

Imports Are Second Highest On Record



ECONOMIC RESEARCH SERVICE

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There were no supply side adjustments this month to the U.S. rough-rice balance sheet. Total U.S. supplies of rice in 2009/10 remain projected at 269.7 million cwt, 7 percent larger than a year ago, and the largest since 2005/06. Medium/short-grain supplies are projected to increase 25 percent to 77.2 million cwt, the largest since 1983/84. At 190.1 million cwt, long-grain supplies are up just 1 percent from last year.

The 2009/10 all-rice carryin of 30.4 million cwt is more than 3 percent above a year earlier. Imports remain projected at 21.0 million cwt, up 9 percent from 2008/09 and the second highest on record. Long-grain accounts for all of the import expansion. Data through September reported by the U.S. Census Bureau indicate that the pace of U.S. imports will need to increase the remainder of the market year to reach the forecast of 21.0 million cwt.

Total production remains forecast at 218.2 million cwt, an increase of 7 percent from a year earlier and the largest since 2005/06. Harvested area remains estimated at 3.1 million acres, up 4 percent from a year earlier, with Arkansas and California accounting for the bulk of the expansion. The average yield remains forecast at 7,038 pounds per acre, 3 percent higher than last year and the second highest on record.

By class, long-grain production is forecast at 152.5 million cwt, fractionally below a year earlier. Combined medium/short-grain production is forecast at 65.7 million cwt, 30 percent larger than a year earlier and the largest since 1981/82. Much of the increase in medium/short-grain production this year is due to a large increase in plantings in the South, with Arkansas accounting for most of the southern medium-grain area expansion.

Rice plantings increased in all reported States except Texas and Missouri, with Arkansas and California accounting for the bulk of the increase. Rice plantings declined about 1 percent in Texas. Plantings in Missouri are unchanged from last year. Yields are higher than last year in all reported States except Mississippi, where yields are down 3 percent. Average yields are up 1 percent in Arkansas. Plantings were sharply delayed this year in much of the Delta. The region received excessive rainfall early in the fall, further delaying harvest and likely limiting any yield increases. Last year, the Delta experienced both delayed plantings and was hit by two late-season hurricanes. Rice production in 2009/10 is projected to be larger than last year in all reported States, with Arkansas, California, and Louisiana accounting for most of the increase.

U.S. Rice Export Forecast

Raised 1 Million Cwt to 97.0 Million

Total use of U.S. rice in 2009/10 is projected at 226.5 million cwt, up 1.0 million cwt from last month's forecast and 2 percent higher than last year. Exports account for all of this month's upward revision in total use. On an annual basis, both exports and domestic disappearance are projected to be higher than last year.

U.S. exports are projected at 97.0 million cwt, up 1.0 million cwt from last month's forecast and 4 percent above last year. The 2009/10 rough-rice export forecast is raised 2.0 million cwt to 35.0 million, up 13 percent from last year.

Combined milled and brown rice exports are projected at 62.0 million cwt, down 1.0 million

from last month's forecast and virtually unchanged from a year earlier. The downward revision was largely based on shipment data reported by Census through September and sales and shipment data reported in U.S. Export Sales through late November. Northeast Asia, Canada, the Caribbean, the Middle East, and Sub-Saharan Africa are the major markets for U.S. milled rice exports.

By class, long-grain exports remain forecast at 68.0 million cwt, up almost 5 percent from 2008/09. Latin America, the Middle East, Europe, Canada, and Sub-Saharan Africa are the top markets for U.S. long-grain rice. Combined medium/short-grain U.S. exports are forecast at a record 29.0 million cwt, up 1.0 million from last month's forecast and 2 percent above 2008/09.

Total domestic and residual use remains projected at 129.5 million, about 1 percent larger than a year earlier and the highest on record. Since 2006/07, total domestic disappearance has increased very little. Monthly data from the U.S. Treasury Department indicate a substantial decline in the use of rice in beer since 2003/04. In 2008/09, less than 11 million cwt (rough-basis) of rice was reported shipped for brewers' use, down from more than 16 million cwt in 2003/04. Through October 2009, reported shipments of rice for beer are down 10 percent from a year earlier.

By class, long-grain domestic and residual use remains forecast at 99.5 million, down 3 percent from the year-earlier record. Medium/short-grain domestic and residual remains forecast at 30.0 million, up more than 18 percent from a year earlier. In 2008/09, many food and industrial processors switched to long-grain rice from the much higher priced medium/short-grain rice. This price differential is projected to narrow in 2009/10.

U.S. ending stocks for 2009/10 are projected at 43.2 million cwt, down 1.0 million cwt from last month's forecast, but 42 percent above a year earlier and the highest since 1986/87. The stocks-to-use ratio, calculated at 19.1 percent, is the highest since 1992/93. By class, long-grain ending stocks remain projected at 22.6 million cwt, 13 percent above a year earlier. Medium/short-grain ending stocks are projected at 18.2 million cwt, down 1.0 million from last month's forecast but 127 percent larger than a year earlier. At almost 31 percent, the medium/short-grain stocks-to-use ratio is more than double the 2008/09 ratio. The medium/short-grain stocks-to-use ratio is projected at its highest level since 1992/93.

U.S. 2009/10 Season-Average Farm Price Forecast

Raised to \$13.90-\$14.90 per Cwt

The 2009/10 season-average farm price (SAFP) is projected at \$13.90-\$14.90 per cwt, up 5 cents on both ends from last month's forecast, but still well below the 2008/09 record of \$16.80. The long-grain 2009/10 SAFP is projected at \$12.60-\$13.60 per cwt, up 10 cents on both ends from last month, but also below the record \$15.00 last year.

The medium/short-grain 2009/10 SAFP is projected at \$17.75-\$18.75 per cwt, down 25 cents on both ends from last month and well below last year's record of \$23.70.

Last month, USDA reported a mid-November all-rice rough-rice cash price of \$14.10 per cwt and lowered the October price \$1.10 from the mid-month estimate to \$14.20. By class, the long-grain mid-November cash price was reported at \$12.40 per cwt, down 20 cents from the revised October cash price. The October long-grain price was raised 30 cents from the mid-month estimate to \$12.60. For medium/short-grain rice, the mid-October price was reported at \$18.90 per cwt, up \$1.20 from the revised October price. The October medium/short-grain price was lowered \$4.20 from the mid-month estimate to \$17.70, the lowest since September 2008. Δ



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