

Strong Returns On Other Crops Strongly Limits Rice Acreage Expansion



The March 2008 Prospective Plantings report indicated 2008/09 U.S. rice plantings at 2.77 million acres, an increase of just 9,000 acres from a year earlier and the second smallest since 1989/90. Although U.S. rough-rice prices are the highest since at least 1980/81, strong returns for competing crops and very high fuel and fertilizer prices sharply limited the acreage expansion.

Both long- and combined medium/short-grain plantings were indicated to be fractionally higher than in 2007/08. Long-grain plantings were indicated at 2.07 million acres, up just 7,000 acres from a year ago. Combined medium/short-grain plantings for 2008/09 were indicated at 700,000 acres, an increase of just 2,000 acres from a year earlier.

By State, Arkansas accounted for the bulk of the intended increase in U.S. rice plantings in 2008/09. At 1.37 million acres, Arkansas plantings are indicated at 40,000 acres above a year earlier. At 160,000 acres, rice plantings in Texas are indicated to be 14,000 acres above a year ago and the largest since 2005/06. Rice plantings in California are indicated at 549,000 acres, up 15,000 from a year ago and the highest since 2004/05.

In contrast, rice plantings were indicated lower in the three remaining reported rice growing States. Louisiana rice plantings are indicated at 340,000 acres, down 40,000 from a year earlier and the smallest rice acreage since 1914. Producers in Mississippi indicated 2008/09 rice plantings at 180,000 acres, down 10,000 acres from a year ago. Finally, in Missouri, producers indicated 2008/09 rice plantings at 170,000 acres, also down 10,000 from a year ago, and the smallest since 1998/99.

The planting intentions were based on a survey of producers conducted during the first 2 weeks of March. The first USDA survey of actual plantings of the 2008 crop will be released on June 30, 2008.

Heavy Rains in the Delta Slow Planting of the 2008 U.S. Rice Crop
About 11 percent of the 2008 U.S. rice crop was reported planted by April 6, 2008, down from 21 percent a year earlier and the U.S. 5-year average of 15 percent. The Delta accounts for all of this year's slower planting pace, a result of heavy rains and severe flooding. Early planting typically bodes well for higher yields and reduces disease pressure.

In Arkansas, just 2 percent of the crop was reported planted by April 6, well below 23 percent a year ago and the State's 5-year average of 21 percent. In Mississippi, only 1 percent of the crop was planted by April 6, well below last year's 12 percent and the State's average of 7 percent. No rice was reported planted in Missouri by April 6, down from 5 percent a year earlier and the State's average of 3 percent.

In contrast, planting was ahead of a year earlier in Texas and Louisiana. About 63 percent of the Texas crop was planted by April 6, up from 39 percent a year earlier and the Texas 5-year average of 46 percent. In Louisiana, 51 percent of the crop was estimated planted by April 6, slightly ahead of a year earlier and the State's 5-year average. None of the California crop was planted by April 6, unchanged from a year earlier or the California 5-year average.

U.S. 2007/08 Season-Average Farm Price Raised to \$12.05-\$12.35 per cwt
The 2007/08 U.S. season-average farm price (SAFP) was raised 20 cents on both the low and high end to \$12.05-\$12.35 per cwt, up from \$9.96 the previous year and the highest since 1980/81.

Last month, USDA reported a preliminary March rough-rice cash price of \$12.90, and raised the February price to \$12.50 from a preliminary \$12.20. The March mid-month price is the highest since May 1981. Prices have risen every month since September, with an average monthly increase of 43 cents. Prices are up almost \$3.00 from a year earlier.

The 2007/08 U.S. rough-rice crop of 197.5 million cwt is up 2 percent from a year ago. A 5-percent yield increase more than offset smaller plantings. 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. 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.

U.S. 2007/08 Ending Stocks Projected To be the Smallest Since 1980/81

Total use of U.S. rice in 2007/08 remains projected at 236.7 million cwt, up 9 percent from the previous year. Exports account for all of the year-to-year increase in total use. U.S. exports (combined rough, milled, and brown rice exports on a rough-rice basis) remain forecast at 112.0 million cwt, 23 percent higher than a year ago.

Rough-rice exports remain forecast at 36.5 million, up 14 percent from the previous year.

By class, the long-grain exports remain forecast at 86.0 million cwt, 18 percent above a year ago. Through late March, U.S. exports of long-grain rice to Mexico, the Philippines, the European Union, Saudi Arabia, and Sub-Saharan Africa were ahead of a year earlier.

The combined medium/short-grain exports remain forecast at 26.0 million cwt, up 39 percent from the previous year and the highest since 1980/81. The Middle East is expected to account for most of the year-to-year increase in U.S. medium/short-grain exports. Through late March, U.S. medium/short grain shipments were ahead of a year earlier to Turkey and Jordan. Northeast Asia is the largest market for U.S. medium/short-grain rice.

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/shortgrain domestic disappearance remains forecast at 35.7 million cwt, up almost 3 percent from the previous year.

U.S. ending stocks of all rice for 2007/08 remain projected at 21.6 million cwt, 45 percent below the previous year and the lowest since 1980/81. The ending stocks situation varies by class. At 10.7 million cwt, long-grain ending stocks are down 62 percent from the previous year. In contrast, medium/short-grain ending stocks of 10.1 million cwt are up 1 percent from the previous year.

The all-rice stocks-to-use ratio remains calculated at 9.1 percent, well below 18.0 percent in 2006/07 and the lowest since 1974/75. The long-grain stocks-to-use ratio is forecast at 6.1 percent, well below 17.3 percent in 2006/07 and the lowest in more than 25 years. At 16.4 percent, the medium/short-grain stocks-to-use ratio is below the 18.8 percent of the previous year.

Based on data from the March 2008 Rice Stocks report, U.S. rice stocks on March 1, 2008, are estimated at 112.1 million cwt (rough equivalent of rough and milled stocks), up 1 percent from a year earlier. Medium/short-grain accounts for all of the increase. Medium/short-grain stocks on March 1, 2008 are estimated at 37.9 million cwt, up 29 percent from a year earlier. Medium/short-grain stocks were estimated higher than a year earlier in both the South and in California. More than three-fourths of all medium/short-grain stocks were reported in California. In contrast, long-grain stocks on March 1, 2008 are estimated at 72.4 million cwt, down 9 percent from a year earlier.

U.S. rice stocks on March 1, 2008 were reported larger than a year earlier in Arkansas, California, and Missouri. Δ