

# Record Global Rice Crop Predicted For Fourth Year



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## rice outlook

### ECONOMIC RESEARCH SERVICE

U.S. Department of Agriculture, Washington, DC

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**G**lobal rice production for 2008/09 is projected at a record 441.1 million tons (on a milled basis), virtually unchanged from last month, but 2 percent above 2007/08 production. This is the fourth consecutive year of a record global rice crop. This year's record global rice production is due to expanded rice area, estimated at a record 155.4 million hectares. The average yield of 4.2 tons per hectare – the highest on record – is virtually unchanged from last year. Global disappearance is projected at a record 433.5 million tons, virtually unchanged from last month's forecast, but more than 1 percent larger than a year earlier.

Global ending stocks are projected at 86.1 million tons, unchanged from last month's forecast, but almost 10 percent larger than a year earlier. Global ending stocks are the highest since 2002/03. This is the second consecutive year of a significant build-up in global stocks. China and India account for the bulk of the increase in ending stocks in 2008/09. Thailand's stocks are also forecast to be larger in 2008/09, while U.S. stocks are down about 25 percent. The global stocks-to-use ratio is calculated at 19.9 percent, up from 18.3 percent in 2007/08 and the highest since 2002/03.

There were several production revisions for 2008/09 this month, mostly based on information from U.S. agricultural counselors in U.S. Posts. On balance, the upward revisions were nearly offset by reductions. Vietnam reported the largest upward revision in production. Vietnam's production was raised almost 0.3 million tons to 23.8 million tons, a result of a slightly larger area estimate and a higher yield. The winter-spring crop, the largest of Vietnam's three annual rice crops and currently being harvested, accounts for all of the upward revision. Brazil's 2008/09 production forecast was raised 0.2 million tons to 8.5 million based on a higher yield. Harvest is currently underway in southern Brazil, where the bulk of the crop is grown. Smaller upward revisions in production were made this month for Japan, Liberia, Malaysia, and Mali.

Cote D'Ivoire reported the largest downward revision in production this month. Production for 2008/09 in Cote D'Ivoire was lowered almost 0.2 million tons to 445,000 based on much lower area. Historic area and production estimates for Cote d'Ivoire were revised this month, largely based on data from the U.N.'s Food and Agricultural Organization. The Philippines' production estimate was lowered 57,000 tons to 10.6 million based on a smaller area estimate. Uruguay's crop was lowered 38,000 tons to 970,000 tons based on smaller area resulting from drought. Smaller downward revisions in production were made this month for Cameroon, Colombia, Guinea, Kenya, Mauritania, Mexico, Senegal, and Togo.

In 2008/09, most rice exporters are projected to harvest larger crops, with record production projected for three of the top six exporters – Thailand, India, and Pakistan.

Of the remaining top three exporters, only Vietnam is projected to harvest a smaller crop in 2008/09. China and the United States harvested larger crops in 2008/09. Production is estimated to be little changed from last year in Egypt, Uruguay, and Argentina, all midsized rice exporters.

Most major rice importers are projected to harvest larger crops in 2008/09, with production in Sub-Saharan Africa, the Philippines, Bangladesh, Indonesia, and Malaysia the largest on record. Iran and Iraq are exceptions among the major importers, with declines in production estimated for both countries due to severe drought in the region.

### Import Forecasts for 2009 Raised for Brazil and Venezuela

The 2009 calendar year global rice trade forecast was raised fractionally to 29.5 million tons (milled basis), virtually unchanged from last year. Global trade in 2009 is projected 8 percent below the 2007 record of 32.0 million tons. Export bans and high prices accounted for much of the decline in global trade in 2008. The high prices last spring and summer encouraged expanded plantings in many importing countries, limiting any trade growth this year.

There were no revisions this month for 2009 for any major or midsized exporter. However, there were several 2009 import revisions this month, largely based on information from U.S. agriculture counselors in overseas Posts. There were three upward import revisions. First,

Brazil's imports were boosted 115,000 tons to 615,000 based on expectations of larger purchases from Argentina and Uruguay. Second, Vietnam's imports were raised 100,000 tons to 400,000, based on expectations of larger cross border shipments from Cambodia. Third, Russia's imports were raised 54,000 tons to 274,000 tons.

These upward revisions were nearly offset by three reductions. First, Venezuela's imports were lowered 95,000 tons to 150,000 based on economic conditions in the country and record purchases in 2008. In addition, Turkey's imports were lowered 60,000 tons to 140,000 tons and Mexico's were lowered 20,000 tons to 630,000, both based on recommendations from the U.S. agricultural counselors.

Although the 2008 global trade estimate is virtually unchanged from last month, there were several country-specific revisions on the import side, primarily based on recommendations from the U.S. Post and shipment data. The downward revisions included: a 150,000-ton reduction in Indonesia's 2008 imports to 350,000; a 154,000-ton decrease in Japan's 2008 import estimate to 546,000 tons; an 80,000-ton reduction in Mexico's imports to 577,000 tons; and a 100,000-ton cut in Vietnam's imports to 300,000 tons. These reductions were offset by several upward revisions. The largest was a 74,000-ton increase in Venezuela's 2008 imports to a record 314,000 tons. Smaller upward revisions in imports were made for Algeria, China, and Turkey.

### Thailand's Trading Prices

#### Decline 4-5 Percent from Last Month

Thailand's trading prices for high- and midquality grades of nonaromatic rice have declined 4-5 percent from a month earlier, largely due to a lack of major new sales and expectations of a bumper second-crop harvest. Despite the decline, Thailand's quoted prices are well above prices from other sources, largely a result of its government's rough-rice intervention program.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$593 per ton for the week ending April 6, down \$26 from the week ending March 9. Prices for 5-percent broken were quoted at \$571 per ton for the week ending April 6, down \$20 from March 9. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$589 per ton for the week ending April 6, down \$39 from the week ending March 9.

In contrast, prices for lower quality rice have slightly increased since last month. For the week ending April 6, prices for Thailand's A-1 Super 100-percent broken were quoted at \$349 per ton, up \$18 from the week ending March 9. All price quotes for Thailand's rice are from the Weekly Rice Price Update, reported by the U.S. agricultural counselor in Bangkok.

The Government of Vietnam currently has a ban on new commercial sales through June 2009, as Vietnam oversold during first half of the year. Vietnam sold 3.0 million tons of rice for delivery in the first half of 2009. The ban does not restrict government sales. For the week ending April 7, the minimum export price announced by the Vietnam Food Association for Vietnam's top-quality 5-percent broken for July-September delivery was \$460 per ton, unchanged from a month earlier. There is currently little interest by buyers in sales this far forward.

In contrast to Thailand, export price quotes for U.S. long-grain milled rice have increased since last month, partly a response to a large sale to Iraq, as well as smaller-than-expected stocks on March 1. For the week ending April 7, 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 \$529 per ton, up \$22 from the week ending March 10, but still more than \$400 below the late-April record. U.S. prices (adjusted to reflect fob vessel price) are actually lower than Thailand's price quotes. However, there have been few, if any, 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 \$320 per ton for the week ending April 7, up \$15 from the week ending March 10.

Price quotes for California medium-grain milled rice have also increased from a month ago and are the highest on record. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$1,213 per ton for the week ending April 7, up \$122 from early March. Export price quotes (in 30-kg bags, fob vessel) remain reported at \$1,125 per ton, unchanged from last month. U.S. medium-grain prices are being supported at record levels by Egypt's export ban, a lack of any significant exportable supplies in Australia, a smaller U.S. medium/short-grain crop in 2008/09, and strong pace of shipments and sales to date. Δ