

Weather Concerns In Asia Lead To Reduced Crop Estimates



ECONOMIC RESEARCH SERVICE

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Weather problems continue to adversely impact rice production this year. Global production is projected at 432.1 million tons (milled basis) in 2009/10, down 1.6 million from last month's forecast and more than 3 percent below the year-earlier record. The year-to-year decline is primarily due to smaller area.

The Philippines has been hit by several typhoons this season. The 2009/10 Philippine production forecast was reduced 310,000 tons to 10.4 million tons, 3 percent below the 2008/09 record. India's 2009/10 production forecast was lowered 1 million tons to 83 million tons based on information from the U.S. agricultural counselor in New Delhi indicating lower area.

Much of South America's rice crop has been affected by severe dry conditions. Brazil's 2009/10 production is projected at 8.5 million tons, down 340,000 from last month's forecast and about 1 percent smaller than a year earlier. Uruguay's 2009/10 production forecast was lowered about 100,000 tons to 896,000 tons based on a decreased area estimate.

The dry conditions have not been limited to the Southern Cone. Dry weather attributed to El Niño have affected Venezuela's 2009/10 rice crop. The forecast is lowered 25,000 tons to 475,000 tons.

In contrast, South Korea's 2009/10 production was raised 182,000 tons to 4.7 million based on higher yields due to favorable weather. Production was also revised up for Ukraine, from 65,000 tons to 90,000, based on increased yield and area estimates. Australia's 2009/10 production forecast was raised 70,000 tons to 125,000 tons based on a higher area estimate. While the major rice-growing areas of New South Wales continues to suffer from chronic water shortages, a new irrigation scheme in Western Australia has opened up several thousand acres of irrigated cropland.

Global disappearance for 2009/10 was slightly lowered this month. However, at 436.8 million tons, global disappearance is 1.3 million tons larger than 2008/09 and the highest on record. Downward revisions in disappearance were made this month for Brazil, India, and the Philippines.

The 2009/10 ending stocks forecast was increased fractionally this month to 85.9 million tons, still 5 percent below a year earlier. Ending stocks were decreased for India, the United States, and Vietnam, but raised for the Philippines and several smaller producers.

Global Trade for 2010 Forecast at 29.5 Million Tons; India To Import for First Time Since 2000

Global trade for calendar year 2010 was revised slightly downward this month to 29.54 million tons from 29.65 million tons last month. Trade in 2010 is projected 4 percent above this year, but still well below the 2007 record of 31.8 million tons.

There were three revisions to exporters for 2010 this month. First, Egypt's exports were reduced by 50,000 to 450,000 tons based on the Government of Egypt's revised export policy. Under the new policy, exporters will no longer be required to deliver an equal amount of rice to the Government, but government officials have stressed that exports under the new policy are not to exceed 450,000 tons. Uruguay's export forecast was also decreased by 50,000 tons, to 750,000 tons due to a smaller crop. Finally,

Australia's exports were lowered 10,000 tons to 40,000 tons.

The biggest news on the importer side is the announcement that India will be taking imports in late 2009 and in 2010. India is expected to import 200,000 tons by the end of 2009 and an additional 200,000 tons in 2010.

There were several import changes for 2009. Bangladesh's imports were reduced by 325,000 to 175,000 tons based on a record 2008/09 crop and a lackluster pace-to-date; South Korea's imports were dropped 30,000 tons to 260,000 tons based on the information from the of Post. A slower-than-expected shipment pace also led to a decrease in Ukraine's imports from 70,000 tons to 65,000.

Afghanistan's 2009 imports were raised by 100,000 tons to 250,000 based on larger imports from neighboring Pakistan. Australia's 2009 imports were raised by 25,000 tons to 200,000 tons based on pace-to-date. Nigeria's imports were raised 300,000 tons to 1.9 million tons, also based on a faster than expected deliveries. Imports by Turkey were increased 60,000 tons to 200,000 tons due to additional shipments from Egypt and Guyana. A reduction in Venezuela's 2009/10 crop forecast, as well as additional purchases from Guyana (for November delivery), led to an increase in 2009 imports to 175,000 tons, up 25,000 tons from last month.

Global Trading Prices 5-8 Percent Up Early October

Trading prices for Thailand's high- and medium-quality grades of nonspecialty rice have risen 5-8 percent from the first week of October.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$547 per ton for the week ending November 9, up 5 percent from the week ending October 5. Prices for 5-percent broken were quoted at \$522 per ton for the week ending November 9, also up 5 percent from early October. Prices for Thailand's 5-percent parboiled rice – a specialty rice – were quoted at \$569 per ton for the week ending November 9, down 2 percent from the week ending October 5.

Low-quality rice prices have also increased. For the week ending November 9, prices for Thailand's A-1 Super 100-percent broken were quoted at \$323 per ton, up 8 percent from the week ending October 5.

Vietnam's rice prices have also risen. For the week ending November 10, price quotes for Vietnam's 5-percent broken were around \$460 per ton, up 15 percent from the week ending October 6.

Except for purchases by state-owned agencies – such as the National Food Authority in the Philippines – global import demand is weak. Vietnam's price quotes are around \$60 per ton below Thailand's price quotes, down from an almost \$100 difference in early October, but still enough of a difference to make Vietnam a very competitive seller.

U.S. long-grain milled rice export prices have increased this month after declining in September and October. For the week ending November 10, price quotes for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$529 per ton, up \$33 from the week ending October 6. U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) is quoted at \$350 per ton for the week ending November 10, up \$20 from the first week of October.

Unlike U.S. long-grain prices, California medium-grain milled rice quotes continue to decline. Prices for package-quality California medium-grain rice (sacked) for domestic sales were quoted at \$816 per ton for the week ending November 10, down \$44 from the week ending October 6. Export price quotes (in 30-kg bags, fob vessel) are reported at \$775 per ton, down \$50 from the week ending October 6. Δ

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