



The Rice Advocate

US Rice Producers Association

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Rice Industry Leaders of the Western Hemisphere Attend Rice Americas 2009

This week in Miami, Fla., more than 200 attendees gathered at the Hyatt Regency Hotel to participate in the annual Rice Americas Conference, organized by The Rice Trader publication and co-hosted by the US Rice Producers Association. During the three-day conference, participants were treated to many updates ranging from volatility, inputs, and markets to country, regional, and policy updates from some of the industry's leading experts.

On Tuesday, many early arrivals and VIP's were treated to an evening yacht cruise aboard the Venetian Lady courtesy of The Rice Trader publication, the event's sponsor and coordinator. Wednesday's agenda consisted of an early start and keynote address from such personalities as Former Secretary of Agriculture Ed Schaefer, US Rice Producers Association President Dwight Roberts as well as remarks by the USA Rice Federation President Betsy Ward. Following the opening comments, Jeremy Zwinger, president of The Rice Trader [Continued on Page 2]

Inside this issue:

3 General Market Update



Pictured (L-R): Jeremy Zwinger, President of The Rice Trader, Honorable Ed Shafer, the former U.S. Secretary of Agriculture and USRPA President & CEO Dwight Roberts kick off the Rice Americas 2009 conference in Miami, Florida. Shafer served as the opening keynote speaker and received "The Rice Trader Award for Outstanding Contribution to Agriculture."

Texas Agriculture Commissioner Staples Speaks at Workshop on Thursday



Pictured: Texas Rice Council members Raymond Dollins, Raymond Franz, Tommy Turner and Ray Stoesser visit with Dave Scott from the Texas Southwest Cattle Association at the workshop on Thursday. Ray Stoesser serves as president of the Texas Rice Council.

The Texas-Cuba Trade Alliance held a workshop on Thursday (May 14) to provide the information, education and contacts crucial to facilitating food, forestry and agricultural sales to Cuba.

The workshop, Exporting to Cuba, featured Texas Commissioner of Agriculture Todd Staples. Staples reinforced the need for U.S. trade with Cuba, discussed the economy and employment in Texas, and explained the need for air travel directly from Texas to Cuba. Staples is an active advocate for U.S. trade with Cuba, and he has been working to allow direct flights from Texas to Cuba.

Other speakers included Dr. Jonathan Brown from the Institute for Latin American Studies at the University of Texas. Brown recapped Cuba's history and discussed the current political climate in Cuba and where the country is headed. Jennifer Darwin, operations coordinator with Cotecna Inspection, discussed export expectations from inspecting and filling crates to testing the quality of products. Cynthia Thomas, [Continued on Page 2]



There are over 29,000 grains of rice in one pound of long grain rice.

Baldo's Rice Facts

Participants Gather in Miami for 3rd Annual Rice Congress—Continued from Page 1



publication, gave the audience a comprehensive market, currency and outlook presentation. Dr. Bill Wilson from North Dakota State University then presented his work on volatility and risk management, followed by Dr. Harry Vroomen of The Fertilizer Institute who provided his perspective on the future of inputs. A special of the conference was the video teleconferencing call with Pedro Alvarez Borrego of Alimport (Cuba) who gave an update on the status of the Cuban market. A quick lunch was served, and then Roger Johnson of the National Farmers Union took the stage to provide his thoughts on the futures of agriculture. At this point, the conference shifted focus to regional and country updates. These were provided by Ing. Carlos Mejia, the director of FECARROZ (Central American Rice Federation); Luis Mazariegos, executive director of ARROZGUA (Guatemala); and Pedro Diaz Hartz, president of the National Rice Producers Federation of Mexico. Dr. Bruno Lanfranco, senior researcher at the National Agricultural Research Institute of Uruguay and Patricio Mendez de Villard of CIRAD gave other presentations from the region. Tiago Sarmento Barata of IRGA (Brazil), Jaime Cardoso (CONMASUR) and Jagarine Singh of the Guyana Rice Development Board concluded the afternoon with remarks on South American markets.

Day two of the conference began with remarks by Jeremy Zwinger and was swiftly moved into topics covering seed development, rice research and food security. First of the presentations was given by Duncan Macintosh, the development director at the International Rice Research Institute (Philippines) who was followed by Gonzalo Zorillo, the director of the Fund for Irrigated Rice in Latin America (FLAR). Dr. Ed Runge, the program director for the Beachell-Borlaug International Scholars Program (Monsanto) concluded the research focus with his presentation. After a short break, the conference moved into agricultural policy with a U.S. update by Fred Clark, the executive vice president of Cornerstone Government Affairs followed by a presentation on risk management in

agribusiness by Dr. William Nganje from Arizona State University. Jay Kapila, CEO of The Rice Company closed the morning session with his remarks about the effects of volatility and inflation surrounding the grains markets. The afternoon session opened with presentations over futures contracts and the California water situation presented by Susan Sutherland the associate director of the CME Group and Mr. Rick Keene, former California state assemblyman. To close the conference, a series of presentations over global trade were given by Thomas Wynn, director of market development for the US Rice Producers Association and Bob Papanos of Seacor, who then sat for a trade discussion panel along with Ramiro Velasquez of Global Commodities. The conference concluded following the panel.

"The reaction from participants was overwhelmingly positive and plans are already being made for next year," said Dwight Roberts, president and CEO of USRPA. "The results are exactly what we envisioned when we started this annual conference in 2007." The event provides an excellent opportunity for both the US Rice Producers Association and the USA Rice Federation to promote their activities and programs in Mexico and Central America while addressing issues in other individual markets.

These conferences are crucial to maintaining consistent trade and information exchange across the Western Hemisphere. The US Rice Producers Association would like to thank all of the sponsors of this event for their support, as well as all of the personalities who were able to attend and make the conference what it is intended to be. We look forward to working with all of the rice industries across the Western Hemisphere and hope you will consider joining us for Rice Americas 2010 (Location to Be Announced). USRPA is especially grateful for The Rice Trader publication and their partnership in what has already become the most important rice conference in the Western Hemisphere in just two years. The event has also become a popular event worldwide as evidenced by the participation from countries in Africa, Asia, Europe and the Middle East.


A more detailed report of the conference will be in next week's Rice Advocate. 

Staples Speaks at Workshop on Thursday—Continued from Page 1

president of TriDimension Strategies, discussed the licensing process and doing business with Cuba. A panel of five speakers also discussed exporting to Cuba, and Ernest Bezdek with the Port of Beaumont discussed the recent trade mission.

The workshop was sponsored by the Texas-Cuba Trade Alliance, the Transportation Club of Houston, the

International Traffic Management Association, Opportunity Houston and the Texas A&M AgriLIFE Extension.

Dwight Roberts, president and CEO of the US Rice Producers Association, serves on the Texas-Cuba Trade Alliance Board of Directors. For more information on TCTA and trading with Cuba, please visit <http://www.tcta.us>. 

General Market Update

Another quiet week has passed in the rice world, with the most substantial news of note being the dismal Supply and Demand report released on Tuesday. Export sales continue to come in spurts, while the cash markets remain quiet. The market undeniably has a bearish feel for the short term, but the underlying fundamental factors remain bullish.

The USDA net sales report for the week reported a 6% decrease from last week's 49,700 MT to total 46,900 MT for the week. Sales were reported for Mexico with 19,100 MT of mostly paddy, Costa Rica with 9,600 MT of long grain rough, Jordan with 6,700 MT of long grain milled, Haiti with 4,600 MT of long grain milled, Saudi Arabia with 2,500 MT of long grain milled, Canada with 1,300 MT of long grain milled, and Australia with 1,000 MT of medium grain. These sales were partially offset by decreases for Colombia (1,500 MT of paddy) and Guatemala (500 MT of long grain rough). Vessel loadings were reported at 85,000 MT, an increase of about 6% from last week's 80,400 MT. The primary destinations were Mexico (18,400 MT of paddy), Haiti (15,500 MT of long grain milled), Nicaragua (12,800 MT of paddy), Japan (9,400 MT of medium grain), Guatemala (8,100 MT of long grain rough), El Salvador (5,700 MT of paddy), Costa Rica (5,200 MT of paddy), and Canada (4,000 MT of long grain milled).

The USDA made no changes in their world market price estimate for the week. Current prices by class remain at \$12.08 per hundredweight for long grain rough and \$12.13 per hundredweight for medium/short grain.

The WAOB released its monthly Supply and Demand Estimate this week with some significant changes for rice. On the supply side, planted area increased by 6% to 3.18 million acres with a corresponding harvested acreage of 3.16 million acres. The average yield increased by 3% to 7,082 pounds per acre, while imports increased by 17% to 21 million hundredweights. The net effect on the supply side was a 10% increase in total production to around 224 million hundredweights. From the demand side of the equation, domestic use decreased by 2% to 132 million hundredweights, while exports were increased by 4% to 97 million hundredweights total. Net effects of all the revisions are an increase in the endings stocks by 69% to 39.2 million hundredweights. The season average farm price for the 2009/10 crop year was forecasted at \$10.50 - \$11.50 per hundredweight.

If it is at all possible, the cash markets were even quieter this week after the overly bearish supply and demand report was issued on Tuesday morning and buyers withdrew their bids from the marketplace. Currently, bids in Texas are at around \$10.50 - \$11.50 per hundredweight (\$4.50 - \$5.50 premiums). Southern Louisiana is

quoted at around \$11.73 per hundredweight (\$19.00 per barrel). Bids in the Delta are reported to be at around \$12.07 per hundredweight (\$5.43 per bushel) for old crop.

Asian markets have made few moves over the week as well. Thai 100%B is bid at \$535 per MT while Vietnamese 5% is bid at \$460 per MT, both fob vessel. The news from Iraq regarding potential incarceration of Iraqi Grain Board members has kept the market on its toes, but an additional tender was floated this week, which may help to ease some buying fears. More demand in the region is needed to help move surplus stocks hanging over the market.

Moving into another week of hard luck, the futures market could not catch a break after the Supply and Demand report sent thing into a tighter downward spiral. Monday's opening trade was at \$12.62 per hundredweight in the nearby July contract and by the end of the day, the market settled at \$12.65. Tuesday morning, the report hit the market causing it to drop \$0.415 per hundredweight from the open of \$12.59 to \$12.175. Wednesday saw a market rally with a \$0.095 climb to \$12.155 per hundredweight, but the progress was lost on Thursday with a \$0.145 market fall to close at \$12.01 per hundredweight. Friday's close saw the market at \$11.935 on an average daily volume of 657.8 contracts.

As many western hemisphere industry representatives return home from an eventful week in Miami, the market continues to absorb shocks and keep on going. By far the most influential news this week is the Supply and Demand report mentioned earlier. Interestingly enough, USDA prefaced the report with a note that the numbers were 'tentative' and would be solidified as the year progresses. Of the many issues to be drawn from the report, several stand out quite blatantly. The first is the highly questionable acreage figure, which is substantially high compared to the industries beliefs. The report fails to take into account the weather problems in the Delta, where rice plantings are currently at a standstill and many acres will likely be switched to soybeans once the water can be drained from the paddies. The acreage estimates also fail to incorporate the appropriate acreage levels of long grain that has been switched to medium grain. To top everything off, the USDA gave an even more bearish feel by significantly decreasing the average farm price in the most recent report. To give credit where it is due, it was a positive and correct adjustment on the export figures, but otherwise the report has caused substantial market damage due to its inaccuracies. We sincerely hope that this is not an indication of the types of reporting that may be expected during 2009 and that they will get better from this point forward. Export [Continued on Page 4]

General Market Update—Continued From Page 3

sales and vessel loadings continue to clip along at a reasonable pace. Pricing reactions spilling out of the Asian markets will be interesting to observe from not only a price standpoint, but also from duration. Cash markets are and will remain very quiet until the industry can clear out the old inventories and resume business. Trades will have to be made for the system to unclog itself. The futures moves are still difficult to predict but on a more positive point, it should be noted that when the bearish USDA report was released on Tuesday, the market was successful

in only losing \$0.415 as opposed to a limit move down (\$0.50) as has been the case in the past. This is arguably demonstrating some sense of firmness in the marketplace. It should be cautioned that if prices attempt to make a major upwards move, it could very easily be a false signal as bottom-pickers try to buy the market and cause it to crash back down. After that has been resolved, the market signals should move a bit more predictably. We still remain bullish for the 2009 crop and the situation in the Delta will have much to do with short-term pricing.

Chicago Rice Futures for the Week Ending May 15, 2009						
Closing Price	May-09	Jul-09	Sep-09	Nov-09	Jan-10	Open Int.
8-May	12.450	12.650	12.200	12.295	12.500	7,834
15-May	11.900	11.935	12.030	12.130	12.385	7,965
Weekly Change	-4.42%	-5.65%	-1.39%	-1.34%	-0.92%	1.67%
5 Day Average Volume			657.8 ↑		Source: Chicago Board of Trade	

The Rice Advocate is now accepting letters to the editor. If you have a topic you would like to address, please email your submission to jessica@usriceproducers.com with "Letter to the Editor" as the subject. Letters should be 200 words or less and address a specific issue. Submissions will not be published unless signed by the original author. USRPA reserves the right to edit all letters.



2825 Wilcrest Drive, Suite 505
Houston, Texas 77042

Phone: 713-974-RICE
Fax: 713-974-7696
rice_advocate@usriceproducers.com
www.usriceproducers.com
www.riceromp.com

Upcoming Events

June 21-24, 2009	RMA 110th Convention—The Ritz Carlton, Amelia Island, FL
June 30, 2009	Eagle Lake Field Day—Eagle Lake, TX
July 1, 2009	LSU AgCenter Rice Research Station Field Day—Crowley, LA
July 9, 2009	MFBF Region One Young Farmer Leadership Meeting—Cleveland, MS
July 9, 2009	Beaumont Field Day—Beaumont, TX
July 15-17, 2009	Postharvest 2009 Rice Conference—Bangkok, Thailand
July 16, 2009	Mississippi Rice Field Day—Stoneville, MS
July 17, 2009	MFBF Summer Rice Grower Meeting—Cleveland, MS
Aug 12, 2009	University of Arkansas Rice Field Day—Stuttgart, AR
Aug 19, 2009	Cache River Valley Seed Rice and Soybean Field Day—Cash, AR
Aug 27, 2009	2009 Missouri Rice Field Day—Portageville, MO
Sept 16-19, 2009	12th European Rice Millers' Convention—Venice, Italy
Dec 9-11, 2009	USA Rice Outlook Conference—New Orleans, LA
Jan 11-13, 2010	13th Annual NCS Cotton & Rice Conference—Tunica, MS

USDA Reports Next Week

Crop Progress	Monday, May 18, 4:00 pm
Weather-Crop Summary	Tuesday, May 19, 12:00 pm
U.S. Export Sales	Thursday, May 21, 8:30 am

Please visit <http://www.ers.usda.gov/WhatsNew/> to see last week's reports.