

Crop Problems In China Affect Global Rice Estimates

The 2011/12 global rice production forecast was reduced by 1.5 million tons this month to 456.4 million tons, primarily based on reported crop problems in China – the world's largest rice-producing country. Despite this reduction, global rice production in 2011/12 is still projected to be a record, up more than 1 percent from 2010/11.

China's production estimate was reduced 2.0 million tons this month to 138.0 million tons due to lower area and yield estimates. The Yangtze River Valley is currently experiencing its driest spring in the last 30 years. For this reason, the transplanting of the single-rice crop has been delayed. At the same time, the early-rice crop in Southwest China is much improved compared with last year, and a larger Japonica crop in Northeast China is forecast as well.

The U.S. crop was also revised down this month, reduced 369,000 tons to 6.4 million tons – a reduction of over 15 percent compared with last year. Severe flooding of the Mississippi River Delta is expected to have reduced planted area below the level reported in the March NASS Prospective Plantings intentions to 1.15 million hectares. At the same time, a larger share of production is expected to be devoted to higher yielding medium/short-grain varieties, resulting in a slightly higher overall rice yield of 7.89 tons per hectare. Elsewhere in the Americas, Cuba's production estimate was reduced by 37,000 tons to 338,000 tons based on smaller back-year production estimates. El Salvador's production was also reduced due to a downward revision in that country's 2010/11 crop estimate.

These revisions were partially offset by a 900,000-ton production increase for Egypt to 4.0 million tons, up nearly 30 percent from last year, but still lower than the 2009/10 crop. In 2010/11, the Government of Egypt issued planting restrictions on rice due to water conservation concerns. However, it is unclear what the new government's policy is on water restrictions, and the U.S. Agricultural Counselor in Cairo reports that transplanting of rice is up substantially from last year. A smaller production increase was made for Guyana, whose 2011/12 estimate was increased by 39,000 tons to 390,000 tons based on a much larger first harvest. Guyana typically harvests two crops each marketing year.

Despite several upward revisions, global production in 2010/11 was revised downward this month, lowered 1.6 million tons to 450.0 million tons. The largest increase this month was for Vietnam, whose production estimate was raised 275,000 tons to a record 25.5 million tons based on a larger spring crop, as recommended by the U.S. Agricultural Counselor in Ho Chi Minh City. Production was also raised for the Philippines – up 200,000 tons to 10.6 million tons – based on higher production in the last quarter as reported by the Philippine Bureau of Agricultural Statistics. Elsewhere in Southeast Asia, the Cambodian Ministry of Agriculture, Forestry, and Fisheries reported final 2010/11 production at 5.2 million tons – 180,000 tons higher than last month and the highest production on record for that country. The last 2010/11 production increase was for Uruguay. That country's production estimate was raised 155,000 tons to almost 1.2 million tons based on a higher planted area estimate and much improved yields as compared with

2009/10. This is the largest rice crop on record in Uruguay.

These increases were more than offset by a large downward revision in China's crop which was lowered 2.3 million tons to 137.0 million tons. The reduction was based on a report from China's National Bureau of Statistics, with most of the reduction coming from a lowered early rice crop estimate. Cuba's 2010/11 production estimate was also reduced this month, down 80,000 tons to 295,000 tons based on data from that country's National Statistics Office. A slight reduction was also made for El Salvador based on data from the Salvadoran Ministry of Agriculture.

Global disappearance in 2011/12 is projected at a record 458.0 million tons, down 0.8 million tons from last month. Reductions for China and the United States were partially offset by increases for Egypt, the European Union, and Vietnam.

Global ending stocks for 2011/12 are projected at 94.9 million tons, down 1.3 percent from last month. Reductions for China and the United States were partially offset by increases for Egypt, the Philippines, and Vietnam. The global stocks-to-use ratio for 2011/12 is calculated at 20.7 percent, down from 21.6 percent in 2010/11.

Global Rice Trade Projected

At a Record 32.2 Million Tons in 2012

The trade forecast for calendar year 2012 was raised slightly from last month's forecast to a record 32.2 million tons (milled basis), up nearly 4 percent from 2011. Both export revisions this month were based on revised 2011/12 production estimates. Egypt's export projection was raised 150,000 tons to 200,000 tons based on a much larger crop in 2011/12. Despite the upward revision, Egypt's exports are still well below levels shipped prior to the recent ban. In contrast, the U.S. 2012 export forecast was reduced 100,000 tons to 3.35 million tons based on both a reduced production estimate for 2011/12 and expected increased competition for export markets mainly due to larger crops in most of the world's primary rice-exporting countries.

The only change for importers in 2012 was a 10,000-ton increase for El Salvador to 80,000 tons, based on a projection of a slightly smaller crop for that country in 2011/12.

Global trade for 2011 was raised slightly this month to 31.1 million tons. The only increase for an exporter this month was for Uruguay. That country's export forecast was increased 75,000 tons to a record 925,000 tons based on a higher production estimate for 2010/11. This increase was partially offset by a reduction in the U.S. export forecast of 25,000 tons to 3.35 million tons.

Prices for California rice have remained strong over the past month, with California's package-quality medium-grain rice (sacked) for domestic sales quoted at \$871 per ton for the week ending May 31, unchanged since late November of 2010. Export price quotes (for 30-kg bags, fob vessel) are also unchanged from November, reported at \$875 per ton. Shipments of California rice to Libya, Japan, and South Korea are ongoing. Price quotes for Vietnam, U.S. long- and mediumgrain milled rice prices, and U.S. rough-rice export prices are from the weekly Creed Rice Market Report. Δ