

# Bumper Global Crop Results From Expanded Area



## rice outlook

**ECONOMIC RESEARCH SERVICE**

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The 2011/12 global rice production forecast was fractionally raised this month to 461.6 million tons (milled basis). The crop is more than 2 percent above a year earlier and the highest on record. Australia, Bangladesh, China, Egypt, India, and Pakistan account for most of the global production increase. In contrast, production declined substantially in 2011/12 in Brazil and the United States.

The bumper global crop is the result of expanded area. At 160.1 million hectares, global harvested area is the highest on record, with South Asia accounting for most of the increase.

The largest production estimate increase this month was made for Bangladesh, with the estimate raised 1.0 million tons to a record 34.0 million tons based on government data reporting higher yields for the already harvested Aus and Aman crops.

Cambodia's 2011/12 production forecast was raised 0.5 million tons to a record 5.3 million tons based on information from the Government of Cambodia.

These upward revisions were partially offset by several smaller reductions. First, Brazil's 2011/12 production estimate was lowered 490,000 tons to 8.16 million tons due to a lower area estimate.

Elsewhere in the Western Hemisphere, Mexico's production was lowered 28,000 tons to 105,000 tons based largely on lower area. Farmers are having difficulty getting loans and prices and support levels are more favorable for soybeans and safflower. Mexico's rice production has sharply declined over the past two decades, with imports now accounting for the bulk of consumption.

In Asia, Pakistan's 2011/12 crop estimate was reduced 100,000 tons to 6.55 million tons based on a slightly lower yield. Japan's 2011/12 crop was lowered 34,000 tons to 7.65 million based on year-end government data reporting a lower area estimate. North Korea's 2011/12 rice crop was lowered 100,000 tons to 1.6 million based on information from a World Food Program/United Nations Mission Report citing a cold spring, heavy summer rainfall, cloudiness, and floods that suppressed yields. Finally, Russia's production estimate was lowered 18,000 to 682,000 tons due to a lower yield reported by the government.

The 2010/11 global production estimate was fractionally raised to 450.4 million tons, up 2 percent from a year earlier.

Global disappearance for 2011/12 is projected at 458.6 million tons, fractionally above last month's forecast and the highest on record.

Global ending stocks for 2011/12 are projected at 100.1 million tons, up less than 1 percent from last month's forecast and 3 percent larger than a year earlier.

### **Thailand's 2012 Exports Projected To Drop 3.5 Million Tons to 7.0 Million Tons**

The global calendar year 2012 trade forecast

was reduced almost 1.0 million tons (milled basis), from last month's forecast to 31.9 million tons, more than 8 percent less than the 2011 record.

Thailand accounts for the bulk of this month's downward revision in global exports as well as much of the year-to-year decline.

Brazil's exports were lowered 250,000 tons to 650,000, just half the record level exported in 2011.

On the import side, the Philippine's 2012 import forecast was lowered 700,000 tons to 1.5 million tons based on information from the U.S. agricultural counselor in Manila stating that the Government of the Philippines wants the country to be less dependent on imports. Imports are unchanged from 2011. Bangladesh's 2012 import forecast was lowered 100,000 tons to 650,000 based on larger crops in 2010/11 and 2011/12. Russia's 2012 import forecast was reduced 30,000 tons to 150,000 based on information from the U.S. agricultural counselor in Moscow.

Global trade for 2011 is estimated at a record 34.8 million tons, unchanged from last month, as upward revisions were offset by reductions.

### **Global and U.S. Rice Trading Prices Continue To Fall**

Trading prices for Thailand's high-, medium-, and low-quality grades of specialty and non-specialty rice have declined since early December, mostly due to a lack of inquiries. Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$562 per ton for the week ending January 9, down \$62 from the week ending December 6 and the lowest since early August.

Prices for brokens have decreased as well. For the week ending January 9, prices for Thailand's A-1 Super 100-percent brokens were quoted at \$515 per ton, down \$45 from the week ending December 6. Price quotes for Thailand's premium jasmine rice were quoted at \$1,046 per ton for the week ending January 9, down \$35 from early December.

Price quotes from Vietnam continued to fall over the past month. With Thailand largely priced out of the market, Vietnam's prices continue to decline in the face of lower priced rice from India and Pakistan. For the week ending January 10, prices for 5-percent double-water polished with 5-percent brokens were quoted at \$445 per ton – down \$75 per ton from the week ending December 6. Thailand's price quotes for 5 percent brokens are currently \$103 per ton above quotes for Vietnam's 5-percent double-water polished milled rice, compared with a difference of \$88 last month.

U.S. long-grain milled-rice prices continue to decline as well, largely in response to lower trading prices from several sources. For the week ending January 10, prices for high-quality Southern long-grain rice (No. 2, 4-percent brokens, bagged, free alongside a vessel, U.S. Gulf port) were quoted at \$518 per ton, down \$33 from the week ending December 6 and the lowest since late May. Thai rice is now trading at a premium of \$29 compared with U.S. rice (adjusted to reflect the fob vessel price). Last month, Thailand's rice was quoted with a premium of \$58 over similar grades of U.S. rice. Thailand is currently making few sales. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$325 per ton for the week ending January 10, unchanged from a month earlier. △



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