

# Global Ending Rice Stocks For 2007/08 Projected At 72.1 Million Tons



**ECONOMIC RESEARCH SERVICE**  
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**G**lobal rice production for 2007/08 is projected at a record 420.6 million tons (on a milled basis), unchanged from last month's forecast and less than 1 percent above the 2006/07 and 2005/06 crops. The larger global crop is almost entirely due to larger area; the yield is virtually unchanged from a year ago. China accounts for almost half the year-to-year increase in global production. Vietnam, Thailand, and Indonesia are projected to harvest larger crops in 2007/08 as well.

Global disappearance is projected at a record 423.7 million tons, virtually unchanged from last month, but 1 percent larger than the previous year. China, India, Indonesia, the Philippines, and Nigeria account for most of the year-to-year increase in global disappearance.

Global ending stocks for 2007/08 are projected at 72.1 million tons, up fractionally from last month's forecast, but 4 percent below the previous year. Ending stocks are the smallest since 1983/84, and about half the record level estimated for 2000/01. The 2007/08 global stock-to-use ratio of 17.0 percent is down from 17.9 percent in 2006/07, and is the lowest since 1976/77.

This month, upward revisions in production estimates for four minor producing countries were offset by two reductions. First, Panama's 2007/08 production was raised 47,000 tons to 188,000 tons based on larger area. Despite the upward revision, Panama's production remains 28 percent below the 2003/04 record. Production estimates were also raised for Russia, Ukraine, and Spain. There were two downward revisions. First, Cuba's production was lowered 32,000 tons to 208,000 based on a weaker yield. And second, Egypt's 2007/08 production estimate was lowered 27,000 tons to 4.38 million, also due to a weaker yield.

## **Export Forecasts for 2008**

### **Lowered for Egypt; Raised for India**

Global rice trade for calendar year 2008 is projected at a record 29.3 million tons (milled basis), up fractionally from last month's forecast and the previous year. Export forecasts were lowered this month for Egypt, but raised for India. Egypt's 2008 export forecast was lowered 150,000 tons to 950,000 tons, based on the impacts of a recently announced voluntary export ban and tighter supplies. This reduction was partially offset by a 100,000-ton increase in India's export forecast to 3.5 million tons. The upward revision for India was based on strong global demand and tight exportable supplies in the region. There was only one import revision this month: Ghana's 2008 rice import forecast was raised 30,000 tons to a record 480,000 based on tight supplies.

Global trade in 2007 is forecast at a near-record 29.2 million tons, up 200,000 from last month's forecast and 1 percent larger than the previous year. Egypt accounts for almost all of this month's upward revision in 2007 exports. Egypt's 2007 exports were raised 150,000 tons to 1.15 million based on a strong pace through November. Like the United States, Egypt – a major exporter of medium/short-grain rice – likely increased exports in 2007 due to extremely tight supplies in Australia. In addition, Uruguay's exports were raised 35,000 tons to 735,000 tons based on year-end shipment data.

There were several upward revisions in 2007 imports this month. First, imports by the European Union were raised 150,000 tons to 1.15 million. Jordan's imports were increased

75,000 tons to a record 200,000 tons. Australia's imports were raised 55,000 tons to 175,000 tons. Finally, Libya's imports were boosted 50,000 tons to a record 175,000 tons. All 4 upward revisions were based on year-end data or pace-to-date.

These four upward revisions were partially offset by four reductions. First, Ghana's 2007 imports were lowered 110,000 tons to 340,000. Second, Brazil's imports were reduced 100,000 tons to 700,000. Third, China's imports were cut 100,000 tons to 500,000. Finally, Iraq's imports were lowered 37,000 tons to 613,000. Like the 2007 export revisions, the import revisions were based on year-end data or pace-to-date.

### **Thailand's Price Quotes Rise to Highest Level since 1981; U.S. Prices Continue To Increase as Well**

Export price quotes for most grades of Thailand's regular-milled white rice are up \$90-\$100 per ton from a month earlier and are the highest since September 1981. The big boost in price is driven by strong Asian and African demand, tight exportable supplies across Asia, and a stronger Thai baht. The export bans and restrictions announced early last fall by Vietnam and India have also likely boosted Thailand's prices.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$474 per ton for the week ending February 4, up \$102 from January 6. This is the highest price quote for Thailand since September 1981. Prices for Thailand's 5-percent parboiled rice were quoted at \$471 per ton, up \$88 from a month earlier.

Prices for broken, a low grade of milled rice, have sharply increased over the past month as well. For the week ending February 4, prices for Thailand's A-1 Super 100-percent broken were quoted at \$433 per ton, up \$90 from January 6. All price quotes for Thailand's rice are from the Weekly Rice Price Update, reported by the U.S. agricultural counselor in Bangkok.

Since mid-January, the Government of Vietnam has allowed exporters to make sales for newcrop delivery starting next month. Last fall, the government banned new sales due to very tight supplies. For the week ending January 22, prices for Vietnam's 5 percent broken (fob Ho Chi Minh City) for new-crop delivery in March were quoted at \$400 per ton, up \$20 from a week earlier and \$80 higher than price quotes in mid-September prior to the announcement of the export ban. In early February, the government announced a minimum export price of \$425 per ton for 5-percent broken. Exporters are currently not quoting prices.

Export price quotes for U.S. long-grain milled rice continue to increase, largely due to strong sales, very high prices for other commodities, rising global rice prices, and a weaker dollar. For the week ending February 5, 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 \$540 per ton, up \$27 from the week ending January 8 and the highest since September 1981. U.S. prices (adjusted to reflect fob vessel price) are \$81 per ton above prices for comparable grades of Thailand's rice, down from more than \$155 a month earlier. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) were reported at \$335 per ton for the week ending February 5, up \$10 from January 8.

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 \$595 per ton for the week ending February 5, up \$11 from a month earlier. For medium-grain milled rice, U.S. prices are the highest since the spring of 1994, when Japan began making its emergency purchases after a weak 1993 harvest. In the text and tables of this report, price quotes for U.S. long- and medium-grain milled rice and for U.S. rough-rice exports are from the weekly Creed Rice Market Report. Δ