

Despite Downward Trend, Rice SAFP Highest On Record



The 2008/09 U.S. all-rice season-average farm price (SAFP) was lowered \$1.30 per hundredweight (cwt) on both the high and low ends to \$15.00-\$16.00 per cwt. Despite this month's downward revision, the 2008/09 SAFP is the still the highest on record and well above a revised \$12.60 for 2007/08.

By class, 2008/09 long-grain rough-rice prices are projected at \$14.30-\$15.30 per cwt, up from a revised \$12.40 a year earlier. Combined medium/short-grain prices are projected at \$18.00-\$19.00 per cwt, up from \$13.50 in 2007/08. The 2008/09 SAFP for both long-grain and combined medium/short-grain rice are the highest on record.

The 2007/08 all-rice SAFP was lowered 20 cents from last month's forecast to \$12.60 per cwt, based on reported monthly cash prices and marketings through June, a mid- July cash price, and expectations regarding July marketings and the July full-month price. Last month, USDA reported a preliminary July rough-rice cash price of \$16.70 and raised the June price to \$16.80 from a preliminary \$16.70. The June cash price is the highest ever reported and \$6.80 above a year earlier.

U.S. 2008/09 Rough-Rice Crop Projected at 204.9 Million Cwt

The 2008/09 U.S. rough-rice crop is projected at 204.9 million cwt, virtually unchanged from last month's forecast, but 4 percent larger than a year ago. The year-to-year increase in production is the result of expanded plantings. At 2.90 million acres, rice plantings in 2008/09 are 5 percent larger than a year ago.

In contrast, the yield, estimated at 7,116 pounds per acre, is 5 pounds below last month's forecast and 1 percent below the year-earlier record. This month's yield forecast, the first objective yield forecast for the 2008/09 crop, was released in the August Crop Production report.

By class, long-grain production is projected at 154.1 million, virtually unchanged from last month's forecast, but more than 8 percent larger than a year ago. The combined medium/short-grain crop is projected at 50.8 million cwt, virtually unchanged from last month's forecast, but 8 percent smaller than a year ago.

Production is estimated to be larger than last year in all reported States except California. Texas accounted for the largest share of the 2008/09 increase in production. At 13.6 million cwt, the Texas crop is 42 percent larger than last year. The Arkansas rice crop is estimated at 96.8 million cwt, an increase of more than 2 percent from last year, a result of a record yield and slightly larger plantings. Missouri's production is projected at 14.5 million cwt, 18 percent larger than last year, a result of a record yield and expanded plantings.

Louisiana and Mississippi reported smaller production increases. At 23.9 million cwt, the Louisiana crop is estimated 3 percent larger than last year, a result of an 8 percent expansion in area. The yield is forecast 4 percent below last year. Mississippi's production is forecast at 15.0 million cwt, an increase of 7 percent from last year, a result of expanded plantings and a record yield. In contrast to the South, California rice production is projected to decline nearly 7 percent to 40.1 million cwt, a result of a lower yield.

Record field yields are projected for three southern States this year. At 7,300 pounds per acre, the Missouri field yield is 6 percent higher than a year ago and the highest on record. In Arkansas, the average yield is estimated at a record 7,200 pounds per acre, 1 percent higher than last year. The Mississippi field yield is estimated at 7,200 pounds per acre, down more than 3 percent from last year, but still the second- highest on record.

The Texas average field yield of 7,200 pounds per acre is 9 percent higher than last year, also the highest on record. Louisiana's field is forecast at 5,900 pounds per acre, 4 percent below the 2007/08 record. In California, the average field yield is forecast at 7,700 pounds per acre, more than 6 percent below a year earlier.

Total Supplies for 2008/09 Projected at 258.5 Million Cwt

Total U.S. supplies of all-rice in 2008/09 are projected at 258.5 million cwt, up 3.9 million cwt from last month's forecast, mostly due to a larger carryin.

The 2008/09 carryin is projected at 29.6 million cwt, up 13 percent from last month's forecast, but 35 percent below a year ago. Long-grain carryin is projected at 18.7 million cwt, up 23 percent from last month, but 34 percent below a year earlier.

Medium/short-grain carryin is forecast at 10.1 million cwt, unchanged from last month, but 1 percent larger than a year ago.

The 2008/09 import forecast was raised 500,000 cwt to a record 24.0 million cwt, 500,000 cwt larger than a year earlier. The long-grain import forecast was raised to a record 17.5 million cwt, up 1.0 million cwt from last

month's forecast and 3 percent larger than last year. In contrast, the medium/short-grain import forecast was lowered 500,000 cwt to 6.5 million, still the highest on record.

Progress and Condition of the 2008 Crop Remain Behind a Year Ago

As of August 10, about 60 percent of the U.S. crop had headed, down 18 percentage points from a year earlier and 15 percentage points below the U.S. 5-year average. In Arkansas, just 49 percent of the crop was reported headed by August 10, down almost 30 percentage points from a year earlier and the State's 5-year average. About 69 percent of the Mississippi crop was reported headed by August 10, well behind 96 percent a year ago and the State's average of 92 percent. By August 10, about 57 percent of the crop was reported headed, 16 or 17 percentage points behind a year earlier and the State's 5 year average.

Outside the Delta, progress of the 2008/09 crop was near-normal. In Louisiana, 94 percent of the crop was reported headed by August 10, fractionally behind last year but unchanged from the State's 5-year average. The Texas crop was reported 97 percent headed by August 10, the same as a year earlier and the State's 5-year average. In California, 49 percent of the crop was reported headed by August 10, about 8 percentage points behind a year earlier but 5 percentage points ahead of the State's 5-year average.

Harvesting on the Gulf Coast began last month, with the pace in the region expected to pick-up sharply this month. Harvesting typically begins in the southern Delta in late August. The California harvest typically begins in September.

As of August 10, the condition of the 2008/09 U.S. crop was rated slightly lower than a year earlier. California reported the biggest drop in crop conditions from last year.

For the week ending August 10, about 71 percent of the California crop was rated in good or excellent condition, down from 85 percent a year ago. The State experienced extremely hot temperatures in July. About 67 percent of the Arkansas crop was rated in good or excellent condition for the week ending August 10, down 10 percentage points from a year earlier. Temperatures were extremely hot in July in Arkansas. In Mississippi, 86 percent of the crop was rated in good or excellent condition, down from 89 percent a year earlier.

In contrast, crop conditions were reported higher than a year earlier in the remaining States. In Texas, about 68 percent of the crop was reported in good or excellent condition for the week ending August 10, well above 25 percent a year earlier. About 77 percent of the Louisiana crop was reported in good or excellent condition, up from just 55 percent a year earlier. Finally, in Missouri, 89 percent of the crop was rated in good or excellent condition for the week ending August 10, up from 77 percent a year earlier.

U.S. 2008/09 All-Rice Export Forecast Raised to 110.0 Million Cwt

Total use of U.S. rice in 2008/09 is projected at 236.0 million cwt, up 3.0 million cwt from last month's forecast, and 2 percent larger than last year. Exports account for all of this month's upward revision in total use. Exports are projected at 110.0 million cwt, up 3.0 million cwt from last month, and 4.0 million above last year's revised forecast.

Milled rice accounts for all of the upward revision in exports. U.S. milled-rice exports (rough-equivalent of both milled and brown rice exports) were raised 4.0 million cwt to 74.0 million cwt, 5.0 million cwt below the year-earlier revised forecast.

By class, the long-grain export forecast was raised 3.5 million cwt to 84.5 million cwt, 4.5 million cwt larger than a year earlier. In contrast, the medium/short-grain export forecast was lowered 0.5 million cwt to 25.5 million, 0.5 million below a year earlier.

Total domestic disappearance – including the residual that accounts for losses in processing, marketing, and transportation – remains projected at a record 126.0 million cwt, an increase of 1 percent from a year earlier. U.S. ending stocks for 2008/09 are projected at 22.5 million cwt, up 4 percent from last month's forecast, but still 24 percent below the previous year. The stocks-to-use ratio, calculated at 9.5 percent, is 3.3 percentage points below a year earlier and the lowest since 1974/75.

By class, long-grain ending stocks are projected at 14.8 million cwt, up 8 percent from last month's forecast, but still 21 percent below a year earlier. The long-grain ending stocks-to-use ratio is calculated at 8.4 percent. Medium/short-grain ending stocks are projected at 6.9 million cwt, down 3 percent from last month's forecast and 31 percent below a year earlier.

There were several revisions to the 2007/08 rough-rice balance sheet this month. On the supply side, imports were raised 0.5 million cwt to 23.5 million, the highest to date. On the use side, total exports were lowered 3.0 million cwt to 106.0 million.

By class, long-grain exports were lowered 2.5 million cwt to 80.0 million cwt. Combined medium/short-grain exports were lowered 0.5 million cwt to 26.0 million cwt. On balance, these revisions resulted in a 3.5-million cwt upward revision in the all-rice ending stocks forecast to 29.6 million cwt. Long-grain ending stocks accounted for all of the increase. Δ