



# Rice Outlook

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World Market Price Value Factors	This Week 6/18/02 CWT (BBLS)	Last Week 6/11/02 CWT (BBLS)	Loan 2001/2002	LDP
Long Grain	\$5.98 (9.69)	\$5.82 (9.43)	\$10.69	\$2.93
Medium Grain	\$5.46 (8.85)	\$5.26 (8.52)	\$9.69	\$2.69
Short Grain	\$5.46 (8.85)	\$5.27 (8.54)	\$9.69	\$2.71
Brokens	\$2.99 (4.84)	\$2.91 (4.71)	\$5.35	
<b>Calculations</b>				
55/70 Long Grain	\$3.74 (6.06)	\$3.64 (5.90)	\$6.68	
55/70 Medium Grain	\$3.45 (5.59)	\$3.33 (5.39)	\$6.13	

The cash market hasn't really changed much in recent weeks. Paddy prices are flat, and mills continue to ship against domestic orders as well as sales to Haiti, Ghana, and Mexico. However, the futures market took a wild ride upwards the first week of June with virtually no response in the cash market. As historical lows were reached, technical traders and funds charged the market with buy orders. This caused prices to "go through the roof". The primary stimulus was the fear that war in the Indian subcontinent would grossly inhibit export capabilities in the region, thus pressuring world supply and escalate prices. After going up the limit at some points on Monday, large selling was attracted and at the close, June 6, the market had lost most of its gain. The big jump in futures prices enabled some farmers to hedge both unsold old crop and new crop production at well above cash prices.

Uzbekistan's buying agent has issued an invitation for bids under its PL 480 authorization. The tender calls for offers of 45,000 to 50,000 metric tons of medium grain No 2, 7%; and 15,000 to 20,000 tons of Calrose No 1, 4%. The tender states an intension for 70% of the purchase to be medium grain and 30% Calrose. Two significant PL 480 rice agreements are expected to be announced soon; 70,000 to 80,000 tons to Indonesia and 30,000 tons to the Philippines. The U.S. has also announced it will donate 100,000 tons of food to North Korea ( of which 15,000 tons is rice), in response to appeals from the United Nations. These food aid agreements are coming too late to be of much benefit to the old crop long grain market, but they may give some modest boost to long grain prices.

USDA's latest supply demand estimates for rice issued June 12, continue to be bearish for long grain, bullish for medium grain. USDA projects long grain carryover at July 31, 2002 to be 28.9 million cwt, well above last year's carryover of 11.6 mil cwt rough basis. Medium grain carryover is projected at 10.3 mil cwt, well below last year's figure of 15.6 mil cwt. For the new crop year, long grain carryover is projected to rise to 35.1 mil cwt by July 31, 2003, while medium grain carryover is expected to drop to pipeline levels at only 7.2 mil cwt rough basis. The average price for all new crop rough rice is currently projected to range between \$4.00 and \$4.50/cwt, compared to an average price for the 2001-02 market year pf \$4.15/cwt.

Market quotes in Asia were stable over recent weeks, but have showed a weakening tone as tensions are easing between India and Pakistan, and India taking an increasing share of export business with low prices. The Thai government announced it will extend its price support program for paddy rice until August, giving support to the market in Thailand in the face of declining sales. Vietnam quotes were also showing some weakness as the new spring/summer harvest has accelerated.

The annual LSU Agricultural Center Rice Field Day is next week, on June 27, 2002.