

Rice Advances to Highest Since January as Philippines May Buy

By Cecilia Yap and Luzi Ann Javier

Oct. 14 (Bloomberg) -- Rice futures surged to the highest level since January after the Philippines, the world's biggest importer, said it may arrange a second tender by yearend after storms cut local output, potentially boosting global demand.

"If needed, we will do it," Agriculture Secretary [Arthur Yap](#) said today, referring to the possibility of another purchase on top of the 250,000 ton tender set for Oct. 30. That order will be the nation's earliest tender for next-year supplies, two months ahead of normal, the National Food Authority has said.

Rice futures jumped to a record last year after the Philippines boosted purchases and some exporters curbed shipments amid concern that there may be a global shortage. Corn and wheat also touched all-time highs in 2008, pushing food inflation higher and sparking unrest from Haiti to Egypt.

"Prices are likely to climb further on the back of strong demand from the Philippines," [Euben Paracuelles](#), an economist at Royal Bank of Scotland Plc, wrote in a note dated yesterday and received today.

Rough rice for November delivery advanced for a third day today, gaining as much as 2.8 percent to \$14.29 per 100 pounds on the Chicago Board of Trade, the highest level since Jan. 13. The futures, which touched a record \$25.07 per 100 pounds in April 2008, traded at \$14.18 at 6:06 p.m. in Singapore.

"If we start having problems, weather problems, production problems, the price of rice is going to skyrocket over the next decade," investor Jim Rogers, chairman of Rogers Holdings, said in an Oct. 12 interview. "When it happens, I don't know," he said. "Rice is a basic foodstuff for much of the world."

'Flexibility'

The Philippines has enough rice to last the rest of this year, Yap said today at a briefing, reiterating recent comments. The country will import "only as a last resort," he said, without giving a figure for how much may be bought in a second tender. The Philippines "has the flexibility to enter the market when appropriate," Yap said.

Parma, the second storm to hit the Philippines in the past two weeks and which devastated crops in the nation's second-largest rice-producing region, was forecast to make landfall in Vietnam today, the world's second-largest rice exporter.

The Philippine [Department of Agriculture](#) yesterday boosted the estimate for losses to rice output from Parma and Ketsana, an earlier storm, to 13 percent of the 6.5 million ton fourth-quarter forecast, from 8.6 percent a day earlier. The revised figure equates to about 545,550 tons of milled rice, according to Bloomberg calculations based on average recovery rates.

Planting Intentions

The Southeast Asian nation will monitor developments in the global rice market and study local planting intentions before deciding to import more, Yap said. Imports for 2010 may total 2 million tons, according to the National Food Authority.

The average price of well-milled rice in the Philippines has gained 4.2 percent to 35 pesos (75 cents) per kilogram as of Oct. 13, compared with the last week of September, according to the Bureau of Agricultural Statistics.

"Given that initial assessments of the impact of the damage tend to be understated, and that the risk of more typhoons cannot be ruled out, next year's import requirements could approach 2008 levels," RBS's Paracuelles said. The Philippines imported 2.3 million tons in 2008.

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