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UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service

OUTLOOK FOR RICE

Talk by William R. Askew
Economic and Statistical Analysis Division
at the 1971 National Agricultural Outlook Conference
Washington, D.C., 1:15 P.M., Wednesday, February 24, 1971

The carryover of rice this summer likely will drop only slightly from the 16.4 million cwt. (rough rice equivalent) of last August. The expected reduction in carryover is due to the smaller supply in 1970/71, off 7 million cwt. from the near record 107 million in 1969/70 (see table). Exports are likely to be around 5 to 10% below the 54.9 million cwt. of 1969/70 while domestic disappearance may be little changed from the 35.1 million of last year.

The 1970 rice crop totaled 82.9 million cwt., off 8 million from 1969. The yield per harvested acre of 4,566 pounds was up 7% from a year earlier. The 1970 national acreage allotment was 15% smaller than the 2.2 million acres in 1969.

Exports of rice during August-December 1970 totaled 21.1 million cwt. about 7% below those months of 1969. Large world supplies continue to restrict U.S. exports. Brewers' use of rice during August-November 1970 at 2.2 million cwt. was off 8% from that period in 1969.

Prices of rough rice at the farm have been running above year earlier levels averaging \$5.12 per cwt. during August-January 1970/71, some 26¢ per cwt. over the same months in 1969/70.

Price support loan activity through December 1970 totaled 15.4 million cwt. It accounted for 19% of the 1970 crop, the same proportion of the crop as in 1969.

The 1971 national acreage allotment is the same as the 1,836,461 acre allotment in 1970. Thus, with a normal growing season and a continuation in the uptrend in yield the 1971 crop may be somewhat larger than the 1970 crop. Rice producers approved marketing quotas for the 1971 crop by a 93.8% favorable vote. In 1970, 90.4% of the growers approved quotas.

The price support loan rate for the 1971 crop will be \$4.93 per cwt. unless the August 1971 parity price for rice warrants an increase.

Indications are that world rice production, excluding Communist Asia, will increase during the August-July 1970/71 crop year for the fourth consecutive season and reach a level of 197 million tons, according to the Foreign Agricultural Service. This exceeds the previous season's crop by over 3 million tons. At this level world production would be slightly above the 1969/70 record crop and 15% above the 1964/65-1968/69 average. However, the gain forecast for this year is significantly less than the 5% increase registered last year.

The increase in output results from an increase in both rice area and yield. The largest increase in area was achieved in Asia with smaller gains in Africa and in Europe. North America registered the most noticeable yield increases followed by South America and Africa.

A sizable increase in area coupled with a slight increase in yield will enable Asia to contribute the largest addition to world rice production in 1970/71. The bulk of this increase will occur in the Far Eastern countries of India, Indonesia, South Vietnam, Taiwan, and Burma.

Production decreased in both North and South America, with the largest two producers in this region, the United States and Brazil, registering significant decreases. The area in both countries is reduced, although yields are up.

An increase in output in Western Europe, primarily in France, Italy, and Portugal, will help offset the drop in Western Hemisphere production. Also, increased production in Eastern Europe and a marked increase in the USSR outturn as a result of a 9% increase in yield will add to the growth in world output.

Production in Africa is forecast 3% above last season and a new record. Although output decreased in the UAR, Africa's leading rice producer, several countries, notably the Malagasy Republic and Nigeria, will show production increases.

Australia is expected to maintain its' level of output. After having reached its' ninth consecutive record harvest in 1969/70, production for 1970/71 may change little.

Table .--Rice, rough equivalent: Supply, distribution and prices,
United States, average 1961-65, annual 1966-70 1/

Item	Year beginning August					
	1961-65	1966	1967	1968	1969	1970
	average	2/	2/	2/	2/	2/
----- <u>Million cwt.</u> -----						
<u>Supply</u>						
Carryover August 1	7.7	8.2	8.5	6.8	16.2	16.4
Production	68.0	85.1	89.4	104.1	90.9	82.9
Imports	.3	3/	3/	3/	.2	.5
Total supply	76.0	93.3	97.9	110.9	107.3	99.8

<u>Domestic disappearance</u>						
Food 4/	22.8	23.9	25.0	27.0	25.5	26.0
Seed	2.5	2.7	3.2	2.9	2.5	2.5
Used by brewers	4.3	5.3	5.4	5.8	7.1	6.5
Total	29.6	31.9	33.6	35.7	35.1	35.0

<u>Available for export and carryover</u>						
	46.4	61.4	64.3	75.2	72.2	64.8

<u>Total exports</u>	38.5	51.6	56.9	5/56.2	54.9	
For dollars	(21.4)	(29.6)	(34.7)	(25.7)	(24.2)	
Total disappearance	68.1	83.5	90.5	91.9	90.0	

<u>Carryover July 31</u>	7.3	8.5	6.8	16.2	16.4	
Privately owned--"Free"	(6.2)	(8.3)	(6.7)	(9.9)	(10.0)	
Total distribution	75.4	92.0	97.3	108.1	106.4	

<u>Difference unaccounted 6/</u>	+.6	+1.3	+.6	+2.8	+.9	
----- <u>Dollars per cwt.</u> -----						
<u>Price Support</u>						
National average loan rate	4.67	4.50	4.55	4.60	4.72	4.86

<u>Price Received by farmers</u>						
Season average	5.00	4.95	4.97	5.00	4.95	5.08

<u>Farm price above support</u>	.33	.45	.42	.40	.23	.22

1/ Data apply to only major rice-producing States. Milled rice converted to rough basis at annual extraction rate. 2/ Preliminary. 3/ Less than 50,000 cwt. 4/ Includes shipments to U.S. territories and rice for military food use at home and abroad. 5/ Exports adjusted on basis of bills of lading presented to the U.S.D.A. for payment. 6/ Results from loss, waste, the variation in conversion factors, the lack of data on other uses and the different crop years for the two rice areas.

