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# Decline in Rice Prices May Accelerate as Households Use Up More Than a Month's Worth of Reserves

*Record high Engel's coefficient does not necessarily indicate household poverty.*

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## Summary

- Amid rising food prices, the Engel's coefficient, which indicates the percentage of consumption expenditure allocated to food, is on the rise. However, the percentage of disposable income spent on food remains at around the same level as in the past, so it cannot necessarily be said that households are becoming poorer. The rise in the Engel's coefficient is largely due to food prices rising significantly faster than overall consumer prices and sluggish consumption of non-food items. Furthermore, change in long-term trends in dietary habits is also having an impact.
- Following the release of government-stockpiled rice under discretionary contracts in June 2025, consumers have gained more options, leading to a decline in the unit price of rice. Household rice purchases have remained at levels higher than the average year since the second half of 2024, and as of May 2025, there may be a stockpile equivalent to 1.1 months of household reserves. Assuming that the purchase volume that deviated upward from the trend over the past year will adjust over the next six months, household rice purchases are estimated to decline by approximately 25% from current levels. Going forward, the release of reserves may reduce demand, potentially exerting downward pressure on rice prices not only from the supply side but also from the demand side.