

Beginning Rice Stocks 20 Percent Larger Than Last Year



ECONOMIC RESEARCH SERVICE

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Market Outlook on Rice is sponsored by RiceTec, Inc.

There were no supply side revisions this month. Total U.S. rice supplies in 2010/11 remain projected at 297.8 million cwt, almost 11 percent larger than a year earlier and the highest on record. In 2010/11, a record crop and bigger carryin more than offset weaker imports.

Beginning stocks of all-rice remain estimated at 36.7 million cwt, 20 percent larger than a year earlier. The 2010/11 long-grain carryin remains estimated at 23.2 million cwt, up 15 percent from a year earlier.

Total imports for 2010/11 remain forecast at 18.0 million cwt, 5 percent below a year earlier and the third consecutive year of a decline in imports. Long-grain imports are projected at 15.5 million cwt, 6 percent below a year earlier.

In 2010/11, the U.S. harvested 243.1 million cwt of rice, almost 11 percent larger than a year earlier and the largest U.S. crop on record.

In contrast, the average field yield of 6,725 pounds was 360 pounds below a year earlier and the lowest average U.S. field yield since 2005/06.

Long-grain accounts for all of the U.S. production increase in 2010/11. At 183.3 million cwt, the U.S. long-grain crop is 20 percent above a year earlier and the largest long-grain crop on record. The bumper crop is the result of a 25-percent increase in harvested area to a record 2.83 million acres. In contrast, the long-grain average field yield of 6,486 pounds per acre is 4 percent below last year and the lowest since 2005/06.

The U.S. medium/short-grain crop of 59.8 million cwt is 11 percent below a year earlier, a result of both reduced plantings and a weaker yield. At 789,000 acres, combined medium/short-grain harvested area is 6 percent below a year earlier.

Total domestic and residual use of all-rice remains projected at a record 129.0 million cwt for 2010/11, more than 5 percent above a year earlier.

By class, long-grain domestic disappearance is projected at a record 101.0 million cwt, 11 percent above a year earlier. Combined medium/short-grain domestic disappearance is projected at 28.0 million cwt, 12 percent below 2009/10. The projected decline in medium/short-grain domestic disappearance in 2010/11 is largely based on some switching by processors from medium/short-grain rice to lower-priced long-grain rice.

Total exports of U.S. rice in 2010/11 are projected at 116.0 million cwt, down 1.0 million cwt from last month, but still 5 percent larger than a year earlier. By type, U.S. rough-rice exports are projected at 43.0 million cwt, down 0.5 million from last month's forecast, but almost 6 percent above a year earlier and still the highest on record.

U.S. milled rice exports (combined milled and brown rice exports on a rough basis) are projected at 73.0 million cwt, 0.5 million cwt below last month's forecast, but still 5 percent above

a year earlier.

By class, U.S. long-grain exports are projected at 78.0 million cwt, down 1.0 million cwt from last month, but still almost 4 percent larger than a year earlier.

Combined medium/short-grain exports remain projected at a record 38.0 million cwt, 9 percent larger than a year earlier. Libya accounts for most of the year-to-year increase in U.S. medium/short-grain exports. This market had previously been supplied primarily by Egypt. Expanded shipments of medium/short-grain rice from Australia, due to a forecast sharp production increase, are not expected until late in the U.S. 2010/11 market year.

U.S. 2010/11 Ending Stocks Are Forecast To Be the Highest Since 1985/86

U.S. ending stocks in 2010/11 are projected at 52.8 million cwt, up 1.0 million cwt from last month's forecast and 44 percent above a year earlier. These are the largest ending stocks since 1985/86.

By class, the 2010/11 long-grain carryout was raised 1.0 million cwt to 42.9 million cwt, almost 86 percent larger than a year earlier and the highest since 1985/86. The long-grain stocks-to-use ratio is calculated at 24.0 percent, up from 13.9 percent last year and also the highest since 1985/86.

The medium/short-grain carryout remains estimated at 8.4 million cwt, 31 percent below a year earlier. The medium/short-grain stocks-to-use ratio is calculated at 12.7 percent, well below the 2009/10 ratio of 18.1 percent and the lowest since at least 1982/83 when USDA first reported supply and use estimates by class. The medium/short-grain stocks-to-use situation indicates upward price pressure for the remainder of the 2010/11 market year. Stocks of brokens, included in the total stocks estimate, are not reported by class.

U.S. Medium/Short-grain Season-Average Farm Price Forecast Lowered to \$16.75-\$17.25 per Cwt

The 2010/11 season-average farm price (SAFP) for U.S. long-grain rice is projected at \$10.75-\$11.25 per cwt, with the mid-point unchanged from last month. On a year-to-year basis, the long-grain SAFP is down from a revised \$12.90 in 2009/10. The projected decline in U.S. long-grain prices in 2010/11 is primarily based on record U.S. supplies, quality concerns regarding rice harvested in the U.S. Delta, and expectations that global prices will decline later in the market year.

The combined medium/short-grain 2010/11 U.S. SAFP is projected at \$16.75-\$17.25 per cwt, down 25 cents on the low end and down 75 cents on the high end compared with last month's forecast. The downward revision is based on NASS-reported monthly cash prices through mid-January and expectations regarding prices the remainder of the market year. The 2010/11 medium/short-grain SAFP is below the 2009/10 revised SAFP of \$18.40. The U.S. is likely to face some competition from Australia late in the 2010/11 market.

Last month, NASS reported a mid-January 2011 cash price for long-grain rice of \$11.90 per cwt, up 60 cents from the revised December price and the highest since June. The December price was raised 20 cents from the preliminary estimate to \$11.30 per cwt. For medium/short-grain rice, the mid-January NASS price was reported at \$15.70 per cwt, down 30 cents from the revised December price and the lowest since July 2008. Δ

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