



1. Southern provinces are beginning to seed summer-autumn rice with high quality varieties
2. The government sends 33,7 billion dong to some localities to overcome consequences of drought
3. Domestic and export rice prices have been increasing
4. Thai rice prices are rising; localized flooding in Thailand
5. Korea permits rice exports for the first time in years

## Vietnam's rice market

### Production

The southern provinces try to finish seeding summer-autumn rice by the end of June. Up to now, most southern provinces have seeded substantial areas for the summer-autumn crop. In Quang Ngai, 27,745 hectares of summer-autumn rice were seeded. The local people expect a yield of about 5.5 tons per hectare. Thanks to favorable weather and abundant rain, Tien Giang province farmers seeded summer-autumn rice at the right time on 72,630 hectares; the average yield is expected to be 4.38 tons per hectare and estimated rice production to be 317,766 tons. At the same time, Can Tho has finished seeding rice on about 84,000 hectares. Of this, 75,000 hectares (89.2%) are seeded to high-quality rice varieties that meet export standards.

Red River Delta map



## Policy

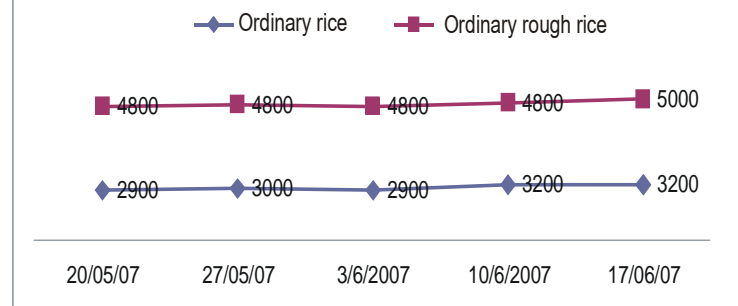
On 13 June 2007, Vietnam's Prime Minister approved Decision No 736 to deduct 33.7 billion dong from the 2007 State budget to support localities facing the consequences of drought (to help farmers pay for extra costs of electricity, oil/petrol, pumping water). Of that, Thanh Hoa will receive 7.2 billion dong, Ha Tinh 6 billion dong, Dac Lak 6 billion dong, Binh Dinh 3 billion dong, Tien Giang 3.7 billion dong, and Ha Giang 1 billion dong. The Prime Minister requires chairpersons of the provincial People's Committees to manage and use the funds, obeying objectives and current regulations.

## Exports and Prices

Prices of milled and rough rice are increasing in most provinces of the Mekong River Delta. In An Giang, the price of export level A is in the range of 3.100 to 3.150 dong/kg, the price of 5% broken rice 4.550 - 4.560 dong/kg, the price of 25% broken rice 4.220 - 4.300 dong/kg, all increased by 20 to 30 dong/kg from last week's levels. The price of rough rice has continuously increased in the past days in the Mekong River Delta because of increased demand in the domestic market. Meanwhile, the summer-autumn rice crop is just being planted; rice supplies are tight and the export companies are buying rice to fulfill export contracts with foreign countries.

Vietnam's export rice prices increased within the week because of increased global rice demand while the domestic supply was scarce. In Ho Chi Minh City and in the Mekong River Delta, the price of 5% broken rice was 307 US dollars, an increase of 2 US dollars compared with the previous week, while the price of 25% broken rice was 290 US dollars, unchanged compared with the previous week. Pressure from export demand is expected to keep rice prices at high levels in the next few weeks. Up to 10 June, some provinces, Soc Trang for example, has finished harvesting early summer-autumn crop

### Domestic rice of ordinary rough rice and milled rice in Bac Lieu



Source: [www.agro.gov.vn](http://www.agro.gov.vn)

(which is also called spring-summer crop). However, it is expected that farmers in Mekong River Delta will begin harvesting eventful this a crop in July.

Up to 12 June 2007, 5 vessels loaded 32,400 tons of rice for export to the Philippines. In the previous week, 1 vessel transported 16,500 tons of 5% broken rice to Africa and 9 vessels transported 68,810 tons of 15% and 25 % broken rice to the Philippines.

According to GSO's database, in the first 5 months of the year, the whole country exported more than 1.8 million tons of rice, a decrease of 21% compared with the same period last year, with a value of 580 million US dollars. Traders forecast Vietnam's companies will sign export contracts for over 1 million tons of rice in the third quarter this year, raising total rice export commitments to 3.8 million tons.

## Weather

Thailand's National Center for Hydro-meteorological Forecasting reported that heavy rains and flooding within the week caused serious damage to property and crops in Utaradit, Phre, Nan and Lampang provinces. According to the agency, over 500 houses, hundreds of streets and many bridges have been destroyed; 64.000 hectares of cultivated land were flooded, and thousands of domestic fowls and animals were killed. Relief measures to repair consequences of the flooding have been promptly deployed

## World rice market

### Asia rice

Rice prices for immediate delivery in Asian markets continuously increased in the past week, implying reduced levels of trade. Scarce rice supplies in Vietnam and Thailand kept rice prices at high levels. In Thailand, scarce supply in the domestic market appeared because continuous torrential rains caused damage for some rough rice areas at the same time that rice demand from export companies to fulfill contracts is increasing. According to export companies, a stronger Baht is also pushing rice prices up. In Vietnam, demand from foreign customers is keeping prices at high levels, while export firms are actively signing new contracts. According to information from traders, the

Philippines will buy all 300,000 tons of rice to be contracted at this time in Vietnam because Thailand's rice price is too high. Rice prices will continue increasing up to July when the new crop is harvested

### Korea

In response to a request, the Korean government permitted an agricultural co-operative to export 53 tons of rice to the United States. This is the first time in 60 years that Korea has permitted its farmers to sell rough rice to the foreign market. Domestic demand has been declining, so that domestic production plus imports easily satisfies consumption.



### Export price of Vietnam and Thailand rice (USD/ton - Source: www.agro.gov.vn)

	Vietnam			Thailand		
	Week 4/6 - 10/6/2007	Week 11/6 - 17/6/2007	Changes	Week 4/6 - 10/6/2007	Week 11/6 - 17/6/2007	Changes
5% broken rice	303,5	303,7	0,2	319,6	322	2,4
10% broken rice	298,6	298	-0,6	317,6	320	2,4
15% broken rice	293	298,3	0,8	312,4	318	5,6
25% broken rice	286,4	286,6	0,9	292,2	297	4,8

### Domestic prices of rough rice and rice in selected provinces (VND/kg - Source: www.agro.gov.vn)

Province	Ordinary rice			Province	Ordinary rough rice		
	Week 4/6 - 10/6/2007	Week 11/6 - 17/6/2007	Changes		Week 4/6 - 10/6/2007	Week 11/6 - 17/6/2007	Changes
(1)	(2)	(3)	(4)=(3)-(2)	(5)	(6)	(7)	(8)=(7)-(6)
An Giang	5000	5000	0	Bac Lieu	3200	3200	0
Bac Lieu	4800	5000	200	Can Tho	2900	2900	0
Ben Tre	4700	4700	0	Ben Tre	3200	3200	0
Binh Duong	5300	5300	0	Binh Duong	3650	3650	0
Kien Giang	5000	5000	0	Ca Mau	2950	2850	-100
Lam Dong	5200	5200	0	Dong Nai	3200	3200	0

### Exchange rate of USD/VND (Week from 11 to 16 June 2007)

Day	11 June	12 June	13 June	14 June	15 June	16 June
	16110	16112	16116	16120	16126	16126

Source: Vietcombank

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