

# Australia Expects Largest Rice Crop Since '05-'06



**ECONOMIC RESEARCH SERVICE**

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**A**lthough production estimates were lowered for several of the world's major rice-producing countries this month, global rice production for 2010/11 is still forecast to be the highest on record.

A large increase was made this month for Australia's 2010/11 production forecast. Additionally, favorable prices for medium/short-grain rice, due partly to continued export restrictions by Egypt, have encouraged farmers to substantially expand plantings this season. Australia's 2010/11 rice area is estimated at 82,000 hectares, up from the previous estimate of 35,000 hectares and well above 19,000 hectares in 2009/10. Australia's production is forecast at 572,000 tons. Smaller production increases were made this month for Chile, Russia, and Venezuela.

These increases were more than offset by several reductions, mostly in Asia. The largest of these decreases was for South Korea, whose 2010/11 crop was reduced by 410,000 tons to 4.3 million tons, based on a new report by Statistics Korea indicating reductions in both area and yield for the 2010/11 crop.

Weather-related production problems were also behind production revisions for Burma, Pakistan, the Philippines, and Thailand.

In Pakistan, devastating floods in July and August ravaged the 2010/11 rice crop. This month, the production estimate was reduced by a further 200,000 tons to 5.1 million tons because of a reduced yield estimate based on preliminary harvest data.

Outside of Asia, the U.S. National Agricultural Statistical Service further reduced the estimated field yield of the U.S. 2010/11 rice crop this month. Additionally, the milling rate of the U.S. crop was reduced 2 percent based on data from the Farm Service Agency reporting milling rates from samples of rice under loan stored in warehouses. These two factors resulted in a 170,000 ton reduction in the U.S. production estimate to 7.4 million tons. Small production estimate reductions were also made this month for Colombia and Ukraine.

Global production for 2009/10 was reduced by nearly half-a-million tons this month to 441.0 million tons.

The global disappearance forecast for 2010/11 was reduced this month by just over 100,000 tons to 452.6 million tons – the highest on record. Increases for Indonesia and Thailand were more than offset by reductions for the EU and the Philippines. The global ending stocks forecast for 2010/11 was lowered slightly this month to 94.3 million tons, down 1 percent from 2009/10 global rice ending stocks. Increased ending stocks for Bangladesh, the Philippines, and Vietnam were more than offset by reductions for Brazil, Burma, and South Korea. The global stocks-to-use ratio is unchanged this month at 20.8 percent, down from 21.9 percent in 2009/10.

## **2011 Global Rice Trade Forecast Reduced to 30.3 Million Tons**

Global rice trade for 2011 was reduced this month to 30.3 million tons, down 1 percent from last month's projection.

Several 2011 export forecast reductions were made this month for major exporters, due pri-

marily to production decreases. The largest decrease was for Thailand, whose 2011 export forecast was reduced 300,000 tons to 9.7 million tons.

Elsewhere in Asia, Pakistan's export forecast was reduced 200,000 tons to 2.65 million tons due to a reduced 2010/11 production estimate. Lastly, Burma's export forecast was reduced 100,000 tons to 500,000 tons based on a reduced production estimate. A small reduction in Venezuela's export estimate was also made.

These reductions were partially offset by increases for several mid-level exporters. In response to a forecast tripling of Australian rice production in 2010/11, the country's exports are also expected to more than triple in 2011, increasing 220,000 tons to 325,000 tons. Australia – along with China, Egypt, and the United States – is one of the world's few exporters of medium/short-grain rice.

For importers, the largest upward revision this month for 2011 trade was made for Indonesia, whose import forecast was increased 250,000 tons to 650,000 tons based on the pace of imports in 2010. Libya's imports were raised 75,000 tons to 175,000 tons, also based on a stronger import pace in 2010. Smaller upward revisions were made for imports by Colombia, Kazakhstan, Morocco, Turkmenistan, and Ukraine.

These increases were more than offset by a large decrease for the Philippines. Australia's imports were reduced this month by 75,000 tons to 125,000 tons – a result of the country's revised 2010/11 crop forecast.

Global trade for 2010 was reduced this month by 575,000 tons to 29.5 million tons. This decrease was largely due to on reductions in the export forecasts for Thailand and China.

## **Thailand's Trading Prices Are Nearly Unchanged;**

### **While U.S. Prices Have Risen**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice are nearly unchanged from the first week of October.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$507 per ton for the week ending November 1, up 1 percent from the week ending October 4. Prices for Thailand's 5-percent broken were quoted at \$491 per ton for the week ending November 1, up 1 percent from the week ending October 4.

Prices were also largely unchanged for Thailand's lower quality rice varieties. For the week ending November 1, prices for Thailand's A-1 Super 100-percent broken were quoted at \$428 per ton, down fractionally from the week ending October 4.

In contrast to Thailand, tightening supplies prior the country's main-season harvest drove Vietnam's prices higher this month, quoted at \$485 for the week ending November 2.

Price quotes for U.S. long-grain milled rice continued to rise over the past month because of concerns over both field and milling yields in the Delta, where extremely hot weather this summer hindered rice plant development. For the week ending November 2, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$573 per ton, up \$88 from the week ending September 28. While U.S. rice (adjusted to reflect the fob vessel price) was quoted at a \$2 discount to Thai rice only a month ago, increased U.S. prices have pushed U.S. rice to an \$81 premium over similar varieties from Thailand this week. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) is quoted at \$330 per ton for the week ending November 2, up \$40 from the week ending September 28. △

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