

Production Forecasts Raised For India, The Philippines



ECONOMIC RESEARCH SERVICE
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The 2011/12 global rice production forecast was raised 1.3 million tons this month to 462.7 million tons (milled basis). The crop is almost 3 percent above a year earlier and the highest on record. Australia, Bangladesh, China, Egypt, India, Indonesia, and Pakistan account for most of the projected global production increase in 2011/12. In contrast, production is substantially lower in 2011/12 than a year earlier in Brazil and the United States.

The largest production increase this month was made for India, with the production estimate raised 2.0 million tons to a record 102.0 million tons, with both the area and yield forecasts raised.

The Philippines 2011/12 production forecast was raised 140,000 tons to 10.64 million based on recently released Government data projecting production to increase significantly in the first quarter of this year.

These two upward revisions were partially offset by several downward revisions. First, Egypt's 2011/12 production estimate was lowered 400,000 tons to 4.3 million tons based on information from U.S. agricultural counselor in Cairo indicating smaller area and a weaker yield. Second, Brazil's 2011/12 crop was lowered 340,000 tons to 7.82 million tons due to severe drought in the major growing State of Rio Grande du Sol.

The 2010/11 global production estimate was raised 0.7 million tons to 451.2 million tons, up 2 percent from a year earlier. India accounted for most of the upward revision in production. In addition, Brazil's 2010/11 crop estimate was raised 43,000 tons to a record 9.3 million tons based on slightly higher area. In contrast, Argentina's 2010/11 crop was reduced 18,000 tons to 1.12 million based on government data reporting a lower yield.

Global disappearance for 2011/12 is projected at 459.9 million tons, fractionally above last month's forecast and the highest on record.

Global ending stocks for 2011/12 are projected at 100.1 million tons, virtually unchanged from last month's forecast, but 3 percent larger than a year earlier. Ending stocks forecasts for the Philippines and the United States were raised slightly this month. China, India, and Thailand account for most of the year-to-year increase in global ending stocks.

Global Trade Forecast for 2012 Raised 3 Percent to 32.8 Million Tons

The global calendar year 2012 trade forecast was raised 0.9 million tons (milled basis) from last month's forecast to 32.8 million tons. Despite the upward revision, global trade is still almost 7 percent below the 2011 revised record of 35.1 million tons.

India accounts for the bulk of this month's upward revision in 2012 global exports. At 6.0 million tons, India's 2012 exports are 1.5 million tons above last month's forecast and 1.8 million above a year earlier. Africa and the Middle East are expected to account for much of the increase in India's exports in 2012.

In addition, Brazil's 2012 export forecast was raised 75,000 tons to 725,000 tons based on a

recommendation from the U.S. Agricultural Counselor in Brazil.

These two upward revisions in 2012 exports were partially offset by several downward revisions. First, Thailand's export forecast was lowered 500,000 tons to 6.5 million based on uncompetitive prices and a slow pace of sales thus far in 2012. These are the lowest calendar year exports for Thailand since 1998. Second, Vietnam's 2012 export forecast was lowered 200,000 tons to 6.5 million based on expected strong competition from lower priced rice from India and Pakistan.

Third, Egypt's 2012 export forecast was raised 100,000 tons to 600,000 tons, four times the level shipped in 2011 and the highest since 2008.

Fourth, the U.S. 2012 export forecast was lowered 50,000 tons to 3.0 million based on a recent slowing of sales and strong competition from other suppliers. Argentina's 2012 export forecast was lowered 20,000 tons to 630,000 based on smaller supplies and a slower pace of sales.

On the import side, Egypt's 2012 import forecast was raised 480,000 tons to 500,000 based on recommendation from the U.S. Agricultural Counselor in Cairo. In addition, Brazil's 2012 import forecast was raised 50,000 tons to 600,000 tons based on smaller supplies.

The 2011 global trade estimate was raised 0.3 million tons to 35.1 million, the highest on record and more than 10 percent above a year earlier. Substantial increases in exports from India, Thailand, and Vietnam drove global exports to a record high in 2011.

Global Rice Trading Prices Continue To Fall

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have declined since early January, mostly due to a lack of inquiries. Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$549 per ton for the week ending February 9, down \$13 from the week ending January 9 and the lowest since January 2008. Prices for Thailand's 5-percent broken were quoted at \$533 per ton for the week ending February 6, down \$15 from the week ending January 9.

Prices for broken actually increased. For the week ending February 6, prices for Thailand's A-1 Super 100-percent broken were quoted at \$517 per ton, up \$2 from the week ending January 9. Price quotes for Thailand's premium jasmine rice were quoted at \$1,036 per ton for the week ending February 6, down \$12 from January 9.

Price quotes from Vietnam fell slightly over the past month as well, mostly a response to lower priced rice from India and Pakistan.

U.S. long-grain milled-rice prices are unchanged from a month earlier. Prices had risen in mid-January, but began declining again late in the month. For the week ending February 7, 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 \$518 per ton, unchanged from January 10, but down \$11 from mid-January. U.S. long-grain rice faces strong price competition in the global market and the U.S. has made few recent sales. Thai rice is now trading at a premium of \$6 compared with U.S. rice (adjusted to reflect the fob vessel price). Last month, Thailand's rice was quoted with a premium of \$29 over similar grades of U.S. rice. Thailand is currently making few sales. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) was quoted at \$325 per ton for the week ending January 10, unchanged from a month earlier. Δ



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