

India, Brazil Account For Largest Drop In Rice Production Forecast



Global rice production for 2012/13 is forecast at 463.2 million tons (milled basis), down 1.9 million tons from last month's forecast and 1.8 million tons below a year earlier. Global area is virtually unchanged from a year earlier. The average yield remains forecast at 4.35 tons per hectare, fractionally below the year earlier record.

India accounts for the bulk of this month's downward revision in global production.

Despite the smaller crop, India is projected to have adequate supplies of rice for both its domestic market and global buyers. Elsewhere in Asia, North Korea's 2012/13 production was lowered 100,000 tons to 1.5 million tons based on severe drought in May and June that was followed by heavy rains and flooding in July.

Outside Asia, Brazil's 2012/13 production was lowered 850,000 tons to 7.82 million based on a much lower area estimate recommended by the U.S. Agricultural Counselor in Brasilia. Finally, the U.S. 2012/13 crop forecast was lowered 1 percent to 6.05 million tons based on a weaker yield reported by the U.S. Department of Agriculture's National Agricultural Statistics Service.

These downward revisions were partially offset by several increases. First, China's 2012/13 crop was raised 1.0 million tons to a record 142.0 million tons based on slightly higher area and yield estimates. Weather has generally been favorable in China for rice production this year. South Korea's 2012/13 production was raised 100,000 tons to 4.3 million based on a higher area forecast recommended by the U.S. Agricultural Counselor in Seoul. This is the first year-to-year area increase for South Korea since 2001/02. Finally, Mexico's 2012/13 production forecast was raised 25,000 tons to 153,000 tons based on a larger area estimate recommended by the U.S. Agricultural Counselor in Mexico City.

Despite the downward revision in production, global rice supplies are expected to be plentiful in 2012/13. Record crops are projected for four Asian exporters – Cambodia, China, Thailand, and Vietnam – and a near-record crop is projected for Pakistan.

Global production for 2011/12 is estimated at a record 465.0 million tons, up 1.1 million tons from last month's estimate and 3.5 percent above a year earlier. India accounted for the bulk of this month's upward revision in 2011/12 production.

Global disappearance for 2012/13 is projected at a record 466.4 million tons, down 0.4 million from last month's forecast, but almost 2 percent larger than a year earlier. Consumption forecasts were raised this month for China and Indonesia, but lowered for Brazil and India. Global ending stocks for 2012/13 are projected at 101.8 million tons, down 0.7 million tons from last month and 3.2 million tons below a year earlier, with India and Brazil accounting for most of this month's downward revision. The global stocks-to-use ratio for 2012/13 is calculated at 21.8 percent, down from 22.9 percent a year earlier.

Brazil's 2013 Export Forecast Lowered;

U.S. 2012 Export Forecast Raised

Global calendar year 2013 trade is forecast at 35.5 million tons, down 0.3 million from last month's forecast and fractionally below a year earlier. There was only one 2013 export revision this month. Brazil's 2013 export forecast was lowered 300,000 tons to 600,000 tons based on much tighter supplies. There were two 2013 import revisions this month. First, Brazil's imports were raised 90,000 tons to 700,000 tons, also due to a smaller crop. And second, Mexico's 2013 import forecast was lowered 50,000 tons to 750,000 tons based on a larger crop.

The 2012 global trade forecast was raised 200,000 tons to 35.65 million tons, still almost 2 percent below the year-earlier record. There were three export revisions this month, all in the Western Hemisphere. First, Brazil's 2012 exports were raised 100,000 tons to 1.0 million tons based on expectations of a continued strong pace of shipments to date. Despite the upward revision, Brazil's exports are still 0.3 million tons below the year-earlier record. Second, Paraguay's 2012 exports were raised 50,000 to 200,000 tons, fractionally below the year-earlier record. And third, the U.S. 2012 export forecast was raised 50,000 tons to 3.5 million tons based on a stronger-than-expected pace of shipments and sales through July. The only 2012 import revision this month was a 20,000-ton reduction in Mexico's imports to 730,000 tons based on larger production.

Thailand's Prices Continue To Decline, U.S. and Vietnam's Prices Strengthen

Prices for most grades of Thailand's non-aromatic specialty and white milled-rice declined over the past month largely due to a lack of new inquires from buyers and expectations that the Government will release some of its intervention stocks in the second half of the year. Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$571 per ton for the week ending August 6, down \$30 from the week ending July 9 and the lowest since mid-May. Prices for Thailand's 5-percent broken were quoted at \$560 per ton for the week ending August 6, down \$31 from the week ending July 9.

Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$565 per ton for the week ending August 6, down \$31 from the week ending July 9. In contrast, price quotes for Thailand's premium jasmine rice – an aromatic – were quoted at \$1,038 per ton for the week ending August 6, up \$4 from the week ending July 9.

In contrast, price quotes from Vietnam have increased over the past month, mostly due to expected large purchases from Indonesia and robust shipments to West Africa. For the week ending August 7, prices for Vietnam's 5-percent double-water-polished with 5-percent broken were quoted at \$425 per ton – up \$15 per ton from the week ending July 10. Thailand's price quotes for 5 percent broken are currently \$136 per ton above quotes for Vietnam's 5-percent double-water-polished milled rice, compared with a difference of \$182 for the week ending July 10.

U.S. prices have increased over the past month as well, partly due to stronger prices for other grains caused by the U.S. drought. For the week ending August 7, prices for high-quality Southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$568 per ton, up \$6 from July 10. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$365 per ton for the week ending August 7, up \$20 per ton from the week ending July 10. Δ



Link Directly To: **PIONEER**