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Indonesia

Grain and Feed

Rice Situation Update

2007

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Report Highlights:

Indonesian 2007 rice production is estimated to decrease to 33.3 million tons rice milled equivalent mostly due to weather-related issues. Imports are estimated to increase to 2.2 million tons.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Jakarta [ID1]
[ID]

Production

The Indonesian overall rice situation is changing rapidly. The Indonesian Meteorology and Geophysics Agency predicts that the rainy season will end in March 2007, resulting in a limited harvest in March or April when normally 65 percent of rice is harvested. Indonesia is also predicted to end up losing one planting season due to the almost two-month delay to the first planting season this year. GOI will not meet its target to increase rice production by 2 million tons in 2007 by intensifying the use of hybrid seeds that demand adequate water and fertilizer, as well as planting in areas surrounding dams. FAS/Jakarta estimates rice production in 2007 will be down by 4.7 percent to 33.3 million tons, compared to 35 million tons in 2006.

Trade

Floods in early February 2007 that paralyzed ground transportation lines in Jakarta and West Java, combined with delayed harvest in several other rice producing areas in Java due to a delay in the rainy season, have boosted the price of medium quality rice by more than 13.3 percent within the two weeks since February 1, 2007. Price of medium quality rice at the wholesale level is quoted at Rp. 5,950/kg (US\$ 656/ton) as of February 14. Bulog is providing large quantities of rice to wholesale, retail and end user distribution channels with their Market Operation (MO) in an effort to bring prices down to around Rp. 4,000/kg. People are now eager to buy MO rice that is sold at Rp. 3,700/kg (US\$ 408/ton, at an exchange rate of Rp. 9,070/US\$ 1) despite quality concerns.

Because of concerns over the increase in the inflation rate associated with rice price increases, as well as commitments to continue MO until the expected price level is reached, and to retain Bulog's required rice safe stock level of 1 million tons, GOI is giving Bulog a license to import another 500,000 tons of 15 percent broken white rice. Bulog would prefer to use a G-to-G mechanism rather than Business to Business to accelerate the delivery of the imported rice. The imported rice is expected to enter Indonesian ports before the end of April 2007. As of February 12, 2007 Bulog has already distributed 158,000 tons of rice for MO and another 47,000 tons to flood victims in Jakarta.

FAS/Jakarta is increasing the 2007 rice import estimate for Indonesia to 2.2 million tons because of GOI efforts to cover the shortage in production by imports, an increase in the annual amount of specialty rice imports, and the current strong incentives for smuggling.

PSD: RICE, MILLED

PSD Table										
Country	Indonesia									
Commodity	Rice, Milled						(1000 HA)	(1000 MT)	(MT/HA)	
	2005 Revised			2006 Estimate			2007 Forecast			
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	
Area Harvested	11800	11800	11800	11500	11500	11400	0	11600	11600	
Beginning Stocks	3448	3448	3448	3207	3207	3207	2857	2707	2857	
Milled Production	34959	34959	34959	33700	33700	33300	0	34000	34000	
Rough Production	54200	54200	54200	52248	52248	51628	0	52713	52713	
Milling Rate (.9999)	6450	6450	6450	6450	6450	6450	0	6450	6450	
MY Imports	600	600	600	1800	1800	2200	0	1600	1600	
TY Imports	600	600	600	1800	1800	2200	0	1600	1600	
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	
Total Supply	39007	39007	39007	38707	38707	38707	2857	38307	38457	
MY Exports	0	0	0	0	0	0	0	0	0	
TY Exports	0	0	0	0	0	0	0	0	0	
Total Consumption	35800	35800	35800	35850	36000	35850	0	36000	36000	
Ending Stocks	3207	3207	3207	2857	2707	2857	0	2307	2457	
Total Distribution	39007	39007	39007	38707	38707	38707	0	38307	38457	
Yield (Rough)	4.59322	4.59322	4.59322	4.543304	4.543304	4.528772	0	4.544224	4.544224	