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GAIN Report Number:

Philippines

Post: Manila

Milled Rice PSD Update

Report Categories:

Grain and Feed

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Report Highlights:

Despite the recent crop losses as a result of the devastation brought about by Typhoon Megi, rice production in MY10/11 is expected to still surpass the previous year's level. Rice imports during the same period are also likely to decline from their year-ago level as rice consumption growth is anticipated to slow. Rice imports in MY10/11 are expected to originate mainly from Vietnam.

General Information:

Rice consumption in MY08/09 was pared down as a result of record-level commodity prices including rice. About 80 percent of all Filipino families devote at least half of their expenses to food and in 2008, rice and other grain prices soared. Exacerbated by rising fuel prices, the 'rice crisis' forced the Philippine government to extend food subsidy to the poor. Subsidized rice had to be rationed and poor consumers had to line up for hours to gain access to it. The Asian Development Bank (ADB) in May 2008 estimated that a 10 percent increase in the price of rice would force an additional 660,000 people in the Philippines into poverty, while a 10 increase in fuel prices would result in an additional 160,000 poor people.

Record rice imports in the following year help reinforce stock levels entering MY09/10. This helped cushion the impact of weather-related production problems during the period. Successive typhoons in late 2009 resulted in a major flood in Luzon island isolating several provinces from major urban centers. Approximately two million additional Filipinos joined the ranks of the poor as a result of the floods. This was followed by extreme dryness brought about by the occurrence of an El Nino episode in early 2010. Both reduced rural incomes considerably. As a result, rice consumption in MY09/10 was revised downwards and contracted from the MY08/09 level.

Rice production continues to suffer from weather-related disturbances so far in MY10/11. Following the El Nino dry spell were successive typhoons including Typhoon Megi, the strongest typhoon so far in 2010. Production during the year was revised downwards anew consistent with crop damage-estimates from the Philippine Department of Agriculture. Consumption was likewise reduced although still likely to grow slightly from the MY09/10 level.

Expansion of the existing rice subsidy scheme is being deliberated in the Philippine Congress as well as the National Food Authority's role in the country's rice importation. It is unclear at this point who will be handling rice importation in the future. President Aquino is in Vietnam and reportedly a rice supply agreement for 2011 may be discussed. Based on the PSD calculations, an estimated 2 MMT will be imported in MY10/11 to arrive at an ending stock level good for about 60 days.

Production, Supply and Demand Data Statistics :

Rice, Milled Philippines	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jul 2008		Market Year Begin: Jul 2009		Market Year Begin: Jul 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4,528	4,528	4,405	4,405	4,450	4,450
Beginning Stocks	4,418	4,418	4,123	4,673	2,455	3,345
Milled Production	10,755	10,755	9,772	9,772	10,800	10,200
Rough Production	17,071	17,071	15,511	15,511	17,143	16,190
Milling Rate (.9999)	6,300	6,300	6,300	6,300	6,300	6,300
MY Imports	2,600	2,600	2,200	2,200	2,500	2,000
TY Imports	2,000	2,000	2,600	2,600	2,500	2,000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	17,773	17,773	16,095	16,645	15,755	15,545
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	13,650	13,100	13,640	13,300	13,700	13,400

