



Rice Outlook

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USDA WMP:

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World Market Price Value Factors	This Week 1/20/03 CWT (BBLs)	Last Week 1/13/04 CWT (BBLs)	Loan 2003/2004	LDP
Long Grain	\$6.69 (10.84)	\$6.57 (10.64)	\$10.65	\$2.47
Medium Grain	\$6.28 (10.17)	\$6.17 (10.00)	\$9.65	\$2.14
Short Grain	\$6.29 (10.19)	\$6.16 (9.98)	\$9.65	\$2.17
Brokens	\$3.35 (5.43)	\$3.29 (5.33)	\$5.33	
Calculations				
55/70 Long Grain	\$4.18 (6.77)	\$4.11 (6.66)	\$6.66	
55/70 Medium Grain	\$3.96 (6.42)	\$3.89 (6.30)	\$6.11	

Rice trading continues to be light with firm prices as no big changes were noted during the holidays and into early January. Paddy prices are steady to firm and milled rice prices are flat with limited demand offshore.

The big news in the market last week was a sale to Costa Rica. They bought 48,000 mt of long grain paddy at \$235 per mt CIF liner out for Jan/Feb shipment. However, it does not seem to have stimulated much new buying as there is a tremendous amount of rice already positioned on the Mississippi River. Bids on long grain barges are around \$8.50 per cwt CIF NOLA with offers about 50 cents per cwt higher. However, there were several barges that traded last week by mills at somewhat higher levels. Further, civil unrest in Haiti (a key market for U.S. long grain white rice) has caused receivers to wait on additional purchases. This has slowed fresh trading considerably. U.S. NO 2-4% milled rice was offered this week at \$16 per cwt FAS with no standing bids reported. Mills are rapidly approaching open milling time.

USDA made a few slight changes in its supply/demand report of January 12. The main changes were a 3 mil cwt increase in the estimate of long grain production and a 2 mil cwt reduction in estimated production of medium and short grain. USDA also increased the export estimate for long grain by 2 mil cwt to 76 mil cwt and raised the estimate of long grain carryover for 2003 rice by 1 mil cwt to 11.4 mill cwt. This estimate is still about minimum level needed to service domestic and regular export markets during the transition to new crop supplies, and is well below the 15.7 mil cwt for the 2002 crop.

USDA also released results of its latest survey of rice stocks. The new report shows long grain rough rice stocks in all positions on Dec 1, 2003 totaled 93.8 mil cwt, a whopping 20 mil cwt less than Dec 1, 2002. Medium grain rough rice stocks were reported at 38.7 mil cwt, down 2.2 mil cwt from last year.

Rice exports in Thailand in calendar year 2003 reached 7.5 mil mt, a new record level for the country. Total Thai rice exports in December were very large and a new record amount for one month, totaling 849,738 mt. Rice export quotes in Thailand have moved up somewhat (\$10 to \$15/mt) as a result of large export sales and absence of competition from other competitors. Vietnam is sold out until the new harvest in March. Pakistan has a smaller crop and large early sales and India has withdrawn from the market.

Thai exporters are quoting white rice 100% grade B at \$224/mt, \$15/mt higher than two weeks ago. World market prices were raised this week (see table). U.S. long grain milled rice, NO 2-4% is currently quoted at \$365 per mt, \$141 per mt higher than Thai rice.

Added strength to the market may hinge on Brazil's new crop and U.S. exports to Iraq.