

China Projected To Harvest Smaller Rice Crop



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Global rice production for 2009/10 is projected at 448.1 million tons (on a milled basis), up 1 percent from a year earlier and the fifth consecutive year of a record global rice crop. This year's production increase is primarily due to expanded area, estimated at a record 157.2 million hectares.

Of the top eight rice producing countries – which typically account for about 75 percent of global production – only one is expected to harvest a smaller crop in 2009/10. Record crops are projected for India, Indonesia, Bangladesh, Thailand, and the Philippines. Vietnam and Burma are projected to harvest near-record crops. Only China, the world's largest rice-producing country, is projected to harvest a smaller crop in 2009/10.

At 134.4 million tons, China's 2009/10 production is just fractionally below the previous year, a result of a slightly lower yield. China's area is estimated to be up slightly. India's 2009/10 rice production is projected at 99.5 million tons, the fourth consecutive record crop. At 37.6 million tons, Indonesia's crop is also a fourth consecutive record, a result of a higher yield. Bangladesh is projected to harvest 31.0 million tons of rice in 2009/10, unchanged from the 2008/09 record.

Vietnam's projected production of 23.8 million tons is fractionally above 2008/09, a result of a higher expected yield. Vietnam's rice area is actually expected to decline. Thailand's 20-million ton rice crop is the result of both record area and yield. The Philippines – with a 10.7-million ton projected 2009/10 crop – continues to expand rice area. Burma's 2009/10 production is projected at 10.7 million tons, up 6 percent from the 2008/09 crop that was adversely impacted by typhoon Nargis.

Rice production is projected to be larger for several mid-level producing countries in 2009/10. The U.S. crop is projected at almost 7.2 million tons, up 10 percent from 2008/09, a result of both expanded area and a higher yield. Cambodia's 4.45-million ton projected crop is the highest on record. Both Laos and Malaysia are projected to harvest record crops in 2009/10 as well. For Brazil and Egypt, production in 2009/10 is projected to be unchanged from the previous year's record. In contrast, both Japan and South Korea are projected to harvest smaller crops in 2009/10 – a decline in rice area is projected for both countries.

Production is projected to increase in most of the remaining rice-producing countries in 2009/10.

There were several production revisions for 2008/09 this month, which resulted in a 2.5-million ton increase in the 2008/09 global production estimate to 443.7 million tons. The largest revision was a 1.3-million ton boost in Bangladesh's production to a record 31.0 million tons, mostly due to larger area. Indonesia's 2008/09 production was raised 1.1 million tons to 37.3 million tons due to a higher yield. Burma's production was revised up 0.35 million tons to 10.15 million tons, also based on a higher yield. Ecuador's production was raised based on a much higher area estimate.

Global disappearance is projected at a record 443.2 million tons, up 2 percent from a year earlier. Bangladesh, Burma, China, India, Indonesia, the Philippines, Thailand, and Sub-Saharan Africa account for most of the projected increase in global disappearance in 2009/10. In contrast, disappearance continues to decline in Japan and South Korea, primarily due to a shift to a more diverse diet.

Global ending stocks are projected at 94.7 million tons, almost 6 percent larger than a year earlier and the highest since 2002/03. This is the third consecutive year of a significant build-up in global stocks. China and India account for the bulk of the increase in ending stocks in 2009/10. Together, these two countries account for more than two thirds of global stocks. Ending stocks are also projected higher in 2009/10 for Indonesia, Thailand, and the United States. The global stocks-to-use ratio is calculated at 21.4 percent, up from 20.7 percent in 2008/09 and the highest since 2002/03.

Global Rice Trade Projected To Increase 2 Percent in 2010

Calendar year trade for 2010 is forecast at 29.6 million tons (milled basis), up 2 percent from this year, but well below the 2007 record of 31.8 million tons.

India is projected to post the largest increase in exports in 2010, rising 1.5 million tons to 4 million. Egypt's exports are projected to increase 600,000 tons to 900,000 in 2010. Egypt has banned most sales since April 2008, but is expected to lift this ban by October. Smaller export increases are forecast for Argentina, Brazil, and Cambodia.

Despite larger supplies, U.S. exports are projected to remain at 3.1 million tons in 2010, a result of substantial competition in key markets and only modest growth in global trade. Uruguay's exports are projected to remain at a near-record 800,000 tons in 2010.

In contrast, Pakistan's exports are forecast to drop 700,000 tons to 3.3 million in 2010, primarily due to more competition from India. Thailand's exports are projected to drop 500,000 tons to 8.5 million, primarily due to greater competition from lower-priced suppliers. Smaller year-to-year export reductions are forecast for Burma, Ecuador, and Vietnam.

Several countries are projected to show modest increases in imports in 2010. The European Union is projected to increase imports 100,000 tons to 1.3 million tons. Production in the EU has shown little growth over the past decade.

Iran's imports are projected to remain at a record 1.7 million tons, despite recovery from recent drought. Despite another record crop, Nigeria's imports are projected to remain at a near-record 1.7 million tons, as consumption growth continues to outpace production. Saudi Arabia's imports are projected to remain at a record 1.4 million tons, a result of rising demand. Saudi Arabia does not grow rice. Iraq's imports are projected to remain at a near-record 1.0 million tons. Imports account for the bulk of Iraq's rice consumption.

In contrast, several major importers are expected to import substantially less rice in 2010, primarily due to record production.

Thailand's Trading Prices Continue To Decline

Thailand's trading prices for high- and low-quality grades of non-aromatic rice have declined 8-9 percent from a month earlier, largely due to a lack of major new sales, a recent large sale of government-held stocks, and expectations of a bumper second-crop harvest. Despite the decline, Thailand's quoted prices are above prices from other Asian sources, partly due to its rough-rice intervention program.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$544 per ton for the week ending May 11, down \$49 from the week ending April 6. Prices for 5-percent broken rice were quoted at \$525 per ton for the week ending May 11, down \$46 from April 6. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$537 per ton for the week ending May 11, down \$52 from the week ending April 6.

Prices for low-quality rice have declined as well. For the week ending May 11, prices for Thailand's A-1 Super 100-percent broken rice were quoted at \$320 per ton, down \$29 from the week ending April 6. Prices for mid-quality rice are quoted slightly above price quotes in early April. All price quotes for Thailand's rice are from the Weekly Rice Price Update, reported by the U.S. agricultural counselor in Bangkok.

In late April, the Government of Vietnam announced it will allow new sales to commence as early as July. However minimum export prices (MEP) remain in effect. The minimum export price for Vietnam's top-quality 5-percent broken rice remains at \$460 per ton, unchanged from a month earlier. Vietnam's MEPs are currently well below Thailand's price quotes.

Export price quotes for U.S. long-grain milled rice remain virtually unchanged from a month earlier, partly due to the large sale to Iraq in March. For the week ending May 12, 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 \$529 per ton, unchanged from early April, but still more than \$400 below the late-April record. U.S. prices (adjusted to reflect fob vessel price) are virtually even with Thailand's price quotes. However, there have been few sales of high-quality rice by Thailand at quoted prices. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) are reported at \$320 per ton for the week ending May 12, also unchanged from early April.

Price quotes for California medium-grain milled rice have dropped slightly from a month ago, but remain near-record high. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$1,202 per ton for the week ending May 12, down \$11 from early April. Export price quotes (in 30-kg bags, fob vessel) are reported at \$1,200 per ton, down \$25 from early April. U.S. medium-grain prices are being supported at near-record levels by Egypt's export ban, a lack of any significant exportable supplies in Australia, a smaller U.S. medium/short-grain crop in 2008/09, and strong pace of shipments and sales to date. Δ