

Largest Production Estimate Decrease Made For China



rice outlook

ECONOMIC RESEARCH SERVICE

U.S. Department of Agriculture, Washington, DC

Market Outlook on Rice is sponsored by RiceTec, Inc.

The 2011/12 global rice production forecast was fractionally reduced this month to 460.8 million tons (milled basis), as downward revisions were nearly offset by upward revisions. Despite this month's reduction, the crop is still more than 2 percent above a year earlier and the highest on record.

The largest production estimate decrease this month was made for China, with the estimate was lowered 0.5 million tons to 140.5 million tons based on government data reporting lower area. In contrast, China's average yield was raised to a record 6.7 tons per hectare. Despite the downward revision, the crop is the largest on record. The Philippines' production forecast was lowered 150,000 tons to 10.5 million tons, with both area and yield lowered from last month's forecast. The South Korean crop estimate was lowered fractionally to 4.22 million tons based on government data reporting a slightly lower yield.

Outside of Asia, Brazil's 2011/12 production forecast was lowered 2 percent to 8.65 million tons based on data reported by CONAB this month indicating lower area. Brazil's rice production is down nearly 7 percent from the year earlier record, a result of both reduced plantings and a lower yield. Finally, Australia's 2011/12 production forecast was reduced 27,000 tons to 683,000 tons based on ABARE data reporting smaller area and a lower yield.

These downward revisions were nearly offset by three upward revisions. First, Vietnam's production was raised 720,000 tons to 26.15 million tons based on information from the U.S. agricultural counselor in Hanoi indicating larger area and higher yield. Smaller upward revisions were made this month for both Turkey and Russia.

Global rice production for 2010/11 was reduced slightly this month to 449.8 million tons. Indonesia accounted for most of the downward revision. Indonesia's production forecast was lowered 1.6 million tons to 35.5 million tons, more than 2 percent below a year earlier. Australia's 2010/11 production estimate was lowered 13 percent to 601,000 tons, also due to a lower area estimate. These reductions were partially offset by a 1-percent increase in Vietnam's production estimate to 26.3 million tons, the highest on record. The upward revision was largely due to a higher area estimate.

Global disappearance in 2011/12 is projected at a record 458.1 million tons, down about 0.1 million tons from last month's forecast, but up more than 2 percent from a year earlier.

Global ending stocks for 2011/12 are projected at 99.5 million tons, down 1 percent from last month's forecast, but 3 percent larger than a year earlier. China, India, and Thailand account for most of the year-to-year increase in global ending stocks. The global stocks-to-use ratio for 2011/12 is calculated at 21.2 percent, slightly below 2010/11.

Global Trade in 2012 Is Projected To Fall 5 Percent from the 2011 Record High

The global calendar year 2012 trade forecast was cut 65,000 tons this month to 32.9 million

tons (milled basis), more than 5 percent less than the 2011 record. Trade in 2012 is projected to be the second highest on record.

There were only three changes to exporters this month. The largest was a 100,000-ton reduction in Cambodia's 2012 export forecast to 700,000 tons, largely based on a smaller 2012 import forecast for Vietnam. Russia's 2012 export forecast was raised 25 tons to 175,000 based on larger supplies. Finally, Turkey's export forecast was raised 10,000 tons to a record 95,000 tons based on information from the U.S. agricultural counselor Ankara.

On the import side, Indonesia's import forecast was lowered 400,000 tons to 1.0 million tons based on information from the U.S. agricultural counselor in Jakarta. Vietnam's 2012 import forecast was lowered 100,000 tons to 300,000 tons based on a much larger crop. The U.S. 2012 import forecast was lowered 20,000 tons to 650,000 tons based on shipment pace in 2011.

These downward revisions were almost offset by several increases. First, Brazil's 2012 import forecast was raised 150,000 tons to 650,000 tons based on a smaller crop. Second, Australia's 2012 import forecast was increased 25,000 tons to 125,000 tons based on smaller production. Sierra Leone's 2012 import forecast was raised 30,000 tons to 130,000 tons based on larger 2011 imports. Finally, South Korea's 2012 import forecast was raised 15,000 tons to 365,000 tons based on timing of its World Trade Organization imports.

Global trade for 2011 was raised 1 percent this month to a record 34.8 million tons. unofficially ship some rice. Finally, Turkey's exports were raised 10,000 tons to 90,000 tons based on recommendation from the U.S. agricultural counselor in Ankara.

Several 2011 import revisions were made this month as well. Indonesia's 2011 import estimate was raised 575,000 tons to 2.775 million tons based on import pace-to-date. Brazil's import estimate was raised 40,000 tons to 540,000 tons based on delivery pace. Similarly, Haiti's import estimate was raised 40,000 tons to 340,000 tons, also based on pace-to-date. South Korea's import estimate was also increased based on pace-to-date, up 40,000 tons to 370,000 tons. Australia's import estimate was raised 25,000 tons to 150,000 tons based on smaller supplies. In contrast, the U.S. 2011 import forecast was lowered 20,000 tons to 615,000 tons based on a slower than expected shipment pace.

Global and U.S. Trading Price Have Declined from a Month Earlier

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have declined slightly since early November, mostly due to a lack of inquirers.

Price quotes from Vietnam continued to fall over the past month. With Thailand largely priced out of the market, Vietnam's prices declined in the face of lower priced rice from India and Pakistan.

U.S. long-grain milled-rice prices have also declined over the past month, largely in response to lower trading prices from several sources. For the week ending December 6, prices for high-quality Southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside a vessel, U.S. Gulf port) were quoted at \$551 per ton, down \$44 from the week ending December 8. Thai rice is now trading at a premium of \$58 compared with U.S. rice (adjusted to reflect the fob vessel price). U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$325 per ton for the week ending December 6, down \$25 from the week ending November 8. Δ



Link Directly To: **AGROTAIN**



Link Directly To: **PIONEER**