysia										250	250
Netherlands		7,000							7,000	890	7,890
Papua New Guinea										520	520
Philippines		910	26,870						27,780		27,780
Poland	550	11,400	1,080	250					13,280	16,100	29,380
Romania		1,000							1,000		1,000
Singapore								24	24	152	176
Slovenia		630							630		630
Spain		1,500		1,500					3,000	2,500	5,500
Taiwan				300					300		300
Total	7,550	54,666	30,835	7,300	259	750	1,000	1,024	103,384	74,576	177,960

Source: Ministry of Commerce

Border Trade

Post forecasts Burma's rice exports through border trade to grow in August; however, the volume is still lower than previous years due to high local prices and high transportation costs. The Department of Trade required traders of rice, corn, oilseed crops, beans, and pulse to only use U.S. dollars when trading on July 1; however, the Ministry of Commerce did provide an exception to rice and broken rice exports. Exporters of rice and broken rice are able to accept Chinese Yuan at the border. The requirement to only accept U.S. dollars and then exchange the U.S. dollars at the CMB fixed exchange rate of 2,100 MMK/USD and high domestic prices is making it hard for exporters to earn a profit.

Table 2: Rice Exports by Type in 2021 (Metric Tons)

Month	Rice Milled, 2021				
	Non-border trade		Border trade		Total
	Head Rice	Broken Rice	Head Rice	Broken Rice	
January	86,217	59,170	48,805	64,049	258,241
February	30,311	41,393	24,406	21,042	117,152
March	29,233	10,791	26,555	39,143	105,722
April	48,060	41,475	12,385	21,435	123,355
May	104,431	53,618	7,471	30,566	196,086
June	103,120	52,308	10,137	39,932	205,497
July	26,166	18,575	2,497	3,308	50,546
August	39,197	13,285	920	140	53,542
September	65,274	54,775	145	452	120,646
October	86,450	88,261	0	380	175,091
November	153,225	72,015	0	527	225,767
December	198,773	69,314	425	362	268,874
Total Rice	970,457	574,980	133,746	221,336	1,900,519

Source: Ministry of Commerce, Myanmar Rice Federation.

Table 3: Rice Exports by Type in 2022 (Metric Tons)

Month	Rice Milled, 2022				
	Non-border trade		Border trade		Total
	Head Rice	Broken Rice	Head Rice	Broken Rice	
January	205,098	100,956	6,723	2,251	315,027
February	99,650	75,008	11,029	5,939	191,626
March	116,585	81,814	6,244	1,413	206,056
April	143,873	81,759	6,691	4,124	236,447
May	103,384	74,576	5,619	13,507	197,086
June	89,000	60,000	10,000	8,000	167,000
July	*118,000	*29,000	*5,500	*30,000	*182,500
August	*70,000	*30,000	*5,000	*30,000	*135,000
September					
October					
November					
December					
Total	945,590	533,113	56,806	95,234	1,630,742

Source: Ministry of Commerce, Myanmar Rice Federation.

* denotes post's estimate

Market Overview

Domestic wholesale prices for both Emata 25 percent broken rice and Superior quality Shwe Bo Pawsan were higher in August due to increased production costs, inflated transportation costs, and the depreciated Myanmar kyat. Shrinking domestic supplies fueled by an increase in domestic demand along with the anticipated smaller crop from the next main crop season also contributed to higher prices. Farmers in high conflict areas have been unable to plant the next crop or take care of the crop that they already planted, especially in the Sagaing region where farmers plant the superior quality Shwe Bo

Pawsan rice. Prices for Shwe Bo Pawsan significantly rose 40-44 percent in August. The MRF is supporting consumers by selling Pawsan and Emata rice varieties at a low price directly to consumers at the rice trade center in Yangon starting on August 8.

Table 5: 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
August (1-15)	32,000-33,000	304-314	78,000-90,000	743-857
July	30,500-31,500	290-300	54,000-66000	514-628
June	30,500-31,500	290-300	53,000-63000	504-600
May	27,000-28,500	257-271	53,000-63,000	504-600
April	26,500-28,000	252-267	57,000-63,000	524-600
March	23,000-28,000	219-267	57,000-63,000	542-600

MMK: Myanmar kyat

Source: Myanmar Rice Federation

Fixed exchange rate in June 2022: One USD = kyat 2,100 (Central Bank of Myanmar)

Market exchange rate in August 2022: One USD = kyat 2,800-2,900

Policy

The CBM issued notification 36/2022 stating that exporters have to exchange 65 percent of export earnings into Myanmar kyats within one working day after receiving a payment. The previous notification (12/2022) required exporters to exchange all export earnings into Myanmar kyats. Trade sources reported that this policy change will help exporters of rice, pulses, and corn pay some of their operating costs (e.g., transportation costs) using U.S. dollars instead of taking a hit when converting the U.S. dollars they received for payment at the CBM fixed exchange rate that is below the market exchange rate. The CBM did revise the fixed exchange rate to 2,100 MMK/USD on August 5 from 1,850 MMK/USD. However, the average market exchange rate for Myanmar kyat remains about 15-20 percent higher than fixed rate.

Attachments:

No Attachments