

Record U.S. Price Forecast Based On Small Supplies

The 2008/09 U.S. all-rice season-average farm price (SAFP) was raised \$1.35 per hundredweight (cwt) on both the high and low ends to \$16.50-\$17.50 per cwt, the highest on record and well above the SAFP of \$12.80 in 2007/08. Although global rice prices have trended downward since the start of the 2008/09 market year, they are declining at a slower-than-expected pace. Thailand's rough-rice purchase program and continued export bans by India and Egypt are limiting the decline in global prices.

On an annual basis, the record U.S. price forecast is largely based on very high U.S. rough-rice prices early in the market year, smaller U.S. rice supplies, and continued trade restrictions by Egypt and India. By class, the 2008/09 long-grain rough-rice price is forecast at a record \$15.50-\$16.50 per cwt, up \$1.00 on each end from last month and well above \$12.50 a year earlier. The combined medium/short-grain average price is projected at a record \$21.50-\$22.50 per cwt, up \$3.50 on each end from last month's forecast and sharply higher than \$13.80 in 2007/08.

Last month, USDA reported a preliminary December all-rice rough-rice cash price of \$18.00 per cwt, and raised the November price to \$17.70 from a preliminary \$17.30. The December preliminary cash price is more than \$6.00 above a year earlier. By class, the long-grain mid-December cash price was reported at \$16.40 per cwt, up 10 cents from the revised November cash price. Despite this month's increase, U.S. long-grain cash prices have dropped \$1.50 since the start of the 2008/09 market year. For medium/short-grain rice, the mid-December price was reported at \$23.10 per cwt, up \$2.80 from a revised November price and the highest on record. The November mid-month price was raised \$1.30 to \$20.30 per cwt.

U.S. 2008/09 Rough Rice Crop Estimated at 203.7 Million Cwt

The 2008/09 U.S. rough-rice crop is estimated at 203.7 million cwt, up fractionally from the previous NASS forecast released in November and 3 percent larger than a year earlier. At 3.00 million acres, planted area is up 55,000 acres from the previous estimate and 8 percent larger than 2007 area. In January, USDA raised the Arkansas planting estimate 50,000 acres and increased Texas plantings 5,000 acres.

In contrast, the average yield was lowered 113 pounds per acre to 6,846 pounds, 5 percent lower than the 2007 record. Yields were lowered this month for all reported States except California and Louisiana. Missouri's yield was lowered 7 percent; the Texas yield was reduced 6 percent, the Arkansas yield was cut 3 percent, and Mississippi's yield decreased 2 percent. Louisiana's yield was raised slightly.

By class, the U.S. 2008/09 long-grain crop was lowered 1.5 million cwt to 153.3 million, still 7 percent above 2007 production. In contrast, the medium/short-grain crop was lowered 1.7 million cwt to 50.5 million cwt, almost 9 percent below the 2007 crop. In 2008/09, a 10-percent area reduction more than offset a yield increase of 2 percent.

Rice Production in 2008/09 Estimated Higher In All Reported States Except California and Arkansas

In 2008/09, rice plantings increased in every reported State except California, primarily due to extremely high prices at planting and expectations of high prices in 2008/09. At 470,000 acres, rice plantings in Louisiana were up 24 percent from a year earlier. Plantings in Arkansas expanded 5 percent to 1.4 million acres. In Mississippi, rice plantings of 230,000 acres were up 21 percent from 2007. Texas plantings expanded 20 percent to 175,000 acres. Missouri's plantings of 200,000 acres were up 11 percent from 2007. In contrast to the South, plantings in California declined 3 percent in 2008/09 to 519,000 acres.

Average field yields are estimated to be lower in 2008/09 in all reported States except California and Texas. At 6,660 pounds per acre, the Arkansas average field yield is down 7 percent from the previous year. The average yield in Mississippi of 6,850 pounds per acre is 8 percent below 2007. Louisiana's 2008/09 yield is estimated to have declined 5 percent to 5,830 pounds. Missouri's average yield of 6,620 pounds per acre is down 4 percent from 2007. In addition to substantial hurricane damage in September, much of the Delta rice growing area had a severely delayed start to planting due to abnormally cool temperatures. In contrast, the average Texas yield of 6,900 pounds per acre is up almost 5 percent from the previous year and the California yield of 8,320 pounds is 1 percent higher than a year earlier. Most of the Texas crop was harvested before the hurricanes struck.

Rice production was larger in 2008/09 in all reported States except Arkansas and California. The Louisiana crop of 27.0 million cwt is 16 percent larger than a year earlier, primarily due to expanded area. Texas harvested 11.9 million cwt of rice in 2008/09, an increase of 24 percent from 2007/08, mostly due to larger plantings. Mississippi's production of 15.7 million cwt was 11 percent above the previous year due to larger area. At 13.2 million cwt, Missouri's production increased 7 percent in 2008/09, also due to expanded plantings. In contrast, Arkansas' production dropped almost 2 percent to 92.9 million cwt in 2008/09, as a lower yield more than offset expanded plantings. Despite a higher yield, reduced plantings pulled California's 2008/09 crop down 2 percent to 43.0 million cwt.

U.S. 2008/09 Import Forecast Lowered 4.5 Million Cwt to 18 Million

The 2008/09 U.S. import forecast was lowered 4.5 million cwt to 18.0 million, 25 percent below a year earlier and the lowest since 2005/06. Through October, imports from Thailand, India, and China – typically the largest suppliers of imports to the United States – were sharply below year earlier levels and below prior expectations.

The forecast for long-grain imports was lowered 2.0 million cwt to 15.0 million, down 15 percent from 2007/08 and the lowest since 2004/08. The medium/short-grain forecast was lowered 2.5 million cwt to 3.0 million, less than half the year earlier near-record.

Despite the slightly larger crop forecast, the reduced import forecast lowered total U.S. supplies of all rice in 2008/09 to 251.2 million cwt, 4 percent below a year earlier and the lowest since 2003/04. Medium/short-grain accounts for the bulk of the contraction in supplies. Medium/short-grain supplies are down 12 percent from a year earlier, while long-grain supplies are just 1 percent smaller. The 2008/09 all-rice carryin remains estimated at 29.4 million cwt, 25 percent below a year ago. Long-grain accounts for most of the decline in carryin.

U.S. 2008/09 All-Rice Export Forecast Lowered 5.0 Million Cwt to 101.0 Million Cwt

Total use of U.S. rice in 2008/09 is projected at 228.0 million cwt, down 4.0 million cwt from last month's forecast and 2 percent below last year. Exports account for all of this month's reduction in total use. The 2008/09 all-rice export forecast was lowered 5.0 million cwt to 101.0 million cwt, down 6 percent from last year. The downward revision was largely based on shipment pace and smaller U.S. supplies.

Milled-rice exports were lowered 4.0 million cwt to 63.0 million, mostly due to a slower-than-expected pace of shipments and sales to the Middle East. The rough-rice export forecast was lowered 1.0 million cwt to 38.0 million.

By class, long-grain exports were lowered 6.0 million cwt to 77.0 million, mostly due to weaker-than-expected sales and tighter U.S. supplies. In contrast, the medium/short-grain export forecast was raised 1.0 million cwt to 24.0 million cwt based on a stronger than expected pace of sales through late December.

Total domestic disappearance – including the residual that accounts for losses in processing, marketing, and transportation – was raised 1.0 million cwt to a near-record 127.0 million, up 2 percent from the year-earlier record. The long-grain domestic and residual use forecast was raised 3.0 million cwt to a record 95 million. In contrast, the medium/short-grain domestic and residual use forecast was lowered 2.0 million cwt to 32.0 million.

U.S. ending stocks for 2008/09 are projected at 23.2 million cwt, almost unchanged from last month's forecast but 21 percent below the previous year. These are the lowest ending stocks since 1998/99. The stocks-to-use ratio is calculated at 10.2 percent, down from 12.7 percent a year earlier and the lowest since 1974/75. By class, long-grain ending stocks are projected at 15.3 million cwt, down 3 percent from last month's forecast and 20 percent below a year earlier. Medium/short-grain ending stocks are projected at 6.6 million cwt, up 4 percent from last month's forecast but 28 percent below a year earlier. Medium/short-grain ending stocks are the lowest since at least 1982/83.

Data from the January 2009 NASS Rice Stocks report indicate total U.S. rice stocks on December 1, 2008, at 146.1 million (rough-basis of both milled and rough-rice stocks), down 8 percent from a year earlier. Long-grain stocks on December 1 are calculated at 100.5 million cwt, down 6 percent from a year earlier. December 1 combined medium/short-grain stocks are calculated at 43.9 million cwt, down 10 percent from a year earlier. Δ



DOMESTIC HIGHLIGHTS

- The season-average farm price was raised \$1.35 per hundredweight on both the high and low ends to a record \$16.50-\$17.50 per cwt.
- U.S. rough-rice crop was raised fractionally to 203.7 million cwt.
- The 2008/09 U.S. import forecast was lowered 4.5 million cwt to 18.0 million based partly on a slower-than-expected delivery pace through October.



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