



Rice Outlook

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USDA WMP:

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World Market Price Value Factors	This Week 9/24/02 CWT (BBLs)	Last Week 9/17/02 CWT (BBLs)	Loan 2002/2003	LDP
Long Grain	\$5.32 (8.62)	\$5.32 (8.62)	\$10.66	\$3.34
Medium Grain	\$4.74 (7.69)	\$4.74 (7.69)	\$9.66	\$3.10
Short Grain	\$4.72 (7.65)	\$4.72 (7.65)	\$9.66	\$3.12
Brokens	\$2.66 (4.31)	\$2.66 (4.31)	\$5.33	
Calculations				
55/70 Long Grain	\$3.33 (5.40)	\$3.33 (5.40)	\$6.66	
55/70 Medium Grain	\$3.01 (4.88)	\$3.01 (4.88)	\$6.11	

Light activity and low prices continue to characterize the long grain market. In early September, USDA lowered world market price (WMP) for rice by 24 cents/cwt and near the end of the month increased it by 18 cents/cwt. This action caused buyers to back up and regroup. Milled and paddy prices are slightly off and generally remain a little soft.

The export paddy market is very thinly traded. There seems to be a three tiered market. First, you have the forfeited rice, the old crop left in first hands, and finally new crop stocks. There has been very little new crop sold as the other two are cheaper priced. Obviously, the forfeited rice and the remaining old crop stocks will have to sell first before new crop values can truly be established.

Some positive news for the new rice market year comes from South America. Several South American sources are reporting that a coalition of five Brazilian rice millers have purchased 33,000 metric tons of U.S. long grain rough rice. Other sources in the U.S. cast doubt on whether it is a done deal. Brazil's import needs are estimated at 600,000 metric tons. Usually Brazil imports rice from neighboring countries of Argentina and Uruguay, but this year those suppliers are not able to provide all of Brazil's needs. Also, last week USDA issued to Indonesia a formal authorization to purchase \$19 million of U.S. rice under Title I PL 480. The USDA Kansas City office invited bids for 5,000 metric tons of U.S. milled rice for foreign donation.

USDA's latest supply/demand estimates for rice issued September 12, generally continue to be bearish for long grain. However, USDA lowered the projected long grain carryover from 28.0 mil cwt to 25.6 mil cwt. The national average yield per acre was raised again to an all-time record level of 6,432 pounds/acre from last month's estimate of 6,393 pounds/acre. Total production (206.3 mil cwt), domestic use (126.0 mil cwt), and exports (95.0 mil cwt) were unchanged from last month. The expected carryover was revised 1 mil cwt lower to 37.5 mil cwt as a result of a revision in beginning stocks. The range of average farm prices was again lowered this month by 40 cents to \$3.85 to 4.35/cwt. The current range is 65 cents lower than July.

There were no significant changes this month in rice export quotes out of major rice exporters in Asia. Thailand's government announced it will begin selling some of its large rice stocks purchased from farmers at discount prices. Thai prices dropped after the announcement, but have since stabilized after the government indicated it will dribble the rice on the market rather than dump large tonnages all at once. The longer range outlook for long grain shows some hope of improving, with sales reported to Brazil, active food aid movement at present, weather damage to Indian rice, and El Nino hanging over the market. Near term, the picture is not bright, with large carryover supply and excellent new crop yields pushing down on the market.