



Rice Outlook

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World Market Price Value Factors	This Week 5/14/02 CWT (BBLS)	Last Week 5/07/02 CWT (BBLS)	Loan 2001/2002	LDP
Long Grain	\$5.69 (9.22)	\$5.69 (9.22)	\$10.69	\$3.11
Medium Grain	\$5.12 (8.29)	\$5.12 (8.29)	\$9.69	\$2.90
Short Grain	\$5.13 (8.32)	\$5.13 (8.32)	\$9.69	\$2.92
Brokens	\$2.85 (4.62)	\$2.85 (4.62)	\$5.35	
Calculations				
55/70 Long Grain	\$3.56 (5.77)	\$3.56 (5.77)	\$6.68	
55/70 Medium Grain	\$3.24 (5.25)	\$3.24 (5.25)	\$6.13	

USDA released its first projections this month for the U.S. 2002/03 rice crop. Rice production is projected at 208 million cwt (rough basis), down 2 percent from a year earlier and second only to last year's record crop. The decline is the result of lower field yields; plantings are virtually the same as last year. Long grain accounts for all of the expected decline in production. Medium and short grain production is projected fractionally higher than last year. Despite the smaller crop, total supplies are projected to climb 3 percent to a record 262.7 million cwt.

Total use for 2002/03 is projected at a record 218.1 million cwt, an increase of more than 2 percent, with both domestic use and exports higher. At 92 million cwt (rough basis), U.S. exports will be the highest since 1994/95. Ending stocks are projected at 44.6 million cwt, up nearly 8 percent from a year earlier and the largest since 1986/87. The U.S. 2002/03 season average farm price (SAFP) is projected at \$3.95 to \$4.45 per cwt, virtually unchanged from this year. These are the lowest SAFP's for the United States since 1986/87.

In the global market, total world production for 2002/03 is projected at 395.5 million tons (milled basis), about a million tons below a year earlier and the third consecutive year of declining global production. In contrast, global consumption is projected to increase 1 percent to a record 410 million tons. Ending stocks are projected to drop 11 percent to 112 million tons, the third consecutive year of declining stocks.

Global prices have been relatively stable for the past few months. Intervention purchases by Thailand and concerns over a possible El Nino this year have offset the lack of major new sales and large export subsidies by India. Global prices are higher than quoted last summer and fall, but remain quite low relative to prices over the past 30 years. Since late March, U.S. and Thai export prices have been virtually the same, a major factor behind stronger U.S. exports.

An encouraging sign is the steady build of U.S. rice exports. According to figures issued last week, exports and unshipped rice export sales as of May 2, totaled 2,988,300 metric tons of all types, compared to 2,523,000 metric tons at the same time a year ago. The high rate of exports give optimism that, with a moderate amount of government food aid programming, long grain supply, as well as medium grain, can be reduced to a manageable level. Unfortunately food aid activity is light and slow in coming thus far. Officials have said they are targeting fairly large food aid shipments for the last quarter of the fiscal year (June/September) but nothing has been announced. The food aid deals are not likely to be large enough or come soon enough to significantly boost the long grain market. It seems that boosting the market is not a major goal of current USDA policy. Priorities seem more in line with discouraging the number of acres planted and minimizing the cost to government.

