

Record Global Rice Production Reflects Expanded Acreage



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Global rice production for 2008/09 is projected at a record 433.2 million tons (on a milled basis), up 1.25 million tons from last month's forecast and 3.0 million tons above 2007/08 production. This year's record global rice production is due to expanded area, estimated at 156.9 hectares, the highest on record. The yield of 4.1 tons per hectare has been unchanged since 2005/06. Yield growth this century has been quite low.

Global disappearance is projected at a record 430.4 million tons, up 1.5 million tons from last month's forecast and almost 3.0 million tons larger than a year earlier. Bangladesh, Burma, and Pakistan account for most of this month's upward revision in global disappearance. Global ending stocks are projected at 80.5 million tons, fractionally above last month and almost 4 percent larger than a year earlier. This is the second consecutive year of a significant buildup in global ending stocks. The global stocks-to-use ratio is calculated at 18.7 percent, up from 18.2 percent in 2007/08 and 17.8 percent in 2006/07.

Production forecasts for 2008/09 were raised this month for Burma, Bangladesh, Pakistan, the Dominican Republic, and several countries in Sub-Saharan Africa. Burma's production forecast was raised 0.4 million tons to 9.8 million based on reports that more area than expected was recovered from damage inflicted in May by Hurricane Nargis. Despite this month's upward revision in Burma's production, the crop is still 9 percent below last year, with both area and yield smaller. The 2008/09 Bangladesh production forecast was raised 200,000 tons to a record 29.6 million tons, a result of slightly larger area. Pakistan's 2008/09 production forecast was raised 200,000 tons to a record 6.0 million tons, a result of larger area. The crop is 9 percent larger than a year earlier, mostly due to expanded area.

In Sub-Saharan Africa, production forecasts for 2008/09 were raised for Mali, Sierra Leone, and Tanzania. In the Caribbean, the Dominican Republic's 2008/09 production forecast was raised 0.8 million tons to 461,000 tons based on larger area. The revisions for the Dominican Republic were based on historical data reported by the United Nations Food and Agricultural Organization.

The upward revisions in 2008/09 production forecasts were partially offset by two reductions. First, Australia's crop was lowered 136,000 tons to just 44,000 based on recently released government data indicating much lower area. And second, the U.S. crop was reduced 0.9 million tons 6.5 million based on a lower yield.

This month, the 2007/08 global crop was raised 0.7 million tons to 430.2 million tons. Bangladesh's crop was raised 0.2 million tons to 28.8 million tons due to a higher yield. Production forecasts for 2007/08 were also raised this month for Sierra Leone, Tanzania, and the Dominican Republic.

Export Forecasts for 2008 and 2009 Raised for Burma

Global rice trade for calendar year 2009 is projected at 28.5 million tons (milled basis), up 0.2 million from last month's forecast, but 2 percent below the 2008 forecast. The 2-percent decline in trade in 2009 is primarily based on expectations of continued export restrictions by India and Egypt, high trading prices, and record crops in several major importing countries.

There was only one export revision for 2009 this month. Burma's exports were raised to 200,000 tons from zero, based on a larger crop. On a year-to-year basis, reduced shipments from Thailand, India, Burma, the United States, Brazil, and Cambodia are projected to more than offset expanded exports from Vietnam, Egypt, Pakistan, China, and Argentina. On the import side as well, there was only one revision. Imports by the United Arab Emirates (UAE) were raised 220,000 tons to 300,000 tons, based newly available trade data going back to 2005.

Global trade in 2008 remains forecast at 29.1 million tons, 9 percent below the 2007

record. There was only one export revision. Burma's exports were raised 25,000 tons to 450,000 based on larger supplies. On an annual basis, India accounts for the bulk of the decline in global exports. Exports are projected to be smaller than in 2008 than last year in Australia, China, Egypt, and South Korea as well.

On the import side, Mexico's imports were raised 50,000 tons to a record 650,000 tons based on a record pace of deliveries through July and expectations regarding purchases the remainder of the year. The United States supplies nearly all of Mexico's rice imports. In addition, imports by the UAE were raised 220,000 tons to 300,000 tons based on new trade data.

Thailand's Trading Prices Continue To Decline Due to Weak Demand, Large Government-Held Stocks, and Lower Commodity Prices

Thailand's trading prices for higher quality nonspecialty rice are down \$30-\$35 per ton from early September, primarily due to a lack of new sales, large government-held stocks, and lower overall commodity prices resulting from the global financial crisis. Thailand's exporters are facing intense competition from much-lower-priced rice from Vietnam and Pakistan.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$676 per ton for the week ending October 6, down \$30 from the week ending September 8. Prices for 5-percent broken were quoted at \$657 per ton for the week ending October 6, down \$31 from September 8. Prices for Thailand's 5-percent parboiled rice were quoted at \$668 per ton for the week ending October 6, down \$60 from a month ago, as sales to Nigeria – Thailand's largest buyer – are weak. Prices for Thailand's jasmine rice (a premium aromatic rice) were quoted at \$812 per ton for the week ending October 6, virtually unchanged from a month earlier.

Prices for lower quality rice have declined even more. For the week ending October 6, prices for Thailand's A-1 Super 100-percent broken were quoted at \$385 per ton, down \$45 from a month ago, mostly due to weak demand. All price quotes for Thailand's rice are from the Weekly Rice Price Update, reported by the U.S. agricultural counselor in Bangkok.

Vietnam has resumed commercial sales since July, when the government lifted the ban. For the week ending October 7, price for Vietnam's top-quality 5-percent broken were quoted at \$510 per ton, down \$90 from a month ago. Vietnam is currently quoting prices about \$165 per ton below prices for comparable grades of Thailand's rice, making Vietnam a very competitive exporter.

Export price quotes for U.S. long-grain milled rice declined in early October after increasing during September in response to damage and delays caused by the two Gulf Coast hurricanes. This month's decline is largely due to weaker global rice prices, lower overall commodity prices, and less-than-expected hurricane damage. For the week ending October 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 \$772 per ton, down \$22 from a month earlier and about \$175 below the late-April record. U.S. prices (adjusted to reflect fob vessel price) are about \$110 per ton above Thailand's price quotes, up a few dollars per ton from a month earlier.

Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) were reported at \$435 per ton for the week ending October 7, unchanged from a month earlier. U.S. rough-rice prices actually rose to \$450 per ton in late September due to delays caused by the two hurricanes and uncertainty over the degree of crop damage they caused.

Price quotes for California rice have increased slightly this month. Prices for California package-quality medium-grain rice (sacked) for domestic sales were quoted at \$1,124 per ton for the week ending October 7, down about \$10 from the month-earlier record. Export price quotes (in 30-kg bags, fob vessel) remain reported at a record \$1,175 per ton, unchanged since July. U.S. medium-grain prices are being supported at record levels by Egypt's export ban and a lack of any significant exportable supplies in Australia.

In the text and tables of this report, price quotes for U.S. long- and medium-grain milled rice and for U.S. rough-rice exports are from the weekly Creed Rice Market Report. Δ