U.S. Rice Market Faces Larger Supplies and Lower Prices in 2018/19; Global Trade Projected Another Record High

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PART 1

THE 2018/19 GLOBAL RICE MARKET: SITUATION AND OUTLOOK
The 2018/19 Global Rice Market: An Overview

- Global rice production is projected at 490.7 million tons (milled basis), down 3.6 million tons from the 2017/18 record.

- In November, USDA made major revisions to China’s 207/08-2017/18 crop estimates based on China’s NBS data and raised its 2018/19 production forecast based on the historic revisions.

- Crops are projected smaller (down at least 1 percent) in Argentina, Australia, China, Colombia, Ecuador, Egypt (-35%), India, Iraq (-79.5%), Senegal, Sierra Leone, South Korea, Pakistan, Uruguay, and Venezuela (-46%).

- But, larger rice crops are projected for Bangladesh, Cambodia, Cote d’Ivoire, Ghana, Guinea, Guyana, Indonesia (slight), Madagascar, Paraguay, Sri Lanka, Thailand, United States, and Vietnam.
The 2018/19 Global Rice Market: Overview—Continued

- Global harvested area in 2018/19 is projected at a record **162.6 million hectares**, up 0.3 million hectares from 2017/18.
- Larger harvested area in 2018/19 is projected for Bangladesh, Cambodia, Cote d’Ivoire, Gambia, Ghana, Guyana, India, Laos, Madagascar, Paraguay, Sri Lanka, Thailand, and the United States.
- In contrast, harvested area is projected **smaller** in Argentina, Australia, China, Colombia, Cuba, Ecuador, EU, Egypt (-39%), India, Iraq (-77%), Pakistan, Peru, Philippines (slight), Senegal, South Korea (long-term), Uruguay, and Venezuela (-36%).
- Harvested area is projected **flat** or nearly flat in Burma, Indonesia, Iran, Japan, Laos, Mexico, and Vietnam.
Global rice supplies in 2018/19 are projected to be record high

## The 2018/19 Global Rice Market: Decreases in Production

<table>
<thead>
<tr>
<th>Country</th>
<th>Production</th>
<th>Percent Change</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>143.58 million tons</td>
<td>-3.6 percent</td>
<td>Area decline, lower yield</td>
</tr>
<tr>
<td>India</td>
<td>111.00 million tons</td>
<td>-1.7 percent</td>
<td>Lower yield, area is up</td>
</tr>
<tr>
<td>Brazil</td>
<td>8.16 million tons</td>
<td>-0.6 percent</td>
<td>Return to trend yield</td>
</tr>
<tr>
<td>Pakistan</td>
<td>7.40 million tons</td>
<td>-0.7 percent</td>
<td>Smaller area, yield higher</td>
</tr>
<tr>
<td>South Korea</td>
<td>3.88 million tons</td>
<td>-2.4 percent</td>
<td>Long-term area decline</td>
</tr>
<tr>
<td>Egypt</td>
<td>2.80 million tons</td>
<td>-34.9 percent</td>
<td>Huge area decline (policy)</td>
</tr>
<tr>
<td>European Union</td>
<td>1.96 million tons</td>
<td>-1.8 percent</td>
<td>Smaller area in Spain, Italy</td>
</tr>
<tr>
<td>Uruguay</td>
<td>0.89 million tons</td>
<td>-6.8 percent</td>
<td>Smaller area</td>
</tr>
<tr>
<td>Argentina</td>
<td>0.79 million tons</td>
<td>-10.8 percent</td>
<td>Smaller area, lower yield</td>
</tr>
<tr>
<td>Venezuela</td>
<td>0.15 million tons</td>
<td>-45.5 percent</td>
<td>Big area drop, yield down</td>
</tr>
<tr>
<td>Iraq</td>
<td>0.04 million tons</td>
<td>-79.5 percent</td>
<td>Big area drop, lack water</td>
</tr>
</tbody>
</table>
The 2018/19 Global Rice Market: 
*Increases in Production* $(\textit{R} = \text{record})$

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<tr>
<th>Country</th>
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<th>Percent Change</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>37.30 million tons</td>
<td>+0.8 percent</td>
<td>Slightly higher yield</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>34.50 million tons</td>
<td>+5.7 percent</td>
<td>Area recovery, higher yield</td>
</tr>
<tr>
<td>Vietnam</td>
<td>29.07 million tons $\textit{R}$</td>
<td>+2.1 percent</td>
<td>Higher area, record yield</td>
</tr>
<tr>
<td>Thailand</td>
<td>21.20 million tons $\textit{R}$</td>
<td>+4.1 percent</td>
<td>Area increase</td>
</tr>
<tr>
<td>United States</td>
<td>6.93 million tons</td>
<td>+22.2 percent</td>
<td>Large area expansion</td>
</tr>
<tr>
<td>Cambodia</td>
<td>5.50 million tons $\textit{R}$</td>
<td>+1.9 percent</td>
<td>Record area</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>2.63 million tons</td>
<td>+17.0 percent</td>
<td>Some area &amp; yield recovery</td>
</tr>
<tr>
<td>Madagascar</td>
<td>2.30 million tons</td>
<td>+16.1 percent</td>
<td>Return to trend yield</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1.95 million tons</td>
<td>+4.1 percent</td>
<td>Return to a normal yield</td>
</tr>
<tr>
<td>Guinea</td>
<td>1.50 million tons $\textit{R}$</td>
<td>+3.4 percent</td>
<td>Record area and yield</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>1.45 million tons $\textit{R}$</td>
<td>+5.3 percent</td>
<td>Larger area &amp; record yield</td>
</tr>
</tbody>
</table>

*Source:* United States Department of Agriculture, Economic Research Service
The 2018/19 Global Rice Market: Consumption and Residual Use

• At a record 488.4 million tons, 2018/19 global consumption (including post-harvest loss) is 5.8 million tons above 2017/18, but 2.3 million tons smaller than 2018/19 production.

• Consumption is projected to increase in 2018/19 in Cambodia, China, India, Indonesia, Nigeria, the Philippines, and Vietnam.

• But consumption is projected to decline in 2018/19 in Egypt (tight supplies), Japan and South Korea (long term), and Thailand (end of Government stock disposal).
The 2018/19 Global Rice Market: 
Consumption and Residual Use

- Little or no change in consumption in 2018/19 is projected for Bangladesh, Brazil, and the United States.
- Consumption is projected to rise more than 4 percent in Sub-Saharan Africa to a record 32.8 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 12\textsuperscript{th} consecutive increase, global ending stocks in 2018/19 are projected to be record high.

The 2018/19 Global Rice Market: **Ending Stocks and Prices**

- **Global ending stocks** in 2018/19 are projected at 163.0 million tons, up 2.3 million tons from 2017/18 and the highest on record.

- **China** accounts for almost 70 percent of 2018/19 global ending stocks, with China’s stocks projected at a record 113.0 million tons.

- In November, USDA increased China’s 2007/08-2017/18 ending stocks estimates based on upwardly revised historic production estimates.
The 2018/19 Global Rice Market: Ending Stocks

- Ending stocks are projected to increase in 2018/19 for Bangladesh, China, Indonesia, the Philippines, Thailand, United States, Sri Lanka, & Vietnam.

- Ending stocks in 2018/19 are projected to decrease for Argentina, Australia, Egypt (-33%), India, Iran, Iraq, Japan, South Korea, Nigeria, Pakistan, and Venezuela.

- The 2018/19 global stocks-to-use ratio of 33.3 percent is nearly unchanged from 2017/18 but below the 37.1 % record in 2000/01.

- Global trading prices are expected to be lower in 2018/19 than in 2017/18, with the U.S. price difference over Asian and South American exporters projected to contract.
With record stocks of 113.0 million tons in 2018/19, China is expected to account for 69 percent of global rice stocks.


United States Department of Agriculture, Economic Research Service
But ending stocks held by the top 6 exporters in 2018/19 are expected to drop slightly

U.S. price difference for long-grain milled rice over Asian & South American exporters has declined.
Global 2019 Rice Trade Is Projected To Be Another Record High

- Global rice trade in 2019 is projected at a record 49.2 million tons, up more than 1 percent from 2018 and the third consecutive year of record global rice trade.

- The projected expansion in global rice imports in 2019 is largely driven by:
  - Expected record purchases from Sub-Saharan Africa, up 6 percent from 2018 despite record production. The region is the world’s largest and fastest growing importing region, and achieves the highest rate of consumption growth...
  - ...as well as by some increase in imports by North Africa and the Middle East, with former exporter Egypt accounting for most of the increase due to a much smaller crop.
Global 2019 Rice Trade Is Projected To Be Another Record High--Continued

• Both of these regions are very dependent on imports: Sub-Saharan Africa (for almost 50 percent of rice consumption), and the Middle East (for more than 70 percent).

• In contrast, South Asia and Southeast Asia are projected to import less rice in 2019, mostly due to larger crops in most countries and slow consumption growth in the region.

• Since 2017, global rice trade has been well above earlier levels, mostly due to much larger demand from Sub-Saharan Africa and China—the world’s largest buyer.

• China accounts for about 20 percent of global rice imports.
Nearly 10 percent of annual world rice production now enters the global market.

Sub-Saharan Africa remains the largest rice importing region and is the fastest growing.

China and Nigeria are expected to remain the largest rice importing countries in 2018 and 2019.

The Philippines, Indonesia, and Bangladesh are projected to import less rice in 2019

Major Asian Importers

Mil. TONS


United States Department of Agriculture, Economic Research Service
Rice imports are projected to reach record high in 2019 for many Sub-Saharan African countries...

Major Sub-Saharan Africa Importers

..and the EU, Iran, Iraq, and Saudi Arabia are also projected to import more rice in 2019

Europe and Middle East Importers

Milled basis. 2018 and 2019 are forecasts.  
Source: Production, Supply, and Distribution database, 

United States Department of Agriculture, Economic Research Service
By class, medium- and short-grain rice imports by the Middle East and North Africa projected higher; East Asia’s flat

Thailand and the U.S. are projected to export more rice in 2018 and 2019. These countries account for about 85 percent of global rice exports.

China’s rice exports have risen sharply since 2017; Cambodia’s exports continue to rise.

Milled basis. 2018 and 2019 forecasts. These countries account for about 85 percent of global rice exports.

Egypt’s rice exports have dropped sharply since 2015

1,000 TONS

PART 2

THE U.S. 2018/19 
RICE MARKET OUTLOOK
The U.S. 2018/19 Rice Market: Main Points

- Tight supplies of U.S. rice in the latter part of 2017/18, and few more profitable planting options than rice in the South were responsible for an almost **20 percent increase** in total U.S. rice planted area to 2.94 million acres.

- The average **yield of 7,522 pounds per acre** is nearly unchanged from 2017/18.

- Although heavy **rains hampered and delayed** the final harvest in the upper Delta and part of the ratoon crop in Texas, little impact on yield has been reported.
The U.S. 2018/19 Rice Market: Main Points

• The strong area expansion caused total production to increase by 22.5 percent to 218.3 million cwt, still 3 percent below the 2016/17 crop.

• Total imports are projected at a record 28.0 million cwt, with medium- and short grain accounting for the bulk of the increase, with larger purchases from China already reported by Puerto Rico a major factor.

• Supplies of all rice are projected to increase 10 percent to 275.7 million cwt, with long-grain accounting for the bulk of the increase, mostly due to a much larger crop.
The U.S. 2018/19 Rice Market: Main Points

• Larger supplies and lower prices are expected to increase total exports 10 percent, with increases expected for all types and classes of rice.

• Little change is projected in all rice domestic use.

• Although the medium- and short-grain domestic and residual is projected to decline from last year’s abnormally high level.

• The U.S. long-grain domestic and residual use forecasts is up from 2017/18, mostly due to a larger crop.
The U.S. 2018/19 Rice Market: 
Main Points--Continued

• Total ending stocks of all rice are projected to increase 59 percent to 46.7 million cwt, with the all rice stocks-to-use ratio of 20.4 percent, well above the 10-year average of 17.3 percent.

• Both long-grain prices and California medium- and short-grain prices are projected to drop in 2018/19. In contrast, southern medium- and short-grain prices are projected to be higher in 2018/19, with the price difference with California rice smaller.
Rice plantings in 2018 were reported higher in all surveyed States.

An 22-percent increase in all-rice harvested area boosted U.S. rice production 22.5 percent 2018/19

U.S. 2018/19 Rice Production: Main Points

• All reported States increased plantings, with Arkansas accounting for 58 percent of the 480,000-acre increase from 2017/18.

• Yields:
  • Higher in California (+1.1 percent) and Louisiana (+4.3 percent);
  • Lower in Mississippi (-1.4 percent), Missouri (-5.9 percent), and Texas (-2.2 percent);
  • And nearly unchanged in Arkansas.

• Production is projected to be larger this year in all reported States, primarily due to expanded area.

• Total production of 218.3 million cwt is up 22.5 percent from a year earlier, with long-grain production up 24 percent and combined medium- and short-grain production up 18.5 percent.
Rice production in 2018 was higher in all reported States

U.S. rice imports are projected to be record high in 2018/19

2018/19 are forecasts. 1/ Rough basis. 2/ Does not include seed use.
Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
Brazil’s rice exports to the U.S. rose sharply in recent years...

…with Puerto Rico a major destination of U.S. imports of rice from Brazil

August-July Market Year

China, once a major supplier of rice to Puerto Rico, has returned as a source 1/

August-July Market Year

U.S. rice supplies are projected to increase almost 10 percent in 2018/19

U.S. rice exports are projected to increase 10 percent in 2018/19, with little change in domestic use.

Rough-rice basis. 2018/19 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...

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

South American exporters continue to gain market share in Mexico

The United States is also losing market share in Costa Rica to South American exporters.

The United States has also lost market share in Venezuela, most recently to Brazil.

U.S. Export Opportunities and Concerns in 2018/19

• Will lower and more competitive prices allow the U.S. to regain some lost market share in Mexico, Central America, and Venezuela, key U.S. long-grain rough-rice markets where the United States has lost market share mostly to South American exporters in recent years.

• Will Asian exporters again ship milled rice into South America, and Mexico? Note that Mexico has a 150,000-ton TRQ for rice from any source at a zero tariff rate.
U.S. Export Opportunities and Concerns in 2018/19

• What are U.S. sales prospects to Iraq for the rest of 2018/19? The U.S. has sold 121,400 tons so far, up from 94,000 tons in 2017/18.

• Will the U.S. pick up medium-grain sales to North Africa and the Middle East—which have recently been weak—in response to Egypt’s expected small harvest and decision to import rice?

• Will Egypt buy any U.S. rice? So far, no purchases of U.S. rice.
Both U.S. milled- and rough-rice exports are projected to increase in 2018/19.

Rough basis. 2018/19 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
U.S. exports of both classes of rice are projected to increase in 2018/19

Rough basis. 2018/19 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
U.S. all-rice ending stocks are projected to increase 59 percent in 2018/19...

Rough basis. 2018/19 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
...with U.S. long-grain ending stocks projected to increase 60 percent in 2018/19...

Rough basis. 2018/19 are forecasts. Source: World Agricultural Supply and Use Estimates, WAOB, USDA.
...and U.S. medium- and short-grain ending stocks returning to a more normal level in 2018/19

Rough basis. 2018/19 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 decline in 2018/19

California medium- and short-grain season-average farm prices are expected to decline in 2018/19; southern to rise.

2018/19 are mid-points of forecast ranges. 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, NASS, USDA. /.
PART 3

A PRELIMINARY LOOK AT THE U.S. 2019/20 RICE MARKET OUTLOOK
2019/20 U.S. Rice Market:
Source and release schedule

• All 2019/20 domestic forecasts are from the 2018 Agricultural Baseline Projections located at: http://www.usda.gov/oce/commodity/projections/index.htm

• All Baseline forecasts are based on the October 2018 WASDE.

• The full report and the global trade tables will be released in February 2019.

• USDA will release updated domestic supply and use forecasts for 2019/20 at the 2019 Agricultural Outlook Forum in February.

• The first U.S. and global WASDE forecasts for 2019/20 will be released in May 2019.
2019/20 U.S. Rice Market: 
Supply-Side Outlook

• Assumes normal weather worldwide and a continuation of current policies.

  – **Carryin** in 2019/20 for all rice and for both classes of rice is projected to be up sharply from the 2018/19 abnormally low levels.

  – All rice **planted area** is expected to decrease 7.6 percent to **2.72 million acres**, with long-grain dropping 9 percent to **2.0 million acres** and medium and short grain area dropping 3 percent to **720,000 acres**.

  – **Why** an area drop? A supply build-up (of mostly long-grain rice) in 2018/19 and lower expected prices at planting in 2019.

  – All rice **yield** increases almost 3 percent based on 10-year trends by class to 7,722 pounds per acre, the highest on record. The long-grain yield is projected to rise the most.
All rice production is projected to decrease by 5 percent to 207.5 million cwt, with long grain projected to drop more than 6 percent to 148.5 million cwt and medium and short projected to decline 1 percent to 59.0 million cwt.

Imports of all rice are expected to increase slightly, with Asian aromatic rice classified as long-grain accounting for most of the increase. Puerto Rico’s long-term status as an importer of rice is unclear.

Total U.S. rice supplies are expected to increase 1-2 percent, with supplies of both classes of rice expected to be larger in 2019/20.
2019/20 U.S. Rice Market: Domestic Use and Export Outlook

- Very slight increase projected for total domestic & residual use, mostly due to slightly larger supplies.
- Medium- and short-grain accounts for all of the expected increase in domestic use.
- All rice exports are projected to increase 6-7 percent based on expectations of slightly larger U.S. supplies and more competitive prices.
Exports of both classes of rice are projected to be larger in 2019/20.

With medium- and short-grain exports expected to increase at the fastest pace, with larger sales to North Africa and the Middle East.

Why?
- Egypt is projected to be out of the export market,
- more U.S. supplies,
- drought in Australia,
- possible return of Turkey as a buyer of U.S. rice.

Long-grain exports to Latin America are expected to increase due to more competitive U.S. prices.
A small decrease in ending stocks of all rice and for both classes of rice is expected as expanded use in 2019/20 more than offsets the larger total supplies.

Farm prices for both classes of rice in the South and in California are projected to increase slightly in 2019/20 due to slightly higher global trading prices and a small drop in U.S. ending stocks.
For More Information, Please Go To: