Rice
The U.S. is a relatively small player in world rice markets and therefore has limited impact on prices. Supply and utilization in major Asian rice markets shape prices on the world market.

While FOB Bangkok prices are expected to increase gradually in dollar terms, prices denominated in many Asian currencies will increase more rapidly. However, when measured in inflation-adjusted terms, that rate of increase will be modest, indicative of a generally stable global rice market.

In 2018, the U.S. dollar depreciated relative to some important Asian rice market currencies, such as those of China, Japan, Malaysia, Thailand and South Korea, although that weakening is not expected to be repeated in 2019.

Although there will be more currency adjustments in the baseline period, they are not expected to be as substantial as those that occurred in the past several years. This will contribute to the expected stability in rice markets.

Rice area and yields were both nearly identical to those in 2017/18 resulting in little change in global production. With expectations of modest downward pressure on prices for the next several years and the stabilization of the dollar relative to the currencies of many competing producers, area is expected to decline for several years, then edge up in the last half of the projection period as prices reverse.

Rice yields are projected to increase at the same rate as they have historically. Even with slow decline in area expected for several years, the 1% annual increase in global rice yields will match and eventually outstrip the rate of population growth and rice supplies will be adequate to meet population-induced demand growth.

Rice consumption is expected to increase with global population growth being the primary driver, leaving per capita consumption slightly below the recent historical range. Income impacts on rice in diets are different for different regions and income levels. As the traditional staple of Asia, the main consuming region, income impacts are quite small.

Counter-intuitively, in many developed nations where rice is not generally a dietary staple, income impacts on rice consumption can be positive. In the U.S., for example, meals away from home are often ethnic cuisine that includes rice. Dining out is an activity that increases with income. Growing populations of Asians and Latin Americans have introduced their foods into the general American diet.

Rice consumption is increasing in other regions of the world. Rice, while not the main staple, is also important in Latin American diets as it is in parts of Africa.
Rice Prices Have Modest Upward Potential

Rice Demand Growth Will Be Met By Productivity

Rice Maintains Importance in Diets
• The level of self-sufficiency in rice consuming nations is high compared to other grains. Even modest changes in production can have relatively large impacts on trade and prices at export points.

• The proportion of the global crop that is traded has been around 7% to 8%. However, with increases in rice demand in non-traditional consuming areas expected over the next ten years, the proportion of trade compared to demand is expected to slowly edge up, outside of the range of recent years.

• Thailand, Vietnam, and India are the dominant rice exporters, accounting for nearly 75% of rice exports. Rice trade is a vital source of export earnings for these countries.

• Rice imports are more broadly distributed than exports with trade expanding in all regions of the world. China is expected to be a consistent importer and with the EU will be among the largest importers. In addition Nigeria has steadily been increasing imports for more than a decade.

• Japan and South Korea are expected to continue importing at their committed tariff rate quota levels throughout the baseline period.

• Global ending stocks and stocks-to-use ratio are both expected to increase in 2018/19, primarily as a result of continued inventory building within China. Most other major rice producers are expected to have only minor adjustments to stock levels.

• As with other vital agricultural commodities, China’s stock policy is to keep plenty of rice on hand to absorb production and price shocks within the domestic market. This allows China to meet short-term domestic needs without having to face volatile prices on the world market. China has steadily increased inventories for more than the past ten years.

• With the outlook for stable prices resulting in smooth production and utilization patterns over the next ten years, it is expected that outside of China, inventories will also be stable compared to consumption. In China, the stocks-to-use ratio is expected to edge up slowly as it has done for the past decade.

• The rest of the world has a lesser ability to weather market disruptions. As such, despite the outlook for stability in rice prices, they have the potential for volatility in any given year.
Most Rice Is Consumed in Producing Regions
Rice net exports of exporting countries, mmt

Ample Stocks Reduce Short-Term Upward Price Risks
Global Rice ending stocks, mmt