



Quarterly International Trade Report

August 2004
Public Distribution

Rice

World Situation and Outlook

Global PS&D While 2004/05 production is expected to increase 3 percent from the previous year, in August, USDA decreased the forecast 4.4 million tons from 401.8 million tons to 397.4 million. This reduction is mainly in India and Bangladesh where a stalled monsoon caused both dryness and flooding in the region. However, the monsoon has recently regained momentum allowing for some recovery. The decline in India and Bangladesh is expected to be partially offset by higher production in the Philippines.

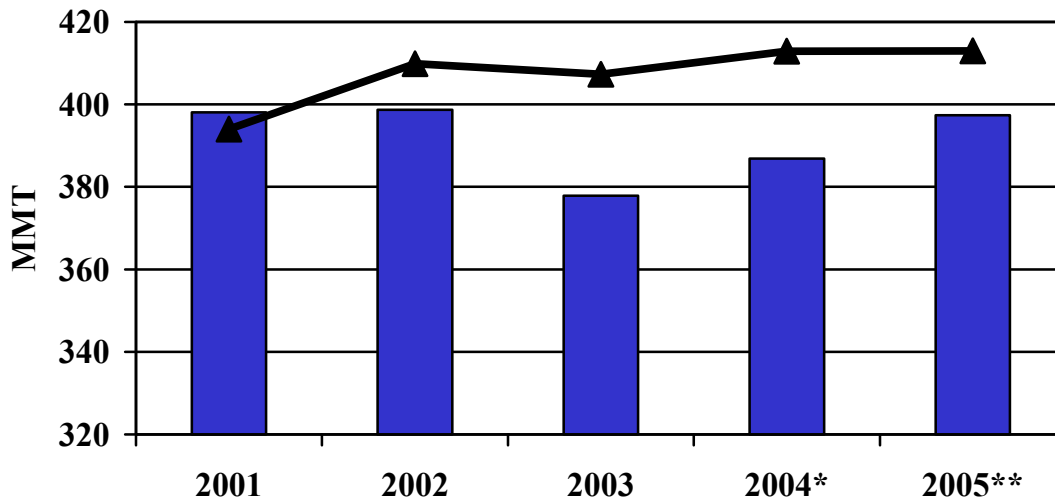
Global consumption is forecast to continue to outpace production for the 4th consecutive year thereby drawing down ending stocks. Approximately 65 percent of the global stocks reduction is in China; the remainder is largely in major exporting countries, Thailand and India. This puts the global stocks-to-use ratio at its lowest level since 1976/77 and stocks at their lowest level since 1983/84.

While prices are anticipated to be somewhat stronger than in the past year, it is unlikely that this drop in global stocks will have a significant effect on the market unless it prompts China to halt exports and import increasing amounts of regular white rice - again. China's rice stocks have fallen precipitously since the beginning of the new millennium and are expected to continue falling this year. Despite a 65 percent decline from 2000/01 to 2004/05, it was not until March 2004 that China began importing non-fragrant white rice, which immediately prompted a run-up in rather sluggish export prices throughout Asia.

SUMMARY POINTS

- Global consumption continues to outpace production
- U.S. exports set to increase to near-record levels
- The gap between Asian and U.S. prices is expected to narrow

Global Rice Consumption Continues to Outpace Growth in Production

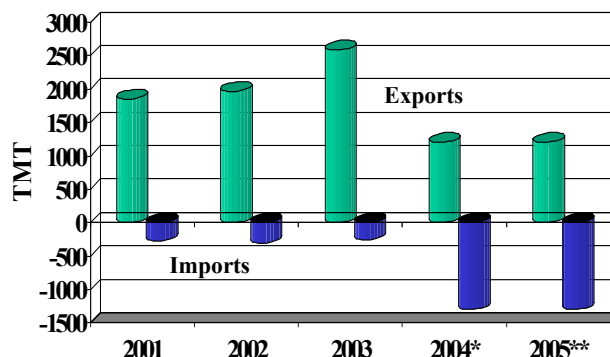


Global Trade Total world trade is expected to be virtually unchanged year-to-year as increased demand in Indonesia and Nigeria is only partially offset by reduced demand in China and the Philippines.

In Asia, China continues to be the wildcard. China has seemingly turned its focus to supplying the domestic market rather than the international market. With imports expected to drop 40 percent year-to-year, from 1.0 to 0.6 million tons, Chinese exports are not expected to rebound in 2005, but remain steady at a mere 1.0 million tons. With tight supplies in China, Thailand, and India and a slight up-tick in global demand, market share will shift among the key suppliers. For example, Vietnam and Burma are expected to increase boost exports, as shrinking supplies will likely constrain Thailand's ability to exceed its 2004-estimated record of 9.0 million tons.

In the Western Hemisphere, competition for declining Latin American demand will be fierce, with good crops in Argentina and Uruguay and a record crop in the United States.

China Rice Trade



*Estimate **Forecast

U.S. Situation and Outlook

U.S. rice production is forecast at a record high, up 11 percent from the previous year on record yields, a boost in planted area, and strong prices throughout the previous marketing year. With greater production, export prices for both medium and long grain are anticipated to soften. Consequently, as Asian prices are expected to firm, the gap between U.S. and Asian prices should narrow, thereby increasing U.S. competitiveness in certain milled markets.

U.S. exports are forecast to edge up about 0.1 million tons to 3.4 million, a near-record level. Furthermore, as global rough rice demand dwindles, the rise is not expected to be in this U.S. niche market, but rather in value-added, milled markets for both medium and long grain.

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	377.864	386.907	397.353	11.446	2.6%
Consumption	407.335	412.941	412.984	0.43	1%
Trade	27.535	25.056	25.386	0.330	1%
Ending Stocks	109.712	83.678	68.047	-15.631	-23%
U.S. RICE PRODUCTION, CONSUMPTION AND STOCKS					
Production	6.536	6.369	7.038	0.669	9.5%
Consumption	3.534	3.683	3.819	0.136	4%
Exports	3.834	3.3	3.4	0.1	3%
Ending Stocks	0.829	0.793	1.075	0.282	26%
	MILLION TONS	MILLION TONS	MILLION TONS	MILLION TONS	