



The organized Resources For Marketing

Weekly Report

(Oct. 29 – Nov. 4)

(2010)



Rice:

Vietnam Rice Exporters to Stop Exports To Ensure Profits

Domestic rice exporters in Vietnam are going to cancel their contracts with foreign buyers if the export price was lower than the floor price to ensure maximized profit margins.

According to Vietnam Food Association (VFA), rice exports reached the highest value in the first 10 months of this year and annual exports grew by 4.9 % in volume to 5.66 million MT compared to the last year, and 9.24 % in value to \$2.63 million.

In the meantime The Ministry of Agriculture and Rural Development have forecasted that world prices could "possibly skyrocket" as Indonesia, which failed to reach a deal with Thailand, is likely to import an additional 200,000 MT of rice from Vietnam.

Philippines To Import Rice from Cambodia.

Cambodia has offered to sell rice to Manila but talks so far have only been investigative and no deal has been reached.

Philippines, the world's biggest rice buyer, was opened to purchase the grain from its Southeast Asian neighbor, but clarified that a deal was some way canceled.

Cambodia, which is trying to develop its rice export sector, has offered to sell at least 100,000 MT per year to Philippines, but details still needed to be worked out.

The Philippines, which imported a record 2.45 million MT of the commodity for this year, usually buys the grain from Vietnam and Thailand.

Asian Cartel Confirms Rice Reserve System

Leaders of the 10-member Association of Southeast Asian Nations, ASEAN, plus Japan, China and South Korea have formally agreed in principal to set up a permanent emergency rice reserve system among the 13 countries in a move to boost food security in the region.



At the so-called ASEAN-plus-three summit, the 13 leaders also agreed to operationalize a region-wide economic surveillance body in Singapore by spring next year as part of efforts to avert potential risks and ensure stable growth in the regional economy.

The leaders referred to the body as the ASEAN-plus-three Macroeconomic Research Office, or AMRO.

Asian Demand To Push Global Prices: IGC Report

According to a latest report released by the International Grains Council, IGC, Asian demand is likely push up global rice consumption next year but also added that there were ample supplies to fulfill all requirements.

Global rice consumption is forecast to grow by 2% to 447 million MT in 2010-11, driven by India, where it may rise by 5%, according to the IGC. It also said global rice trade will likely rise 3% to 30.8 million MT in 2011, underpinned by growth in import demand in Asia and sub-Saharan Africa.

IGC has meanwhile raised its estimate for Thailand's opening stocks in January to 6.5 million MT from 6.1 million MT and ending stocks in December 2011 to 7.5 million MT from 7.0 million MT. Thailand's exports in 2011 may reach 10 million MT from 8.5 million MT.

Wheat:

Egypt bought 230,000 MT wheat yesterday

The Egyptian General Authority for Supply Commodities (GASC) purchased 230,000 MT wheat, Argentinean, Australian and French origin.

It is the first Egyptian grain tender that won by Argentina and Australia this season. Since drought- hit Russia and banned grain export in August, France was the biggest Egyptian wheat supplier.

However, the bulk went to the big-two southern hemisphere shippers, Argentina and Australia, and only 60,000 MT went to France.



Both countries weaken US grain, of which the cheapest offered was 303 \$/t. American wheat had won trade after the previous five tenders from Egypt, the world's top importer of the grain.

Timing of the shipment was the main reason for the switch to Argentina and Australia, the bulk must delivered in early January, when both countries will have significantly finished their harvests, and should have plenty of crop to sell.

Summary Wheat sourced by Egypt after recent tenders

Nov 2: Argentina, 60,000 tonnes, \$295.50 a tonne; Australia, 110,000 tonnes, \$302.30 a tonne; France, 60,000 tonnes, \$317 a tonne

Oct 19: Canada, 60,000 tonnes, \$282.75 a tonne; France, 120,000 tonnes, \$290.60 a tonne; US, 110,000 tonnes, \$279.80 a tonne

Oct 12: All from US (hard wheat), 220,000 tonnes, \$302.90 a tonne

Ukraine: average export price for 1-grade wheat on the exchange market to total 310 USD/t

During the period of October 25-29, 2010, the weighted average price of export contracts for 1-grade soft wheat of the new harvest on the terms of SPOT on the exchange markets of Ukraine totaled 310 USD/t, declared the Ministry of Agrarian Policy of Ukraine , referring to data of the Union of Agrarian Exchanges of Ukraine about the level of weighted average exchange prices for agricultural products, which formed at the accredited commodity exchange markets of Ukraine .

The average export prices for 2-grade soft wheat (of 2010 production) on the terms of export contracts on Ukrainian commodity exchanges during the reporting period, totaled 281 USD/t FOB.

Besides, the prices for 3-grade soft wheat (2010) totaled 270.78 USD/t FOB, 215 USD/t FAS, prices for 4-grade wheat (2010) totaled 243 USD/t FOB, 5-grade wheat (2010) – 246.14 USD/t FOB, 6-grade wheat (2010) – 240.1 USD/t FOB.



Also on the terms of SPOT export contracts, the prices for 3-grade barley (2010) reached the level of 250 USD/t DAF; 254 USD/t FOB.

On the exchange market, the weighted average forward prices of export contracts (with date of delivery – March 31, 2011) for 1-grade soft wheat totaled 320 USD/t FOB, 2-grade wheat – 300 USD/t, 3-grade wheat – 280 USD/t.

Besides, on the same terms, the prices for 2-grade wheat totaled 230 USD/t FOB with date of delivery on December 31, 2010, 3-grade wheat – 265 USD/t.

On the terms of forward export contracts, the prices for 3-grade barley totaled 258 USD/t FOB with the date of delivery on December 31, 2010.

During the period of October 25-29, 2010, the weighted average price of export contracts for 1-grade sunflower seed of the harvest-2010 on the terms of SPOT on the exchange markets of Ukraine totaled 520 USD/t FCA or 550 USD/t DAF, declared the Ministry of Agrarian Policy of Ukraine .

The weighted average price of export contracts for 2-grade sunflower seed of the harvest-2010 on the terms of SPOT on Ukrainian exchange markets totaled 449 USD/t FCA, high-grade sunflower seed (2010) – 755 USD/t FCA, 721 USD/t DDU.

The SPOT average weighted prices for food rapeseed (2010) totaled 486 USD/t CPT, 514 USD/t DAF, 516 USD/t FOB.

On the terms of forward export contracts, the offer prices for 2-grade sunflower seed with the date of delivery on December 31, 2010, totaled 490 USD/t FCA.

World bank warns Russia of negative consequences of grain export ban

Russia's temporary grain export ban will not necessarily become an efficient measure to avoid consequences of this summer drought, the World Bank said on Tuesday.



The government imposed a temporary export ban on wheat, barley, rye, maize, wheat and wheat-and-rye flour from August 15 to December 31 in response to the country's worst drought in decades which damaged up to 40 percent of its crops.

On October 20, Russia extended the grain export ban until the end of June 2011 but lifted the prohibition on flour exports.

"In these circumstances, the export ban will be largely ineffective in reducing domestic prices as they will continue to be influenced by world grain prices. For Russia, an export ban could also have unintended and often undesirable side effects such as undermining Russia's long-term policy goal of becoming an important player in the global grain market; encouraging hoarding in expectation of the ban's removal; distorting prices and affecting the investment and production responses," the bank said in a report on the Russian economy.

The World Bank said that domestic inflationary pressures and food security could be addressed in the short term by using global markets to fill any temporary grain shortfalls, protecting the poor through reducing taxes and tariffs on key food products, making full use of the grain intervention fund to reduce pressures in the domestic market.

Russia Grain Export Ban Ineffective - World Bank

Russia's ban on grain exports will likely prove ineffective in curbing food inflation as the country may have to import grain from international markets, a report from the World Bank said Tuesday.

The Kremlin has stopped all grain exports from the country in a bid to stop surging domestic food prices after severe drought slashed the country's harvest by a third, compared with last year.

But in a report on Russia's economy, the World Bank said the measures are unlikely to stop the rise of domestic food inflation as the country is expected to import grain from international markets, which shot up in response to the ban.

Instead, the increase in domestic food prices is expected to push 1.4 million people into poverty, with pensioners and other vulnerable groups likely to suffer most from the rising costs, according to estimates from the bank.



"It is likely Russia will become a net importer of grain, depending on the use of reserve stocks," the bank said.

"In these circumstances, the export ban will be largely ineffective in reducing domestic prices as they will continue to be influenced by world grain prices."

Russian grain exports have been growing in importance in recent years. The government has placed increasing emphasis on the importance of agriculture to the country's development and experts with the European Bank for Reconstruction and Development estimate that, along with other Black Sea producers Ukraine and Kazakhstan, Russia has the potential to supply up to half of the world's wheat.

But the World Bank warned the export ban may undermine Russia's long-term goal of becoming an important player in the global grain market by "encouraging hoarding in expectation of the ban's removal, distorting prices, and affecting the investment and production responses."

Ukraine, Syria sign agriculture, culture agreements

Ukraine and Syria have signed an agreement in the area of agriculture and culture as part of the 7th meeting of the intergovernmental Ukrainian-Syrian commission on trade and economic cooperation chaired by Ukraine's Deputy Prime Minister Andriy Kliuyev and Minister of Finance of Syria Muhammad al-Hussein.

The sides also signed a protocol on cooperation in the cultural sphere for 2010-2012 and a memorandum of understanding in the sphere of protection of rights to plant varieties and a protocol of the seventh meeting of the commission.

The Ukrainian and Syrian officials discussed the possibility for Ukrainian companies to participate in the maintenance of Syrian electric power plants, spare parts supplies, as well as construction of new power plants in Syria.

The Syrian side suggested that the Ukrainian partners create a joint venture for the production of modern electronic equipment.

In addition, Ukraine and Syria agreed to intensify cooperation in the supply of Syrian phosphate to Ukraine and exports of phosphate fertilizers to Syria.



In the near future the parties are planning to agree the text of an intergovernmental agreement on air services.

It is also planned to sign a memorandum between Ukravtodor and the Ministry of Transport of Syria on cooperation in the field of designing, construction and maintenance of bridges and roads.

Ukraine. Over 12 million tons of grain sold on stock market

A total of 12.33 million tons of grain of the 2010 harvest has been sold on Ukraine's stock market. Of these, 6.43 million tons of grain was sold under spot contracts and over 5.9 million tons under forward contracts.

The Ukrainian Agriculture Ministry said that of the total amount of grain, 17,000 tons of grain crops had been sold under domestic contracts and 12.3 million tons under export contracts.

The volume of trade in food grain on the stock market amounted to 4.82 million tons, including about 4.77 million tons of wheat and 28,400 tons of rye.

A total of 105,600 tons of leguminous crops were sold. Forage crops were sold in the amount of over 7.4 million tons, including 517,500 tons of wheat, 3.65 million tons of corn, and 3.22 million tons of barley.

SovEcon: Russian grain imports pegged to be lower

SOVECON has revised its estimate of Russian grain imports down to 4m tonnes in the 2010/11 crop year, cutting a third off the figure as rising prices and low supply force farmers to increase the slaughter of domestic animals.

In September, cattle numbers fell by 3% year-on-year, the highest monthly reduction of the past few years, and pig numbers fell for the first time in 20 months.