

Rice Prices Down, But Above Last Year's Level



The 2008/09 U.S. all-rice season-average farm price (SAFP) was lowered 50 cents per hundredweight (cwt) on both the high and low ends to \$15.50-\$16.50 per cwt, still the highest on record and well above the 2007/08 SAFP of \$12.80. The downward revision was based on reported cash prices through mid-February and expectations regarding prices the remainder of the market year.

By class, the 2008/09 long-grain rough-rice price is forecast at a record \$14.50-\$15.50 per cwt, down 50 cents on each end from last month, but well above \$12.40 a year earlier. The combined medium/short-grain average price remains projected at a record \$20.50-\$21.50 per cwt, well above \$14.60 in 2007/08.

Last month, USDA reported a mid-February all-rice rough-rice cash price of \$16.80 per cwt. The February preliminary cash price is more than \$4.00 above a year earlier. The January full-month price is unchanged from a preliminary \$17.00. By class, the long-grain mid-February cash price was reported at \$15.30 per cwt, unchanged from the revised January cash price. The January long-grain price was lowered 80 cents from the mid-month estimate. U.S. long-grain reported cash prices have dropped \$2.70 since the start of the 2008/09 market year, largely a response to lower global long-grain trading prices.

For medium/short-grain rice, the mid-February price was reported at a record \$23.20 per cwt, up \$2.10 from a revised January price. The January was raised a \$1.60 from the mid-month estimate. U.S. medium/short-grain prices are being supported by smaller U.S. supplies this year, concerns over water availability in California for 2009 plantings, and impacts from Egypt's export ban.

U.S. Rice Imports Are Projected To Decline 25 Percent in 2008/09

There were no supply-side revisions this month. Total supplies remain projected at 251.2 million cwt, down 4 percent from a year earlier. This year, a much smaller carryin and a big decline in imports more than offset a larger crop. At 29.4 million cwt, carryin is 25 percent below a year earlier and the smallest since 2004/05. Long-grain accounts for the bulk of the decline in carryin. At 19.0 million cwt, long-grain carryin is 33 percent below a year earlier and the smallest since 2004/05. Medium/short-grain carryin is estimated at 9.1 million cwt, a drop of 9 percent from a year ago and the smallest since 1999/2000.

Imports of all-rice remain forecast at 18.0 million cwt, down 25 percent from the year-earlier record. Reported deliveries by the U.S. Census Bureau from August-December 2008 were more than a third behind a year earlier. Shipments from the three largest suppliers – Thailand, India, and China – were behind a year earlier. Long-grain imports remain projected at 15.0 million cwt, 15 percent below the year earlier record. Almost all U.S. long-grain imports are aromatics from Asia. Thailand, India, and Pakistan supply virtually all aromatics imported by the United States, with Thailand being the largest supplier of imported rice to the United States.

Medium/short-grain imports remain forecast at 3.0 million cwt, more than 50 percent below the year-earlier near-record. In recent years, large purchases by Puerto Rico have accounted for a substantial share of U.S. medium/short-grain imports, with China as the principle supplier. Through December 2008, there have been virtually no reported shipments of medium/short-grain rice to Puerto Rico for the 2008/09 market year.

The U.S. 2008/09 rough-rice crop remains estimated at 203.7 million cwt, almost 3 percent above a year earlier. The larger crop was the result of an 8-percent area expansion that more than offset a 5-percent yield decline. By class, long-grain accounted for all of the production increase. At 153.3 million cwt, long-grain production is 7 percent larger than a year earlier, a result of an almost 15-percent increase in area that more than offset a lower yield. In contrast, medium/short-grain production declined almost 9 percent to 50.5 million cwt, a result of smaller plantings. The yield was up almost 2 percent from last year and is the second-highest on record.

Rice acreage increased in 2008/09 in all southern rice-growing States, primarily due to extremely high prices at planting and expectations of very strong prices in 2008/09. In contrast, rice acreage declined about 3 percent in California. Yields were lower in 2008/09 in all southern growing States except Texas, a result of late planting in much of the region and two late-summer hurricanes that damaged crops across most of the South. Texas was an exception, as most of the Texas crop was harvested prior to the hurricanes. The California yield was up slightly from last year. All States except California and Arkansas harvested larger crops in 2008/09, with Louisiana accounting for the largest share of the production increase.

U.S. 2008/09 All-Rice Export Forecast Lowered 4.0 Million Cwt to 94.0 Million Cwt

Total use of U.S. rice in 2008/09 is projected at 221.0 million cwt, down 4.0 million cwt from last month's forecast and 5 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 4.0 million cwt to 94.0 million cwt, down 13 percent from last year. The downward revision was largely based on shipment data reported by the Census Bureau through December, shipment and sales through late February 2009 reported in the weekly U.S. Export Sales, and expectations regarding sales and shipment pace the remainder of the market year.

U.S. milled-rice exports were lowered 2.0 million cwt to 58.0 million, 14 percent below a year ago and the lowest since 1985/86. Prior to 1989/90, almost all U.S. rice exports were brown or milled-rice. Through late February 2009, U.S. shipments of milled rice to the Middle East and Sub-Saharan Africa were substantially lower than a year earlier.

The U.S. rough-rice export forecast was lowered 2.0 million cwt to 36.0 million, down 10 percent from a year earlier. Through late February, the U.S. rough-rice shipment pace to Mexico and Central America was sharply behind a year earlier. These are the two largest markets for U.S. rough-rice. In 2007/08, Mexico imported more than 900,000 tons of U.S. rough-rice, the highest on record and 26 percent above a year earlier. The decline in sales to these two markets has been partially offset by substantial U.S. rough-rice sales to Venezuela and Columbia. These two South American countries have not typically been buyers of U.S. rice. Long-grain accounts for almost all of the rice imported by Latin America.

By class, long-grain exports were lowered 2.0 million cwt to 72.0 million, 12 percent below a year earlier. Through late February, the pace of shipments of long-grain rice to the Middle East, North and Central America, and Sub-Saharan Africa was well behind a year earlier. This was partially offset by the large sales of long-grain rice to South America. The medium/short-grain export forecast was lowered 2.0 million cwt to 22.0 million, 16 percent below last year's near-record. Through late February, sales to Turkey were behind a year earlier, and Taiwan has yet to make any of its 2009 WTO purchases. Despite the projected decline in U.S. medium/short-grain exports, the U.S. has picked up markets in Oceania this year previously supplied by Australia. Prolonged drought has sharply lowered Australia's exports.

Total domestic disappearance – including the residual that accounts for losses in processing, marketing, and transportation – remains projected at a near-record 127.0 million cwt, up 2 percent from a year earlier. Long-grain domestic and residual use remains forecast at a record 95 million cwt. Medium/short-grain domestic and residual use remains forecast at 32.0 million cwt, 10 percent below a year earlier. Due to the record high prices of medium/short-grain rice, some U.S. processors are likely switching from medium/short-grain rice to lower-priced U.S. long-grain rice.

U.S. ending stocks for 2008/09 are projected at 30.2 million cwt, up 4.0 million cwt from last month's forecast and more than 2 percent larger than the previous year. The stocks-to-use ratio is calculated at 13.7 percent, up 1 percentage point from last year. By class, long-grain ending stocks are projected at 20.3 million cwt, up 2.0 million cwt from last month's forecast and 7 percent larger than a year earlier. Medium/short-grain ending stocks are projected at 8.6 million cwt, up 2.0 million cwt from last month and 8 percent larger than a year earlier. Despite the upward revision, medium/short-grain ending stocks are the lowest since at least 1998/99.

Δ



Link Directly To: **SYNGENTA**