

# Brazil Expects Second Largest Crop On Record



**ECONOMIC RESEARCH SERVICE**

U.S. Department of Agriculture, Washington, DC

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**G**lobal rice production in 2010/11 is forecast at a record 450.7 million tons (milled basis), down 0.8 million tons from last month's forecast, but still more than 2 percent larger than a year earlier.

The largest upward revision this month was for Madagascar, whose 2010/11 production estimate was raised 374,000 tons to a record 3.1 million tons based on information from the Food and Agricultural Organization of the United Nations (FAO). Brazil's 2010/11 production estimate was also raised this month, up 208,000 tons to 8.9 million tons based on the March crop progress report from the Brazilian Government's Supply Company, CONAB. Colombia's production estimate was also raised this month, up 101,000 tons to 1.37 million tons based on information from the U.S. Agricultural Counselor in Bogota. Smaller increases in production estimates were made this month for Afghanistan, Angola, Chad, Cote d'Ivoire, Gambia, Guinea, Guinea-Bissau, Malaysia, Mauritania, Senegal, and Sierra Leone.

These increases were more than offset by several downward production adjustments. The largest of these was for Indonesia, whose 2010/11 production estimate was reduced 600,000 tons to 36.9 million tons. Iran's production estimate for 2010/11 was reduced by nearly 30 percent this month, down 550,000 tons to 1.5 million tons.

Weather problems were responsible for several other production estimate reductions this month. North Korea's 2010/11 crop estimate was reduced by 200,000 tons to 1.6 million tons. In February and March of 2011, U.N. personnel from the World Food Program (WFP), the Food and Agricultural Organization of the United Nations (FAO), and the U.N. Children's Fund (UNICEF) conducted a comprehensive food security assessment in North Korea. The mission found that heavy rains from May through September 2010 reduced yields of the 2010/11 rice crop more severely than previously estimated.

Similarly, an FAO/WFP food security assessment mission to Laos determined that rice production in that country had been negatively affected by drier than normal conditions after the start of the rainy season that delayed transplanting. Additionally, heavier-than-normal rainfall at the end of the season resulted in some losses due to late-season flooding. As a result, USDA this month reduced Laos' 2010/11 production estimate by 100,000 tons to 1.8 million tons. Flooding also caused production problems in Sri Lanka. Based on the recommendation of the U.S. Agricultural Counselor in Colombo, Sri Lanka's 2010/11 production estimate was reduced by 100,000 tons to 2.4 million tons. Smaller 2010/11 downward revisions in production estimates were made for Argentina, Benin, Ghana, Kenya, Liberia, Mali, Niger, Peru, Rwanda, and Thailand.

Global rice production for 2009/10 was also revised down this month, by 560,000 tons to 440.4 million tons. Increased production estimates for Guinea, Laos, and Malaysia were more than offset by reductions for Iran and Peru.

The global disappearance forecast for 2010/11 was raised this month by nearly 400,000 tons to 447.4 million tons—the highest on record.

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

Global trade for 2011 was reduced by less than 1 percent this month to 30.2 million tons – more than a million tons less than last year and 5 percent lower than the record 31.9 million tons seen in 2007.

The only increase for an exporter this month was for Sri Lanka, whose projected exports were set at 10,000 tons based on small quantities shipped to Sri Lankan expatriates, as recommended by the U.S. Agricultural Counselor in Colombo.

On the importer side, Kenya's imports were raised 60,000 tons to 300,000 tons based on reduced production estimates for both 2009/10 and 2010/11. Similarly, Afghanistan's imports were raised 50,000 tons to 250,000 tons on a reduced crop estimate. Liberia's import estimate was raised 50,000 tons to 250,000 tons to match the pace of previous years.

These increases were more than offset by several reductions. The largest of these was for the Philippines, whose import estimate was reduced 500,000 tons to 1.0 million tons based on a lackluster pace of imports to date and expectations of a larger harvest this year as compared to 2009/10.

Several smaller import adjustments were also made this month for Armenia, Colombia, Laos, Malaysia, Peru, Rwanda, Switzerland, Taiwan, and Zambia.

In contrast to 2011, trade for calendar year 2010 was raised this month to 31.3 million tons, as end-of-year shipment data has been finalized for several major exporters. The largest export increase this month was for Uruguay, whose 2010 export estimate was raised 58,000 tons to 808,000 tons based on final shipment data from the Government of Uruguay.

For importers, the largest adjustment for 2010 this month was for Malaysia. That country's 2010 import estimate was reduced 113,000 tons to 907,000 tons based on the recommendation of the U.S. Agricultural Counselor in Kuala Lumpur.

## **Thailand's Trading Prices Fall in Anticipation of Nearby Harvests**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have declined 3 to 4 percent from the first week of March.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$496 per ton for the week ending April 4, down 4 percent from the week ending March 7. Prices for Thailand's 5-percent broken were quoted at \$481 per ton for the week ending April 4, also down 4 percent from the week ending March 7.

Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$497 per ton for the week ending April 4, down 3 percent from the week ending March 7.

Prices were also down for Thailand's lower quality rice varieties. For the week ending April 4, prices for Thailand's A-1 Super 100-percent broken were quoted at \$399 per ton, down 4 percent from the week ending March 7.

In Vietnam, price quotes have nearly stabilized over the past month, due mostly to steady sales volumes. For the week ending April 5, prices for 5-percent broken were quoted at \$465 per ton – up 1 percent from the week ending March 8. With Thai prices falling and Vietnam's quotes firming, the premium for Thailand's rice over rice from Vietnam has fallen to \$31, compared with a difference of \$59 last month. △



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