



# Rice Outlook

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USDA WMP:

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World Market Price Value Factors	This Week 8/12/03 CWT (BBLs)	Last Week 8/05/03 CWT (BBLs)	Loan 2003/2004	LDP
Long Grain	\$6.45 (10.45)	\$6.45 (10.45)	\$10.65	\$2.62
Medium Grain	\$6.02 (9.75)	\$6.02 (9.75)	\$9.65	\$2.30
Short Grain	\$6.03 (9.77)	\$6.03 (9.77)	\$9.65	\$2.33
Brokens	\$3.23 (5.23)	\$3.23 (5.23)	\$5.33	
<b>Calculations</b>				
55/70 Long Grain	\$4.03 (6.53)	\$4.03 (6.53)	\$6.66	
55/70 Medium Grain	\$3.80 (6.16)	\$3.80 (6.16)	\$6.11	

After the extremely bullish June 30 acreage report and the July 11 supply/demand report, the big news in the market is the dramatic increase in world market price (WMP) for both long grain and medium grain. Long grain was increased by 32 cents/cwt and medium grain by 37 cents. USDA usually makes adjustments for technical factors in the WMP (milling yields, milling costs, by products etc.) at the beginning of the new marketing year (Aug. 1 to July 31). Apparently, USDA found that these factors were an enhancement this past season compared to average or previous years and therefore justified the move. Many in the market suggest that world prices played little or no role in the decision to increase WMP, as Asian prices were somewhat lower than previous weeks. USDA made no change to the WMP today (8-12-03).

It will take a little time to sort all the factors, before cash values can be rediscovered. Buyers are regrouping in an effort to better understand the affect of the increase. Some figures reflect about a \$10/mt increase in long grain milled values and slightly more for medium grain.

In Texas, the early harvested rice has been mostly early maturing Jefferson. Most of the early rice is committed to pre-harvest green basis contracts. Field yields on Jefferson are reported good and ranging from 50 to 55 barrels/acre green basis. In South Louisiana, the harvest is rapidly increasing but slowed by frequent showers. Field yields are generally good, with reports ranging from 34 to 52 barrels/acre green basis.

The high bid offered on the first dry rice sale of 2003 in Texas for 5 lots (18,291 cwt) was \$1.95/cwt over the USDA world price estimate of August 5. In South Louisiana, the high bids for long grain were reported at \$11/barrel (\$6.79/cwt) fob the farm basis for No 2/62/70.

The August 12 supply/demand report was generally unchanged from the July report. Last month USDA raised the average farm price range by \$1.00/cwt over the previous month. This month, USDA raised the average farm price by 25 cents to a range of \$6.50 to \$700/cwt.

The outlook for long grain is very good with large unshipped export sales on the books, supplies are low in domestic pipelines and large buying of long grain rough rice by Brazil, Mexico, Nicaragua and Venezuela is expected. The continued lower Asian prices could cut into U.S. export demand. Most of the U.S. export sales for long grain are in the Western Hemisphere which gives some cushion from the low Asian prices. Current rice price quotes are as follows: U.S. No 2/4%--\$320/mt, and Thailand 100%B--\$198/mt. Most outstanding sales are for long grain rough. South and Central American markets prefer long grain rough. Asian countries bar export sales of rough rice. The medium grain market is very strong and further supported by reports of cool and rainy weather in large parts of Japan, with projection of a harvest of 5 to 10% below normal. Unfavorable weather has affected several

important medium/short grain production areas – Australia, California, Japan, and Italy. The rice outlook remains positive.