

USDA: World Agricultural Supply and Demand Estimates

WHEAT:

U.S. wheat ending stocks for 2011/12 are projected lower this month. Exports are raised 25 million bushels supported by the stronger-than-expected pace of sales and shipments, particularly for competitively priced feed-quality wheat. Projected exports of Soft Red Winter and White wheat are each raised 15 million bushels on strong demand from Mexico and South Korea. Exports are also projected higher for Hard Red Winter wheat, up 5 million bushels, based on sales and shipments to date. Projected Hard Red Spring wheat exports are lowered 10 million bushels as strong domestic premiums for spring wheat continue to limit demand. Ending stocks for all wheat are projected 25 million bushels lower at 845 million. Based on prices reported to date and the lower expected carryout, the 2011/12 projected season-average farm price is raised 20 cents on the bottom end of the range to \$7.15 to \$7.45 per bushel.

Global wheat supplies for 2011/12 are projected 2.1 million tons higher with larger beginning stocks in Kazakhstan and increased production for India, Kazakhstan, and Morocco.

Kazakhstan beginning stocks are raised 0.6 million tons with reduced domestic consumption for 2010/11. India production for 2011/12 is increased 0.9 million tons reflecting the latest government revisions, which increased yields for the crop that was harvested last spring.

Kazakhstan production is raised 0.2 million tons based on the recent official estimate.

Production for Morocco is raised 0.2 million tons also on official revisions to estimated yields in a crop that was harvested several months ago.

Global trade is raised slightly for 2011/12 with world imports increased 0.7 million tons. Small increases in imports are made for Saudi Arabia, Mexico, Chile, and Ethiopia. Export reductions for Ukraine, Canada, and India are more than offset by increases for Russia, the United States, Argentina, and Brazil. Global wheat consumption is reduced 1.0 million tons mostly reflecting a 1.6-million-ton reduction in India food use. Partly offsetting are small increases in food use for Australia, Chile, Ethiopia, and Kazakhstan. Global wheat feeding is nearly unchanged with a 1.0-million-ton reduction for Kazakhstan offset by increases for Ukraine, Saudi Arabia, Canada, and Mexico. Global ending stocks for 2011/12 are raised 3.1 million tons to a record 213.1 million. As projected, 2011/12 global wheat stocks would be 2.4 million tons higher than the previous record in 1999/2000.



RICE:

No changes are made on the supply side of the U.S. 2011/12 rice supply and use balance sheet. On the use side, the export forecast is lowered 1 million cwt from a month ago to 89 million—all in long-grain. The rough rice export projection is lowered 1 million cwt to 32 million, while forecast combined milled- and brown-rice exports are unchanged at 57 million.

The reduction in the export projection is due primarily to the slower-than-expected pace of sales and shipments to date to mostly to Central America because of increased competition, mainly from Brazil, and greater domestic supplies in some countries. The decrease in the export forecast resulted in an increase in ending stocks of 1 million cwt to 39.5 million, down almost 9 million from the previous year. Long-grain and combined medium- and short-grain rice stocks are forecast at 21.6 million and 15.2 million cwt, respectively.

The projected U.S. average milling yield for 2011/12 is reduced to 70.00 percent, down 0.75 percentage points from last month, but still above 68.86 percent for 2010/11. The change is based on data supplied by the Rice Millers' Association of the USA Rice Federation for August through December and on expectations for the remainder of the marketing year.

The 2011/12 long-grain, season-average price range is projected at \$13.40 to \$14.00 per cwt, down 10 cents per cwt on the low end of the range and down 50 cents per cwt on the high end with the midpoint down 30 cents. The combined medium- and short-grain price range is projected at \$15.20 to \$15.80 per cwt, down 20 cents per cwt on both ends of the range with the midpoint unchanged. The all rice season-average price range is forecast at \$13.90 to \$14.50 per cwt, up 10 cents per cwt on the low end of the range, but down 30 cents per cwt on the high end, and down 10 cents at the midpoint. The price projections are based on National Agricultural Statistics Service reported prices through December and expected prices the remainder of the marketing year. Global trading prices have been trending down in recent weeks as competition for markets has been very keen with the addition of India as a large exporter.

Global 2011/12 projections of rice production, consumption, trade and ending stocks are raised from last month. The increase in the global rice production forecast is due mostly to increases for India and the Philippines, which are partially offset by reductions for Brazil, Egypt, Argentina, and the United States. The U.S. rice crop (milled equivalent basis) is lowered slightly resulting entirely from the decrease in the average milling yield. India's rice crop is forecast at a record 102 million tons, up 2 million from last month due

to an increase in both harvested area and yield. According to the U.S. agricultural counselor in New Delhi, favorable 2011 monsoon rains coupled with overall good weather conditions in the major rice producing areas supported higher kharif rice acreage and productivity. The Brazil rice crop is lowered 340,000 tons due to the effects of drought in Rio Grande do Sul, an important rice producing State. Global exports are raised by 1.4 million tons, primarily due to an increase for India and Egypt, which are partially offset by reductions for Thailand, Vietnam, and the United States.

Forecast India exports are raised 2 million tons to a record 6.5 million tons, while exports for Thailand and Vietnam are lowered 500,000 and 200,000 tons, respectively. Forecast imports are sharply raised for Egypt based on information from the agricultural counselor in Cairo.

Global ending stocks are up slightly from last month to 100.1 million tons mainly due to an increase for the Philippines.

SUGAR:

Projected U.S. sugar supply for fiscal year 2011/12 is increased 86,000 tons, raw value, from last month, due to higher production more than offsetting lower imports. Florida cane sugar production is increased 130,000 tons based on processors' production projections reported in Sweetener Market Data. Imports are decreased 44,000 tons, as a 219,000-ton decrease from Mexico more than offsets a 100,000-ton increase in re-export imports and a 75,000-ton increase attributed to corrected import data from U.S. Customs. Total use is decreased 170,000 tons. Domestic food use is lowered 250,000 tons based on a slower-than expected pace to date. Exports and deliveries for re-export products are increased a combined 80,000 tons in line with the increase in re-export imports.

For Mexico, official data for 2010/11 show lower imports, higher domestic use, and lower ending stocks than estimated last month. For 2011/12, Mexico's projected domestic use is raised and ending stocks are raised commensurately. Also, Mexico's 2011/12 imports of sugar due to the U.S. sugar re-export program are increased. The net result of these changes is lower 2011/12 sugar exports.