

China Accounts For Over One-Third Global Rice Production Increase



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Global rice production for 2007/08 is projected at a record 422.9 million tons (on a milled basis), up 2.3 million tons from last month's forecast and 1 percent above the 2006/07 and 2005/06 crops. Both total area and average yield are up from a year ago. China accounts for more than one-third of the year-to-year increase in global production. India, Vietnam, Thailand, the Philippines, Indonesia, and United States are projected to harvest larger crops in 2007/08 as well.

Global disappearance is projected at a record 422.5 million tons, down 1.2 million tons from last month, but slightly larger than the previous year. China accounts for most of this month's reduction in global rice disappearance.

Global ending stocks for 2007/08 are projected at 75.2 million tons, up 3.1 million tons from last month's forecast and fractionally above the previous year. China accounts for the bulk of this month's upward revision in ending stocks. India's ending stocks forecast was raised as well. The 2006/07 global ending stocks were the smallest since 1983/84, and about half the record level estimated for 2000/01. The 2007/08 global stocks-to-use ratio of 17.8 percent is virtually unchanged from a year earlier. These are the lowest stocks-to-use ratios since 1976/77.

India accounts for the bulk of this month's upward revision in global production. India's 2007/08 production forecast was raised 2.0 million tons to 94.0 million based on a record yield. There were two other upward revisions this month. First, the Philippines production forecast was raised 0.4 million tons to 10.4 million based on a higher yield. Second, Malaysia's production was raised 30,000 tons to a record 1.48 million due to a higher yield.

These upward revisions were partially offset by three reductions. First, Bangladesh's 2007/08 production was lowered 0.1 million tons to 28.4 million based on lower area. Severe flooding last summer reduced the harvest of the Aus rice crop and hindered planting of the Aman crop. In addition, a devastating cyclone in November/December 2007 hit the Aman crop at harvest.

Global Rice Trade Projected To Decline 4 Percent in 2008

Global rice trade for calendar year 2008 is projected at 29.4 million tons (milled basis), up fractionally from last month's forecast, but 1.1 million tons below the previous year's revised estimate. There were no revisions to any major or mid-level exporter this month. On the import side, the U.S. import forecast was raised 25,000 tons to a record 725,000 tons, based on a strong delivery pace in late 2007 and expectations regarding purchases in 2008. South Africa's 2008 import forecast was raised 25,000 tons to 925,000 tons due to a tight supply situation. Benin's imports were also raised 25,000 tons to 200,000 tons, based on larger 2007 imports.

On a year-to-year basis, reduced exports in 2008 from India, Thailand, Egypt, and Australia will more than offset larger shipments from the United States, Pakistan, Burma, and Argentina. On balance, global exportable supplies will be tight in 2008, as few exporters have the ability to substantially boost trade. On the import side, reduced purchases by Bangladesh, Indonesia, Iran, Cote d'Ivoire, Malaysia, and Nigeria will more than offset increased purchases by Iraq, Ghana, South Africa, China, Brazil, and Australia.

Global trade in 2007 is estimated at a record 30.5 million tons, up 4 percent from last month's forecast and 4 percent larger than the previous year. India accounts for most of the in-

crease in 2007 exports.

Bangladesh accounted for most of this month's increase in 2007 imports. Bangladesh's imports were raised 850,000 tons to 1.5 million tons based on large late-year purchases from India, its major supplier. Imports in 2007 are the largest imports by Bangladesh since the record 2.5 million tons imported in 1998. There were two other substantial upward revisions this month. First, Cote d'Ivoire's imports were raised 200,000 tons to a record 950,000 tons. And second, Iraq's were increased 187,000 tons to 800,000.

Thailand's Price Quotes Rise to Highest Level since 1981; U.S. Long-Grain Milled Prices Highest Since 1974

Export price quotes for most grades of Thailand's regular-milled white rice are up at least \$65 per ton from a month earlier and are the highest since June 1981. Thailand's prices are up about 45 percent from the first week of January. The big boost in price is driven by strong Asian and African demand, tight exportable supplies across Asia, and a stronger Thai baht. India's minimum export price – just raised to \$650 per ton from \$500 per ton – has also likely boosted Thailand's prices.

However, few exporters are actually quoting prices due to very high domestic prices, and most current shipments reflect outstanding contracts. Some of the domestic price pressure may ease later this month when the dry-season crop is marketed. In addition, the government has announced it will release about 700,000 tons of intervention stocks of old-crop rice. The government holds about 2.0 million tons of old-crop rice in storage.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$540 per ton for the week ending March 10, up \$67 per ton for the week ending February 11. This is the highest price quote for Thailand since June 1981. There were no price quotes this week for Thailand's 5-percent parboiled rice. Last week, Thailand's 5-percent parboiled rice was quoted at \$580 per ton, up \$109 per ton from a month earlier.

Prices for broken, a low grade of milled rice, have sharply increased over the past month as well. For the week ending March 10, prices for Thailand's A-1 Super 100 percent broken were quoted at \$498 per ton, up \$65 from February 11.

In Vietnam, the winter-spring crop is just starting to reach the market. As India did last fall, Vietnam has instituted a Minimum Export Price, currently \$500 per ton for 5 percent broken (fob Ho Chi Minh City). However, there are few sales at these prices as the export market is already oversold. Based on the announced MEP, Vietnam's prices are \$28 per ton below comparable grades of Thai rice. In early February, price quotes from Thailand and Vietnam were nearly the same.

Export price quotes for U.S. long-grain milled rice continue to soar, largely due to strong sales, very high prices for other commodities, escalating global rice prices, and a weaker dollar. For the week ending March 11, price quotes for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$650 per ton, up almost \$100 from the week ending February 12 and the highest since the summer of 1974. U.S. prices (adjusted to reflect fob vessel price) are \$125 per ton above prices for comparable grades of Thailand's rice, up from \$93 a month earlier. Price quotes for U.S. long-grain roughrice (bulk, fob vessel, New Orleans) were reported at \$410 per ton for the week ending March 11, up \$70 from February 12. These are the highest prices ever reported for U.S. long-grain rough rice exports.

Prices for California package-quality medium-grain rice (sacked, loaded on a truck at a local mill, low end of the reported projection range) for domestic sales were quoted at \$595 per ton for the week ending March 11, unchanged from a month earlier, but up \$66 from the start of the 2007/08 market year. For medium-grain milled rice, U.S. prices are the highest since the spring of 1994, when Japan began making its emergency purchases after an extremely weak 1993 harvest. Δ