

Rice Yields Were Higher This Year In Every Reporting State Except Texas



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The only supply-side revision this month was a slight reduction in the U.S. 2007/08 crop estimate. The 2007/08 U.S. rough-rice crop was lowered 0.5 million cwt to 197.4 million cwt, still up 2 percent from a year ago. This month, a reduced yield estimate more than offset an increase in harvested acreage. At 7,185 pounds per acre, the 2007/08 average field yield is 62 pounds below the previous estimate, but 317 pounds above a year earlier and the highest on record.

Yield estimates were lowered this month for Arkansas, California, Louisiana, and Texas. In contrast, yield estimates were raised for Mississippi and Missouri. Harvested acreage was raised 17,000 acres to 7.48 million, still almost 3 percent below a year ago. California accounts for most of the higher area estimate; area was raised fractionally in Louisiana as well.

By class, long-grain accounts for most of this month's downward production revision. The 2007/08 U.S. long-grain crop is estimated at 142.2 million cwt, 0.4 million below the previous estimate and nearly 3 percent below a year earlier. The medium/short-grain production estimate was lowered fractionally to 55.3 million, 16 percent larger than a year ago. By State, Arkansas accounted for the bulk of this month's downward revision in production. Crop estimates were also lowered for Texas and Louisiana. Production estimates for the remaining States were fractionally raised.

Record Yields Estimated in 2007/08 for Arkansas, Louisiana, Mississippi, and Missouri

In 2007/08, rice plantings declined in Arkansas, Missouri, and Texas, with Arkansas accounting for the largest share of the decline. High fuel and fertilizer costs, as well as very strong prices for competing crops, were behind the area decline in the South. In contrast, Louisiana rice growers expanded area 30,000 acres, partly due to some recovery from severe hurricane damage in 2005. Area was unchanged or little changed from a year ago in Mississippi and California. Yields were higher than a year ago in every reporting State except Texas, with record yields estimated for Arkansas, Louisiana, Mississippi, and Missouri.

California and Louisiana account for most of the 3.7-million cwt production increase in 2007/08. A record yield and 9-percent area expansion boosted Louisiana rice production 16 percent to 23.2 million cwt. The California crop – estimated at 43.8 million cwt – was 9 percent larger than a year ago, primarily due to a higher yield. At 14.1 million cwt, the Mississippi rice crop is 6 percent larger than a year earlier, a result of a record yield.

In contrast, rice production in Arkansas declined nearly 2 percent to 94.5 million cwt, a result of a 5-percent area contraction. In Missouri, rice production declined 10 percent to 12.3 million cwt, as a 17-percent decline in area more than offset a record yield. Finally, in Texas, rice production decreased 11 percent to 9.6 million cwt, with both area and yield lower than a year ago.

Total U.S. rice supplies in 2007/08 are projected at 258.3 million cwt, nearly unchanged from last month or a year ago. In 2007/08, a slightly larger crop and record imports more than offset a smaller carryin. By class, long-grain supplies are projected to be 4 percent smaller than a year ago, while medium/short-grain supplies are up 13 percent from 2006/07.

At 39.3 million cwt, beginning stocks in 2007/08 are 9 percent below a year ago, with long-grain accounting for all of the decline. In contrast, medium/short-grain beginning stocks are up 6 percent from the previous year. Imports of all rice remain projected at a record 21.5 million cwt, up more than 4 percent from 2006/07, with both long- and medium/short-grain imports the highest on record. Thailand is the largest supplier of rice to the United states, mainly shipping its premium jasmine rice (an aromatic).

U.S. 2007/08 Exports Are Forecast To Be 19 Percent Larger Than a Year Ago

There were no revisions this month on the use side of the 2007/08 balance sheet. Total use of U.S. rice in 2007/08 remains projected at 233.7 million cwt, 7 percent larger than the previous year. Exports account for all of the increase in total use. The 2007/08 U.S. export forecast of 109.0 million cwt is 19 percent larger than a year ago. Part of the year-to-year increase in U.S. exports is due to export bans announced last fall by Vietnam and India (non-basmati rice only).

Rough-rice exports remain forecast at 35.0 million, up 9 percent from the previous year. Mexico and Central America account for the bulk of U.S. rough-rice exports, buying mostly long-grain rice. This year, Mexico and Turkey have purchased much smaller quantities of medium/short-grain rough rice. In some years, Turkey has purchased more than 100,000 tons of U.S. rough rice, virtually all medium/short-grain. Combined milled and brown rice exports (on a rough-equivalent basis) remain forecast at 74.0 million, 25 percent above the previous year. Northeast Asia, the Middle East, Canada, the Caribbean, and Sub-Saharan Africa are the top markets for U.S. milled rice.

By class, long-grain exports remain forecast at 85.0 million, 17 percent above the previous year. Combined medium/short-grain exports remain forecast at 24.0 million cwt, an increase of 29 percent from the previous year. The big boost in U.S. medium/short-grain exports is largely due to extremely tight supplies in Australia, historically a major competitor of the U.S. in global medium/short-grain markets. The U.S. is likely to increase sales to both Oceania and the Middle East in 2007/08.

Total domestic and residual use for 2007/08 remains projected at 124.7 million cwt, almost 2 percent below the previous year. Long-grain domestic disappearance remains projected at 89.0 million cwt, down 3 percent. Combined medium/short-grain domestic disappearance remains forecast at 35.7 million cwt, up almost 3 percent from the previous year.

U.S. 2007/08 Ending Stocks Projection Lowered to 24.6 Million Cwt

U.S. ending stocks of all rice for 2007/08 are projected at 24.6 million cwt, 2 percent below last month's forecast and 37 percent below the previous year. The ending stocks situation varies by class. At 11.7 million cwt, long-grain ending stocks are down 4 percent from last month and 59 percent below the previous year. In contrast, medium/short-grain ending stocks are projected at 12.1 million cwt, virtually unchanged from last month, but up 21 percent from the previous year.

The all-rice stocks-to-use ratio is projected at 10.5 percent, down 1 percentage point from last month and well below 18.0 percent in 2006/07. The 2007/08 stocks-to-use ratio is the lowest since 1974/75. The long-grain stocks-to-use ratio is forecast at 6.7 percent, well below 17.3 percent in 2006/07. In contrast, at 20.3 percent, the medium/short-grain stocks-to-use ratio is 1.5 percentage points above the previous year.

The 2007/08 U.S. season-average farm price (SAFP) remains forecast at \$10.90-\$11.40 per cwt, up from \$9.74 per cwt the previous year. The midpoint of the 2007/08 SAFP is the highest since 1980/81. High prices for other grains and oilseeds, rising global rice prices, and strong export demand for U.S. rice are behind the bullish price forecast. Last month, USDA reported a preliminary December rough-rice cash price at \$10.90, slightly below the November price of \$11.00 per cwt. The November price is the highest since August 1981.

Based on data from the U.S. Department of Agriculture's January 2008 Rice Stocks report, U.S. rice stocks on December 1, 2007 totaled 158.5 million cwt (rough basis of both milled and rough rice stocks), up almost 2 percent from a year earlier. Medium/short-grain accounts for all of the increase. At 48.9 million cwt, stocks of medium/short-grain rice were 17 percent larger than a year earlier on December 1, 2007. In contrast, long-grain stocks declined 5 percent to 107.4 million cwt. By State, California accounted for most of the year-to-year increase in stocks. At 36.9 million cwt, rice stocks in California – virtually all medium/short-grain – on December 1, 2007 were almost 10 percent larger than a year earlier. In contrast, rice stocks in Missouri were down 31 percent from a year earlier. Δ