

Production Increase Forecast Attributed To China



ECONOMIC RESEARCH SERVICE

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Global rice production in 2009/10 is projected at a record 449.0 million tons (milled basis), up slightly from last month's forecast and 1 percent larger than 2008/09 production. The year-to-year production increase is due to both expanded area and a record yield. At 157.4 million hectares, global rice area is 1.0 million hectares above a year earlier and the highest on record.

The largest 2009/10 production change this month was for China. China's production forecast was raised 700,000 tons to 135.1 million based on larger plantings. EU rice production was raised 1 percent to a record 1.9 million tons, a result of a larger area forecast. Italy accounts for most of the upward revision in EU production. On an annual basis, rice production in the EU is up 13 percent from last year, primarily due to a record planting of 449,000 hectares. Italy and Spain account for the bulk of EU rice production and most of the projected year-to-year increase. Vietnam's rice crop was raised fractionally to 23.8 million tons, based on larger area. The crop is up slightly from 2008/09 production, but still below the 2007/08 record production.

In contrast, the 2009/10 U.S. crop forecast was reduced 0.3 million tons to 6.75 million tons, a result of a lower area forecast. Guyana's 2009/10 production forecast was lowered slightly to 315,000 tons based on a smaller area estimate.

There were five 2008/09 production revisions this month. First, China's production was lowered 770,000 tons to 134.3 million based on a weaker yield. Area was actually increased 200,000 hectares to 29.4 million. The revisions were based on government data. Vietnam's 2008/09 production estimate was lowered slightly to 23.7 million tons based on slightly smaller area. In contrast, Indonesia's 2008/09 production forecast was raised 1.0 million tons to a record 38.3 million based on a higher area estimate reported by the government. Rice area in 2008/09 in Indonesia is estimated at a record 12.2 million hectares. In 2008/09, weather conditions in Indonesia were quite favorable for rice production. India's 2008/09 production was raised 0.47 million tons to 99.37 million based on government data reporting a slightly higher yield. The 2008/09 crop is the largest ever harvested by India and just fractionally below the 2009/10 forecast. Rice production in the Philippines was raised 0.16 million tons to a record 10.75 million based on a higher yield.

Global disappearance for 2009/10 remains projected at a record 443.4 million tons, up 2 percent from the previous year. South Asia, Southeast Asia, and Sub-Saharan Africa account for the bulk of the projected increase in global disappearance in 2009/10. The 2009/10 global ending stocks forecast was lowered fractionally from last month to 94.5 million, up 6 percent from 2008/09 and the highest since 2002/03. Stocks remain well below the 2000/01 record of 146.7 million. The global stocks-to-use ratio is calculated at 21.3 percent, up from 20.4 percent a year earlier and the highest since 2002/03.

Global Rice Trade Projected To Increase 5 Percent in 2010

Global trade for 2010 is forecast at 30.1 million tons, up 500,000 from last month's forecast

and 5 percent larger than this year. Global trade in 2010 is projected to be second only to the 2007 record. On the export side, Burma's exports were raised 500,000 tons to 800,000 based on a stronger than expected pace of shipments so far in 2009. U.S. exports were raised 50,000 tons to 3.15 million based on higher market year forecasts.

Global rice trade in 2009 is forecast at 28.7 million tons, down 1 percent from the June forecast and 3 percent below last year. There were several major revisions on the 2009 export side. Pakistan's exports were lowered 400,000 tons to 3.6 million, China's exports were lowered 500,000 tons to 800,000, and Thailand's were reduced 500,000 tons to 8.5 million. Finally, the U.S. export forecast was raised 100,000 tons to 3.2 million.

On the import side, Brazil's 2009 import forecast was lowered 145,000 tons to 470,000; Cuba's imports were lowered 75,000 tons to 525,000; and the Philippine's imports were lowered 50,000 tons to 1.75 million.

Thailand's Trading Prices Increase 3-4 Percent On Limited Exportable Supplies, a Stronger Baht

Thailand's trading prices for high- and medium-quality grades of non-aromatic rice have increased 3-4 percent from a month earlier, largely due to a stronger baht and tighter exportable supplies due to a delay in the release of government-held stocks. Thailand's quoted prices are well above prices from other Asian sources, largely due to its rough-rice intervention program. There is very little actual selling of rice at current price quotes.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$602 per ton for the week ending June 29, up \$21 from the week ending June 8. Prices for 5-percent brokens were quoted at \$582 per ton for the week ending June 29, up \$22 from the week ending June 8. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$614 per ton for the week ending June 29, up \$21 from the week ending June 8.

The price increase for low-quality rice has been less than increases for the higher quality grades. For the week ending June 29, prices for Thailand's A-1 Super 100-percent brokens were quoted at \$326 per ton, up \$11 from the week ending June 8.

Vietnam's price quotes from recent tenders are below the official minimum export prices. For the week ending July 7, price quotes for Vietnam's 5-percent brokens reflect a price of around \$405 per ton, about \$55 below the minimum export price.

Export price quotes for U.S. long-grain milled rice are down slightly from a month earlier, largely due to a lack of new business as well as a transitioning from the old crop year to the new. For the week ending July 7, price quotes for high-quality southern long-grain rice (No. 2, 4-percent brokens, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$496 per ton, down \$6 from the week ending June 9.

U.S. prices (adjusted to reflect the fob vessel price) are currently \$90 below Thailand's price quotes. However, there have been few sales of high-quality rice by Thailand at quoted prices. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) are reported at \$310 per ton for the week ending July 7, down \$5 from early June.

Price quotes for California medium-grain milled rice continue to slowly decline, but remain quite high. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$1,091 per ton for the week ending July 7, down \$33 from early June. Export price quotes (in 30-kg bags, fob vessel) are reported at \$1,125 per ton, down \$25 from early June. △