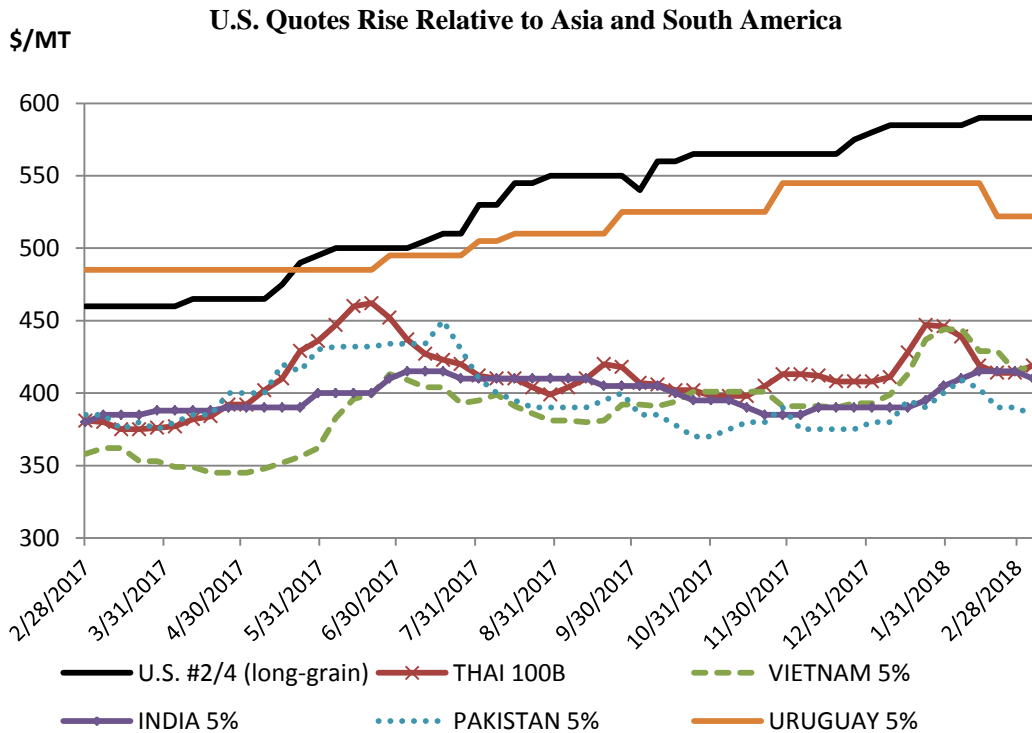

RICE: WORLD MARKETS AND TRADE

OVERVIEW

Global rice production is at a record this month, primarily due to higher production in India. Trade, too, is now at a record, with higher imports forecast for Sri Lanka in the midst of a smaller-than-expected crop. India's exports are raised to record levels. Global stocks are up this month on higher production in India.

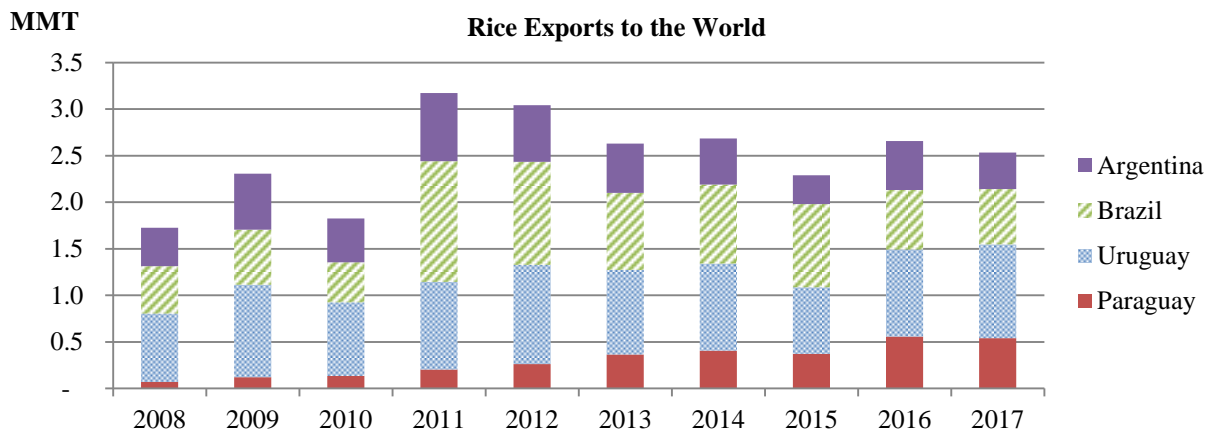
PRICES



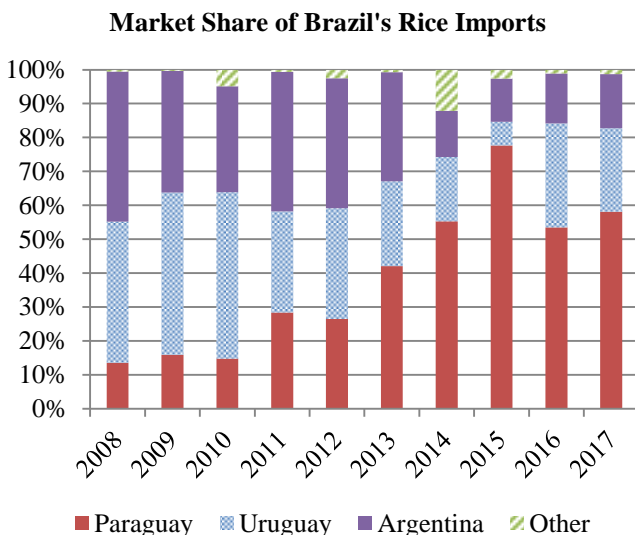
Over the past month, U.S. export quotes for bagged milled rice rose relative to Western Hemisphere and Asian origins. U.S. quotes rose \$5/ton to \$590, reflecting tightening supplies. Meanwhile, South American quotes dropped as new crop begins to be harvested in some regions with Uruguay now nearly \$70/ton less than the United States. Asian quotes declined as Indonesia's demand subsided, but Vietnamese quotes fell the most with new crop becoming available. Quotes from Thailand, India, and Vietnam are currently trading within a narrow range of \$410-\$420/ton. Pakistan rice is currently the lowest quote at \$385/ton.

FEATURES

Paraguay Emerges as Rice Exporter, Shifting Trade Flows in South America and Beyond



Over the past decade, Paraguay's rice production has quadrupled, driving it to find export opportunities. Accordingly, its rice exports have risen six-fold over the same period. Paraguay's recent dominance of the Brazil rice import market has caused Uruguay and Argentina to find new markets in Latin America, Africa, and the Middle East.

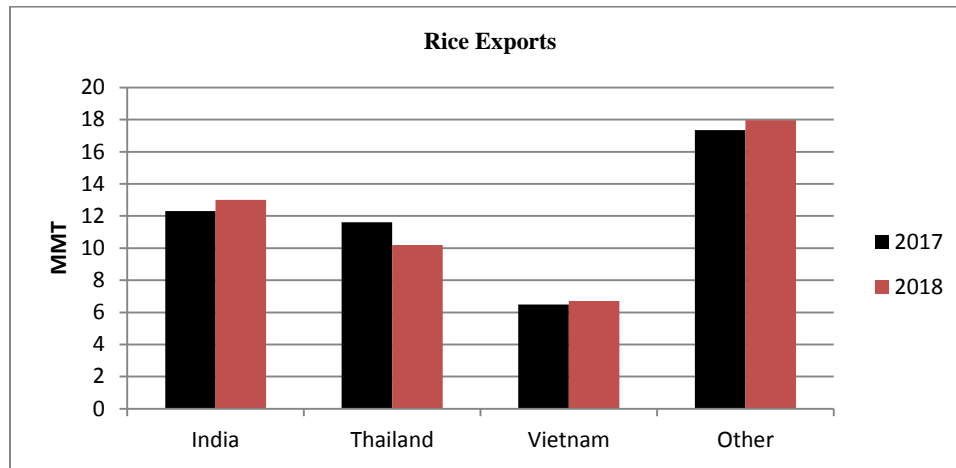


Among the major producers in South America, Brazil is the only country that not only exports but also imports rice. This is fortunate for neighboring landlocked Paraguay, which has the logistical advantage of supplying this nearby market. The dependence on this one market is so extreme that last year, Paraguay shipped nearly 80 percent of its exports to Brazil.

Paraguay's dominance of the Brazilian market has had ripple effects on a global scale. Only 10 years ago, Uruguay and Argentina supplied more than 80 percent of Brazil's rice imports. Last year as Paraguay's share expanded, these two suppliers' share declined to roughly 40 percent. Paraguay's increased dominance in the Brazilian market has intensified competition, impelling Uruguay and Argentina to find new markets.

These two countries have been able to capitalize on their port capacities to ship further distances and expand markets abroad. For example, they have been able to ship to West Africa and Iraq, and their expansion into Latin American markets has been remarkable. Peru is now the top export market for Uruguayan rice. Both countries have shipped to Cuba and have seen considerable growth in their exports to traditional U.S. markets such as Mexico and Costa Rica in the last decade.

Global Rice Trade Hits Record with Shifting Suppliers



Global rice trade is now forecast at a record 47.9 million tons for 2018, but the composition of suppliers is expected to change from last year. For the seventh consecutive year, India is forecast to be the top exporter, reaching a record 13.0 million tons. With record production and ample stocks, there is no threat of the government curtailing non-basmati exports as it did from 2007 to 2011. Instead, the forecast is for robust basmati and non-basmati exports, primarily to the Asian, African, and Middle Eastern regions.

In contrast, Thai exports are forecast at 10.2 million tons for 2018, down over 12 percent from last year. In 2017, exports were aided by the rapid pace of sales from old-crop rice auctions of government stocks. In the current year, the government is nearing depletion of these stocks, while the private sector is expected to return to its role of maintaining adequate levels of pipeline reserves. Vietnam's exports are seen slightly higher at 6.7 million tons, reflecting continued strong sales to China and expanded opportunities for supplying affordably priced rice to the region. Other exporters are also expected to edge up, with China in particular accelerating sales to African countries.

TRADE CHANGES IN 2018 (1,000 MT)

Country	Attribute	Previous	Current	Change	Reason
India	Exports	12,500	13,000	500	Greater exportable supplies and competitiveness
Sri Lanka	Imports	400	500	100	Reduced crop forecast

TRADE CHANGES IN 2017 (1,000 MT)

Country	Attribute	Previous	Current	Change	Reason
Burma	Exports	3,200	3,350	150	Final trade data

World Rice Trade
January/December Year, Thousand Metric Tons

	2013/14	2014/15	2015/16	2016/17	2017/18 Feb	2017/18 Mar
TY Exports						
Argentina	494	310	527	392	430	400
Australia	404	323	165	187	325	325
Brazil	852	895	641	594	650	650
Burma	1,688	1,735	1,300	3,350	3,300	3,300
Cambodia	1,000	1,150	1,150	1,150	1,250	1,250
China	393	262	368	1,173	1,600	1,600
European Union	284	251	270	320	280	280
Guyana	446	486	431	440	460	460
India	11,588	11,046	10,040	12,300	12,500	13,000
Pakistan	3,700	4,000	4,100	3,600	3,800	3,800
Paraguay	380	371	557	500	520	520
Russia	187	163	198	180	160	160
Thailand	10,969	9,779	9,867	11,615	10,200	10,200
Uruguay	957	718	996	1,000	810	810
Vietnam	6,325	6,606	5,088	6,488	6,700	6,700
Others	1,509	1,173	1,134	1,076	1,072	1,104
Subtotal	41,176	39,268	36,832	44,365	44,057	44,559
United States	2,947	3,381	3,373	3,384	3,300	3,300
World Total	44,123	42,649	40,205	47,749	47,357	47,859
TY Imports						
Angola	500	450	470	525	650	650
Bangladesh	1,335	598	35	2,200	1,600	1,600
Brazil	586	363	786	800	600	600
Cameroon	525	500	500	550	575	575
China	4,450	5,150	4,600	5,500	5,500	5,500
Cote d'Ivoire	950	1,150	1,300	1,350	1,500	1,500
Cuba	377	575	544	500	540	540
European Union	1,556	1,786	1,816	1,875	1,900	1,900
Ghana	590	580	700	600	600	600
Guinea	520	420	650	725	800	800
Indonesia	1,225	1,350	1,000	300	800	800
Iran	1,400	1,300	1,100	1,600	1,300	1,300
Iraq	1,080	1,000	930	1,070	1,100	1,100
Japan	669	688	685	685	685	685
Kenya	440	450	500	675	700	700
Malaysia	989	1,051	823	1,000	900	900
Mexico	685	719	731	870	850	850
Mozambique	590	575	625	750	700	700
Nepal	520	530	530	550	600	600
Nigeria	3,200	2,100	2,100	2,500	2,600	2,600
Philippines	1,800	2,000	800	1,100	1,300	1,300
Saudi Arabia	1,459	1,601	1,300	1,400	1,450	1,450
Senegal	960	990	980	1,000	1,100	1,100
South Africa	910	912	954	1,000	950	950
United Arab Emirates	560	580	670	750	825	825
Others	12,516	12,008	11,714	13,888	13,622	13,770
Subtotal	40,392	39,426	36,843	43,763	43,747	43,895
Unaccounted	2,976	2,466	2,594	3,199	2,835	3,189
United States	755	757	768	787	775	775
World Total	44,123	42,649	40,205	47,749	47,357	47,859

TY=Trade Year, see Endnotes. Note about dates: 2017/18 is calendar year 2018, 2016/17 is calendar year 2017, and so on.

World Rice Production, Consumption, and Stocks
Local Marketing Years, Thousand Metric Tons

	2013/14	2014/15	2015/16	2016/17	2017/18 Feb	2017/18 Mar
Milled Production						
Bangladesh	34,390	34,500	34,500	34,578	32,650	32,650
Brazil	8,300	8,465	7,210	8,383	7,820	7,820
Burma	11,957	12,600	12,160	12,650	12,950	12,950
Cambodia	4,725	4,700	4,847	4,950	5,000	5,000
China	142,530	144,560	145,770	144,953	146,000	145,989
Egypt	4,750	4,530	4,000	4,800	4,300	4,300
India	106,646	105,482	104,408	109,700	107,500	110,000
Indonesia	36,300	35,560	36,200	36,858	37,000	37,000
Japan	7,931	7,849	7,670	7,780	7,600	7,600
Korea, South	4,230	4,241	4,327	4,197	3,972	3,972
Nigeria	3,038	3,465	3,528	3,654	3,654	3,654
Pakistan	6,798	7,003	6,800	6,850	7,200	7,200
Philippines	11,858	11,915	11,000	11,686	11,970	11,970
Thailand	20,460	18,750	15,800	19,200	20,400	20,400
Vietnam	28,161	28,166	27,584	27,400	28,450	28,450
Others	40,514	40,601	41,006	41,397	42,206	41,648
Subtotal	472,588	472,387	466,810	479,036	478,672	480,603
United States	6,117	7,106	6,133	7,117	5,659	5,659
World Total	478,705	479,493	472,943	486,153	484,331	486,262
Consumption and Residual						
Bangladesh	34,900	35,100	35,100	35,000	35,000	35,000
Brazil	7,900	7,925	7,900	8,100	8,025	8,025
Burma	10,450	10,500	10,400	10,000	10,000	10,000
Cambodia	3,650	3,615	3,700	3,750	3,750	3,750
China	139,770	140,334	140,799	141,448	142,700	142,700
Egypt	4,000	4,000	3,900	4,300	4,400	4,400
India	98,727	98,244	93,568	96,330	97,550	97,550
Indonesia	38,500	38,300	37,800	37,500	37,400	37,400
Japan	8,380	8,600	8,600	8,500	8,450	8,450
Korea, South	4,422	4,197	4,212	4,706	4,870	4,870
Nepal	3,831	3,770	3,353	3,754	3,850	3,850
Nigeria	5,800	5,900	6,000	6,200	6,400	6,400
Philippines	12,850	13,000	12,900	12,900	12,900	12,900
Thailand	10,600	10,000	9,100	12,000	11,500	11,500
Vietnam	22,000	22,000	22,500	22,000	22,100	22,100
Others	61,409	61,920	62,690	65,603	67,599	67,052
Subtotal	471,505	469,372	464,534	477,412	476,967	476,674
United States	3,978	4,284	3,580	4,171	3,811	3,811
World Total	475,483	473,656	468,114	481,583	480,778	480,485
Ending Stocks						
Bangladesh	966	1,592	1,205	849	1,795	1,795
China	60,500	69,000	78,500	86,500	94,000	93,989
India	22,800	17,800	18,400	20,550	18,000	20,000
Indonesia	5,501	4,111	3,509	3,165	3,527	3,563
Japan	3,007	2,821	2,552	2,462	2,237	2,237
Philippines	1,695	2,410	2,110	1,996	2,366	2,366
Thailand	11,999	11,270	8,403	4,238	3,189	3,188
Others	14,556	17,330	16,561	16,063	14,754	14,998
Subtotal	121,024	126,334	131,240	135,823	139,868	142,136
United States	1,025	1,552	1,475	1,462	926	926
World Total	122,049	127,886	132,715	137,285	140,794	143,062

Note: All data are reported on a milled basis.

Regional Rice Imports, Production, Consumption, and Stocks

Thousand Metric Tons

	2013/14	2014/15	2015/16	2016/17	Feb 2017/18	Mar 2017/18
TY Imports						
North America	1,801	1,838	1,855	2,018	1,995	1,995
Caribbean	900	1,158	1,120	1,201	1,220	1,220
South America	1,814	1,686	2,015	1,904	1,596	1,644
Other Europe	132	128	136	140	140	140
Former Soviet Union - 12	626	571	457	616	605	605
Middle East	6,711	6,464	5,723	6,685	6,635	6,635
North Africa	470	396	483	565	485	485
Sub-Saharan Africa	12,658	11,355	12,129	13,940	14,730	14,730
East Asia	6,044	6,686	6,097	7,158	7,146	7,146
South Asia	2,576	1,693	945	3,930	3,050	3,150
Southeast Asia	5,023	5,677	3,883	3,653	4,155	4,155
European Union	1,556	1,786	1,816	1,875	1,900	1,900
Total	41,147	40,183	37,611	44,550	44,522	44,670
Production						
North America	6,248	7,285	6,289	7,292	5,847	5,847
Caribbean	1,054	979	865	983	933	1,021
South America	16,519	16,783	15,766	16,698	16,441	16,425
European Union - 28	1,937	1,954	2,050	2,068	2,090	2,090
Former Soviet Union - 12	1,205	1,185	1,262	1,261	1,237	1,227
Middle East	2,417	2,245	2,392	2,455	2,475	2,475
North Africa	4,776	4,553	4,044	4,837	4,340	4,340
Sub-Saharan Africa	14,387	15,193	15,701	16,397	16,025	16,025
East Asia	157,701	159,486	160,179	159,674	160,266	160,255
South Asia	154,255	153,259	152,263	156,695	153,825	155,705
Southeast Asia	116,867	115,367	111,317	116,515	119,591	119,591
Total	478,705	479,493	472,943	486,153	484,331	486,262
Domestic Consumption						
North America	5,217	5,522	4,814	5,448	5,101	5,101
Central America	1,195	1,199	1,301	1,318	1,342	1,334
Caribbean	1,981	2,035	1,988	2,068	2,173	2,173
South America	14,818	14,980	15,067	15,107	15,450	15,223
European Union - 28	3,250	3,400	3,550	3,650	3,750	3,750
Former Soviet Union - 12	1,605	1,507	1,508	1,649	1,632	1,620
Middle East	9,140	9,000	8,569	8,938	9,205	9,205
North Africa	4,452	4,407	4,279	4,774	4,875	4,875
Sub-Saharan Africa	26,514	27,141	27,701	29,602	30,406	30,406
East Asia	156,184	156,400	156,433	157,829	159,135	159,135
South Asia	143,331	143,183	138,819	141,950	143,775	143,475
Southeast Asia	102,763	102,357	101,520	103,354	102,876	102,876
Total	471,167	471,689	466,102	476,262	480,305	479,758
Ending Stocks						
North America	1,184	1,717	1,602	1,631	1,123	1,123
Central America	201	219	267	266	261	262
Caribbean	264	223	231	288	161	346
South America	1,852	2,211	1,693	1,907	1,816	1,939
European Union - 28	1,163	1,151	1,183	1,115	1,075	1,075
Middle East	1,777	1,742	1,134	1,279	1,114	1,134
North Africa	610	924	924	1,474	1,324	1,324
Sub-Saharan Africa	3,001	3,215	2,737	2,769	2,693	2,693
East Asia	64,694	73,483	83,126	90,994	97,828	97,817
South Asia	24,920	21,531	21,574	23,075	21,563	23,546
Southeast Asia	21,976	21,060	18,008	12,122	11,430	11,415
Oceania	241	223	77	208	259	239
Total	122,049	127,886	132,715	137,285	140,794	143,062

NOTES: Regional definitions appear on last page of this circular. Imports are reported on a trade year basis. All other data are reported using local marketing years.