

# Rise In Global Rice Partially Offset By Weather



## ECONOMIC RESEARCH SERVICE

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**G**lobal rice production for 2009/10 is raised 877,000 tons this month to 434.7 million tons (milled basis), still 3 percent below the 2008/09 record.

There were three upward revisions for 2009/10 this month. India's production was raised 1.5 million tons to 84.5 million tons based on information from the U.S. Agricultural Counselor in New Delhi. Neighboring Pakistan's crop was also revised upward this month, raised 200,000 tons to 6.2 million tons based on information from the U.S. Agricultural Counselor in Islamabad. Finally, the U.S. crop was raised fractionally to 7.03 million tons based on yearend area and yield estimates from the National Agricultural Statistics Service. The production increase was mostly due to a higher yield estimate.

These crop increases were partially offset by several reductions. The largest crop reduction was for Indonesia, whose crop was reduced by 600,000 tons to 37.0 million tons, a result of a lower yield forecast. Dry conditions in parts of Java have delayed planting, and the El Niño phenomenon causing this dryness has been forecast to continue into the summer months.

Brazil's 2009/10 crop was reduced by 340,000 tons to 7.82 million tons. Extremely wet weather in Brazil's principal rice-growing state of Rio Grande do Sul has significantly delayed planting.

Additionally, production series for Rwanda and Uganda were added to the Foreign Agriculture Service's Production, Supply and Demand database this month. The rice sectors of both of these Sub-Saharan African nations have grown over the last decade, with Uganda becoming a minor regional exporter. USDA will continue to report supply and use estimates for these two countries.

The largest 2008/09 production revision was for Pakistan. Pakistan's production was raised 400,000 tons to a record 6.7 million tons on information from the Agricultural Counselor in Islamabad. Ecuador's production was increased 146,000 tons to 908,000 tons based on the Government of Ecuador's final 2008/09 crop production estimates. These increases were partially offset by a 92,000-ton reduction in Uzbekistan's crop to 58,000 tons, based on information from the Agricultural Counselor in Tashkent.

The global disappearance forecast for 2009/10 was increased slightly this month to a record 436.5 million tons, up less than one percent compared with 2008/09.

The 2009/10 global ending stocks forecast was increased this month to 90.7 million tons based primarily on a larger crop estimate for India. Despite the upward revision, global stocks remain nearly 2 percent below 2008/09. Stocks increases for China and India were partially offset by reductions for Brazil, Indonesia, and Pakistan. The global stocks-to-use ratio is calculated at 20.8 percent, up fractionally from last month's estimate, but still below a year earlier.

### **Increased Export Forecast for Pakistan Boosts 2010 Global Trade Forecast to 30.8 Million Tons**

The global trade forecast for calendar year 2010 was revised upward 1 percent to 30.8 mil-

lion tons, nearly 7 percent larger than 2009 trade. Despite the expansion in 2010, trade would still be below the 2007 record of 31.9 million tons.

Global trade for 2009 is revised upward nearly 160,000 tons to 28.8 million tons. The largest exporter revision for 2009 was for Vietnam, whose export forecast was raised 150,000 tons to 5.95 million tons based on pace-to-date. Tanzania's exports were raised to 20,000 tons based on U.N. data.

There were also several import changes for 2009. While there was a slight increase for Ecuador, the rest of these changes were reductions. Bolivia's imports were reduced 25,000 tons to 25,000 tons based on pace-to-date. Panama's imports were reduced by 20,000 tons to 10,000 tons, also based on pace-to-date. Finally, Tanzania's imports were reduced by 50,000 tons to 100,000 tons based on U.N. data.

### **Global Trading Prices Decline on the Conclusion of Major Philippine Tenders**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have fallen 1-4 percent from the first week of December.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$599 per ton for the week ending January 10, down 2 percent from the week ending December 8. Prices for 5-percent brokens were quoted at \$578 per ton for the week ending January 10, down 3 percent from the week ending December 8. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$599 per ton for the week ending January 10, down 2 percent from the week ending December 8.

In contrast, Thailand's low-quality rice prices have increased slightly. For the week ending January 10, prices for Thailand's A-1 Super 100-percent brokens were quoted at \$420 per ton, up 5 percent from the week ending December 8.

While Vietnam's prices in mid-December were quoted at \$530-\$540 per ton, price quotes for 5-percent brokens slid substantially to \$475 for the week ending January 12. With the conclusion of the large Philippines tenders in late 2009, prices have declined. Vietnam's price quotes remain significantly below Thailand's quotes, currently trading at a difference of nearly \$125.

U.S. long-grain milled rice export prices have also declined over the last month. For the week ending January 12, price quotes for high-quality southern long-grain rice (No. 2, 4-percent brokens, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$551 per ton, down \$11 from the week ending December 8. U.S. prices (adjusted to reflect the fob vessel price) are currently \$48 per ton below Thailand's quotes. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) is quoted at \$340 per ton for the week ending January 12, down \$5 from December 8.

While prices for U.S. long-grain have declined along with global trading prices since the Philippines tenders, prices for California rice have decreased primarily due to large domestic medium-grain rice supplies. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$772 per ton for the week ending January 12, down \$44 from the week ending December 8. Export price quotes (for 30-kg bags, fob vessel) are reported at \$750 per ton, down \$25 from December 8. California milled rice export prices have dropped more than 20 percent since August. A bumper California harvest, a big expansion of medium-grain area in the South, and an expected big increase in carryout are behind the decline in U.S. medium/short-grain prices. Δ



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