

Global Ending Rice Stocks For '07-'08 Are Smallest Since 1984



ECONOMIC RESEARCH SERVICE

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Global rice production for 2007/08 is projected at a record 420.6 million tons (on a milled basis), up fractionally from last month's forecast and less than 1 percent above the 2006/07 and 2005/06 crops. Global disappearance is projected at a record 423.7 million tons, fractionally below last month, but 1 percent larger than the previous year.

Global ending stocks for 2007/08 are projected at 72.5 million tons, up fractionally from last month's forecast, but 4 percent below the previous year. Ending stocks are the smallest since 1983/84. China and Thailand account for most of this month's reduction in the global ending stocks forecast. The 2007/08 global stocks-to-use ratio of 17.1 percent is down from 18.0 percent in 2006/07, and is the lowest since 1976/77.

There were four country-specific revisions in production estimates this month. First, Thailand's production was raised 0.2 million tons to a record 18.6 million based on a higher yield resulting from favorable weather, especially for the main crop. Second, Argentina's crop was raised 45,000 tons to 810,000 tons based on larger area reported by the government. Third, South Korea's crop was lowered 92,000 tons to 4.41 million based on a substantially lower yield caused by unfavorable weather. And finally, the U.S. 2007/08 crop was lowered 15,000 tons to 6.31 million due to a lower yield.

Export Forecasts for 2008

Lowered for China and Pakistan

Global rice trade for calendar year 2008 is projected at a record 29.3 million tons (milled basis), down 1 percent from last month's forecast, but 3 percent larger than the previous year. Export forecasts were lowered this month for China and Pakistan. China's 2008 export forecast was lowered 300,000 tons to 1.3 million based on recently announced export policies and high food prices. Pakistan's 2008 export forecast was lowered 300,000 tons to 2.9 million based on logistical and trade disruptions.

There were several import reductions this month. First, China's 2008 rice import forecast was lowered 100,000 tons to 600,000 based on tight supplies of fragrant rice. Cuba's imports were lowered 100,000 tons to 600,000 due to tight supplies in Vietnam. Imports by Cote d'Ivoire were lowered 100,000 tons to 650,000 due to a smaller export forecast for China. Senegal's imports were lowered 75,000 tons to 725,000 due to higher prices for brokens. Nigeria's import forecast was lowered 100,000 tons to 1.6 million, and South Africa's was lowered

50,000 tons to 900,000. Both revisions were due to higher prices for parboiled rice. Finally, import forecasts for both Papua New Guinea and Liberia were lowered 25,000 tons due to a smaller export forecast for China.

Global trade in 2007 is forecast at 29.0 million tons, up fractionally from last month's forecast and the previous year. Thailand accounts for all of the upward revision in the 2007 global export forecast. Thailand's exports were raised 100,000 tons to 9.5 million based on year-end shipment data.

Thailand's Price Quotes Continue To Increase; U.S. Prices Highest Since 1994

Export price quotes for most grades of Thailand's regular-milled white rice are up a few dollars per ton from a month earlier, a result of tight exportable supplies and a stronger Thai baht. Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$372 per ton for the week ending January 6, up \$3 from December 11. This is the highest price since March 1996.

Prices for Thailand's 5-percent parboiled rice were quoted at \$383 per ton, up \$3 from a month earlier. Prices for brokens have increased more than prices for whole-grain rice. For the week ending January 6, prices for Thailand's A-1 Special 100-percent brokens were quoted at \$339 per ton, up \$14 from December 11. All price quotes for Thailand's rice are from the Weekly Rice Price Update, reported by the U.S. agricultural counselor in Bangkok.

The Government of Vietnam has officially banned new export sales since mid September 2007, a result of tight supplies. Despite the ban, last month Vietnam sold 410,000 tons of rice to the Philippines for delivery in first quarter 2008. Vietnam is expected to return to the global export market as soon as supplies are available from its main winter-spring crop harvest expected to begin next month. At this time, price quotes from Vietnam are difficult to acquire due to a lack of exportable supplies.

Export price quotes for U.S. long-grain milled rice continue to increase, largely due to strong sales, high prices for other commodities, rising global rice prices, and a weaker dollar. For the week ending January 8, price quotes for high-quality southern long-grain rice (No. 2, 4-percent brokens, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$513 per ton, up \$22 from the week ending December 11. U.S. prices (adjusted to reflect fob vessel price) are \$156 per ton above prices for comparable grades of Thailand's rice, up about \$20 from a month earlier. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) were reported at \$310 per ton for the week ending January 8, up \$10 from December 11.

Prices for California package-quality medium-grain rice (sacked, loaded on a truck at a local mill, low end of the reported projection range) for domestic sales were quoted at \$584 per ton for the week ending January 8, unchanged from a month earlier. For both long-grain and medium-grain milled-rice, U.S. prices are the highest since early 1994, when Japan began making its emergency purchases after a weak 1993 harvest. △