

# China Tops Countries In Largest Production Forecast



**ECONOMIC RESEARCH SERVICE**

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The 2011/12 global rice production forecast was raised by 2.1 million tons this month to 458.4 million tons (milled basis), led mostly by higher production forecasts for China and Brazil. Global rice production in 2011/12 is projected at a record, up nearly 2 percent from 2010/11.

The largest production change this month was for China, whose 2011/12 production estimate was raised 1.0 million tons to 139.0 million tons. In August, China's National Bureau of Statistics reported a much larger early-rice crop than previously estimated, entirely due to a higher yield. China's early rice crop typically accounts for less than one quarter of total production.

Brazil's 2011/12 crop forecast was raised 940,000 tons this month to 8.84 million tons due to higher forecasts for both planted area and yield. As a result of rising global prices and favorable returns to rice compared with alternative crops in Brazil, area planted to rice is now forecast at 2.8 ha – a decline of less than 1 percent from 2010/11.

The Philippines' production forecast was also raised this month, up 100,000 tons to a record 10.9 million tons.

U.S. production for 2011/12 was raised 89,000 tons this month to 6.1 million tons.

Global rice production changes for 2010/11 were nearly offsetting. Global production was raised just 25,000 tons this month and remains forecast at 451.2 million tons.

Vietnam's 2010/11 production estimate was raised 95,000 tons to a record 25.9 million tons based on information from the U.S. Agricultural Officer in Ho Chi Minh City.

Additionally, the 2010/11 U.S. milled rice production estimate was raised 39,000 tons this month to 7.6 million tons based on a revised year-end milling yield.

Global disappearance in 2011/12 is projected at a record 456.0 million tons, up 0.8 million tons from last month's forecast and still more than 7 million tons larger than 2010/11. Upward revisions for Brazil, China, and Ghana were partially offset by a reduction for Russia.

Global ending stocks for 2011/12 are projected at 98.7 million tons, up 0.7 million tons from last month and 2 percent larger than a year earlier. Upward revisions for Brazil, China, and the Philippines were partially offset by a decline for Vietnam. This is the fifth consecutive increase in global ending stocks, with global ending stocks the highest since 2002/03.

## **Global Trade in 2011 Projected To be the Highest on Record**

Global trade forecast adjustments for calendar year 2012 were nearly offsetting this month. The 2012 forecast was reduced 45,000 tons to 31.8 million tons (milled basis), down 4 percent from the revised 2011 estimate.

The U.S. export forecast was reduced 100,000 tons this month to 3.05 million tons based on smaller domestic long-grain supplies and reduced global competitiveness of the United States based on higher domestic prices. This reduction was partially offset by a 50,000-ton increase in Brazil's export forecast to 750,000

tons. Brazil's 2011/12 production estimate was raised this month, and Brazil is expected to be a competitive exporter over the coming year.

On the importer side, Brazil's import estimate was reduced 100,000 tons to 500,000 tons based on a much larger 2011/12 crop forecast. Libya's import forecast was raised 40,000 tons to 220,000 tons, based on a continuation of 2011's import pace and larger forecast supplies in 2011/12 in neighbor and principal rice-trading partner Egypt. Last, the U.S. import forecast was raised 35,000 tons to 670,000 tons based on smaller domestic supplies of long-grain rice.

Global trade for 2011 was raised by 455,000 tons this month to a record 33.2 million tons.

Several revisions were made for 2011 importers this month. Bangladesh's imports were raised 200,000 tons to 1.4 million tons. The country's pace to date suggests higher total yearly imports, and the recent ruling relaxing the export ban for neighboring India supports a higher import estimate for Bangladesh. Imports to the Philippines were raised 200,000 tons to 1.2 million tons, based on a tight stocks situation within the country. Ghana's import estimate was raised 100,000 tons to 420,000 tons based on import pace to date. Cuba's import estimate was raised 75,000 tons to 600,000 tons, also on the pace of imports to date in 2011. Smaller import revisions were made for Costa Rica, Libya, and Russia.

## **Trading Prices up for Most Major Rice Export Origins**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have strengthened since early August in anticipation of the October implementation of the country's new paddy rice mortgaging scheme. Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$624 per ton for the week ending September 5, up 11 percent from the week ending August 8. These are the highest prices since October 2008. Prices for Thailand's 5-percent broken were quoted at \$611 per ton for the week ending September 5, up 12 percent from the week ending August 8. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$636 per ton for the week ending September 5, up 13 percent from the week ending August 8.

Prices also rose for Thailand's lower quality rice varieties. For the week ending September 5, prices for Thailand's A-1 Super 100-percent broken were quoted at \$477 per ton, up 3 percent from the week ending August 8.

In Vietnam, price quotes rose nearly 4 percent over the past month due to tight short-term supplies as a result of increased export shipments over the past month. For the week ending September 6, prices for 5-percent broken were quoted at \$575 per ton – up \$20 per ton from the week ending August 9.

U.S. long-grain milled-rice prices have risen over the past month in response to global market conditions and concerns about the Southern long-grain crop. For the week ending September 6, prices for high-quality Southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$639 per ton, up \$44 from the week ending August 9 and the highest since December 2008. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$365 per ton for the week ending September 6, up \$35 from the week ending August 9.

Prices for California rice have fallen slightly this month based on expectations of larger global supplies for medium/short-grain rice and a larger California crop in 2011/12. Δ



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