

Production Forecasts Rise For Several Countries



ECONOMIC RESEARCH SERVICE

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Global rice production for 2009/10 is raised 1.8 million tons this month to 433.9 million tons (milled basis), 3 percent lower than the 2008/09 record.

Production forecasts were increased this month for several countries, with three of the top producers – China, Vietnam, and Thailand – accounting for most of the increase.

South Korea's production was raised 0.23 million tons to 4.91 million, also based on a higher yield.

Increased rice area was the primary factor in raising Thailand's 2009/10 production forecast 500,000 tons to 20.5 million. Total rice area is estimated at a record 10.9 million hectares. Smaller production increases were made this month for the European Union, Nicaragua, and Ukraine.

These crop increases were partially offset by several reductions. Brazil's production estimate was decreased by 340,000 tons to 8.16 million tons based on a reduced area estimate. The country's principal rice-growing state of Rio Grande do Sul has experienced torrential rains over the past few weeks, flooding many areas and preventing planting. Elsewhere in the Western Hemisphere, Venezuela's crop estimate was further reduced due to the country's worst drought in more than a decade. Production was revised downward 15,000 tons to 460,000 tons. Haiti's production estimate was lowered 10 percent to 54,000 tons.

The largest 2008/09 production estimate change was for Thailand. Thailand's production was raised 200,000 tons to 19.6 million tons based on a higher-than expected dry-season yield. Vietnam's 2008/09 production estimate was reduced by 42,000 tons to 24.4 million tons.

The global disappearance forecast for 2009/10 was reduced slightly this month to 436 million tons, but is still higher than 2008/09. Downward revisions in disappearance for Argentina, Brazil, and India more than offset increases for China and South Korea.

The 2009/10 ending stocks forecast was increased this month to 89.5 million tons based on larger crops for several major producers. Despite the upward revision, global stocks remain 2 percent below a year earlier. Ending stocks were increased for India, Thailand, and Vietnam, but reduced for the Philippines, the United States, and several smaller holders. The global stocks-to-use ratio is calculated at 20.5 percent, up nearly 1 percentage point from last month's estimate, but slightly below a year earlier.

Increased Export Forecasts for India and China

Boost 2010 Global Trade Forecast to 30.4 Million Tons

The global trade forecast for calendar year 2010 was revised upward almost 3 percent to 30.35 million tons, 6 percent larger than 2009 trade.

There were five revisions to exporters for 2010 this month, all increases. China's exports were raised 200,000 tons to 1.5 million tons due to a larger crop and strong global prices. Despite a crop shortfall, India's export forecast was raised 500,000 tons to 2.0 million tons based on the expectation of larger shipments of its fragrant basmati rice. Production of basmati has not been adversely affected by this year's erratic monsoon. Smaller upward revisions in 2010 ex-

port forecasts were made for Brazil, Ecuador, and Russia.

Global trade for 2009 is revised upward nearly 400,000 tons to 28.7 million tons. Export forecasts for two South American nations were revised upward. Argentina's export forecast was raised 100,000 tons to 600,000 tons, and Brazil's export forecast was raised 200,000 tons to a record 650,000 tons. Thailand's exports were similarly adjusted based on pace-to-date, up 100,000 tons to 8.6 million tons. In contrast, Ecuador's export forecast was reduced by 10,000 tons to 10,000 tons based on pace-to-date.

There were several import changes for 2009. Brazil's 2009 import forecast was raised 80,000 tons to 550,000 tons based on shipments through October. Jordan's 2009 import forecast was increased by 35,000 tons to 155,000 tons based on pace-to-date. Nicaragua's imports were adjusted upward slightly to 85,000 tons. Switzerland's 2009 imports were raised 25,000 tons to 105,000 tons, also based on pace-to-date.

India's 2009 import forecast was revised downward by 200,000 tons to zero, as all recent tenders failed due to price concerns. Libya's 2009 import forecast was reduced by 150,000 tons to 50,000 tons based on pace-to-date and continued Egyptian export restrictions. Liberia's export forecast was lowered 50,000 tons to 150,000 tons. Oman's imports were decreased by 50,000 tons to 100,000 tons, also based on shipment pace.

Global Trading Prices Increase 12-15 Percent

Based on Large Philippine Tender, Weaker Dollar

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have risen 12-15 percent from the first week of November.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$611 per ton for the week ending December 8, up 12 percent from the week ending November 9. Prices for 5-percent broken were quoted at \$597 per ton for the week ending December 8, up 14 percent from the week ending November 9. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$610 per ton for the week ending December 8, up 7 percent from the week ending November 9.

Low-quality rice prices have also increased. For the week ending December 8, prices for Thailand's A-1 Super 100-percent broken were quoted at \$400 per ton, up 24 percent from the week ending November 9.

The regular source of Vietnam's nominal export price information was unavailable for early December. In November, price quotes increased from \$440 per ton in the first week to \$480 per ton by November 24. Vietnam's prices are now quoted at \$530- \$540 per ton.

U.S. long-grain milled rice export prices continue to rise. For the week ending December 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 \$562 per ton, up \$33 from the week ending November 10. U.S. prices (adjusted to reflect the fob vessel price) are currently \$34 per ton below Thailand's quotes. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) is quoted at \$345 per ton for the week ending December 8, down \$5 from the week ending November 10.

The price situation in California is different than in the South. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$816 per ton for the week ending December 8, unchanged since early November. Export price quotes (for 30-kg bags, fob vessel) are reported at \$775 per ton, also unchanged from early November. California milled rice export prices have dropped about 20 percent since August. Δ



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