

Expanded Global Rice Acres Account For Record Production



ECONOMIC RESEARCH SERVICE
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Global rice production for 2008/09 is projected at a record 434.6 million tons (on a milled basis), slightly above last month's forecast and almost 3.5 million tons above 2007/08 production. This year's record global rice production is due to expanded global rice area, estimated at a record 155.6 hectares. The average yield of 4.2 tons per hectare is unchanged from last year.

Global disappearance is projected at a record 432.3 million tons, virtually unchanged from last month's forecast, but 1 percent larger than a year earlier. Global ending stocks are projected at 80.8 million tons, fractionally above last month's forecast and 3 percent larger than a year earlier. This is the second consecutive year of a buildup in global ending stocks. The global stocks-to-use ratio is calculated at 18.7 percent, up from 18.4 percent in 2007/08 and 17.9 percent in 2006/07.

There were four production revisions for 2008/09 this month. First, South Korea's crop was boosted 240,000 tons to 4.84 million tons based on government data indicating a higher yield. Second, Uruguay's production was increased 0.1 million tons to 1.0 million, also based on a government-reported higher yield. These two upward revisions were partially offset by reductions in crop projections for both Chile and Venezuela.

The only significant production revision for 2007/08 was a 160,000-ton increase in Vietnam's production to 24.4 million based on slightly larger area.

In 2008/09, most rice exporters are projected to harvest larger crops, with record production projected for three of the top six exporters – Thailand, India, and Pakistan. Of the remaining top three exporters, only Vietnam is projected to harvest a smaller crop in 2008/09, with larger crops projected for China and the United States. Argentina, Uruguay, and Cambodia – mid-sized exporters – are projected to produce more rice in 2008/09 as well. Most major importers are projected to harvest larger crops in 2008/09, with production in Sub-Saharan Africa, the Philippines, Bangladesh, Indonesia, and Malaysia the largest on record. Iran and Iraq are exceptions among the major importers, with a big decline in production estimated for both countries.

Import Forecasts for 2009 Raised for Iran, Iraq, and Venezuela, And Lowered for the United States

Global rice trade for calendar year 2009 remains projected at 29.5 million tons (milled basis), up 1 percent from this year, but nearly 8 percent below the 2007 record. There were no export revisions for 2009 this month.

On the import side, Iran's imports were raised 500,000 tons to 1.4 million, based on reports of very tight supplies due to a big drop in 2008/09 production caused by severe drought in the region. Iraq's import forecast was raised 100,000 tons to 1.0 million, also based on very tight supplies resulting from drought. Venezuela's imports were raised 155,000 tons to a record 240,000 based on a surge in purchases late in 2008 that will likely be shipped in 2009. Consumption growth has been quite strong in Venezuela in recent years. In contrast, U.S. imports were lowered 100,000 tons to 725,000 – still the highest on record – due to a reduced 2008 U.S. import forecast.

The 2008 global trade forecast is virtually un-

changed from last month. At 29.3 million tons, global trade is more than 8 percent below 2007. There were no export revisions. In the import side, Iran's imports were raised 200,000 tons to 1.1 million based on larger-than-expected purchases and expectations of tight supplies. Iraq's imports were raised 75,000 tons to 975,000 based on deliveries and reported purchases through November. Venezuela's imports were raised 90,000 tons to a record 240,000 based on very large purchases in the latter part of 2008. In contrast, the U.S. import forecast was lowered 75,000 tons to 700,000 based on deliveries through September and expectations regarding purchases the remainder of 2008.

Thailand's Trading Prices Continue To Decline

Thailand's trading prices for mid- and higher quality non-specialty rice are down \$20-\$32 per ton from early November, primarily due to the release of 2.6 million tons of government-held rice stocks, weak demand by international buyers, and the recent start of a bumper main season harvest. The price decline has been limited by purchases of rough-rice under the government's intervention program.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$536 per ton for the week ending December 8, down \$32 from the week ending November 10. Prices for 5-percent broken were quoted at \$521 per ton for the week ending December 8, down \$26 from November 10. Prices for Thailand's 5-percent parboiled rice were quoted at \$537 per ton for the week ending December 8, down \$22 from a month earlier. Prices for lower quality rice have declined less. For the week ending December 10, prices for Thailand's A-1 Super 100-percent broken were quoted at \$293 per ton, down \$12 from a month ago. All price quotes for Thailand's rice are from the Weekly Rice Price Update, reported by the U.S. agricultural counselor in Bangkok.

In contrast to Thailand's prices, price quotes from Vietnam have increased since early November. For the week ending December 10, price for Vietnam's top-quality 5-percent broken were quoted at \$425 per ton, up \$50 from the week ending November 11. The increase is largely due to recent sales to Iraq and expectations of a large upcoming sale to the Philippines. Despite the price increase, Vietnam's prices are almost \$100 per ton below comparable grades of rice from Thailand, making Vietnam a competitive supplier. The price difference has narrowed about \$75 from a month ago.

Export price quotes for U.S. long-grain milled rice continue to drop, primarily due to a general decline in global prices, larger U.S. supplies, and a lack of new business. For the week ending December 10, price quotes for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$634 per ton, down \$38 from a month earlier and more than \$310 below the late-April record. U.S. prices (adjusted to reflect fob vessel price) are about \$115 per ton above Thailand's price quotes, nearly unchanged from a month earlier. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) were reported at \$360 per ton for the week ending December 10, down \$45 from a month earlier.

Price quotes for California medium-grain milled rice are unchanged from a month ago. Prices for California package-quality medium-grain rice (sacked) for domestic sales were quoted at \$1,102 per ton for the week ending December 10, down just \$33 from the late-September record. Export price quotes (in 30-kg bags, fob vessel) remain reported at a record \$1,175 per ton, unchanged since July. U.S. medium-grain prices are being supported at record levels by Egypt's export ban, a lack of any significant exportable supplies in Australia, and a smaller U.S. crop. Δ



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