

Rice Graphics and Commentary

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By

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USDA's May Supply and Demand report shows 2007 all rice production projections of 183 million cwt. This is 5.5 percent below last year (2006/07), 18 percent below 2005/06 and the smallest all rice production since 1997/98. Reduced 2007 production is due to the added cost of production, lack of long grain pricing opportunities, crop alternatives for Mississippi River Valley Delta producers, trade barriers, and the biotech rice issues.

2007/08 all rice imports continue problematic with a record 21.0 million cwt projected. This is up 2 percent from 2006/07 and up 23 percent from 2005/06. This represents 8.7 percent of total supply.

USDA projects U.S. all rice ending stocks in 2007/08 to be 36.6 percent below 2006/07 at 23.7 million cwt.

With tighter domestic supplies and higher global price expectations USDA raised its 2007/08 U.S. all rice season price range for 2007/08 to \$10.25 to \$10.75 per cwt (\$4.61 per bushel to \$4.84 per bushel). These compare to the 2006/07 projection of \$9.65 to \$9.75 per cwt (\$4.34 per bushel to \$4.39 per bushel).

Turning to U.S. long grain rice production, long grain production is projected the lowest since 2000/01. It is projected down 8.3 percent from 2006/07 at 134 million cwt. and down 24.5 percent from the record set in the 2005/06 marketing period. Total long grain rice production still is the 9th largest on record.

Total long grain rice supply is estimated at 176.6 million cwt, which is down 9 percent from 2006/07 and down 17 percent from 2005/06. Total supply is still the 6th largest on record.

2007/08 U.S. long grain rice exports at 71 million cwt are estimated down 6.6 percent from 2006/07 and down 23.7 percent from 2005/06. The 2007/08 projected volume of U.S. long grain rice exports resembles the 1997 to the 2001 marketing periods.

2007/08 U.S. long grain rice ending stocks at 16.6 million cwt are estimated down 40% from 2006/07 and down 49% from 2005/06. Ending stocks are the 11th lowest since the 1982 marketing period but only the sixth lowest since the 1988 marketing period.

Bottom line: Until recently I was more concerned with long grain rice price weakness than with price strength. Presently, I give the edge to the upside given the bullish U.S. and global long grain fundamentals. That said, the commodities making up the commodity market continues to display a significant amount of price volatility and uncertainty, due to the dynamics of the global economic setting. I continue to believe professional marketing assistance is advisable from co-ops or individual marketing professionals.

Thai rice prices in milled metric tons 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	\$299

February 2006	\$307
March 2006	\$309
April 2006	\$308
May 2006	\$314
June 2006	\$319
July 2006	\$321
August 2006	\$319
September 2006	\$318
October 2006	\$307
November 2006	\$302
December 2006	\$311
January 2007	\$320
February 2007	\$323
March 2007	\$327
April 2007	\$324
May 2007	\$324

Vietnam rice prices in milled metric tons are as follows:

2000/01	\$165 milled metric ton
2001/02	\$187
2002/03	\$184
2003/04	\$212
2004/05	\$244
August 2005	\$256
September 2005	\$256
October 2005	\$266
November 2005	NQ
December 2005	NQ
January 2006	\$265
February 2006	\$264
March 2006	\$253
April 2006	\$243
May 2006	\$259
June 2006	\$264
July 2006	\$264
August 2006	\$269
September 2006	\$272
October 2006	\$278
November 2006	\$297
December 2006	NQ
January 2007	NQ
February 2007	NQ
March 2007	\$303
April 2007	\$303
May 2007	\$300

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

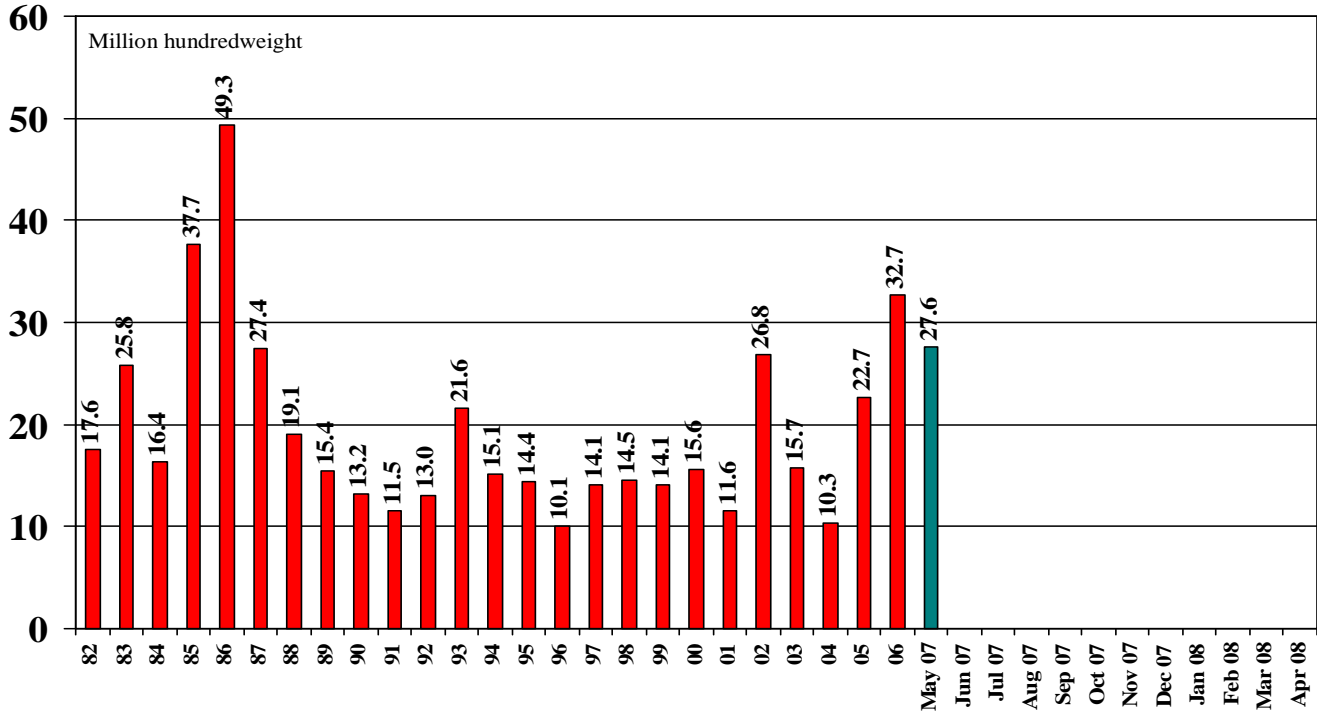
2000/01	\$290 milled metric ton
2001/02	\$222
2002/03	\$238
2003/04	\$375
2004/05	\$327
August 2005	\$293
September 2005	\$307
October 2005	\$318
November 2005	\$323
December 2005	\$335
January 2006	\$358

February 2006	\$369
March 2006	\$368
April 2006	\$373
May 2006	\$379
June 2006	\$379
July 2006	\$386
August 2006	\$410
September 2006	\$421
October 2006	\$433
November 2006	\$434
December 2006	\$438
January 2007	\$435
February 2007	\$432
March 2007	\$420
April 2007	\$415
May 2007	\$412

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

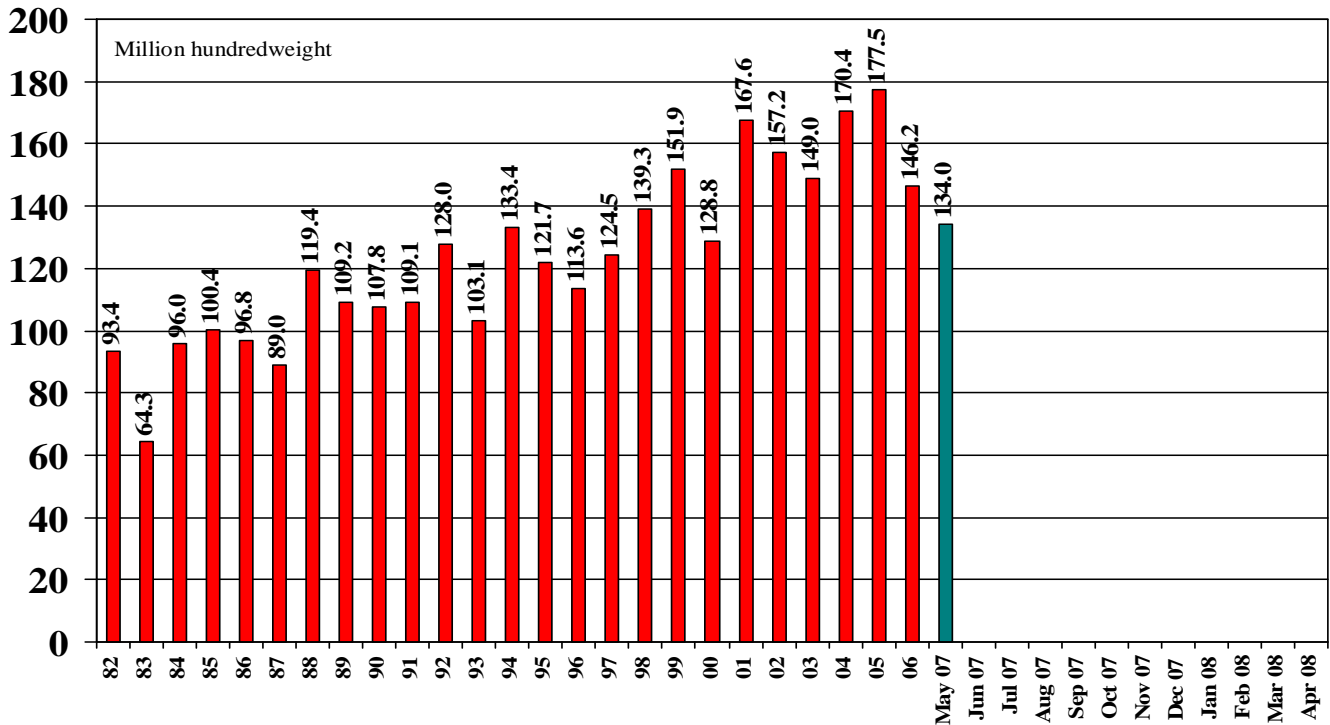
2000/01	\$157
2001/02	\$107
2002/03	\$123
2003/04	\$206
2004/05	\$176
August 2005	\$157
September 2005	\$165
October 2005	\$176
November 2005	\$183
December 2005	\$188
January 2006	\$201
February 2006	\$205
March 2006	\$205
April 2006	\$205
May 2006	\$202
June 2006	\$202
July 2006	\$213
August 2006	\$220
September 2006	\$227
October 2006	\$242
November 2006	\$245
December 2006	\$245
January 2007	\$243
February 2007	\$240
March 2007	\$240
April 2007	\$240
May 2007	\$240

U.S. Long Grain Rice Beginning Stocks 1982/83 – 2007/08



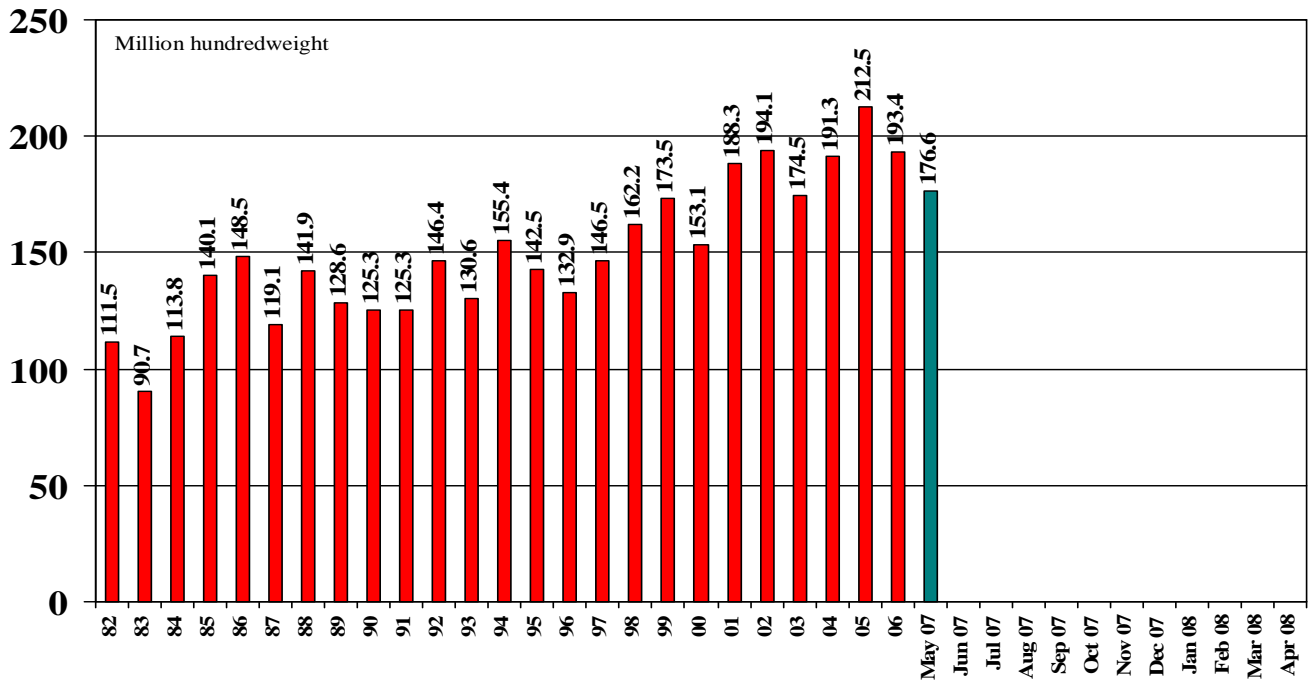
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Production 1982/83 – 2007/08



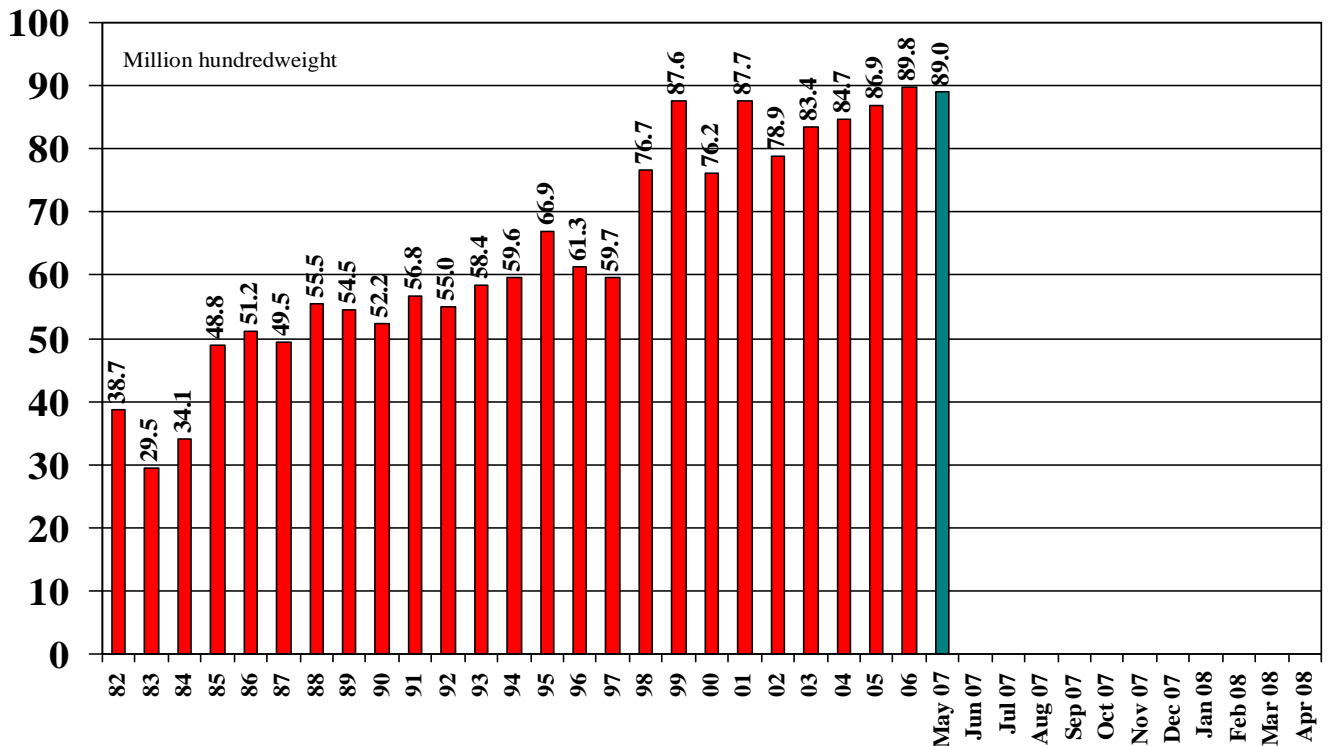
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Total Supply 1982/83 – 2007/08



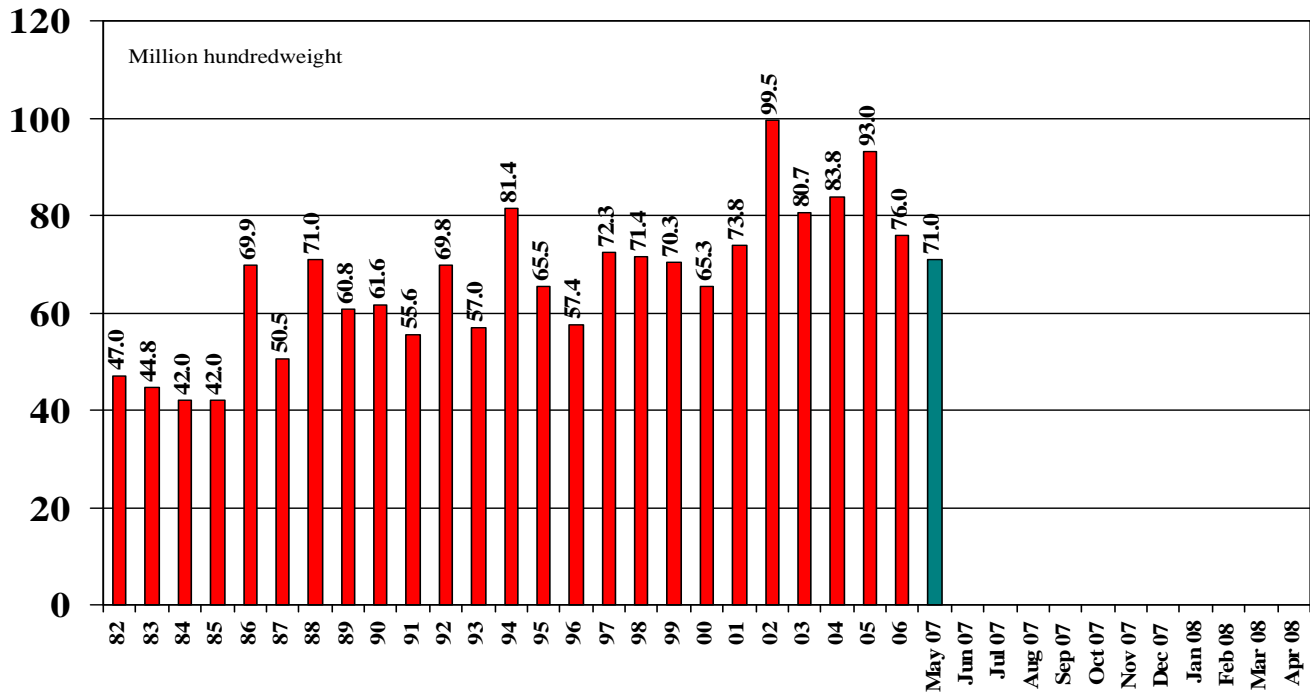
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Domestic & Residual 1982/83 – 2007/08



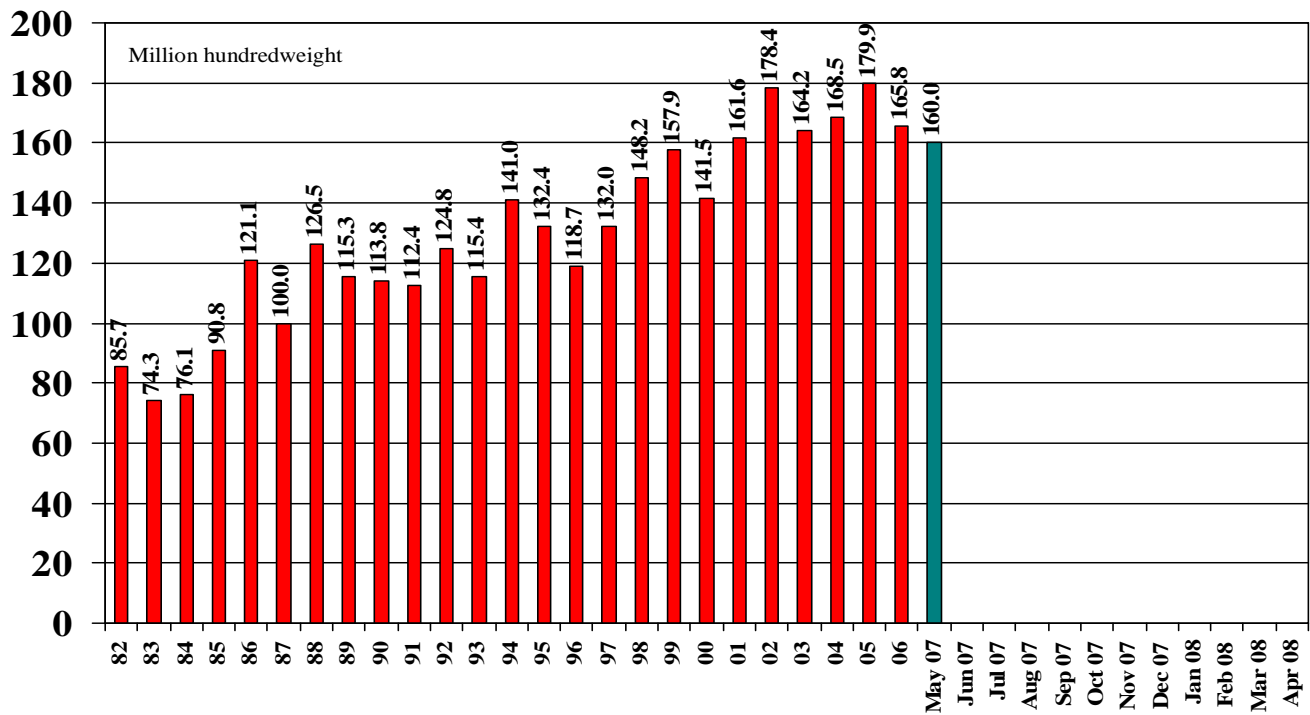
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Total Exports 1982/83 – 2007/08



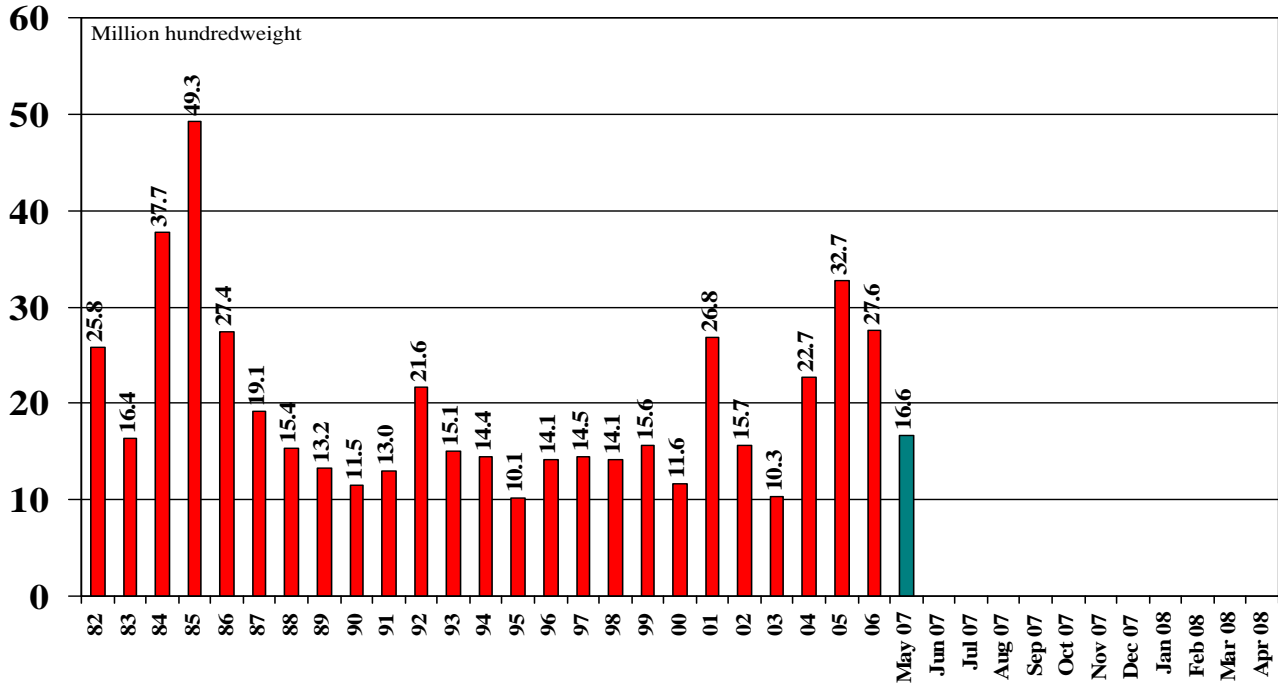
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Rice Total Use 1982/83 – 2007/08



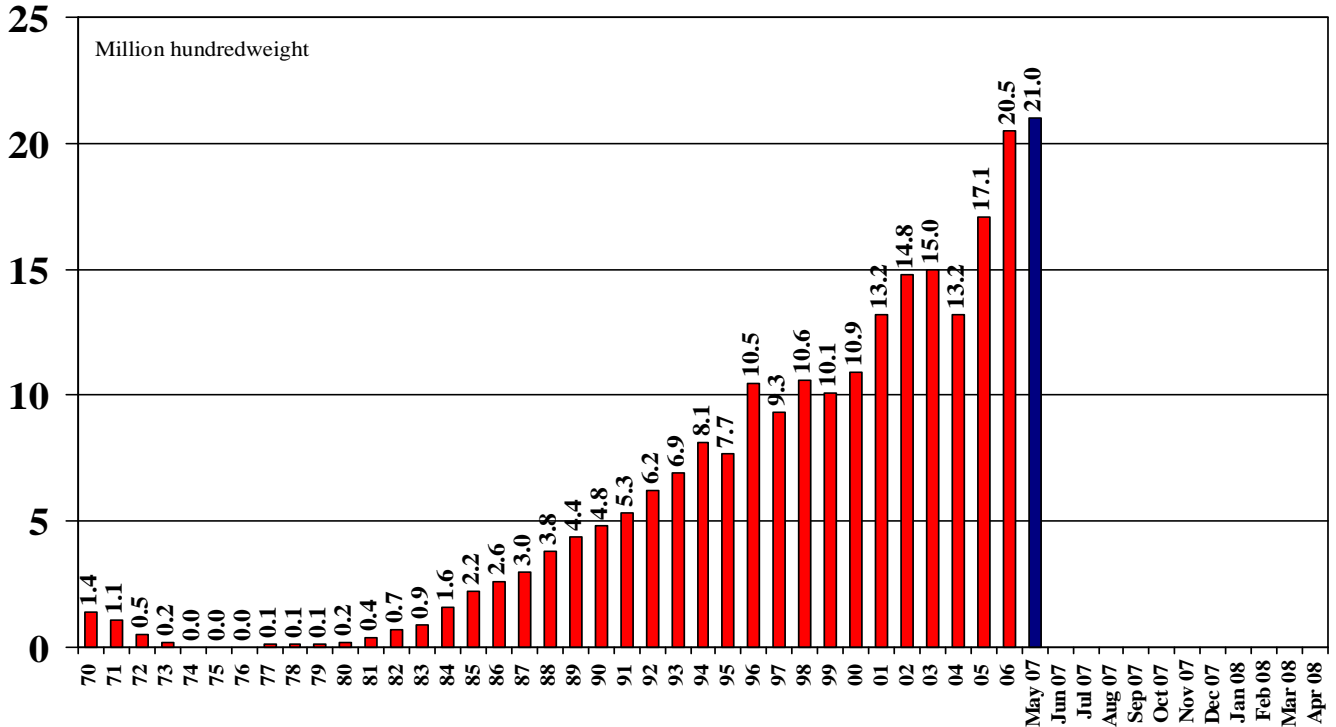
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. Long Grain Ending Stocks 1982/83 – 2007/08



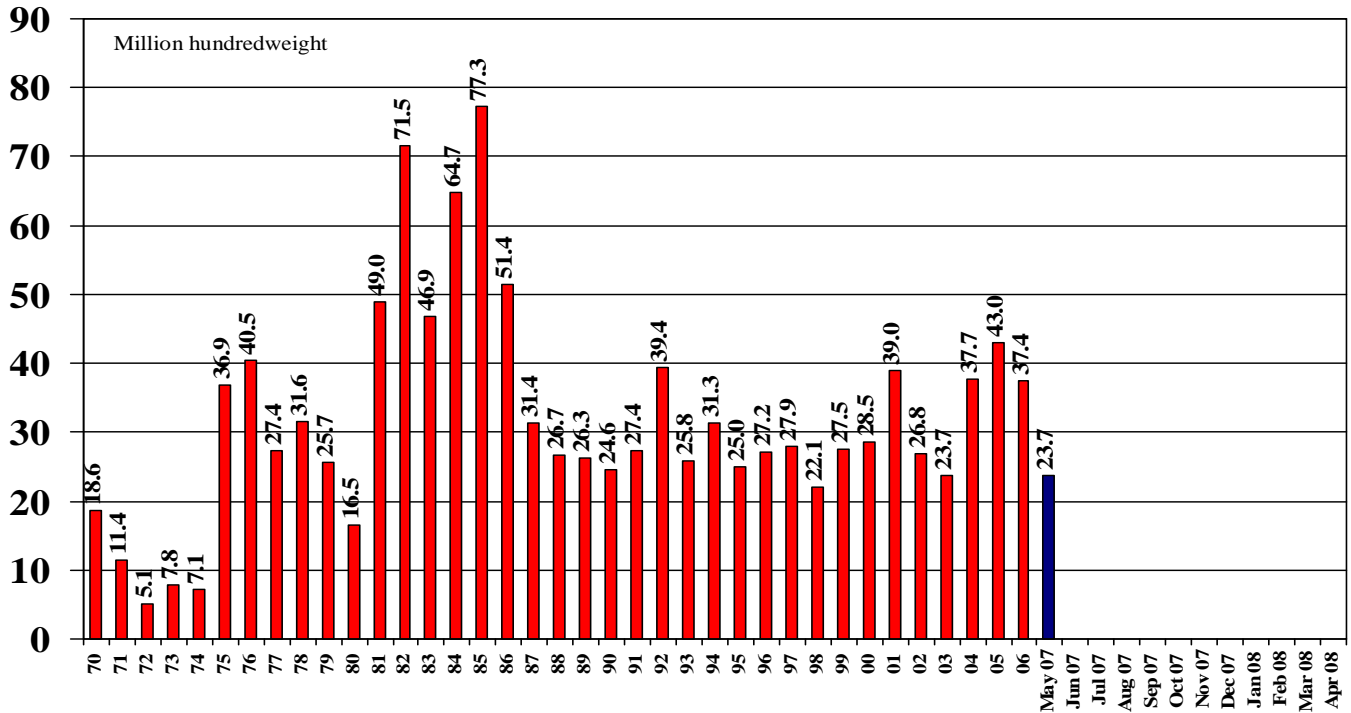
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. All Rice Imports 1970/71 – 2007/08



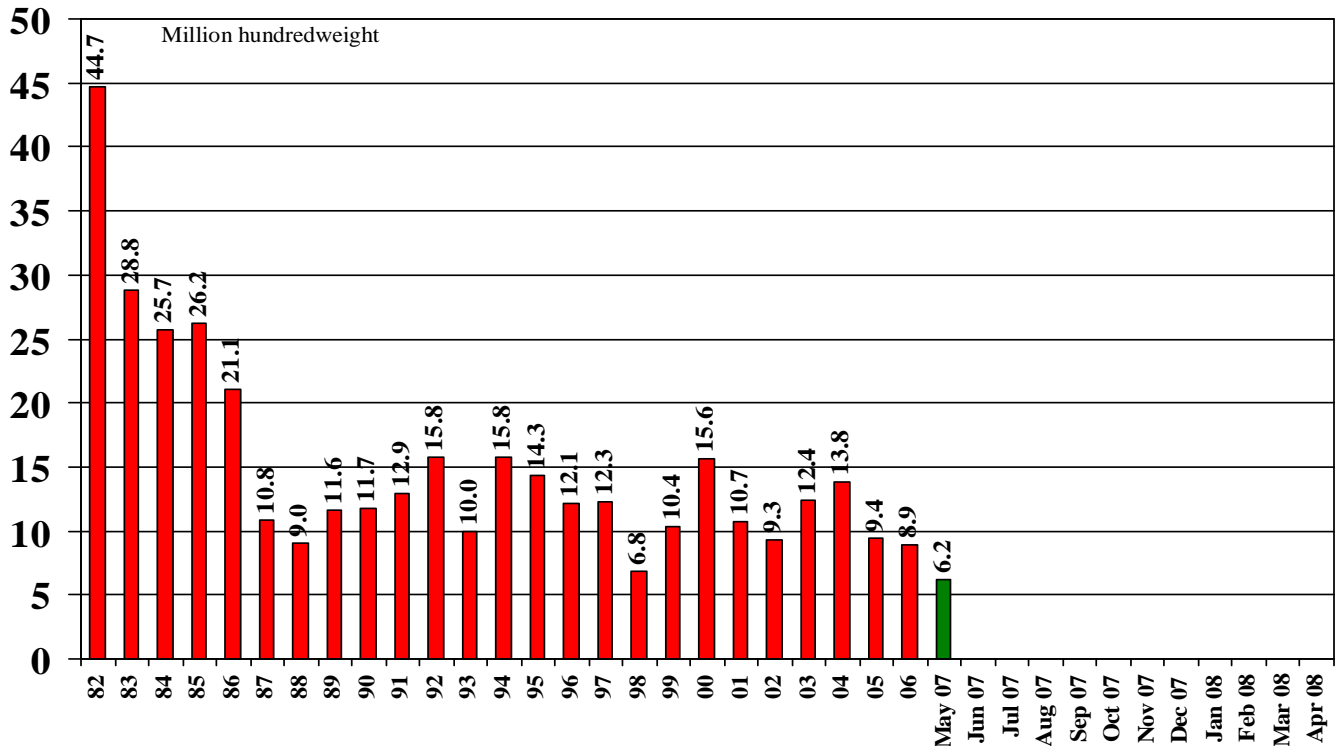
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

U.S. All Rice Ending Stocks 1970/71 – 2007/08



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

U.S. Medium and Short Grain Rice Ending Stocks 1982/83 – 2007/08



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

