



Rice Outlook

By Dr. Gene Johnson

USDA WMP:

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World Market Price Value Factors	This Week 6/17/03 CWT (BBLs)	Last Week 6/10/03 CWT (BBLs)	Loan 2003/2004	LDP
Long Grain	\$5.92 (9.60)	\$5.40 (8.75)	\$10.65	\$3.44
Medium Grain	\$5.32 (8.62)	\$4.80 (7.78)	\$9.65	\$3.21
Short Grain	\$5.34 (8.65)	\$4.82 (7.81)	\$9.65	\$3.23
Brokens	\$2.96 (4.80)	\$2.70 (4.37)	\$5.33	
Calculations				
55/70 Long Grain	\$3.70 (5.99)	\$3.38 (5.48)	\$6.66	
55/70 Medium Grain	\$3.37 (5.46)	\$3.05 (4.94)	\$6.11	

The long grain market for both rough and milled rice is stable, meeting buyer resistance to higher prices and with no new large business nearby to give the market any punch. More large rough rice sales are expected to Brazil, Nicaragua, Costa Rica and Mexico. Thailand is pushing for Brazil to lift its ban on imports of Thai milled rice however the ban is still in place.

The recent rapid increase in prices and the resulting limited stocks have caused buyers to sit back and wait for fresh supplies from the new crop. Many mills are down to bare minimum inventories and will soon shut down until new crop arrives. Quotes have not changed, for the most part. Most of the mills are offering #2-4% long grain at \$12.50/cwt FAS.

Export sales of rice reported by USDA, for the week ending June 5, totaled a healthy net of 90,000 mt (metric tons). Unshipped sales of all types as of June 5 totaled 644,900 mt, more than double the total of 298,200 mt of unshipped sales at the same time last year. Total export sales of all types of U.S. rice have reached a record 4.2 mil mt for the current marketing year. Sales far exceed the total 3.1 mil mt at this time last year.

USDA issued its supply/demand estimates for rice June 11, but made no significant changes from last month. The average price estimate for all types for 2003 rough rice was raised 25 cents/cwt over last months' estimate to \$5.25 to \$5.75/cwt. USDA estimates the ending carryover for the 2002/03 crop to be 23.2 million cwt, significantly lower than the beginning stocks of 39.0 million cwt of August 1, 2002. With reduced planting, record exports and a smaller carryover, the fundamentals of the market have improved significantly from last year.

Sources in South America report the Brazilian rice market has cooled and purchases of U.S. rice by Brazil have slowed as the new harvest begins in Brazil. Also, new crop supplies in neighboring Argentina and Uruguay are coming to market. However, it is expected that within the next two months, the market will heat up again and purchases of U.S. rice will resume. It is estimated that Brazil will buy an additional 300,000 mt of U.S. long grain rough rice.

Large food aid sales would help the long grain market but apparently USDA has put a hold on them. Following the recent approval by Congress of supplemental funds for use in supporting the war and occupation of Iraq, Secretary of Agriculture Veneman announced that \$69 million of the funds will be used to buy rice for Iraq. So far there has been no follow through on that commitment. Most of the rice going to Iraq is coming from Asia under the United Nations Food Aid program. However, the market should regain life when USDA initiates the large Title I PL 480 programs for rice it has announced. Also, the large needs for rice in Iraq, at least 100,000 mt monthly, will eventually be supplied in large amounts with U.S. rice. It is expected the large food aid business will come off in

August and September, with new crop as well as old crop rice.