

# Brazil Accounts For Largest Rice Revision Forecast



**ECONOMIC RESEARCH SERVICE**

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**G**lobal rice production in 2010/11 is forecast at a record 451.5 million tons (milled basis), down 130,000 tons from last month's forecast, but still more than 2 percent larger than a year earlier. Expanded rice area accounted for most of the 2010/11 global production increase.

The largest upward revision this month was for Brazil, whose 2010/11 production estimate was raised 200,000 tons to 8.7 million tons based on the latest crop progress report from the Brazilian Government's Supply Company, CONAB. Elsewhere in South America, Argentina's 2010/11 crop is projected up 135,000 tons to a record 1.18 million tons based on a higher estimate for planted area. The U.S. 2010/11 crop estimate was raised 28,000 tons to 7.47 million due to a slightly higher milling rate. The U.S. rough-rice crop estimate is unchanged from last month. A small increase in the 2010/11 production estimate was made for Ukraine, based on final crop data from the Government of Ukraine.

These upward revisions were more than offset by a reduction in India's 2010/11 production estimate. India's production was reduced by 500,000 tons to 94.5 million tons based on the recommendation of the U.S. Agricultural Counselor in New Delhi.

The global disappearance forecast for 2010/11 was reduced this month by more than 5 million tons to 447.0 million tons – still the highest on record. Increases for Argentina, Bangladesh, and Russia were more than offset by reductions for China, India, South Africa, and Vietnam. The global ending stocks forecast for 2010/11 was increased nearly 5 million tons this month to 98.8 million tons, up nearly 5 percent from 2009/10. Increased ending stocks forecasts for Bangladesh, Burma, China, and India were partially offset by reductions for Brazil and Saudi Arabia. The global stocks-to-use ratio increased this month to 22.1 percent.

## **Global 2011 Rice Trade Forecast Reduced to 30.2 Million Tons**

Global trade for 2011 was reduced by half a million tons this month to 30.2 million tons, down nearly a million tons from last year and well below the 2007 record of 31.9 million tons.

The only increase for an exporter this month was for Vietnam, whose projected exports were increased 200,000 tons to 6.0 million tons based on the recommendation of the U.S. Agricultural Counselor in Ho Chi Minh City. This increase was more than offset by several reductions: Burma's 2011 export forecast was reduced 300,000 tons to 200,000 tons as a result of that country's recently-imposed export ban. China's exports were also reduced 300,000 tons to 600,000 tons based on announcements by two approved state trading companies that they would export less rice in 2011. Lastly, India's export forecast was reduced 100,000 tons to 2.4 million tons based on the recommendation of the U.S. Agricultural Counselor in New Delhi.

On the importer side, Bangladesh's imports were raised 200,000 tons this month to 800,000 tons on the recommendation of the U.S. Agricultural Counselor in Dhaka. China's import forecast was raised 70,000 tons to 400,000 tons

based on information from the U.S. Agricultural Counselor in Beijing. Russia's 2011 import forecast was increased 50,000 tons to 200,000 tons based on an expected continuation of the 2010 import pace. These increases were mostly offset by a few reductions. Saudi Arabia's 2011 import forecast was reduced 200,000 tons to 1.1 million tons based on a report from the U.S. Agricultural Counselor in Riyadh. Similarly, South Africa's 2011 import forecast was adjusted down 90,000 tons to 760,000 tons based on a report from the U.S. Agricultural Counselor in Pretoria.

Trade for calendar year 2010 was raised slightly this month to 31.1 million tons as additional shipment data has been reported. The largest export increase this month was for the United States, whose 2010 export estimate was raised 315,000 tons to 3.8 million tons based on year-end shipment data from the U.S. Census Bureau.

On the import side, Nigeria's import estimate was raised 100,000 tons to a record 2.1 million tons based on nearly finalized trade data for 2010. China's imports were raised 66,000 tons to 366,000 tons on year-end import data. These increases were more than offset by a 200,000-ton reduction in the Philippines' export estimate to 2.4 million tons based on end-of-year import data.

## **Thailand's Trading Prices Fall as Global Import Demand Slows**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have declined 4 to 5 percent from the second week of February.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$519 per ton for the week ending March 7, down 5 percent from the week ending February 7. Prices for Thailand's 5-percent broken rice were quoted at \$502 per ton for the week ending March 7, down 5 percent from the week ending February 7. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$514 per ton for the week ending March 7, down 4 percent from the week ending February 7.

Prices were mostly unchanged for Thailand's lower quality rice varieties. For the week ending March 7, prices for Thailand's A-1 Super 100-percent broken rice were quoted at \$416 per ton, down \$1 from the week ending February 7.

Vietnam's price quotes have also softened in recent weeks in anticipation of the country's soon-to-be-harvested main crop. For the week ending March 8, prices for 5-percent broken rice were quoted at \$460 per ton – down 3 percent from the week ending February 8. This reduction in both Thailand and Vietnam's quotes has reduced the premium for Thailand's rice over Vietnam's rice to \$59, compared with a difference of \$69 last month.

Price quotes for U.S. long-grain milled rice have continued their slide over the past month due to large domestic supplies and lingering concerns over the quality of the 2010 U.S. crop. For the week ending March 8, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$513 per ton, down \$28 from the week ending February 8. This reduction in U.S. price quotes is in line with international price movements, with the U.S. premium (adjusted to reflect the fob vessel price) over similar grades of Thai rice now at \$9 per ton, compared with \$11 per ton a month ago. From 2000/01 through 2009/10, the difference averaged around \$65 per ton. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$330 per ton for the week ending March 8, unchanged from the week ending February 8. △



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