

# Global Rice Production Raised This Month



**ECONOMIC RESEARCH SERVICE**

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The 2011/12 global rice production forecast was reduced by 62,000 tons this month to 456.3 million tons, with a large reduction for the United States more offsetting an increase for Egypt. Global rice production in 2011/12 remains projected to be a record, up more than 1 percent from 2010/11.

Egypt's production estimate was raised this month by 350,000 tons to 4.35 million tons based on information from the U.S. Agricultural Counselor in Cairo. Production in the United States for 2011/12 is projected at 6.0 million tons – down 401,000 tons from last month and more than 1.5 million tons lower than the 2010/11 crop. This reduction is the result of a large contraction in planted acreage, partially due to higher expected returns for competing crops at planting time, but also due to extremely wet conditions along the Mississippi River Delta this spring that either prevented planting or washed out already-planted fields. This is the smallest crop (on a milled basis) for the U.S. since 2000/01. Minor production adjustments were also made this month for Costa Rica and Peru.

Global production for 2010/11 was raised nearly 200,000 tons this month. The largest increase was for Vietnam, whose production estimate was raised 278,000 tons to a record 25.8 million tons based on a revised production estimate from the Vietnamese Ministry of Agriculture and Rural Development.

Global disappearance in 2011/12 is projected at a record 456.3 million tons, down 1.7 million tons from last month. Reductions for Argentina and India were partially offset by increases for Egypt and the United States.

Global ending stocks for 2011/12 are projected at 96.3 million tons, up 1.4 million tons from last month, but virtually unchanged from a year earlier.

## **Global Rice Trade in 2012 Projected At a Record 32.1 Million Tons**

The global trade forecast for calendar year 2012 was reduced 110,000 tons from last month's forecast to 32.1 million tons (milled basis), still up 3 percent from 2011 and the highest on record. The largest change this month was a 100,000-ton reduction in the U.S. export forecast to 3.25 million tons. This reduction is based primarily on tighter U.S. supplies and a higher price difference over major competitors. The only other exporter revision this month was for Peru. That country's export forecast was reduced 10,000 tons to 20,000 tons, based on a downward production revision for 2011/12.

The only importer revision was for the United States. The U.S. import projection was raised 20,000 tons to 650,000 tons based on the expectation of tighter supplies of U.S. long-grain rice in marketing year 2011/12.

Global trade for 2011 was raised 175,000 tons this month to 31.2 million tons. Vietnam's export estimate was raised by 200,000 tons to 6.4 million tons based on pace-to-date and the recommendation of the U.S. Agricultural Counselor in Ho Chi Minh City. Paraguay's export estimate was raised 25,000 tons to 175,000

tons based on an increase in that country's production estimate for 2009/10. These increases were partially offset by a 50,000-ton decrease in the U.S. export estimate to 3.3 million tons. This reduction was based on export expectations the remainder of the calendar year given the estimated decrease in U.S. production in 2011/12.

On the importer side, Madagascar's import forecast was raised 50,000 tons to 100,000 tons based on pace-to-date. Brazil's import forecast was reduced 50,000 tons to 450,000 tons based largely on import pace-to-date. Additionally, Brazil's recent harvesting of a record crop is weighing heavily on their domestic market. Lastly, Vietnam's import forecast was reduced 100,000 tons to 500,000 tons based on an upward revision in the country's 2010/11 production estimate.

## **Thailand, Vietnam, and U.S. Prices Strengthen**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice are up sharply from the first week of June, with gains of 13 to 15 percent. This movement in prices is largely attributed to the recent Thai elections in which the Pheu Thai Party won a parliamentary majority.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$581 per ton for the week ending July 11, up 13 percent from the week ending June 6. Prices for Thailand's 5-percent broken rice were quoted at \$565 per ton for the week ending July 11, up 15 percent from the week ending June 6. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$578 per ton for the week ending July 11, up 15 percent from the week ending June 6.

Prices were also up for Thailand's lower quality rice varieties. For the week ending July 11, prices for Thailand's A-1 Super 100-percent broken rice were quoted at \$447 per ton, up 6 percent from the week ending June 6.

In Vietnam, price quotes rose over the past month, largely in response to the rise in Thai prices. For the week ending July 12, prices for 5-percent broken rice were quoted at \$505 per ton – up 10 percent from the week ending May 31. Thailand's price increase outpaced Vietnam's, increasing the premium of Thailand's rice over Vietnam to \$76 compared with a difference of \$52 last month.

U.S. long-grain milled-rice prices have risen over the past month as well, due largely to the smaller projected size of the 2011/12 crop. For the week ending July 12, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$529 per ton, up \$22 from the week ending May 31. Thai price quote increases over the past month have outpaced U.S. quotes, with U.S. rice (adjusted to reflect the fob vessel price) now quoted at \$37 less than similar grades of Thai rice. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$300 per ton for the week ending July 12, up \$20 from the week ending May 31.

Prices for California rice were unaffected by the large reduction in the U.S. planting estimate reported on June 30, with plantings in the State actually estimated higher than a year earlier. Prices for California rice have remained steady over the past month, with California's package-quality medium-grain rice (sacked) for domestic sales quoted at \$871 per ton for the week ending July 12, unchanged since late November of 2010. Export price quotes (for 30-kg bags, fob vessel) are also unchanged from November, reported at \$875 per ton. Δ



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