

Rice Production Increases Partially Offset By Reductions



ECONOMIC RESEARCH SERVICE

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Global rice production in 2010/11 is forecast at a record 452.4 million tons (milled basis), up about 1.0 million tons from last month's forecast and almost 3 percent larger than a year earlier.

China's 2010/11 production estimate was raised by 3.3 million tons to a near-record 139.3 million tons based on recent estimates released by China's National Bureau of Statistics.

Several smaller upward revisions in production were also made. Vietnam's 2010/11 production forecast was raised 70,000 tons to 24.82 million tons based on information from the U.S. Agricultural Counselor in Ho Chi Minh City. Guyana's 2010/11 production forecast was increased 49,000 tons to 364,000 tons based on a higher 2009/10 production estimate and the continuation of government-funded rehabilitation of the country's irrigation infrastructure. Smaller upward revisions in production forecasts were made for France, Spain, and Peru.

These increases were partially offset by several reductions. The largest of the reductions was for India, whose 2010/11 production estimate was reduced 2.0 million tons to 95 million tons.

Egypt's 2010/11 production estimate was reduced this month by 312,000 tons to 3.59 million tons, primarily due to a reduced area estimate.

Pakistan's 2010/11 production estimate was reduced 100,000 tons this month to 5.0 million tons. Production in Pakistan is now estimated to be 1.8 million tons lower than in 2009/10.

North Korea's 2010/11 crop estimate was reduced 70,000 tons this month to 1.8 million tons based on weather conditions this year on the Korean peninsula. Damp and cloudy conditions reduced yields in neighboring South Korea by an estimated 9 percent this year compared with 2009/10.

Global production for 2009/10 was increased by nearly 200,000 tons this month to 441.2 million tons. Vietnam's 2009/10 production estimate was increased 139,000 tons to 24.7 million tons based on information from the U.S. Agricultural Counselor in Ho Chi Minh City. Ecuador's production estimate was increased 113,000 tons to 860,000 tons based on information from the Government of Ecuador. Guyana's production estimate was raised 54,000 tons to 360,000 tons based on final production statistics from the Guyana Rice Development Board. Smaller increases were made for production forecasts for Peru and Spain.

These increases were partially offset by a decreased 2009/10 production estimate for Egypt, down 140,000 tons to 4.16 million tons based on the recommendation of the U.S. Agricultural Counselor in Cairo. A small downward revision was also made for Australia based on final estimates from the Australian Bureau of Statistics.

The global disappearance forecast for 2010/11 was increased this month by 420,000 tons to 453.0 million tons – the highest on record. Increases for China and Vietnam were mostly offset by reductions for Egypt, India, and North Korea. The global ending stocks forecast for 2010/11 was also raised this month to 94.8

million tons, still down slightly from 2009/10 global rice ending stocks. Increased ending stocks for China, Ecuador, and Guyana were partially offset by reductions for Egypt, India, Pakistan, and Vietnam. The global stocks-to-use ratio increased slightly this month to 20.9 percent but is still down from 21.8 percent in 2009/10.

2011 Global Rice Trade Forecast Unchanged at 30.3 Million Tons

Global rice trade for 2011 remains forecast at 30.3 million tons, unchanged from last month, but 1 percent higher than a year earlier.

Global trade for 2010 was increased this month by 356,000 tons to 29.9 million tons. This increase was largely due to an upward revision in Vietnam's export estimate, up 300,000 tons to a record 6.5 million tons, based on a report from the U.S. Agricultural Counselor in Ho Chi Minh City. Similarly, Burma's export estimate was raised 35,000 tons to 400,000 tons this month based on the recommendation of the U.S. Agricultural Counselor in Bangkok, Thailand. Smaller upward revisions in exports were also made for Guyana, Mexico, and South Korea.

Two small adjustments were made for 2010 importers this month. El Salvador's import estimate was increased 5,000 tons to 80,000 tons based on near-final import data for 2010.

Global Trading Prices Rise as Supplies Tighten

Prior to Major Southeast Asian Harvests

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have increased from 2 to 9 percent from the first week of November.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$554 per ton for the week ending December 7, up 9 percent from the week ending November 1. Prices for Thailand's 5-percent broken were quoted at \$535 per ton for the week ending December 7, also up 9 percent from the week ending November 1. Prices for Thailand's 5-percent parboiled rice—a specialty rice—were quoted at \$542 per ton for the week ending December 7, up just 2 percent from the week ending November 1.

Prices were mostly unchanged for Thailand's lower quality rice varieties. For the week ending December 7, prices for Thailand's A-1 Super 100-percent broken were quoted at \$423 per ton, down fractionally from the week ending November 1.

Tight supplies in Vietnam prior to the country's main-season harvest to begin early next year have caused prices to increase, with quotes at \$500 for the week ending December 7 – up \$15 from the week ending November 2. Though Vietnam's prices have risen in the past month, Thai quotes have risen faster, increasing the Thai rice premium to \$54 compared with a difference of \$22 last month.

Price quotes for U.S. long-grain milled rice continued to rise over the past month, largely due to the low milling yields, which makes milled rice more expensive to produce. For the week ending December 7, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$595 per ton, up \$22 from the week ending November 2. While U.S. rice (adjusted to reflect the fob vessel price) was quoted at a \$2 discount to Thai rice just 2 months ago, increased U.S. prices have pushed U.S. rice to a \$103 premium over similar varieties from Thailand.

Prices for California rice have increased substantially over the past month, with California's package-quality medium-grain rice (sacked) for domestic sales quoted at \$871 per ton for the week ending December 7, up \$77 from the week ending November 2. Δ



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