

# Expanded Rice Area Account For Record Production



**ECONOMIC RESEARCH SERVICE**

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**G**lobal rice production for 2008/09 is projected at a record 441.0 million tons (on a milled basis), up 1.2 million from last month's forecast and 2 percent above 2007/08 production. This is the fourth consecutive year of a record global crop. This year's record global rice production is due to expanded rice area, estimated at a record 155.5 million hectares. The average yield of 4.2 tons per hectare – the highest on record – is virtually unchanged from last year.

Global disappearance is projected at a record 433.4 million tons, down fractionally from last month's forecast, but more than 1 percent larger than a year earlier.

Global ending stocks are projected at 86.1 million tons, up 2 percent from last month's forecast and 10 percent larger than a year earlier. Global ending stocks are the highest since 2002/03. This is the second consecutive year of a significant build-up in global stocks. The global stocks-to-use ratio is calculated at 19.9 percent, up from 18.3 percent in 2007/08 and the highest since 2002/03. India accounts for most of this month's increase in global stocks. India's ending stocks forecast was raised 1.5 million tons to 17.0 million tons, the largest since 2001/02. The U.S. ending stocks forecast was raised almost 130,000 tons to 965,000.

India accounts for the largest share of this month's upward revision in global production. India's 2008/09 production forecast was raised 1.4 million tons to a record 98.9 million based on a higher yield reported by the government. The area estimate was actually lowered. This upward revision was partially offset by an 87,000-ton reduction in Argentina's production to 813,000, based on government data indicating a lower yield resulting from severe drought in the region.

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 China and the United States increasing production in 2008/09. Cambodia – a midsized exporter – is 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 big declines in production estimated for both countries due to weak crops.

## **Global Rice Trade in 2009**

### **Projected To Be Unchanged from Last Year**

The 2009 calendar year global rice trade forecast was lowered fractionally to 29.4 million tons (milled basis), virtually unchanged from last year. Global trade in 2009 is 8 percent below the 2007 record of 32.0 million tons. Export bans and high prices account for much of the decline in global trade in 2008.

There was only one export revision this month for 2009. The U.S. export forecast was decreased 100,000 tons to 3.1 million tons, a result of a slower-than-expected shipment pace early in the year, a reduced forecast for market year 2008/09 U.S. exports, and expectations regarding shipments the remainder of 2009. There were four 2009 import revisions this month.

The 2008 global trade estimate was reduced 1 percent this month to 29.4 million tons, 8 percent below the 2007 record. Country-specific revisions were primarily based on year-end or near-year-end shipment data.

There were several revisions on the 2008 import side, with most of the revisions minor. South Africa reported the largest reduction.

South Africa's imports were lowered 185,000 tons to 665,000 tons based on shipment data and information from the U.S. agricultural counselor. The U.S. import estimate was reduced 49,000 tons to 651,000 based on year-end U.S. Census data. Singapore's imports were lowered 55,000 tons to 320,000 tons based on near-year-end data. Smaller import reductions were made for Cote d'Ivoire, the European Union, and Libya.

The largest upward revision for 2008 imports was a 345,000-ton boost in Saudi Arabia's imports to 1.36 million tons based on information from the U.S. agricultural counselor in Riyadh. Syria's imports were raised 150,000 tons to 250,000, based on information from the U.S. agricultural counselor in Damascus. Yemen's imports were raised 75,000 tons to 325,000 tons based on near-complete shipment data. Malaysia's 2008 imports were raised 65,000 tons to a record 1.02 million. Smaller upward revisions were made this month for Afghanistan, Bangladesh, Canada, and Honduras.

### **Thailand's Prices Are Little Changed from Last Month;**

#### **U.S. Long-Grain Prices Continue To Decline**

Thailand's trading prices for various grades and types of rice have changed little from a month earlier. Currently, Thailand is doing very little new business, as its quoted prices are well above prices from other sources, largely a result of its government's intervention program. Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$619 per ton for the week ending March 9, up \$7 from the week ending February 9. Prices for 5-percent broken were quoted at \$591 per ton for the week ending March 9, virtually unchanged from February 9. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$628 per ton for the week ending March 9, down \$11 from February 9.

Prices for lower quality rice have slightly increased since last month. For the week ending March 9, prices for Thailand's A-1 Super 100-percent broken were quoted at \$331 per ton, up \$14 from February 9.

On February 21, the Government of Vietnam announced a ban on new commercial sales through June 2009, as Vietnam has already oversold for the first half of the year and domestic prices are rising. Vietnam has sold 3.0 million tons of rice for delivery in the first half of 2009. The ban does not restrict government sales. For the week ending March 10, the minimum export price announced by the Vietnam Food Association for Vietnam's top-quality 5-percent broken for July-September delivery was \$460 per ton. This is \$40 higher than reported quotes in early February. There is currently little interest by buyers in sales this far forward.

Export price quotes for U.S. long-grain milled rice continue to drop, primarily due to a lack of any substantial new business and adequate supplies. For the week ending March 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 \$507 per ton, down \$55 from a month earlier and almost \$450 below the late-April record. U.S. prices (adjusted to reflect fob vessel price) are actually lower than Thailand's price quotes. However, there have been very little, if any, sales of high-quality rice by Thailand at quoted prices. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) are reported at \$305 per ton for the week ending March 10, down \$35 from February 10.

In contrast to long grain, price quotes for California medium-grain milled rice have increased from a month ago and are only slightly below last fall's record highs. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$1,091 per ton for the week ending March 10, up \$55 from February 10. Export price quotes (in 30-kg bags, fob vessel) are reported at \$1,125 per ton, up \$25 from February 10. U.S. medium-grain prices are being supported at near-record levels by Egypt's export ban, a lack of any significant exportable supplies in Australia, a smaller U.S. crop in 2008/09, and uncertainty regarding water availability for California plantings. The first indication of 2009 planting intentions by farmers will be released on March 31. Δ

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