

Only Minor Revisions Made To Year's U.S. Rough-Rice Balance



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The 2008/09 U.S. season-average farm price (SAFP) was lowered \$2.00 per hundred-weight (cwt) on both the high and low ends, to \$16.50-\$17.50. Despite this month's downward revision, the 2008/09 SAFP is the still the highest on record and well above a revised \$12.35-\$12.65 a year earlier.

The 2007/08 SAFP was lowered 50 cents on both the high and low ends based on monthly prices through mid-May and expectations regarding prices the remainder of the market year. Price quotes from trade sources indicate a 15-20 percent drop in long-grain rough-rice prices in the Delta since the record levels reported in late April. There is very little 2007 unsold rough-rice crop in Texas or Southwest Louisiana. Most quotes in these two regions are for new-crop only. Since early May, weaker long-grain rough-rice prices in the Delta have been partially offset by higher medium-grain rough-rice prices in California.

Last month, USDA reported a preliminary May rough-rice cash price of \$15.00 per cwt, the highest ever reported and \$5.00 above a year earlier. In addition, USDA lowered the April rough-rice price to \$14.60 from a preliminary \$14.80.

U.S. Import Forecasts for 2007/08 and 2008/09

Raised 0.5 Million Cwt

There were only minor revisions to the 2008/09 U.S. rough-rice balance sheet this month. The 2008/09 import forecast was raised 500,000 cwt to a record 23.0 million cwt, 5 percent larger than a year earlier. The upward revision was based on a higher import forecast for 2007/08.

Total U.S. supplies of rice in 2008/09 are projected at 242.1 million cwt, fractionally above last month's forecast, but more than 6 percent below a year ago. Total supplies are the smallest since 2003/04.

The 2008/09 carryin is projected at 22.1 million cwt, up 2 percent from last month's forecast but 44 percent below a year ago. This is the smallest carryin since 1999/2000. Long-grain carryin is projected at 12.2 million cwt, up 4 percent from last month, but 57 percent below a year earlier. Medium /short-grain carryin remains forecast at 9.1 million cwt, 9 percent below a year ago.

The 2008/09 crop remains projected at 197.0 million cwt, fractionally smaller than a year earlier. Both the long- and medium/ short-grain crops are projected to be down fractionally from a year ago as well. The average yield—projected at 7,145 pounds per acre—is 40 pounds below last year, but still the second-highest on record. The 2008/09 yield projection is based on 1990-2007 yield trends by class of rice. The first objective yield forecast for the 2008/09 crop will be released in the August Crop Production report.

The 2008/09 area forecast is taken from the March 2008 Prospective Plantings report, which indicated U.S. rice plantings at 2.77 million acres, up just 9,000 acres from a year earlier. High returns for competing crops and very high fuel and fertilizer prices sharply limited the acreage expansion in 2008/09.

Crop Progress in the Delta Is Slightly Behind a Year Ago

As of June 8, about 96 percent of the U.S. crop had emerged, unchanged from a year earlier, but 3 percentage points ahead of the U.S. 5-year average. Except for parts of the Delta, progress was about the same or ahead of a year ago.

As of June 8, the condition of the 2008/09 U.S. crop was rated slightly lower than a year earlier, with Arkansas, Mississippi, and California accounting for all of the lower rating. For

the total U.S. crop, 72 percent was rated in good or excellent condition for the week ending June 8, down from 76 percent a year ago.

Crop conditions were rated substantially ahead of a year earlier in the remaining rice growing States. For the week ending June 8, about 80 percent of the Louisiana crop was rated in good or excellent condition, up from 64 percent a year ago. In Missouri, 83 percent of the crop was rated in good or excellent condition, up from 65 percent a year ago. Finally, for the week ending June 8, about 56 percent of the Texas crop was rated in good or excellent condition, well ahead of 36 percent a year ago. In 2007, the Texas rice-growing area received substantial rainfall early in the growing season.

U.S. 2008/09 Export Forecast Raised to 99.0 Million Cwt

Total use of U.S. rice in 2008/09 is projected at 225.0 million cwt, up 1 million cwt from last month's forecast, but 5 percent smaller than a year earlier. Exports are projected at 99.0 million cwt, up 1.0 million cwt from last month, but 12 percent below a year earlier. The upward revision in the total export forecast is primarily due to slightly larger supplies. Both the long-grain and medium/short-grain forecast were raised 0.5 million cwt this month. The year-to-year reduction in U.S. exports in 2008/09 is primarily due to smaller supplies and, to a lesser extent, higher prices.

In contrast to exports, total domestic disappearance – including the residual that accounts for losses in processing, marketing, and transportation – remains projected at a record 126.0 million cwt, an increase of 1 percent from a year earlier.

Both milled and rough-rice exports are projected to be smaller in 2008/09. At 35.0 million cwt, rough-rice exports are up 1.0 million cwt from last month's forecast, but 4 percent below a year earlier. In 2008/09, near-record prices are expected to cause some regular buyers – mostly in Latin America – to reduce purchases. Combined milled and brown rice exports (on a rough-equivalent basis) remain forecast at 64.0 million, 15 percent below the previous year.

By class, the long-grain exports are forecast at 72.5 million cwt, down 15 percent from 2007/08. Mexico, Central America, the Caribbean, the Middle East, Europe, Canada, and Sub-Saharan Africa are the top markets for U.S. long-grain rice. Combined medium/short-grain exports are forecast at 26.5 million cwt, down 2 percent from the year-earlier near-record. Northeast Asia and the Eastern Mediterranean are the largest markets for U.S. medium/short-grain rice. Oceania has recently increased its purchases of U.S. medium/short-grain rice, as Australia, its typical supplier, is virtually out of the global export market. Egypt, a major competitor with the U.S. in the medium/short-grain market in the Middle East and North Africa, has announced it will retain its export ban until April 2009, a factor behind the strong U.S. medium/short-grain export forecast.

U.S. ending stocks for 2008/09 are projected at 17.1 million cwt, unchanged from last month's forecast, but 23 percent below the previous year and the lowest since 1980/81. The stocks-to-use ratio, calculated at 7.6 percent, is the lowest since 1974/75. By class, long-grain ending stocks are projected to drop 16 percent to 10.2 million cwt, the lowest since at least 1982/83. The long-grain ending stocks-to-use ratio is calculated at 6.1 percent, the second-lowest since at least 1982/83. Medium/short-grain ending stocks are projected at 6.1 million cwt, down 32 percent from a year earlier. Medium/short-grain ending stocks and stocks-to-use ratio – calculated at 9.4 percent – are the lowest since at least 1982/83.

The only revision this month to the 2007/08 rough-rice balance sheet was a 0.5 million cwt increase in imports to 22.0 million, the highest to date. The upward revision was based on a strong pace of deliveries through March, and expectations regarding purchases the remainder of the market year. Long-grain accounts for all of the upward revision in imports. Long-grain imports were raised 0.5 million cwt to a record 15.5 million. Ending stocks of all-rice and long-grain rice were adjusted to reflect the import revisions. Δ