

Rice Graphics and Commentary

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By

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The trend of the U.S. long grain rice market has been up. The question becomes will the long grain rice market be able to sustain its upward momentum. Factors such as strong global growth, the fear of inflation, dangerously low global rice stocks, 2006 U.S. rice planting intentions, a projected weakening dollar during the 2006/07 marketing period which begins August 1, 2006 and ends July 31, 2007, Brazilian rice stocks being down from the previous 2 marketing periods and active fund market activity, all go to fill the rice market with unbelievable uncertainty, which translates into pricing opportunity for long grain rice producers.

USDA in their February 2006 report made only minor changes to the U.S. 2005/06 rice supply and use projections from the January estimate. On the supply side, long-grain imports were raised slightly while combined medium- and short-grain imports are lowered by the same amount. Ending long grain stocks were raised from January's 19.6 million cwt to 20.1 million cwt, and combined medium- and short-grain stocks are at a record low of 5.25 million cwt. The season-average farm price for all rice, long, medium and short grain, is unchanged at \$7.65 to \$7.95 per cwt.

For the first six months of the 2005/06 marketing period U.S. all rice prices are as follows: August \$6.55 per cwt, September \$6.71 per cwt, October \$6.93 per cwt, November \$7.34 per cwt, December \$7.49 per cwt, and January \$7.40 per cwt.

USDA in their annual 10 year rice forecast has global rice trade projected to grow 2.5 percent per year from 2006 through 2015. USDA projects long-grain rice will account for an estimated three-fourths of global rice trade. Long-grain rice is expected to account for the bulk of trade growth over the next decade.

USDA estimates medium- and short-grain rice will account for 10-12 percent of global trade, with Japan, South Korea, Taiwan, Turkey, and Jordan being the major importers.

Aromatic rice, primarily basmati and jasmine, will make up most of the rest of global rice trade. Aromatics typically sell at a substantial price premium over long- and medium-grain varieties. Aromatics are imported mostly for high-income consumers.

USDA indicates that over the next decade Thailand and Vietnam, primarily long-grain rice exporters, will remain the world's largest rice-exporting countries, accounting for nearly half of all rice exports.

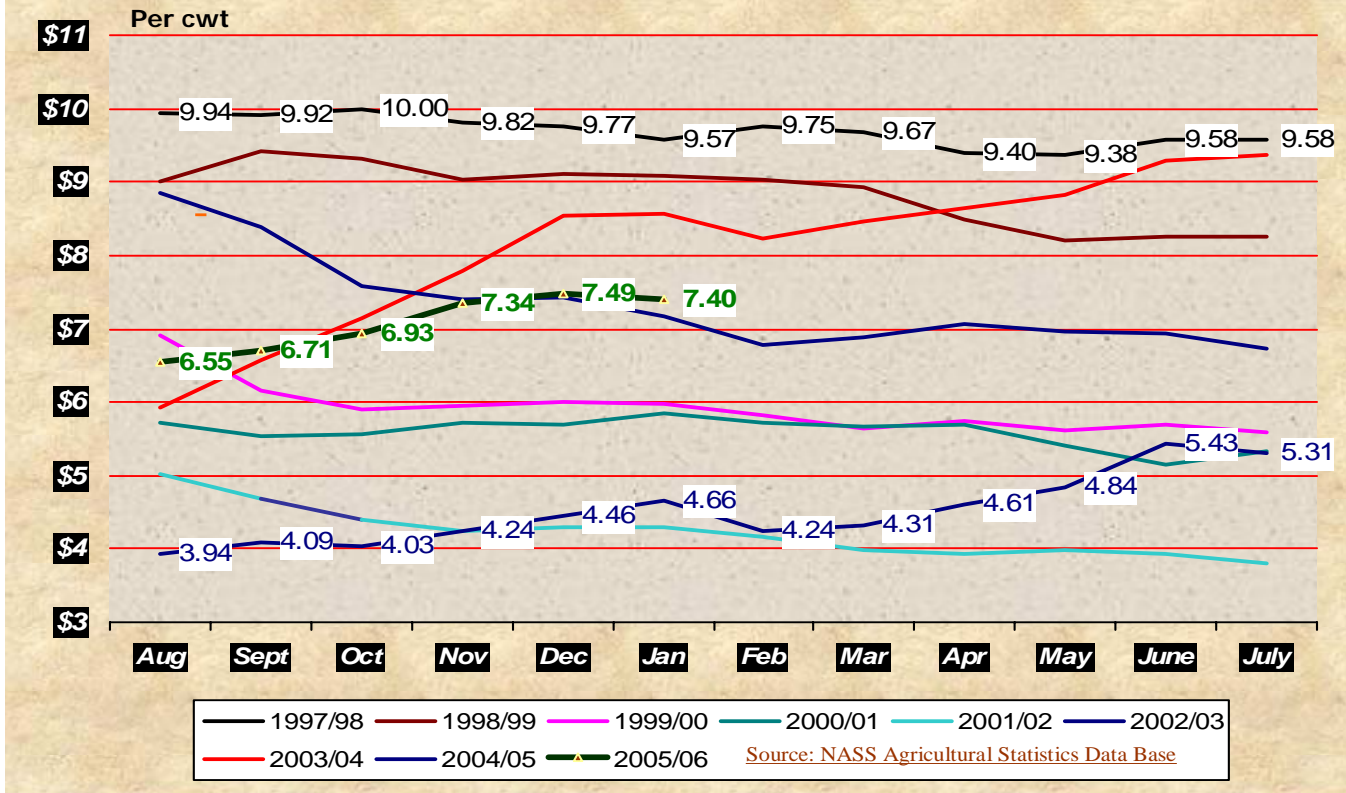
Over the next decade the United States is projected to remain the third largest rice-exporting country during the first half of the decade. USDA sees rising domestic demand and a slower growth rate in yields constraining the expansion of U.S. rice exports.

USDA projects that midway through the coming decade India will become the third largest rice exporter. Indian exports are projected to increase over the next decade as high internal prices stimulate production and exportable supplies.

For the present, the long-grain rice price trend continues to be the friend of the U.S. rice producer due to factors mentioned previously. For U.S. rice producers pricing opportunities may continue to exist into the immediate future.

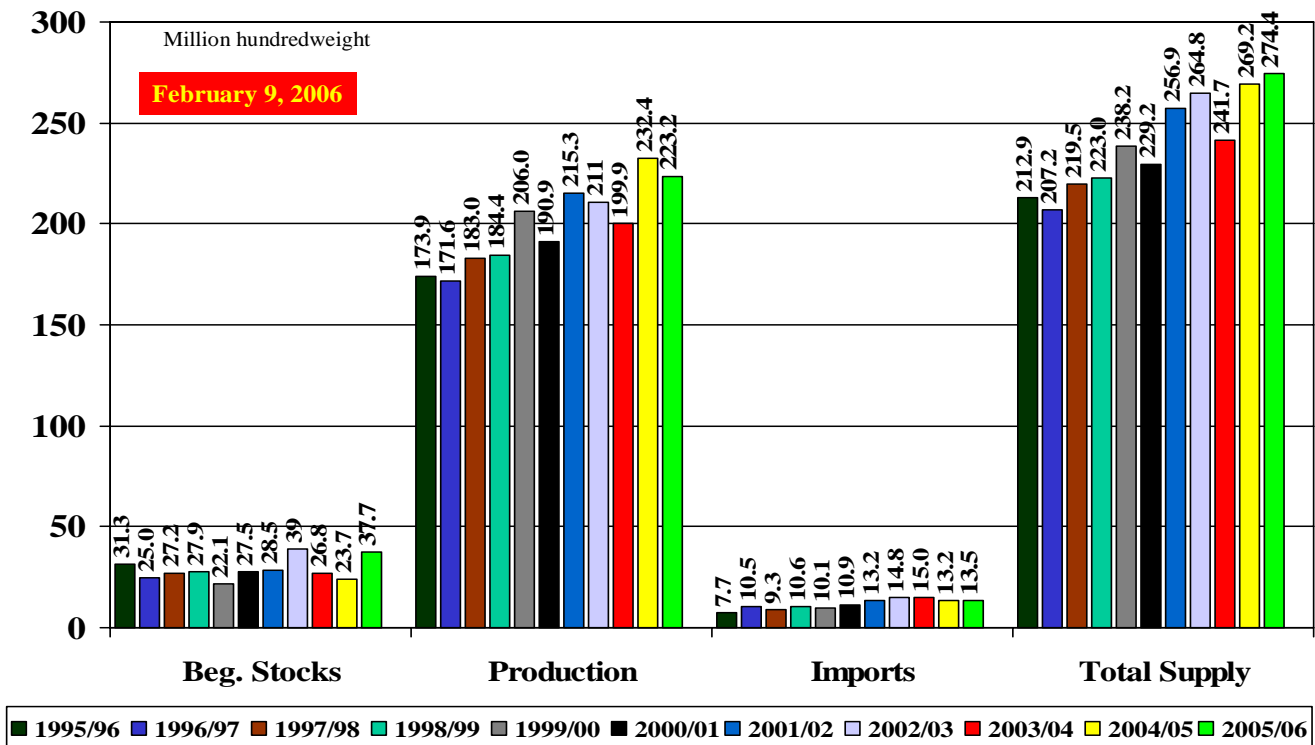
Source: [NASS/USDA Data Set](#), [World Agricultural Supply and Demand Estimates](#), [Rice Outlook Report](#), and [Grains: World Markets and Trade](#)

U.S. All Rice: Monthly Prices Received Marketing Period 1997/98 – 2005/06

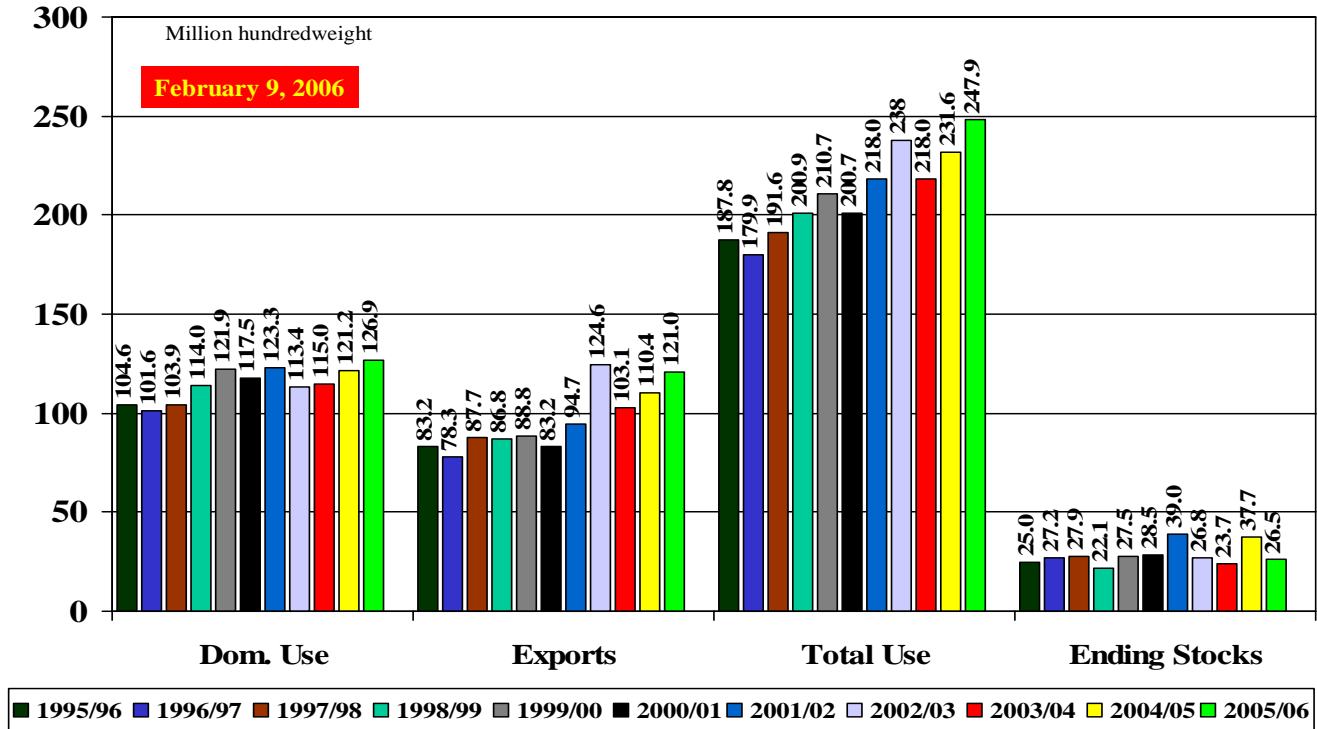


U.S. All Rice Supply 1995/96 – 2005/06

Average Farm Price (\$/cwt): 2003/04 \$8.08, 2004/05 \$7.33 & 2005/06 \$7.65 to \$7.95

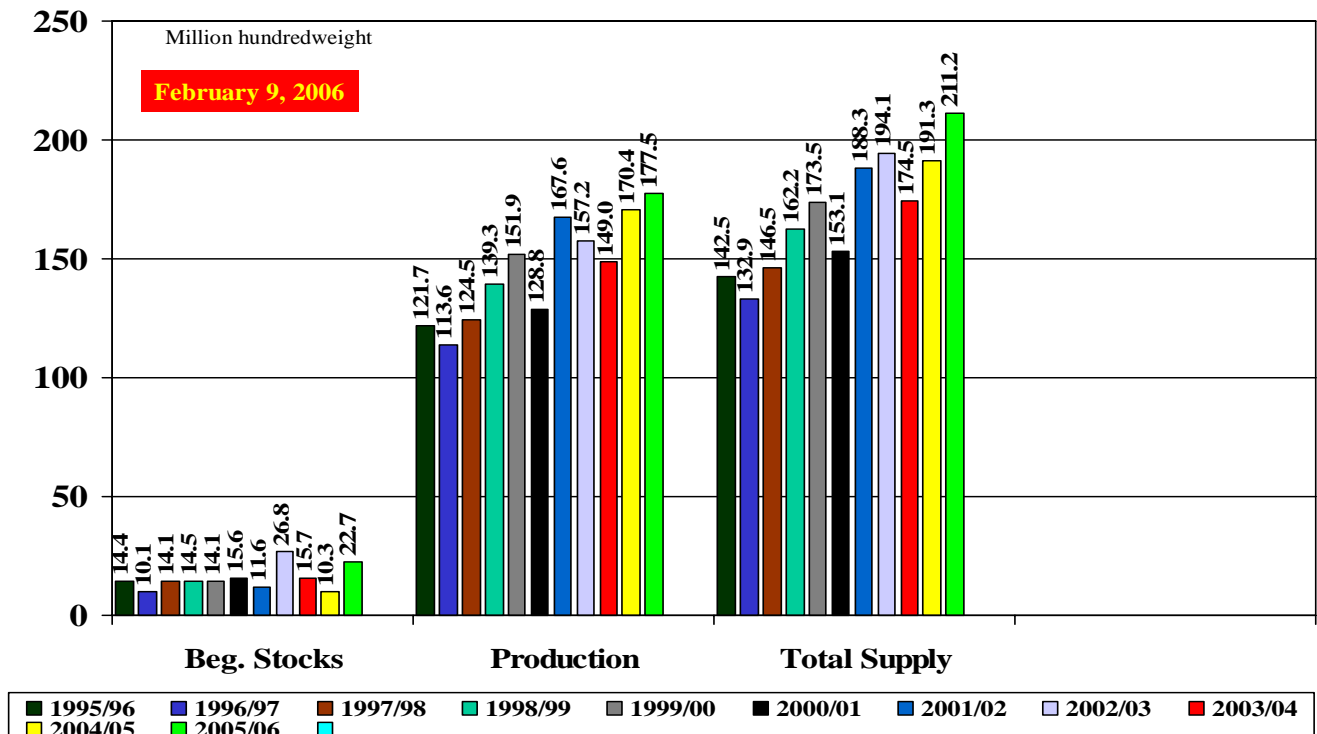


U.S. All Rice Use and Ending Stocks 1995/96 – 2005/06



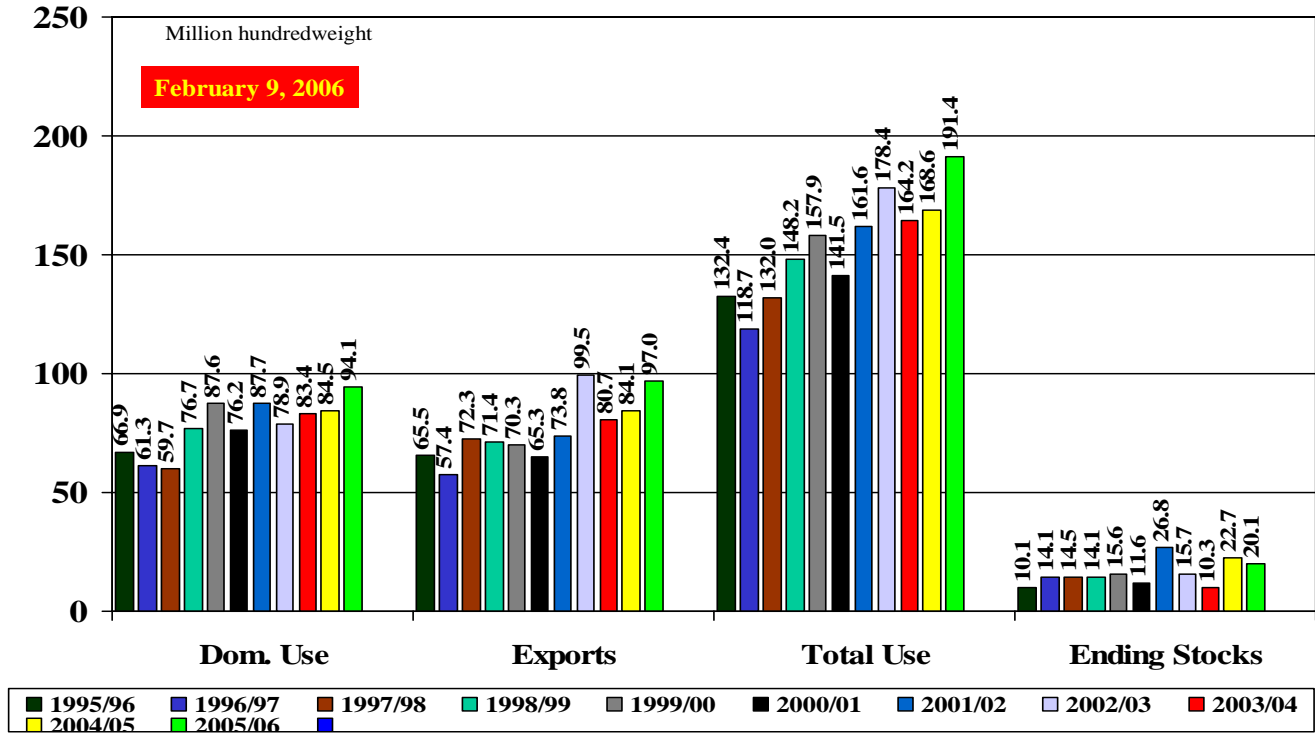
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



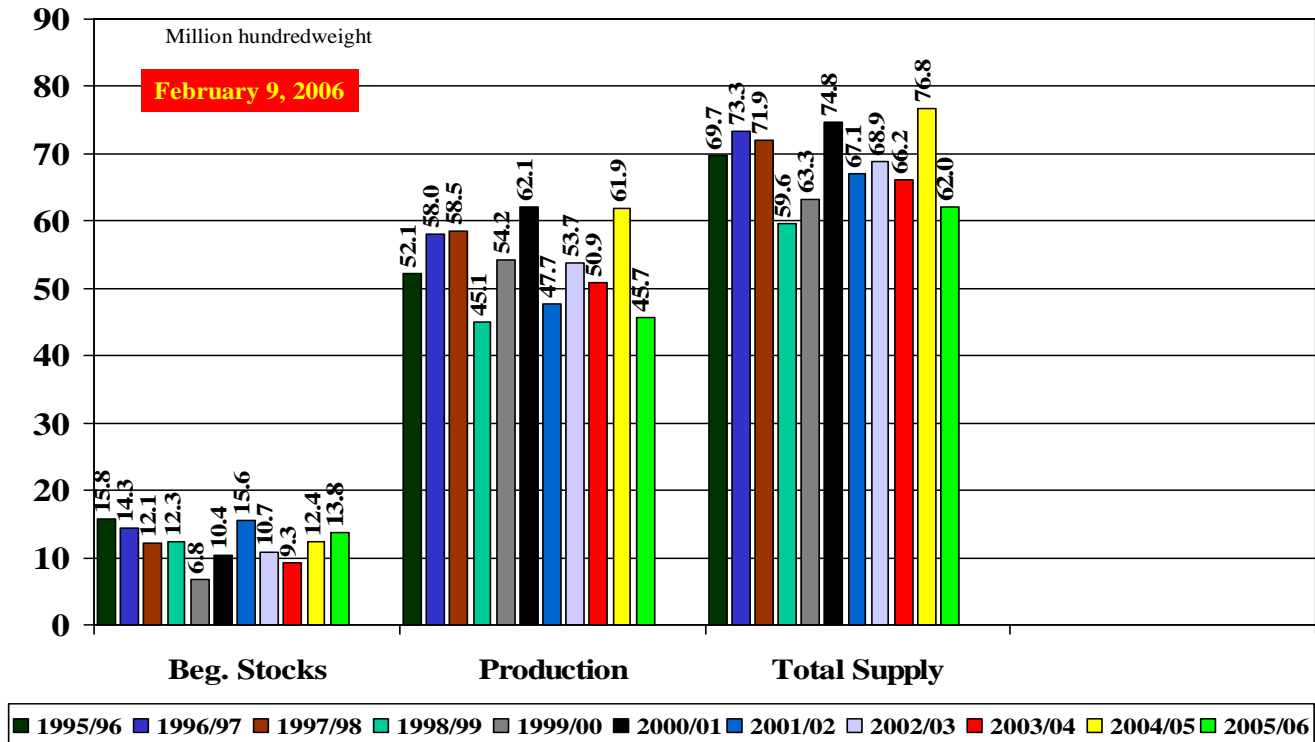
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



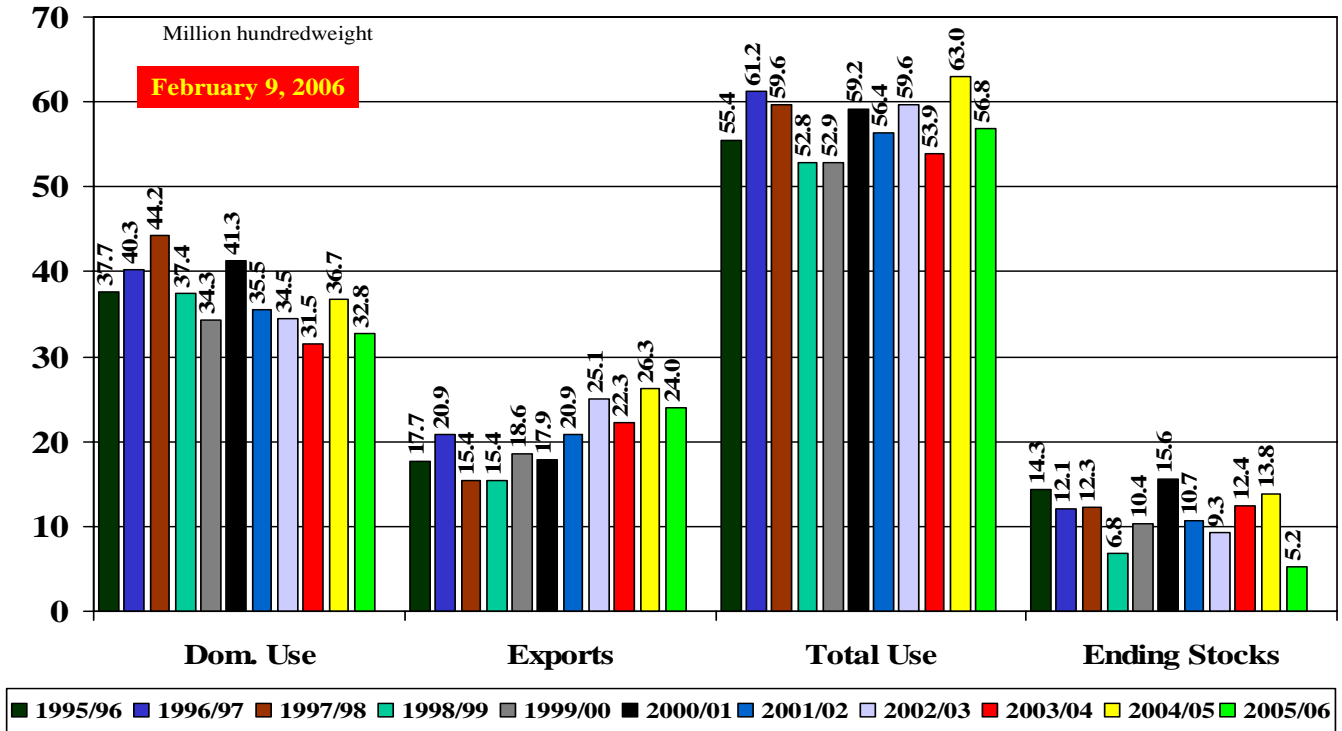
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



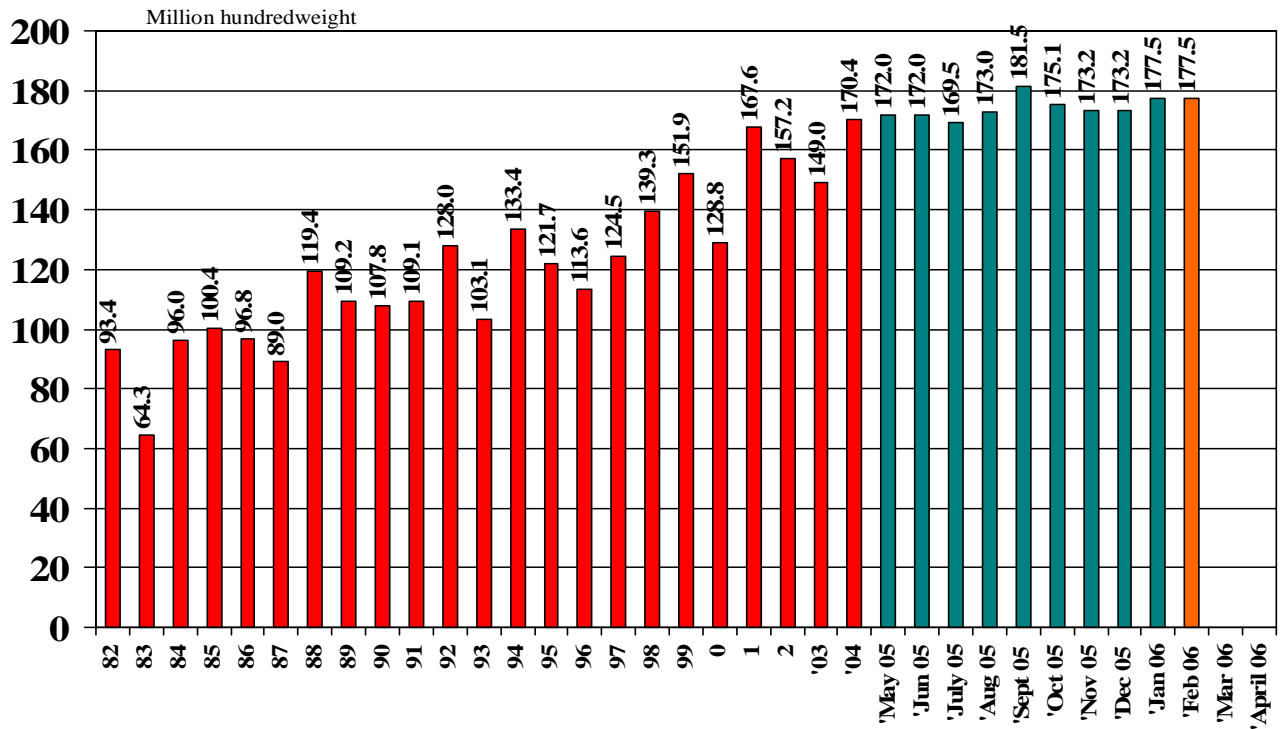
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



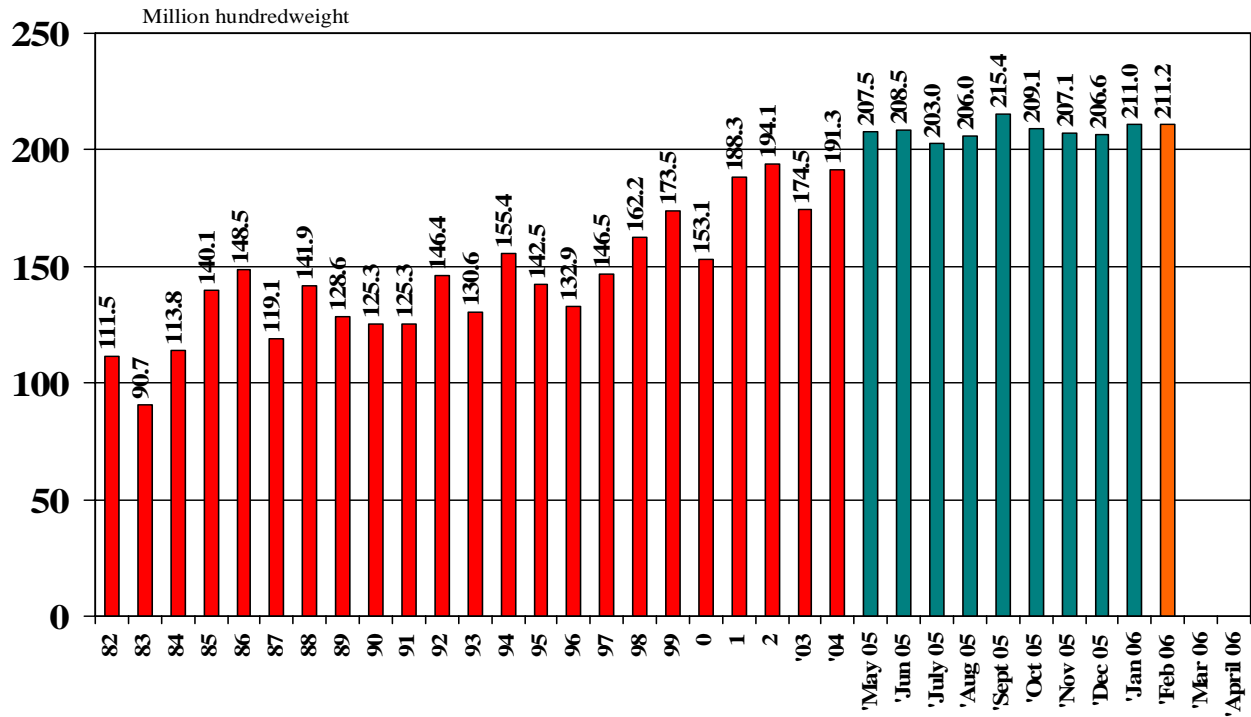
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



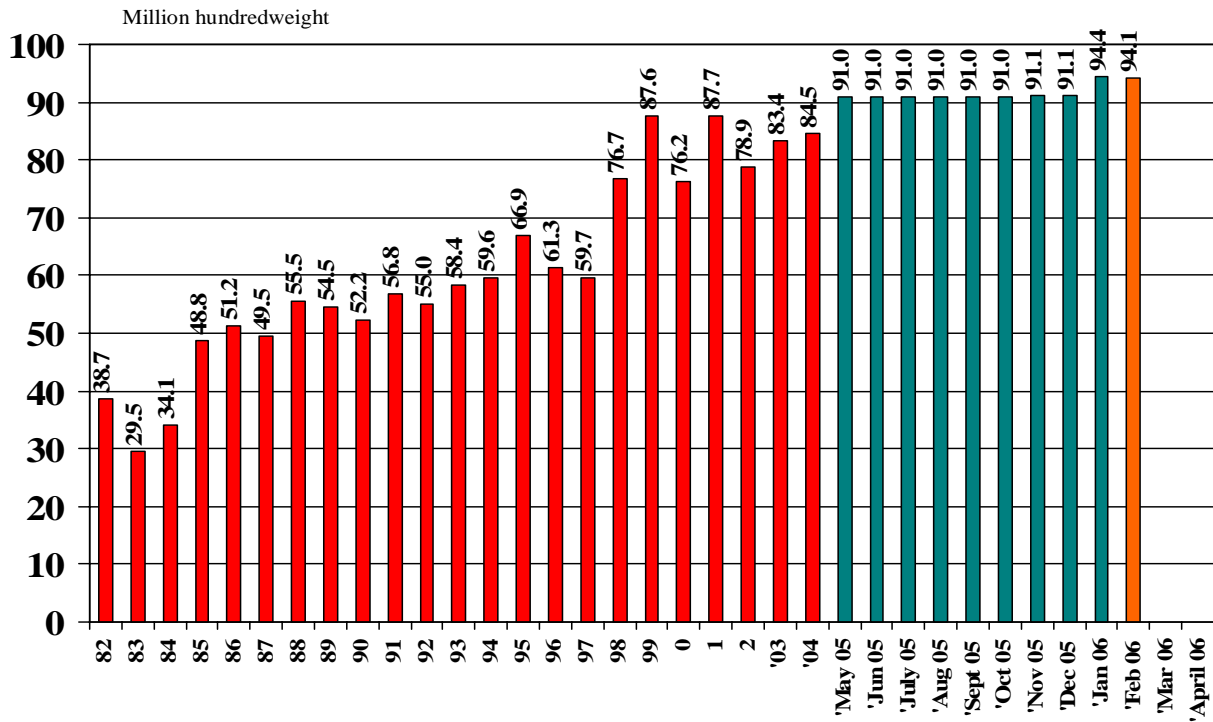
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



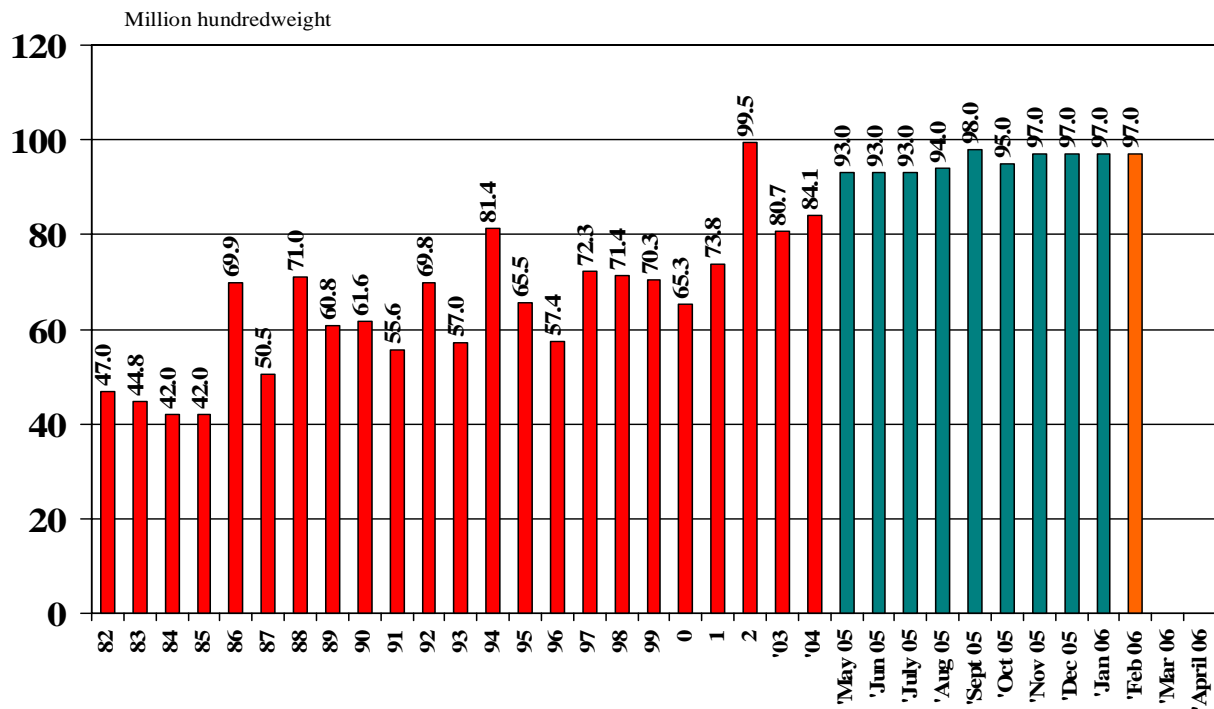
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



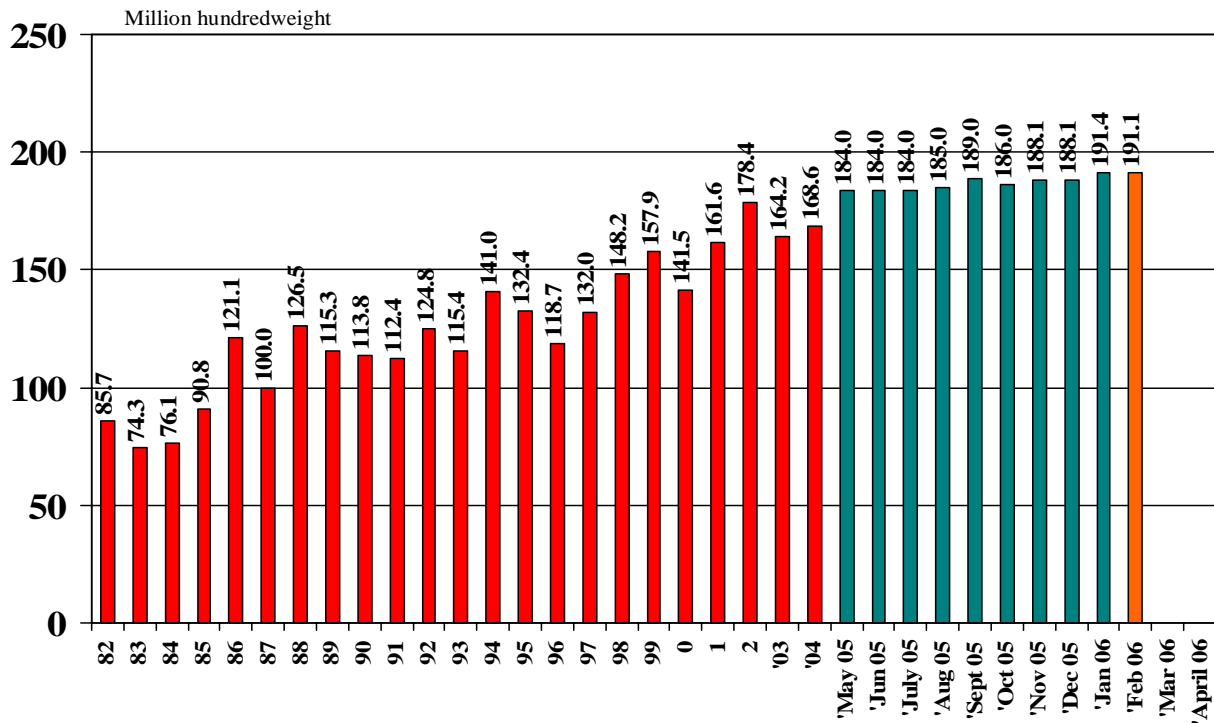
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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



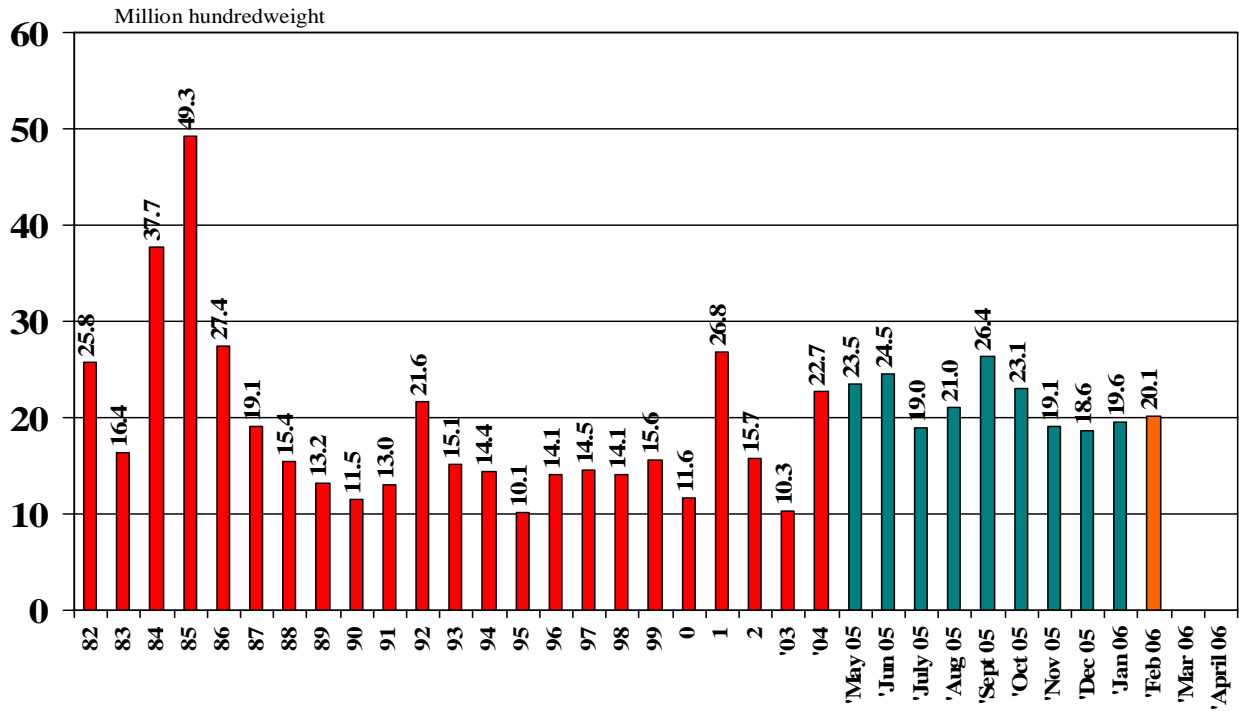
Source: [USDA World Supply and Demand Estimates](#) and [Rice Yearbook](#)

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](#)