UNIVERSITY OF ARKANSAS
DIVISION OF AGRICULTURE

Rice Graphics and Commentary
February 15, 2005
By

Bobby Coats
Extension Agricultural Policy Analyst
University of Arkansas Cooperative Extension Service

USDA's latest data shows improvements in world rice production. 2004/05 milled production is now projected to be the second largest on record, up for the second consecutive year at 402.1 million metric tons. This surpasses January's projection of 398.2 million metric tons. That said, for the fourth consecutive year world rice consumption has exceeded production, 11.1 million tons in 2001/02, 29.2 million tons in 2002/03, 24.4 million tons in 2003/04 and 9.1 million tons in 2004/05.

The global production increase is due primarily to revised production estimates for Brazil, India, and Vietnam: Brazil's was raised to 8.2 from 7.9 million metric tons; India was raised to 86 from 83 million metric tons; and Vietnam was raised to 22.1 from 21.5 million metric tons. This compares to US production of 7.3 million metric tons.

World rice trade in calendar year 2005 is estimated to be the fifth largest on record at 25.4 million metric tons and above last month's projection of 24.9 million metric tons. That said, world rice trade is down for the third consecutive year.

For calendar year 2005 global rice imports were raised 500,000 tons over the January estimate due primarily to increases for the Philippines' with total imports of 1.3 million tons, China's .9 million tons, and South Africa's .7 million tons. World exports were raised over last month primarily due to upward revisions for India with total exports of 3.3 million tons, Vietnam 4.2 million tons, and Thailand 8.5 million tons.

From 2003 to 2004 China and India reduced their exports and focused on their food security needs allowing Thailand to supply approximately 40 percent of the global market. Thailand exported an amazing 10.1 million metric tons in calendar year 2004 compared to around 7.5 million metric tons annually from 2001 through 2003.

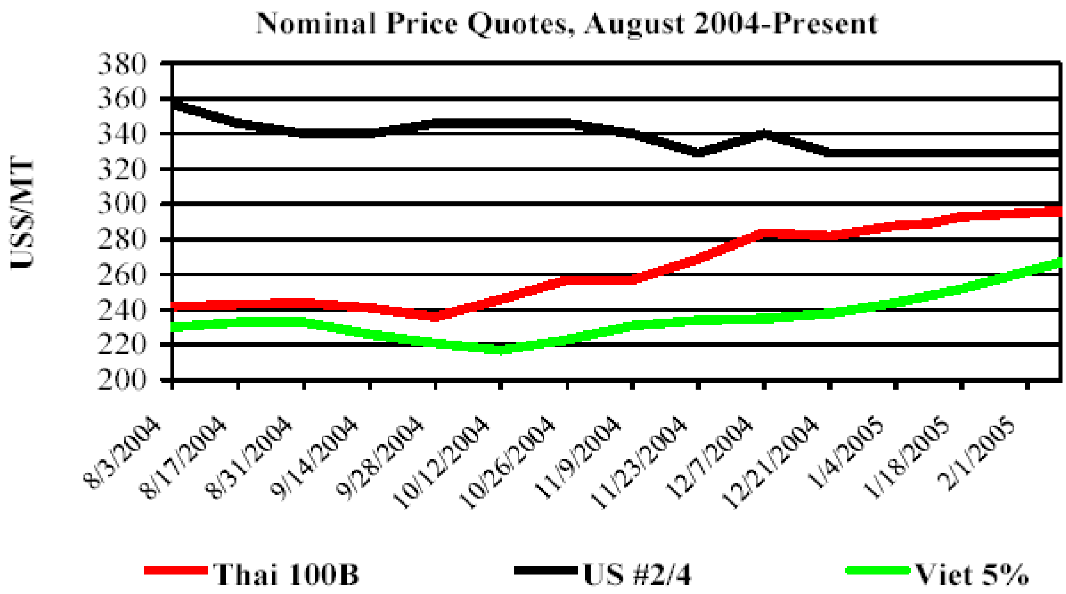
From 2004 to 2005 USDA is expecting another shift in the global rice market as relatively tight exportable supplies in Thailand, Vietnam and China force buyers to look for alternative suppliers, primarily India, Pakistan, and the United States. Thailand is expected to export 8.5 million tons in 2005 compared to 10.1 million tons in 2004. Vietnam is expected to export 4.2 million tons in 2005 and China is projected to export .5 million tons in 2005 compared to .9 million tons in 2004. In 2005 India is expected to export 3.3 million tons, Pakistan is expected to export 2.1 million tons, and the United States is expected to export 3.4 million tons.

2004/05 world rice total use is estimated to be the second largest on record at 411.2 million metric tons, but down .6% from the last marketing period's use of 413.7.

2004/05 world rice ending stocks at 76.8 million metric tons are above January's estimate of 71.8 million metric tons, but are still the lowest since 1983. The increase in ending stocks is primarily due to increases for Brazil, China, India, the Philippines, and Vietnam.

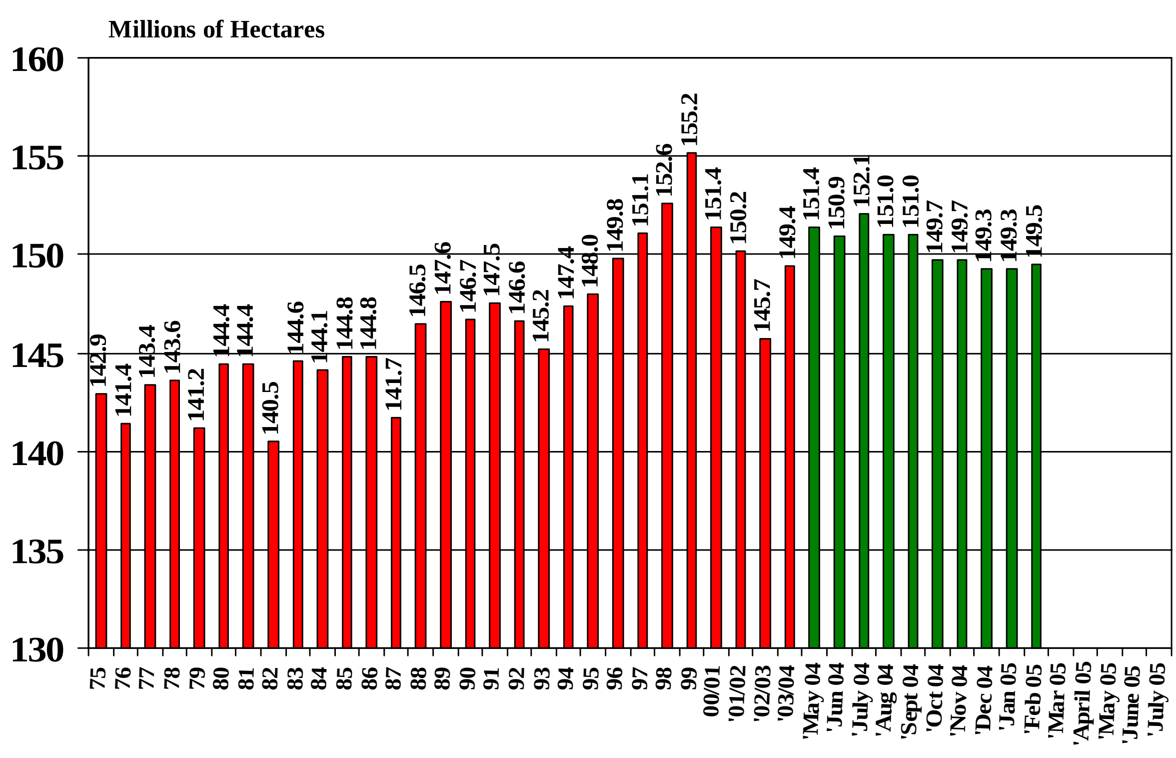
In their February release, USDA indicates that Asian prices continue to strengthen. Thai price at $296 per ton, FOB has strengthened mainly as a result of the continuing appreciation of the baht and due to their intervention program. Viet 5% is quoted at $267 per ton, FOB, with comparable U.S. prices $314 or better. This price spread between Viet and U.S. is limiting the demand for U.S. rice in key milled markets, such as Cuba and Iraq.

Consider the following: U.S. 2004/05 long grain rice production is estimated at a record 169 million cwt; total long grain supply estimated to be the second highest on record at 190 million cwt; ending long grain stocks are their second highest since 1986 and may well be low; rice harvest is underway in many parts of Asia and South America; adequate stocks in South America especially Brazil limit long grain rough exports; dependence on milled rice sales and the fast approaching July 31 close of the 2004/05 marketing year, all lead us to expect the rice market to remain soft until excess supply can be absorbed into the export market.



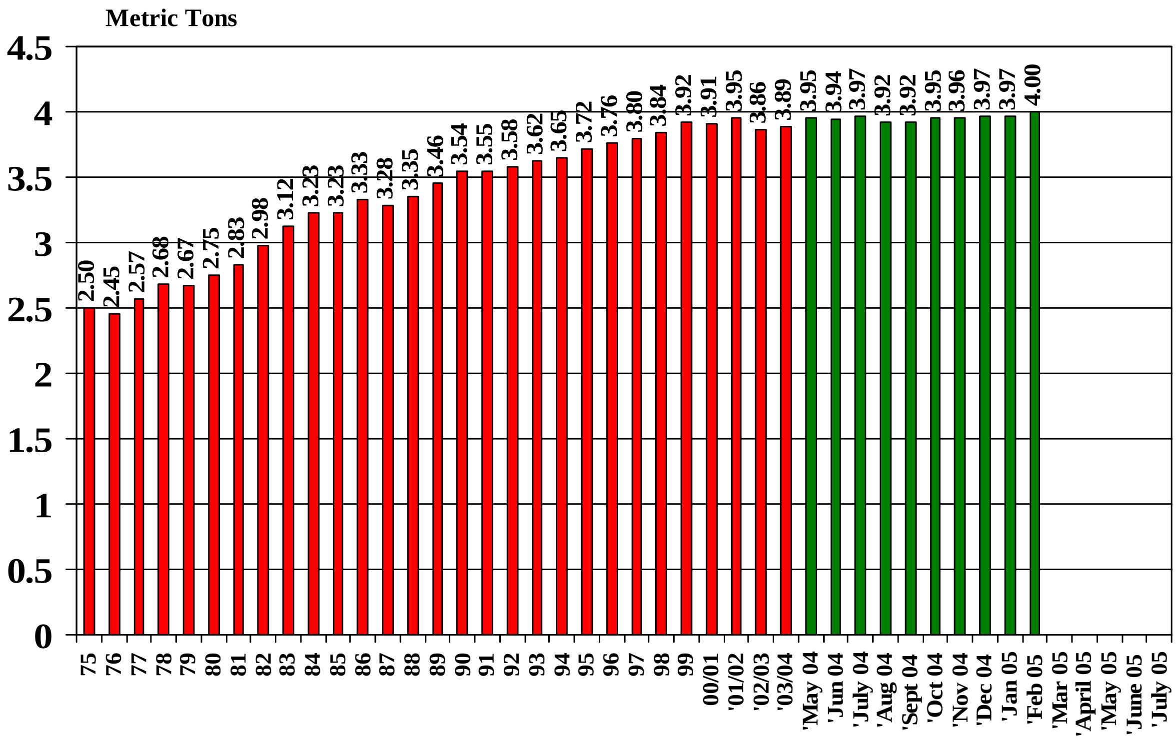
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Area Harvested 1973 – 2004/05



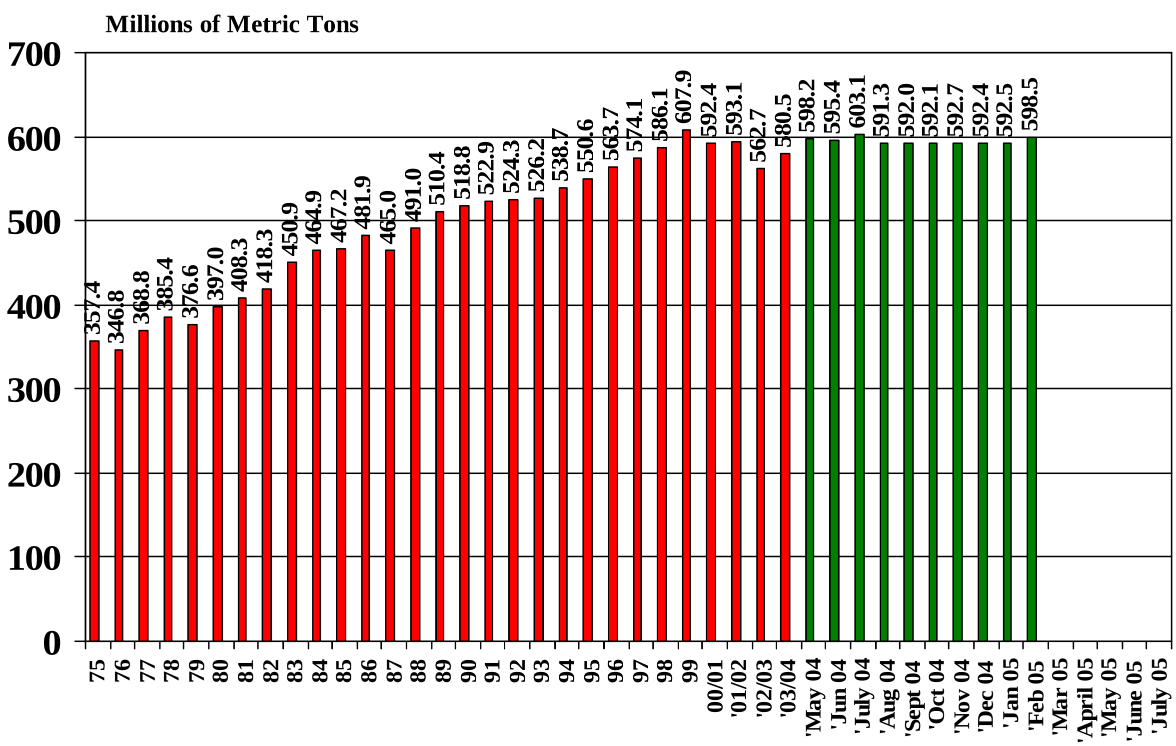
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Yield (Rough) 1973 – 2004/05



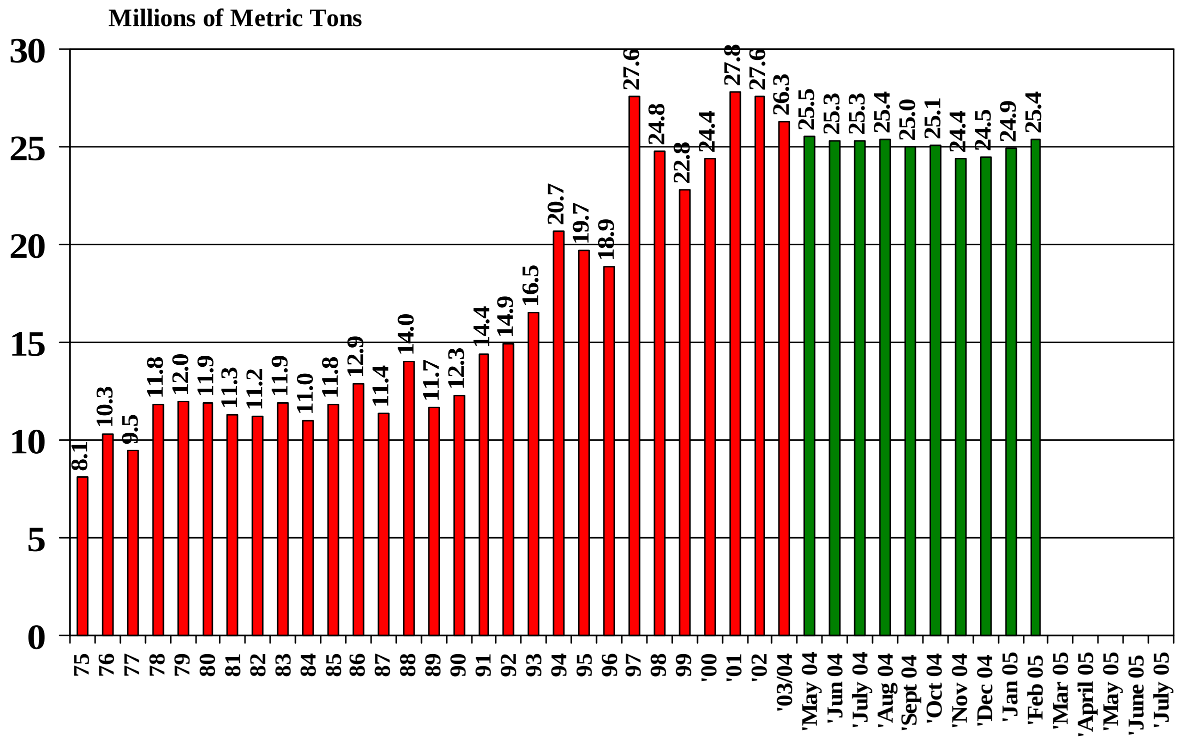
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Rough Production 1973 – 2004/05



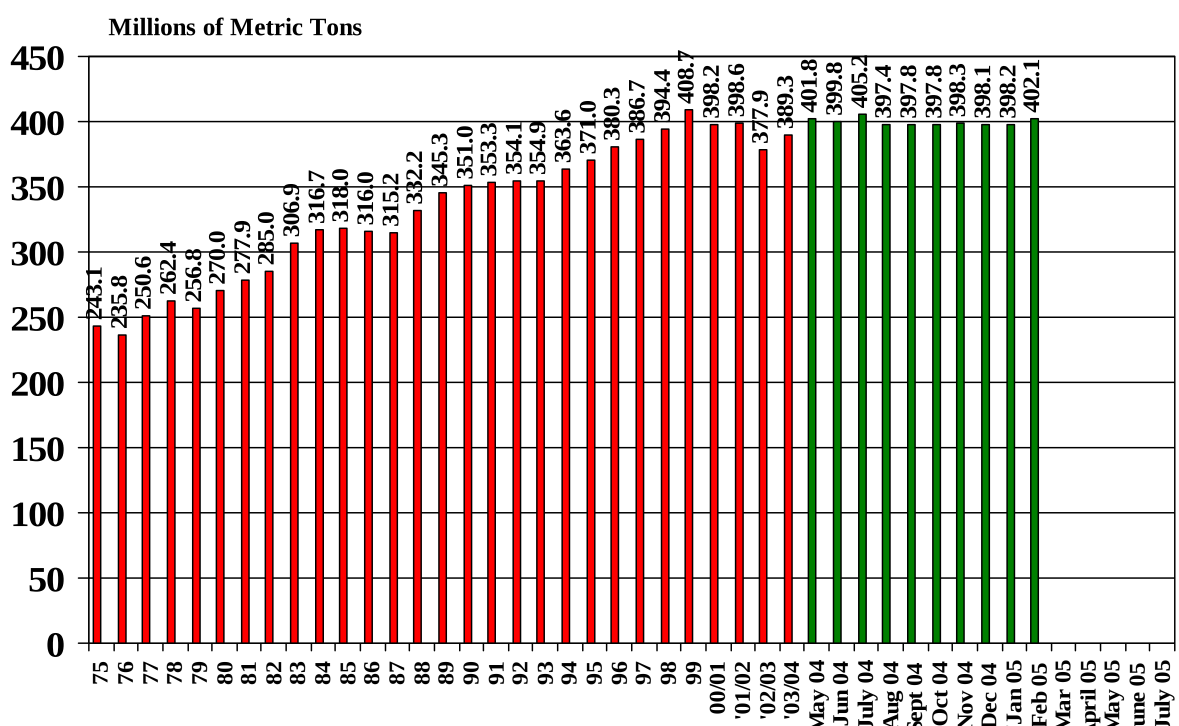
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Trade 1973 – 2004/05



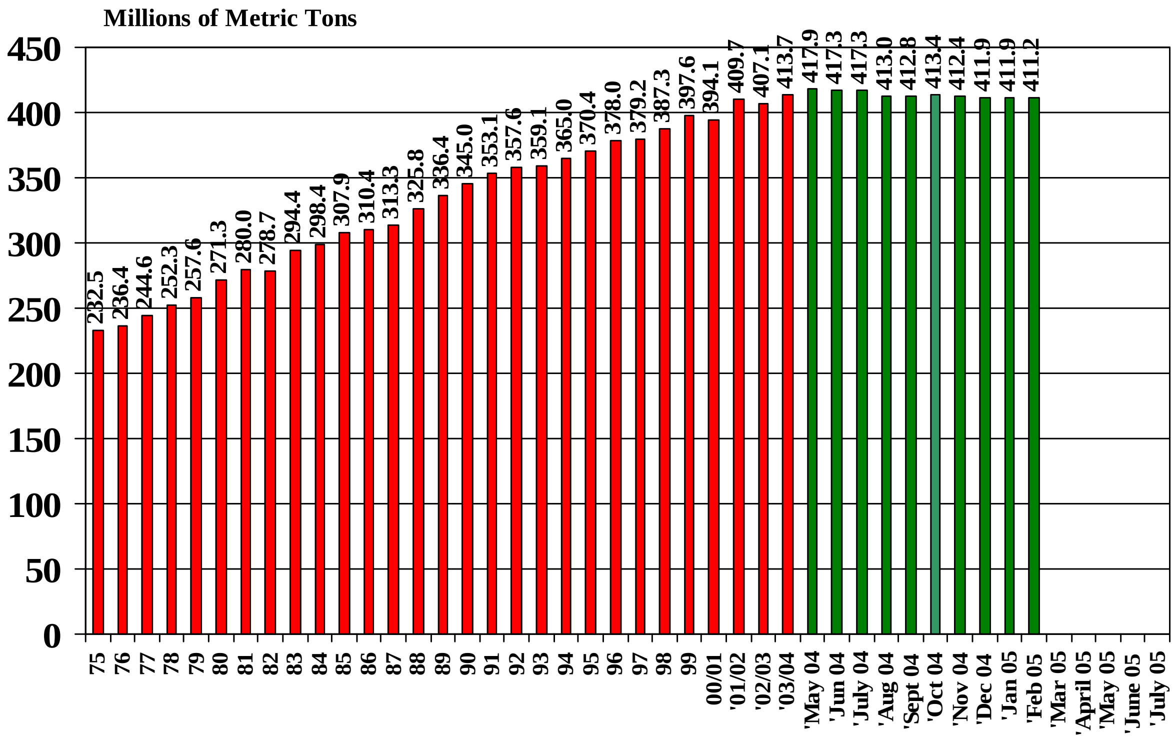
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Milled Production 1973 – 2004/05



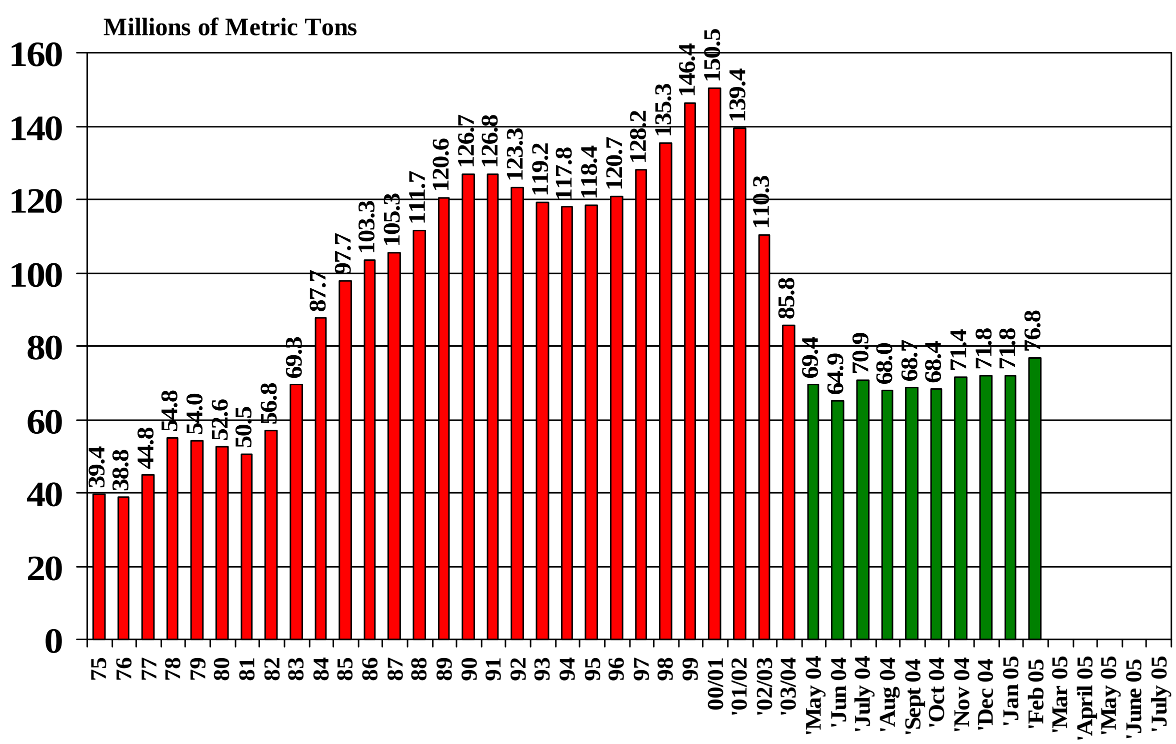
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Total Use 1973 – 2004/05



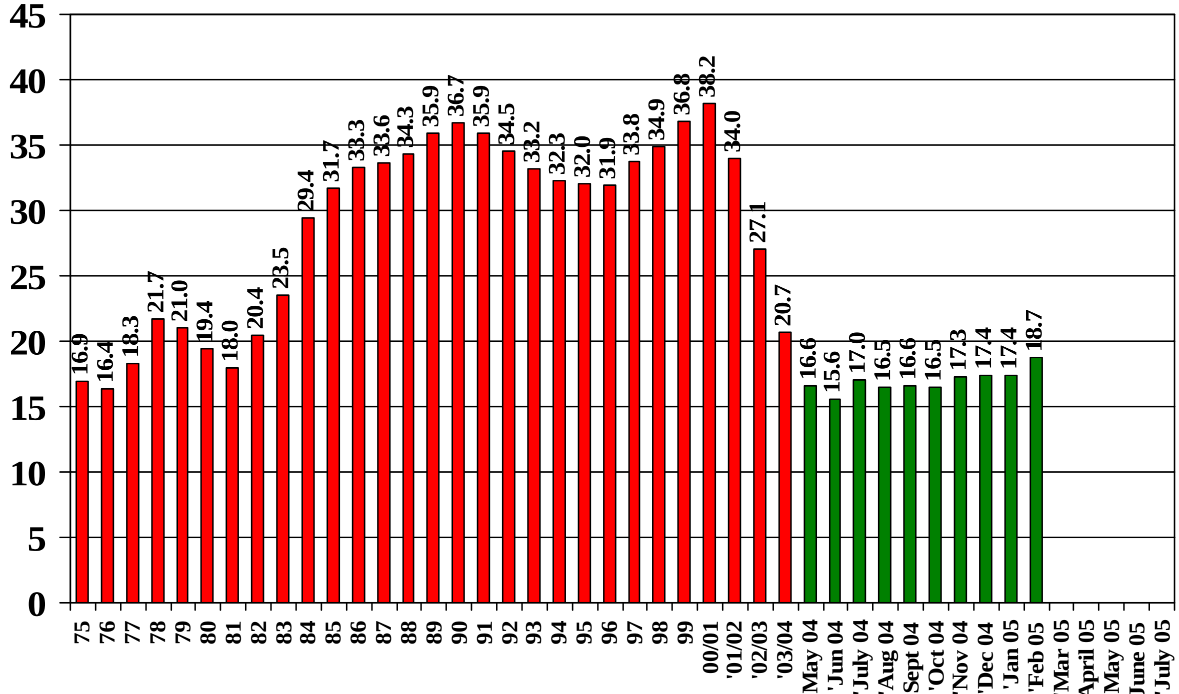
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Ending Stocks 1973 – 2004/05



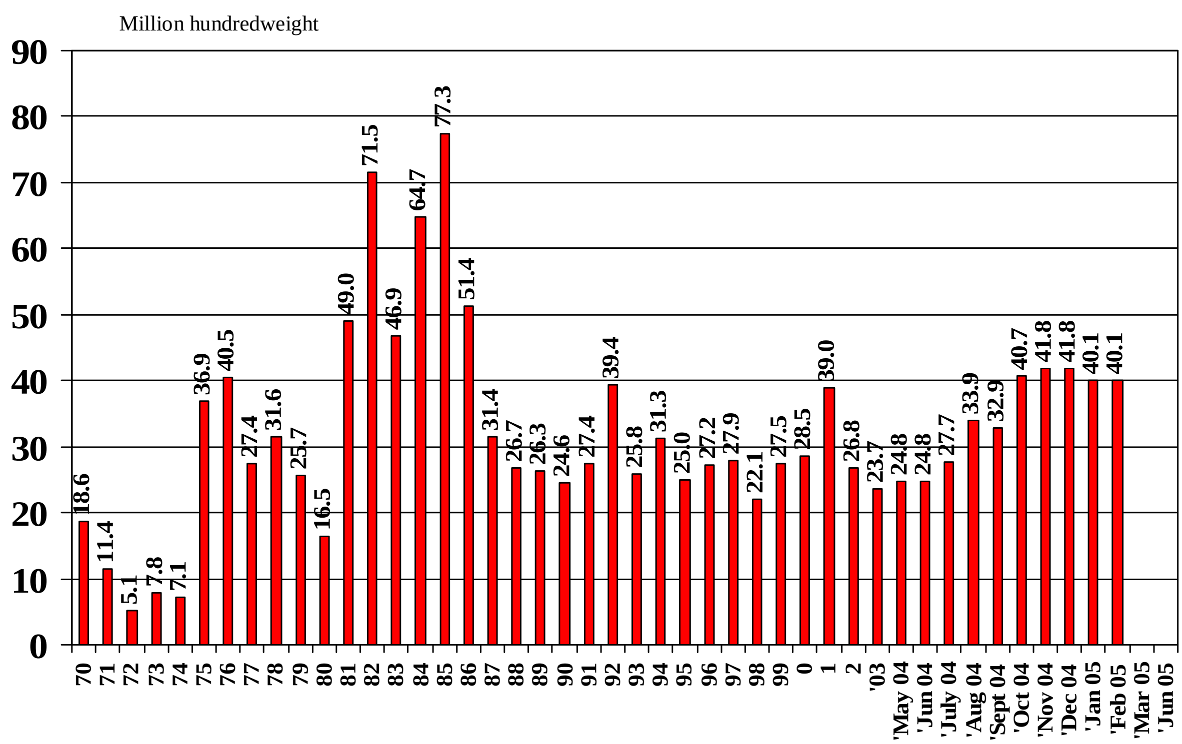
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

World Rice Stocks As Percent of Consumption 1973 – 2004/05



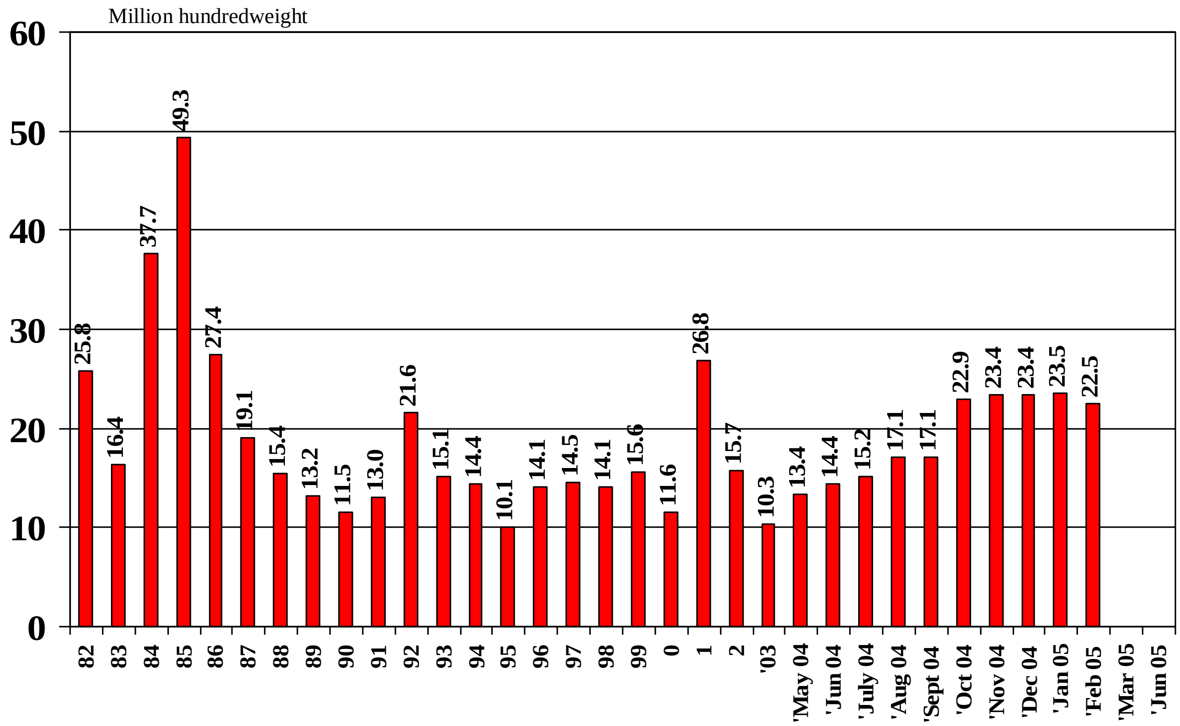
Source: USDA Foreign Agricultural Service, Grain: World Markets and Trade

U.S. All Ending Stocks 1970/71 – 2004/05



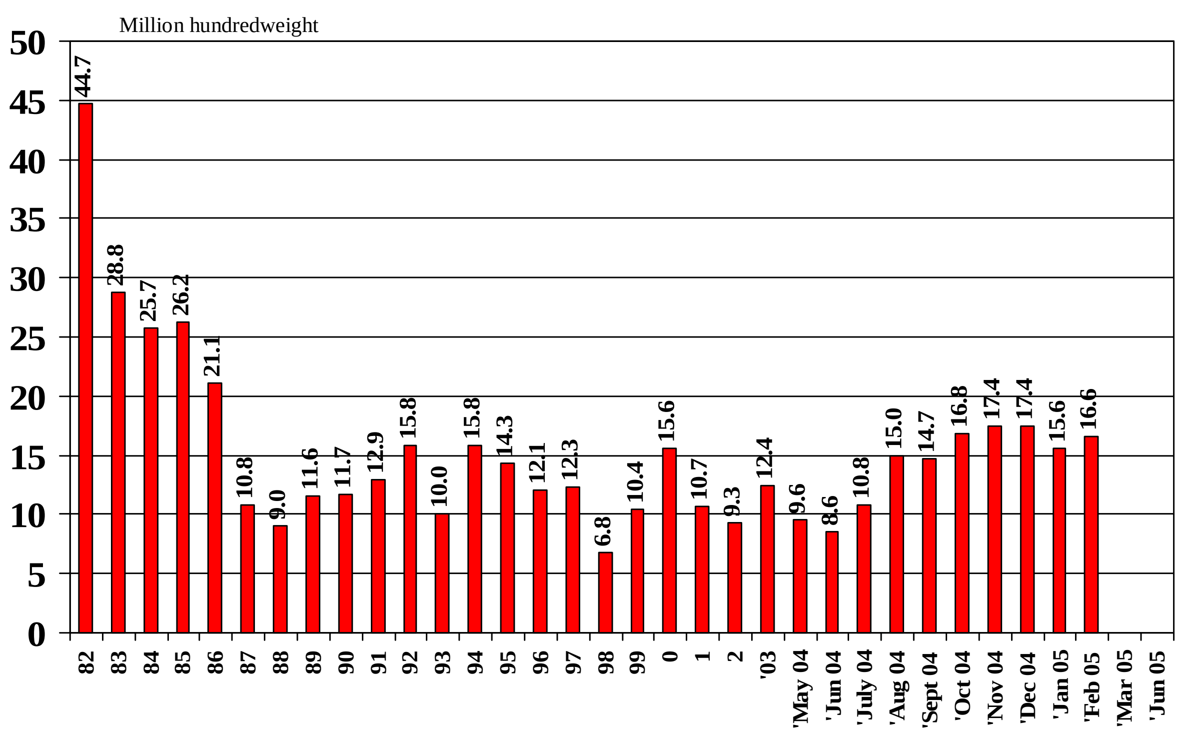
Source: USDA World Supply and Demand Estimates and USDA PS & D Data Set

U.S. Long Grain Ending Stocks 1982/83 – 2004/05



Source: USDA World Supply and Demand Estimates and USDA PS & D Data Set

U.S. Medium and Short Grain Ending Stocks 1982/83 – 2004/05



Source: USDA World Supply and Demand Estimates and USDA PS & D Data Set