UNITED STATES DEPARTMENT OF AGRICULTURE

OUTLOOK FOR RICE

Statement by
Robert E. Post
Economic and Statistical Analysis Division, Economic Research Service
and
Dexter V. Rivenburgh
Grain and Feed Division, Foreign Agricultural Service
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Acreage controls and large-scale exports, principally under Government programs, reduced carryover stocks of rice to 5.3 million hundredweight, rough equivalent, on August 1, 1962, from the record level of 34.6 million, 6 years ago. This was a reduction of 85 percent. The carryover on August 1, 1963, is projected at 8.5 million cwt., representing a more desirable carryover level than the 5.3 million on hand last August 1. Should acreage in 1963 return to the 1961 level, production would be about equal to domestic use and exports. As a result, carryover on August 1, 1964 could be about the same as estimated for August 1, 1963.

The U. S. Rice Situation in 1962-63

The U. S. supply of rice for the 1962-63 marketing year is estimated at 69.3 million cwt., 8 percent above the supply a year earlier and about the same as the 5-year 1956-60 average of 69.0 million cwt. Supply consists of a carryover August 1, 1962 of 5.3 million cwt., half of what it was a year earlier; production in 1962 of 63.8 million cwt., the second largest of record and up 10 million cwt., or 19 percent, from a year earlier, reflecting the increased acreage under the 1962 program and record high yields; and imports of 0.2 million cwt.

Domestic disappearance in 1962-63 is estimated at 28.8 million cwt., which compares with 28.3 million cwt. a year earlier and 26.9 million cwt., the 1956-60 average. Food use is estimated at 21.5 million cwt., up slightly from the 21.1 million in 1961-62; brewers use at 5.0 million, slightly above a year earlier; and feed and seed use at 2.3 million cwt., slightly below a year earlier. Exports in 1962-63 are estimated at 32.0 million cwt. compared with 29.2 million in 1961-62. On the basis of these figures, the carryover August 1, 1963 would total about 8.5 million cwt., up from the 5.3 million cwt. August 1, 1962.

Rice Acreage, Yield and Production

Rice yields per harvested acre increased gradually from 1945 to 1954, except for a slight drop in 1951. Along with increased yields, acreage showed an upward trend and, following the bumper crop produced in 1954, it became necessary to establish acreage allotments and proclaim marketing quotas beginning with the 1955 crop. Although this action reduced acreages, yields increased sharply in 1955 and continued to increase, except for 1958 and 1961, through 1962. Despite the increased yields, acreage control has held production below the record 1954 level, but not enough to permit discontinuing marketing quotas. The allotment for the 1956 through 1961 crops was at the statuatory minimum of 1,652,596 acres. In 1962, this was increased 10 percent to assure adequate rice supplies to meet possible export needs steming from unsettled world conditions, particularly in the rice-consuming and rice-producing areas of the world. The October 1 estimate of harvested acreage in 1962 is 1.75 million acres, up 10 percent from a year earlier; yield was 36.46 cwt., up 8 percent; and production, 63.75 million cwt., up 19 percent.

The U. S. Rice Outlook for 1963-64

The acreage for 1963-crop rice has not been established. However, assuming about 1,595,000 acres are harvested in 1963 (about the same level as in 1960 and 1961, before the 10 percent increase in acreage permitted under the 1962 program) and if yields per harvested acre of 36.00 cwt. are obtained (1962 yields were at a record high of 36.46 cwt), a crop of 57.4 million cwt. would be produced. While this is 10 percent below the near-record production in 1962, it is 17 percent above the 1956-60 average. With a carryover August 1, 1963 of about 8.5 million cwt. and imports of about 0.3 million cwt., supplies for the 1963-64 marketing year would total 66.2 million cwt.

Domestic disappearance in 1963-64 is estimated at 28.8 million cwt., about the same as a year earlier. Exports are projected at about 29.0 million cwt., which compares with 29.2 million in 1961-62 and 26.9 million, the 1956-60 average. On this basis, the carryover of rice August 1, 1964 may be about the same as the 8.5 million cwt. expected August 1, 1963.

Rice, rough equivalent: Supply and distribution, United States, 1957-62 and 1963 projected 1/

	Year beginning August 1						
	1957	1958	1959	1960	1961	1962 2/	1963 3/
	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.	Mil. cwt.
Supply							
Carryover, August 1	20.1	18.2	15.7	12.1	10.1	5.3	8.5
Farm production 4/	43.0	44.8	53.7	54.6	53.7	63.8	57.4
Imports 5/	.2	.2	.8	.3	.3	.2	.3
Total 6/	62.8	61.5	69.3	66.7	62.8	69.3	66.2
Domestic Disappearance							
Food 7/	19.0	18.8	20.7	19.9	21.1	21.5	21.5
Industry 8/	4.8	4.7	5.0	4.9	4.7	5.0	5.0
Feed amd Seed	2.5	2.6	2.3	2.3	2.5	2.3	2.3
Total	26.3	26.1	28.0	27.1	28.3	28.8	28.8
Exports	18.3	19.7	29.2	29.5	29.2	32.0	29.0
Total disappearance	44.6	45.8	57.2	56.6	57.5	60.8	57.8
Ending stocks	18.2	15.7	12.1	10.1	5.3	8.5	8.4

1/ Milled rice converted to rough basis at annual extraction rate. 2/ Preliminary. 3/ Projected. 4/ Includes estimates of production in minor states. 5/ Consist mostly of broken rice. 6/ Adjusted to equal total distribution. 7/ Includes shipments to territories and military food use at home and abroad. 8/ Primarily for beer production.

Announcements relating to acreage allotments, marketing quotas and the price support for the 1963 crop will be made later this year.

Prices received by farmers for rice, including an allowance for unredeemed loans and purchase agreement deliveries, have averaged above support levels in all but 2 years, 1951-52 and 1954-55. In 1961-62, they averaged 31 cents above the national support of $4.71 per cwt.; a year earlier, they averaged 13 cents above the support. In 1962-63, they are again expected to average well above the support rate announced at $4.71 per cwt.

The Outlook for World Trade

On January 1, 1960, the beginning of the 1960 world rice marketing year, carryover stocks in the leading major world rice exporting countries were approximately 28 million cwt., milled rice equivalent. On January 1, 1961, these stocks had dropped to 20 million cwt., and as of January 1, 1962, the downward trend had continued with stocks down to 10.5 million cwt. Of the 1962 opening stocks, about two-thirds were held by the United States. Stocks held in the United States on January 1 of any year are proportionately higher than for any of the other major world rice exporters, as at that time all of our production has been harvested and is largely in procession channels. As of January 1, 1962, stocks of old-crop rice in other major exporting countries totaled only about 3.5 million cwt., an important factor in an evaluation of the world market.

The 1961-62 world rice harvest, estimated at 2,158 million cwt., milled equivalent, from which calendar 1962 exports were drawn, was approximately the same as for the preceding year. Some of the individual country variations were important. For exporting countries, some production declines were offset, as has been the case in previous years, by a draw-down in stocks. This was true in the case of Thailand, Burma, the United States, Italy, and other countries. Cutbacks in production in the United Arab Republic resulted in only very small exports of short-grain rice from January to October 1962 after which new-crop supplies became available. The Republic of South Vietnam has not exported any rice so far in 1962, except for a very small amount of brokens, because of reduced production as well as internal political troubles.

The pattern of world trade during the first 9 months of 1962 has been affected by some curtailment of free world export supplies, plus a continued reduction in supplies from Mainland China. Total export availability of long- and short-grain varieties has been less than last year, with some of the unfilled demand for short grains being shifted to medium grains. As a result, prices of rice moving into international trade under commercial arrangements (not including government-to-government bi-lateral contracts) rose rather sharply in the first half of 1962. In April-May, prices were almost at the high 1954 levels. The price advances were strongest for short and long grains, in that order, but prices also were higher for medium grains due to their utilization against unfilled demands for short grains.

Prices began to level off after May in the major markets for quality rice, probably reflecting somewhat higher stocks in the hands of importers and an unwillingness to continue to make substantial commitments until new-crop supplies were in the market. Early fall offerings from Egypt and Asia have been made at reduced prices but substantial sales have not been too widely reported. It is apparent that stocks in importing countries are still at levels that permit holding off from new commitments of any size. The apparent outstanding exception to this is Indonesia, where rice is in short supply and likely to continue so until late spring of 1963.

The volume of world trade in 1963 should be fairly stable. World trade in the coming year must again be filled almost entirely from current production (1962-63), in view of present stock levels. While it is too early to evaluate total supplies, the improved production of short grains in Italy, Egypt and Spain in the Mediterranean area and the liklihood that long and medium grains will be at or slightly above last year's levels in other parts of the world, seem to indicate that the coming year would show improved supply stability for all types of rice. Prices are likely to be at or nearer 1961 levels than those of 1962.

The Outlook for U. S. Rice Exports

Exports from the United States in the 1962-63 marketing year should be at a slightly higher level than for the past year. While the market was slow for long grains in the early fall months of 1962, this condition should improve as the year progresses. World supplies of rice, in direct competition with U. S. marketings of long grains, do not as yet show any material change which would indicate any reduction in our export marketings of long grains. However, the competitive position of U. S. short grains, particularly brown rice shipments to Europe, will not be as good as last year. Additional supplies of short grains from Italy and Spain as well as an exceptionally good crop in the United Arab Republic may lower the level of U. S. exports in the coming year. In the current world market, the relationship between supplies of medium grain and short grain is much more pronounced than it is between medium and long. Therefore, the extent to which medium-grain varieties supplied requirements of short-grain varieties last year in some markets may be a limiting factor.

Another unknown factor is, of course, the final decisions which may be made on rice in the Common Market Countries. It is not expected now that there will be any final regulations agreed to and placed into operation prior to January 1, 1963 and perhaps not before April 1. If the regulations prove unduly restrictive on rice moving from the United States under commercial sales, then total exports may decline. However, the delays in establishing the rice regulations may result in compromises which will favor the United States as the major supplier of rice to the Community from outside sources. These decisions will be a key factor with regard to the maintenance of the current level of U. S. exports of higher grades and qualities of rice.

In 1961-62, U. S. cash sales for dollars rose substantially due to world supply conditions. Even with better distribution of world exportable supplies during the coming year, demand for U. S. varieties of rice should continue to show strength although the improvement may be somewhat below that of last year. Prices are likely to average nearer those of 1960-1961 and to be below those of 1961-1962.