

PHILIPPINES CUTS RICE IMPORT TARIFFS TO 15% BUT TRADERS WAIT FOR CLARITY ON PROGRAM FOR PHP28/KG RICE

The Philippines approves tariff cut to 15% for rice imports (from 35%), but Philippines buyers pause as importers seek:

- Official confirmation on duty cut.
- Clarity on government plans with 8 billion PHP budget for program to deliver PHP 29/Kg (USD 492 PMT) rice and if NFA will import or buy from importers.
- State of the Nation Address in 3rd week of July remains a key date ahead.

Modi in line for 3rd successive term as President of India but level of victory looks below expectations.

Indian exports of broken rice to Senegal gains extension to 30 Nov 2024, while fresh e-tenders for 40 TMT of broken rice sales to Senegal revealed for 11 Jun 2024

Viet authorities look into anti-competitive prices seen from Vietnamese bids at Indonesia tenders, markets softer despite Philippines decision on lower tariffs, as Philippines buyers pause to lend to softer prices for DT8 and 5451 varieties.

Brazil tender for 300 TMT of rice imports underway, with little Asian interest on the back of 2kg packaging challenge.

Push-pull in markets show weak Philippines interest, lack of clarity from India and Philippines as drivers of cautious buyers, while rising container freight rates a big cause for concern in inventory tight destination markets.

WEEKLY RICE MARKET SUMMARY

240607- REPORT NUMBER 52



Property of SSResource Media Pte. Ltd.

WEEKLY MARKET SUMMARY:

WEEK of 31 May to 7 Jun 2024

PHILIPPINES CUTS RICE IMPORT TARIFFS TO 15% BUT TRADERS WAIT FOR CLARITY ON PROGRAM FOR PHP28/KG RICE

SSRICENEWS.COM ASIAN PRICES SUMMARY																6-Jun-24		
THAILAND			VIETNAM			CAMBODIA			MYANMAR			INDIA			PAKISTAN			
	6-Jun	30-May		6-Jun	30-May		6-Jun	30-May		6-Jun	30-May		6-Jun	30-May		6-Jun	30-May	
5%	\$628	\$620	5% d.p.	\$575	\$575	5%	\$640	\$640	5%	\$600	\$600	NCEL 5%	\$540	\$540	5%	\$590	\$600	
15%	\$585	\$580	15%	\$570	\$570				25%	\$560	\$560	15%	NQ	NQ	15%	\$580	\$590	
25%	\$565	\$555	25%	\$555	\$555				25%	\$500	\$500	NCEL 25%	\$500	\$500	25%	\$550	\$560	
Brokens A1S	\$465	\$460	White Brokens	\$515	\$515				Brokens B1/2 Sortex	\$435	\$435	NCEL Brokens	\$405	\$405	Brokens A1S	\$460	\$460	
Brokens FA1S	\$525	\$520	Fr. Brokens	\$510	\$520													
Hom Mali 23/24	\$900	\$885	ST 24	\$730	\$725	Jasmine (Sen Kra Ob)	\$825	\$825										
Pathum	\$850	\$830	DT8	\$615	\$630													
			Jas. 5%	\$660	\$665								PB 5%	\$555	\$550			
Glut 10%	\$825	\$825	Glut 10%	\$600	\$615								1121 2%	\$1,050	\$1,080			
P 100% S	\$625	\$615	PB 5%	\$625	\$625								Pusa Basmati PB 2%	\$1,010	\$1,050	PB 100% S	\$610	\$620
			Japonica 5%	\$610	\$620													
			5451	\$600	\$615													
			Nang Hoa	\$670	\$675													
			KDM	\$710	\$720													

FOB prices for Jul 2024 shipments

The BIG NEWS this week came from the Philippines with press reports of a 15% import duty on rice imports getting the nod, but markets remain uninterested, with Philippines market sources suggesting that clarity to a PHP 88 Billion (USD 1.5 Billion) budget for delivering PHP 29 / Kg (roughly \$495 PMT) rice to the population seemed to only bring the market to a “pause” as importers held on to stocks, hoping to sell these to the Philippines government / NFA or appointed authority, while seeking for clarity to how this PHP 29/Kg project will be delivered. The fear of a NFA return remains, while many importers we contacted seem to prefer NFA buying from importers so the market structure and competition between importing organizations is unaffected by any NFA role. A decision is expected by the end of June before the State of the Nation Address due for the 3rd week of June.

Vietnam was a hive of activity as last week saw a variety of voices share opinions on the “low-priced” offers made at the last Indonesian rice tender, with suggestions of a Ministry of Industry and Trade (MOIT) demand from Vietnam Food Association (VFA) and members to submit a report on these transactions. Naturally the Viet press has been actively suggesting ideas like a Minimum Export Price and other commentary on price wars and undercutting as well as the idea of “fire sale” tactics to get out of short-term financial challenges. In the meantime, markets look steady to weaker as Filipino buyers remain quiet, and as this lack of demand has been translated to softer DT8 and 5451 prices.

India saw Modi retain his Presidency albeit a weaker than expected performance at the polls, while broken rice exports to Senegal were allowed an extension to end of Nov 2024, while destination markets remain challenged by the sky-high container freight markets.



PHILIPPINES CUTS RICE IMPORT TARIFFS TO 15% BUT TRADERS WAIT FOR CLARITY ON PROGRAM FOR PHP28/KG RICE

The week started strong, with some follow through news from Vietnam on some government led questioning on low prices seen at the last Bulog tender, and the week quickly caught wind of an approved reduction in the Philippines import tariff for rice, as the main headlines, while we still have the rising container freight (and the sheer lack of availability for boxes) as a drag on export movements, as markets were pushed and pulled, on one side, by the lack of any sizeable Philippines demand, as destination markets looked challenged with low inventory, higher costs for replacements (especially from containerized trades that looked increasingly difficult), while India saw the Modi government return for a record 3rd term, despite some less the expected performances at the poll, as one expects the weeks ahead to show the way to a new government taking the reins of power, while lobbies prepared to push for their respective agendas.

Philippines duty cut to 15%, but NFA woes and details from PHP 88 billion project for PHP 29/Kg rice push buyers to pause on market activities. The Philippines was initially seen as providing a boost for demand with the approval of a 15% import tariff for rice imports, coming down from 35%, to be in effect up to 2028. This set the stage for numerous news items from concerns that this move will benefit Viet exports and weaken the position of farmers in the Philippines, as well as some concern to what constitute the poor. The immediate response seemed to be a pausing in terms of buying activities from importers, and a quiet seen in Viet markets. The devil, will be in the details, but from sources close to SS Rice News, we have the following as pointers:

- Official confirmation on duty cut is only expected in late June 2024. So buyers seem to prefer more details to be revealed before taking trading decisions.
- Clarity on government plans with 8 billion PHP (USD 1.5 billion) budget for program to deliver PHP 29/Kg (USD 492 PMT) rice and if NFA will import or buy from importers or seek imports direct from origins.
- The State of the Nation Address in 3rd week of July remains a key date ahead for the government set the system in motion, to showcase the Philippines' latest efforts in the fight against inflation.

India gives Modi and 3rd term. President Modi was officially declared the winner for what is a record 3rd successive term as President of India. Interestingly, the press focus was on what was a below expected performance at the polls, as India's voter spoke, and we will see the new government begin to take the reins of the world's largest democracy. This is also when we can expect various lobby groups including those seeking a removal of export restrictions in rice, though most sources we contacted feel that India will not take any significant decision until after Sep or Oct, once the monsoon is better understood, while there are also some who see the wheat imports, and a firm price in India's rice markets as an obstacle for any easing of restrictions on rice

exports. For now, we have India **extending the deadline for exports of broken rice to Senegal to the end of Nov**, a **11 Jun tender for 40 TMT of broken rice for Senegal** was also revealed this week, while **parboiled rice prices remain firm**, with few exporters willing to offer, while the rising container freight rate, and lack of boxes is also limiting trades from India.

Vietnamese markets look lower, with Phil buyers abstaining, while domestic markets and authorities look into anti-competitive fire sales at recent Bulog tender. The market was buzzing from late last week, with talk of “fire-sales”, anti competitive market practices and even some recommendations of a minimum export price, and at the heart of almost all of the press coverage, was the cheaper than usual sale price at the last Bulog tender, while there was also suggestions in the Vietnam press that these “fire sale” prices were the result of short-term financial difficulties that forced these “at loss” sales, which some press reports suggest to pose a danger to the sellers, farmers and their creditors. Most of the exporters we contacted did not agree with a minimum support price, though many admitted that these sales were a concern, but best left to the market to determine.

Viet markets at early summer crop, expected rise in supplies from July. Viet markets, otherwise, remain firm in terms of supply, as the main winter-spring crop is behind, and we are at the early stage of the summer (and the autumn crop). Weather conditions are suggested by sources to delay arrivals, while June arrivals have often had a tendency for high moisture, colour issues, and are generally not of good enough quality, while winter-spring crop will become valuable over time, for blending with what is often described as a lower quality summer and autumn crop. The big weak point in markets is the “pause” from Philippines buyers, who sit on positions, shipping has been a challenge with rising costs (especially in containers), and this lack of activity is lending to softer prices for DT8 and 5451 varieties. Most would agree that in the case of the Philippines, weak demand today, tends to mean stronger demand in the future, as most are simply waiting for the politics on the lower import tariffs (15%) and the PHP 88 Billion (USD 1.5 billion) budget to bring rice prices in the Philippines, for the poor (something that may need defining), and just how this will be performed.

Brazil tender for 300 TMT of imports on 6 Jun underway, but commentators feel imports unnecessary but a strategy to calm heated markets in the Americas. Brazil tender for 300 TMT of rice imports underway, with little Asian interest on the back of 2kg packaging challenge. As we sit in Cancun and listed to the views, what we have heard is that the Brazil crop damage was described by one delegate from Brazil to be 10% and that many in the market place disagree with this drive to import 300 TMT (tender is taking place as this is written), and many also see these efforts as a means to calm markets that have overreacted to the floods in Rio Grande Sul, and provided some level of arbitrage that allows imports to help calm markets.

Push-pull in markets show weak Philippines interest, lack of clarity from India and Philippines as drivers of cautious buyers, while rising container freight rates a big cause for concern in inventory tight destination markets.

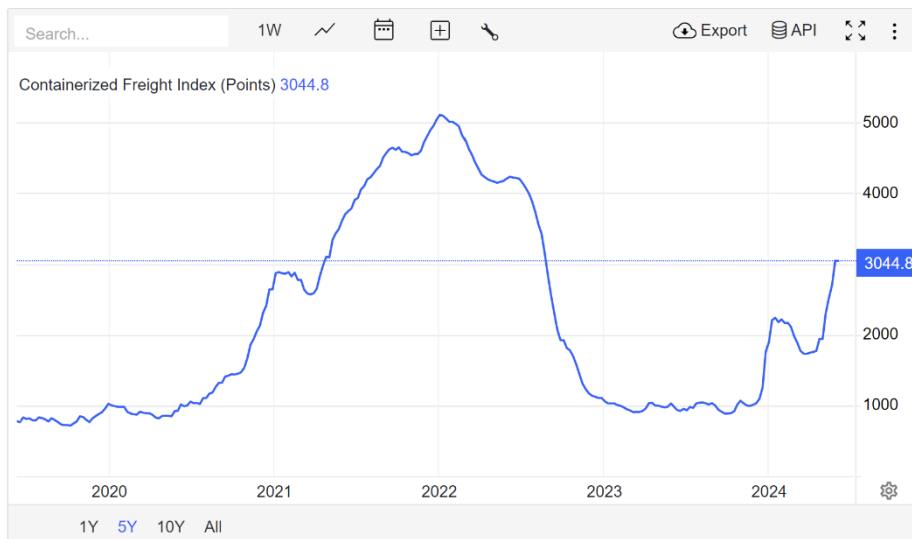
The markets are seemingly in the process of digesting developments, from the Philippines announcements (15% import duty, \$1.5 billion for PHP 29/Kg program for the poor), Indian election win (Modi is back, but weaker than in last two terms as partly loses clear majority and this could affect future decisions that will need approvals from party allies), as well as the consequence of global buyers taking a cautious view on procurement, while rising freight rates (as below for a clear visual). While we have this situation, markets are trending sideways to softer, we saw Thai prices rise, and not surprisingly, most expect any softening of Thai rice prices to only show from July and a similar case seems to be in Vietnam,

where we expect more "dual" prices for the premium winter-spring crop, which will eventually give way to a softer prices and a generic Viet offering from July as most buyers no longer seek high-purity Viet winter-spring crop. Pakistan and Myanmar are now between crops, and will show more life in Q4 2024, hence these markets are essentially selling inventories, which itself is somewhat of an unknown, as liquidity (cash) needs and specification (more off-spec) will drive details in prices.

Containerized Freight Index

Summary Stats Forecast Alerts Export

Containerized Freight Index increased 1,285.20 Points or 73.04% since the beginning of 2024, according to trading on a contract for difference (CFD) that tracks the benchmark market for this commodity.



International Weather and Crop Summary

May 26 - June 1, 2024

International Weather and Crop Highlights and Summaries provided by USDA/WAOB

HIGHLIGHTS

EUROPE: Rainy weather continued across much of the continent, though hot and dry conditions were noted in southern-most growing areas.

WESTERN FSU: Notably warmer weather arrived, with drought persisting from eastern Ukraine into western Russia.

EASTERN FSU: A late-season cold snap persisted in the spring grain belt, while moderate to heavy rain in the mountains of Tajikistan and Kyrgyzstan juxtaposed with seasonably hot and dry weather in Uzbekistan and Turkmenistan.

MIDDLE EAST: Widespread showers in Turkey contrasted with seasonably dry but very hot weather in Iraq and Iran.

SOUTH ASIA: The onset of the southwest monsoon occurred in southwestern India, encouraging kharif crop sowing.

EAST ASIA: Showers benefited summer crops in China, while mostly dry weather favored maturing wheat.

SOUTHEAST ASIA: Monsoon showers continued to aid rice establishment in Indochina, while tropical downpours persisted in the northern Philippines.

AUSTRALIA: Much-needed rain overspread portions of the south and west.

ARGENTINA: Cool, sunny weather supported summer crop harvesting and winter grain planting.

BRAZIL: Conditions improved somewhat for unharvested summer crops in previously flooded southern farmlands.

MEXICO: Scattered showers brought localized relief from heat and dryness.

CANADIAN PRAIRIES: Lingering showers maintained slow rates of spring crop planting.

SOUTHEASTERN CANADA: Moderate to heavy showers increased moisture for summer crop establishment, but likely disrupted seasonal fieldwork.