U.S. Rice Growers Face Higher Prices and Tighter Supplies in 2017/18

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Nathan Childs
Economic Research Service
USDA

Approved by the World Agricultural Outlook Board. Estimates and forecasts are from the December 2017 WASDE.
PART 1

THE 2017/18 GLOBAL RICE MARKET SITUATION AND OUTLOOK
The 2017/18 Global Rice Market: Overview

• Global rice production of 483.5 million tons (milled basis) is projected to be 0.7 percent below the 2016/17 record.

• Smaller crops in Bangladesh, Brazil, Egypt, India, Japan, the Philippines, South Korea, and the United States more than offset larger production in Burma, China, Sri Lanka, Thailand, Vietnam.

• Global harvested area is projected at 160.2 million hectares, down 0.6 million hectares from 2016/17, as reductions in Bangladesh, Egypt, India, Philippines, and the United States more than offset expanded rice area in Burma, Cambodia, Thailand, and Sri Lanka.

• Global supplies increase to a record 621.5 million tons, a result of a 4-percent larger carryin.
Global rice supplies in 2017/18 are projected to be record high.

Global 2017/18 Rice Harvested Area: Economic Rationale for Contractions

- **United States**: Total harvested area dropped 22.8 percent (285K ha).
  - **Main Factor**: A weak long-grain price outlook at planting.
  - **Plus**: Heavy rainfall and flooding early in the season in California and in much of the South, especially in Arkansas.
  - **And**: Late summer Gulf Coast hurricanes struck near the end of harvest.

- In **Bangladesh**, severe spring and summer flooding reduced harvested area 4 percent (448K ha), mostly impacting the *Aman* crop.

- **India**’s rice area dropped 1 percent (490k ha) due to drought-like conditions in central India in July-Sept and August flooding in the east.

- **Egypt**’s rice harvested area dropped 10 percent due to stricter area controls and shifts in planting to cotton & corn.

- **The Philippines** rice area is projected to drop 5 percent (223k ha), mostly due to expectations of increased imports in 2018.
Global 2017/18 Harvested Area: Economic Rationale for Expansions

- Ideal rainfall, adequate reservoir levels, higher farm-gate prices boosted Thailand’s rice area 4.4 percent, to a near-normal 10.7 million hectares, after severe drought in 2014/15 and 2015/16 sharply reduced output.

- Sri Lanka’s rice area is expected to increase 48 percent (325K ha) to 1.0 million hectares from the 2016/17 abnormally small level that was sharply impacted by severe flooding and then severe drought.

- Continued high producer price support in China increased area 4,000 hectares despite huge stocks and record imports.

- Both Burma and Cambodia continue their long-term area recovery & export expansion.
### The 2017/18 Global Rice Market: Decreases in Production

<table>
<thead>
<tr>
<th>Country</th>
<th>Quantity</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>2.65 million tons</td>
<td>-2.4 percent</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1.58 million tons</td>
<td>-4.6 percent</td>
</tr>
<tr>
<td>United States</td>
<td>1.45 million tons</td>
<td>-20.4 percent</td>
</tr>
<tr>
<td>Brazil</td>
<td>563,000 tons</td>
<td>-6.7 percent</td>
</tr>
<tr>
<td>Egypt</td>
<td>500,000 tons</td>
<td>-10.4 percent</td>
</tr>
<tr>
<td>Philippines</td>
<td>486,000 tons</td>
<td>-4.2 percent</td>
</tr>
<tr>
<td>Madagascar</td>
<td>394,000 tons</td>
<td>-16.1 percent</td>
</tr>
<tr>
<td>South Korea</td>
<td>225,000 tons</td>
<td>-5.4 percent</td>
</tr>
<tr>
<td>Japan</td>
<td>180,000 tons</td>
<td>-2.3 percent</td>
</tr>
<tr>
<td>Indonesia</td>
<td>150,000 tons</td>
<td>-0.4 percent</td>
</tr>
<tr>
<td>Colombia</td>
<td>138,000 tons</td>
<td>-8.0 percent</td>
</tr>
</tbody>
</table>
The 2017/18 Global Rice Market:
*Increases in Production*

<table>
<thead>
<tr>
<th>Country</th>
<th>Quantity</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>1.20 million tons</td>
<td>+6.3 percent</td>
</tr>
<tr>
<td>China</td>
<td>1.15 million tons</td>
<td>+0.8 percent</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>903,000 tons</td>
<td>+45.2 percent</td>
</tr>
<tr>
<td>Vietnam</td>
<td>900,000 tons</td>
<td>+4.3 percent</td>
</tr>
<tr>
<td>Burma</td>
<td>300,000 tons</td>
<td>+2.4 percent</td>
</tr>
<tr>
<td>Peru</td>
<td>261,000 tons</td>
<td>+11.9 percent</td>
</tr>
<tr>
<td>Paraguay</td>
<td>141,000 tons</td>
<td>+28.1 percent</td>
</tr>
<tr>
<td>Bolivia</td>
<td>97,000 tons</td>
<td>+70.3 percent</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>95,000 tons</td>
<td>+7.1 percent</td>
</tr>
<tr>
<td>Cambodia</td>
<td>50,000 tons</td>
<td>+1.0 percent</td>
</tr>
<tr>
<td>Pakistan</td>
<td>50,000 tons</td>
<td>+0.7 percent</td>
</tr>
</tbody>
</table>
The 2017/18 Global Rice Market: Domestic Use and Ending Stocks

- At 480.8 million tons, global consumption (including a residual) is 0.6 million tons below the 2016/17 record and 2.7 million tons below 2017/18 production.

- Indonesia, Thailand, and the United States account for most of the expected decline in global consumption (including a residual component) in 2017/18.

- In contrast, rice consumption in 2017/18 is projected to increase in China, Egypt, India, Sub-Saharan Africa, and Vietnam.

- Global ending stocks of 140.7 million tons are projected up 2.7 million tons from 2016/17 and are the highest since 2000/01.
Global ending stocks in 2017/18 are projected to be the highest since 2000/01.

China is expected to hold more than two-thirds of global ending stocks in 2017/18.

However, ending stocks by the top 5 exporters are expected to continue declining.

Global rice trade in CY 2018 is projected to drop 1.6 percent to 45.5 million tons, the second highest on record.

<table>
<thead>
<tr>
<th>Exporter</th>
<th>2018 Exports (1,000 tons)</th>
<th>Change from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burma</td>
<td>3,000</td>
<td>-100</td>
</tr>
<tr>
<td>Thailand</td>
<td>10,200</td>
<td>-800</td>
</tr>
<tr>
<td>Uruguay</td>
<td>900</td>
<td>-190</td>
</tr>
<tr>
<td>Vietnam</td>
<td>6,500</td>
<td>-100</td>
</tr>
<tr>
<td>Australia</td>
<td>325</td>
<td>+145</td>
</tr>
<tr>
<td>Pakistan</td>
<td>3,800</td>
<td>+200</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1,250</td>
<td>+100</td>
</tr>
<tr>
<td>India</td>
<td>11,600</td>
<td>Unchanged record</td>
</tr>
<tr>
<td>United States</td>
<td>3,400</td>
<td>Unchanged</td>
</tr>
<tr>
<td>China</td>
<td>1,100</td>
<td>Unchanged</td>
</tr>
</tbody>
</table>
...with Iran, Nigeria, and Sri Lanka expected to import less rice in 2018

<table>
<thead>
<tr>
<th>Importer</th>
<th>2018 Imports (1,000 tons)</th>
<th>Change from 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iran</td>
<td>1300</td>
<td>-300</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2300</td>
<td>-200</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>400</td>
<td>-400</td>
</tr>
<tr>
<td>Brazil</td>
<td>600</td>
<td>-200</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1200</td>
<td>-150</td>
</tr>
<tr>
<td>Malaysia</td>
<td>900</td>
<td>-100</td>
</tr>
<tr>
<td>Kenya</td>
<td>700</td>
<td>-100</td>
</tr>
<tr>
<td>China</td>
<td>5250</td>
<td>-50</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>Record 1500</td>
<td>+150</td>
</tr>
<tr>
<td>Philippines</td>
<td>1700</td>
<td>+600</td>
</tr>
<tr>
<td>Guinea</td>
<td>800</td>
<td>+75</td>
</tr>
<tr>
<td>Iraq</td>
<td>1100</td>
<td>+50</td>
</tr>
</tbody>
</table>
About 9 percent of global rice production is traded annually, double the share 25 years ago.

Thailand and India are projected to remain the top rice exporting countries in 2017 and 2018. These countries account for about 85 percent of global rice exports.

Burma’s 2017 rice exports are the highest since before WWII

After more than a decade of decline, China’s rice exports now exceed 1 million tons...

...and China is expected to remain the largest rice importing country followed by Nigeria.

Cote d’Ivoire is projected to be the fifth largest rice importing country in 2018.

Rice consumption, production, and imports are projected to continue to increase in Sub-Saharan Africa.

The U.S. price difference over Asian exporters has been high since late spring

December 2017 first week only. All prices quoted “free-on-board” vessel at local port. Sources: Thai quotes, U.S. Ag Counselor, Bangkok; U.S. and Vietnam quotes, Creed Rice Market Report.
PART 2

THE U.S. 2017/18

RICE MARKET OUTLOOK
The U.S. 2017/18 Rice Market: 
Main Points

• Declining prices and historic flooding at planting, plus small impacts from late summer Gulf Coast hurricanes, resulted in a 27-percent drop in U.S. long-grain harvested area. California harvested area dropped 15 percent due to heavy winter rains, historic snowpack, and resulting flooding.

• A 20-percent drop in all rice U.S. production is projected to pull U.S. supplies down more than 15 percent from the 2016/17 near-record level.

• Total use—domestic and residual use plus exports—is projected to decline 12 percent, with both categories projected to be smaller.

• Total ending stocks of all rice are projected to drop 33 percent, with the stocks-to-use ratio of 14.2 percent, near-normal.

• Prices for both classes of rice in the South and for medium- and short-grain in California are projected to be higher in 2017/18 than in 2016/17.
Harvested rice area declined in all reported States in 2017

Arkansas accounted for the bulk of the decline in U.S. rice production in 2017

A 23-percent drop in all rice harvested area pulled U.S. production down 20 percent in 2017/18

Rough basis. 2017/18 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
After 2 years of decline, U.S. rice imports are projected to increase in 2017/18

2017/18 are forecasts. 1/ Rough basis. 2/ Does not include seed use.
Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
U.S. rice supplies are projected to drop more than 15 percent in 2017/18

Mill. CWT

Carrying  Production  Imports

Rough basis. 2017/18 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
Both U.S. rice exports and domestic use are projected to be smaller in 2017/18 1/

Rough-rice basis. 2017/18 are forecasts. 1/ Domestic use includes a residual component.

Sources: World Agricultural Supply and Use Estimates, WAOB, USDA.
Latin America typically accounts for about 60 percent of U.S. rice exports.

Both U.S. milled- and rough-rice exports are projected to decline in 2017/18

Rough basis. 2017/18 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.

United States Department of Agriculture, Economic Research Service
U.S. exports of both classes of rice are projected to decline in 2017/18

MILL. CWT

LONG-GRAIN & MEDIUM- AND SHORT-GRAIN

AUGUST-JULY MARKET YEAR

Rough basis. 2017/18 are forecasts. Source: *World Agricultural Supply and Use Estimates*, WAOB, USDA.
Through November 30, U.S. all-rice exports were 9 percent below a year earlier, with rough-rice most of the decline.

However, U.S. long-grain exports were 9 percent above a year earlier, with milled rice all of the increase...

While combined medium- and short-grain exports were 42 percent below a year earlier through November 30.

Through November 30, U.S. long-grain sales and shipments to Iraq, Haiti, and Mexico were well ahead of a year ago.

**Long-grain**

- **MEXICO**: Dec 1, 2016 - 200 t; Nov. 30, 2017 - 320 t
- **HAITI**: Dec 1, 2016 - 150 t; Nov. 30, 2017 - 220 t
- **CENTRAL AMERICA**: Dec 1, 2016 - 220 t; Nov. 30, 2017 - 280 t
- **VENEZUELA**: Dec 1, 2016 - 100 t; Nov. 30, 2017 - 150 t
- **COLOMBIA**: Dec 1, 2016 - 50 t; Nov. 30, 2017 - 100 t
- **IRAQ**: Dec 1, 2016 - 20 t; Nov. 30, 2017 - 100 t


United States Department of Agriculture, Economic Research Service
But medium- and short-grain sales were well behind last year to Northeast Asia, N. Africa, and Middle East.

U.S. Export Opportunities and Concerns

- Will Venezuela remain a top buyer of U.S. rice? Venezuela has been a critical market for U.S. rice in recent years, despite political turmoil.
- Will competition from South American exporters in Mexico and Central America increase?
- Any additional U.S. sales to Iraq?
- Any U.S. sales to Iran?
- U.S. sales to China?
- Will Turkey and Libya return as buyers of U.S. rice?
U.S. all-rice ending stocks are projected to decrease 33 percent in 2017/18

Rough basis. 2017/18 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
U.S. season-average farm prices for both classes of rice are projected to be higher in 2017/18

Both the southern and California medium- and short-grain SAFPs are projected higher in 2017/18.

2017/18 are projected. 1/ Season-average rough-rice for medium- and short-grain rice first reported by region for the 2008/09 market year.  2/ October-September market year.  3/ August-July market year. Source: Quick Stats data base, NASS, USDA. [http://www.nass.usda.gov/Quick_Stats/](http://www.nass.usda.gov/Quick_Stats/)
PART 3

A PRELIMINARY LOOK AT THE U.S. 2018/19 RICE MARKET OUTLOOK
2018/19 U.S. Rice Market: Source and release schedule

- All 2018/19 domestic forecasts are from the 2017 Agricultural Baseline Projections located at: http://www.usda.gov/oce/commodity/projections/index.htm

- All Baseline forecasts are based on the November 2017 WASDE.

- The full report and the global trade tables will be released in February 2018.

- USDA will release updated domestic supply and use forecasts for 2018/19 at the 2018 Agricultural Outlook Forum in February.

- The first U.S. and global WASDE forecasts for 2018/19 will be released in May 2018.
2018/19 U.S. Rice Market: Supply-Side Outlook

- Assumes normal weather worldwide and a continuation of current policies. Based on November 2017 WASDE.

- Carryin for both classes of rice is projected down sharply from 2017/18 and below recent 5-year averages.

- Planted area expected to increase 17 percent to 2.9 million acres, with long-grain (2.175 million acres) accounting for most of the expansion. Medium and short grain area projected at 725,000 acres and California’s area is projected to return to normal. Total harvested area projected to increase 20 percent.

- All rice yield increases almost 3 percent based on 10-year trends by class, 2nd highest on record. Long-grain yield projected to rise the most.
2018/19 U.S. Rice Market: 
Supply-Side Outlook--Continued

– Production increases more than 23 percent to **220 mcwt**, with long grain projected to increase almost 28 percent to **161 mcwt** and medium and short projected to increase 13.5 percent to **59 mcwt**.

– **Imports** are expected to increase 0.8 percent with Asian aromatic rice classified as long-grain accounting for all of the increase.

– Total U.S. rice **supplies** are expected to increase more than 10 percent.
2018/19 U.S. Rice Market: 
Demand and Price Outlook

– Big increase projected for total domestic & residual use, mostly due to a larger crop.

– Long-grain accounts for the bulk of the expected increase in domestic use.

– Increased exports of both class of rice, with medium- and short-grain increasing at the fastest pace.
2018/19 U.S. Rice Market: 

*Demand and Price Outlook--Continued*

- A substantial increase in **U.S. ending stocks**, with long-grain accounting for the bulk of the increase.

- **Farm prices** for both classes of rice in the South and in California are projected to **decline** in 2018/19, mostly due to the much larger U.S. supplies.
For More Information, Please Go To: