

Rice Graphics and Commentary

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By

Bobby Coats

Extension Agricultural Policy Analyst

University of Arkansas Cooperative Extension Service

A new rice marketing period with all its complexities has begun. August 1, 2005 began the 2005/06 marketing period for the 2005 U.S. rice crop.

USDA's 2005/06 season-average U.S. all rice farm price is projected at \$7.25 to \$7.55 per cwt (\$3.26 to \$3.40 per bus), compared to \$7.30 per cwt (\$3.29 per bus) in 2004/05.

USDA's 2005/06 long grain supply data shows the second largest beginning stocks since 1987 at 21.8 million cwt, a projected record production of 173 million cwt and a record total supply of 206 million cwt. U.S. long grain ending stocks are projected at 21 million cwt their third largest since 1986.

This guarantees the 2005/06 marketing period to be one filled with global marketing challenges and opportunities for growing and developing foreign long grain rice markets. Our U.S. rice producers, processors, marketers and industry leadership continue to focus on meeting the challenges and embracing the opportunities existing in the global marketplace.

Growing U.S. long grain rice productivity and reduced per unit cost of production are a function of ongoing farm firm operational changes. Rice operations are going through changes in efficiency, changes in scale of production, and technical change to achieve desired productivity goals and reduce their cost of production.

With U.S. rice producers producing more on similar acreage, processors, marketers, and industry leadership have the challenge to grow exports and promote reason and fairness in trade policy.

World 2005/06 rice production is projected at 405.3 million milled tons, the second largest on record and 4.2 million tons above 2004/05. World record rice production of 409 million tons was achieved during the 1999/00 marketing period. Global harvested acreage in 2005/06 is estimated at 150.7 million hectares or 372 million acres with an average yield of 4 metric tons per hectare of rough rice or 79 bushels per acre. This compares to the U.S. all rice 2004 yield of 154 bushels per acre.

Global rice consumption of 413.6 million milled metric tons for the fourth consecutive year exceeds global production of 405.3 million tons. This leaves 2005/06 global ending stocks at dangerously low levels of 66.5 million tons, the lowest ending stocks since 1982/83.

Global rice trade continues to show signs of weakness due to economic uncertainty. Global trade has declined 2.6 million tons from 27.8 million tons in calendar year 2002 to 25.2 million tons in 2006. For comparison the U.S. will export an estimated 3.6 million tons in calendar year 2005 and 3.8 million metric tons in 2006.

In calendar year 2004 Thailand ranked No. 1 in global rice exports with 10.1 million tons, followed by Vietnam's 4.3 million tons, India's 3.2 million tons, the U.S.'s 3.1 million tons, Pakistan's 2 million tons, China's .9 million tons, Egypt's .83 million tons, and Uruguay's .8 million tons.

In the current calendar year Thailand's exports are expected to be down 25% to 7.8 million cwt due primarily to a smaller crop and tighter free stocks. USDA sees India, Vietnam, United States, and Pakistan picking up the slack. Vietnam has a larger-than-expected crop and very competitive prices. Additionally, USDA says that despite a government-imposed export ban, sales to select big-ticket markets, such as the Philippines, are still permitted. India, too, has taken a larger slice of the pie, focusing its efforts in the parboiled markets – Saudi Arabia, Nigeria, and South Africa.

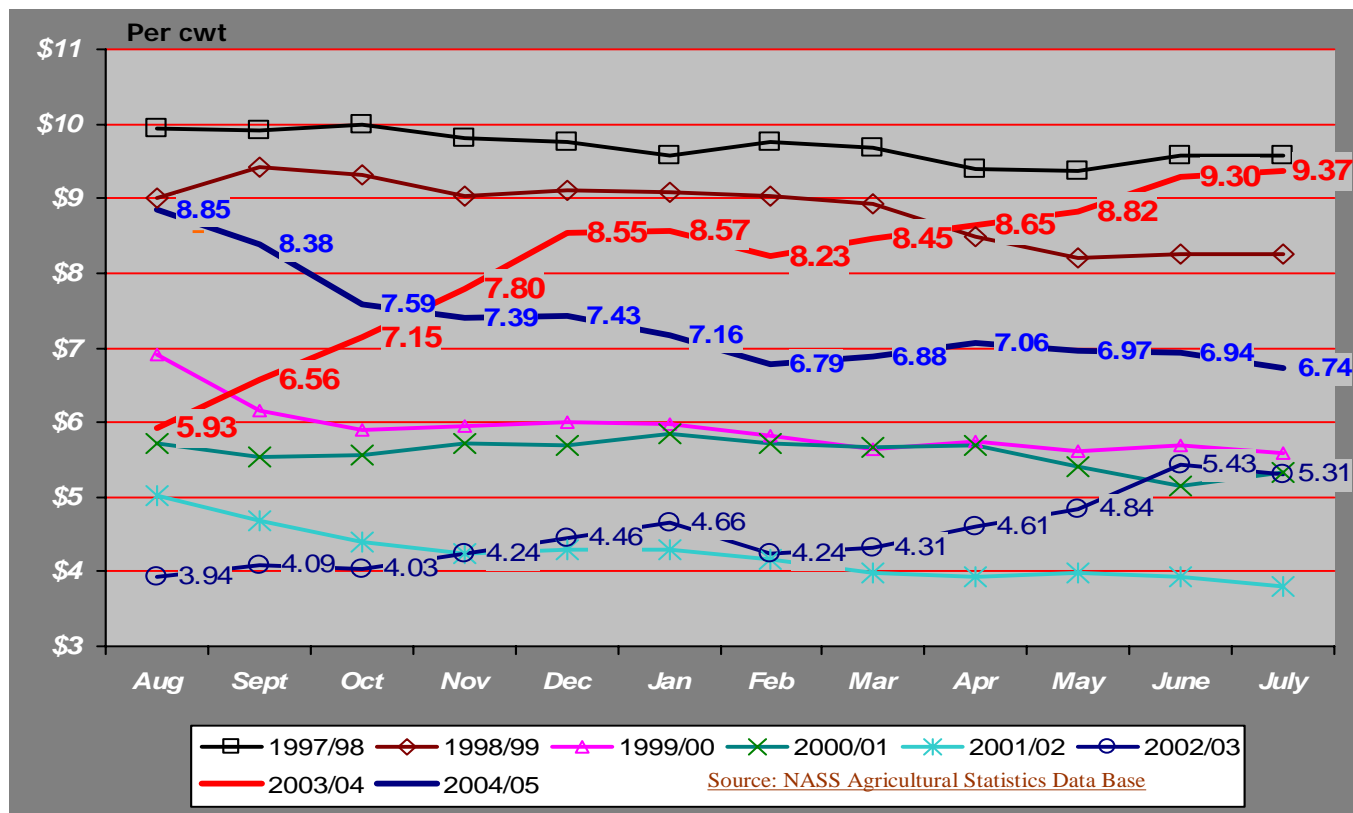
For the 2006 calendar year USDA expects the United States to return to being the third largest exporter of rice with 3.8 million tons. Thailand would still rank 1st with 8 million tons followed by Vietnam with 4 million tons and India would slip to fourth with 3.5 million tons.

The following is select U.S., Thailand and Vietnamese price quotes from USDA's Rice Outlook publication.

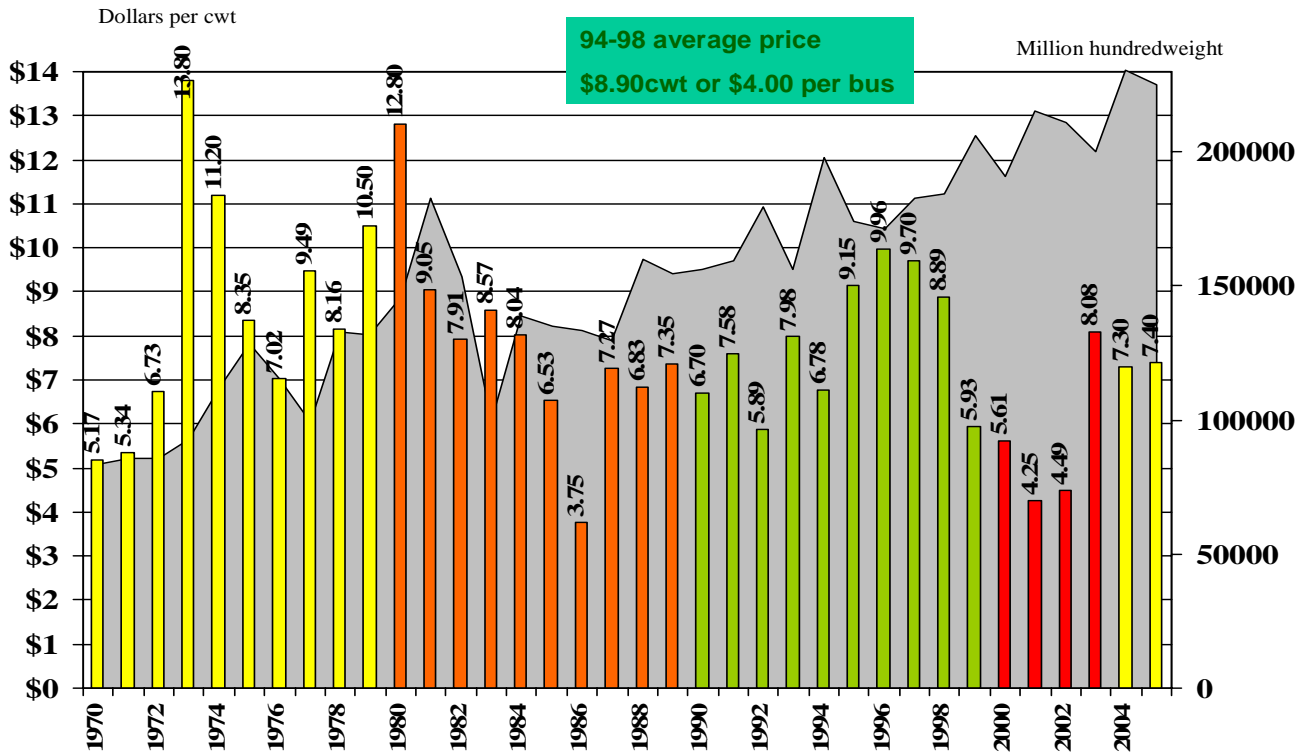
- ◆ Prices for Thailand's high-quality 100 percent Grade B (free on board vessel, Bangkok) milled rice for export were quoted at \$289 per ton.
- ◆ Quotes for Vietnam's 5 percent broken (free on board vessel, Ho Chi Minh City) were quoted at \$255 per ton.
- ◆ Prices for high-quality U.S. southern long grain rice (No. 2, 4 percent broken, bagged, adjusted to reflect a free on board vessel price at U.S. Gulf port) are \$292 per ton.
- ◆ Price quotes for U.S. long grain rough rice for export (bulk, free on board vessel at New Orleans, Louisiana) were reported at \$150 per ton.
- ◆ Prices for California medium grain rice (package quality, bagged, free on board a truck at a local mill) for domestic sales were quoted at \$353 per ton.

Source: [NASS/USDA Data Set](#), [World Agricultural Supply and Demand Estimates](#), [Rice Outlook Report](#), and [Grains: World Markets and Trade](#)

U.S. All Rice: Monthly Prices Received Marketing Period 1997/98 – 2004/05

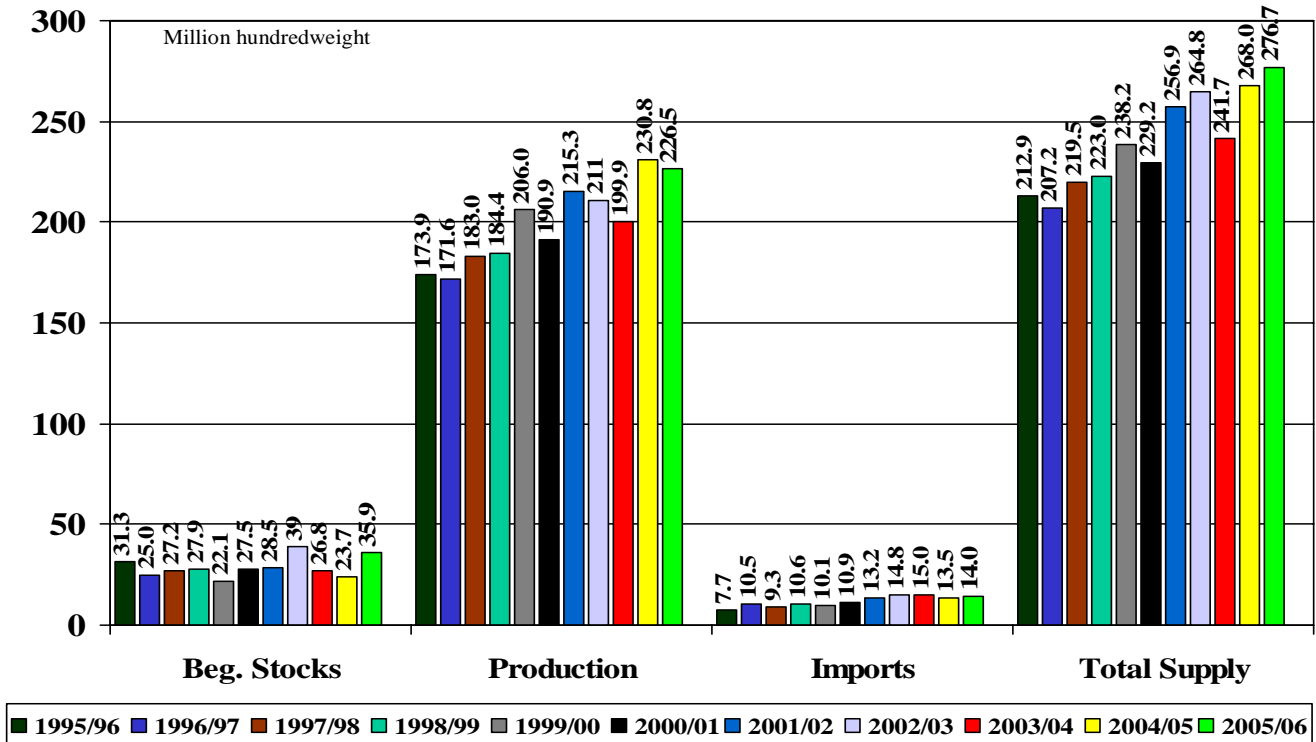


U.S. All Rice Production & Price 1970/71 – 2005/06



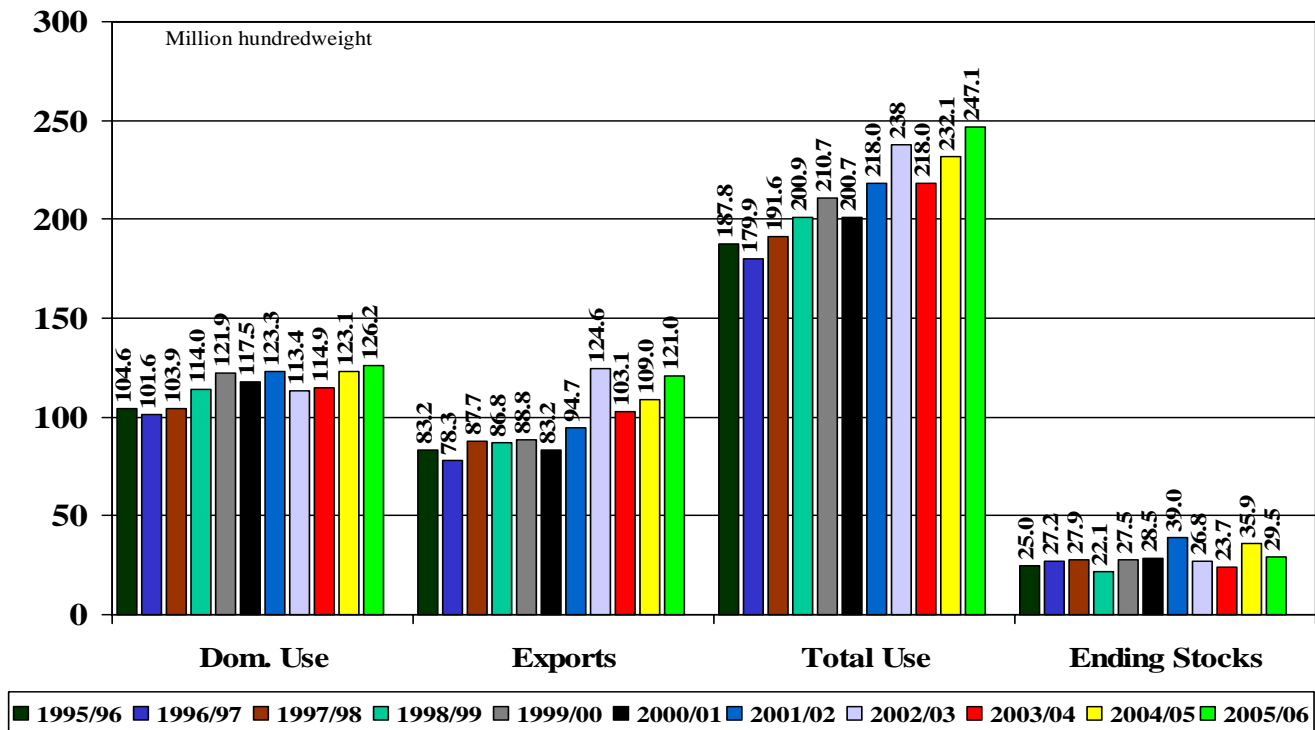
U.S. All Rice Supply 1995/96 – 2005/06

Average Farm Price (\$/cwt): 2003/04 \$8.08, 2004/05 \$7.30 & 2005/06 \$7.25 to \$7.55



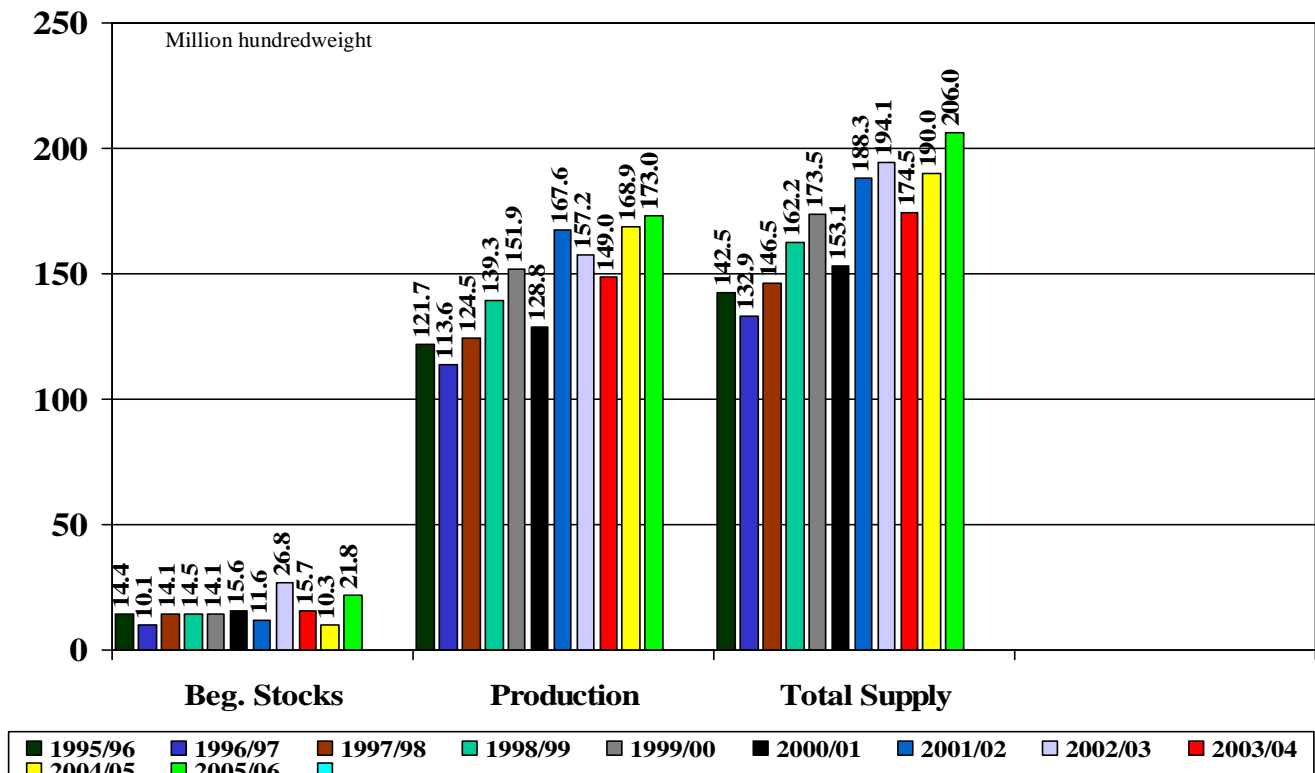
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. All Rice Use and Ending Stocks 1995/96 – 2005/06



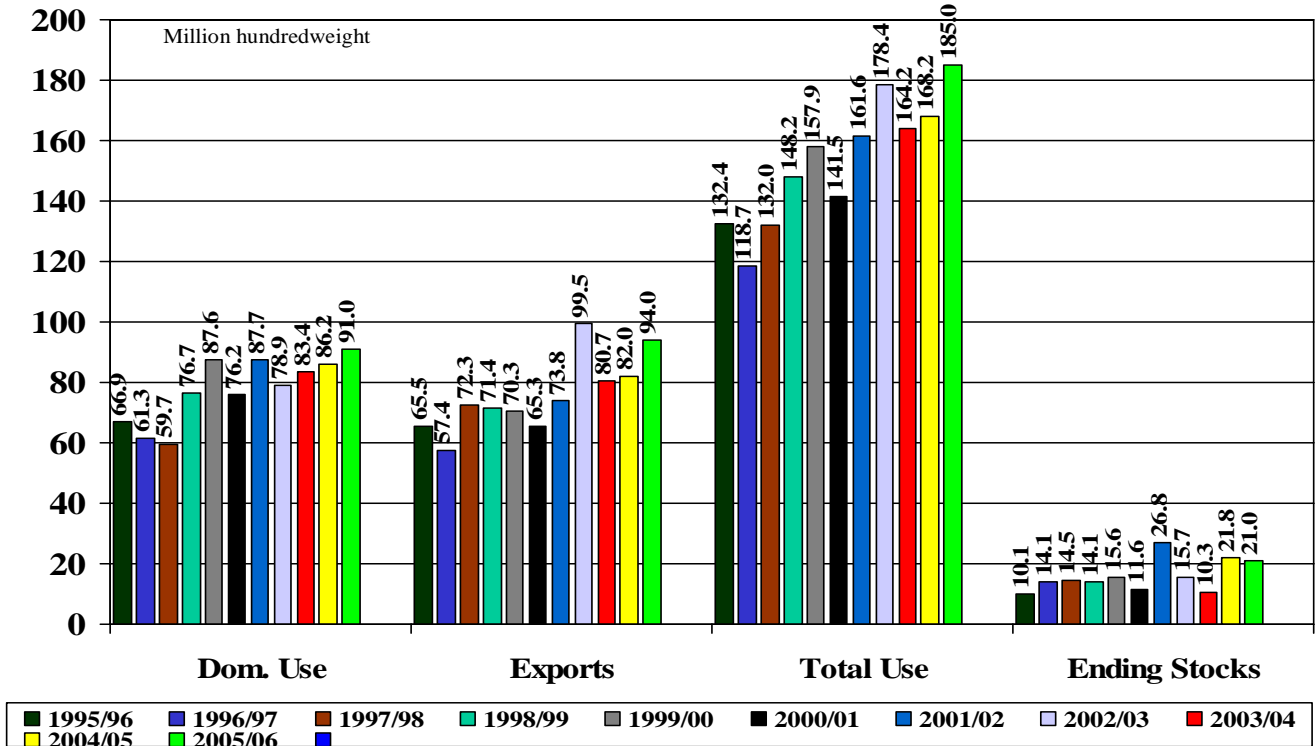
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Supply 1995/96 – 2005/06



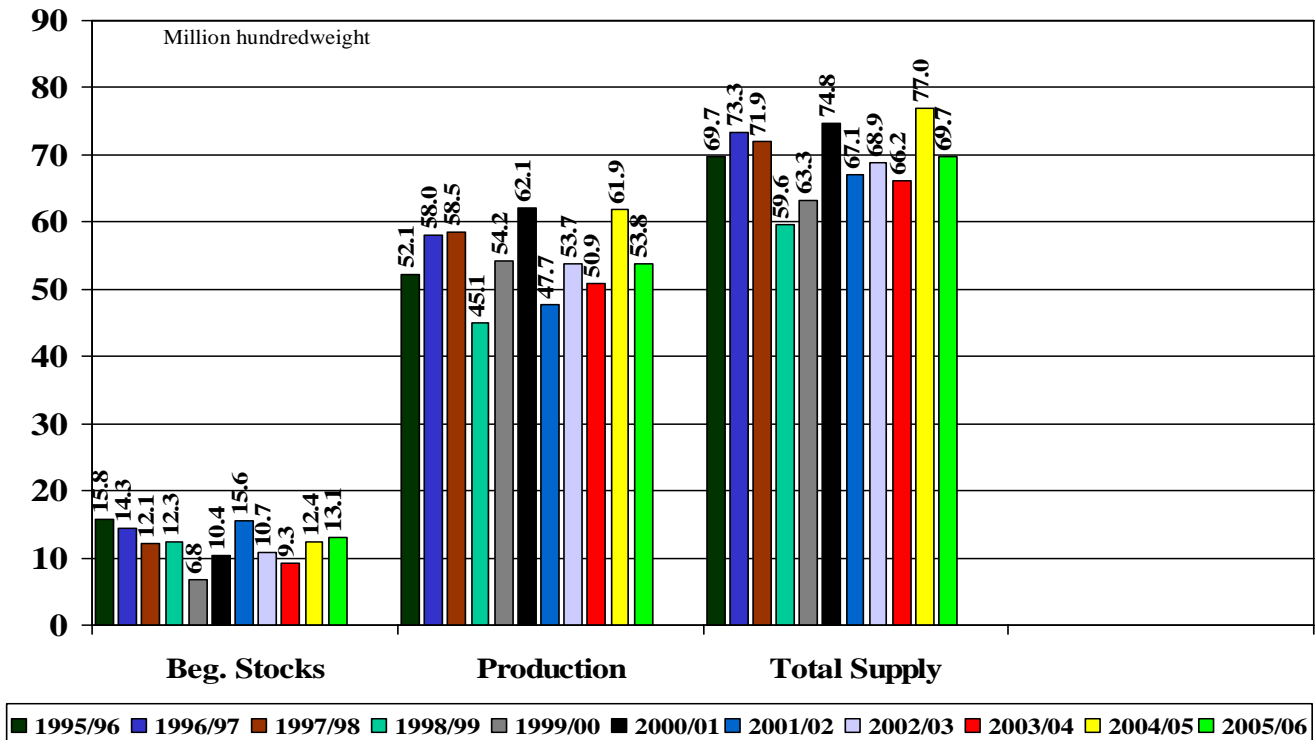
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Use and Ending Stocks 1995/96 – 2005/06



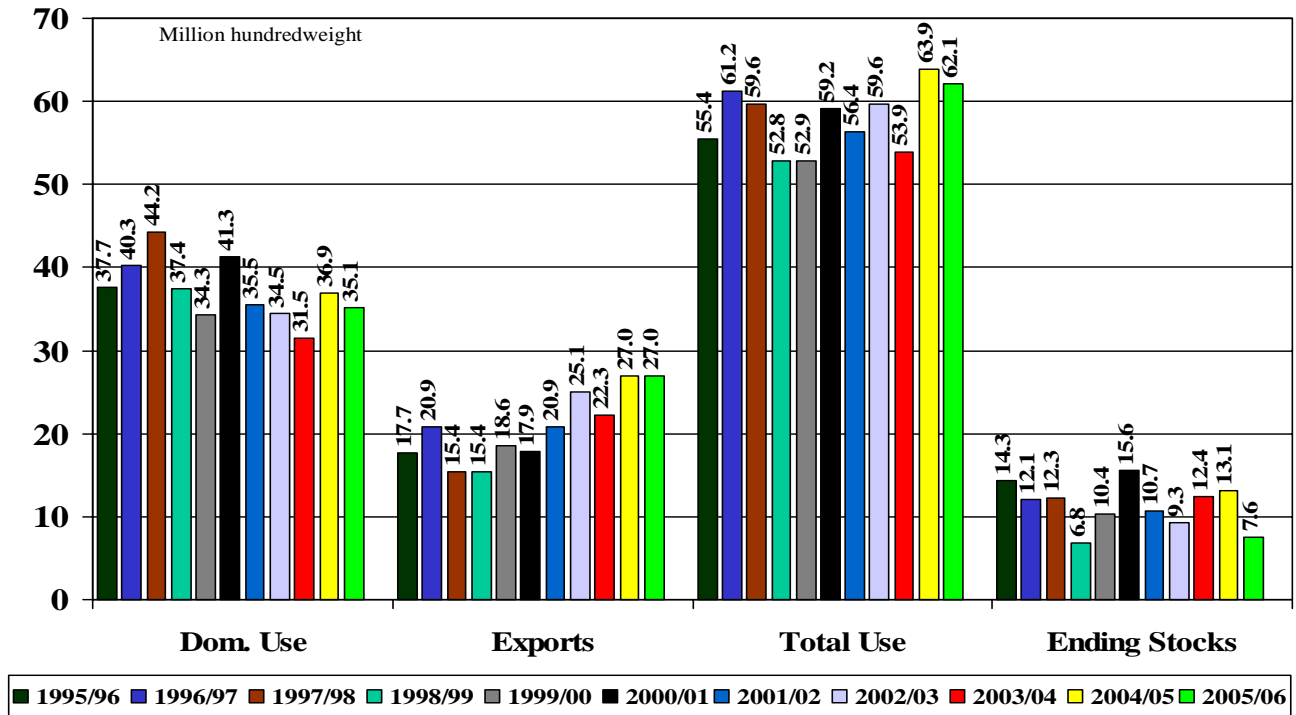
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Medium and Short Grain Rice Supply 1995/96 – 2005/06



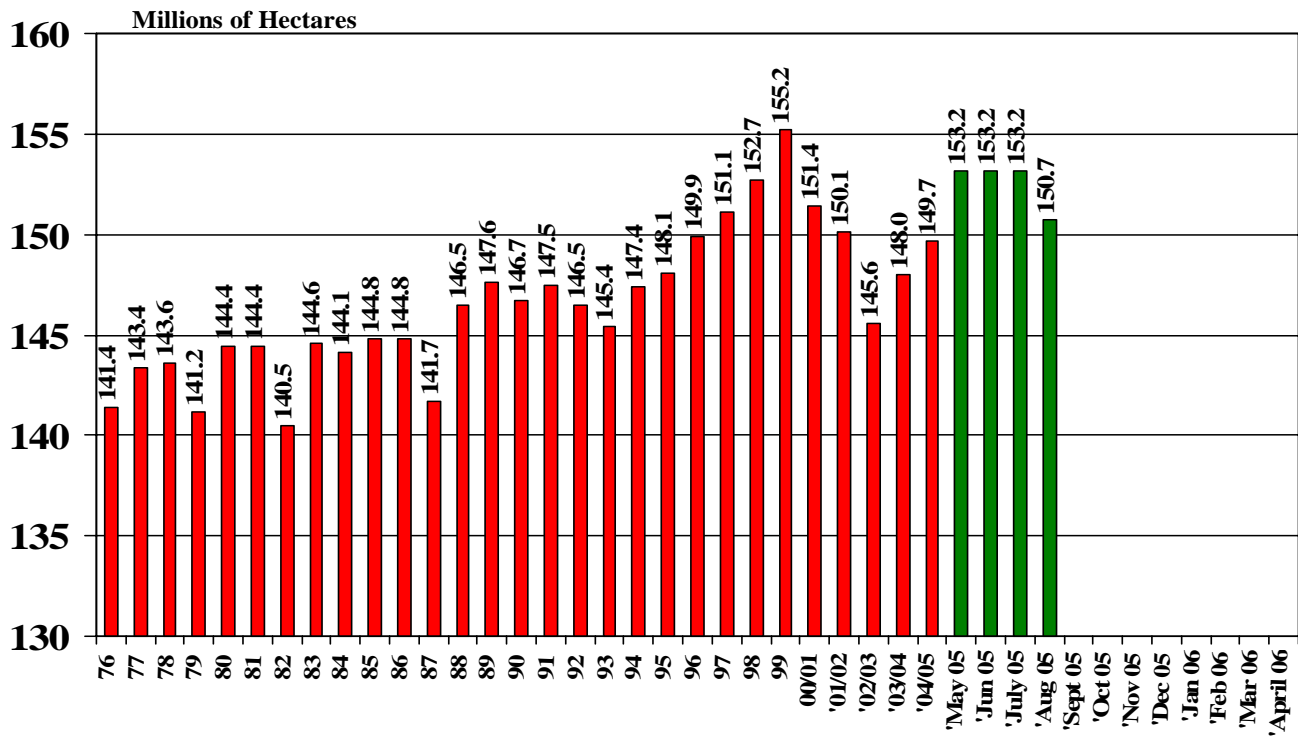
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Medium and Short Grain Rice Use and Ending Stocks 1995/96 – 2005/06



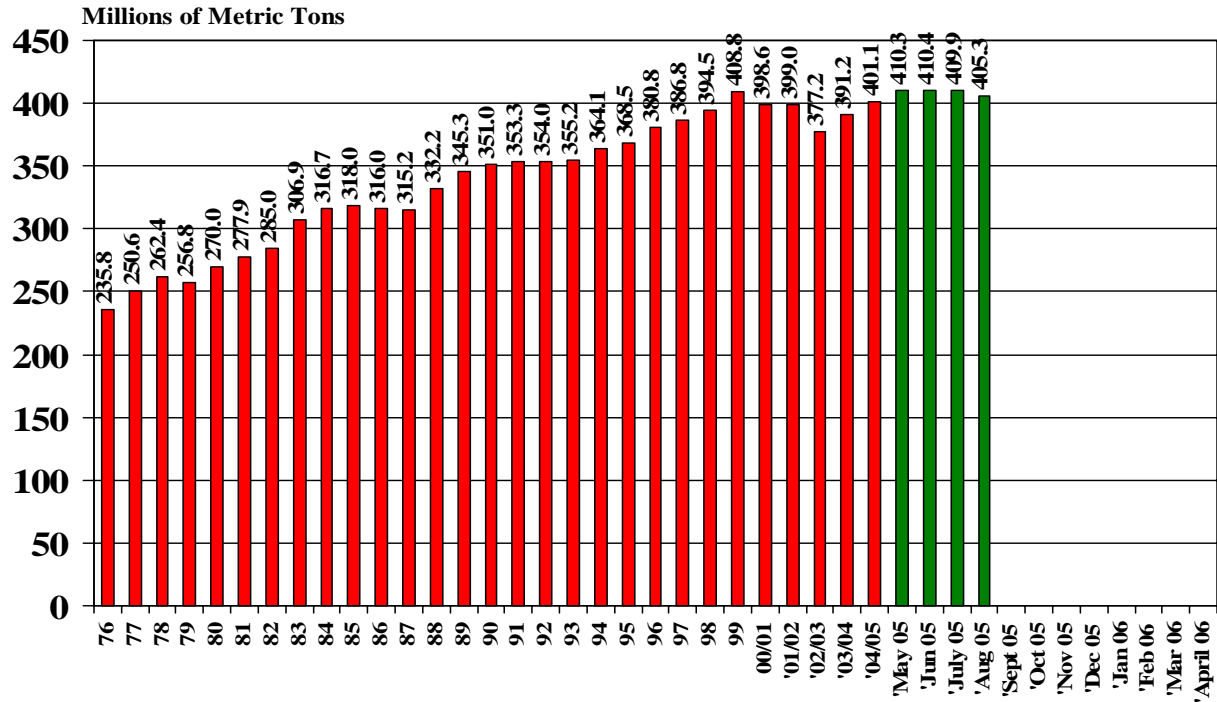
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

World Rice Area Harvested 1976/77 – 2005/06



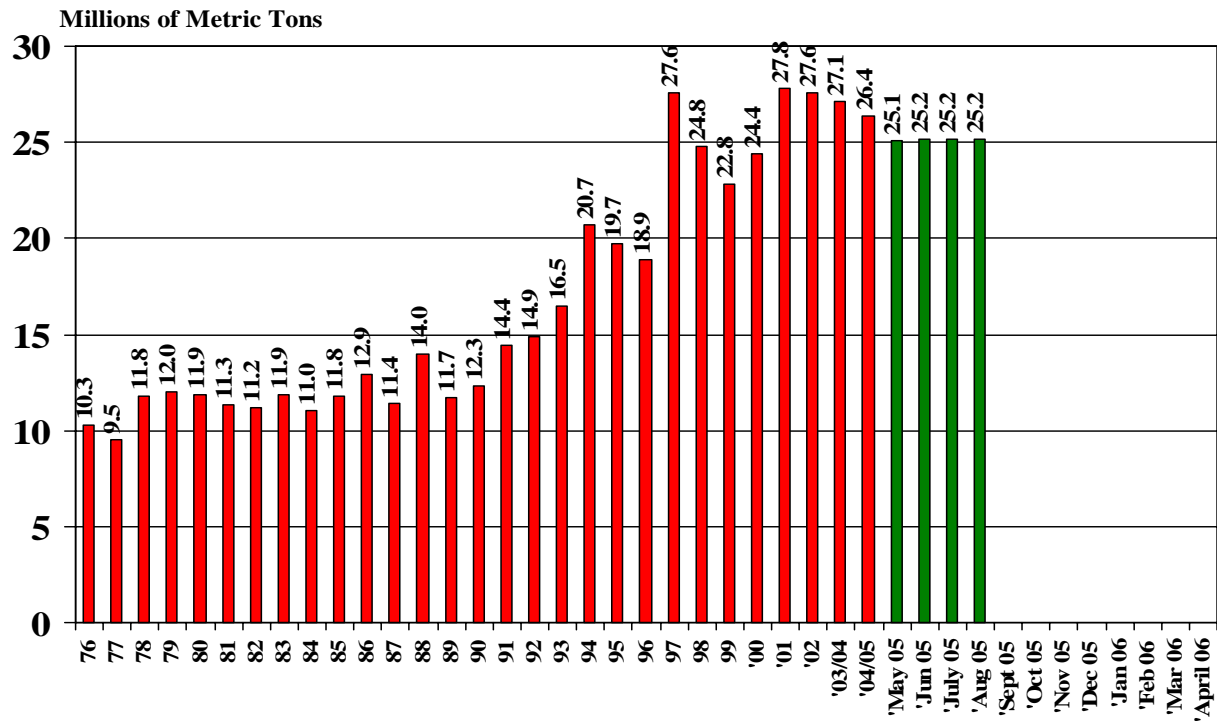
Source: [USDA Foreign Agricultural Service, Grain: World Markets and Trade](#)

World Rice Milled Production 1976/77 – 2005/06



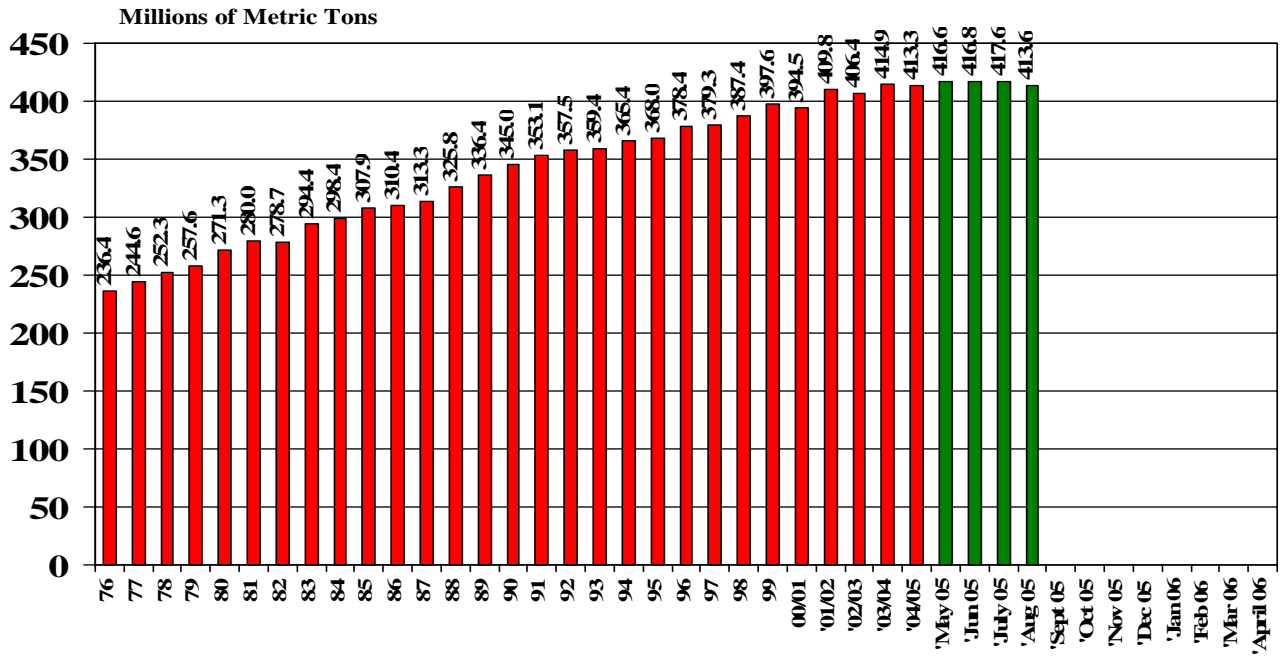
Source: [USDA Foreign Agricultural Service, Grain: World Markets and Trade](#)

World Rice Trade 1976/77 – 2005/06



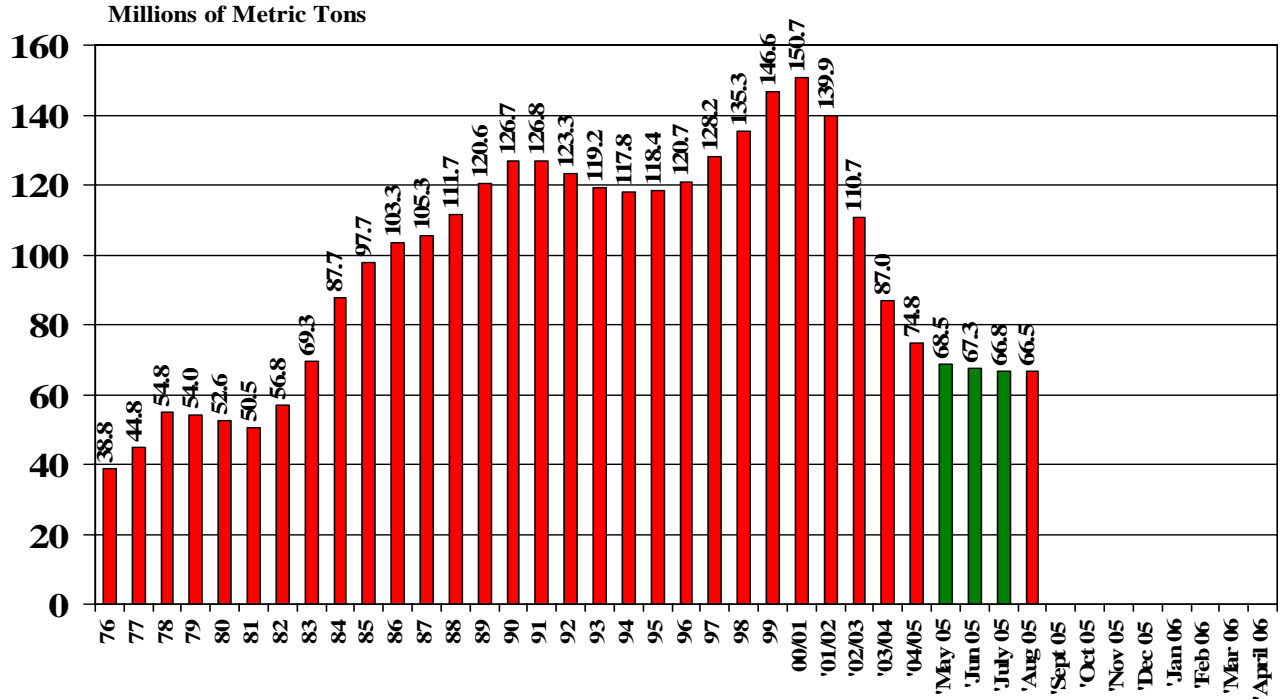
Source: [USDA Foreign Agricultural Service, Grain: World Markets and Trade](#)

World Rice Total Use 1976/77 – 2005/06



Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Ending Stocks 1976/77 – 2005/06



Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade