

Voluntary - Public

Clearance Office: All - FAS

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Philippines

Post: Manila

Milled Rice PSD Update

Report Categories:

Grain and Feed

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Report Highlights:

Rice production reached record-level in MY08/09 mainly due to increased area harvested as above-normal rainfall prevailed in most parts of the country. Rice consumption during the year, however, likely declined from the previous year's level as effects of the global economic crisis were more acute than expected. Rice output in MY09/10 will likely decline from the previous year's level due to a decrease in area harvested as the weather returns to more 'normal' conditions. Increased rice demand as a result of election-campaign spending during the period, however, will necessitate increased imports compared to the previous year's level.

General Information:

Rice, Milled Philippines	2007		2008		2009	
	2007/2008		2008/2009		2009/2010	
	Market Year Begin: Jul 2007		Market Year Begin: Jul 2008		Market Year Begin: Jul 2009	
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data			Data	Data

Area Harvested	4,346	4,346	4,346	4,400	4,400	4,528	4,450	4,400	4,450
Beginning Stocks	4,868	4,868	4,868	4,548	4,816	4,418	3,991	3,859	3,521
Milled Production	10,479	10,478	10,479	10,593	10,593	10,753	10,710	10,593	10,700
Rough Production	16,633	16,632	16,633	16,814	16,814	17,068	17,000	16,814	16,984
Milling Rate (.9999)	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
MY Imports	2,700	2,570	2,570	2,000	1,750	1,750	1,750	2,000	2,400
TY Imports	2,500	2,320	2,439	1,800	1,750	1,750	1,750	2,000	2,400
TY Imp. from U.S.	89	0	117	0	0	0	0	0	0
Total Supply	18,047	17,916	17,917	17,141	17,159	16,921	16,451	16,452	16,621
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Total Consumption	13,499	13,100	13,499	13,150	13,300	13,400	13,449	13,450	13,535
Ending Stocks	4,548	4,816	4,418	3,991	3,859	3,521	3,002	3,002	3,086
Total Distribution	18,047	17,916	17,917	17,141	17,159	16,921	16,451	16,452	16,621
Yield (Rough)	4.	4.	3.8272	4.	4.	3.7694	4.	4.	3.8166
TS=TD			0			0			0

Trade numbers in MY07/08 were adjusted based on data from the World Trade Atlas. Lower-than-expected imports during the year resulted in lower ending stocks during the period.

Rough production and area harvested the following year or in MY08/09 were raised consistent with official data from the Bureau of Statistics (BAS) of the Philippine Department of Agriculture (DA). Excessive rainfall during the year encouraged more rice cultivation and this alludes to the inadequacy of the local irrigation system. Although several strong typhoons in the second half of 2008 damaged the standing crop in some areas, the rainfall it brought allowed the expansion in others, particularly in rainfed areas. 2009 also had an abnormally short summer and an early rainy season and this enhanced the shifting away from corn to rice production. Rice output in MY08/09 increased from the previous year's level although yields (rough) were lower.

Rice production in MY09/10 will likely decline from the previous year's level as a result of a reduction in area harvested as the frequency and amount of rainfall will likely abate.

Rice consumption in MY08/09 was raised but is still expected to decline from the previous year's level due to the global economic crisis. Effects of the latter on the Philippine economy were worse than originally expected and this will negatively affect rice demand during the year. Originally, the 2009 official Philippine GDP growth target was forecasted between 3.7 to 4.7 percent. This was reduced to 3.1 to 4.1 percent, and is expected to be further trimmed consistent with downward revisions made by other international banks. The International Monetary Fund (IMF), in its February 2009 assessment, had projected Philippine GDP this year to grow at a slower 2.25 percent but recently downgraded its forecast to zero percent growth this year. The IMF in its most recent assessment now predicts a contraction in Philippine GDP in 2009. The Asian Development Bank, on the other hand, cut its Philippine growth forecast to 2.5 percent from 3.5 percent while the World Bank recently downgraded its 3 percent outlook to just 1.9 percent, the slowest since the

1997 Asian financial crisis. Food accounts for about half of the Philippine consumer price basket with rice representing about a quarter of food expenditures. Roughly a third of the population is considered poor or those not able to afford basic food and non-food needs.

The occurrence of successive and strong typhoons in the general Bicol area as well as renewed fighting between government troops and Islamic separatists in the southern island of Mindanao are also expected to negatively affect rice consumption in MY08/09. There were reportedly thousands of resident families that were displaced and had to be resettled. Rice (food aid) distribution, in both cases, was problematic.

Rice demand the following year, however, will likely rise from the previous year's level as election-campaign spending accelerates leading to the May 2010 national elections. With rice production predicted to decline in MY09/10 compared to the previous year's level, coupled with the rise in rice demand during the year, rice imports in MY09/10 were revised upwards.