

**ECONOMIC RESEARCH SERVICE**

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Market Outlook on Rice is sponsored by RiceTec, Inc.

The 2008/09 U.S. all-rice season-average farm price (SAFP) was raised 25 cents per hundredweight (cwt) on both the high and low ends to \$15.75-\$16.75 per cwt, the highest on record and well above the 2007/08 SAFP of \$12.80.

By class, the 2008/09 U.S. long-grain rough-rice price remains forecast at a record \$14.50-\$15.50 per cwt, well above \$12.40 a year earlier. The combined medium/short-grain average price was raised 75 cents on both the high and low end to a record \$21.25-\$22.25 per cwt, well above \$14.60 in 2007/08.

Last month, USDA reported a mid-March all-rice rough-rice cash price of \$15.50 and lowered the February price to \$15.60 from a preliminary \$16.80 per cwt.

For medium/short-grain rice, the mid-March price was reported at a record \$23.60 per cwt, up 50 cents from a revised February price. The February price was lowered 10 cents from the mid-month estimate. U.S. medium/short-grain prices have risen \$5.30 since August.

**March 1, 2009 U.S. Rice Stocks Estimated To Be 13 Percent Below a Year Earlier**

Based on data from the March 2009 Rice Stocks report, U.S. rice stocks on March 1, 2009, are estimated at 98.0 million cwt (rough equivalent of rough and milled stocks), down 13 percent from a year earlier and lowest since 2003/04. Stocks are estimated to be below a year earlier for both long- and combined medium/short-grain rice. Long-grain stocks on March 1, 2009 are estimated at 67.5 million cwt, down 7 percent from a year earlier. Nearly all U.S. long-grain rice stocks are in the South. Medium/short-grain stocks on March 1, 2009 are estimated at 28.6 million cwt, down 25 percent from a year earlier. Medium/short-grain stocks were estimated smaller than a year earlier in both the South and California. More than 80 percent of all U.S. medium/short-grain stocks were reported in California.

Only stocks of brokens – which are not classified by grain length – are estimated higher than a year earlier.

U.S. rice stocks on March 1, 2009 were reported smaller than a year earlier in all reported States except Texas. Arkansas – the largest rice-producing State – accounts for more than half the estimated decline in stocks. Arkansas' March 1, 2009 rice stocks are estimated at 51.2 million cwt, a 14 percent decline from a year earlier. Rice stocks in California on March 1 are estimated at 25.4 million cwt, a 16-percent decrease from a year earlier. Rice stocks in Missouri on March 1, 2009 are estimated at 4.3 million cwt, a 7-percent decline from a year ago. At 5.4 million cwt, rice stocks in Louisiana are estimated to be 25 percent below a year earlier. Mississippi's estimated rice stocks of 3.6 million cwt are almost 6 percent below a year earlier. In contrast, rice stocks in Texas on March 1, 2009, are estimated at 7.6 million cwt, up 54 percent from a year earlier.

**U.S. 2008/09 Ending Stocks Forecast Lowered 27 percent to 22.2 Million Cwt**

There were no supply-side revisions this month. Total use of U.S. rice in 2008/09 is projected at 229.0 million cwt, up 8.0 million cwt from last month's forecast, but 3.2 million cwt below last year. Domestic and residual use accounts for all of this month's upward revision in total use. Total domestic disappearance – including the residual – is projected at a record 135.0 million cwt, up 8.0 million cwt from last month's forecast and 9 percent larger than a year earlier.

The 6-percent boost in the domestic and residual use forecast was largely based on the March 31, 2009 Rice Stocks report, which indicated higher than expected domestic use through March 1.

Long-grain domestic and residual use is forecast at a record 104.0 million cwt, up 9.0 million cwt from last month's forecast and almost 18 percent larger than last year. Medium/short-grain domestic and residual use is forecast at 31.0 million cwt, 1.0 million below last month's forecast and 13 percent below a year earlier.

The 2008/09 all-rice export forecast remains at 94.0 million cwt, down 13 percent from last year.

The U.S. milled-rice export forecast was raised 1.0 million cwt to 59.0 million, still 13 percent below a year ago and the lowest since 1985/86. As of early April 2009, U.S. shipments of milled rice to the Middle East and Sub-Saharan Africa were substantially lower than a year earlier. The U.S. rough-rice export forecast was lowered 1.0 million cwt to 35.0 million, also down 13 percent from a year earlier. As of the start of April, U.S. rough-rice shipments to Mexico and Central America were sharply behind a year earlier.

The decline in sales to these two markets in 2008/09 has been partially offset by substantial U.S. rough-rice sales to Venezuela and Columbia. These two South American countries have not typically been buyers of U.S. rice. Except for a small amount of medium/short grain purchased by Mexico, nearly all U.S. sales to Latin America are long-grain.

By class, long-grain exports were lowered 1.0 million cwt to 71.0 million, 13 percent below a year earlier. As of early April, the pace of shipments of long-grain rice to the Middle East, North and Central America, and Sub-Saharan Africa was well behind a year earlier. This has been partially offset by the large sales of long-grain rice to South America. The medium/short-grain export forecast was raised 1.0 million cwt to 23.0 million, still 12 percent below last year's near-record. While Taiwan has yet to make any of its 2009 WTO purchases, U.S. sales to Papua New Guinea are the highest on record.

U.S. ending stocks for 2008/09 are projected at 22.2 million cwt, down 8.0 million cwt from last month's forecast and 25 percent smaller than the previous year. The stocks-to-use ratio is calculated at 9.7 percent, down 3 percentage points from last year and the lowest since 1974/75. By class, long-grain ending stocks are projected at 12.3 million cwt, down 8.0 million cwt from last month's forecast and 39 percent below a year earlier. Long-grain ending stocks and the stocks-to-use ratio – calculated at 7 percent – are the smallest since 2003/04. Medium/short-grain ending stocks remain projected at 8.6 million cwt, 6 percent smaller than a year earlier and the lowest since 1998/99.

**U.S. 2009/10 Rice Plantings Indicated at 3.18 Million Acres**

The March 2009 Prospective Plantings report indicated 2009/10 U.S. rice plantings at 3.18 million acres, an increase of 6 percent from a year earlier and the highest since 2005/06. Plantings are indicated higher for both long- and combined medium/ short-grain rice.

Long-grain plantings were indicated at 2.53 million acres, up 7 percent from a year ago. Combined medium/ short-grain plantings for 2009/10 are indicated at 657,000 acres, an increase of 4 percent from a year earlier. The South accounts for all of the increase in medium/short-grain acreage. At 187,000 acres, medium/short-grain plantings are up 56 percent from last year and the highest since 2003. Arkansas accounts for most of the intended increase in southern plantings of medium-grain rice. In contrast, California medium/short - grain plantings are indicated to be down 8 percent from a year ago. California typically accounts for about 80 percent of U.S. medium/short-grain acreage.

Plantings are indicated higher in all reported States except California, with plantings in the South the highest since 2005/06.

In contrast to the South, growers in California indicated 2009/10 plantings of 477,000 acres, an 8-percent decline from last year and the lowest since 2001/02.

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 2009 crop will be released on June 30, 2009.

Planting of the 2009/10 crop began last month on the Gulf Coast and has just started in parts of lower Delta. As of April 5, about 11 percent of the U.S. crop was reported planted, slightly behind both last year and the U.S. 5-year average.

Except for Texas, most of the southern rice-growing area has received substantial rain this spring, which has slowed the pace of plantings. In 2008/09, while plantings got off to a normal start across most of the South, heavy rains – especially in the Delta – required substantial replanting and delayed planting for much of the crop. Δ