



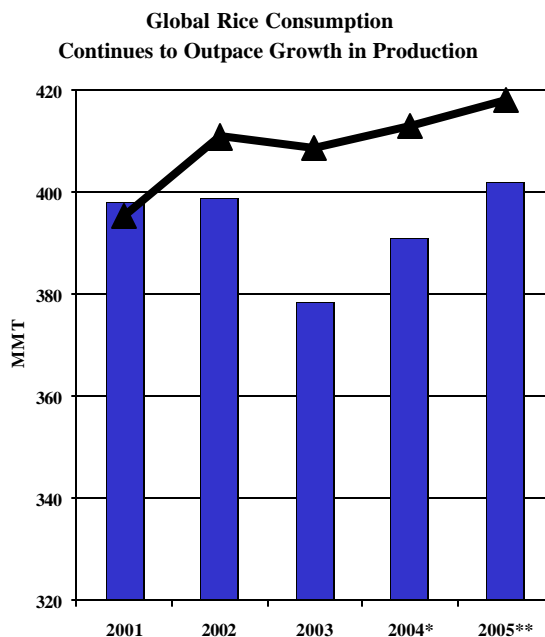
Quarterly International Trade Report

June 2004
Public Distribution

Rice

World Situation and Outlook

Global PS&D Big changes are expected in global production, supply and demand in 2004/05. First, production is forecast at a record 401.8 million metric tons—assuming normal weather. The 3% year-to-year boost in production is led by a rebound in China, with production anticipated to return to 2002/03 levels. Second, as global consumption is forecast to continue to outpace production for the 4th consecutive year, ending stocks are anticipated to plunge 16.1 million tons to 69.4 million, with most of the reduction in major exporting countries such as China, Thailand, and Vietnam. This puts the global stocks-to-use ratio at its lowest level since 1976/77 and stocks at their lowest level since 1983/84. Third, prices are expected to soar from the low levels that have defined the global market for the last 3 years.



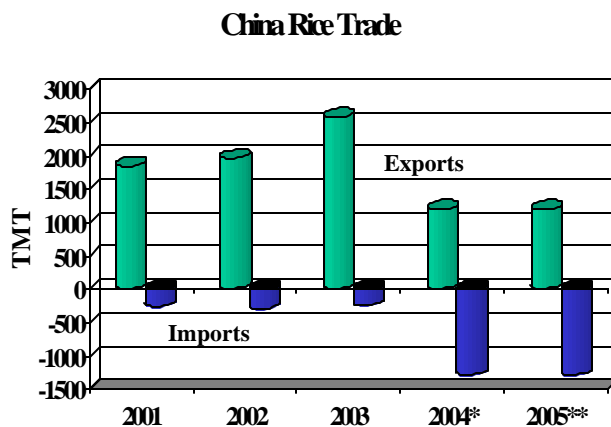
SUMMARY POINTS

- Global consumption continues to outpace production
- China forecast to be net importer for second consecutive year
- U.S. exports set to increase to near-record levels
- The gap between Asian and U.S. prices is expected to narrow

Global Trade Global demand in 2005 is forecast marginally higher than 2004, as increased demand from Indonesia and China is only partially offset by reduced demand from the Philippines, which has ample domestic supplies. The main story continues to be China. In 2004, China surprised the rice trade by importing non-fragrant white rice in addition to its traditional fragrant Thai jasmine rice imports. Despite increased production in 2004/05, it is estimated that for both 2004 and 2005, China will be a net importer.

Importers are expected to pay higher prices in the coming year, as exporter supplies are tight. In Asia, although Thailand is forecast to maintain its position as the top exporter, it is unlikely to reach the record level that it is estimated to attain in 2004, mainly due to depleted supplies. China is expected to continue exporting, but less than usual as quantity, quality, and location constrain exports. In Burma, as the government-imposed

export ban allows stock-building in 2004, the small supplier will likely double exports in 2005. Conversely, in the Western Hemisphere, competition among exporters will increase as Uruguay, Argentina, and the United States are expected to have larger exportable supplies.



High prices in 2003/04 are expected to result record production with area projected to increase 8% in 2004/05. U.S. and world prices are anticipated to remain relatively high, but the gap between Asian and U.S. prices is expected to narrow in 2004/05, with Asian prices increasing and U.S. prices softening. Consequently, while U.S. exports are estimated to drop in CY 2004 due to the wide spread between U.S. and Asian prices, U.S. CY 2005 exports are forecast at a near-record 3.6 million tons, as market share is expected to increase in the Caribbean and Africa.

For more information, please contact:

Michelle Moore at (202) 720-9523 or Michelle.Moore@fas.usda.gov

Stephanie Murphy at (202) 690-4298 or Stephanie.Murphy@fas.usda.gov

WORLD RICE PRODUCTION, CONSUMPTION AND STOCKS					
	2002/03	2003/04	2004/05	Annual Change	
Production	378.313	390.22	401.774	11.554	3%
Consumption	408.382	412.472	417.865	5.393	1%
Trade	27.65	25.097	25.486	0.389	2%
Ending Stocks	107.228	85.069	69.417	-15.652	-18%
U.S. RICE PRODUCTION, CONSUMPTION AND STOCKS					
Production	6.536	6.369	6.906	0.537	8%
Consumption	3.535	3.681	3.754	0.073	2%
Exports	3.843	3.3	3.6	0.3	9%
Ending Stocks	0.829	0.7	0.788	0.088	13%
	MMT	MMT	MMT	MMT	