Rice Outlook

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World Market Price Value Factors	This Week 11/16/04 CWT (BBLS)	Last Week 11/09/04 CWT (BBLS)	Loan 2004/2005	LDP
Long Grain	$9.82 (15.90)	$9.82 (15.90)	$10.61	$ .50
Medium Grain	$8.98 (14.55)	$8.98 (14.55)	$9.61	$.40
Short Grain	$8.99 (14.56)	$8.99 (14.56)	$9.61	$.40
Brokens	$4.91 (7.95)	$4.91 (7.95)	$5.31	
Calculations				
55/70 Long Grain	$6.14 (9.95)	$6.14 (9.95)	$6.63	
55/70 Medium Grain	$5.68 (9.20)	$5.68 (9.20)	$6.08	

The market remains in a stalemate as demand for paddy and milled rice is thin. The stalemate situation can best be described as one where there is no significant trading in rough rice with prices unacceptable to farmers and mills struggling to operate with export sales of milled rice being hard to come by. Although a fair level of export business has been completed, more is needed to stimulate the market in the face of a large increase in production. Exports continue to trail last year by over 300,000 mt, while production is up 14%.

The results of the Iraq tender of November 11, for 150,000 to 200,000 mt of rice has not been announced to date. Expectations are that Thailand will be awarded the business. However, rising prices in Thailand and tightening supplies give some hope for sales of U.S. rice.

Thai prices are quite firm this week, up $2.00 to 5.00/mt, a result of the government intervention purchases. Also, drought conditions have stimulated a growing concern over substantial losses from the main season crop being harvested now. Some estimates are as high 1 million mt. This situation, combined with a lack of competition from other Asian countries creates very bullish situation for Thailand.

Rice exports reported by Thailand continue at an unbelievable pace. Shipments in October reached 1,091,431 mt. This brings exports for January-October of 2004 to 8.3 million mt, 39% more than the same period of 2003. This level of exports is already well above the record level of 7.5 million mt exported in all 12 months of 2003.

No major changes in the rough rice cash market. In South Louisiana, high offers by buyers for long grain are running at or slightly under $13.00/barrel ($8.02/cwt) for No 2/62/70. In Texas, bid levels at public sales were running at $1.45 to $1.75/cwr over USDA world price estimate for long grain.

USDA did not respond favorably to pleas by the rice industry for improvements in its world price formula to make U.S. rice more competitive. World price estimates increased two weeks ago and remained unchanged this week (see table). LDP rates have been declining.

USDA in its November 15th supply/demand report increased average rice yields again this month and increased production to a record level of 227.6 million cwts (14% above 2003). Long grain production is forecast at 166.9 million cwts, up 1% from last month and 12% above last year. Total ending stocks are forecast to be 41.8 million cwts compared to 40.7 last month and 23.7 last year.

A spike in demand is needed to move the rice market, which could come from a combination of events, such as adjusting the LDP rates to meet the needs of the market, increasing food aid shipments, and giving special support to sales of rice to Iraq and Cuba.