



Quarterly International Trade Report

May 2005
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Rice

World Situation and Outlook

2006 Outlook: Global PS&D

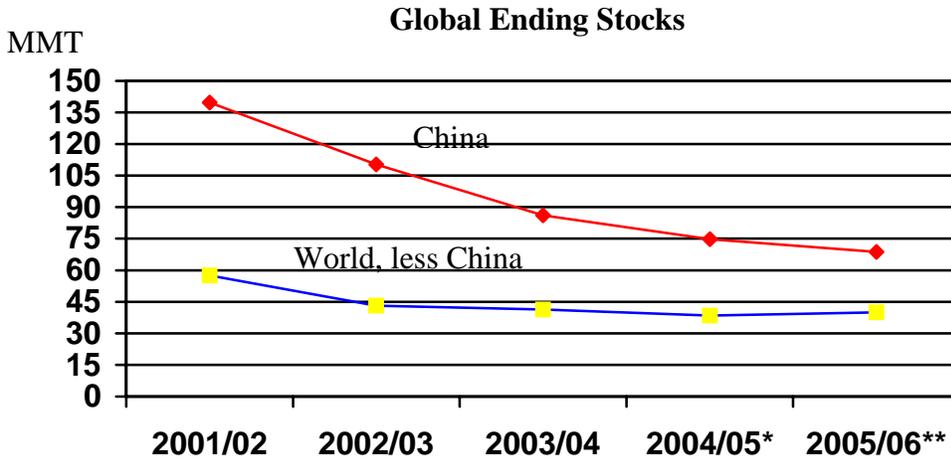
Global production in 2005/06 is projected at 410.3 million tons (milled basis), up over 8 million tons from a revised 2004/05 with the largest increases forecast in India, China, Bangladesh, and Thailand. Global consumption continues to outpace production and is expected to grow 3 million tons to 416.6 million. Consequently, ending stocks are expected to continue their downward trajectory, dropping 6 million tons to 68.5 million. However, with the majority of the decline in China, stocks in the rest of the world are forecast to show a minor gain for the first time in 5 years.

SUMMARY POINTS

- Global consumption continues to outpace production
- U.S. exports to expand in non-traditional markets, leading to near record levels.
- Trade in CY 2006 is expected to remain relatively flat from the previous year.

Global Trade

Global trade in 2006 is expected to be relatively flat compared with 2005 as a significant decline in Philippine import demand is partially offset by smaller gains in Iraq and Nigeria. Indonesia is forecast to remain largely withdrawn from the import market due to another large crop and ample stocks. Meanwhile, Thailand is likely to reduce exports for the second consecutive year due to low carry-over stocks. Vietnam is also anticipated to reduce exports. However, the United States is expected to gain market share with near-record exports forecast due to large exportable supplies.



2005 Price Situation

Thai 100B prices have leveled off from last quarter at around \$300 per ton, FOB and could be expected to ease when the government releases its intervention stocks. However, with no timing commitment, buyers remain reluctant to purchase at the current prices. Viet 5% prices remain at a \$40 discount to Thai prices. Viet exports have been strong in the first part of the year, with the Philippines and Cuba major buyers. U.S. prices are competitive with comparable Thai quality rice. The premium for U.S. rice has shrunk to about \$20 per ton, FOB.

CY 2005 trade remains fairly quiet, with the main buyers the Philippines and Nigeria. Indonesia has continued its government imposed import ban, thereby remaining on the sidelines. Meanwhile, other large buyers, such as Iran, remain withdrawn from the Thai market while awaiting a drop in export prices.

U.S. Situation and Outlook

The export forecast for the 2005/06 crop is a booming 120 million cwt, well above last year's revised estimate of 106 million cwt. With anticipated record supplies and competitive prices, the U.S. is expected to gain market share in the Middle East and the Western hemisphere.

WORLD RICE PRODUCTION, CONSUMPTION AND STOCKS

	2003/04	2004/05	2005/06	Annual Change		
Production	389.397	402.047	410.31	8.263	2%	
Consumption	413.597	413.429	416.586	3.157	1%	
Trade	26.528	25.426	25.146	-0.28	-1%	
Ending Stocks	86.068	74.804	68.528	-6.276	-8%	

U.S. RICE PRODUCTION, CONSUMPTION AND STOCKS

Production	6.402	7.381	7.144	-0.237	-3%	
Consumption	3.652	3.938	4.016	0.078	2%	
Exports	3.097	3.45	3.8	0.35	10%	
Ending Stocks	0.761	1.259	1.037	-0.222	-18%	
	MMT	MMT	MMT		MMT	

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