

1 Million Tons Of Stored Rice Destroyed By Burma Cyclone

Global rice production for 2008/09 is projected at a record 431.4 million tons (on a milled basis), about 0.6 million tons below last month's forecast, but almost 1 percent above the 2007/08 crop.

On May 2, Cyclone Nargis struck southern Burma with devastating force.

The cyclone struck at the end of the harvest of the 2007/08 dry-season (irrigated) crop, which accounts for about 15 percent of total production. Although only a small amount of unharvested rice is estimated to have been destroyed – as the bulk was already harvested – trade sources estimate about 1 million tons (milled basis) of stored rice was destroyed by the cyclone.

While Cyclone Nargis struck too late to significantly impact the 2007/08 harvest, it is expected to sharply reduce 2008/09 output, primarily due to salt water intrusion, delayed planting of the Monsoon crop (85 percent of annual production), a heavy loss of draft animals, and reduced supplies of inputs, including natural fertilizer, seed, and farm labor. The United Nations' Food and Agriculture Organization estimates that at least 200,000 cattle and water buffalo were killed by the cyclone. These animals are used for ploughing, transporting, and as a source of fertilizer.

Planting of the main-season (Monsoon) 2008/09 crop typically begins in early June and goes through July. However, due to damage from the cyclone, planting has not yet begun in the four affected states. Farmers have until the end of July to plant this year's main-season crop, but the longer the planting is delayed, the more time it will take for new rice supplies to become available for consumption.

For 2008/09, Burma's total production was lowered 0.6 million tons to 9.4 million tons, 12 percent below the year-earlier near-record. This is the smallest production for Burma since 1998/99.

USDA is closely monitoring the situation in Burma, and will reevaluate its production forecasts in July with any new information that becomes available. For more information on the impact and recovery from Cyclone Nargis, please see the June 10 Foreign Agricultural Services' Commodity Intelligence Report BURMA: 2008/09 Rice Crop Threatened By Slow Post-Cyclone Recovery located at

http://www.pecad.fas.usda.gov/highlights/2008/06/Burma_rice_jun08/.

...and China's Production Forecast Was Lowered due to Earthquake Damage

China's 2008/09 crop projection was also lowered this month, a result of a severe earthquake that struck Sichuan Province on May 12. The earthquake occurred while the single crop was being planted.

As a result of the damage and delays caused by the earthquake, China's 2008/09 crop was lowered almost 0.4 million tons to 130.6 million tons, still 5 percent above a year earlier. In addition, Afghanistan's 2008/09 production forecast was lowered 0.1 million tons to 0.26 million, based on a much lower yield caused by a lack of irrigation water. Finally, Spain's 2008/09 production was lowered 11 percent to 0.46 million tons, a result of a lower area estimate due to a lack of rainfall.

These downward revisions were partly offset by three upward revisions. First, Colombia's 2008/09 production was raised 255,000 tons to a record 1.55 million based on a much higher yield. Similarly, the Philippines' production forecast was raised 200,000 tons to a record 11.0 million, also based on a higher yield. Finally, Russia's 2008/09 production was raised 30,000 tons to 500,000 tons based on government data indicating larger area.

This month, USDA raised the 2007/08 global production estimate fractionally to 427.7 million tons. China accounts for most of the upward revision.

Global Ending Stocks Projected To Increase 5 Percent to 81.5 Million Tons

Global disappearance is projected at a record 427.5 million tons, down 0.5 million from last month's forecast, but up 1.7 million tons from a year earlier.

Global endings are projected at 81.5 million tons, down 1.1 million tons from last month's forecast, with Thailand and Vietnam accounting for most of this month's downward revision in global stocks.

The global stocks-to-use ratio for 2008/09 is calculated at 19.1 percent, up from 18.2 percent in 2007/08 and the highest since 2003/04. Despite the recent increases, global ending stocks are substantially below the record 146.7 million tons estimated for 2000/01. By 2004/05, global ending stocks had declined to 73.2 million, the lowest since 1983/84. China accounted for most of the decline. Global stocks increased about 3 percent in 2005/06, and were nearly unchanged in 2006/07.

Global Rice Trade Projected To Drop 5 Percent in 2009

Global rice trade for calendar year 2009 is

projected at 27.1 million tons (milled basis), virtually unchanged from last month's forecast, but 5 percent below the revised 2008 forecast.

There was only one import revision for 2009. Bangladesh's imports were lowered 300,000 tons to 700,000 tons, based on adequate domestic supplies and a continuation into 2009 of the current export ban by India, Bangladesh's major supplier.

This month, the 2008 global trade forecast was raised 5 percent to 28.4 million tons, 10 percent below the year-earlier record. There were two export revisions. First, Thailand's exports were raised 1.0 million tons to a near-record 10.0 million tons. And second, Vietnam's exports were raised 400,000 tons to 4.5 million tons. Both revisions were based on adequate supplies, tight exportable supplies from other sources, and high global prices. The only import revision this month for 2008 was a 285,000-ton reduction in Bangladesh's imports to 950,000 tons, based on the impact of India's ban on exports of non-basmati rice.

There were two significant revisions this month for 2007. First, India's exports were raised 0.3 million tons to a near-record 6.3 million based on year-end trade data from the Government of India. And second, Bangladesh's imports were boosted 0.9 million tons to 1.57 million, based on reported timing of large shipments of rice purchased – mostly from India – in the second half of 2007.

Global Rice Prices Decline due to Expectation of Sales by Vietnam in July and a Weaker Baht

Thailand's trading prices have dropped more than 15 percent from the record highs achieved in April, as some export bans have been (or will be) relaxed, the Thai baht has declined, and there has been less "panic" buying by major importers. Despite the steady decline in prices from early May through early June, global trading prices are currently two-and-a-half times the levels reported a year ago.

The month-long price decline halted last week when the Government of Thailand announced that it would conduct a second-crop paddy purchase program beginning June 15. The rough-rice intervention price (for non-specialty rice, 15-percent moisture) of 14,000 baht per ton (\$430) is about 20 percent higher than current market prices.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$825 per ton for the week ending June 9, up \$17 from a week earlier, but down 15 percent from early May. Prices for 5-percent broken rice were quoted at \$798 per ton for the week ending June 9, up \$10 from the start of June, but 16 percent below prices reported in early May.

Prices for Thailand's 5-percent parboiled rice were quoted at \$857 per ton for the week ending June 9, down \$33 from a week earlier and 16 percent below prices in early May. Prices for Thailand's premium jasmine rice (a premium aromatic rice) were quoted at \$1,063 per ton for the week ending June 9, up just \$6 from last week, but down 10 percent from early May.

Prices for lower quality rice continue to decline. For the week ending June 9, prices for Thailand's A-1 Super 100-percent broken rice were quoted at \$617 per ton, down 20 percent from early May.

Export price quotes for U.S. long-grain milled rice have dropped since early May, mostly due to lower global prices. For the week ending June 10, price quotes for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$860 per ton, down \$66 from a month earlier and \$88 below the late-April record high.

U.S. prices (adjusted to reflect fob vessel price) are about \$50 per ton above Thailand's price quotes, down from about \$82 a year ago. During most of April and May, U.S. prices were actually below Thailand's price quotes (not actual trading prices). During April and much of May, exporters in Thailand were making few new sales – despite record high prices and strong demand – making price discovery difficult in the global rice market. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) were reported at \$450 per ton for the week ending June 10, down \$80 from a month earlier.

In contrast to U.S. long-grain milled-rice prices, price quotes for California rice have not declined since early May – with export quotes up about \$25 per ton in May. However, there have been few new sales of 2007 crop. Prices for California package-quality medium-grain rice (sacked, loaded on a truck at a local mill, low end of the reported projection range) for domestic sales were quoted at a record \$926 per ton for the week ending June 10, unchanged since late April. Export price quotes (in 30 kilogram bags, fob vessel) were reported at \$1,025 per ton at the end of May, up \$25 from the beginning of the month. U.S. medium-grain prices are being supported by Egypt's export ban and a lack of any significant exportable supplies in Australia. Δ