

# U.S. Accounts For Largest Production Increase



**ECONOMIC RESEARCH SERVICE**

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The 2010/11 global rice production forecast of 459.3 million tons (milled basis) is virtually unchanged from last month's forecast, but 4 percent larger than a year earlier.

The largest production increase this month was made for the United States, whose 2010/11 crop projection was raised 188,000 tons to a record 7.8 million tons. Three smaller production increases were also made. Paraguay's production was raised 50,000 tons to 167,000 tons. The Paraguayan rice industry has seen increased investment in the past four years, with production nearly doubling since 2006/07. Russia's production estimate was raised by 30,000 tons to 630,000 tons based on plantings progress data released by the Government of Russia. Similarly, Kazakhstan's production was raised 20,000 tons to 220,000 tons on updated planting progress released by the Government of Kazakhstan.

These increases were offset by production decreases for two mid-level exporters. Egypt's crop was reduced by 300,000 tons to 3.9 million tons based on information from the U.S. Agricultural Counselor in Cairo.

Cambodia's production estimate was reduced 150,000 tons to 4.8 million tons.

Several minor offsetting production adjustments for 2009/10 left the global production estimate for that year nearly unchanged at 440.6 million tons. Production increases for Panama, Paraguay, and Vietnam more than offset decreases for Chile, Ecuador, and Uruguay.

The global disappearance forecast for 2010/11 was reduced this month by nearly 700,000 tons to 452.1 million tons, still the highest on record. The global ending stocks forecast for 2010/11 was increased slightly this month to 96.6 million tons, up 8 percent from the previous year and the largest since 2002/03.

## **2011 Global Trade Forecast at 31.3 Million Tons**

Production decreases in 2010/11 for two mid-level exporters were primarily responsible for a slight reduction in the 2011 calendar year global trade estimate to 31.3 million tons, still 5 percent larger than a year earlier. The largest export revision this month was a 75,000-ton increase in U.S. exports to 3.48 million tons. Lower prices and record U.S. supplies are expected to boost U.S. exports in 2011. Paraguay's 2011 export forecast was raised by 10,000 tons to 110,000 tons. Nearly all of Paraguay's rice exports are shipped to neighboring Brazil.

These upward revisions were more than offset by several reductions. The largest export reduction this month was for Egypt, whose 2011 exports were reduced by 100,000 tons to 300,000 tons.

A 50,000-ton reduction in Cambodia's 2011 export forecast to 850,000 tons was based entirely on a reduced production estimate for 2010/11. Cambodia's 2011 exports are unchanged from 2010. Another 50,000-ton export reduction was made for Ecuador, whose 2011 exports are now forecast at 100,000 tons.

On the import side, Egypt's import forecast was raised 115,000 tons to 150,000 tons based on a reduced 2010/11 production estimate.

Libya's 2011 imports were raised 60,000 tons to 100,000 tons based on a continuation of an increased 2010 import pace.

These increases were mostly offset by several import reductions. Iran's 2011 import forecast was reduced 100,000 tons to 1.5 million tons on a continuation of 2010's import pace. Kazakhstan's import forecast was reduced 20,000 tons to 15,000 tons on an increased production estimate for 2010/11. Finally, Madagascar's import forecast was reduced 40,000 tons to 150,000 tons based on a continuation of a slower-than-expected import pace in both 2009 and 2010.

Global 2010 exports were raised 55,000 tons this month to 29.8 million tons. Egypt's 2010 export forecast was raised 80,000 tons to 600,000 based on the recommendation of the U.S. Agricultural Counselor in Cairo. Paraguay's 2010 export forecast was raised 25,000 tons to 125,000 tons based on an increased 2009/10 production estimate. U.S. exports for 2010 were raised 25,000 tons to 3.3 million tons, partly based on reported new-crop sales that will likely ship early in the 2010/11 marketing year.

Importer changes for 2010 were mixed. Afghanistan's imports were raised 50,000 tons to 300,000 tons. Libya's imports were raised 100,000 tons to 150,000 tons based on a faster-than-expected import pace through May. Imports for the United Arab Emirates were similarly raised 40,000 tons to 340,000 tons based on pace to date. These increases partially offset a reduced import forecast for Iran. Iran's 2010 import forecast was lowered 100,000 tons to 1.3 million tons based on a slower-than-expected pace-to-date. A slower than expected shipment pace was also responsible for a 55,000-ton reduction in Madagascar's 2010 import forecast to 120,000 tons.

## **Thailand's Export Prices**

### **Increase 3-5 Percent,**

### **Vietnam's Prices Are Unchanged**

Trading prices for Thailand's high- and medium-quality grades of non-specialty rice have risen 3 to 5 percent from the first week of June, despite the lack of major new sales.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$472 per ton for the week ending July 5, up 3 percent from the week ending June 7. Prices for Thailand's 5-percent broken rice were quoted at \$449 per ton for the week ending July 5, also up 3 percent from the week ending June 7. Prices for Thailand's 5-percent parboiled rice—a specialty rice—were quoted at \$476 per ton for the week ending July 5, up 5 percent from the week ending June 7.

Higher price increases were experienced by Thailand's lower quality rice varieties, as it is reportedly being sourced by domestic feed mills in place of corn. For the week ending July 5, prices for Thailand's A-1 Super 100-percent broken rice were quoted at \$351 per ton, up 8 percent from the week ending June 7.

While Thailand's prices have increased slightly, Vietnam's prices have fractionally declined. Price quotes for 5-percent broken rice declined to \$360 for the week ending July 6, down \$5 from the week ending June 8. With a record U.S. 2010/11 crop anticipated, U.S. long-grain milled rice export prices continue to decline. For the week ending July 6, prices for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$441 per ton, down \$11 from the week ending June 8. With U.S. price quotes continuing to fall, the gap between U.S. prices and Thai prices has been reduced to a \$7 premium on U.S. rice (adjusted to reflect the fob vessel price). Δ



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