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UNITED STATES DEPARTMENT OF AGRICULTURE  
Economic Research Service

OUTLOOK FOR RICE

By William R. Askew  
Economic and Statistical Analysis Division  
at the 46th National Agricultural Outlook Conference  
Washington, D.C., Wednesday, February 19, 1969

The U.S. rice supply in 1968/69 set another new record--112 million hundredweight. The 1968 crop totaled 105 million cwt., up 18 percent from the previous year, overcoming the effects of the smallest beginning carryover in several years (6.8 million cwt. on August 1, 1968). Privately held stocks continued to comprise almost the entire carryover. Imports in 1967/68 remained at a low level. In 1968/69 they are likely to continue small (table 1). (Data in this table and in the outlook section are in rough rice equivalent).

Domestic food use totaled 25 million cwt. in 1967/68, continuing its longtime uptrend. In the current season, food use is likely to edge further upward to set another record. Brewers' use of rice, heavy in 1967/68, also may continue heavy. If the present rate of usage continues, it could exceed last year's 5.4 million cwt. by 10 percent. Seed use likely will be nearly 3 million cwt. to meet the requirements of the 2,160,000-acre 1969 acreage allotment. Thus, total domestic disappearance in 1968/69 is likely to be nearly a million cwt. more than the 33.6 million cwt. of 1967/68.

Subtracting prospective domestic use from the total supply leaves the availability for export and carryover in 1968/69, at the beginning of the marketing year, at nearly 78 million cwt., 20 percent more than last year. Of the 64.3 million cwt. available last season, 56.9 million was exported, with the remainder going into carryover. Exports for dollars accounted for nearly 35 million cwt., setting a new record.

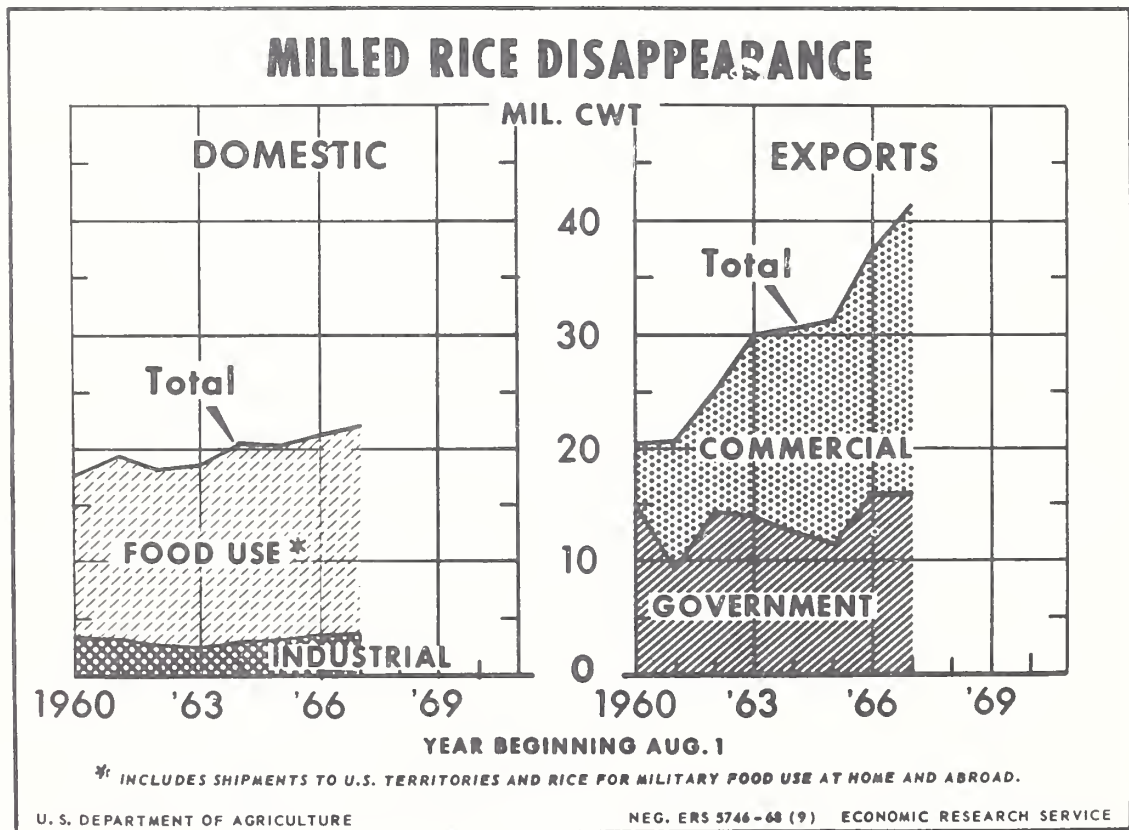
U.S. exports for August-December 1968 totaled 19.6 million cwt., slightly above a year earlier. Thus, the availability for export and carryover on

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The Rice Situation will be published semi-annually. A summary of the first report in 1969 will be released on March 21 and the full report on March 27. The second issue will be released in early October.

January 1, 1969, had been reduced to 58 million cwt. For the entire marketing year, exports are likely to continue strong, but much depends on availability of rice from Thailand and Burma and on import requirements in South Vietnam and Indonesia. Thailand and Burma declined in importance as exporters in calendar 1968 due to small crops, but they appear to have better crops this year. Import needs of South Vietnam, the major taker of U.S. rice in 1967/68, are down sharply. Japan--formerly the world's biggest commercial buyer of rice--has a large supply. Thus, they have drastically reduced imports and may become a net exporter. In addition, the dock strike on the East and Gulf Coasts halted rice exports for nearly two months. It may be difficult to regain all of this lost dollar business this season.

The size of the U.S. carryover on July 31, 1969, will be primarily determined by the level of exports. Exports were maintaining last year's pace during August-December, but for the entire marketing year they may not be large enough to prevent an increase in ending carryover. As a result, the carryover likely will be substantially larger than the relatively low level of 6.8 million cwt. last summer.



The outlook for the 1968/69 world rice harvest appeared promising earlier in the season. But drought in several Southeast Asian countries just prior to harvest in November and December 1968 reduced production prospects. As a result, the level of paddy output in 1968/69 (excluding communist Asia) may be below the current estimate of 183 million metric tons for 1967/68, but not substantially.

The international market for rice has continued to ease. Prices in exporting countries have moved downwards as new crop supplies have become available. Thai 100 percent white rice sold for \$190 per metric ton in January 1969. This was below the \$220 per ton a year earlier. However, it was an increase from the \$185 in December 1968. This moderate pickup reflects the fact that world exportable supplies in 1969 may be only slightly above those in 1968, although the United States has a much larger exportable supply.

### 1969 PROGRAM

The acreage allotment for the 1969 rice crop was set at 2,160,000 acres, down 10 percent from last year. The minimum national average 1969-crop price support is \$4.65 per cwt., up 5 cents from 1968. A higher support price could be set if the August 1969 parity price for rice warrants it.

Marketing quotas were proclaimed for the 1969 crop, as in every year since 1955. They were approved by 93.4 percent of the rice growers. Approval by at least two-thirds is required for quotas to be put into effect. Growers who exceed their allotment will again be subject to a marketing quota penalty on their excess production.

### REVIEW OF 1967/68

#### ROUGH RICE

##### Supply and Distribution

Rough rice supplies in the United States for the 1967/68 season totaled a record 95.6 million cwt., an increase of 5 million over the previous season. Increased production in the South more than offset a smaller crop in California. The 1967 Southern rice crop totaled 71.8 million cwt., up 7 million from 1966 while the 1967 California crop at 17.6 million was 2 million below the year before. Disappearance of rough rice was at a high level, reflecting increased milling and seed requirements. Exports of rough rice continued light with most shipments going to Venezuela. Stocks of rough rice at the beginning of the 1967/68 season totaled 6.2 million cwt., but dropped to 3.5 million at the close of the season (table 2).

## Loan Activity

Farmers put nearly 16.4 million cwt. of 1967 crop rice under price support loan. Over half of this was in Arkansas, with large quantities in Texas and Mississippi. Because of advancing prices, very little of the rice put under loan was delivered to Commodity Credit Corporation. Deliveries totaled only 39,000, of which 26,000 was Bluebonnet, mostly in Arkansas.

## Farm Prices

Average prices received by farmers for rough rice were slightly higher than the previous year in Arkansas, Louisiana, and Mississippi due in part to the stronger demand for medium grain rice. Farm prices in Texas averaged slightly below the previous season due in part to larger proportion of long grain rice produced there. The U.S. average farm price for rough rice in 1967/68 was \$4.97 per cwt., 42 cents over the national average loan.

## MILLED RICE

### Supply and Distribution

The bulk of the rough rice crop is usually milled and in 1967/68 mill use of rice was almost equivalent to the 1967 crop. Supplies of milled rice for 1967/68 totaled 65.8 million cwt., an increase of 5 million above 1966/67. Larger supplies in the South more than offset a decrease in California. Stocks of milled rice at the end of the season, August 1, 1968, totaled 2.4 million cwt., up somewhat from a year earlier (table 2).

Disappearance of milled rice during the 1967/68 season at 63.4 million cwt. was record high. Domestic use was well above any previous year. The quantity of milled rice used for domestic food totaled 15.4 million cwt. This is 6 percent above the previous season and 13 percent above the 5-year average. Per capita consumption reached 7.8 pounds, also up over any recent year. Shipments of milled rice to territories, mainly Puerto Rico, dipped slightly. Breweries used nearly 4 million cwt. of milled rice, second largest of record and 23 percent above the 1959-63 average.

### Exports

Exports of fully milled and brown rice totaled 41.2 million cwt. last season or nearly 2/3 of the total production of milled rice. Around a third of the exports, 14.0 million cwt., went to Vietnam. The major portion of this was medium grains moving from the South. The movement through California ports of 6.6 million cwt. to the Republic of Korea took most of the exportable surplus out of that market. Only token movements to Japan reflected its attainment of self sufficiency. Sharp decreases were recorded in exports to Peru, India, the Philippines and Ghana but exports to Hong Kong were up

sharply. Volume to the European countries showed little change from previous years with West Germany and the United Kingdom each taking about 1.0 million cwt. The bulk of this, 56 percent as compared with about 40 percent in recent years, was long grain brown rice from the South.

Market Prices

Milled rice prices generally advanced throughout the year as shortages of supplies in world markets resulted in higher world market prices. The export demand was strongest for medium and short grain rice. Prices of long grain varieties advanced gradually after the normal downturn at harvest. A firm demand for long grain moved prices upward during the year and by July 1968 they were 25 to 35 cents per cwt. above a year earlier. Medium grain varieties held steady the first half of the season with generally ample supplies, but a strong export demand developed--reducing available supplies and tending to boost prices.

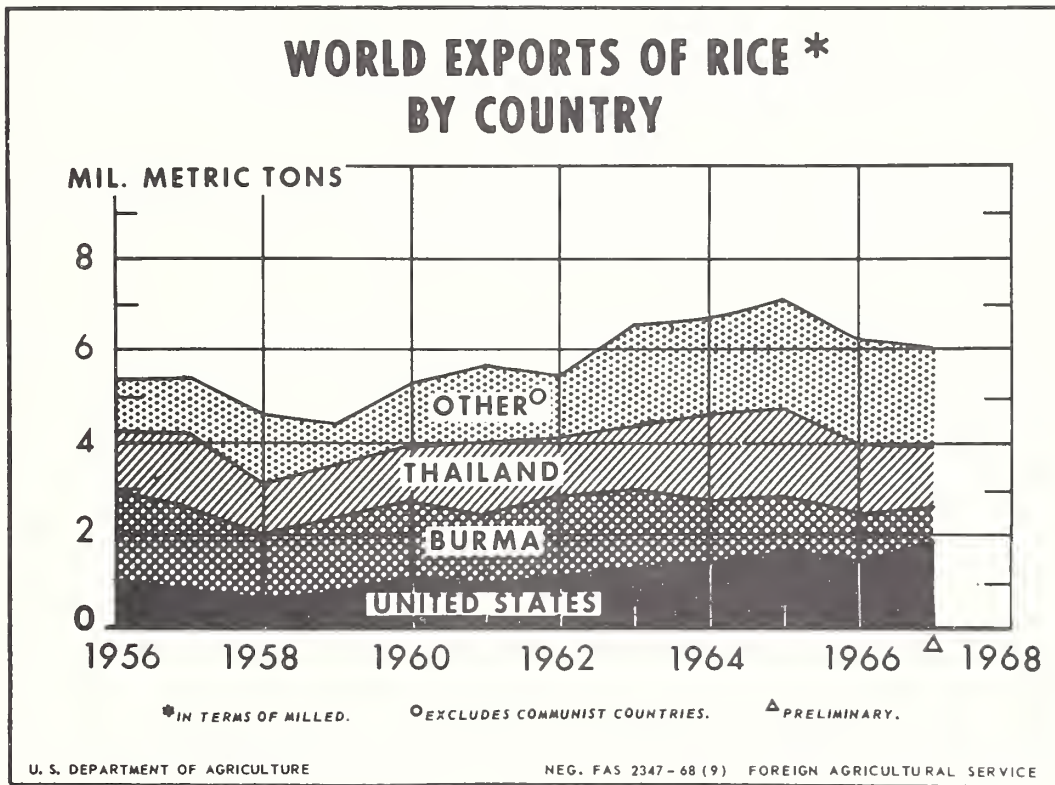


Table 1.--Rice, rough equivalent: Supply and distribution and prices, United States, average 1959-63, annual 1964-68 <sup>1/</sup>

Item	Year beginning August					
	1959-63 average	1964	1965	1966	1967 <sup>2/</sup>	1968 <sup>2/</sup>
	Million cwt.					
<u>Supply</u>						
Carryover August 1	10.2	7.5	7.7	8.2	8.5	6.8
Production	59.8	73.2	76.3	85.1	89.4	105.3
Imports	.3	.5	.7	<sup>3/</sup>	<sup>3/</sup>	<sup>3/</sup>
Total supply	70.3	81.2	84.7	93.3	97.9	112.1
<u>Domestic disappearance</u>						
Food <sup>4/</sup>	21.4	24.3	23.5	23.9	25.0	25.5
Seed	2.3	2.5	2.7	2.7	3.2	3.0
Used by brewers	4.5	4.3	4.7	5.3	5.4	6.0
Total	28.2	31.1	30.9	31.9	33.6	34.5
<u>Available for export and carryover</u>						
	42.1	50.1	53.8	61.4	64.3	77.6
<u>Total exports</u>						
For dollars	(15.1)	(25.0)	(27.1)	(29.6)	(34.7)	
Total disappearance	61.2	73.6	74.2	83.5	90.5	
<u>Carryover July 31</u>						
Privately owned--"Free"	8.6	7.7	8.2	8.5	6.8	
Total distribution	(5.7)	(6.6)	(7.6)	(8.3)	(6.7)	
Difference unaccounted <sup>5/</sup>	+5	-.1	+2.3	+1.3	+6	
<u>Dollars per cwt.</u>						
<u>Price Support</u>						
National average loan rate	4.59	4.71	4.50	4.50	4.55	4.60
<u>Price Received by farmers</u>						
Season average	4.87	4.90	4.93	4.95	4.97	5.00
<u>Farm price above support</u>						
	.28	.19	.43	.45	.42	.40

<sup>1/</sup> Data apply to only major rice-producing States. Milled rice converted to rough basis at annual extraction rate. <sup>2/</sup> Preliminary. <sup>3/</sup> Less than 50,000 cwt. <sup>4/</sup> Includes shipments to U.S. territories and rice for military food use at home and aboard. <sup>5/</sup> Results from loss, waste, the variance in conversion factors, the lack of data on other uses, and the different crop years for the two rice areas.



Table 2.--Rice: Supply and distribution of rough and milled rice

Rough Rice	Year beginning August					
	1959-63 average	1964	1965	1966	1967 <u>1/</u>	1968 <u>1/</u>
1,000 cwt.						
Beginning carryover	6,204	5,187	4,905	5,480	6,197	3,460
Farm production	59,750	73,166	76,281	85,020	89,379	105,322
Supply	65,954	78,353	81,186	90,500	95,576	108,782
Seed	2,280	2,464	2,702	2,688	3,217	3,000
Exports	218	126	169	161	205	
Used by mills	57,202	70,974	70,595	80,210	88,116	
Total disappearance	59,700	73,564	73,466	83,059	91,538	
Ending carryover	5,827	4,905	5,480	6,197	3,460	
Statistical discrepancies <u>2/</u>	+427	-116	+2,240	+1,244	+578	
Milled Rice	1959-63 average	1964	1965	1966	1967	1968
1,000 cwt.						
Beginning carryover	2,807	1,692	1,995	1,991	1,684	2,418
Mill production	40,787	51,041	50,942	58,382	64,080	
Imports	213	338	482	6	5	
Supply	43,807	53,071	53,419	60,379	65,769	
Food						
Shipments to territories	2,957	2,820	2,752	2,764	2,605	
Used by military	121	154	82	100	148	
Civilian consumption	12,177	14,518	14,068	14,571	15,427	
Total Food	15,255	17,492	16,902	17,435	18,180	
Used by brewers	3,202	3,095	3,391	3,828	3,952	
Exports	23,403	30,489	31,135	37,432	41,219	
Total disappearance	41,860	51,076	51,428	58,695	63,351	
Ending carryover	1,947	1,995	1,991	1,684	2,418	
Per capita civilian consumption (pounds)	6.7	7.6	7.3	7.5	7.8	

1/ Preliminary.

2/ Results from loss, waste, the variance in conversion factors, the lack of data on other uses, and the different crop years for the two rice areas.