

No Estimate On Monsoon Impact On Eastern Rice Production



ECONOMIC RESEARCH SERVICE

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The global production forecast for 2009/10 is virtually unchanged from last the month at 433.5 million tons (milled basis).

With a resurgence in the monsoon for key Eastern rice-producing areas of India, as well as the possibility for a larger rabi crop (planted in November), USDA's production estimate for India remains at 84.0 million tons.

Weather concerns in several countries in South and East Asia have led to reduced crop estimates for 2009/10. Pakistan's crop was reduced 200,000 tons to 6.0 million tons based on a reduced yield. Although Pakistan's crop is mostly irrigated, competition for irrigation water in the aftermath of a disappointing monsoon is expected, likely reducing yields. Unfavorable weather in East Asia also affected production estimates for Japan, North Korea, and Taiwan. Unseasonably cold weather in Japan caused a 10,000 hectare reduction in area, resulting in a 90,000-ton production decrease to 7.62 million. The same weather pattern caused an estimated 50,000-ton decrease in North Korea's production to 1.81 million tons. Farther south, typhoon Morokat caused substantial flooding in Taiwan. However, the damage to major rice-growing areas was limited, resulting in a 69,000-ton crop reduction to 1.02 million tons.

These reductions were entirely offset by a large increase in the Philippines' production forecast, as well as minor increases for a few smaller producers. Production for the Philippines was raised 160,000 tons to 10.87 million, based on a higher July-December 2009 area estimate released by the Government of the Philippines. The U.S. 2009/10 production was raised almost 4 percent based on larger area. Increased area is also responsible for small production revisions for Colombia, the EU, and Russia.

Global disappearance for 2009/10 remains projected at 438.0 million, a record and up 2.1 million tons from 2008/09. The largest disappearance changes this month were for Egypt and the Philippines. Egypt's disappearance was raised to 4.0 million tons based on a decreased export forecast, while disappearance for the Philippines was raised to 14.0 million tons due to a larger crop. Several minor downward revisions for smaller countries offset these increases.

This month's global stocks forecast for 2009/10 was raised 1 percent from last month to 84.9 million tons, down 4.5 million tons from 2008/09. The large change in U.S. stocks from 763,000 tons to 1.4 million tons was the primary driver of the month-to-month increase. A half-million ton increase in stocks is forecast for Vietnam based on a larger-than-expected 2008/09 carryout. Vietnam's ending stocks are forecast at 1.52 million tons for 2009/10. Finally, Japan's ending stocks forecast was lowered 110,000 tons to 2.6 million due to a smaller crop. The global stocks-to-use ratio is raised 1 percent from last month to 19.4 percent, down 5 percentage points from 2008/09's forecast of 20.5 percent.

Global Trade Projected To Increase Almost 4 Percent in 2010;

Egypt's Export Forecast Lowered

The global trade forecast for 2010 was lowered 400,000 tons to 29.2 million tons this month. Despite the reduction, trade remains almost 4 percent higher than in 2009. High global prices and trade restrictions in both 2008 and 2009

caused global trade to decline from its 2007 record of 31.8 million tons.

Only two major revisions to exporters were made for 2010. First, Egypt's export forecast was lowered by 300,000 tons to 600,000 tons. Continued export restrictions and higher export taxes have discouraged exports in recent months, and this trend is expected to continue into 2010.

There were no changes for major importers for 2010. Imports were raised for a few minor countries, however. Mexico's imports were reduced 75,000 to 675,000 based on an expected continuation of 2009's slower-than-expected import pace.

The 2009 global trade is forecast at 28.2 million tons, a 350,000-ton increase from last month's estimate, but still 4.5 percent below 2008.

In contrast, Vietnam's 2009 export forecast was lowered 300,000 tons to 5.7 million based on information from the U.S. Agricultural Attaché in Vietnam. The U.S. export estimate for 2009 was reduced 100,000 tons to 3.1 million tons, based largely on slower-than-expected pace of shipments to Western Hemisphere markets.

Import revisions for 2009 were modest. Mexico's 2009 imports were reduced 60,000 tons to 500,000 based on a slower-than-expected shipment pace. Vietnam's imports were increased 100,000 tons to 500,000 tons based on larger cross-border shipments used for both processing and domestic consumption.

Thailand's Trading Prices Hold While Vietnam's Fall

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice fluctuated over the past month, but are currently little changed from a month earlier.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$563 per ton for the week ending September 7, up \$1 from the week ending August 10. Prices for 5-percent broken were quoted at \$536 per ton for the week ending September 7, down \$6 from the week ending August 10. Prices for Thailand's 5-percent par-boiled rice – a specialty rice – were quoted at \$615 per ton for the week ending September 8, up \$40 from the week ending August 10.

Low-quality rice prices have also seen little change. For the week ending September 7, prices for Thailand's A-1 Super 100-percent broken were quoted at \$306 per ton, unchanged from the week ending August 10.

While Thailand's prices remained virtually unchanged, Vietnam's rice prices continue to slide. For the week ending September 8, price quotes for Vietnam's 5-percent broken reflect a price of around \$370 per ton, down \$25 from the week ending August 11.

U.S. long-grain milled rice export prices have held steady over the past month. For the week ending September 8, 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, unchanged from the week ending August 11. U.S. prices (adjusted to reflect the fob vessel price) are currently \$19 below Thailand's price quotes – virtually the same difference as last month. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) remains quoted at \$330 per ton for the week ending September 8, unchanged from the week ending August 11.

Unlike long-grain prices, California medium-grain milled rice quotes continue to decline. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$882 per ton for the week ending September 8, down

\$110 from the week ending August 11. Export price quotes (in 30-kg bags, fob vessel) are reported at \$850 per ton, down \$75 from early August. Δ



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