

Global Rice Production Rises Due To Expanded Production Area



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Global rice production for 2007/08 is projected at a record 425.3 million tons (on a milled basis), up more than 2.3 million tons from last month's forecast and more than 1 percent above the 2006/07 crop. The larger global production in 2007/08 is mostly due to expanded area. Although still below the 1999/2000 record, global rice area has expanded each year since 2003/04, primarily in response to rising global prices.

China accounts for more than one-third of the year-to-year increase in global production. India, Vietnam, Burma, Thailand, the Philippines, Indonesia, Brazil, Pakistan, and the United States are projected to harvest larger crops in 2007/08 as well.

Global ending stocks for 2007/08 are projected at 77.2 million tons, up 2.0 million tons from last month's forecast and 1.1 million tons above the previous year. Indonesia and Brazil account for the bulk of this month's upward revision in global ending stocks. Despite this month's upward revision, global ending stocks in 2007/08 are still just slightly over half the record level estimated for 2000/01. The 2007/08 global stocks-to-use ratio is calculated at 18.2 percent, fractionally above a year ago. The global stocks-to-use ratio has varied very little since 2003/04, after dropping for several years.

The 2006/07 global production estimate was raised 2.3 million tons this month. Indonesia accounts for most of the upward revision. Indonesia's production was raised 2.0 million tons to 35.3 million tons based on larger area and a slightly higher yield. North Korea's production was boosted 0.3 million tons to 1.9 million, mostly due to a higher yield. Similar to 2007/08, there were numerous production revisions – typically small – to several Sub-Saharan Africa countries.

Tight Supplies, Export Restrictions, and Extremely High Prices Pull 2008 Global Rice Trade Down 9 Percent

Global rice trade for calendar year 2008 is projected at 27.5 million tons (milled basis), down 1.9 million tons from last month's forecast and 2.8 million tons below the previous year's revised record. The 9 percent decline in global trade in 2008 is due to export restrictions recently announced by several major suppliers, tight exportable supplies in most regions – especially in Asia – and extremely high prices.

On the export side, Vietnam's 2008 export forecast was lowered 1.0 million tons to 4.0 million, based on a recent announcement by the government banning most new sales until June and announcing other restrictions that would cut Vietnam's 2008 export quota by 20 percent from 2007. India's exports were lowered 500,000 tons to 3.0 million as the government has essentially banned new sales of non-basmati rice, the bulk of India's rice exports. The ban does not affect previous sales to Bangladesh and a few much smaller markets. India curbed its rice exports to reduce food-price inflation.

China's 2008 exports were lowered 0.3 million tons to 1.0 million, a result of the government's export tax and elimination of a tax rebate on rice exports. Finally, Egypt's 2008 rice export forecast was lowered 150,000 tons to 800,000 based on an announced ban on new sales until October. The official ban replaces a "voluntary ban" announced earlier this year.

These major export reductions were partially offset by two upward revisions. First, Burma's 2008 export forecast was raised by 200,000 tons to 400,000 tons, primarily due to a larger crop. And second, Brazil's exports were raised 75,000 tons to 275,000 due to larger supplies.

There were several major import reductions

this month. First, Indonesia's 2008 imports were lowered 500,000 tons to 1.1 million due to much larger supplies, a result of upward revisions in production. China's imports were lowered 300,000 tons to 600,000 tons, based on very high prices for jasmine rice – the bulk of its imports and tight supplies. Vietnam's imports were lowered 300,000 tons to 150,000 based on Cambodia's export ban. Cambodia supplies almost all of Vietnam's imports. Iraq's imports were lowered 200,000 tons to 900,000, partly due to very high global prices.

In addition to these four reductions, import forecasts for 2008 were lowered at least 100,000 tons for the following importers: Brazil, Cambodia, Cuba, Ghana, Mozambique, and Nigeria. Smaller import reductions were made for Afghanistan, South Africa, and several other countries in Sub-Saharan Africa.

Global trade in 2007 is estimated at a record 30.3 million tons, down 0.2 million tons from last month's forecast and 3 percent larger than the previous year.

Thailand's Price Quotes and U.S. Milled Prices Are the Highest on Record

Export price quotes for Thailand's top grades of regular-milled white rice are up 58 percent from a month earlier and are the highest on record. In fact, Thailand's prices have more than doubled since late January. The huge jump in price is driven by very tight supplies of exportable rice in Asia – largely due to export restrictions by major suppliers, continued strong foreign demand (even with high prices), 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 a record \$855 per ton for the week ending April 8, up \$315 per ton from the week ending March 10. There have been no price quotes for Thailand's 5-percent parboiled rice since early March. Price quotes for Thailand's premium jasmine rice are over \$1,000 per ton, up more than \$200 from a month ago.

Prices for 100-percent broken, a low grade of milled rice, have sharply increased over the past month as well. For the week ending April 8, prices for Thailand's A-1 Super 100-percent broken were quoted at a record \$700 per ton, up \$202 from March 10. 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 banned most new rice sales – with sales to the Philippines an exception – until June, and has announced restrictions that have reduced its 2008 export quota by about 20 percent from 2007. Price quotes from Vietnam are nominal quotes only and are not based on actual sales. Nominal quotes for Vietnam's top-quality 5-percent broken are calculated at \$700-\$750 per ton, up from a \$500 per ton minimum export price in early March.

Export price quotes for U.S. long-grain milled rice continue to soar, largely due to strong sales, very high prices for other commodities, export restrictions by several key competitors, and rapidly escalating global rice prices. For the week ending April 8, 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 a record \$772 per ton, up \$122 from the week ending March 10. U.S. prices (adjusted to reflect fob vessel price) are actually below Thailand's price quotes (not actual trading prices), making U.S. rice very competitive in global markets. Price quotes for U.S. long-grain roughrice (bulk, fob vessel, New Orleans) were reported at \$450 per ton for the week ending April 8, up \$40 from March 11. These are the highest prices ever reported for U.S. long-grain rough rice exports.

Prices for California rice have started rising again after remaining unchanged since late January. 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 a record \$705 per ton for the week ending April 8, up \$105 from March 11. U.S. medium-grain prices are being boosted by Egypt's recent export ban and by there being virtually no exportable supplies in Australia. Δ