

# Production Increase Attributed To Long Grain Rice

## rice outlook

### ECONOMIC RESEARCH SERVICE

U.S. Department of Agriculture, Washington, DC  
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The 2009/10 U.S. rough-rice crop is projected at 224.0 million cwt, up 10 percent from a year earlier and the second highest on record. The 2009/10 production increase is the result of both expanded plantings and a higher projected yield. The average yield – projected at 7,082 pounds per acre – is 236 pounds above last year and the second-highest on record. The 2009/10 yield projection is based on 1990-2008 yield trends by class of rice and State. The first objective yield forecast for the 2009/10 crop will be released in the August Crop Production report.

Long-grain accounts for almost all of the production increase. The 2009/10 long-grain crop is projected at 173.0 million cwt, up 13 percent from a year earlier and the second highest on record. Combined medium/short-grain production is projected at 51.0 million cwt, up 1 percent from last year.

The 2009/10 area forecast is taken from the March 2009 Prospective Plantings, which indicated U.S. rice plantings at 3.18 million acres, up 6 percent from a year earlier and the highest since 2005/06. The first USDA survey of actual plantings of the 2009 crop will be released on June 30, 2009.

Growers indicated expanded rice plantings in all reported States except California, with Arkansas accounting for the bulk of the 188,000-acre expansion. Acreage was indicated to increase more than 12 percent in both Arkansas and Missouri, with Missouri's plantings the highest on record. Expansion in other southern States was much smaller.

In contrast to the South, California growers indicated an 8-percent decline in rice plantings for 2009/10. In early March, there was much concern over whether California growers would receive adequate water allocation to produce rice. However, heavy snow and rain during February and March have reduced concerns over water availability in the Sacramento Valley where the bulk of California's rice is grown.

Although rice prices have declined since reaching record highs in 2008, they remain well above 2000-2007 levels and have not declined as much as prices for most competing crops.

### Progress of 2009 Rice Crop Lags U.S. 5-Year Average

As of May 10, about 69 percent of the U.S. crop had been planted, about 4 percentage points behind a year earlier and below the U.S. 5-year average of 80 percent. The Delta accounts for the bulk of this year's slower pace, a result of heavy rains this spring that have impeded field work. In Arkansas, 66 percent of the crop was planted by May 10, unchanged from a year earlier, but well behind the five-year average of 85 percent. About 73 percent of the Mississippi crop was planted by May 10, behind last year's 80 percent and the State's 5-year average of 90 percent. In Missouri, 53 percent of the crop was planted by May 10, compared with 73 percent last year and a 5-year average of 82 percent. In 2008/09, plantings in the Delta were also delayed several weeks due to excessive rain.

Planting is nearly complete in Texas and Louisiana. About 96 percent of the Texas crop was reported planted by May 10, slightly behind last year and the Texas 5-year average. In Louisiana, 92 percent of the crop was reported planted by May 10, also slightly behind last year and the State's 5-year average. About half the California crop was reported planted by May 10, behind 63 percent last year, but ahead of the 5-year California average of 44 percent.

The pace of emergence is slightly ahead of last year, but behind the U.S. 5-year average.

### U.S. 2009/10 Total Rice Supplies Expected To Be 7 Percent Larger than a Year Ago

Total U.S. supplies of rice in 2009/10 are projected at 268.2 million cwt, 7 percent larger than a year ago and the largest since 2005/06. In 2009/10, a much larger crop and increased imports are expected to more than offset a smaller carryin.

At 23.2 million cwt, the 2009/10 carryin is 21 percent below a year earlier and the smallest since 1999/2000. Long-grain accounts for the bulk of the decline in carryin. At 13.3 million cwt, the 2009/10 long-grain carryin is 30 percent below a year earlier and the lowest since 2004/05.

At 21.0 million cwt, 2009/10 imports are projected to be the second highest on record and up 10 percent from 2008/09.

### U.S. 2009/10 Rice Exports Projected To Increase 4 Percent

Total use of U.S. rice in 2009/10 is projected at 229.0 million cwt, fractionally above a year earlier. In 2009/10, a 4-percent increase in exports is expected to nearly offset a 2-percent reduction in total domestic disappearance. At 97.0 million cwt, exports are up 4.0 million cwt from the revised 2008/09 forecast.

Rough-rice accounts for all of the projected expansion in U.S. exports in 2009/10. At 37.0 million cwt, rough-rice exports are projected to be 12 percent larger than a year earlier. Latin America accounts for the bulk of U.S. rough-rice exports, buying almost exclusively long-grain. The U.S. accounts for almost all rice imported by Mexico and Central America, the two largest markets for U.S. rice. None of the major Asian exporters allow rough-rice to be exported. Combined milled and brown rice exports (on a rough-equivalent basis) are forecast at 60.0 million, unchanged from the previous year.

By class, the long-grain exports are forecast at 74.0 million cwt, up 7 percent from 2009/10. Latin America, 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 23.0 million cwt, down 1 million from a year earlier. Northeast Asia, the Eastern Mediterranean, and Oceania are the largest markets for U.S. medium/short-grain rice. Egypt, a major competitor with the U.S. in the Middle East, is expected to lift its export ban in October. Oceania was previously supplied by Australia, until severe drought sharply reduced Australia's exports.

U.S. ending stocks for 2009/10 are projected at 39.2 million cwt, 69 percent larger than the previous year and the highest since 1992/93. The stocks-to-use ratio, calculated at 17.1 percent, is up almost 7 percentage points from the previous year, but slightly below 2006/07.

By class, long-grain ending stocks are projected to increase 120 percent to 29.3 million cwt. The long-grain stocks-to-use ratio is calculated at 16.8 percent, up from 7.6 percent in 2008/09. Medium/short-grain ending stocks are projected at 8.6 million cwt, unchanged from a year earlier. The medium/short-grain stocks-to-use ratio is calculated at 15.6 percent, nearly unchanged from a year earlier.

There were several revisions this month to the 2008/09 export forecasts. First, the rough-rice export forecast was lowered 2.0 million cwt to 33.0 million, primarily based on shipment pace through April and expectations regarding shipments the remainder of the year. In contrast, the milled-rice export forecast was raised 1.0 million cwt to 60.0 million, also largely based on shipment pace and expectations regarding shipments in the final quarter of the market year. By class, long-grain exports were lowered 2.0 million cwt to 69.0 million, and medium/short-grain were raised 1.0 million cwt to 24.0 million. Through April 30, shipments to Mexico and Central America – the top markets for U.S. long-grain rice – were well behind a year earlier. Ending stocks for all-rice and by class were adjusted to reflect the export revisions.

### U.S. 2009/10 All-Rice Season-Average Farm Price Projected at \$10.50-\$11.50 per Cwt

The 2009/10 season-average farm price (SAFP) is projected at \$10.50-\$11.50 per cwt, down from a revised \$15.75-\$16.25 a year earlier. The substantial decline in the SAFP is primarily based on weaker global prices and much larger U.S. supplies. The long-grain 2009/10 SAFP is projected at \$9.50-\$10.50 per cwt, down from a revised \$14.60-\$15.10 a year earlier. The medium/short-grain SAFP is projected at \$15.50-\$16.50 per cwt, down from a revised \$20.90-\$21.40 in 2008/09.

The 2008/09 U.S. all-rice season-average farm price (SAFP) was lowered 50 cents per hundredweight (cwt) on the high end. The downward revision was based on reported cash prices through mid-April and expectations regarding prices for the remainder of the market year. Despite the downward revision, the 2008/09 SAFP is the highest on record.

Last month, USDA reported a mid-April all-rice rough-rice cash price of \$15.70 and lowered the March price to \$15.30 from a preliminary \$15.50 per cwt. Despite the downward revision, the February cash price is still more than \$2.00 above a year earlier. By class, the long-grain mid-April cash price was reported at \$13.60 per cwt, up from a revised February cash price of \$13.50. The March long-grain price was lowered 10 cents from the mid-month estimate. U.S. long-grain reported cash prices have dropped \$4.40 since the start of the 2008/09 market year, partly a response to declining global trading prices.

For medium/short-grain rice, the mid-April price was reported at a record \$23.80 per cwt, up 40 cents from a revised March price. The March price was lowered 20 cents from the mid-month estimate. U.S. medium/short-grain prices have risen \$5.50 since August. Medium/short-grain prices are being supported by smaller U.S. supplies this year, impacts from Egypt's export ban, and overall tight supplies in the global medium/short-grain market. Δ



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