

Southern Hemisphere Rice Producers Looking At Record Yields



ECONOMIC RESEARCH SERVICE

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Global rice production in 2010/11 is forecast at a record 451.7 million tons (milled basis), down 700,000 tons from last month's forecast, but still more than 2 percent larger than a year earlier.

The largest upward revision this month was for Cambodia, whose 2010/11 production estimate was raised 220,000 tons to 5.0 million tons based on preliminary crop estimates from the Government of Cambodia.

All remaining upward revisions were for Southern Hemisphere rice producers whose crops have already been planted. Uruguay's production estimate was raised 75,000 tons this month to a record 1.0 million tons based on a higher area estimate. Brazil's 2010/11 production forecast was raised 50,000 tons this month to 8.5 million tons based on a higher yield estimate. Finally, Australia's 2010/11 production estimate was raised by 36,000 tons this month to 608,000 tons based on a higher area estimate reported by the U.S. Agricultural Counselor in Canberra.

These upward revisions were more than offset by several reductions. The largest of these was for Indonesia, whose 2010/11 production estimate was reduced by 500,000 tons to 37.5 million tons.

Elsewhere in Asia, the 2010/11 production estimate for the Philippines was reduced by 150,000 tons to 10.4 million tons.

Japan's 2010/11 production estimate was reduced this month by 130,000 tons to 7.7 million tons based on final production statistics from the Government of Japan. Smaller production reductions were also made this month for Mexico and Nicaragua.

Global production for 2009/10 remains virtually unchanged this month at 440.9 million tons, with upward revisions nearly offsetting reductions. The only increase this month was for Sri Lanka, whose 2009/10 production estimate was increased by 84,000 tons to a record 2.7 million tons based on data from the Government of Sri Lanka. The global disappearance forecast for 2010/11 was reduced this month by 500,000 tons to 452.3 million tons – still the highest on record.

Global 2011 Rice Trade Forecast Raised to 30.7 Million Tons

Cambodia's export forecast was raised 350,000 tons this month to a record 1.2 million tons. Since the country is self-sufficient in rice, the additional supplies are expected to enter the export market.

Large purchases by major importers resulted in several import revisions this month. Indonesia's 2011 import forecast was raised 800,000 tons to 1.75 million tons based on a recent purchase by the Government's food distribution agency, Bulog. Additionally, Bangladesh's import forecast was raised 200,000 tons to 600,000 tons based on the recommendation of the U.S. Agricultural Counselor in Dhaka. The last large increase was for Vietnam, whose import estimate was raised 100,000 tons to 600,000 tons based on a larger crop in neighboring Cambodia.

These increases were partially offset by a 500,000-ton reduction in the Philippine import

forecast to 1.5 million tons. Smaller 2011 import adjustments were made this month for Mexico and the United States.

Trade for calendar year 2010 was raised 625,000 tons this month to 31.0 million tons, mostly on near-year-end shipment data for some of the world's largest rice exporters.

Pakistan's 2010 export estimate was also raised 200,000 tons to 4.0 million tons based on preliminary export statistics from the Government of Pakistan. The 2010 export estimate for Cambodia was raised 150,000 tons to 1.0 million tons based on the recommendation of the U.S. Agricultural Counselor in Ho Chi Minh City, Vietnam. Uruguay's export estimate was increased 50,000 tons to 750,000 tons based on that country's export pace-to-date. Smaller export estimate increases were made for Brazil and Burma.

On the importer side, Sri Lanka's import estimate was increased by 75,000 tons to 125,000 tons based on import data from the Government of Sri Lanka. North Korea's import estimate for 2010 was increased by 40,000 tons to 90,000 tons based on final export data from the Government of China. Smaller upward adjustments were made for Angola, Costa Rica, Iraq, and South Korea.

Thailand's Trading Prices Increase as Exportable Supplies Tighten

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have increased 2 to 4 percent from the second week of January.

Prices were also up for Thailand's lower quality rice varieties. For the week ending February 7, prices for Thailand's A-1 Super 100-percent broken were quoted at \$417 per ton, up 4 percent from the week ending January 10.

In contrast, Vietnam's price quotes have softened slightly in recent weeks. For the week ending February 8, prices for 5-percent broken were quoted at \$475 per ton – down \$10 per ton from the week ending January 11.

Price quotes for U.S. long-grain milled rice have continued their slide over the past month, with large domestic supplies and some quality concerns weighing heavily on the market. For the week ending February 8, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$540 per ton, down \$44 from the week ending January 11.

Prices for California rice have remained strong 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 February 8, unchanged from the week ending January 11.

Box: USDA's Milling Rates based on samples of rice under loan in FSA Warehouses

USDA's U.S. average milling rate for all-rice is based on actual milling rates of samples of long-, medium-, and short-grain rice that is put under loan in FSA Warehouses in each rice-growing state. Both a head-rice milling rate (for kernels that are not broken during milling) and a milling rate for kernels that are broken during milling are calculated.

The class and State milling rates are weighted by production from each state and then aggregated to provide a national average head-rice and broken milling rate for each August-July U.S. market year. The sum of the two rates is the total milling rate that is used by USDA in to convert any milled rice quantity – such as exports or stocks of milled rice – to a rough-rice equivalent basis. This total rate is reported in the U.S. rice supply and use balance sheet in the WASDE. Milling rates are revised by USDA during the market year as more rice is harvested and available for sample milling. Δ

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