

India Weather Spurs Lower Global Rice Forecast



rice outlook

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A large reduction in India's 2009/10 production forecast is primarily responsible for a downward revision in the 2009/10 global production forecast this month. Global production was lowered 15.5 million tons (milled basis) to 433.5 million tons – an almost 3-percent decline from 2008/09. In India, an erratic and often poor monsoon has reduced planted acreage and lowered expectations regarding field yields.

Several smaller production revisions were also made this month for 2009/10. First, Australia's 2009/10 crop (harvested in April-May 2010) was lowered 44,000 tons to 70,000 tons due to a 50-percent decline in area. The area reduction is based on uncertainty regarding reservoir levels in the face of prolonged drought. Water shortages are also a factor in Iraq's production decrease. Iraq's production forecast was lowered 34,000 tons to 66,000 tons, a 60-percent decline from last year. This is the smallest crop for Iraq since 2003/04. Brazil's 2009/10 production forecast was also lowered, cut 160,000 tons to 8.84 million tons based on information from the Government of Brazil.

These downward revisions were slightly offset by several minor upward revisions. First, Cambodia's 2009/10 production forecast was raised 180,000 to a record 4.63 million tons.

Global production for 2008/09 is forecast at 444.9 million tons, virtually unchanged from last month. A 245,000-ton production decrease for Brazil to 8.6 million tons was nearly offset by a 236,000-ton increase for Cambodia, boosting Cambodia's production to 4.5 million tons. Colombia's production estimate was raised 330,000 tons to 1.85 million tons due to a higher area estimate. Smaller production revisions for 2008/09 were made this month for Vietnam, El Salvador, and Chile.

Global disappearance for 2009/10 is projected at a record 438.1 million tons, down 1 percent from last month's forecast and 1.7 million tons higher than 2008/09.

Global ending stocks are forecast at 84.0 million tons, down 10.5 million from the July forecast and down 4.7 million tons from 2008/09. Global ending stocks are forecast at their lowest level since 2007/08. The global stocks-to-use ratio for 2009/10 is reduced to 19.2 percent, down about 1 percentage point from last month and from 2008/09.

Global Trade Projected To Increase 6 Percent in 2010; No Increase in India's Exports Expected

Global trade for 2010 is projected at 29.6 million tons, down almost 2 percent from the July forecast, but still up 6 percent from 2009. Global trade in 2010 is projected to be 7 percent below the 2007 record. Global trade declined in both 2008 and 2009, largely due to high prices and tight exportable supplies resulting from trade restrictions by several exporters.

There were several 2010 export revisions this month. First, India's 2010 export forecast was lowered 2.5 million tons to just 1.5 million based on expectations that India will continue to ban exports of non-basmati rice.

This reduction was partially offset by three upward revisions. First, Thailand's 2010 export forecast was raised 1.5 million tons to a near-

record 10.0 million based on large supplies, mostly of government-held rice. Second, Cambodia's 2010 exports were raised 300,000 tons to 800,000 based on a larger crop. Cambodia's exports are unchanged from this year's record. Finally, Burma's exports were raised 200,000 to 1.0 million, also unchanged from 2009.

Import revisions for 2010 were minor this month. Australia's imports were raised 25,000 tons to 225,000 based on a smaller 2009/10 crop. Iraq's imports were raised 25,000 tons to 1.1 million, also based on a smaller crop.

The 2009 trade forecast was lowered 3 percent this month to 27.9 million tons, down almost 6 percent from 2008. India's exports were reduced 1.0 million tons to 1.5 million based on the expectation that India will not be revoking their ban on non-basmati exports. Also, Pakistan's exports were reduced 600,000 tons to 3.0 million tons based on a slower-than-expected shipment pace-to-date.

Import forecasts for 2009 were lowered for several countries this month, primarily based on a slower-than-expected delivery pace. First, Bangladesh's imports were reduced 200,000 tons to 500,000 tons. Second, Cuba's 2009 imports were cut 100,000 tons to 425,000 tons. Smaller import reductions were made for Mexico, Peru, Russia, and South Africa. Import forecasts for 2009 were also raised this month for Chile and Colombia.

Thailand's Trading Prices Decrease 7-9 Percent On Expectations of Release of Some Government-Held Stocks

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$562 per ton for the week ending August 10, down \$47 from the week ending July 13. Prices for 5-percent broken were quoted at \$542 per ton for the week ending August 10, down \$50 from the week ending July 13. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$575 per ton for the week ending August 10, down \$57 from the week ending July 13.

Prices for low-quality rice have declined as well. For the week ending August 10, prices for Thailand's A-1 Super 100-percent broken were quoted at \$306 per ton, down \$24 from the week ending July 13.

Vietnam's price quotes have declined over the past month as well. For the week ending August 11, price quotes for Vietnam's 5-percent broken reflect a price of around \$395 per ton, down \$5 from the week ending July 14.

In contrast to global prices, export price quotes for U.S. long-grain milled rice have increased about 7 percent from a month earlier, largely due to a weak dollar, concerns over the Indian Monsoon, and strong rough-rice futures prices. For the week ending August 11, 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 \$529 per ton, up \$33 from the week ending July 7. U.S. prices (adjusted to reflect the fob vessel price) are currently \$18 below Thailand's price quotes.

In contrast to U.S. long-grain milled-rice price quotes, rice quotes for California medium-grain milled rice continue to decline, but remain well above long-grain prices. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$992 per ton for the week ending August 11, down almost \$100 from the week ending July 7. Export price quotes (in 30-kg bags, fob vessel) are reported at \$925 per ton, down \$200 from early July. Price quotes for

Vietnam, U.S. long- and medium-grain milled rice prices, and U.S. rough-rice export prices are from the weekly Creed Rice Market Report.

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