

Long-Grain Accounts For Rice Crop Drop



ECONOMIC RESEARCH SERVICE

U.S. Department of Agriculture, Washington, DC

Market Outlook on Rice is sponsored by RiceTec, Inc.
USA Rice Federation

The 2009/10 U.S. rough-rice crop forecast is lowered 9.0 million cwt to 211.0 million cwt, a result of a smaller area estimate. Total planted area was lowered 5 percent from the March intentions to 3.02 million acres, up almost 1 percent from a year ago. The area estimate is based on a survey conducted in early June. The average field yield was raised 1 percent to 7,033 pounds per acre due to shifts in area by class and State. The average yield is almost 3 percent above last year, and the second highest on record. The yield forecast is based on 1990-2008 yield trends by class and State. The first objective yield forecast for the 2009/10 crop will be released in the August Crop Production report.

Long-grain accounts for all of the downward revision in production. The 2009/10 long-grain rough-rice production forecast was lowered 11 percent to 151.0 million cwt, almost 2 percent smaller than the previous year.

Arkansas and Louisiana account for the bulk of the 165,000-acre reduction in the 2009/10 planting estimate. Estimates were also lowered for Missouri and Texas. Much of the southern rice growing region experienced abnormally heavy rainfall in May that both delayed plantings and likely encouraged some producers to switch to alternative crops. In contrast, California's 2009/10 planting estimate was raised 85,000 acres. Mississippi's estimate is unchanged from the March intentions.

On an annual basis, plantings are estimated to be higher in California, Arkansas, and Mississippi. Plantings are estimated lower than last year in Louisiana, Missouri, and Texas. At 1.43 million acres, rice plantings in Arkansas are up 2 percent from a year earlier. California's plantings—almost exclusively medium/short-grain—are estimated at 562,000 tons, up 8 percent from last year and the highest since the record 595,000 acres were planted in 2004/05. U.S. medium-grain prices were record or near-record high all spring and are currently more than double prices for U.S. long-grain. At 240,000 acres, Mississippi's plantings are 4 percent higher than last year. In contrast, Louisiana's rice area is estimated at 420,000 acres, an 11-percent reduction from last year. Missouri's plantings of 195,000 acres are down more than 2 percent from last year. Rice plantings in Texas are estimated at 170,000 acres, down 3 percent from 2008/09.

Condition of the 2009/10 Rice Crop Remains Below a Year Earlier

The 2009/10 rice crop got off to a delayed start this year, primarily due to abnormally heavy rainfall in May across most of the southern growing areas, with some early planted rice replanted several weeks later.

For the week ending July 5, about 9 percent of the U.S. crop had headed, up 1 percentage point from a year earlier, but 2 points below the 5-year average.

Crop conditions are rated below a year earlier in all States except Texas. For the week ending July 5, just 55 percent of the 2009/10 U.S. rice crop was rated in good or excellent condition, down from 69 percent one year earlier and 72 percent two years earlier.

U.S. 2009/10 Total Rice Supply Forecast Lowered 4 Percent to 253.7 Million Cwt

Total U.S. supplies of rice in 2009/10 are projected at 253.7 million cwt, 4 percent below last month's forecast, but nearly unchanged from a year ago. In 2009/10, a larger crop and increased imports are expected to offset a much smaller carryin.

At 21.7 million cwt, the 2009/10 carryin is 7 percent below last month's forecast and 26 percent below a year earlier. Carryin is the smallest since 1981/82. Both long and medium/short-grain carryin are smaller than a year ago. The medium/short-grain carryin of 4.6 million cwt is 50 percent below a year earlier and the smallest since at least 1982/83 when USDA first reported supply and use tables by class.

Imports for 2009/10 were lowered 1.0 million cwt to 21.0 million, still the second highest on record. Medium/short-grain accounts for all of this month's downward revision in imports.

U.S. 2009/10 Export Forecast Raised 2.0 Million cwt to 99 Million Cwt

Total use of U.S. rice in 2009/10 is projected at 231.0 million cwt, up 2.0 million from last month's forecast and about 1 percent larger than a year earlier.

Rough-rice exports are projected at 34.0 million cwt, down 1.0 million from last month's forecast, but unchanged from a year earlier.

By class, the long-grain exports are forecast at 73.0 million cwt, down 1.0 million from last month, but up 2.0 million from 2008/09. Latin America, the Middle East, Europe, Canada, and Sub-Saharan Africa are the top markets for U.S. long-grain rice. U.S. ending stocks for 2009/10 are projected at 22.7 million cwt, 37 percent below last month's forecast, but still 5 percent larger than the previous year. The stocks-to-use ratio, calculated at 9.8 percent, is slightly above the previous year's ratio.

There were several revisions this month to the 2008/09 use forecasts. First, total domestic and residual use was lowered 2.5 million cwt to 132.5 million base on data from the June Rice Stocks report indicating lower than previously estimated implied domestic use from August through May.

Based on data reported in the June Rice Stocks report, U.S. rice stocks on June 1, 2009, are calculated at 56.5 million cwt, 5 percent below a year earlier.

U.S. 2009/10 Season-Average Farm Price Raised to \$13.25-\$14.25 per Cwt

The 2009/10 season-average farm price (SAFP) is projected at \$13.25-\$14.25 per cwt, up from the June forecast of \$10.50-\$11.50.

The long-grain 2009/10 SAFP is projected at \$12.00-\$13.00 per cwt, up from \$9.50-\$10.50 last month. The medium/short-grain 2009/10 SAFP is projected at \$19.50-\$20.50 per cwt, up from \$15.50-\$16.50 last month. Both the long- and medium/short-grain 2008/09 SAFP forecasts were raised this month, largely based on reported monthly cash prices through mid-June.

Last month, USDA reported a mid-June all-rice rough-rice cash price of \$14.80 and reported a May price of \$15.20, unchanged from the preliminary May price. By class, the long-grain mid-June cash price was reported at \$12.70 per cwt, down from a revised May cash price of \$12.80. The May long-grain price was lowered 10 cents from the mid-month estimate. For medium/short-grain rice, the mid-June price was reported at a record \$28.30 per cwt, up 60 cents from a revised May price of \$27.70. The May price was raised \$2.10 from the mid-month estimate. U.S. medium/short-grain prices have risen \$10.00 since August. Medium/short-grain prices are being supported by smaller U.S. supplies this year, impacts from Egypt's export ban, and overall tight supplies in the global medium/short-grain market. Δ