



Rice Outlook

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USDA WMP:

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World Market Price Value Factors	This Week 3/09/04 CWT (BBLs)	Last Week 3/02/04 CWT (BBLs)	Loan 2003/2004	LDP
Long Grain	\$7.32 (11.86)	\$7.32 (11.86)	\$10.65	\$2.10
Medium Grain	\$6.89 (11.16)	\$6.89 (11.16)	\$9.65	\$1.80
Short Grain	\$6.87 (11.13)	\$6.87 (11.13)	\$9.65	\$1.82
Brokens	\$3.66 (5.93)	\$3.66 (5.93)	\$5.33	
Calculations				
55/70 Long Grain	\$4.58 (7.42)	\$4.58 (7.42)	\$6.66	
55/70 Medium Grain	\$4.34 (7.03)	\$4.34 (7.03)	\$6.11	

Cash prices have moved up in sympathy for the rapid advance in futures prices and optimism that U.S. rice will be sold to Iraq in the near future. Bid prices have moved up 50 to 75 cents/cwt all over the rice belt. In Texas bids are reported at a solid \$4.75/cwt over world market price. In South Louisiana, significant sales are reported at \$15/barrel (\$9.26/cwt) for basis No 2/62/70. In the lower delta, where unsold supplies are very low, bids are reported at \$1.85/bu (\$4.11/cwt) over world market price, with farmers holding for more.

The key for the U.S. near term market probably lies with three countries, Iraq, Colombia and Peru. All are good prospects for considerable tonnage. The big question will be price, as U.S. rice carries a \$150 per mt premium over Thailand. Will buyers be willing to pay the difference? Will Thailand be capable of handling all of the demand? Most in the industry feel that the U.S. is almost certain to participate, but it is a question of how much. In the case of Iraq, there will be pressure from the international community for Iraq to make prudent purchases.

Last week a U.S. trade delegation, sponsored by the USA Rice Federation, had meetings in Jordon with officials of the Iraq Grain Board, and came away with optimism that sales of U.S. rice to Iraq are likely in the near future. The Iraq Grain Board will begin buying rice for Iraq as was done in the past. The United Nations World Food Program (WFP) has been the buying agency since the U.S. invasion and their role will be phased out. WFP rice purchases have been made in Asia, with the most recent being a 70,000 mt purchase from Vietnam. The first rice purchases by the Iraq Grain Board are expected shortly, and a tender for 160,000 mt is reported to be in the works. Some feel that only a token amount will come from the U.S., because of the price difference. However, most believe Iraq will buy some U.S. rice.

Iraq is reported to have a nearby need for 300,000 mt of rice. Complicating the supply situation, is the fact that the Vietnamese (currently harvesting) are reported to have oversold and are unable to make deliveries against the recent sale to the WFP as quickly as expected. In years past, when Iraq purchased U.S. rice, they paid significant premiums because they liked its quality and packaging. They also had confidence in U.S. trading practices and defaults on shipments were not a problem as with Vietnam. Hopefully, these factors will be considered in their purchasing decisions.

Regaining regular sales to the large Iraq rice market would be of great benefit to rice millers and farmers. Iraq has import needs of over one million metric tons of rice and they prefer high quality long grain.

Few changes were made in USDA's March 10 supply/demand report. Rice exports were increased 2 million cwt to 96 million cwt and the price range was increased by 35 cents/cwt.