



Rice Outlook

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World Market Price Value Factors	This Week 7/16/02 CWT (BBLS)	Last Week 7/09/02 CWT (BBLS)	Loan 2001/2002	LDP
Long Grain	\$5.97 (9.67)	\$5.97 (9.67)	\$10.69	\$2.934
Medium Grain	\$5.44 (8.81)	\$5.44 (8.81)	\$9.69	\$2.70
Short Grain	\$5.45 (8.83)	\$5.45 (8.83)	\$9.69	\$2.72
Brokens	\$2.99 (4.84)	\$2.99 (4.84)	\$5.35	
Calculations				
55/70 Long Grain	\$3.73 (6.04)	\$3.73 (6.04)	\$6.68	
55/70 Medium Grain	\$3.44 (5.57)	\$3.44 (5.57)	\$6.13	

Uzbekistan announced the purchase of 58,518.7 metric tons of U.S. medium grain milled rice under its recent PL 480 agreement. Export activity is fairly steady with Haiti and Ghana, the primary destinations on milled and Mexico and Nicaragua on paddy. Export sales last week totaled 39,800 metric tons and were 45% below the week earlier and 3% under the 4 week average. The Philippines should soon release a purchase authorization for \$8 million or 35,000 metric tons of rice. A tender should follow before the end of July for shipment in August/September. The quality will likely be # 2, 4% long grain hard milled in bags.

Over the last few weeks, no life was found anywhere in the long grain rough rice market. The limited activity that existed was zapped by USDA's second in a row reduction in the loan deficiency (ldp) rate. Light buying interest was reported in delta areas at prices that come to \$3.45 to \$3.50/cwt fob farm basis #2/55/70. These prices are far below the loan rate that forfeiture to the government is a better option. Market sources report that there were some forfeitures under the loan program in June and there will be heavier forfeitures in July if process don't improve.

On June 28, USDA released results of its survey of acreage planted to rice in the U.S. in 2002. The survey projected overall acres planted in the U.S. at 3,251,000, a reduction of 2.5% from 2001. Long grain plantings were pegged at 2,583,000 acres, a drop of 5% from last year. Medium grain was projected at 636,000 acres, an increase of 6.8%. By states, planted acres were projected as follows: Arkansas – 1,540,000, a reduction of 5.6%; California – 510,000, an increase of 7.3%; Louisiana – 520,000, a reduction of 5.1%; Mississippi – 265,000, an increase of 3.9%; Missouri – 215,000, an increase of 2.4%; and Texas – 200,000, a reduction of 8%.

USDA's latest supply/demand estimates for rice issued July 11, improved somewhat, but generally continue to be bearish for long grain. USDA revised the projected long grain carryover for July 31, 2003 to 25.3 mil cwt versus the June estimate of 35.1 mil cwt. Planted and harvested acreage were lowered slightly and the national average yield per acre was raised from 6,299 pounds/acre to 6,322 pounds/acre. Total production is expected to be 204 mil cwt, 4 mil cwt lower than the June estimate. Domestic use and exports were unchanged, resulting in a total use of 218.2 mil cwt and an expected carryover of 35.1 mil cwt. The range of average farm prices was bumped up a bit, \$4.50 to \$5.00/cwt.

Rice export quotes in Thailand continue strong as a result of aggressive government buying of paddy to support farm prices and the rising value to the baht relative to the dollar. In the meantime, India continues active export sales of rice at prices far below (\$40 to \$50/ton) Thai prices. The large Indian sales are expected to place India into second place in world rice trade, surpassing Vietnam.

Thailand continues to be the world's number one rice exporter.