

Medium/Short Grain Rice Supply 26 Percent Above 2008/09



ECONOMIC RESEARCH SERVICE
U.S. Department of Agriculture, Washington, DC
Market Outlook on Rice is sponsored by RiceTec, Inc.

There were no supply side revisions this month to the 2009/10 (August-July) U.S. rice balance sheet. Total U.S. supplies of rice remain projected at 271.3 million cwt (rough-basis), almost 8 percent larger than a year ago and the highest since 2005/06.

By class, medium/short-grain accounts for the bulk of the year-to-year increase in U.S. rice supplies. At 78.1 million cwt, total supplies of medium/short-grain rice are 26 percent above last year and the largest since 1983/84. U.S. long-grain supplies are estimated at 190.8 million cwt, up 1 percent from last year and the largest since 2006/07.

Total U.S. imports of rice remain projected at 21.0 million cwt, up 9 percent from 2008/09 and second only to the record 23.9 million cwt imported in 2007/08. Long grain imports remain projected at a record 18.0 million.

Medium/short-grain imports for 2009/10 remain projected at 3.0 million, down 11 percent from a year ago, and well below the record 6.3 million cwt imported in 2006/07.

The 2009/10 all-rice carryin remains estimated at 30.4 million cwt, more than 3 percent above a year earlier. Long-grain accounts for all of the increase in carryin. At 20.1 million cwt, the 2009/10 long-grain carryin was more than 5 percent larger than a year earlier.

The 2009/10 crop remains estimated at 219.85 million cwt, 8 percent larger than a year earlier, a result of both a higher yield and expanded area. At 3.10 million acres, harvested area was more than 4 percent larger than 2008/09 area. The 2009/10 average yield of 7,085 pounds per acre was up 239 pounds from last year and the second highest on record.

The U.S. 2009/10 medium/short-grain crop remains estimated at a near-record 67.1 million cwt, 33 percent larger than a year earlier. Expanded plantings account for all of the increase.

U.S. 2009/10 Rough-Rice Export Forecast Raised 2.0 Million Cwt to a Near-Record 39.0 Million

Total use of U.S. rice in 2009/10 is projected at 230.5 million cwt, down 1.0 million cwt from last month's forecast, but still 4 percent higher than last year. Exports account for all of this month's downward revision in total use. U.S. 2009/10 exports are projected at 100.0 million cwt, down 1.0 million cwt from last month's forecast, but 7 percent above a year ago.

The 2009/10 rough-rice export forecast is raised 2.0 million cwt to 39.0 million, up 25 percent from last year and the second highest on record.

U.S. 2009/10 milled rice exports (combined milled and brown rice exports converted to a rough-rice basis) are projected at 61.0 million cwt, down 3.0 million cwt from last month's forecast and more than 2 percent below a year earlier.

By class, 2009/10 long-grain exports are forecast at 69.0 million cwt, down 1.0 million cwt from last month's forecast, but still 6 percent larger than 2008/09. Mexico and Central America—top markets for U.S. long-grain rice—account for most of the expected year-to-year increase in U.S. long-grain exports.

Combined medium/short-grain U.S. exports remain forecast at a near-record 31.0 million cwt, up 9 percent from 2008/09. The substan-

tial year-to-year increase is largely based on expanded U.S. sales to Northeast Asia and specific markets in the Middle East, more than offsetting weaker U.S. sales to Oceania. Rice imports by all three Northeast Asian buyers—Japan, South Korea, and Taiwan—are part of their World Trade Organization (WTO) agreements. Except for South Korea, their annual total import levels are flat until a new agreement is reached.

Egypt—historically a major supplier of medium/short-grain rice to the Middle East—continues to restrict exports, a major factor behind the near-record U.S. medium/short-grain exports since 2008/09. Egypt's long-term trade policy is unknown. Oceania was previously supplied by Australia, until severe drought sharply reduced Australia's production. The U.S. has picked up most of Australia's markets in Oceania.

Total domestic and residual use remains projected at a record 130.5 million cwt, nearly 2 percent larger than a year earlier. This level of growth is well above recent rates of increase.

By class, long-grain domestic and residual use remains forecast at 99.5 million cwt, down more than 3 percent from the year-earlier record. Medium/short-grain domestic and residual remains forecast at 31.0 million cwt, 22 percent larger than a year earlier.

U.S. ending stocks for 2009/10 are projected at 40.8 million cwt, up 1.0 million cwt from last month's forecast and 34 percent above a year earlier. These are the highest ending stocks since 2005/06. The stocks-to-use ratio is calculated at 17.7 percent, up from 13.7 percent last year.

U.S. 2009/10 Long-Grain Season-Average Farm Price Forecast Lowered to \$12.70- \$13.20 per Cwt

The 2009/10 season-average farm price (SAFP) for U.S. long-grain rice is projected at \$12.70-\$13.20 per cwt, down 20 cents on both ends from last month's forecast and well below the 2008/09 record of \$14.90. The downward revision is based on reported NASS prices through mid-February, expectations regarding U.S. rough-rice prices and marketings the remainder of the market year, and a recent sharp decline in global rice prices.

The U.S. medium/short-grain 2009/10 SAFP is projected at \$17.45-\$17.95 per cwt, down 5 cents on both ends from last month's forecast. The slight downward revision is based on reported NASS prices through mid-February and expectations regarding U.S. prices and marketings the remainder of the market year. The 2009/10 medium/short-grain SAFP is well below the 2008/09 record of \$24.80 per cwt. Much larger U.S. supplies account for most of the year-to-year decline in medium/short-grain prices. The U.S. is currently the largest supplier of medium/short-grain rice to the global market.

Last month, USDA's National Agricultural Statistics Service (NASS) reported a mid-February 2010 cash price for long-grain rice of \$13.50 per cwt, unchanged from the revised January price, but up 90 cents from August. The January price was raised 20 cents from a preliminary estimate of \$13.30. For medium/short-grain rice, the mid-February NASS price was reported at \$17.90 per cwt, up 70 cents from the revised January price. Publicly reported price quotes for medium-grain rice in California—which accounts for the bulk of the U.S. medium/short-grain crop—are currently well below the mid-February NASS reported medium/short price. Medium/short-grain prices are expected to decline the remainder of the market year. The January medium/short-grain rough-rice cash price was lowered 10 cents from the mid-month estimate to \$17.30 per cwt. Δ



Link Directly To: **SYNGENTA**