

Global rice prices slump to **8-year low** on bumper Indian crop



- * EU market stays firm as supply struggles keep premiums high
- * Basmati prices see softer drop amid crop damage concerns

International rice prices entered a sharp downward cycle in early September 2025, with benchmark US medium-grain and Thai indica rice dropping to their lowest levels in eight years. Both varieties are now trading nearly 50% below the peaks reached between 2023 and 2024.

The correction has been driven primarily by India, which is delivering record volumes to the global market, following an exceptional harvest and the removal of export restrictions imposed during the 2022-23 crop year.

Basmati holds firmer amid regional risks

The downtrend in basmati has been less steep, cushioned by concerns over crop damage in India and Pakistan after recent floods. Uncertainty around yields is sustaining prices in a segment already reshaped by shifting trade flows: US buyers have redirected demand towards Pakistani basmati following the Trump administration's 50% tariff on Indian exports.

European premiums remain resilient

In Europe, prices of indica varieties remain elevated ahead of the new harvest. Market participants point to lingering supply constraints after the 2022-23 collapse and structural cost pressures, including logistics bottlenecks and high input expenses. The gap between European and global prices remains wide, underlining a domestic market still struggling to regain balance despite supportive macroeconomic conditions.

Outlook

With no new trade talks expected before October-end, the outlook for US grain exporters remains clouded. For rice, the weight of Indian supply is likely to keep global benchmarks under pressure in the near term, while basmati and European markets face more localised risks tied to weather events, policy, and structural supply constraints.



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