

El Nino Affects World Rice Production



ECONOMIC RESEARCH SERVICE

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Global rice production for 2009/10 is raised 1.55 million tons this month to 436.3 million tons (milled basis), still 2.5 percent below the 2008/09 record. A moderating of the El Niño phenomenon has improved crop prospects in Indonesia, which are partially offset by reductions in both Thailand's and the Philippine's production forecasts.

There were three upward production revisions for 2009/10 this month. Indonesia's production was raised 1.8 million tons – a result of a higher yield – to a record 38.8 million tons based on information from the U.S. Agricultural Counselor in Jakarta.

Peru's production projection was increased by 65,000 tons to 1.75 million tons based on information from the U.S. Agricultural Counselor in Lima indicating higher area. The final upward revision this month is for Russia, whose crop was raised 15,000 tons to 590,000 tons, the largest since 1989/90.

These increases were partially offset by several downward revisions for 2009/10 production. The Philippines' production forecast is decreased 100,000 tons to 10.2 million tons based on information from the U.S. Agricultural Counselor in Manila indicating severe dryness in Western and Central Luzon. Thailand's crop was also decreased by 100,000 tons – to 20.4 million tons – based on information from the U.S. Agricultural Counselor in Bangkok reporting sporadic dryness due to El Niño.

There were three production revisions for 2008/09. Thailand's production estimate was raised 250,000 tons to 19.85 million tons. Peru's crop estimate was increased 515,000 tons to 1.79 million tons based on year end data from the Agricultural Counselor in Lima. Brazil's 2008/09 crop was reduced 22,000 tons to 8.57 million tons to match Brazil's agricultural statistics agency estimates.

Global disappearance for 2009/10 is projected at a record 437.1 million tons, up slightly from last month's forecast and almost 1 percent larger than a year earlier.

The 2009/10 global ending stocks forecast was increased 2 percent this month to 92.5 million tons, primarily due to a larger production forecast for Indonesia. Despite the upward revision, global stocks remain nearly 1 percent below the 2008/09 level.

Increased Export Forecasts for Egypt and the U.S.

Boost 2010 Global Trade Forecast to 30.8 Million Tons

The global trade forecast for calendar year 2010 was revised slightly upward to 30.85 million tons, 6 percent higher than calendar year 2009 trade.

There were several upward revisions for exporters for 2010. Egypt's export forecast was increased 150,000 tons to 600,000 tons based on an announcement by the country's trade minister that additional exports would be allowed. Indonesia's exports were raised from zero to 20,000 tons based on a higher production forecast for 2009/10. Peru's exports were raised 75,000 tons to 90,000 tons, primarily due to much larger supplies. Russia's exports were raised 15,000 tons to 50,000 tons based on a much larger 2009/10 production forecast. Finally, the U.S. 2010 export forecast was increased by 50,000 tons to 3.15 million tons based on a faster-than-expected pace of sales this year and expectations regarding shipments

and sales the remainder of the year.

There were several upward revisions for 2010 for importers this month. The bulk of these changes were for West African countries whose imports were revised upward based on information from the U.S. Agricultural Counselor in Dakar. Import forecasts were increased for Burkina Faso, Chad, Cote D'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, and Niger.

Outside Africa, Venezuela's projected imports were increased 150,000 tons to 300,000 tons based on information from the U.S. Agricultural Counselor in Caracas. Hong Kong's imports were increased 50,000 tons to 400,000 tons based on expectations of the continuation of last year's import levels. Panama's imports were raised 15,000 tons to 75,000 tons based on the level of sales already contracted with the U.S. Ukraine's imports were raised 10,000 tons to 55,000 tons.

There was only one reduction for 2010 importers this month. Due to a large projected increase in Indonesia's 2009/10 crop, the country's 2010 import forecast was reduced 50,000 tons to 250,000 tons.

There were five exporter revisions for 2009. Burma's exports were raised to 1.05 million tons based on year-end trade data from Burma's primary buyers. Peru's exports were raised 40,000 tons to 90,000 tons based on year-end export data. Uruguay's exports were raised 126,000 tons to 926,000 tons based on the Government of Uruguay's year-end 2009 trade data. In contrast, China's 2009 exports were reduced 40,000 tons to 760,000 tons, also based on year-end trade data.

These upward revisions were partially offset by a 25,000-ton reduction in Bangladesh's 2009 imports to 150,000 tons and a 19,000-ton reduction in Peru's imports to 81,000 tons.

A Stronger Dollar, Lack of New Sales Push Global Trading Prices Down

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have fallen 2-4 percent from the second week of January.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$585 per ton for the week ending February 8, down 2 percent from the week ending January 10. Prices for Thailand's 5-percent broken rice were quoted at \$557 per ton for the week ending February 8, down 4 percent from the week ending January 10. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$590 per ton for the week ending February 8, down 2 percent from the week ending January 10.

In contrast to foreign quotes, U.S. long-grain milled rice export prices increased over the last month, primarily due to large purchases, principally by Iraq, which bought 100,000 tons of U.S. long-grain milled rice. For the week ending February 10, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$573 per ton, up \$22 from the week ending January 13. With this increase, U.S. prices (adjusted to reflect the fob vessel price) are nearly the same as Thailand's quotes. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) is quoted at \$330 per ton for the week ending February 10, down \$10 from the week ending January 13.

While prices for U.S. long-grain have increased over the past month, prices for California rice are unchanged to slightly lower. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$772 per ton for the week ending February 10, unchanged from the week ending January 13. Export price quotes (for 30-kg bags, fob vessel) are reported at \$725 per ton, down \$25 from January 13. California milled rice export prices have dropped more than 20 percent since August. Δ



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