United States Department of Agriculture

Adverse Weather Tightens U.S. Rice Supplies in 2019/20; U.S. Rice Area Expected to Rebound in 2020/21

2019 USA Rice Outlook Conference
December 8-10, 2019
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Economic Research Service
USDA

Data approved by the World Agricultural Outlook Board.
Estimates and forecasts are from the December 2019 WASDE.

PART 1

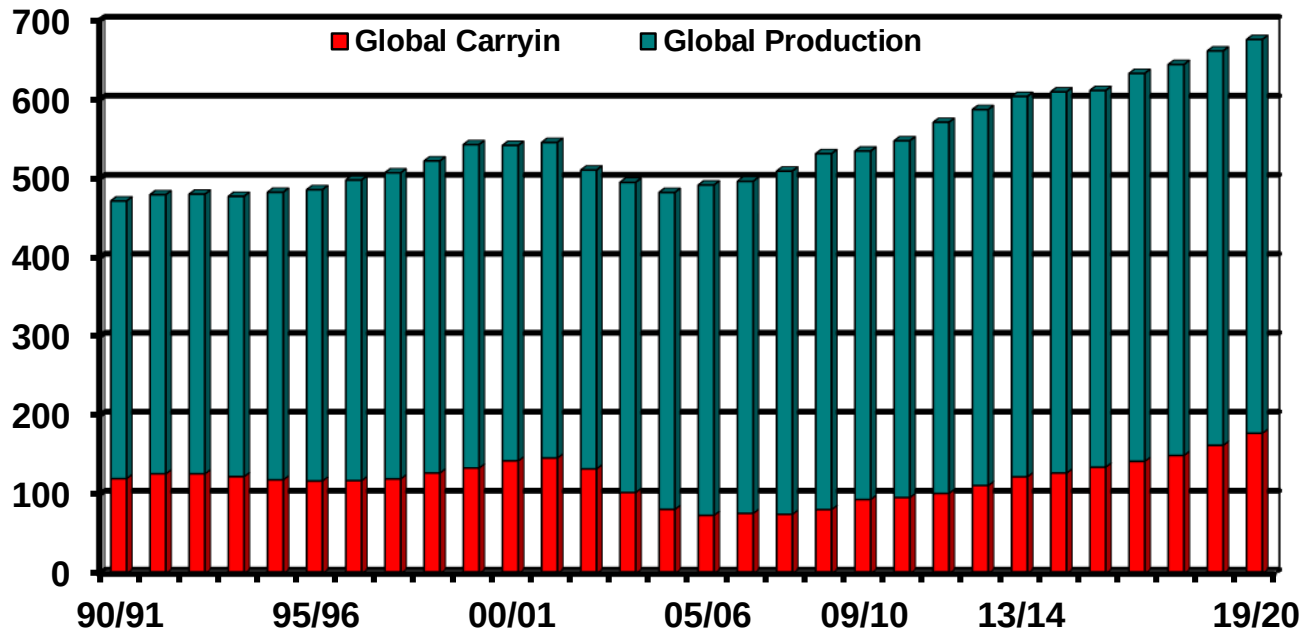
THE 2019/20 GLOBAL RICE MARKET: SITUATION AND OUTLOOK

The 2019/20 Global Rice Market: *An Overview*

- **Global rice production is projected at 498.4 million tons (milled basis), down just 0.8 million tons from the 2018/19 record.**
- **Crops are projected smaller in Australia, China, Colombia, Cuba, Ecuador, India, Indonesia, Mali, Mozambique, Nepal, Panama, Paraguay, South Korea, Taiwan, the United States (-16 percent), and Venezuela.**
- **But, larger rice crops are projected for Bangladesh, Burma, Cambodia, Cote d'Ivoire, Egypt (+54 percent), EU, Guyana, Iraq, Japan, Laos, Madagascar, Nigeria, Pakistan, the Philippines, Russia, Sierra Leone, Sri Lanka, Thailand, and Vietnam.**

Despite slightly smaller production, global rice supplies in 2019/20 are projected to be record high

MIL. TONS



Milled basis. 2019/20 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

The 2019/20 Global Rice Market:
Production Decline—Selected Countries

Country	Production	Percent Change	Reasons
China	146.73 million tons	-1.2 percent	Lower area, but record yield
India	115.00 million tons	-1.2 percent	Slightly lower area & yield
Indonesia	36.50 million tons	-0.5 percent	Area down due to drought
United States	5.97 million tons	-16.7 percent	Weather-induced big area drop, slightly lower yield
Nepal	3.53 million tons	-5.4 percent	Return to trend yield
Mali	1.95 million tons	-5.3 percent	Return to trend yield
Colombia	1.64 million tons	-3.0 percent	Return to trend yield
Paraguay	0.70 million tons	-4.6 percent	Smaller area & yield
Panama	0.15 million tons	-27.2 percent	Smaller area, yield, drought
Australia	36,000 tons	-16.3 percent	Area down, severe drought

The 2019/20 Global Rice Market:

Production Increase—Selected Countries (R = Record)

Country	Production	Percent Change	Reasons
Bangladesh	35.50 million tons R	+1.4 percent	Record area and yield
Vietnam	28.30 million tons R	+1.4 percent	Record yield, area up
Thailand	20.50 million tons	+0.8 percent	Slight area expansion
Burma	13.30 million tons R	+0.8 percent	Record area and yield
Philippines	12.00 million tons	+2.3 percent	Record yield, area slight drop
Cambodia	5.69 million tons R	+0.9 percent	Record area and yield
Egypt	4.30 million tons	+53.6 percent	Large area expansion
Sri Lanka	3.06 million tons	+3.4 percent	Record yield, but area down
Madagascar	2.69 million tons	+5.0 percent	Higher yield
Laos	2.05 million tons R	+22.0 percent	Area recovery from flood
Cote d'Ivoire	1.40 million tons R	+7.4 percent	Record area, higher yield
Iraq	0.30 million tons *R*	+1400 percent	Area expansion, record yield

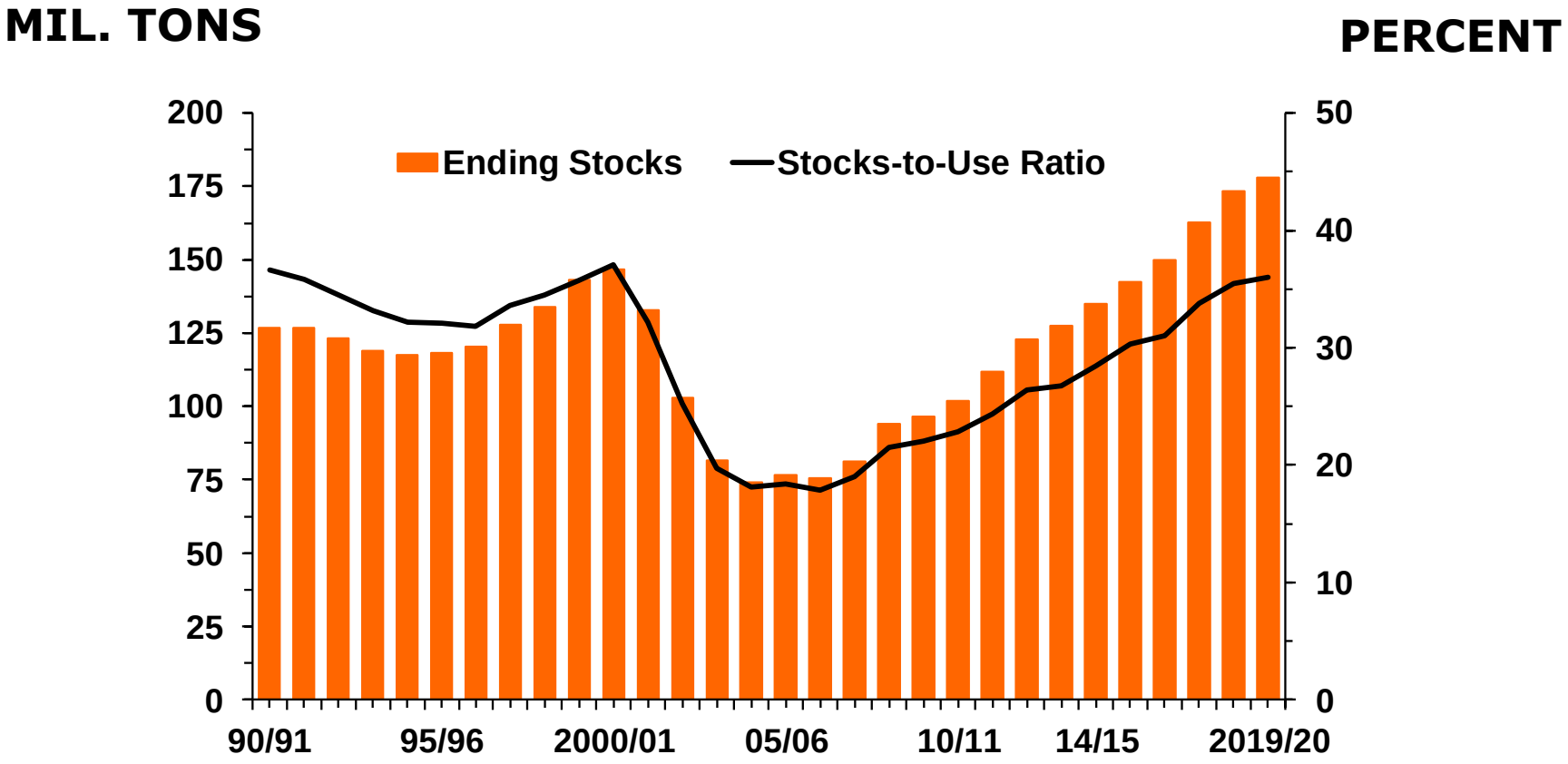
The 2019/20 Global Rice Market: *Consumption and Residual Use*

- **Global consumption and residual use is projected at a record 493.8 million tons, up more than 5 million tons from 2018/19, but 4.6 million tons smaller than 2019/20 production.**
- **Consumption is projected to increase in 2019/20 in Bangladesh, Cambodia, Egypt, Indonesia, the Philippines, and Vietnam.**
- **But consumption is projected to decline in Japan and South Korea (long term diet diversification), Nepal (smaller crop) Thailand (end of Government stock disposal), and the United States (smaller supplies).**

The 2019/20 Global Rice Market:
Consumption and Residual Use—Continued

- **Little or no change in consumption is projected for Brazil, China (remains record high), India (record high), and Nigeria (remains record high).**
- **Consumption (including residual use) is projected to rise almost 3 percent in Sub-Saharan Africa to a record 33.8 million tons, more than double consumption in 2004/05, as result of both a larger population and higher per capita consumption.**
- **Sub-Saharan Africa is the only region with significant growth in per capita rice consumption.**

With a 13th consecutive increase, global ending stocks in 2019/20 are projected to be record high

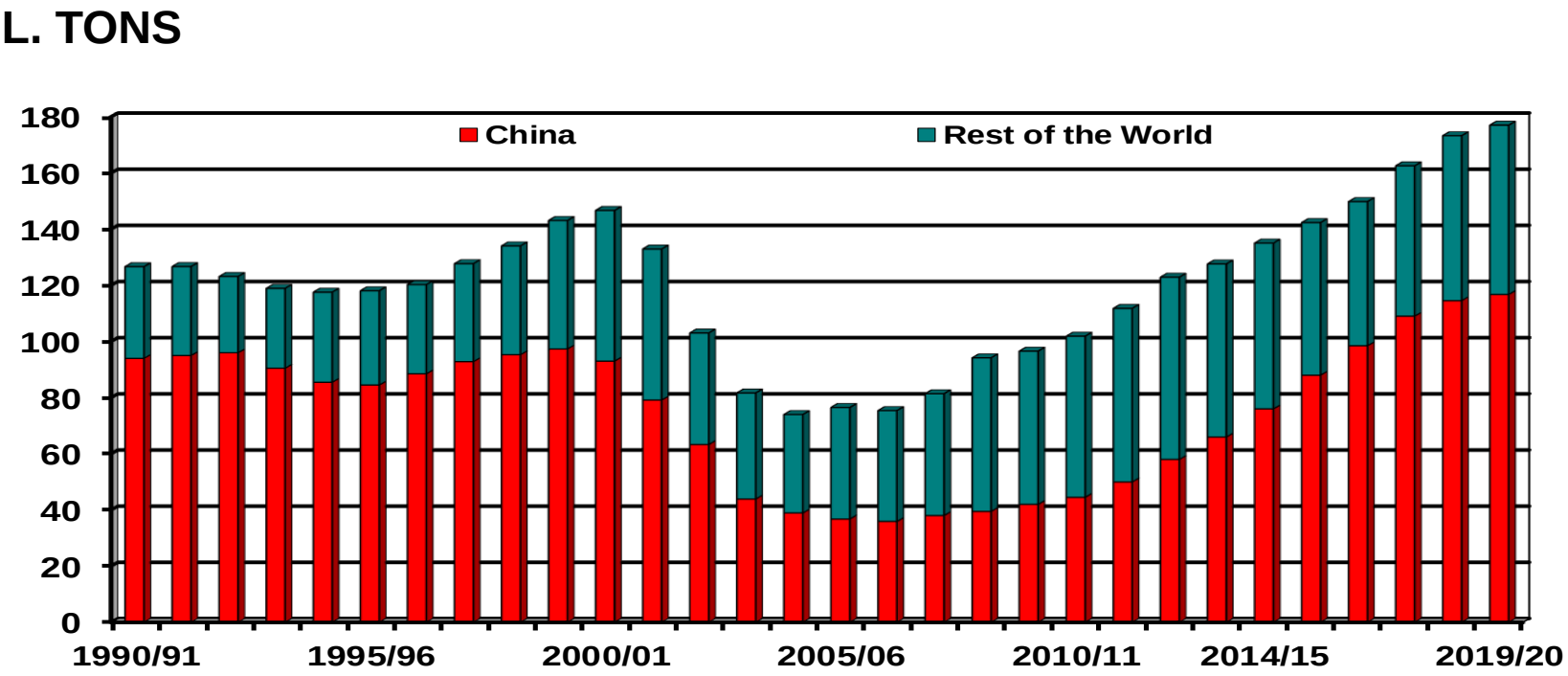


2019/20 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

The 2019/20 Global Rice Market: *Ending Stocks and Prices*

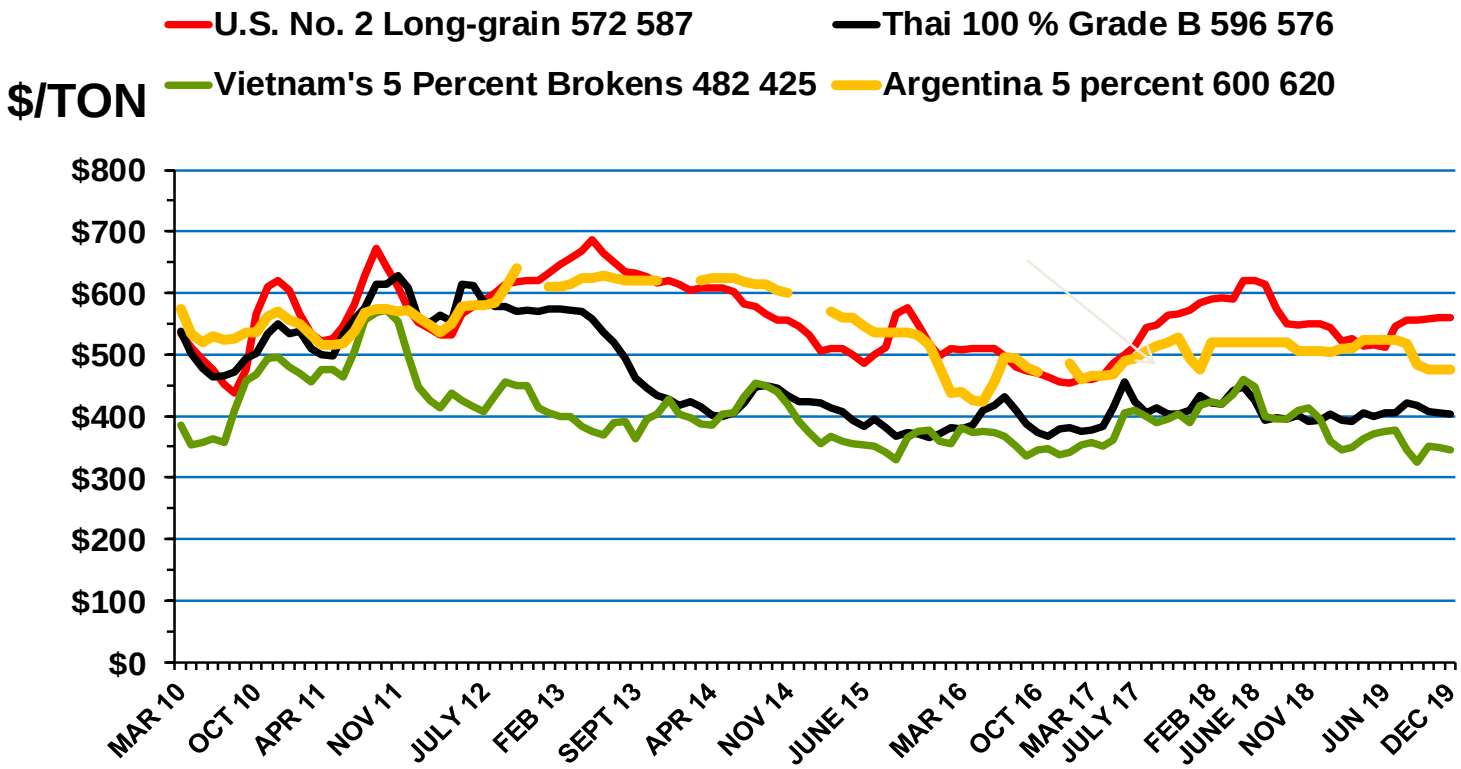
- Global ending stocks are projected at a record 177.8 million tons, up almost 3 percent from 2018/19.
- China accounts for almost two-thirds of 2019/20 global ending stocks, with China's stocks projected at a record 117.4 million tons, up 2 percent and the 13th consecutive year of increase.
- India's 2019/20 ending stocks are projected at 29.5 million tons, up 5 percent from 2018/19 and the highest on record.
- The 2019/20 global stocks-to-use ratio of 36.0 percent is up from 35.5 percent in from 2018/19, but still below the 37.1 % record in 2000/01.
- Global trading prices are expected to be slightly higher in 2019/20, but the U.S. price difference over Asian and South American exporters is projected to be little changed.

With record stocks of 117.4 million tons in 2019/20, China is expected to account for 66 percent of global rice stocks



2019/20 are forecasts. Milled basis. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

U.S. price difference for long-grain milled rice over Asian & South American exporters has widened



All prices quoted “free-on-board” vessel at local port. Sources: Thai quotes, U.S. Ag Counselor, Bangkok; U.S., Argentina, and Vietnam quotes, *Creed Rice Market Report.*

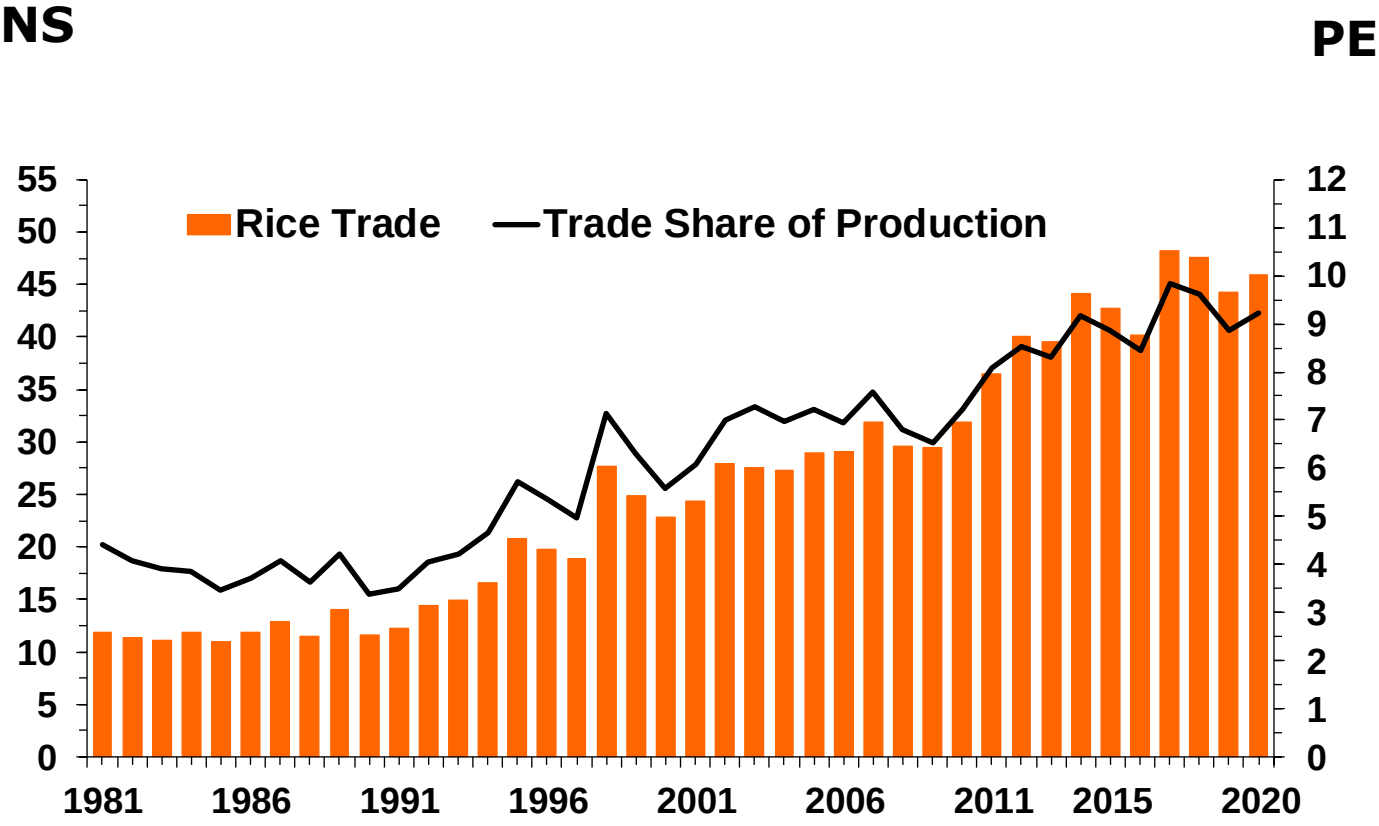
Global Rice Trade in 2020 Is Projected To Increase 3 Percent, But Remain Below Record

- **Global rice trade is projected at a 45.9 million tons, up more than 3 percent from 2019, but still more than 4 percent below the 2017 record.**
- **The projected expansion in global rice imports in 2020 is largely driven by:**
  - **Expected record purchases from Sub-Saharan Africa, up 4 percent from 2019 despite record production.**
  - **Indonesia (with a drought-reduced crop) and Brazil (experiencing long-term area decline) are projected to import more rice in 2020 than in 2019.**
  - **The Middle East continues its slow import expansion.**

Global 2020 Rice Trade—*Continued*

- The decline in global rice imports since the 2017 record has mostly been due to a big decrease in China's imports (policy driven), as well as much smaller imports by Bangladesh and Sri Lanka due to strong crop recoveries in both countries.
- Nigeria's imports have declined due to the recent ban on border trade with Benin.
- On the 2020 export side, increased shipments from Burma, Cambodia, China, Egypt, India, Thailand, the United States, and Vietnam are projected…
- …To more than offset weaker shipments from Argentina, Australia, Brazil, and Pakistan.
- Since 2017, China has returned as a major exporter, shipping substantial quantities of low priced rice from its Government held stocks to Africa and the Middle East.
- India remains the top exporter, despite the increased competition from China, while Thailand (number 2 exporter) remains uncompetitive.

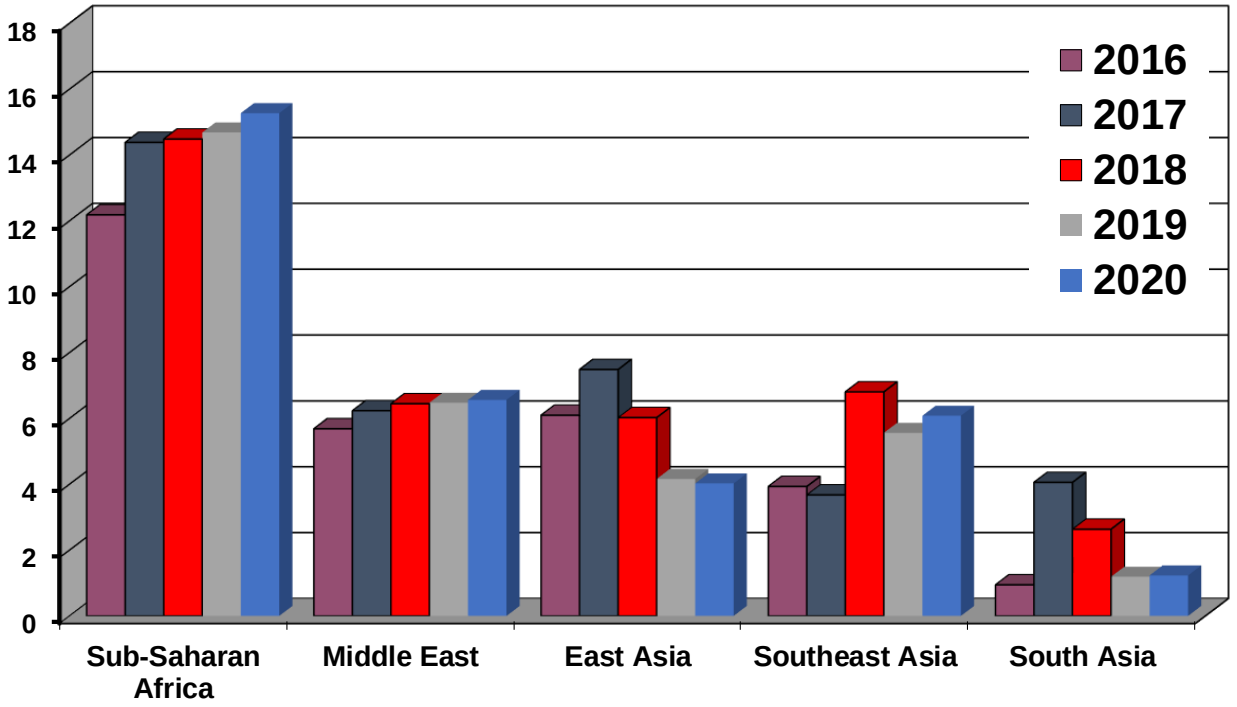
More than 9 percent of world rice production now enters the global market



2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

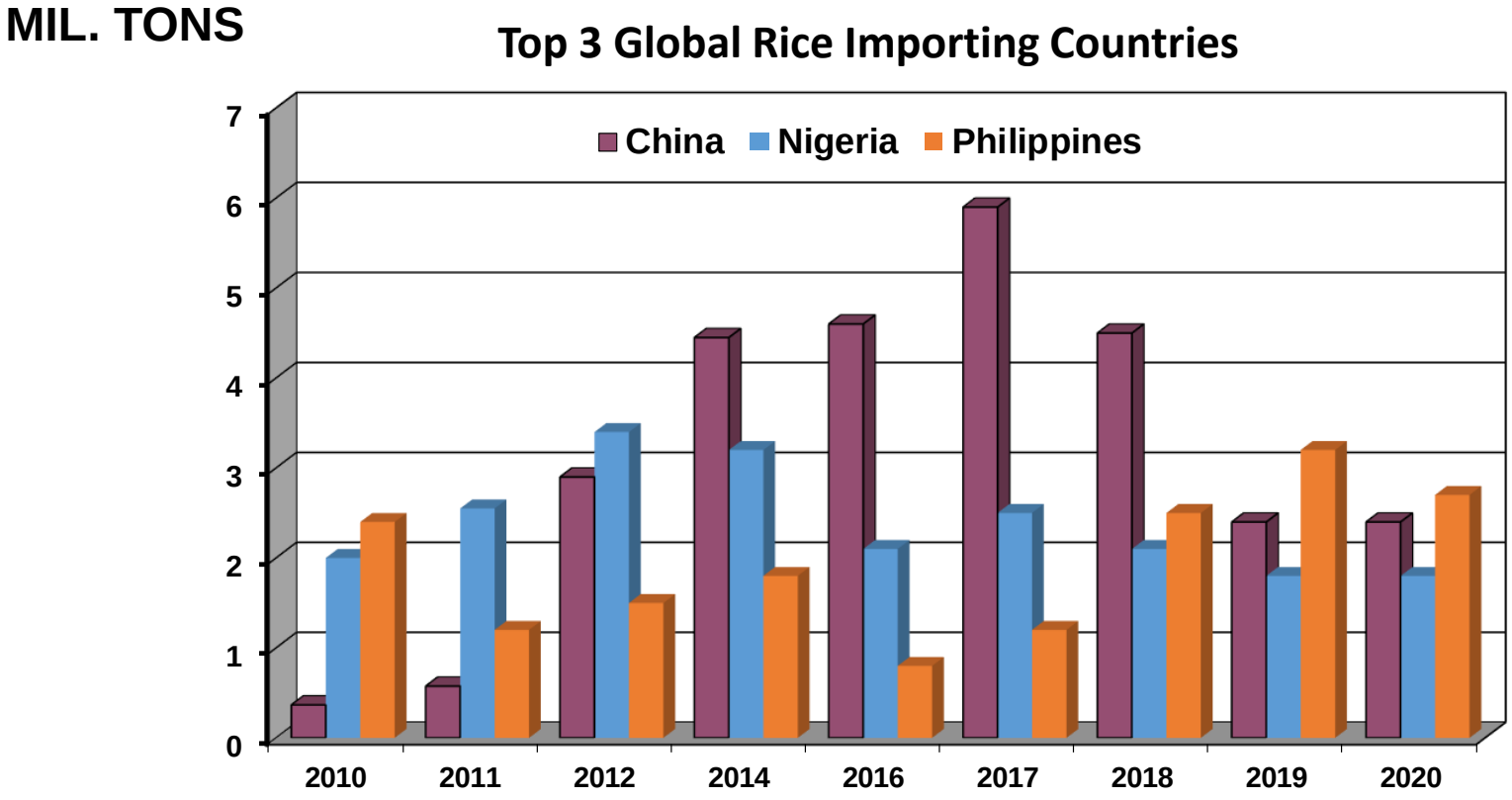
Sub-Saharan Africa remains the largest rice importing region; East and South Asia imports have declined

MIL. TONS



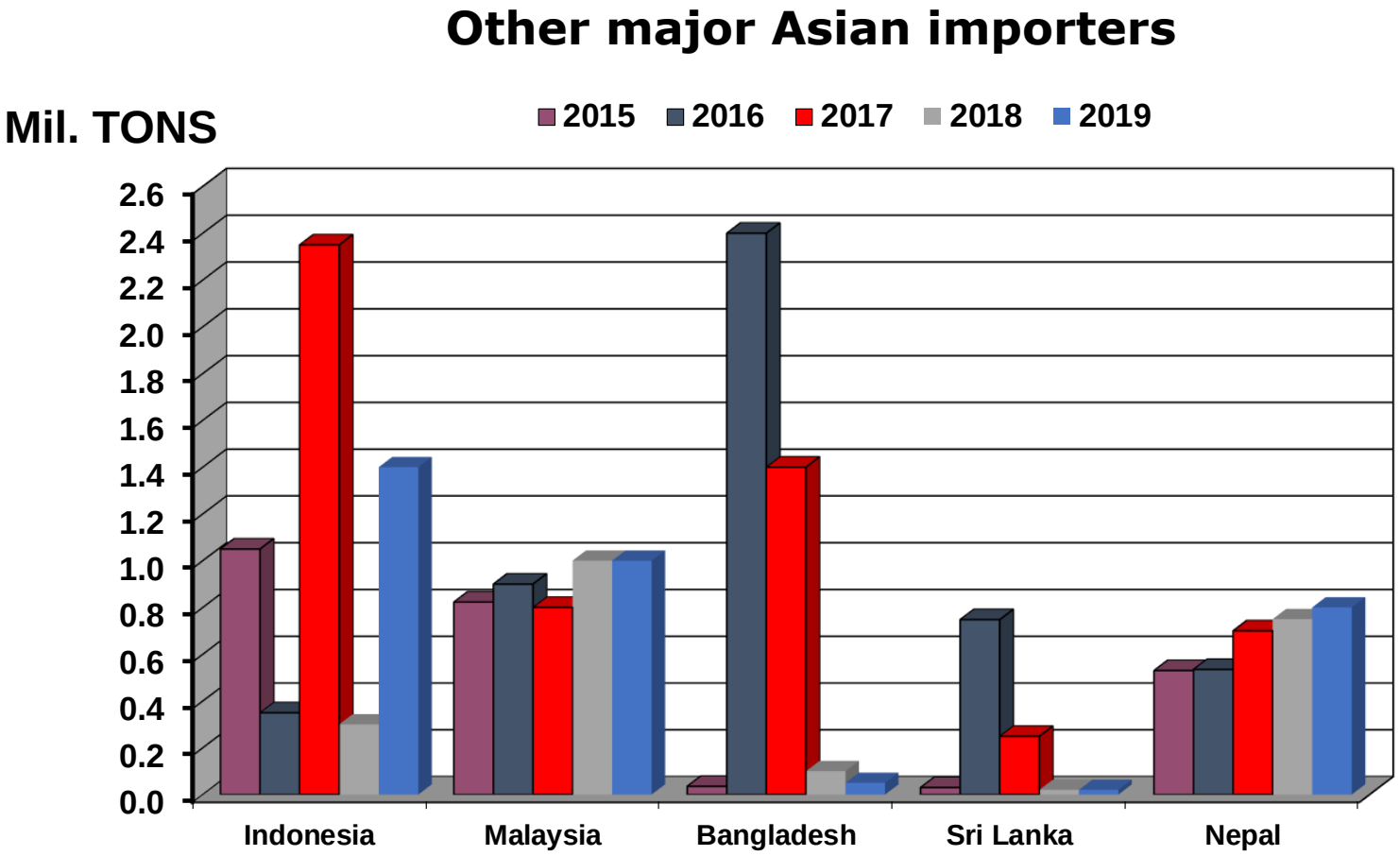
Milled basis. 2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

China's and Nigeria's rice imports have declined since 2017; while the Philippines imported record amounts in 2019



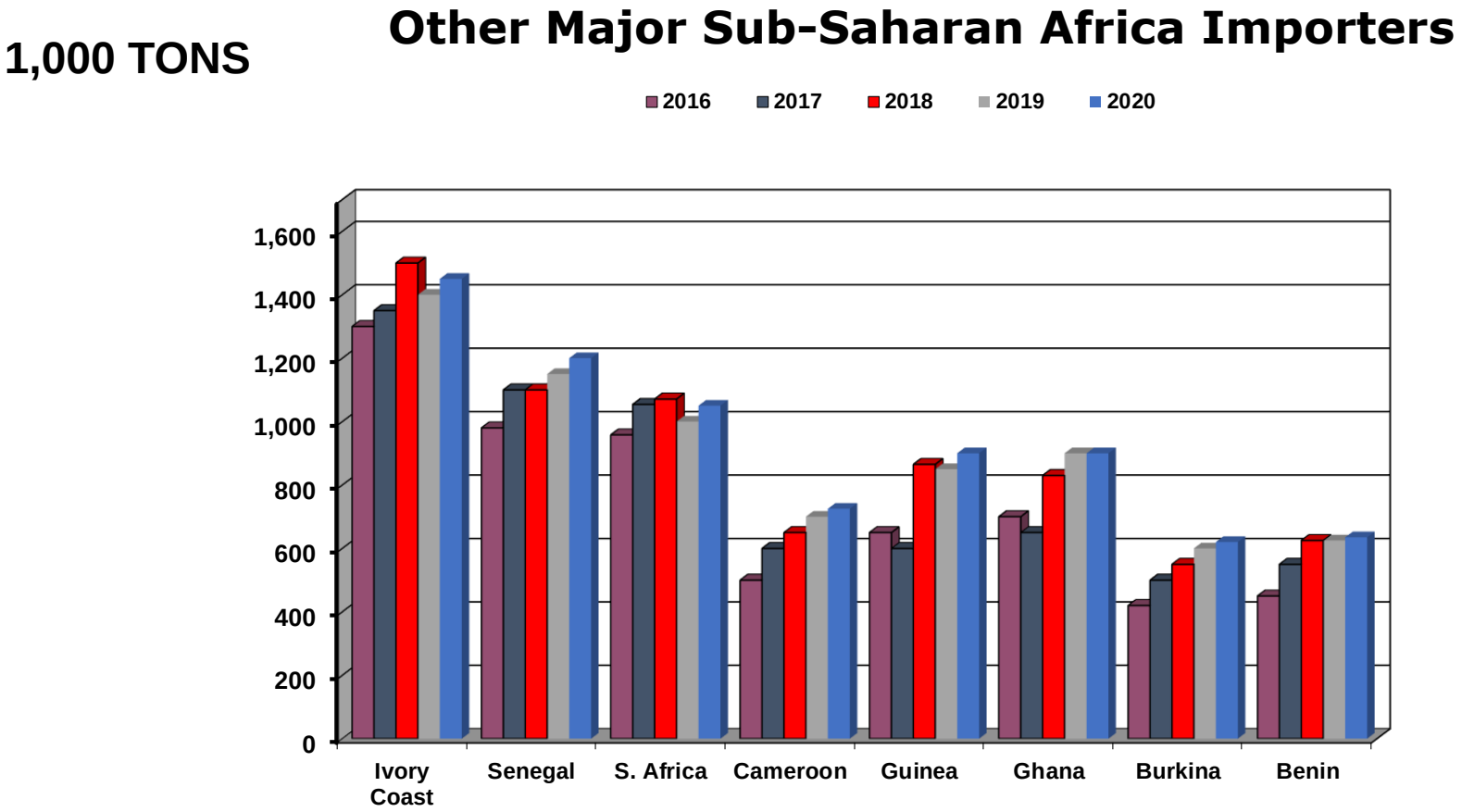
Milled basis. 2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

Indonesia is projected to sharply boost rice imports in 2020



Milled basis. 2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

Rice imports are projected to reach record highs in 2020 for several Sub-Saharan African countries

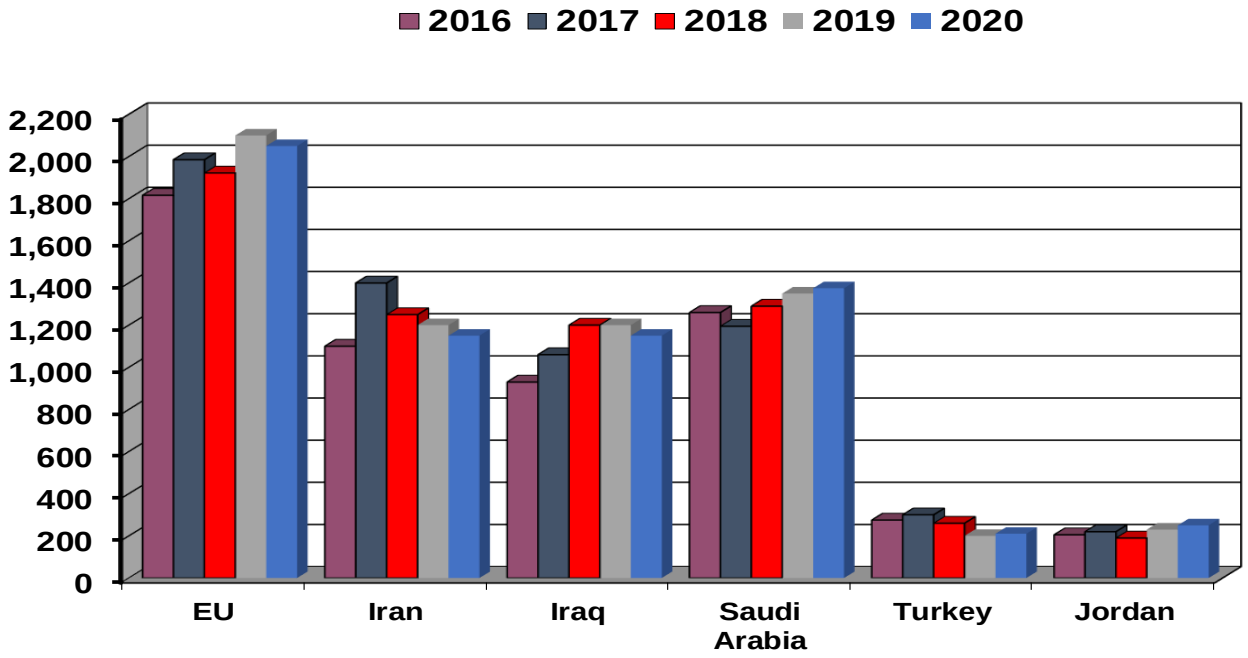


Milled basis. 2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

Rice import growth by the Middle East is projected to remain slow in 2020

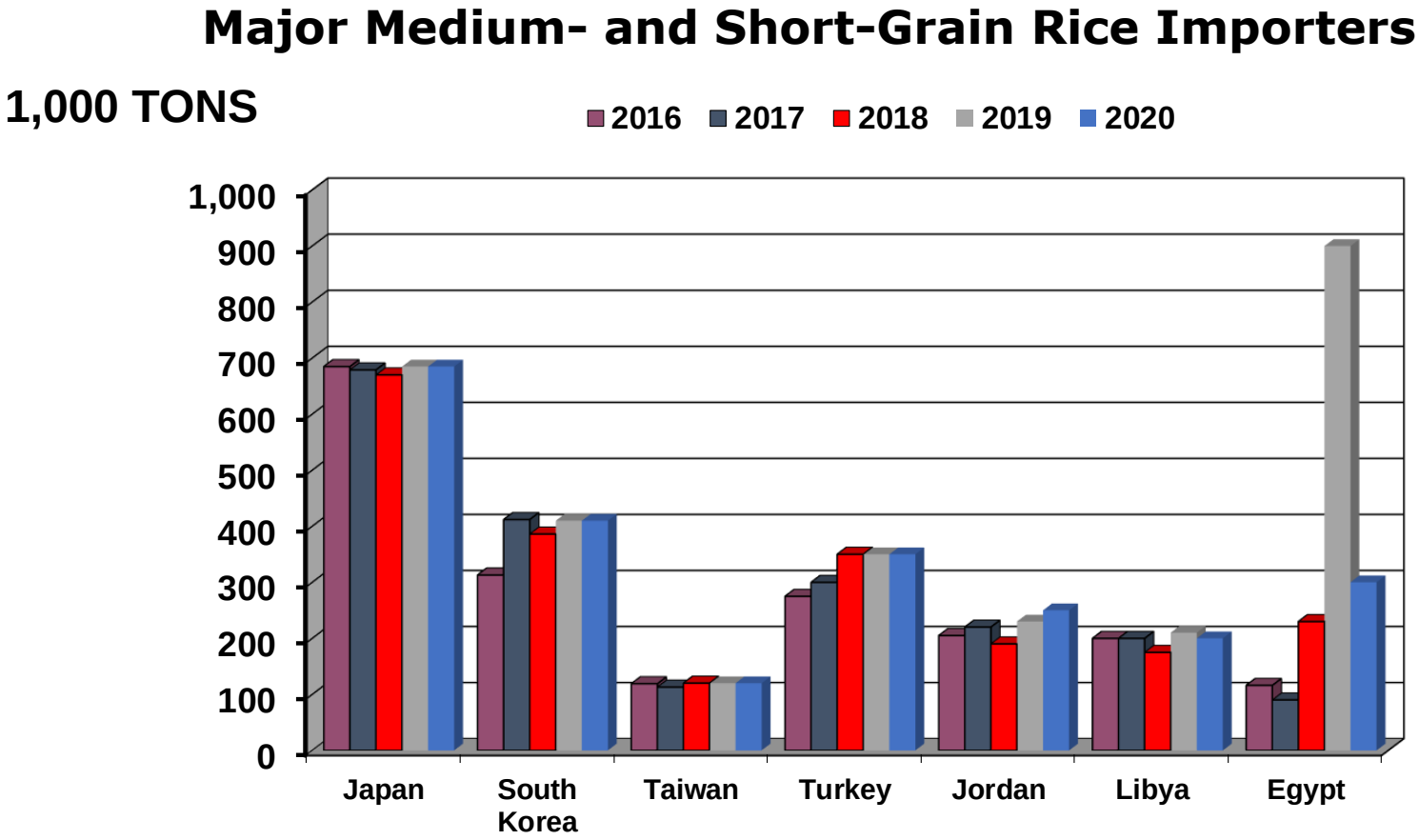
Europe and Middle East Rice Importers

1,000 TONS



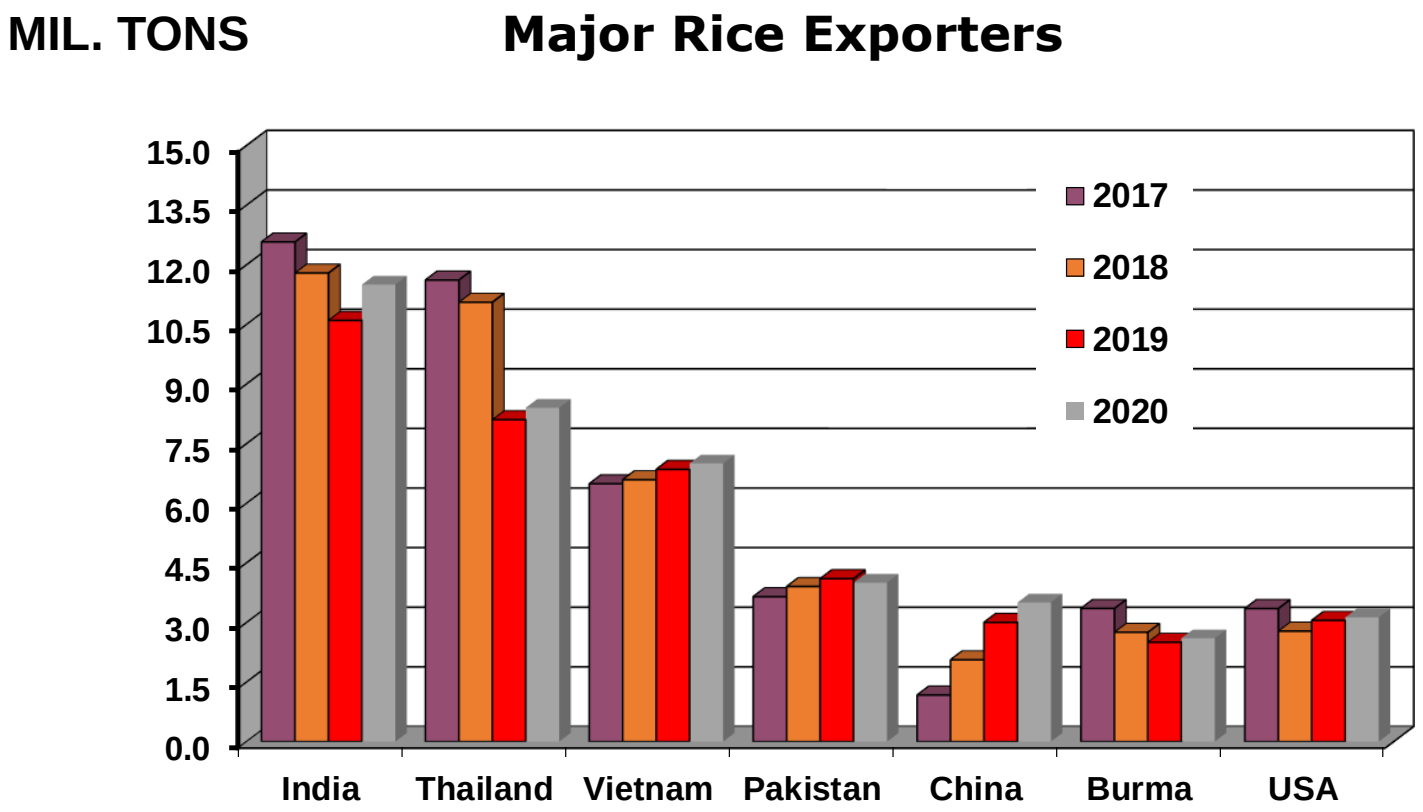
Milled basis. 2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

Egypt's rice imports are projected to drop sharply in 2020; East Asia's rice imports are projected flat



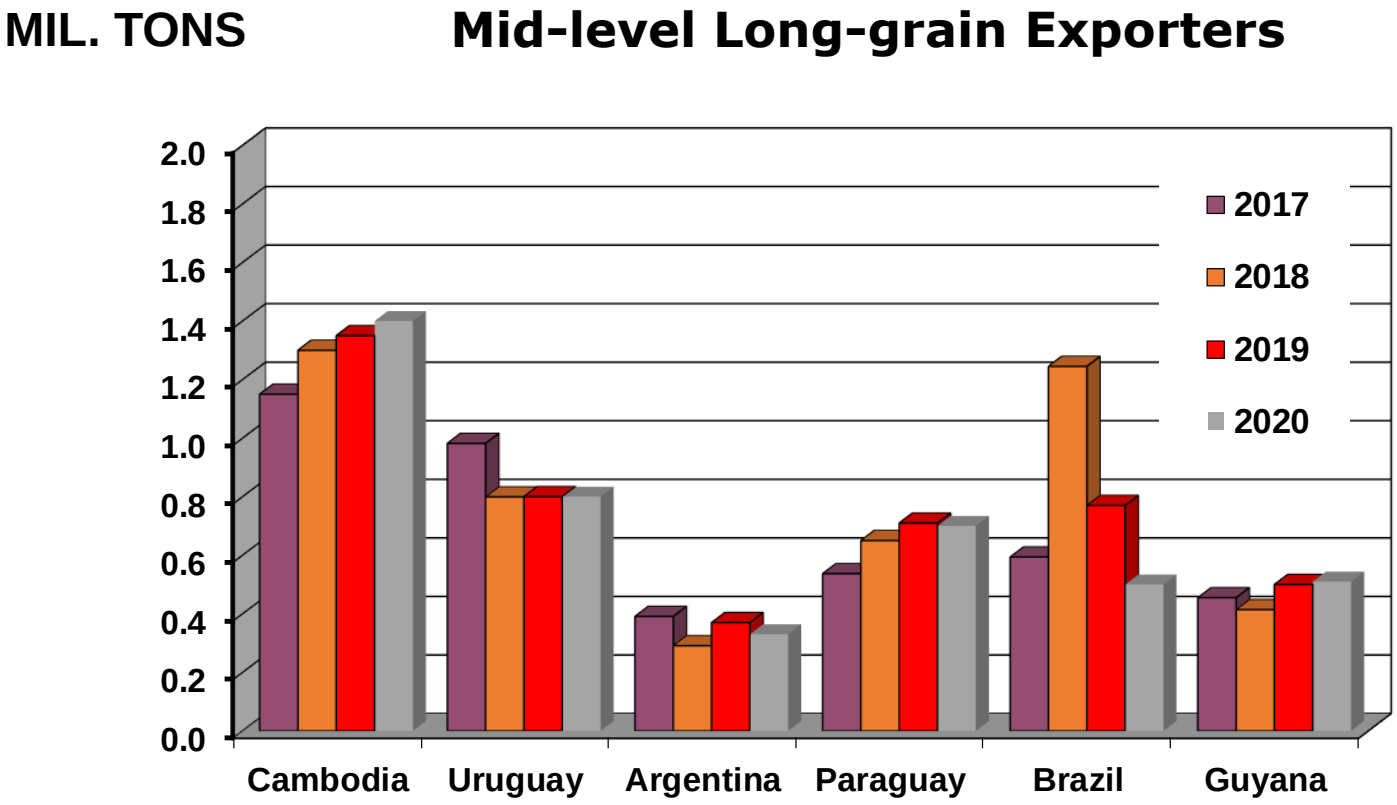
Milled basis. 2019 and 2020 are forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

India is projected to remain the top global rice exporter in 2020; China's exports continue to increase



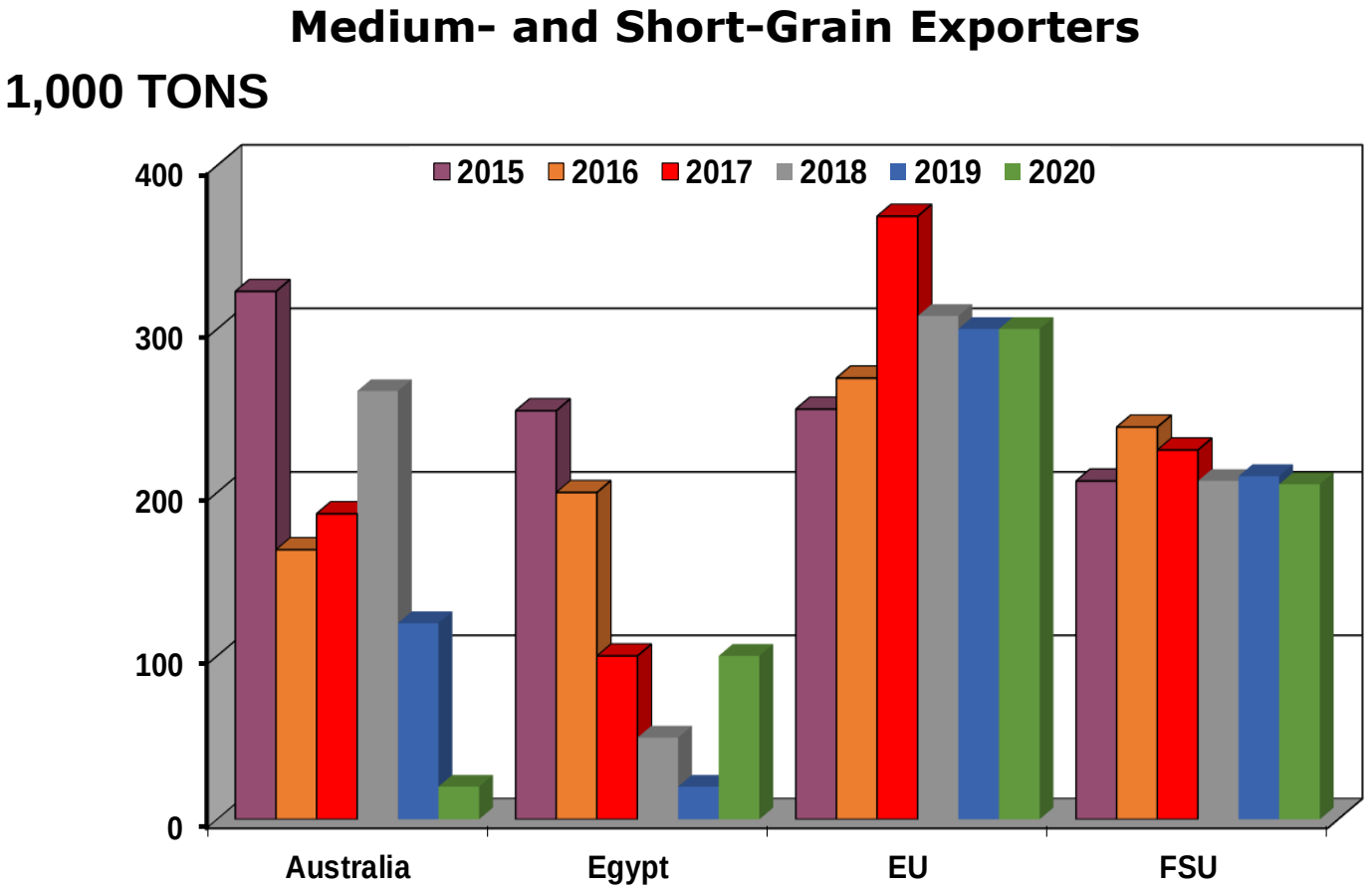
Milled basis. 2019 and 2020 forecasts. These countries account for about 85 percent of global rice exports.
Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

Cambodia's rice are exports are projected to continue to increase in 2020, while Brazil's exports decline



Milled basis. 2019 and 2020 forecasts. These countries account for about 85 percent of global rice exports.
Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

Egypt's exports are projected to partially recover in 2020; Australia's are projected to be extremely small



2019 and 2020 forecasts. Source: *Production, Supply, and Distribution* database, Foreign Agricultural Service, USDA, http://www.fas.usda.gov/psd.

PART 2

THE U.S. 2019/20 RICE MARKET OUTLOOK

The U.S. 2019/20 Rice Market: *Main Points*

- **A weak price outlook for long-grain rice early in 2019, followed by persistent and heavy rainfall nearly all spring in much of the South reduced harvested area 15 percent from a year earlier, with Arkansas reporting the largest area decline.**
- **Prevented plantings were record-high, with the largest proportion in the Delta States, which resulted in the substantial reduction in rice harvested area reported by NASS in the September 2019 *Crop Production* report.**
- **The persistent rains also delayed plantings and crop development and hindered farm operations.**

The U.S. 2019/20 Rice Market: Main Points—*Continued*

- **The 16-percent crop reduction was partially offset by a 53-percent increase in carryin.**
- **Continued large shipments of medium- and short-grain rice to Puerto Rico from China raised the total import projection to a new record.**
- **In addition, imports of aromatic rice from both Southeast Asia and South Asia were ahead of earlier through October.**
- **Although representing a much smaller volume, imports from Brazil were also well ahead of a year earlier.**
- **On balance, total supplies are projected to be down 7 percent from 2018/19 due to the smaller crop.**

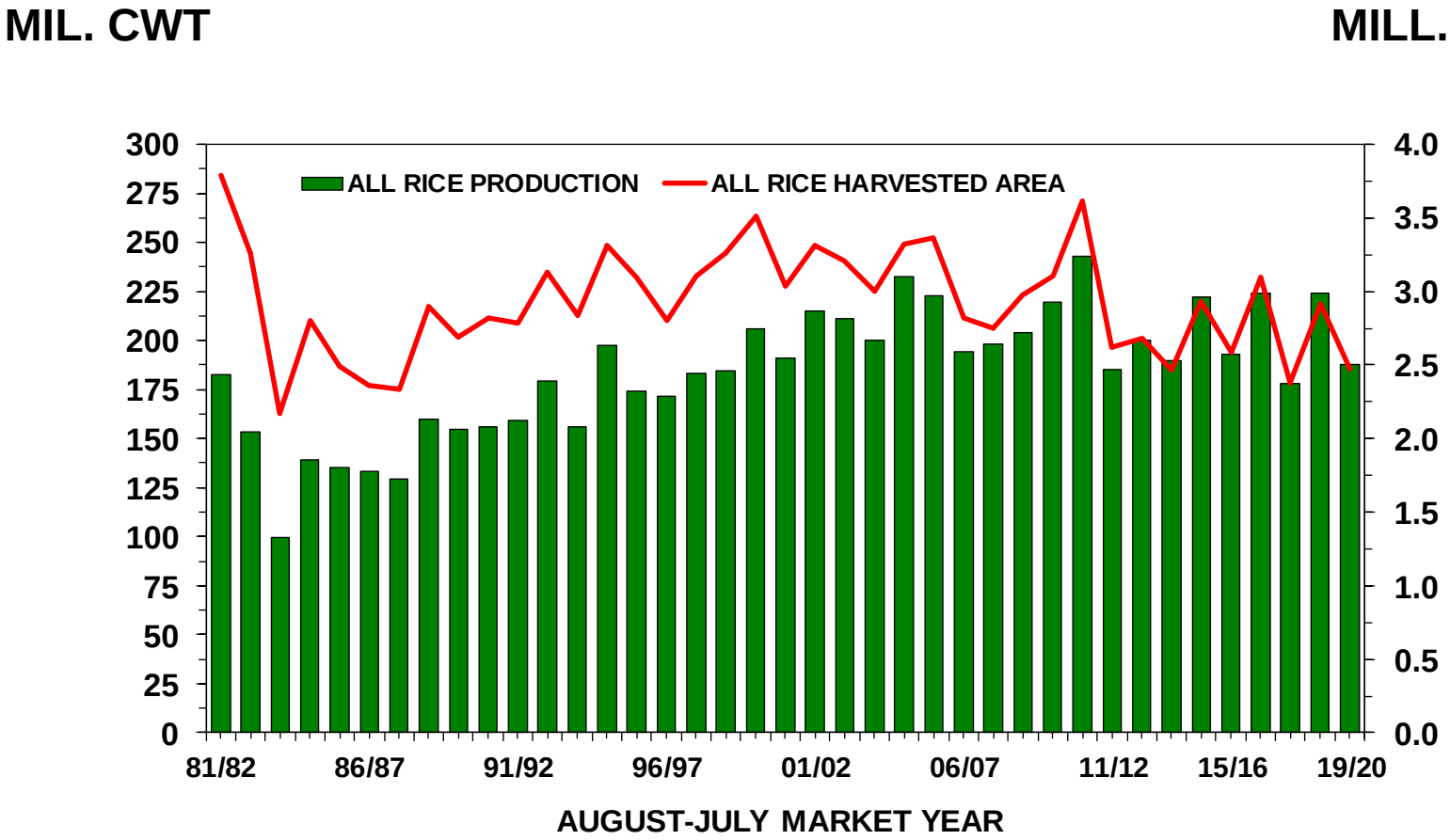
The U.S. 2019/20 Rice Market: *Main Points—Continued*

- **Despite smaller supplies, a 4-percent increase in U.S. all – rice exports is projected, primarily due to an abnormally large carryover of outstanding sales from the 2018/19 market year—with outstanding sales from 2018/19 to Mexico and Iraq especially large.**
- **Carryover sales to Japan and Haiti were also large.**
- **And expectations of larger long-grain sales in 2019/20 to key U.S. markets in Latin America, with sales to Mexico, Haiti, Nicaragua, and the Dominican Republic well ahead of a year earlier through November 28.**
- **The smaller crop and reduced total supplies are expected to lower domestic and residual use of all rice by 9 percent.**

The U.S. 2019/20 Rice Market: *Main Points—Continued*

- These supply and use forecasts result in a 24-percent decline in all rice ending stocks to 33.9 million cwt.
- Movements season-average farm price vary by class and region:
  - Long-grain prices are expected to increase (tighter supplies).
  - California medium- and short-grain prices are projected to drop (strong global competition and little change in U.S. supplies).
  - Southern medium- and short-grain prices projected to decline due to weak export demand.

A 15-percent decrease in harvested area accounts for most of the projected drop in U.S. rice production in 2019/20

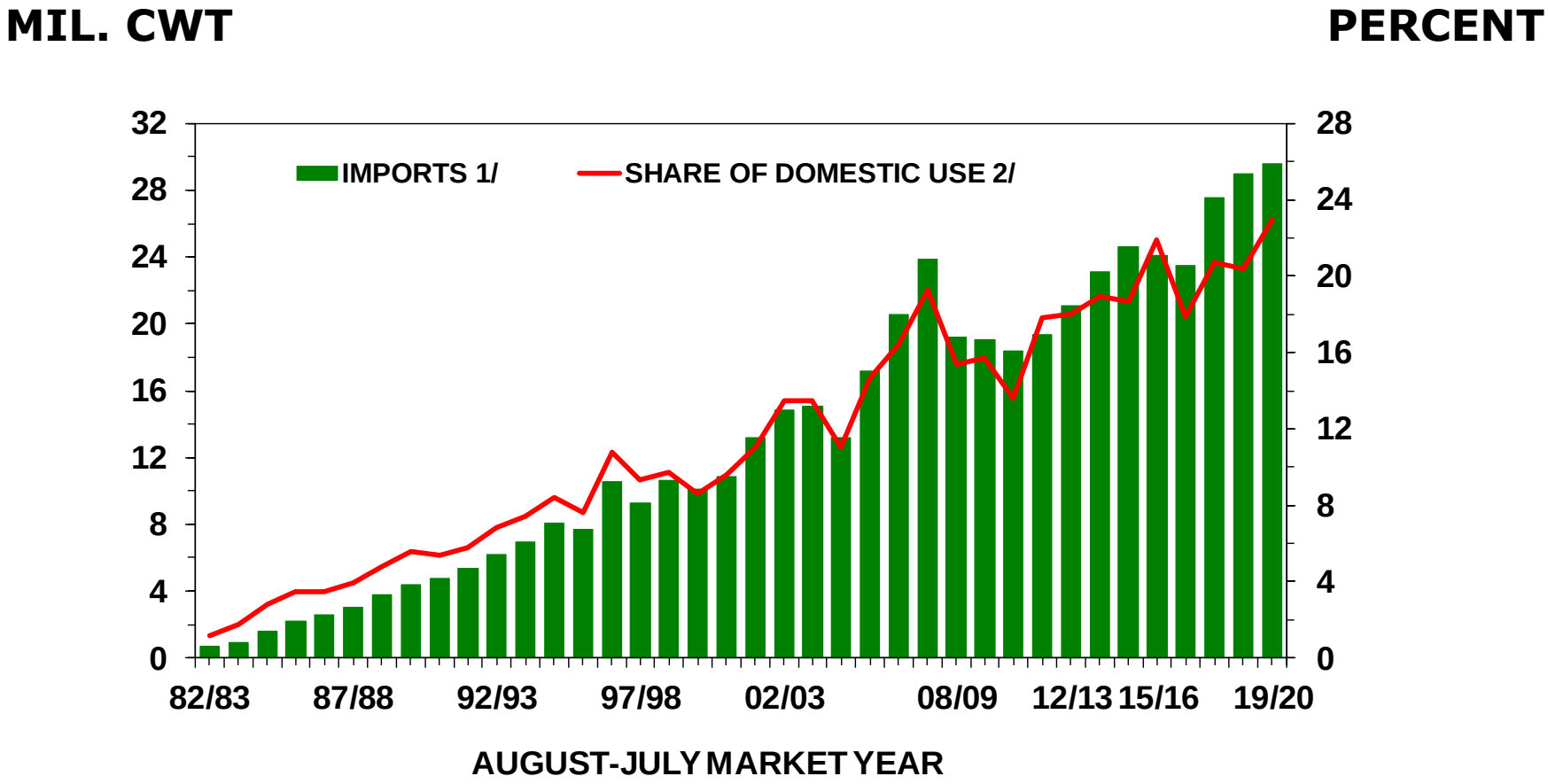


2019/20 forecasts. Rough basis. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

U.S. 2019/20 Rice Production: *Main Points*

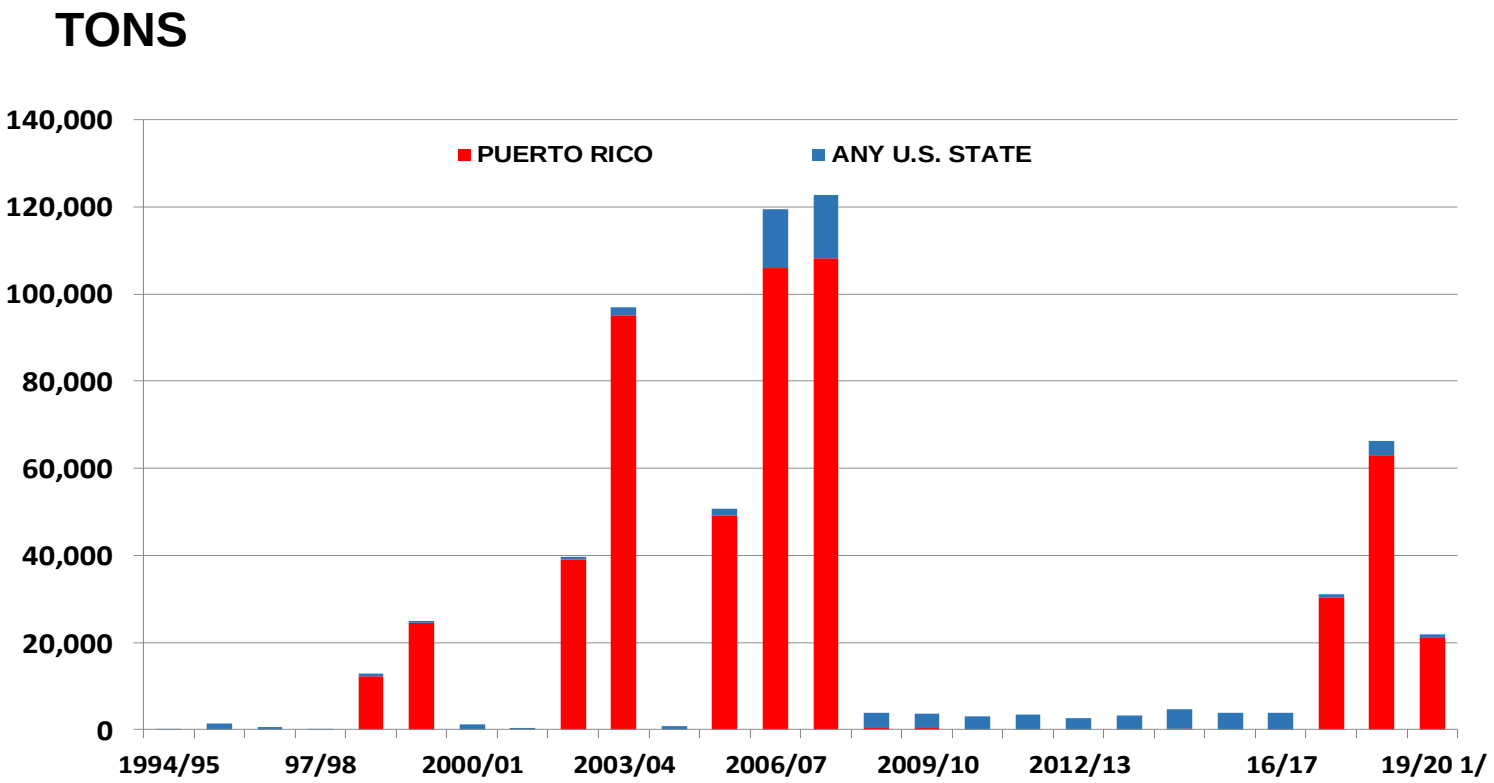
- All reported States decreased plantings, with Arkansas, Mississippi, Missouri, and Texas reporting the largest drops.
- Yields:
  - The all-rice yield of 7,587 pounds per acre is down 104 pounds.
  - Yields are projected lower in Louisiana (-7.4%), Texas (-4.6%), and Missouri (-3.5%).
  - But are projected to be slightly higher in California (+0.9%),
  - And unchanged in Mississippi, nearly unchanged in Arkansas.
- Production is projected to be 12-24 percent smaller this year in all reported southern States, primarily due to reduced area. California's production is projected decline just 1.2 percent.
- The total U.S. crop of 187.9 million cwt is down 16.2 percent from a year earlier. Long-grain production is down 22.5 percent, while combined medium- and short-grain production is up 1 percent.

U.S. rice imports are projected to reach another record high in 2019/20



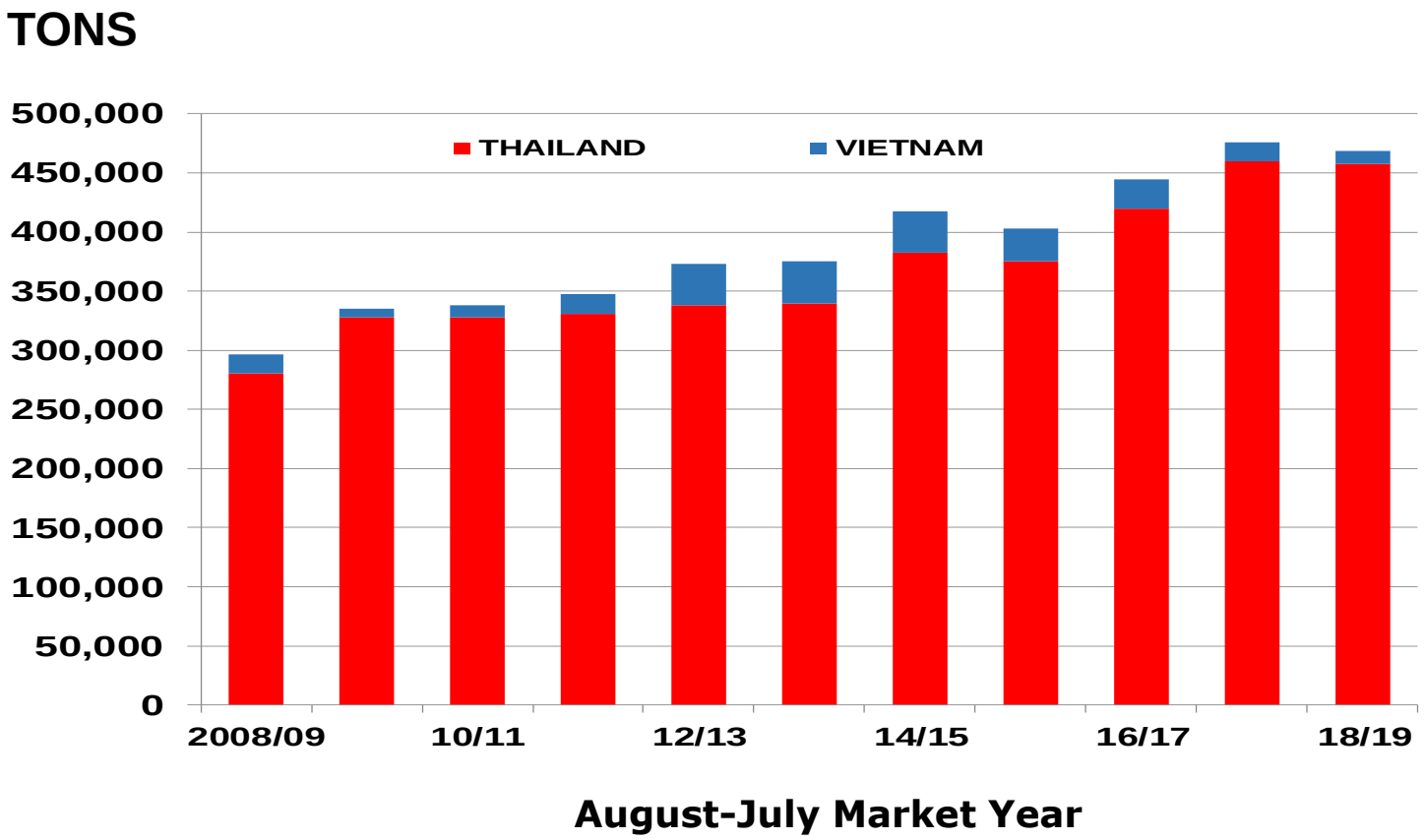
2019/20 are forecasts. 1/ Rough basis. 2/ Does not include seed use.
Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

China, once a major supplier of rice to Puerto Rico, has returned as a source



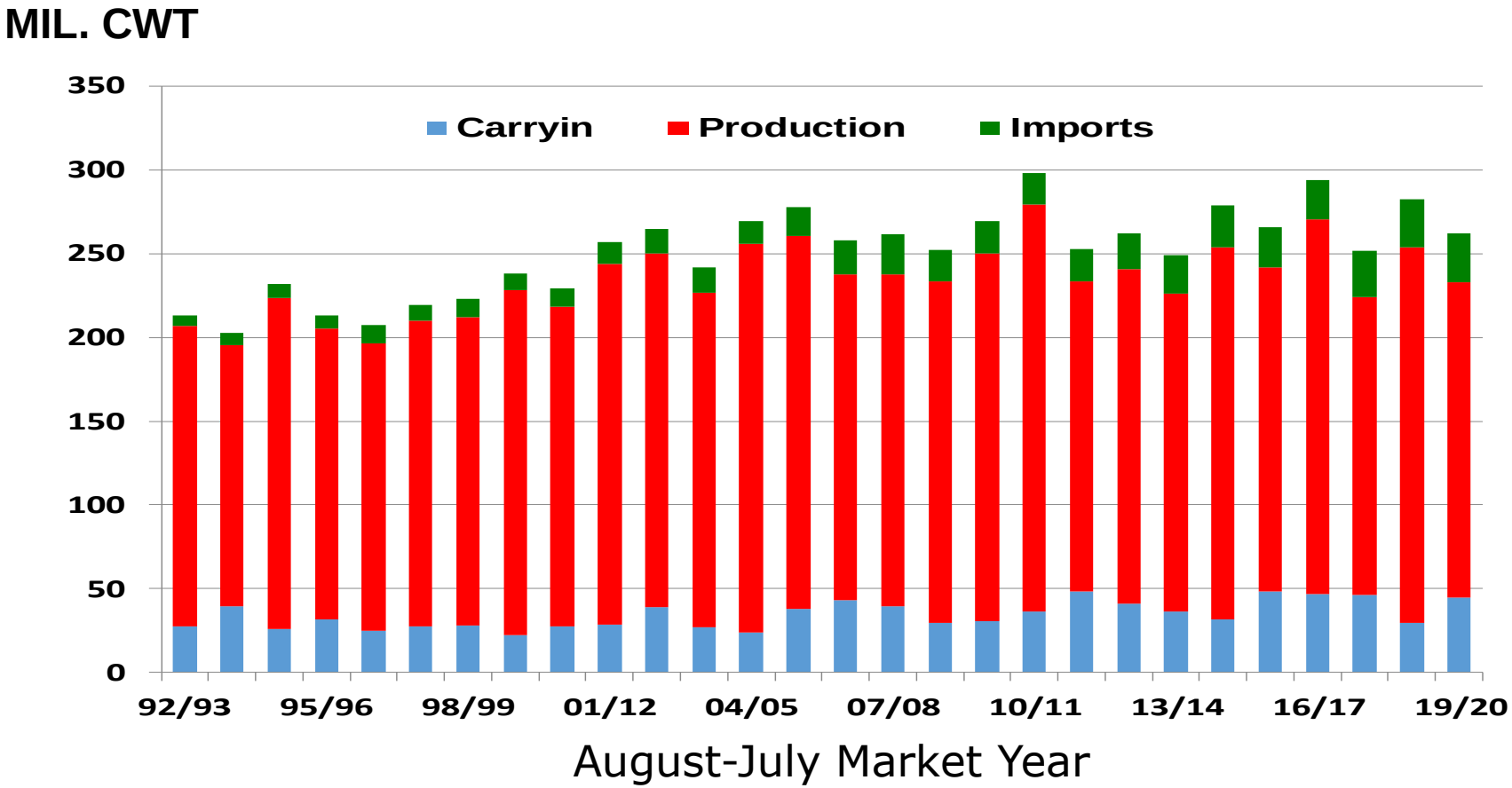
Product-weight. 1/ 2019/20 through October only. Source: Foreign Agricultural Service, U.S. Dept. of Agriculture, Global Agricultural Trade System, https://apps.fas.usda.gov/gats/default.aspx

And U.S. imports of aromatic rice from Southeast Asia have risen over the past decade



Product-weight. Does not include brokens. 1/ 2019/20 through October only. Source: Foreign Agricultural Service, U.S. Dept. of Agriculture, Global Agricultural Trade System, https://apps.fas.usda.gov/gats/default.aspx

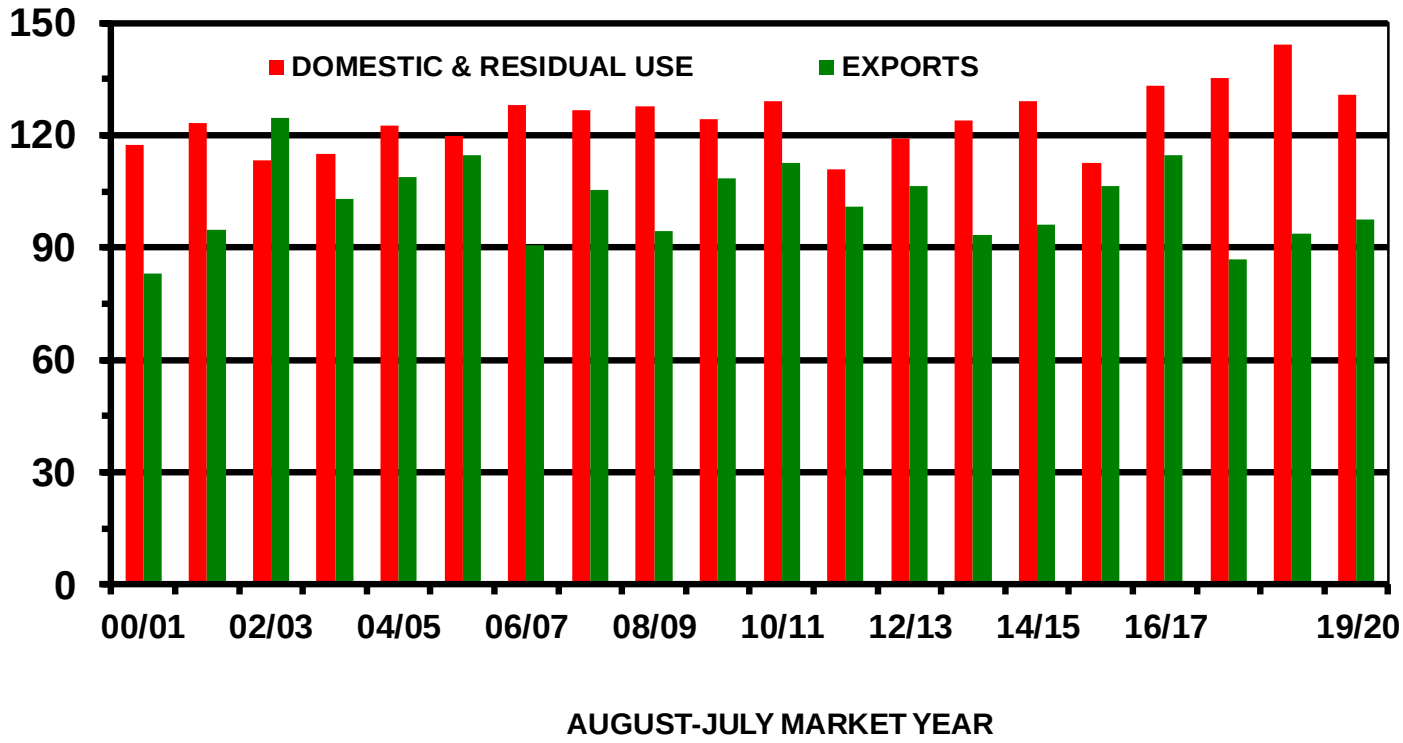
U.S. rice supplies are projected to decrease more than 7 percent in 2019/20



2019/20 are forecasts. Rough basis. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA..

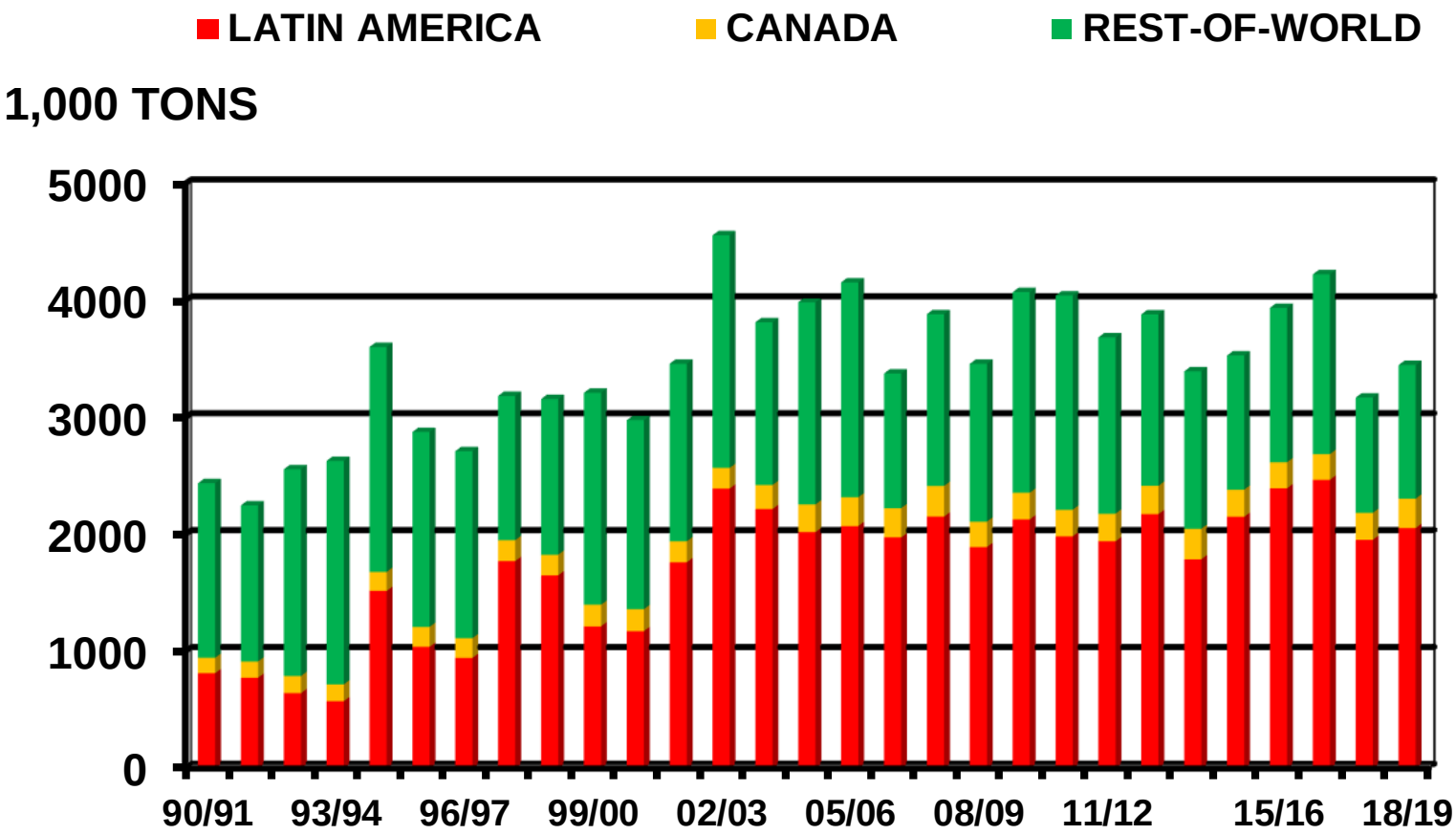
U.S rice exports are projected to increase in 2019/20; domestic and residual use to decline

MIL. CWT



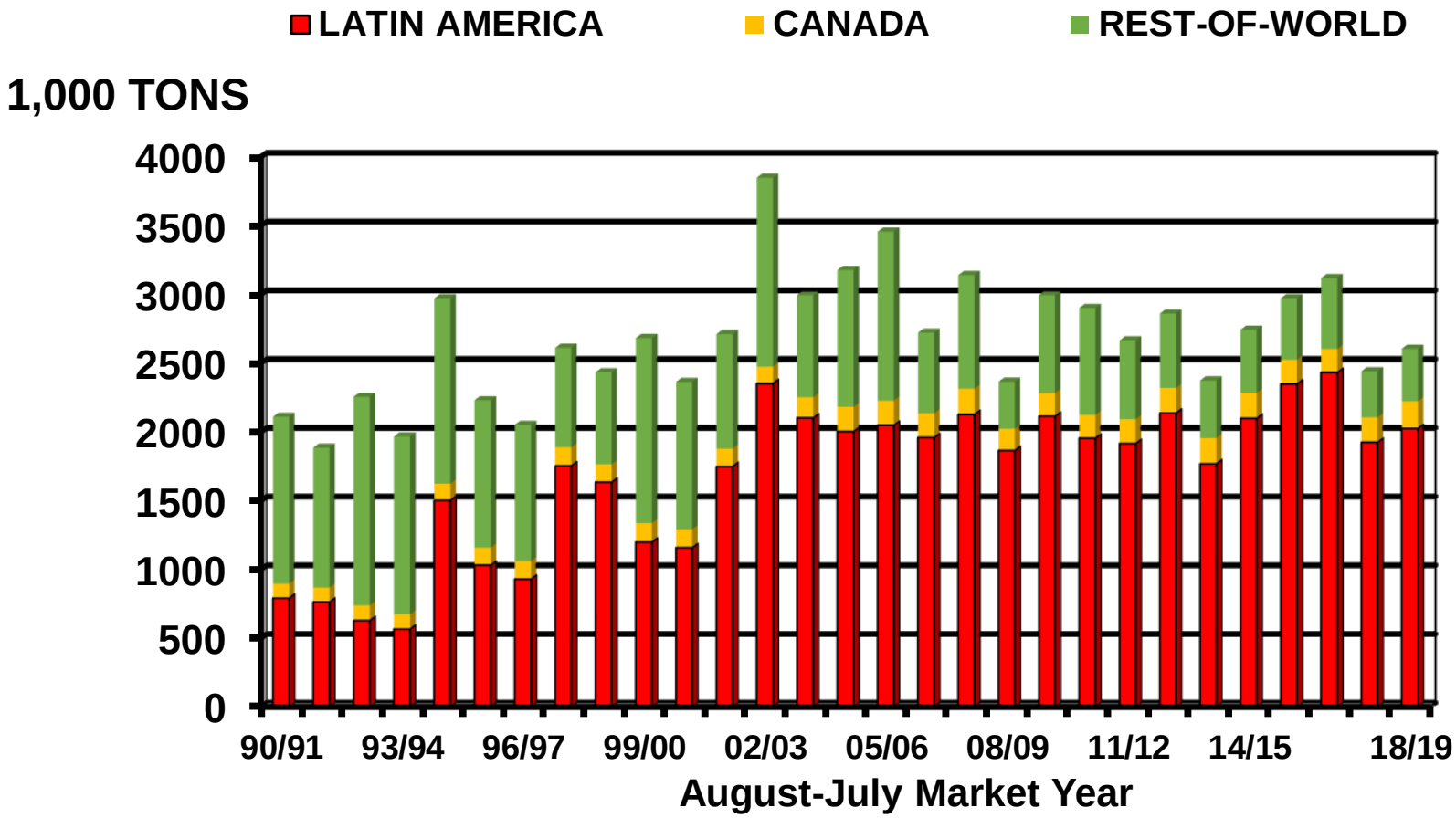
Rough-rice basis. 2019/20 are forecasts. Domestic use includes a residual component .
Sources: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

Latin America typically accounts for about 60 percent of total U.S. rice exports



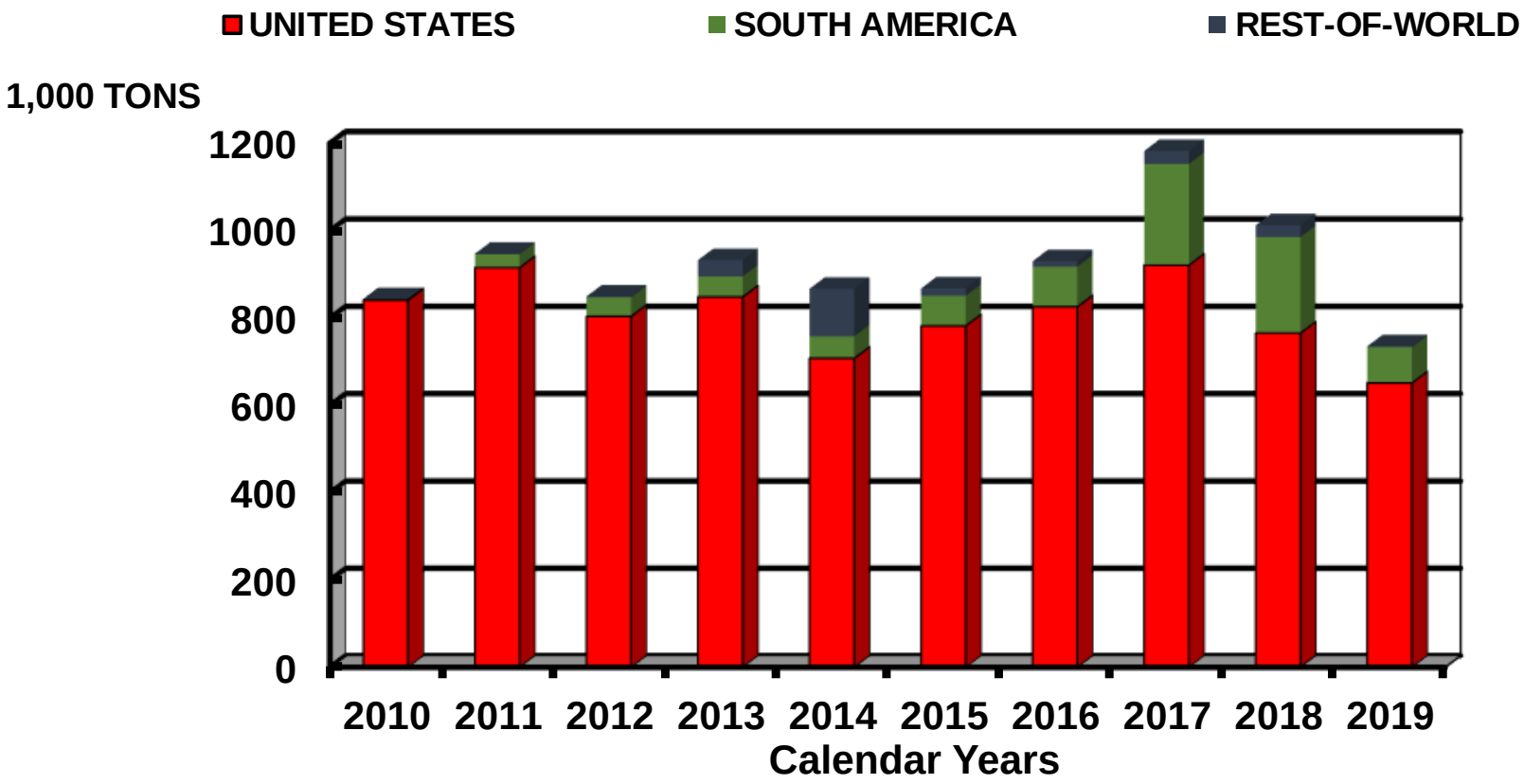
Product-weight. Source: Foreign Agricultural Service, U.S. Dept. of Agriculture, Global Agricultural Trade System, https://apps.fas.usda.gov/gats/default.aspx

And Latin America accounts for more than 75 percent of U.S. long-grain exports



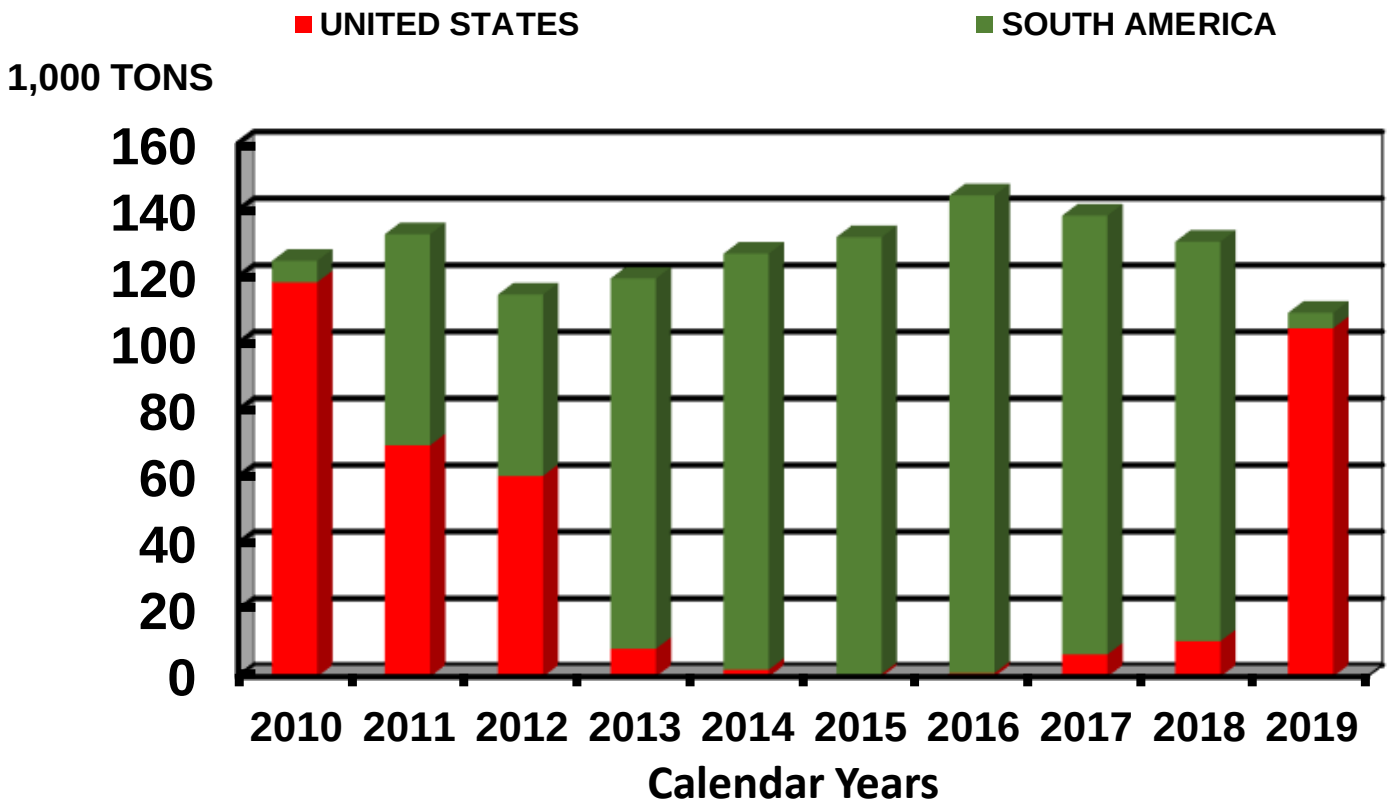
Product-weight. Foreign Agricultural Service, U.S. Dept. of Agriculture, Global Agricultural Trade System, https://apps.fas.usda.gov/gats/default.aspx

The United States has regained market share in Mexico's rice market



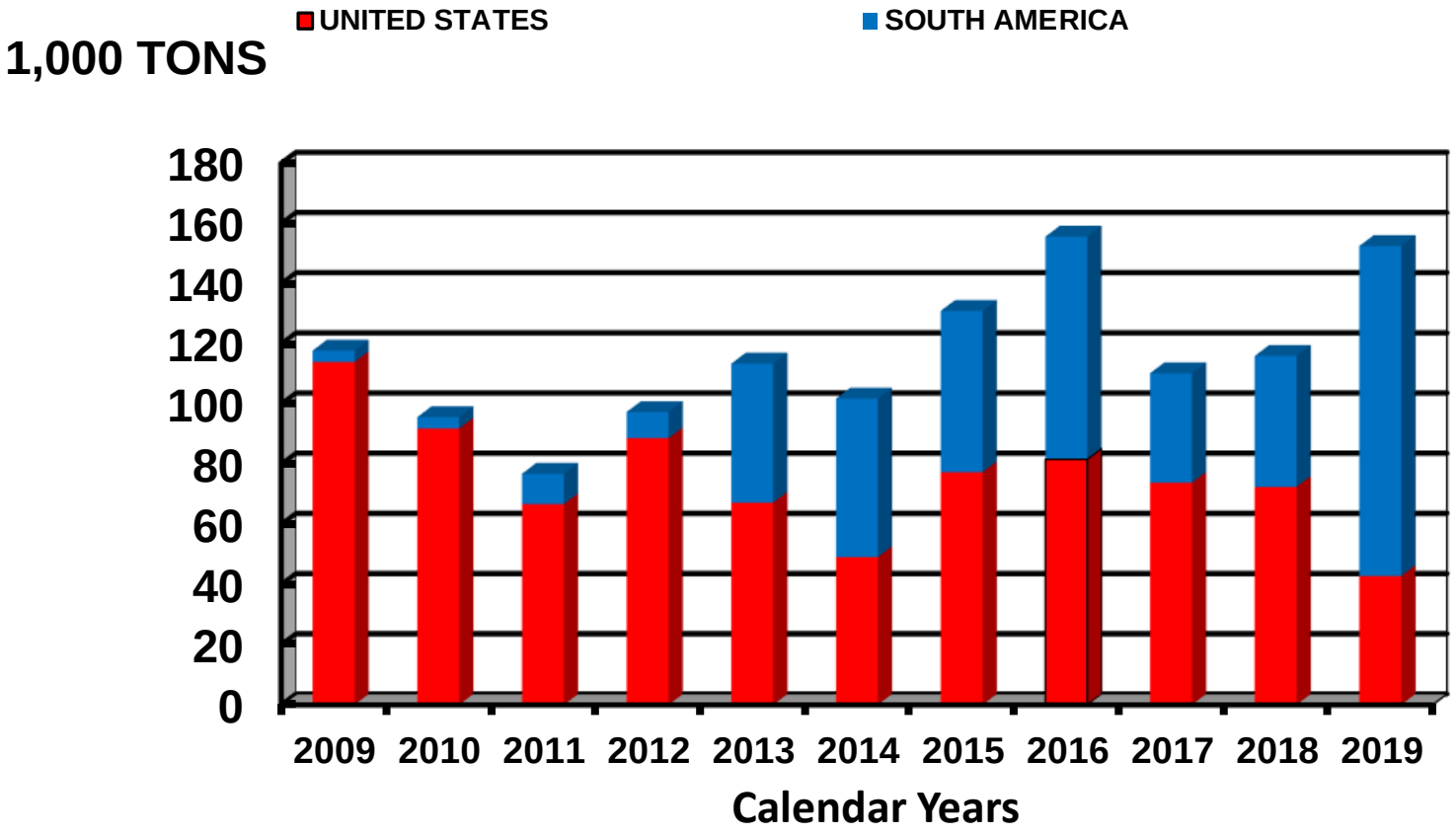
2019 through October only. Product-weight. Source: Trade Data Monitor, https://www.tradedatamonitor.com/

And in 2019 the United States returned as the top supplier of rice to Nicaragua



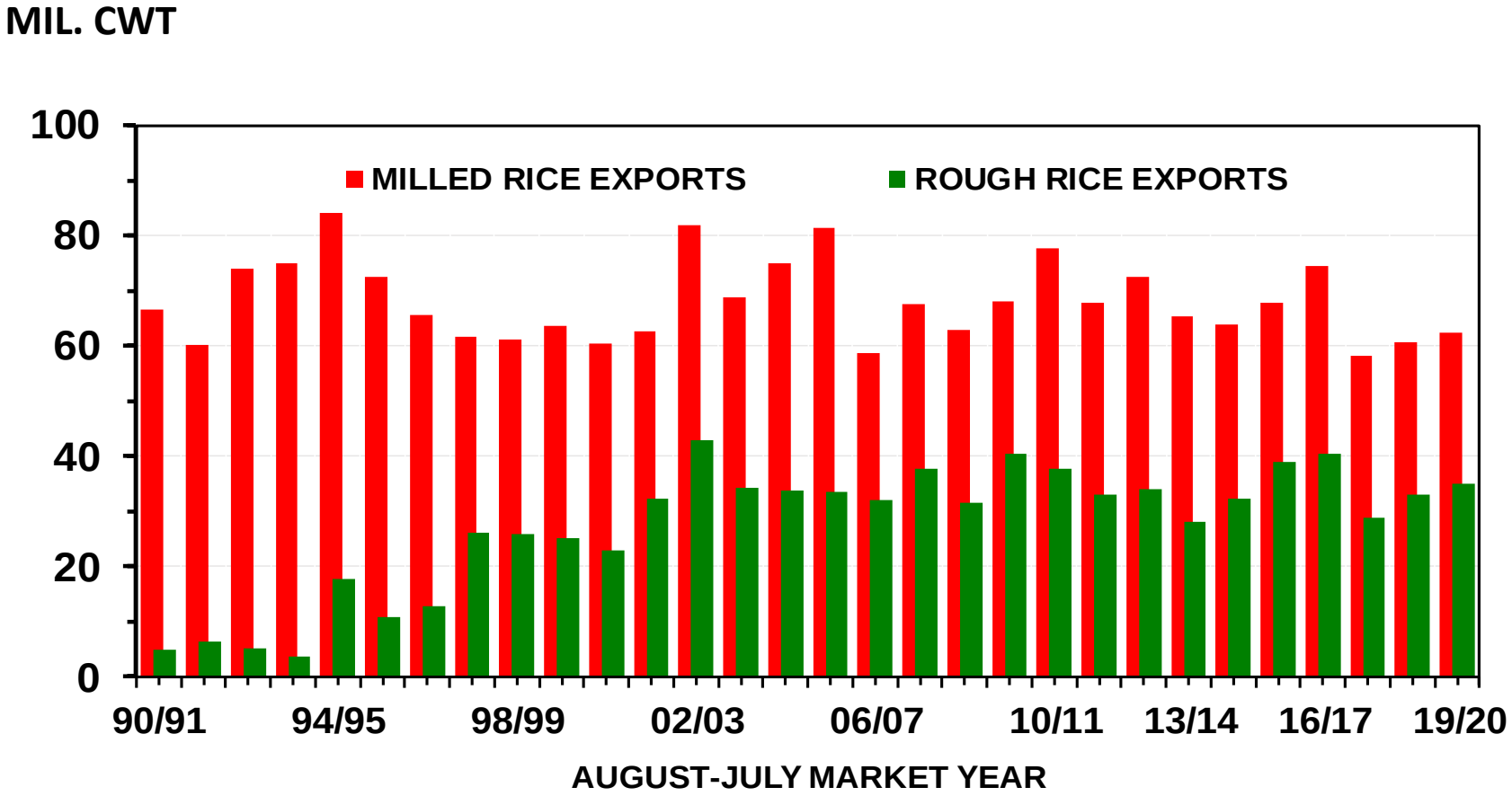
2019 through October only. Product-weight. Source: Trade Data Monitor, https://www.tradedatamonitor.com/

But the United States continues to lose market share in Costa Rica to South American exporters



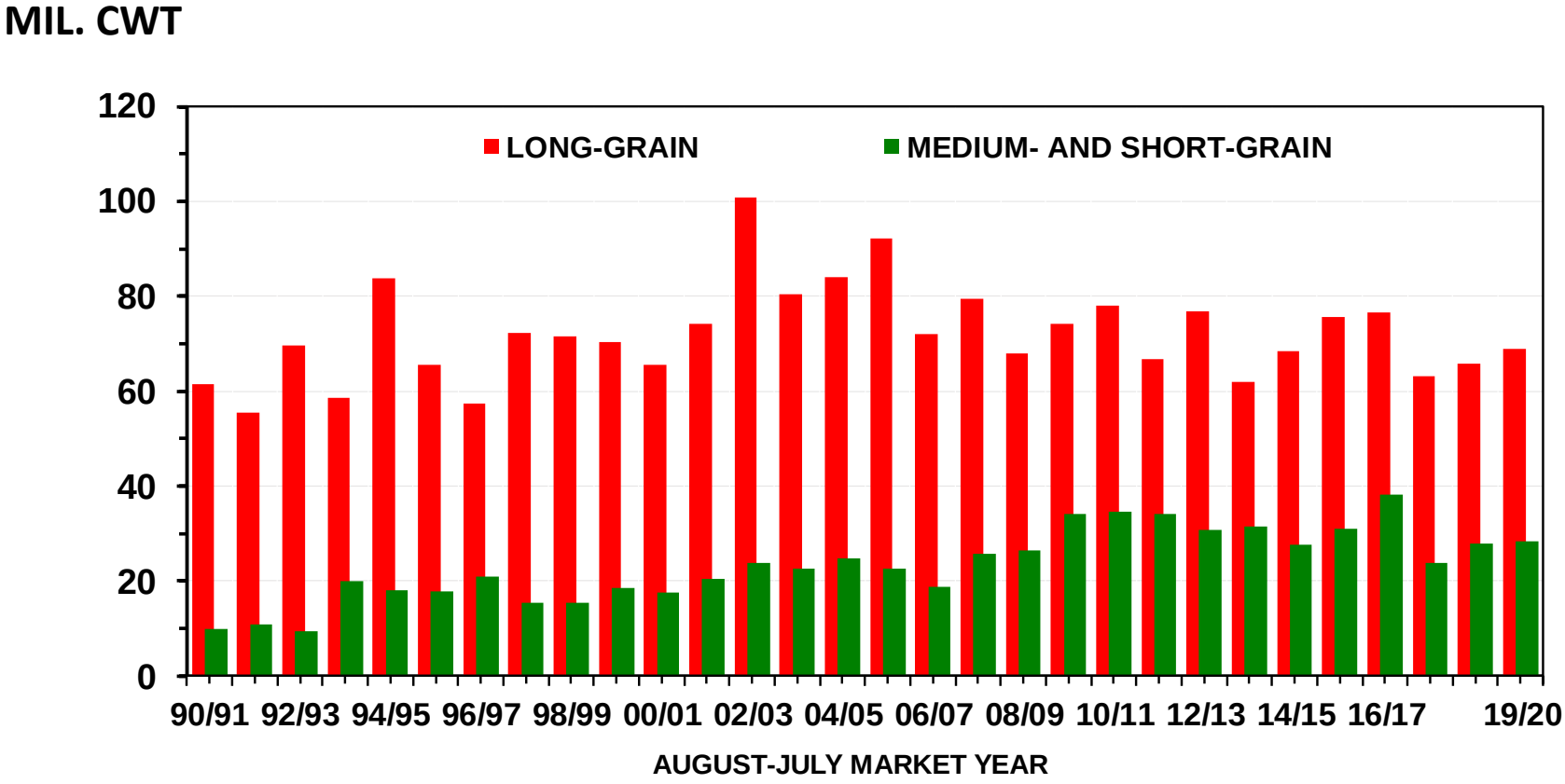
2019 through October only. Product-weight. Source: Trade Data Monitor, https://www.tradedatamonitor.com/

Both U.S. rough- and milled-rice exports are projected to increase in 2019/20



Rough basis. 2019/20 are forecasts. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

U.S. exports of both classes of rice are projected to increase slightly in 2019/20

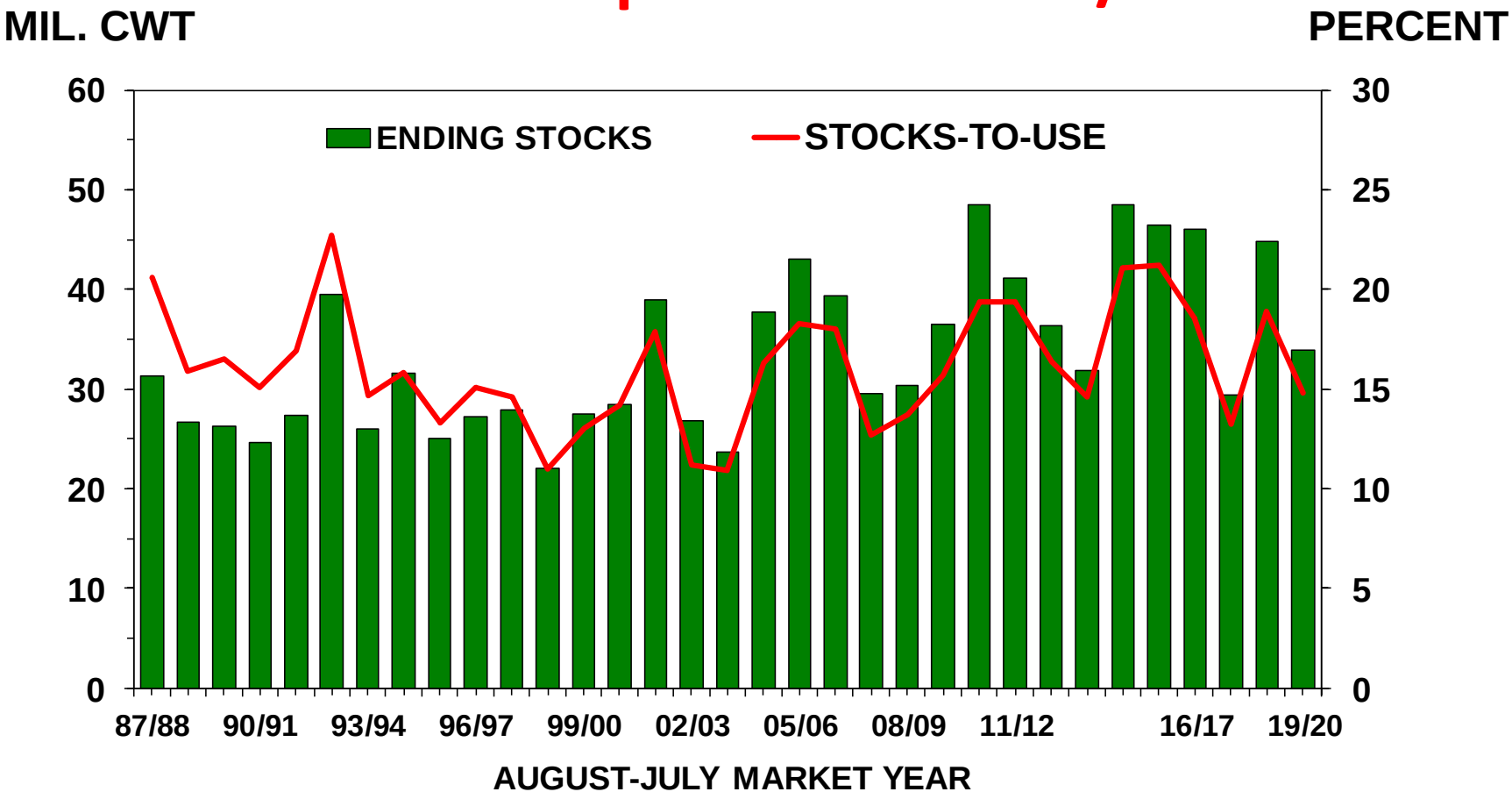


Rough basis. 2019/20 are forecasts. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

U.S. Export Uncertainties in 2019/20

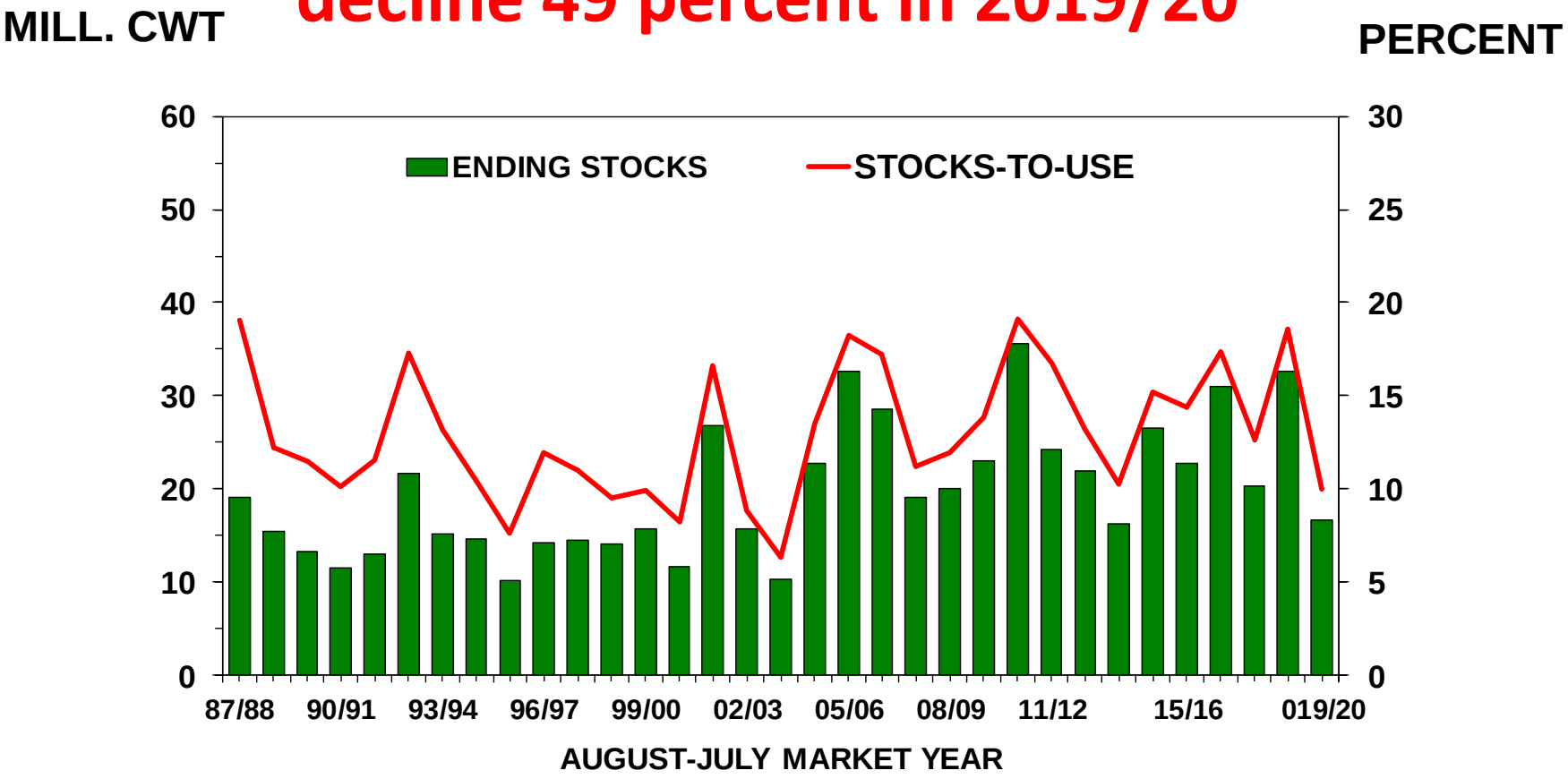
- **Will the U.S. continue to regain and the hold its market share in Mexico and Nicaragua?**
- **Will South American exporters continue to expand sales to Colombia and Venezuela and to some Central American importers—primarily Costa Rica and Panama?**
- **Will the U.S. sell any more rice to Iraq in 2019/20?**
- **Will Egypt's return as a major medium- and short-grain exporter further reduce U.S. exports in North Africa and the Middle East?**
- **What is China's long-term medium- and short-grain export potential?**

U.S. all-rice ending stocks are projected to decrease 24 percent in 2019/20



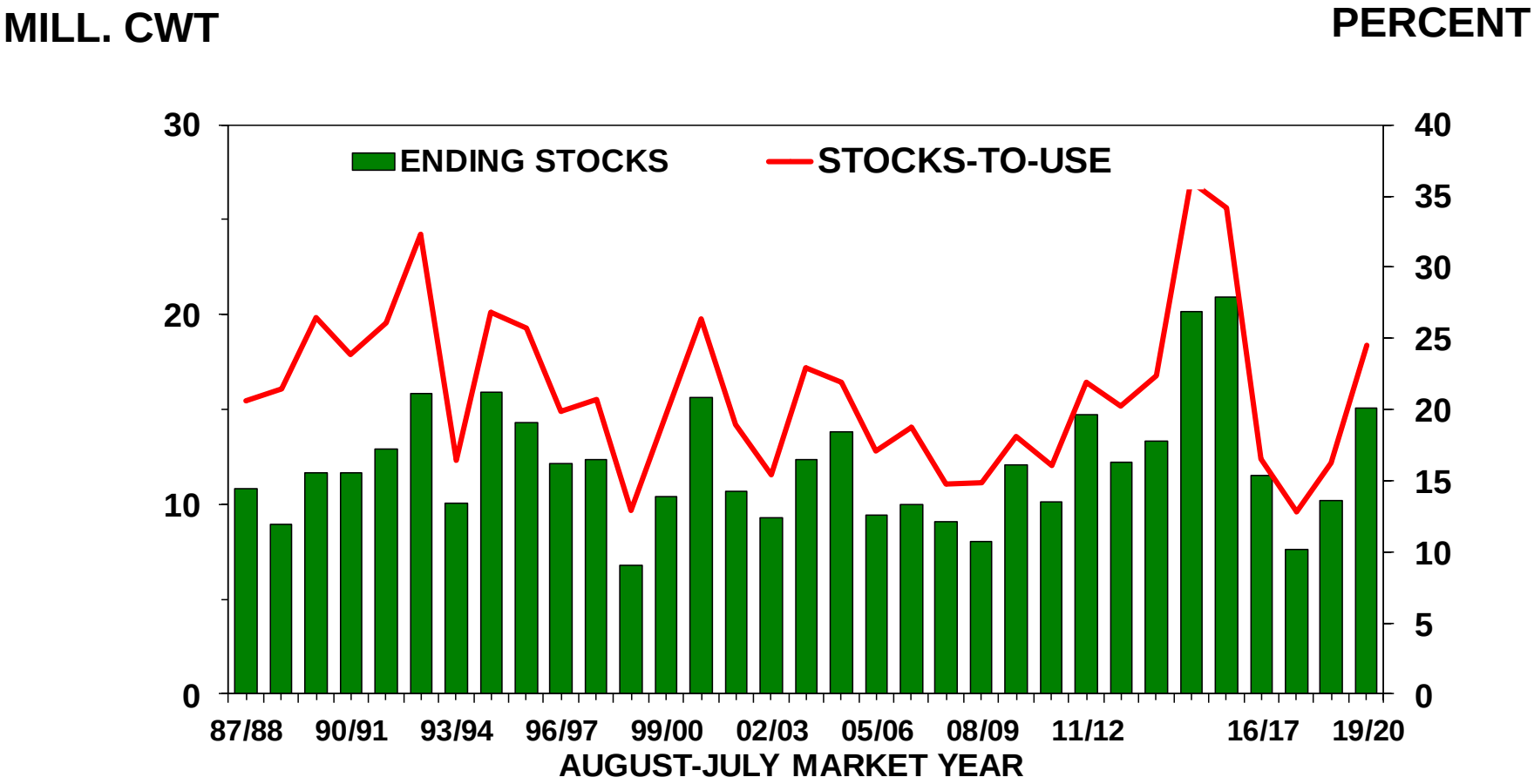
Rough basis. 2019/20 are forecasts. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

With U.S. long-grain ending stocks projected to decline 49 percent in 2019/20



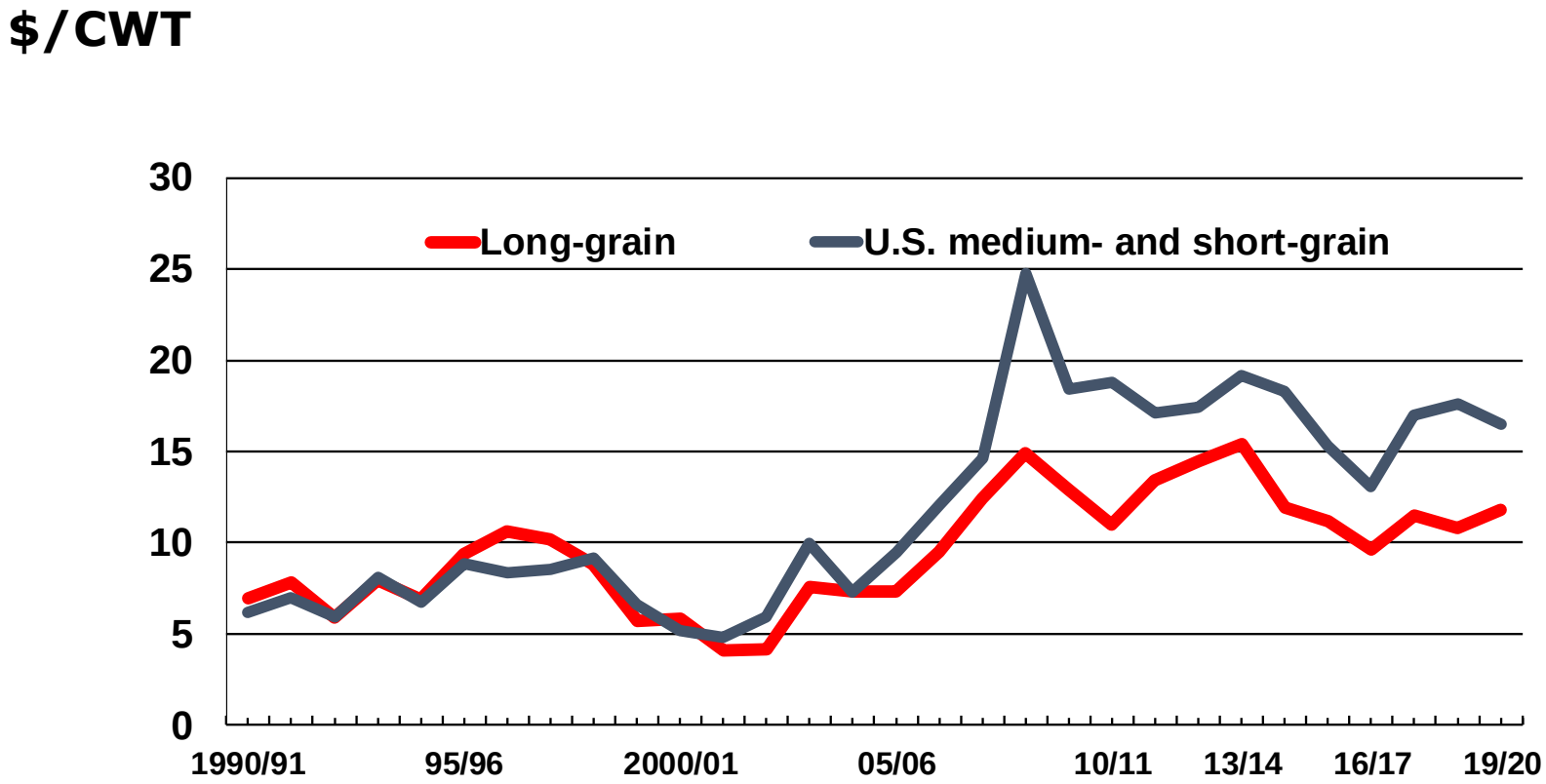
Rough basis. 2019/20 are forecasts. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

While U.S. medium- and short-grain ending stocks are projected to increase 44 percent in 2019/20



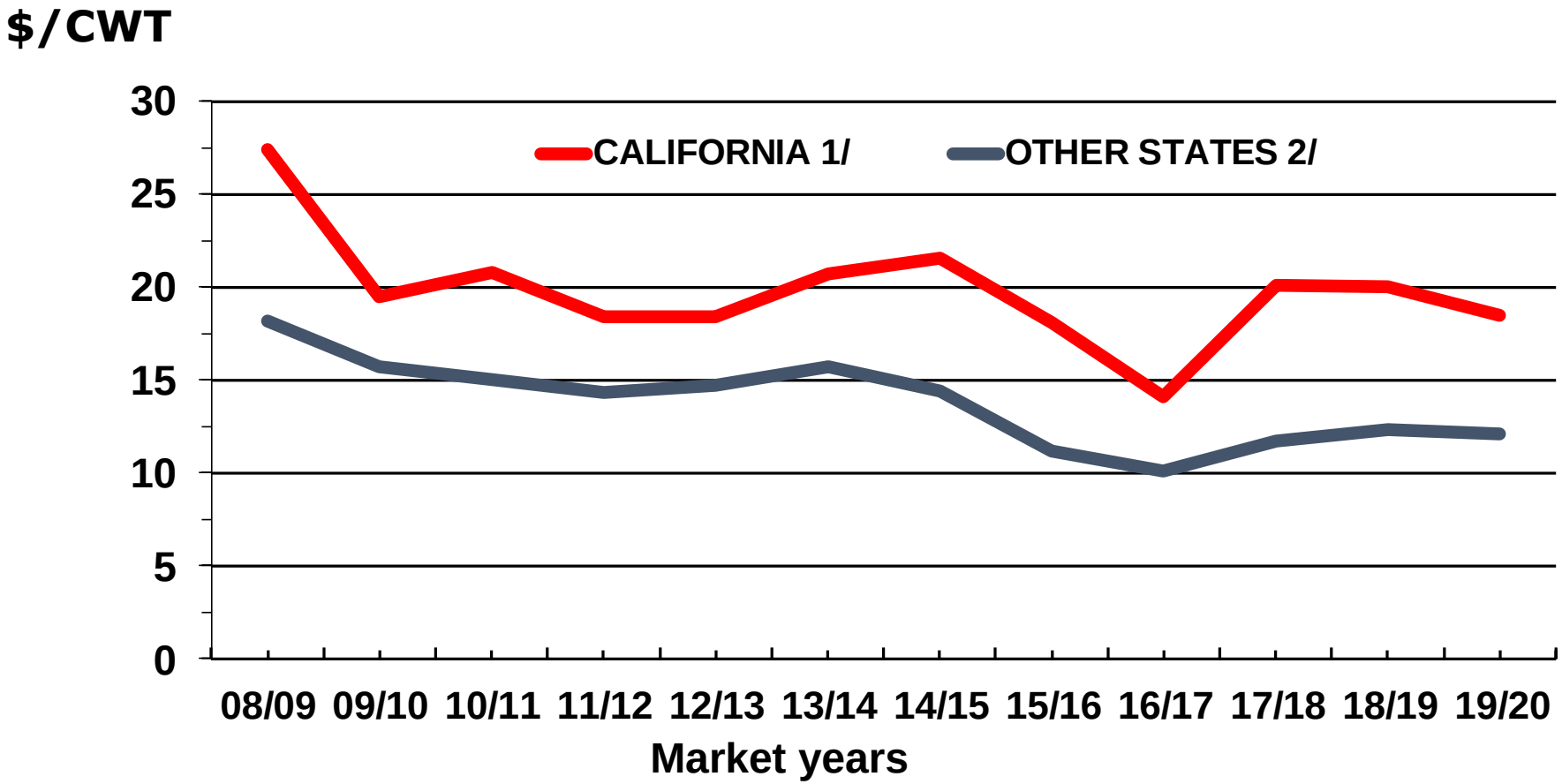
Rough basis. 2019/20 are forecasts. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.

The U.S. long-grain season-average farm price is projected to increase in 2019/20



2019/20 are forecasts. Source: Quick Stats, USDA, NASS, http://quickstats.nass.usda.gov/

Both California and southern medium- and short-grain season-average farm prices are expected to decline in 2019/20



2019/20 are forecasts. Season-average rough-rice for medium- and short-grain rice first reported by region for the 2008/09 market year. 1/ October-September market year. 2/ August-July market year. Arkansas, Louisiana, Mississippi, Missouri, and Texas. Source: Quick Stats data base, USDA., NASS. http://quickstats.nass.usda.gov/

PART 3

A PRELIMINARY LOOK AT THE U.S. 2020/21 RICE MARKET OUTLOOK.

All forecasts are from USDA's Long-Term Agricultural Baseline Projections were released on November 1, 2019.

2020/21 U.S. Rice Market:
Supply-Side Outlook

- **Assumes normal weather worldwide and a continuation of current policies. All baseline forecasts based on the October WASDE.**
  - **Carryin in 2020/21 for all rice is projected to be down 18-19 percent from 2019/20.**
  - **All rice planted area is expected to increase 14 percent to 2.9 million acres.**
  - **Long-grain plantings are expected to increase 24 percent to 2.2 million acres, while medium and short grain area is projected to drop 8 percent to 700,000 acres.**
  - **Why is long-grain area projected to expand? A much smaller carryout from 2019/20 and rising prices in 2019/20.**
  - **The all-rice yield is projected to increases 2 percent to 7,735 pounds per acre based on 10-year trends by class, the highest on record.**

2020/21 U.S. Rice Market:
Domestic Use and Export Outlook

- **Total exports of all rice are projected to increase about 2 percent 2020/21, with long-grain accounting for all of the rise—a result of larger supplies and lower expected U.S. prices in 2020/21.**

- **Latin America is projected to account for nearly all of the increase in U.S. long-grain exports in 2020/21, a result of more competitive prices.**

- **No growth in medium- and short-grain exports is projected due to continued sales of low-priced rice by China to the Middle East and North Africa and the return of Egypt as an exporter to the region.**

- **U.S. medium- and short-grain sales to Japan, South Korea, and Taiwan—the largest U.S. market for this class of rice—are projected to remain unchanged from 2019/20.**

2020/21 U.S. Rice Market:
Demand and Ending Stocks

- **A nearly 8-percent increase in total domestic and residual use is projected based on a larger crop and expanded supplies.**
- **Long-grain accounts for all of the projected increase in total domestic and residual use in 2020/21.**
- **Ending stocks of all rice are projected to increase around 35 percent, with long-grain stocks increasing around 60 percent and medium- and short-grain stocks rising 6-7 percent.**

2020/21 U.S. Rice Market: *Prices*

- The Long-grain season-average farm price (SAFP) is projected to drop to $10.50 per cwt, mostly due to larger supplies and little increase in global prices.
- The Southern medium- and short-grain SAFP is projected to decline to $11.00 per cwt based on the lower long-grain prices.
- The California medium- and short-grain SAFP is projected to decline to $17.50 per cwt based on stronger global competition, mostly in the Middle East and North Africa from China and Egypt.

For More Information, Please Go To:

- The Economic Research Service Home Page http://www.ers.usda.gov
- World Agricultural Supply and Demand Estimates Report https://www.usda.gov/oce/commodity/wasde/
- *Grains: World Markets and Trade* Reports https://www.fas.usda.gov/data/grain-world-markets-and-trade
- Production, Supply and Distribution data base https://apps.fas.usda.gov/psdonline/app/index.html#/app/home
- The Rice Topics Page http://www.ers.usda.gov/topics/crops/rice.aspx
- Long-Term Agricultural Projections 2020/21-2029/30 https://www.usda.gov/oce/commodity/projections/index.htm