

Domestic Rice Production Forecast Lowered



ECONOMIC RESEARCH SERVICE

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Market Outlook on Rice is sponsored by RiceTec, Inc.

The 2010/11 U.S. rice production forecast was lowered 0.65 million cwt from last month's forecast to 241.6 million cwt, still 10 percent larger than a year earlier and the highest on record.

By class, long-grain 2010/11 production is projected at 181.5 million cwt, down 0.49 million cwt from last month's forecast, but 19 percent larger than a year earlier and the highest on record.

Combined medium/short-grain production is projected at 60.1 million cwt, down 0.16 million cwt from last month's forecast and more than 10 percent below the 2009/10 crop.

There were no revisions to State area estimates this month.

Yield forecasts were revised this month for Arkansas and California. The Arkansas 2010/11 yield was lowered by 100 pounds per acre to 6,300, more than 7 percent below a year earlier and the lowest since 2000/01. In contrast, California's yield forecast was raised by 200 pounds to 8,100 pounds per acre, still 6 percent below the year earlier record.

Missouri's average field yield remains forecast at 6,300 pounds, 6 percent below last year and the lowest yield for Missouri since 2003/04. The average field yield in Mississippi remains forecast at 6,500 pounds, 3 percent below the 2009/10 yield. The weak yields across the Delta are primarily due to an extremely hot summer that is also reducing milling yields. At 6,500 pounds per acre, Louisiana's average field yield is up 3 percent from last year and the highest on record. The Texas average yield of 7,100 pounds per acre is almost 9 percent below 2009/10 record. This year, Texas growers experienced extremely hot weather early in the season, followed by rain during pollination in many areas.

There were two production revisions this month, both based on revised yield forecasts. The Arkansas crop forecast was lowered 1.8 million cwt, while California's production forecast was raised 1.1 million cwt.

All reported States are projected to harvest larger crops in 2010/11 except California, with record crops projected for Arkansas, Louisiana, Mississippi, and Missouri. The Texas rice crop is projected at 13.3 million cwt, up 1 percent from last year, as expanded area offset a much weaker yield.

This month, USDA lowered its 2010/11 milling rate forecast to 67.50 percent from the previous forecast of 68.86 percent, the lowest since 1960/61 when USDA first began reporting annual milling rates.

U.S. 2010/11 Total Rice Supplies Are Nearly 11 Percent Larger than Last Year

Total U.S. rice supplies in 2010/11 are projected at 297.8 million cwt, down fractionally from last month's forecast, but almost 11 percent larger than a year earlier and the highest on record.

Beginning stocks of all-rice remain estimated at 36.7 million cwt, 20 percent larger than a year earlier. The 2010/11 long-grain carryin remains estimated at 23.2 million cwt, up 15 per-

cent from a year earlier.

Total imports for 2010/11 remain forecast at 19.5 million cwt, up almost 3 percent from a year earlier. Long-grain imports remain projected at 17.0 million cwt, up 3 percent from a year earlier, but still almost 4 percent below the 2007/08 record.

U.S. 2010/11 Long-Grain Export Forecast Raised 1.0 Million Cwt to 84.0 Million Cwt

Total use of U.S. rice in 2010/11 is projected at a record 248.0 million cwt, up 2.0 million from last month's forecast and almost 7 percent above a year earlier.

Total domestic and residual use of all-rice is projected at a record 129.0 million cwt for 2010/11, up 2.0 million cwt from last month and 5 percent above a year earlier.

By class, long-grain domestic disappearance is projected at a near-record 99.0 million cwt, up 1.0 million from last month and 9 percent above a year earlier. Combined medium/short-grain domestic disappearance is projected at 30.0 million cwt, up 1 million cwt from last month's forecast, but still 6 percent below 2009/10.

Total exports of U.S. rice in 2010/11 remain projected at 119.0 million cwt, as the impact of the lower milling rate – which increases the amount of rough-rice needed to produce any given quantity of milled rice – was offset by reduced expectations regarding shipments to certain markets, primarily the Middle East and Oceania.

By class, U.S. long-grain exports are projected at 84.0 million cwt, up 1.0 million cwt from last month and almost 12 percent larger than a year earlier. Sub-Saharan Africa and Latin America account for much of the expected increase in U.S. long-grain exports in 2010/11. Combined medium/short-grain exports are projected at 35.0 million cwt, down 1.0 million cwt from last month, but fractionally above a year earlier and the highest on record.

U.S. 2010/11 Ending Stock Forecast Lowered 5 Percent to 49.8 Million Cwt

U.S. ending stocks in 2010/11 are projected at 49.8 million cwt, down 5 percent from last month's forecast, but up 36 percent from a year earlier and the largest ending stocks since 1985/86.

By class, the 2010/11 long-grain carryout was lowered 6 percent to 38.6 million cwt, still 67 percent larger than a year earlier and the highest since 1985/86.

The medium/short-grain carryout was lowered almost 2 percent to 9.7 million cwt, 20 percent below a year earlier.

U.S. Medium/short-grain Prices Projected To Remain High in 2010/11

The 2010/11 season-average farm price (SAFP) for U.S. long-grain rice remains projected at \$10.50-\$11.50 per cwt, down from \$12.80 in 2009/10.

The combined medium/short-grain 2010/11 U.S. SAFP remains projected at \$17.30-\$18.30 per cwt, little changed from the 2009/10 SAFP of \$17.70. U.S. medium/short-grain prices will be supported during most of the 2010/11 market year by tight supplies in the U.S. and global markets.

Last month, NASS reported a mid-October 2010 cash price for long-grain rice of \$9.95 per cwt, 6 cents above the revised September price. The September price was lowered 51 cents from the preliminary estimate to \$9.89 per cwt, the lowest since August 2007. For medium/short-grain rice, the mid-October NASS price was reported at \$18.20 per cwt, up \$1.80 from the revised September price. The September medium/short-grain rough-rice cash price was lowered \$1.20 per cwt from the mid-month estimate to \$16.40 per cwt. Δ



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