

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Indonesia

Post: Jakarta

Rice Update

Report Categories:

Grain and Feed

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Report Highlights:

Indonesian Central Statistics Agency (BPS) has just recently issued its second rice production forecast. Based on this forecast, Post increases the estimate of MY 2009 Indonesia rice production to 38.3 MMT of milled rice equivalent from initially 37.3 MMT. However, MY 2010 Indonesian rice production is forecast to decline to 37.6 MMT due to El-Nino related prolonged drought affecting Indonesian major rice producing areas.

Production:

Prolonged rainy season has contributed to another increase of Indonesian rice harvested areas which leads to increased rice production. Harvest are still going on in several Indonesian rice producing areas such as West Sumatera, Flores, South Sulawesi, South East Sulawesi, West Java, Central Java, and East Java which normally have less harvest during the second crop season of March to June. Therefore, Post estimated that MY2009 Indonesian rice production will increase to 38.3 MMT from 37.3 MMT.

On July 17, 2009, Indonesian Meteorology and Geophysics Agency (BMG) held a press conference explaining the possibility of El Nino in Indonesia. According to the agency, Indonesia is predicted to experience a weak El Nino on July and August 2009, a moderate El Nino in September, October, and December 2009, and a strong El Nino in November 2009 and January 2010. Compared to its normal start in 30 years average, El Nino will delay rainy season in 55 percent areas in Indonesia. This will result to a delayed plantings and harvest for MY 2010. Reportedly, approximately 150,000 hectares paddy field will suffer from drought due to the El Nino. Therefore, MY 2010 Indonesian rice production is forecast to decline to 37.6 MMT milled rice equivalent. Concomitantly, harvested area is adjusted to 12.02 million hectares and average yield to 4.85 tons per hectare.

Trade:

In line with the increase in production, Indonesian rice imports is estimated to decline to 250 TMT which mainly consist of specialty rice for health purposes, restaurants, processed food industry, and seeds.

Up to this date, from a total of 100,000 tons of premium quality rice permitted to be exported during harvest time which is ended by the end of June 2009, only 1.5 TMT have been shipped. The reasons are: traders are reluctant to export their rice as the price on the international market are reportedly declining, trader's lack of exporting experience and international networking, and buyer's demand for sustainable supply that can not be met by Indonesian traders. Despite MOT decision to also give permits for medium quality rice exports, GOI generally prefers to hold the surplus of medium quality rice at home to secure domestic supply. As there will be a decrease in production, Indonesia may not issue any export license for rice in MY 2010.

Stocks:

Bulog's stocks as of September 2009 are 3.4 MMT, compared to 2.7 MMT during the same period last year. To anticipate shortage in MY 2010 due to El Nino, Bulog is increasing its domestic procurement target to 4 MMT from initially 3.8 MMT of milled rice equivalent. Hence, Post increased the estimate of MY 2009 ending stocks to 7 MMT of milled rice equivalent.

Production, Supply and Demand Data Statistics :

PSD: Rice, Milled

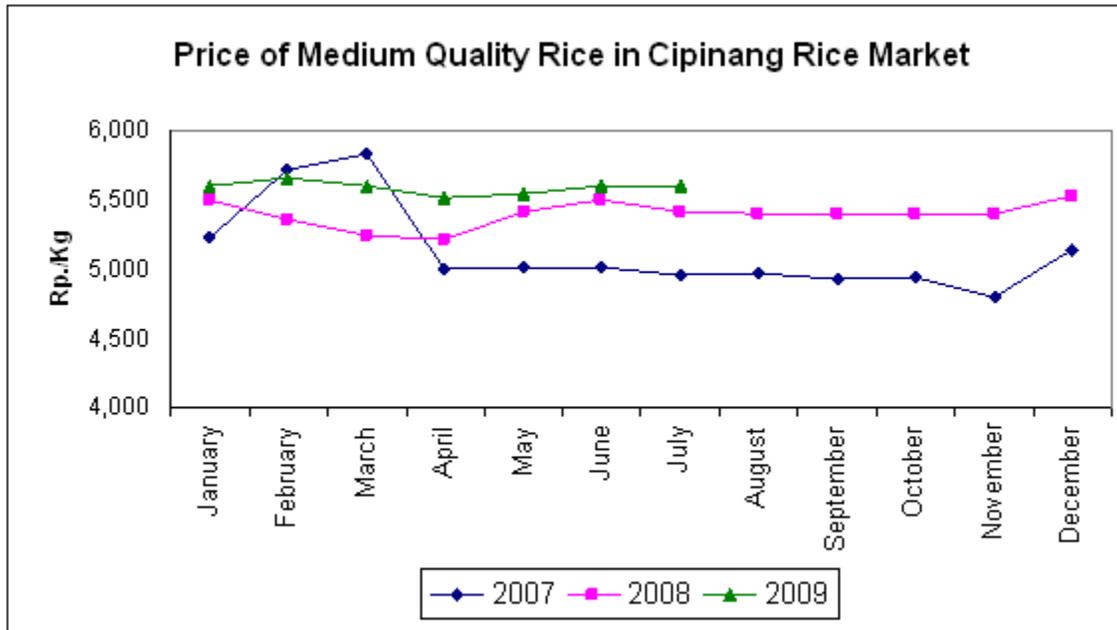
| Rice, Milled onesia | Ind | 2007 | | | 2008 | | | 2009 | | |
|---------------------------|-----|--------------------------------|--------|-------------|--------------------------------|--------|-------------|--------------------------------|--------|--------|
| | | 2007/2008 | | | 2008/2009 | | | 2009/2010 | | |
| | | Market Year Begin: Jan 2008 | | | Market Year Begin: Jan 2009 | | | Market Year Begin: Jan 2010 | | |
| | | USDA Official Data | | Old Post | USDA Official Data | | Old Post | USDA Official Data | | Jan |
| | | Data | | | Data | | | Data | | |
| Area Harvested | | 11,900 | 11,900 | 11,900 | 12,170 | 11,850 | 12,170 | 11,850 | 11,850 | 12,020 |
| Beginning Stocks | | 4,607 | 4,607 | 4,607 | 5,607 | 5,607 | 5,607 | 6,600 | 6,307 | 7,057 |
| Milled Production | | 37,000 | 37,000 | 37,000 | 38,300 | 37,300 | 38,310 | 37,600 | 37,600 | 37,600 |
| Rough Production | | 57,364 | 57,364 | 57,364 | 59,380 | 57,829 | 59,395 | 58,295 | 58,295 | 58,295 |
| Milling Rate (.9999) | | 6,450 | 6,450 | 6,450 | 6,450 | 6,450 | 6,450 | 6,450 | 6,450 | 6,450 |
| MY Imports | | 350 | 350 | 350 | 350 | 350 | 250 | 300 | 300 | 300 |
| TY Imports | | 350 | 350 | 350 | 350 | 350 | 250 | 300 | 300 | 300 |
| TY Imp. from U.S. | | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | | 41,957 | 41,957 | 41,957 | 44,257 | 43,257 | 44,167 | 44,500 | 44,207 | 44,957 |
| MY Exports | | 0 | 0 | 0 | 10 | 10 | 10 | 0 | 0 | 0 |
| TY Exports | | 0 | 0 | 0 | 10 | 10 | 10 | 0 | 0 | 0 |
| Total Consumption | | 36,350 | 36,350 | 36,350 | 37,647 | 36,940 | 37,100 | 37,693 | 37,400 | 37,400 |
| Ending Stocks | | 5,607 | 5,607 | 5,607 | 6,600 | 6,307 | 7,057 | 6,807 | 6,807 | 7,557 |
| Total Distribution | | 41,957 | 41,957 | 41,957 | 44,257 | 43,257 | 44,167 | 44,500 | 44,207 | 44,957 |
| Yield (Rough) | | 5. | 5. | 4.8205 | 5. | 5. | 4.8804 | 5. | 5. | 4.8498 |

Note: Old Post data are not official USDA data.

Price

Stable prices of medium quality rice prices in Cipinang wholesale rice market indicated sufficient supply to the market.

Price of Medium Quality Rice (IR64-1) In Cipinang Wholesale Market (Rp./Kg) 2007 - 2009



Source: Cipinang Rice Wholesale Market.

As an effort to continue stabilizing rice prices in the next MY 2010, GOI has also planned to set up a stand by fund of Rp. 2 – 3 billion. This plan is deemed necessary as rice prices may soar due to El Nino related shortages.