



Weekly report

# Vietnam's rice market and trade

## 1st Week December 2008 (3/12-7/12/2008)

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### Rice prices in the Mekong River Delta increase

1. Demand surpasses supply: High price of rice seeds
2. Fertilizer prices have been stable during the week
3. Rice in stock sold out, domestic rice prices jump
4. Ensuring rice supplies for the first months of 2009
5. Export rice prices have been stable during the week
6. Africa: A potential market for Vietnamese rice in 2009
7. Market data

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## I. DOMESTIC MARKET

### PRODUCTION

#### *Supply-demand pushes price of rice seeds up*

This situation is attributed to strong demands for rice varieties to replace IR 50404 in service of the spring-winter crop in the Mekong River Delta together with demands for sowing again nearly 1,000 ha of rice damaged by long-lasting flood in Tien Giang Province.

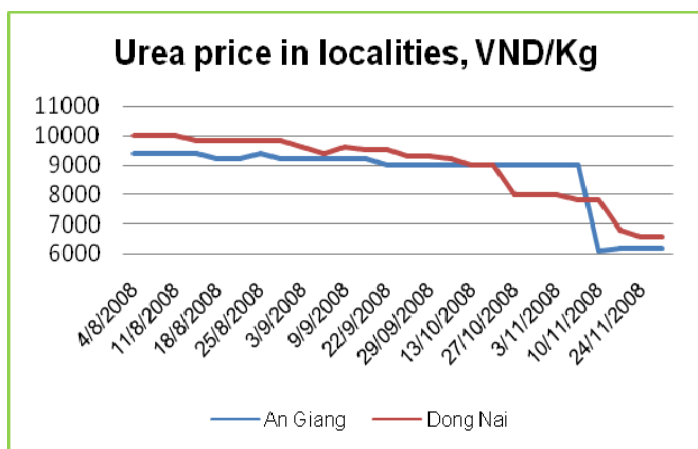
Rice seed supplies for 2009 spring-winter crop in the Mekong River Delta have just met 40% of demands for more than 200,000 tons of rice seeds in service of sowing 1.5 million ha of rice for this crop. The Rice Institute of the Mekong River Delta has warned farmers to take into account profits of the crop when planting aromatic rice as its costs of rice seed, pesticide and fertilizer are higher than other rice varieties and its outlets are more limited. Currently, aromatic rice accounts for about 20% of the total Vietnamese export rice volume, if promoting the cultivation of this rice strains, localities and enterprises need to formulate stronger market development schemes.

Prices of rice seeds are now 15-30% higher than early this crop (i.e, mid-August of 2008). In the Mekong River Delta, aromatic rice varieties (Jasmine, Khaodadmali, VND 95, etc) are sold at around 15,000 VND per kg; OM 4900, OM 6162 are sold at 18,000 VND per kg.

### MARKET OF INPUT MATERIALS

#### *Fertilizer prices have been stable during the week*

Fertilizer prices in the domestic market have been stable during the week. In An Giang, Urea fertilizer is sold at 6200 VND per kg, in Dong Nai, its price is 6600 VND per kg. Compared to October 2008, fertilizer prices in November dropped 10%. In the upcoming time, if coal price reaches its margin (approximately 81%), price of fertilizers will be likely to increase (nitrogenous fertilizer price will be up 2,800 VND per kg). Fertilizers have been consumed at a very slow pace over the past time because of a declined demand in the North and South; Urea fertilizer sales volume of Vietnam National Chemical Corporation (VINACHEM) is 53%, Phosphate fertilizer: 48%, NPK fertilizer: 26% compared to the same period of 2007. By the end of November 2008, total fertilizer volume in stock nationwide was more than 490,000 tons (NPK fertilizer: 250,000 tons, phosphate fertilizer: 220,000 tons, and Urea fertilizer: 33,000 tons).



Source : Agro-product market AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

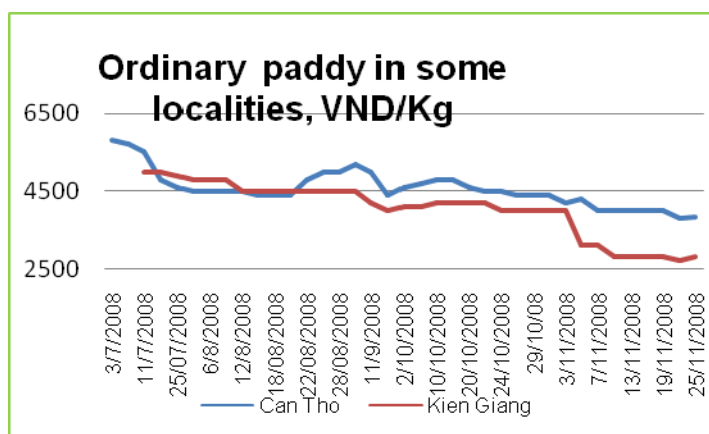
## RICE PRICES IN DOMESTIC MARKET

### *Rice prices in the domestic market increase*

Rice prices in the domestic market tend to slightly rise after a long strong decrease. At present, average rice price in some Mekong River Delta provinces is about 3,000 VND per kg. Early-harvested spring-winter rice has been bought a lot by traders at a very high price, specifically: wet IR 50404 is purchased at the range of 2,400-2,700 VND per kg, dry IR 50404: 3,400-3,500 VND per kg.

Brown rice prices for processing exported 5% brokenrice increase altogether 200-300 VND per kg compared to the end of November, to 4,800 VND per kg; price of IR 50404 grows to some 5,000 VND per kg.

The Government has just instructed to support 100% for loan interests for enterprises in purchasing about 1 million tons of paddy rice (equivalently to 500,000-600,000 tons of commodity rice) under the official Dispatch No.2081/TTg-KTTH in three months from December 1st 2008 to February 28th 2009. This policy is aimed at promoting the purchase of rice for newly-signed export contracts with the markets of Africa and Iraq during the week, which will then serve to push domestic rice prices up.

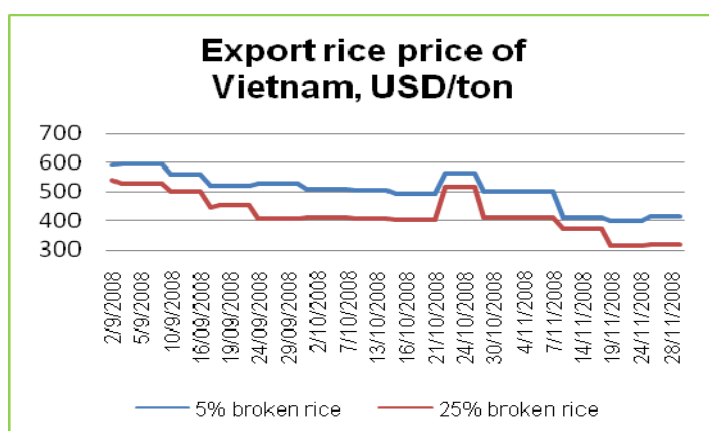


Source : Agro-product market AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

## PRICES FOR EXPORT RICE

### *Exported Vietnamese rice prices are stable*

Vietnam's export rice prices have been stable over the past week after a slight increase last mid-week, 5% broken rice is sold at 415 USD per ton; price of 25% broken rice is 317 USD per ton. With rice export contracts in these final months, exported rice volumes in November and December 2008 are expected to reach over 700 thousand tons (equal to 287 million USD), increasing twofold in quantity and value compared to the same period of 2007. Average export price is about 410 USD per ton, down 35% in comparison with the average price of the first 10 months of 2008. Exported Vietnamese rice in 2008 is anticipated to achieve 4.8-4.9 million tons, up 0.3-0.4 million tons against 2007.



Source : Agro-product market AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

### ***Ensuring supply sources for Vietnam's rice export demands in the year to come***

Exported rice supplies in the first months of 2009 maybe are not abundant at this time because 2009 spring-winter rice has not been harvested yet, while the rice stocks by the end of 2008 are just 4.7 million tons. Last week, several rice export contracts with Africa totalling 1.4 million USD and a contract to purchase 30,000 tons of Vietnamese rice from Iraq at the price of FOB 411USD per ton to be delivered in the first two months of 2009 were signed. In the immediate future, Iraq will import 80,000 tons of long-grained rice from Vietnam, India and Pakistan. Hence, to ensure enough rice supplies for export, the Government should implement effective methods enabling enterprises to purchase all paddies from farmers.

### **LOCAL NEWS**

#### ***An Giang expands the area for Japanese rice cultivation***

An Giang has more than 2000 ha out of 231,600 ha of 2009 spring-winter rice crop currently being under Japanese rice cultivation. According to a contract signed with the Angimex – Kitok joint venture company, purchase price will be in the range of 7,000-8,000 VND per kg (KINU, HANA, etc). Therefore, the profit gained for one ha of Japanese rice is 10 million VND on average. At this locality, cultivation area for Japanese rice increases year by year, 1996: 16 ha, 2007: 800 ha.

## **II. THE WORLD RICE MARKET**

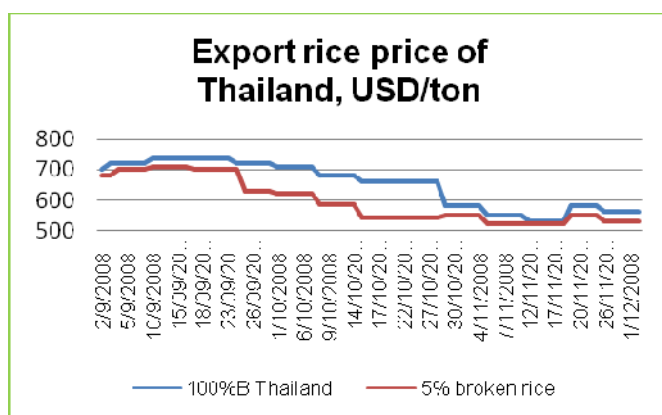
### **PRODUCTION AND TRADE**

Last week, Thai Government planned to sell 1.37 million tons of 3.1 tons of rice stocks from last harvests (including export white rice and Huong Nhai rice for domestic consumption) since the purchase of November 2007 for their exporters at a very cheap price in the range of 191-421 USD per ton. This is a relatively competitive price for Vietnam's exported 5% broken rice at 415 USD/ton.

### **PRICES**

#### ***Prices of export Thai rice are stable during the week***

This week, prices of Thailand's export rice are stable after a slight decrease by last mid-week, 100%B is sold at 560 USD/ton, 5% broken: 530 USD/ton.



Source : Agro-product market AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

#### ***Futures prices for rice on the Chicago Board of Trade reduce***

Futures prices for rice in the market of Chicago have kept reducing since early last week. On December 2<sup>nd</sup> 2008, rough rice for January 2009 futures contracts settled at 284.768 USD per ton, the lowest level over past few months.

**Table 1 : Futures prices for rough rice on the Chicago Board of Trade (the USA)**

Date	Closing price (USD/cwt)	Converting price (USD/cwt)	Delivery time
24/11/2008	13.810	304.857	11/2008
25/11/2008	13.495	297.903	11/2008
26/11/2008	13.595	300.110	11/2008
27/11/2008	13.595	300.110	11/2008
28/11/2008	13.210	291.611	11/2008
1/12/2008	13.060	288.300	1/2009
2/12/2008	12.900	284.768	1/2009

Source: Reuters

Note: 1 cwt=45.3 kg

#### ***Futures rice prices for immediate delivery of February 2009 on the Chicago Board of Trade drop sharply***

Futures rice prices for immediate delivery of February 2009 in the market of Chicago have been likely to fall since last mid-week after resuming its increase in the previous days. On December 2<sup>nd</sup> 2008, rice price for immediate delivery of February 2009 dropped to 1010 USD per ton.

**Table 2: Immediate delivery prices for long-grain rice, 4% broken on the Chicago Board of Trade. Delivery time: February 2009**

<b>Date</b>	<b>Long-grained rice, 4% broken (USD/ton)</b>
<b>24/11/2008</b>	1060
<b>25/11/2008</b>	1040
<b>26/11/2008</b>	1040
<b>28/11/2008</b>	1050
<b>1/12/2008</b>	1020
<b>2/12/2008</b>	1010

*Source: Reuters*

## **MARKET PROSPECTS**

### **Vietnam market**

Rice prices are dependent much on domestic consumption and export. In the final months of 2008, rice in stock in the Mekong River Delta is sold out, making the price be slightly up. Prices are expected to not fluctuate much compared to the existing one in December 2008 and to grow in early 2009.

Vietnamese Government is determined to export a great volume of rice to Africa in 2009 thanks to advantages in price and quality satisfying import requirements. Vietnam's rice to be exported directly to Africa will be around 500 USD per ton, 300 USD per ton lower than through brokers as it is now. Having rice varieties of 20-25% which this market needs most, Vietnam's export rice is 13 USD per ton cheaper than Thailand's at present. In addition, two greatest obstacles for exporting Vietnamese rice to Africa, namely payment and shipment, are likely to be dealt with soon. Africa was the second largest importer for Vietnamese rice by mid-November 2008 with an import volume of over 1 million tons. Exported Vietnamese rice to Africa accounts for 12 % of this continent's demands for importing an average 9 million tons per year.

### **The world market**

In 2009, world rice output is forecast to increase 1% compared to this year because large rice producing countries will intensify production. Meanwhile, rice consumption for 2009 is estimated to be 426 million tons, up 1% against 2008 (due to the global economy's slowdown, people tend to use more rice to replace expensive foods like meat and vegetables). World rice price will resume its increase in the first months as supply increase is still lower than that of demands. It is predicted that in 2009, world rice trade will rise to 30 million tons and the world rice stocks by

the end of 2008 will be possibly up 5%, reaching 109 million tons against 105 million tons in 2007 given concerns about a global food crisis. In 2009, they could jump to 115 million tons.

**Table 3 : Rice output, export and stocks in some countries**

Million tons	Rice output		Export		Stocks
	2007	2008	2007	2008	2008
<b>The world</b>	439.6	445.4	31.3	29.7	109.2
<b>China</b>	127.1	129.5	1.3	1.0	60.6
<b>India</b>	94.4	98.4	6.0	2.8	14.0
<b>Indonesia</b>	35.3	35.5	-	-	2.4
<b>Vietnam</b>	23.9	24.9	4.5	4.9	4.1
<b>Thailand</b>	20.5	21.5	9.5	10.0	5.3
<b>Brazil</b>	7.7	8.3	0.2	0.4	1.8
<b>The United States</b>	6.2	6.3	3.0	3.5	0.8
<b>Pakistan</b>	5.2	5.6	2.7	3.5	0.3

Source: FAO, November 2008

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**MARKET DATA****1. Prices for Thailand's 25% broken rice, USD/ton**

Date	Price	Compared to last week	Compared to last month	Compared to last year
4/11/2008	560	76.1	79.49	83.61
10/11/2008	420	32.49	34.62	37.7
18/11/2008	420	29.63	34.62	37.7
21/11/2008	540	55.17	66.67	67.7
21/11/2008	398	23.6	26.35	29.64
24/11/2008	470	41.99	50.64	54.1
3/12/2008	430	27.22	31.9	40.98

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**2. Prices for some Thai rice varieties on November 3<sup>rd</sup> 2008, USD/ton**

Rice variety	Price	Compared to last week	Compared to last month	Compared to last month
10% broken	500	44.51	44.09	55.28
15% broken	480	39.94	43.71	51.42
5% broken	530	52.3	51.86	63.08
100% grade B	560	57.3	60.92	65.68
Parboiled 100%	555	49.19	52.89	64.69

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**3. Prices for some Vietnamese rice varieties on November 24<sup>th</sup> 2008, USD/ton**

Rice variety	Price	Compared to last week	Compared to last month	Compared to last month
10% broken	398	22.09	26.35	29.64
15% broken	398	24.38	28.39	32.23
25% broken	313	-0.95	4.33	6.46
5% broken	398	18.45	24.38	27.56

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

#### 4. Prices for ordinary rice in some markets on December 1<sup>st</sup> 2008 , VND/kg

Market	Date	Compared to the previous day	Compared to last week	Compared to last year
HCM City	8800	3.53	45.05	45.26
Hanoi	8500	0	25	29.28
Can Tho	7500	0	30.82	33.1
Da Nang	8500	3.66	44.07	45.1

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

#### 5. Prices for urea fertilizer in some markets, VND/kg

Market	Date	Price	Compared to last week	Compared to last year
Lam Dong	28/11/2008	6100	2.52	18.54
Tien Giang	28/11/2008	6000	10.09	20.99
Dong Nai	2/12/2008	6600	8.2	25.79
An Giang	1/12/2008	6200	19.23	22.17
Tra Vinh	20/11/08	7600	26.67	36.79
Binh Duong	24/11/08	6400	6.67	23.08
Kien Giang	3/12/2008	6400	-	12.32

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

#### 6. Prices for DAP fertilizer in some markets, VND/kg

Market	Date	Price	Compared to last week	Compared to last year
Lam Dong	28/11/2008	12000	23.71	59.57
Tien Giang	28/11/2008	13500	53.41	92.34
Dong Nai	2/12/2008	12000	25	58.81
An Giang	1/12/2008	18500	117.65	154.05
Tra Vinh	20/11/2008	18000	160	137.59
Binh Duong	20/11/2008	16500	87.5	107.65
Kien Giang	3/12/2008	15500	55	113.18

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

### 7. Weekly prices for ordinary rice in some markets, VND/kg

Week	An Giang	Kien Giang	Hanoi	HCM City
44 (27/10-02/11/2008)	7000	6000	8600	9200
45 (03/11-09/11/2008)	7000	5500	10500	9000
46 (10/11-16/11/2008)	6000	5500	9500	9500
47 (17/11-23/11/2008)	6000	5500	10000	8800
48(24/11-30/11/2008)	5000	5000	9000	8500
49(01/12-07/12/2008)	-	5000	8500	8800

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

### 8. Weekly prices for Nang Huong rice in some markets, VND/kg

Week	An Giang	Ben Tre	Kien Giang
44 (27/10-02/11/2008)	15000	14500	16000
45 (03/11-09/11/2008)	15000	14500	15000
46 (10/11-16/11/2008)	15000	14000	14500
47 (17/11-23/11/2008)	15000	14000	14500
48(24/11-30/11/2008)	15000	14000	14500
49(01/12-07/12/2008)	15000	14000	14500

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

### 9. Weekly prices for ordinary paddy in some markets, VND/kg

Week	Ben Tre (wholesale)	Dong Nai (retail)	Can Tho (retail)	Kien Giang (wholesale)
44 (27/10-02/11/2008)	5500	4800	4400	4000
45 (03/11-09/11/2008)	5000	4500	4200	3100
46 (10/11-16/11/2008)	5000	4000	4000	2800
47 (17/11-23/11/2008)	4800	3800	4000	2800
48(24/11-30/11/2008)	4500	3600	3900	2700
49(01/12-07/12/2008)	4500	3400	3850	2800

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**10. Weekly prices for brown rice in some markets, VND/kg**

Week	An Giang	Ben Tre	Dong Thap	Kien Giang	Tien Giang
44 (27/10-02/11/2008)	5550	7700	5850	5500	5500
45 (03/11-09/11/2008)	5550	6300	5150	5000	5200
46 (10/11-16/11/2008)	5500	6200	5150	4750	4800
47 (17/11-23/11/2008)	4850	6000	5200	4300	4500
48(24/11-30/11/2008)	4200	5500	4900	4200	4700
49(01/12-07/12/2008)	4200	5500	4800	4700	4700

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**11. Weekly prices for Vietnam's 5% and 25% broken rice, and Thailand's 5% and 25% broken rice, USD/ton**

Week	Vietnam's 5% brokens	Vietnam's 25% brokens	Thailand's 5% brokens	Thailand's 25% brokens
44 (27/10-02/11/2008)	565	515	600	540
45 (03/11-09/11/2008)	500	410	550	510
46 (10/11-16/11/2008)	500	410	520	420
47 (17/11-23/11/2008)	410	370	520	420
48(24/11-30/11/2008)	398	313	550	470
49(01/12-07/12/2008)	415	317	530	430

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**12. Weekly prices for urea fertilizer in some markets, VND/kg**

Week	An Giang	Ben Tre	Dong Nai	Tra Vinh
44 (27/10-02/11/2008)	9000	8500	8500	7600
45 (03/11-09/11/2008)	9000	8500	7900	7600
46 (10/11-16/11/2008)	6100	7000	7300	-
47 (17/11-23/11/2008)	6200	6500	6700	7600
48(24/11-30/11/2008)	6200	6000	6600	-
49(01/12-07/12/2008)	6200	6000	6600	-

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**13. Weekly prices for DAP fertilizer in some markets, VND/kg**

Week	An Giang	Ben Tre	Dong Nai
<b>44 (27/10-02/11/2008)</b>	19000	18000	16500
<b>45 (03/11-09/11/2008)</b>	19000	18000	16000
<b>46 (10/11-16/11/2008)</b>	18500	18000	14500
<b>47 (17/11-23/11/2008)</b>	18500	18000	14000
<b>48(24/11-30/11/2008)</b>	18500	18000	13500
<b>49(01/12-07/12/2008)</b>	18500	18000	12000

Source : Agro-product market data AGRODATA, Information Center for Agriculture and Rural Development, Institute of Policy and Strategy for Agriculture and Rural Development, [www.agro.gov.vn](http://www.agro.gov.vn)

**MARKET DATA FOR LAST 6 MONTHS****Brown rice**

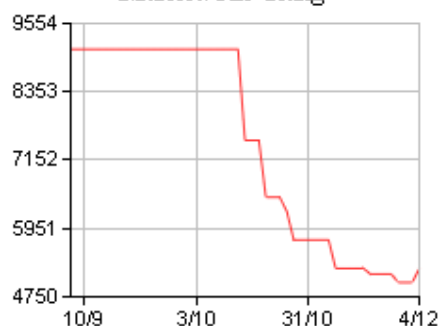
Domestic price(VND/kg)-Retail Price  
Market: Tien Giang

**Descriptive statistics (06/06/2008-03/12/2008)**

Norm	Price	Unit	Market
The highest price	9350	VND/kg	Ben Tre
The lowest price	4200	VND/kg	An Giang
Average price	6580	VND/kg	
Comon price	6500	VND/kg	
Price 06/06/08	8700	VND/kg	
Price 03/12/08	4800	VND/kg	

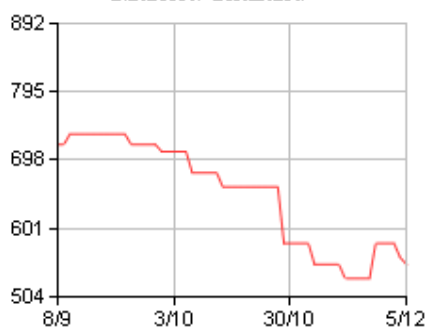
**Rice**

Domestic price(VND/kg)-Retail Price  
Market: An Giang

**Descriptive statistics (06/06/2008-04/12/2008)**

Norm	Price	Unit	Market
The highest price	10500	VND/kg	Lam Dong
The lowest price	5000	VND/kg	Tien Giang
Average price	8142	VND/kg	
Comon price	9100	VND/kg	
Price 06/06/08	9100	VND/kg	
Price 04/12/08	5250	VND/kg	

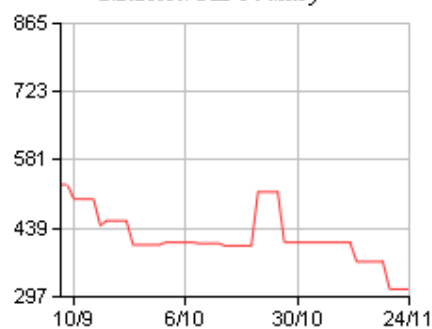
**Rice 100% grade B**  
International price(USD/ton)-Export Price  
Market: Thailand



**Descriptive statistics (06/06/2008-05/12/2008)**

Norm	Price	Unit	Market
The highest price	850	USD/ton	Thailand
The lowest price	530	USD/ton	Thailand
Average price	699	USD/ton	
Comon price	700	USD/ton	
Price 06/06/08	850	USD/ton	
Price 05/12/08	550	USD/ton	

**25% broken rice (Vietnam)**  
International price(USD/ton)-Export Price  
Market: All country



**Descriptive statistics (06/06/2008-03/12/2008)**

Norm	Price	Unit	Market
The highest price	825	USD/ton	Whole country
The lowest price	313	USD/ton	Whole country
Average price	536	USD/ton	
Comon price	665	USD/ton	
Price 06/06/08	825	USD/ton	
Price 03/12/08	317	USD/ton	

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