

**Rice Graphics and Commentary**

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**By**

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U.S. long grain rice prices have pulled back, but until the planting uncertainty is resolved, I expect the larger trend in rice prices to continue upward. U.S. long grain rice planting uncertainty is being driven by production cost increases from energy inputs, lingering drought impacts, and price uncertainty.

Since cash-flowing our good rice operations in this economic setting can be difficult, cash-flowing other operations will require the market to provide a market price that reflects the producers' cost of production. Otherwise planted rice acreage is sure to suffer, which may significantly strengthen new crop rice prices.

Problematic for old crop U.S. long grain rice prices is that supply is at record levels and ending stocks are projected to be the third largest since 1986. USDA's March release estimates 2005/06 supplies at 211.5 million cwt, up 11% from 2004/05's 191.3 million cwt. Total 2005/06 long grain use is projected at a record 189.1 million cwt, which is 12% above 2004/05's 168.6 million cwt. USDA reduced 2005/06 long grain exports from their February 2006 estimate by 2 million cwt from 97 million cwt to 95 million cwt. Ending stocks are now estimated at slightly below 2004/05's 22.7 million cwt at 22.4 million cwt.

That said, for the fourth consecutive marketing period world rice use exceeds world rice production. For the 2005/06 marketing period world rice use of 417.8 million metric tons exceeds world rice production of 409.7 million tons. Even though world rice production has increased for the third consecutive marketing period, world rice consumption still exceeds production by 8.1 million metric tons. For perspective, U.S. rice producers produce 7.1 million metric tons and export 3.7 million tons.

For the third consecutive month global rice trade projections for calendar year 2006 have improved from 25.4 million tons in December 2005 to 26.8 million tons in March 2006. Global rice trade in calendar year 2005 was a record 28.4 million tons. This year's trade projections will be the sixth largest on record.

USDA's data shows U.S. long grain rice prices #2/4 currently quoted at \$368 per ton, FOB; Thai prices currently at \$309 per ton, FOB on an announcement of the dry season intervention scheme at the current price level and currency fluctuations; and Vietnam prices are down \$14 from February to \$248 per ton, FOB, due to normal seasonal harvest pressure of the Winter-Spring crop. Thai, Vietnam and other export competitor's price advantage simply are limiting our ability to grow the U.S. rice export market.

Thai rice prices continue to improve. In milled metric tons, they are as follows:

2000/01	\$184 milled metric ton
2001/02	\$192
2002/03	\$199
2003/04	\$220
2004/05	\$278
August 2005	\$288
September 2005	\$291
October 2005	\$292
November 2005	\$283
December 2005	\$286
January 2006	\$296
February 2006	\$307
March 2006	\$309

Vietnam rice prices in milled metric tons are as follows:

2000/01	\$165
2001/02	\$185
2002/03	\$182
2003/04	\$210
2004/05	\$243
August 2005	\$255
September 2005	\$255
October 2005	\$264
November 2005	\$NQ
December 2005	\$NQ
January 2006	\$263
February 2006	\$262
March 2006	\$248

Southern Long Grain rice prices in milled metric tons are as follows:

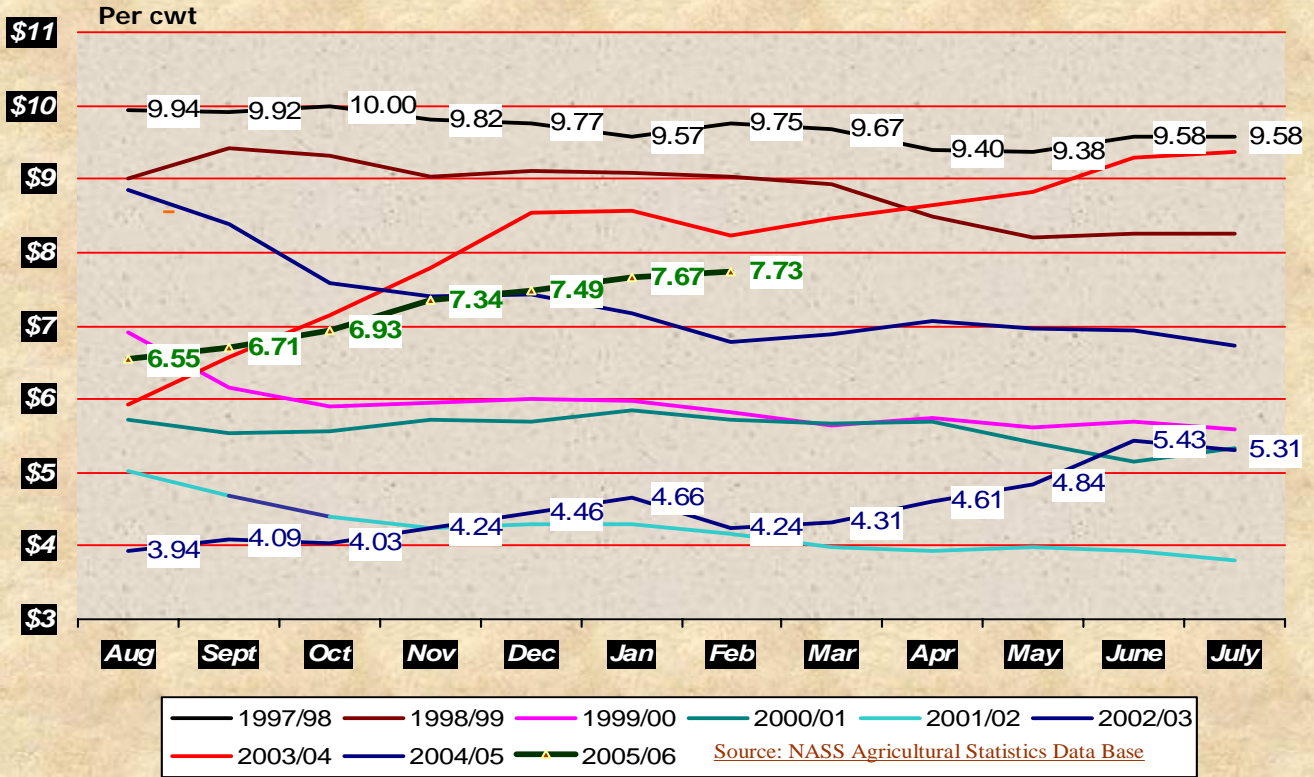
2000/01	\$290
2001/02	\$222
2002/03	\$238
2003/04	\$375
2004/05	\$327
August 2005	\$293
September 2005	\$307
October 2005	\$318
November 2005	\$323
December 2005	\$335
January 2006	\$358
February 2006	\$369
March 2006	\$368

Yes, U.S. long grain rice prices have pulled back, but until the planting uncertainty is resolved, I expect the larger trend in rice prices to continue upward and for long grain rice producers to have additional pricing opportunities.

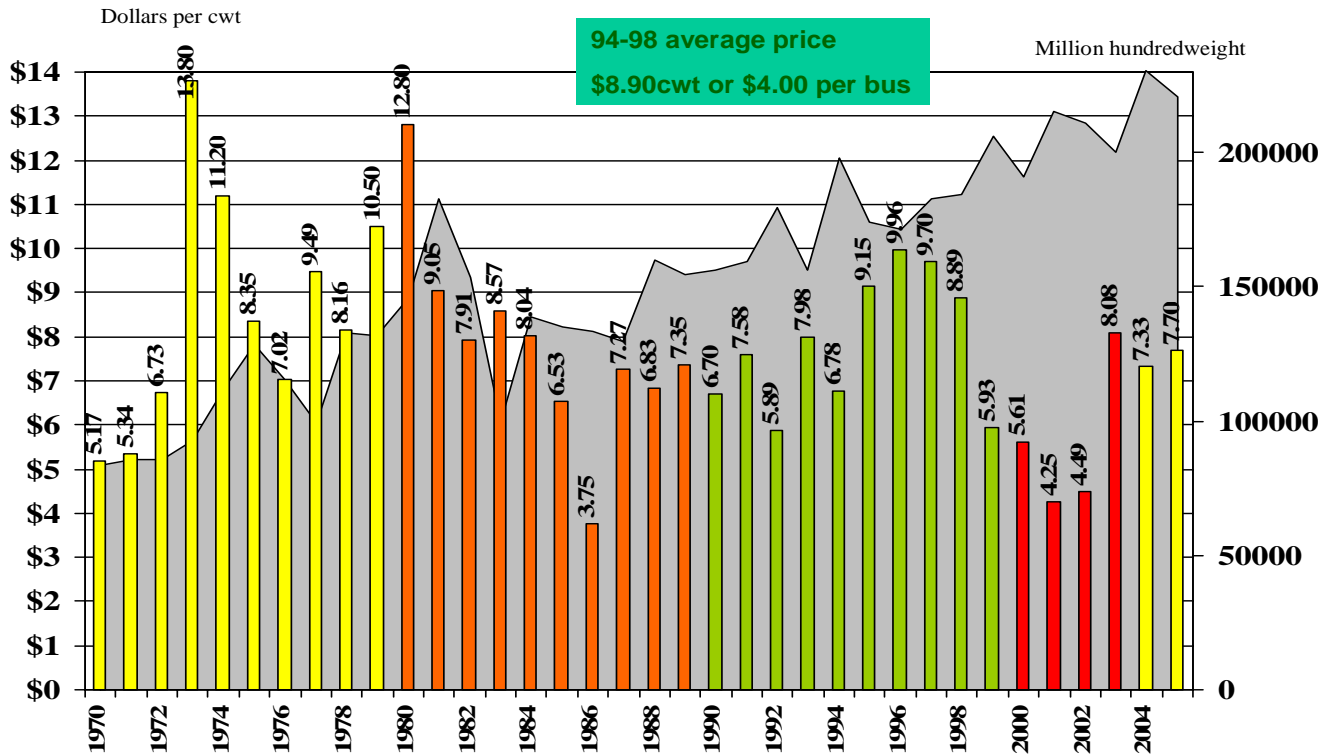
Source: [NASS/USDA Data Set](#), [World Agricultural Supply and Demand Estimates](#), [Rice Outlook Report](#), and [Grains: World Markets and Trade](#)

## U.S. All Rice: Monthly Prices Received

Marketing Period 1997/98 – 2005/06

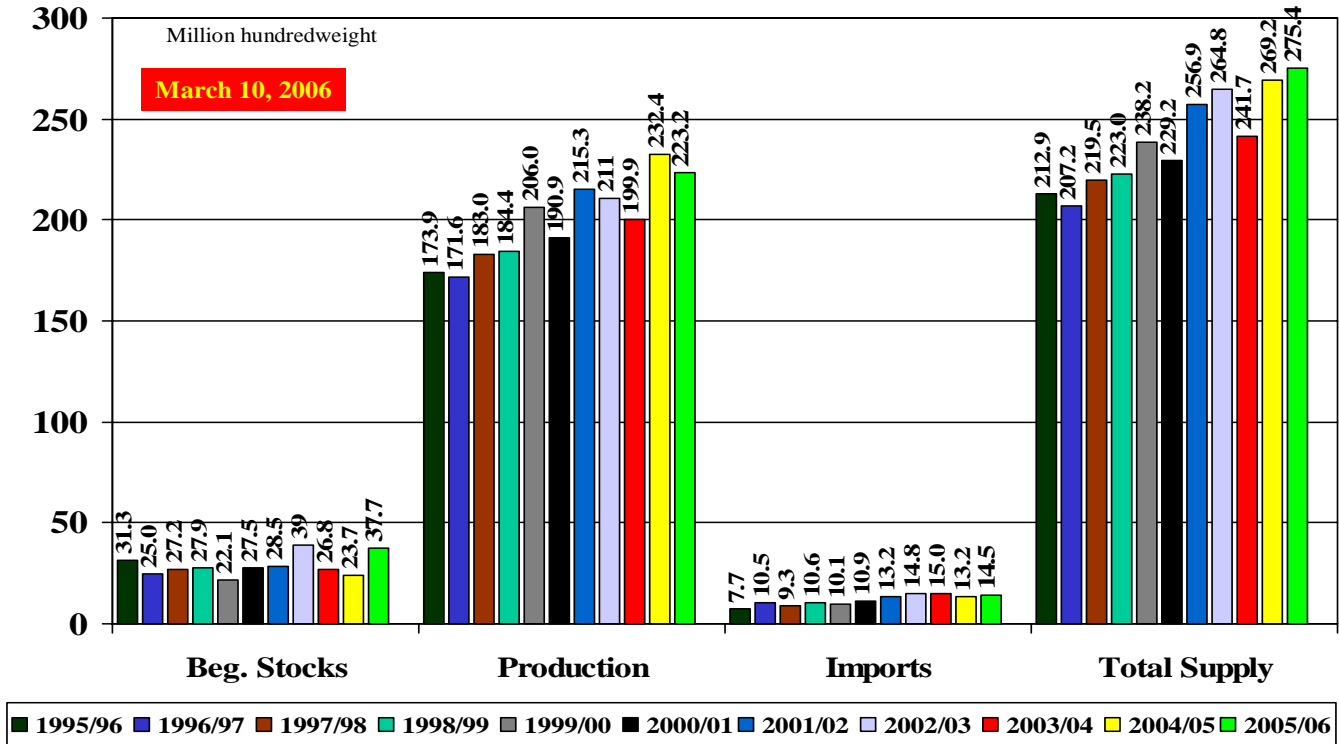


## U.S. All Rice Production & Price 1970/71 – 2005/06



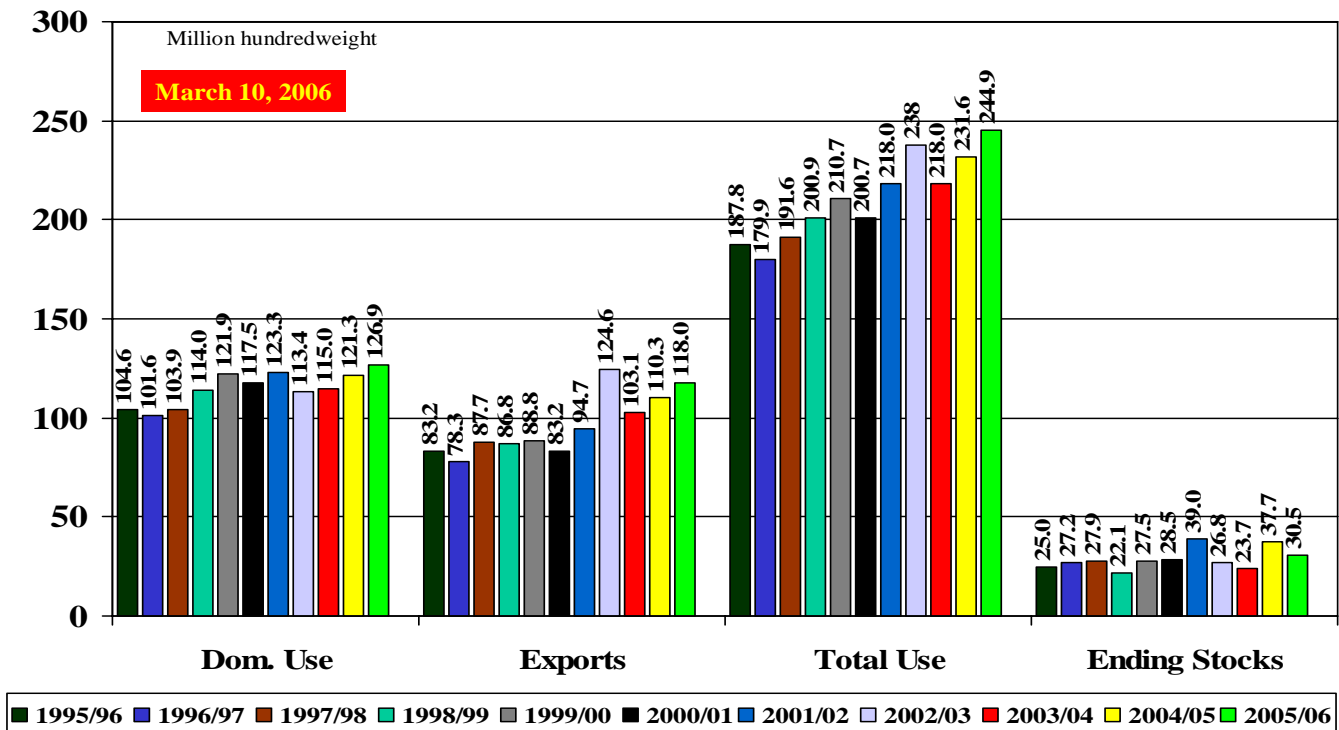
## U.S. All Rice Supply 1995/96 – 2005/06

Average Farm Price (\$/cwt): 2003/04 \$8.08, 2004/05 \$7.33 & 2005/06 \$7.55 to \$7.85



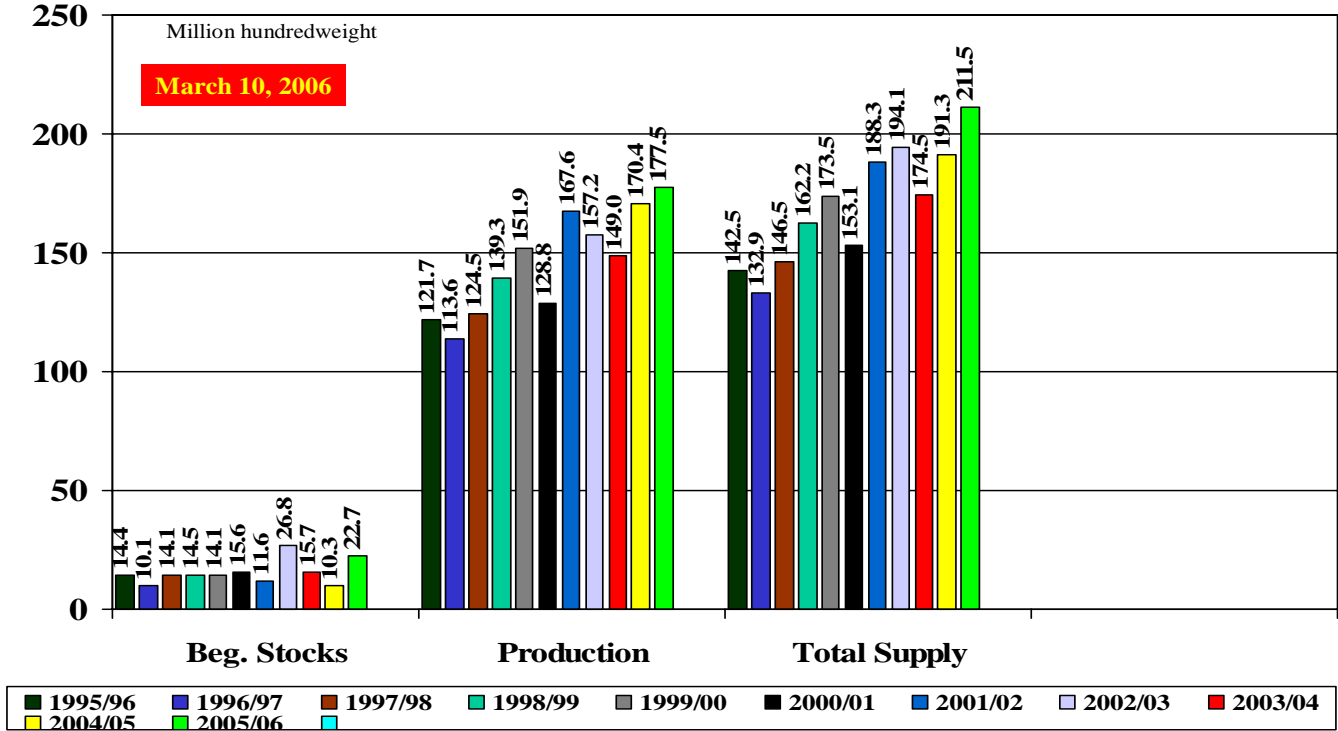
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. All Rice Use and Ending Stocks 1995/96 – 2005/06



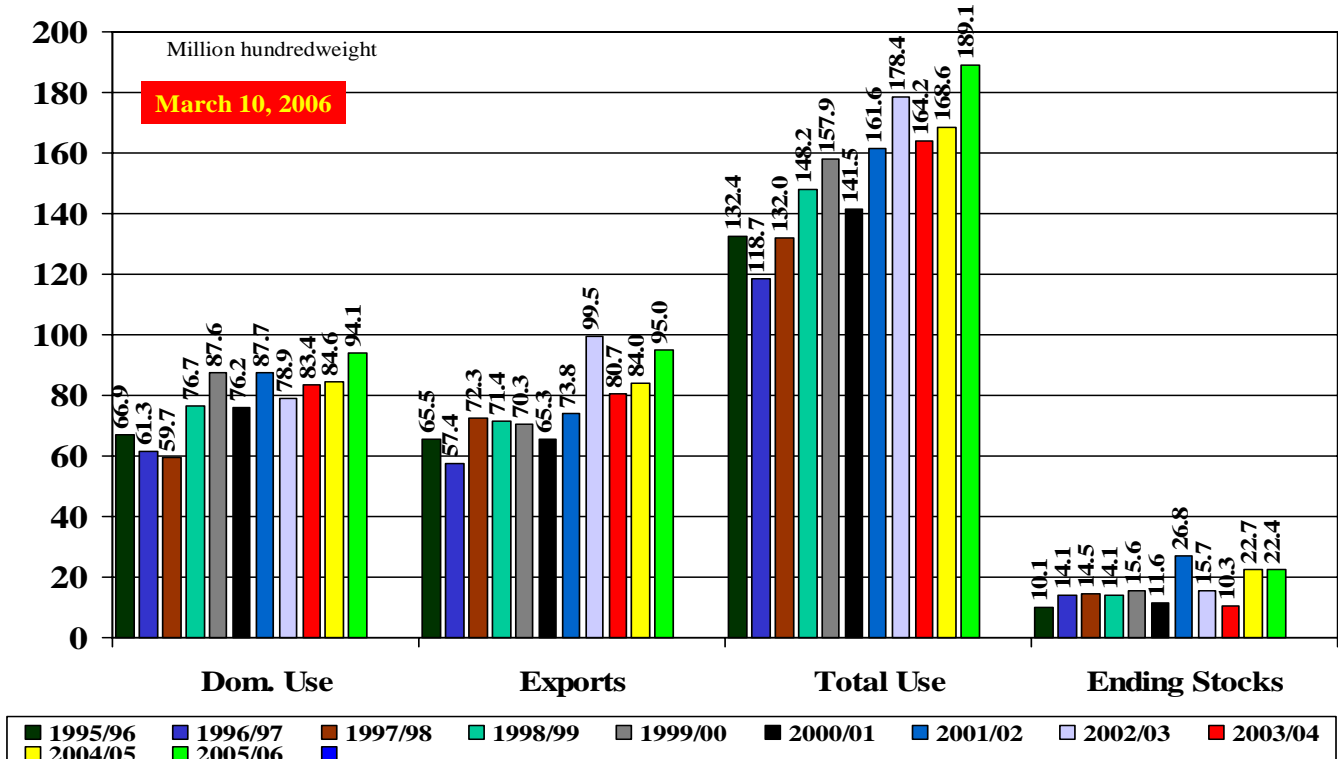
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Supply 1995/96 – 2005/06



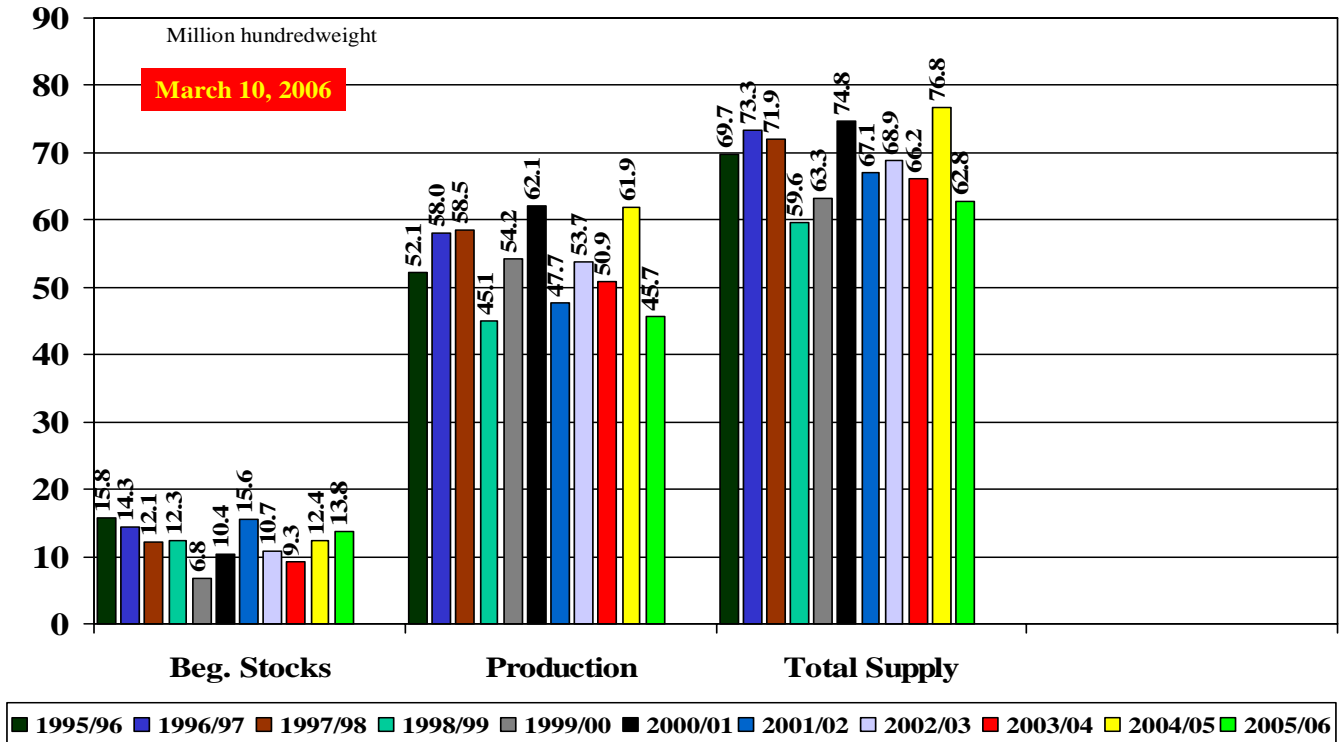
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice Use and Ending Stocks 1995/96 – 2005/06



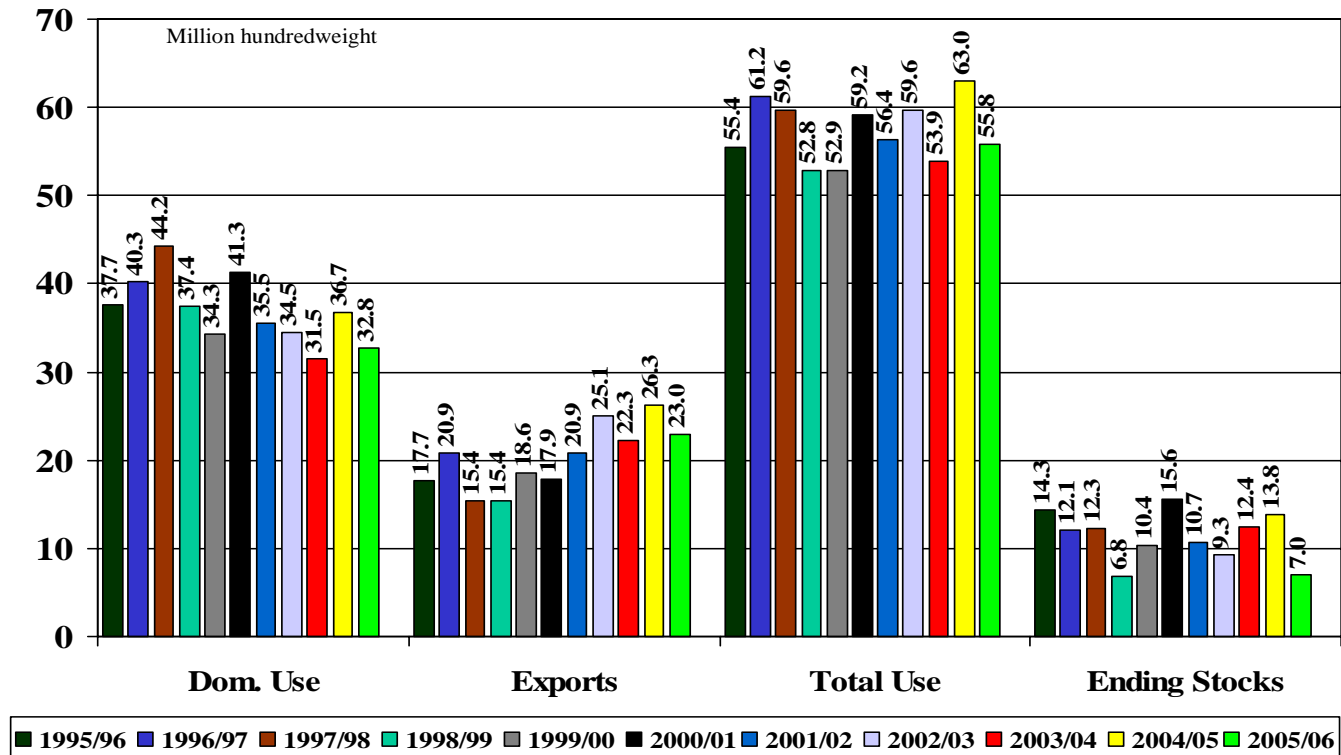
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Medium and Short Grain Rice Supply 1995/96 – 2005/06



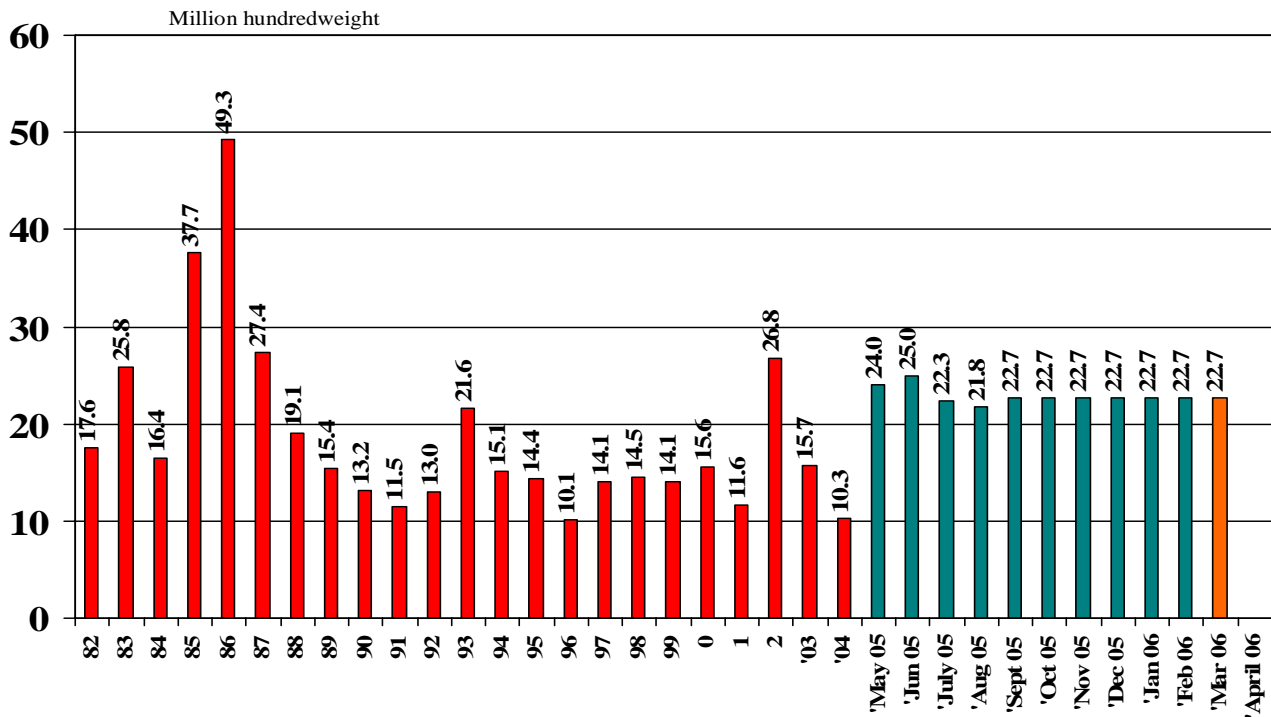
Source: [USDA World Supply and Demand Estimates and Rice Yearbook](#)

## U.S. Medium and Short Grain Rice Use and Ending Stocks 1995/96 – 2005/06



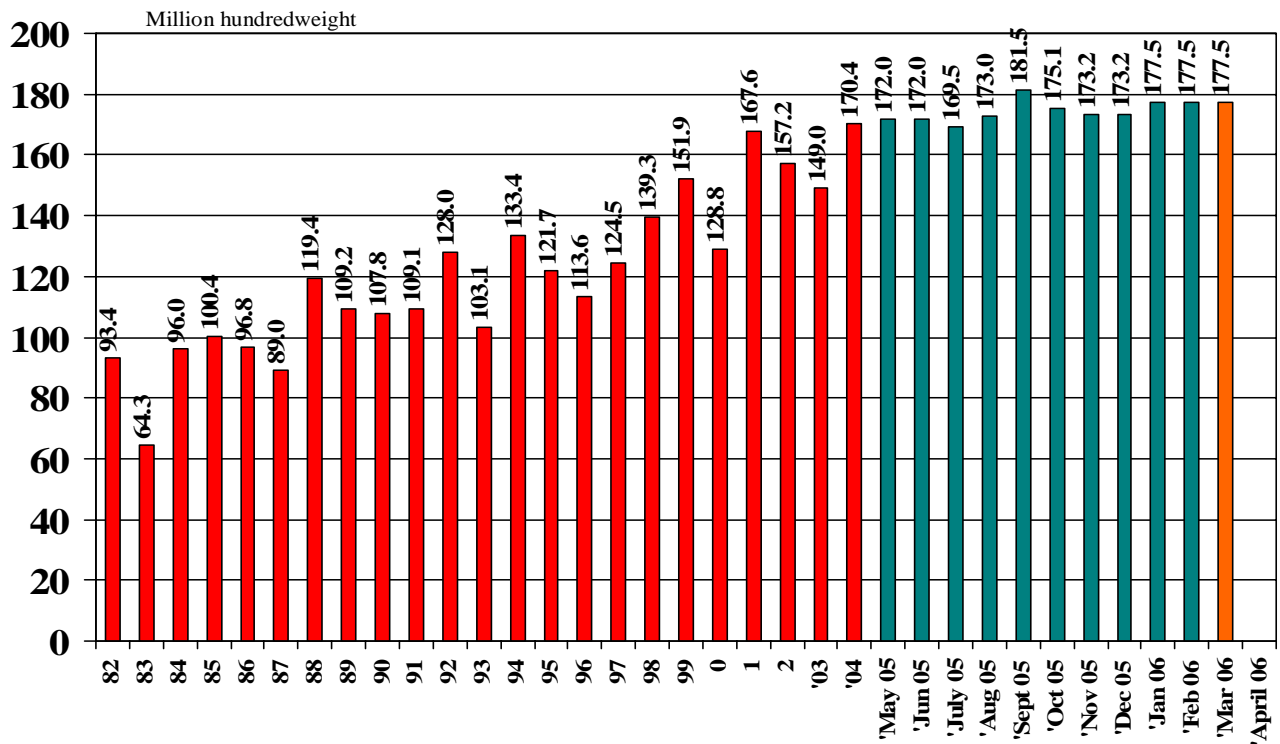
Source: [USDA World Supply and Demand Estimates and Rice Yearbook](#)

## U.S. Long Grain Rice **Beginning Stocks** 1982/83 – 2005/06



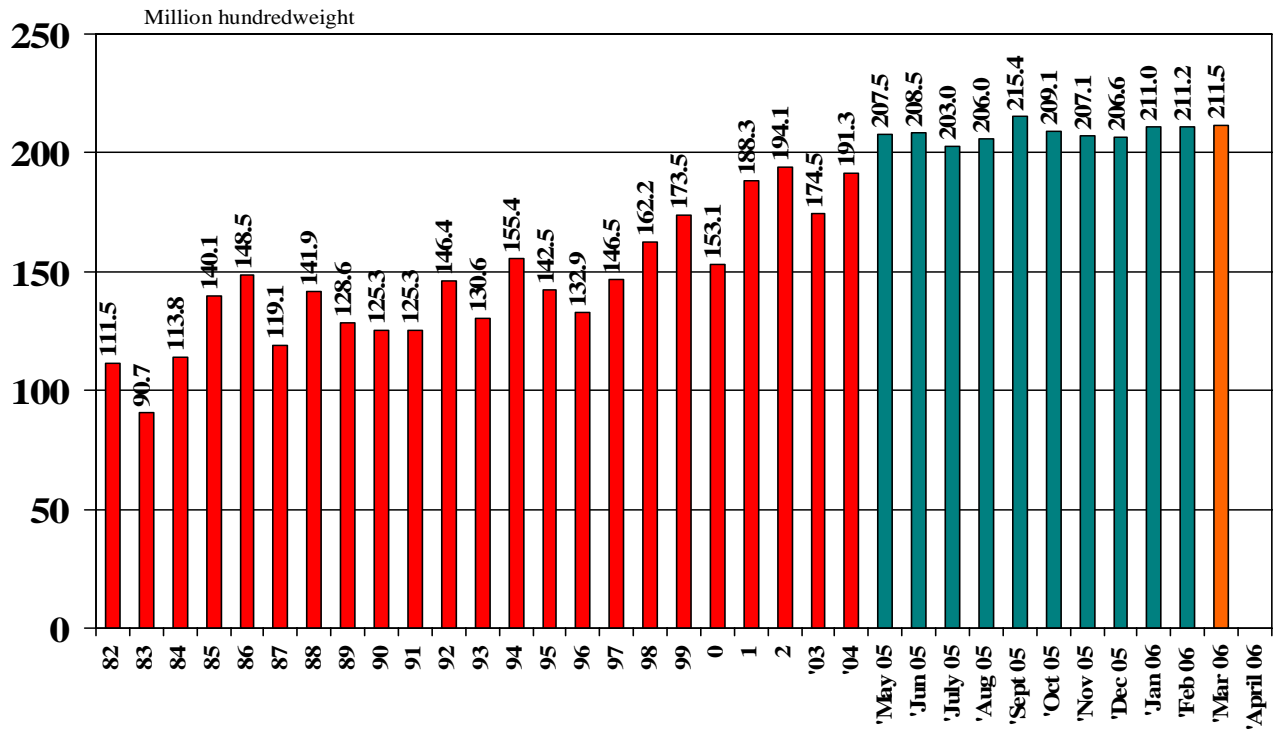
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice **Production** 1982/83 – 2005/06



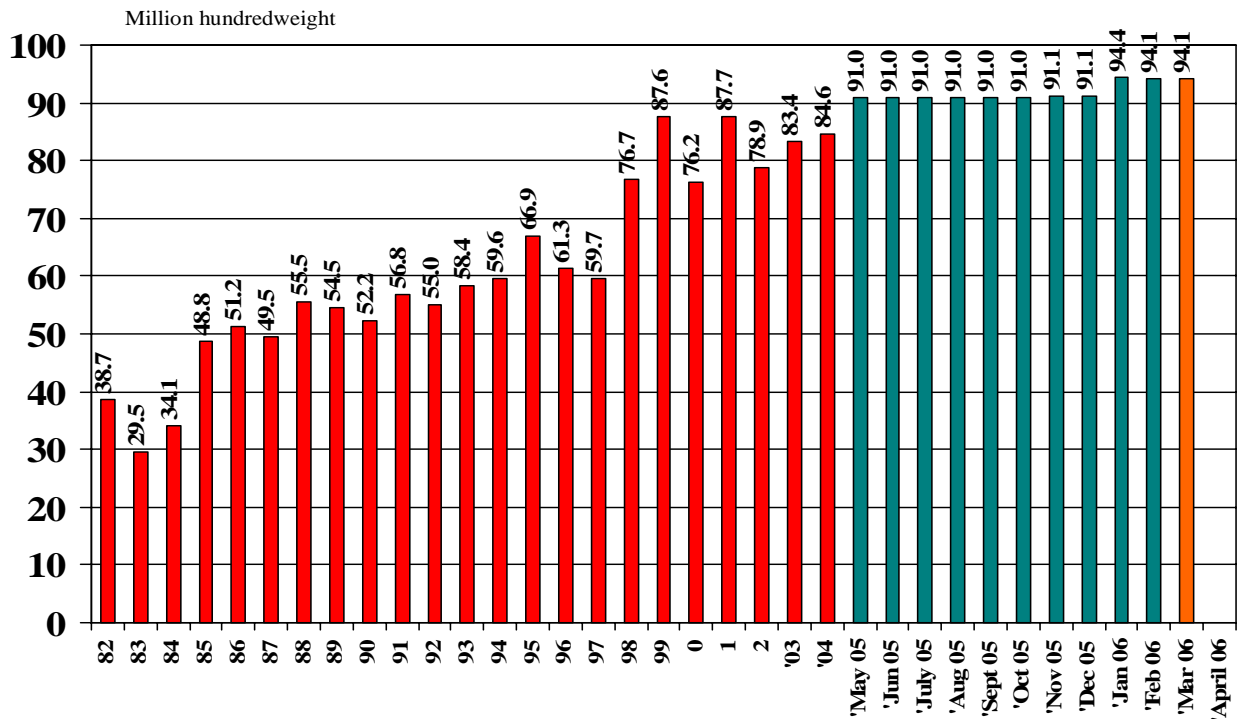
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice **Total Supply** 1982/83 – 2005/06



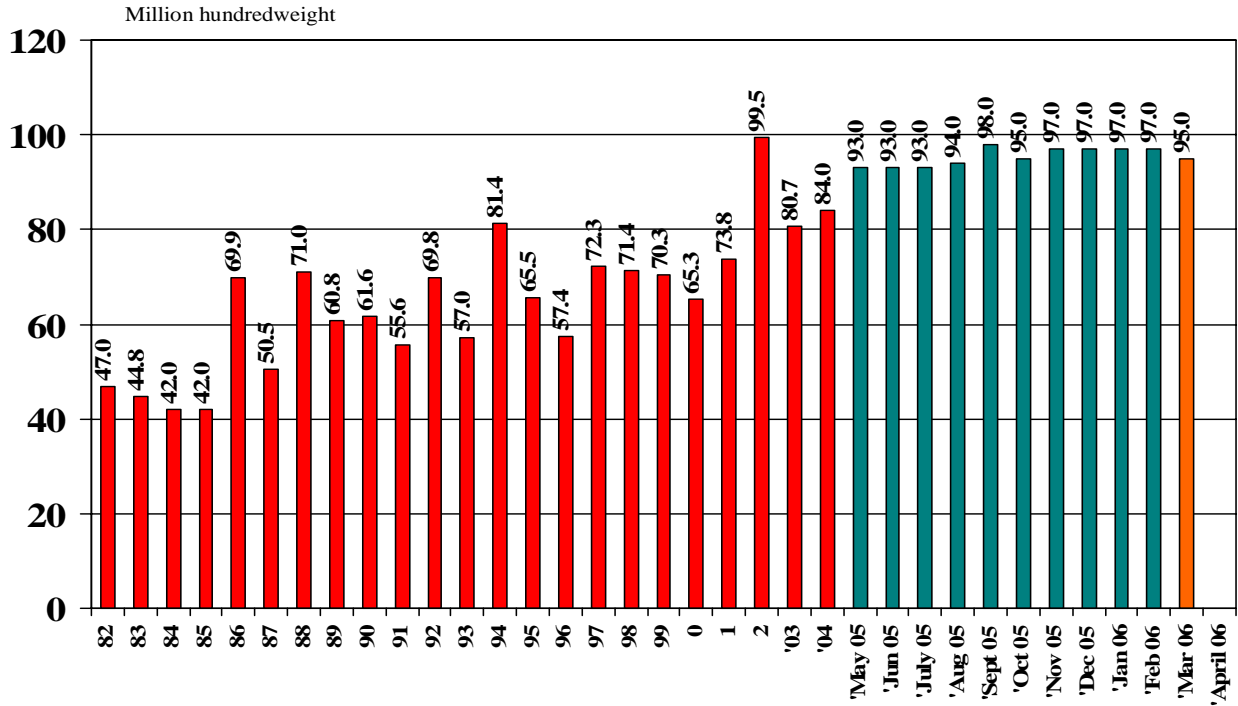
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice **Domestic & Residual** 1982/83 – 2005/06



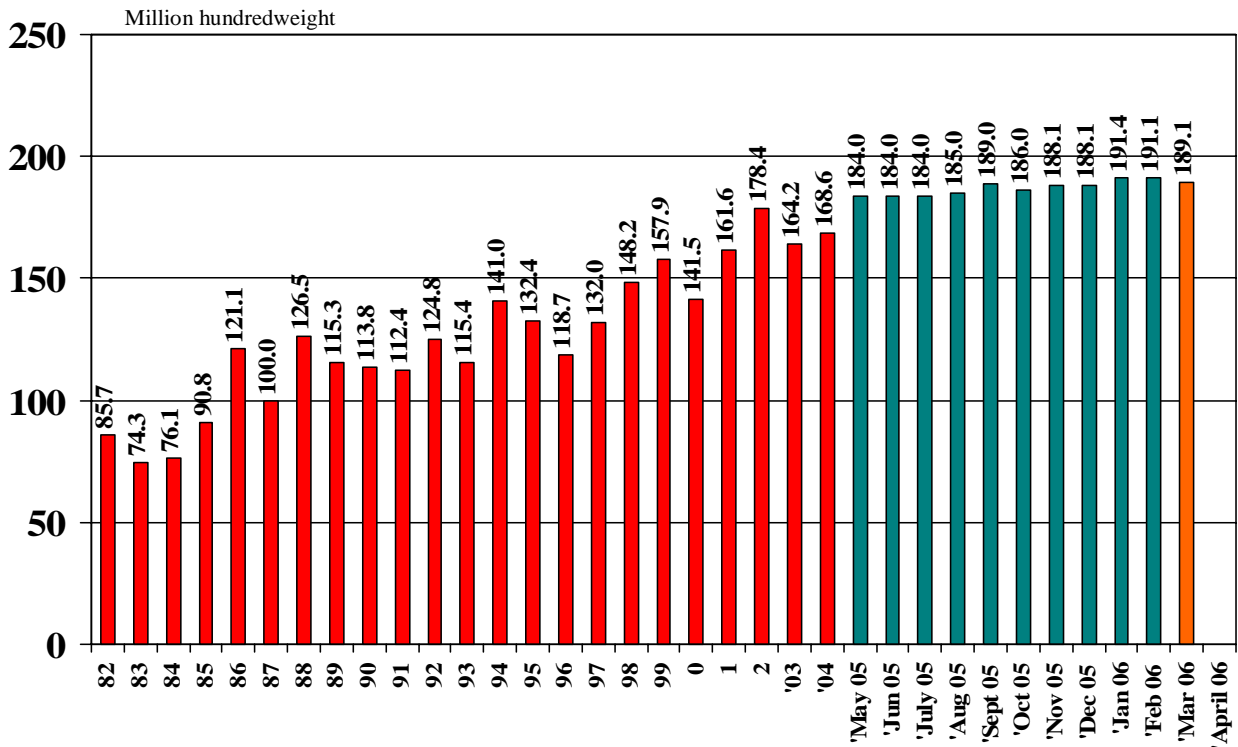
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice **Total Exports** 1982/83 – 2005/06



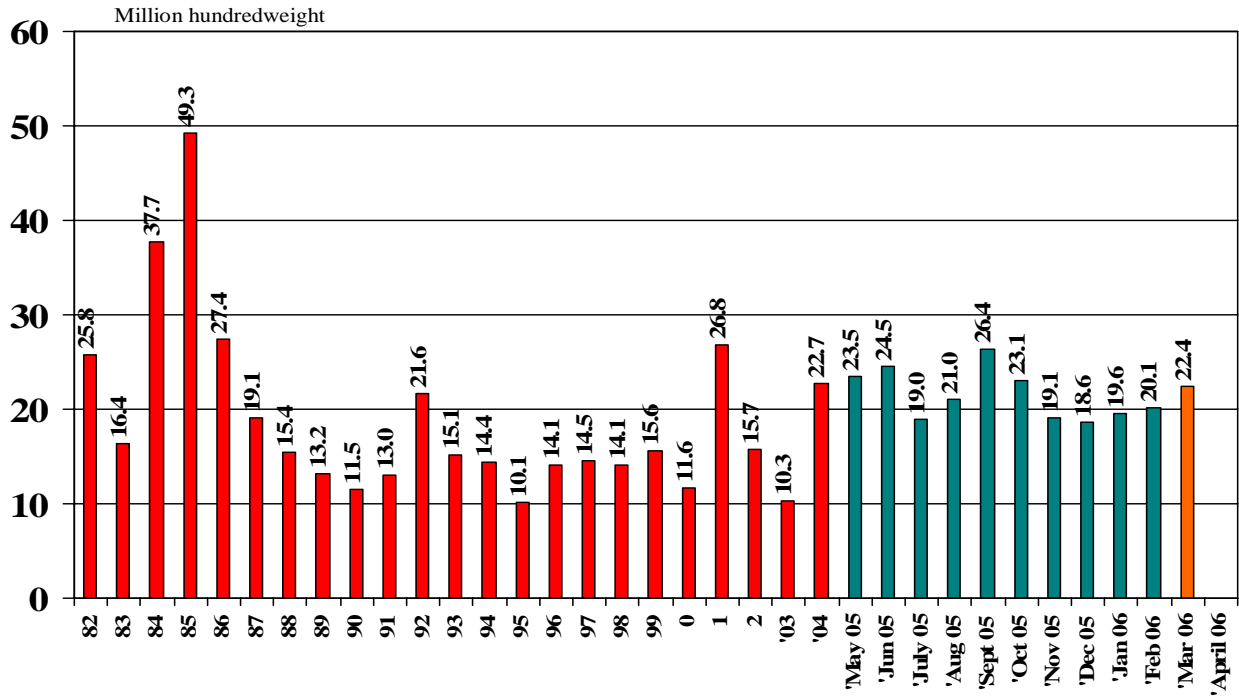
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

## U.S. Long Grain Rice **Total Use** 1982/83 – 2005/06



Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

# U.S. Long Grain **Ending Stocks** 1982/83 – 2005/06



Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)