



The Rice Advocate

US Rice Producers Association

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USRPA Hard at Work in Washington During Congressional Recess

The U.S. Congress began its August recess in earnest this week, with both the House and the Senate now adjourned until Sept. 8. Nevertheless, that did not stop the US Rice Producers Association President & CEO Dwight Roberts from traveling to Washington, D.C., to meet with policymakers on several issues of key importance to rice producers.

Late last month, Republican Sen. John Cornyn from Texas was appointed to serve on the Senate Agriculture Committee. USRPA is pleased Keith Franks, Cornyn's legislative assistant responsible for agriculture issues, met at length with Roberts and USRPA Washington Counsel Fred Clark to learn more about issues of importance to rice producers. They discussed rice and other commodity programs, pending payment limitation rules, the importance of National Agricultural Statistics Service rice reporting, rice exports and USRPA promotional programs. USRPA welcomes Cornyn's appointment to the agriculture committee and looks forward to working with the senator, Franks

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Pictured: Dwight Roberts (left) with Keith Franks, Sen. Cornyn's legislative assistant responsible for agriculture issues. Franks met with Roberts to learn more about issues of importance to rice producers while he was in Washington this week.

Guatemala: Rice Promotions Stimulate Sales



Pictured: Guatemalan housewives with the chef after the cooking demonstration in San Miguel Dueñas, Sacatepéquez. The promotions in Guatemala have seen an increase in rice sales by 5 to 10 pounds per person.

The "Eat More Rice" campaign to increase rice consumption, which is implemented by Arrozgua (Guatemalan Rice Association) with funding provided by the US Rice Producers Association, works to increase rice sales in Guatemala through recipes and practical information for housewives and the general public. These activities have stimulated an increase of sales by 5 to 10 pounds of rice per person.

These marketing events promote cooking rice in a practical way. The chef cooks the recipe in front of an audience of supermarket consumers in preselected markets. Housewives and store vendors appreciate these events because of the knowledge they provide to the public.

Participants of the "Eat More Rice" campaign learn how to maximize their family budget with nutritious recipes. Not only do the campaigns teach participants relevant information about rice, but the program also generates consumer traffic in the stores, which leads to potential customers.

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and their offices in the months and years ahead.

The fiscal year 2010 Agriculture Appropriations bill pending in Congress includes a substantial increase in the budget for NASS (from \$151.6 million to \$161.8 million). This funding should enable NASS to implement an additional stocks report for rice on Sept. 1, in addition to several other important initiatives. USRPA supports the funding for the new stocks reporting date. Roberts met with staff for several key members of the House and Senate Appropriations Committees to explain why USRPA supports this important funding—including staff for Sen. Thad Cochran (R-MS), Reps. Jo Ann Emerson (R-MO) and Rodney Alexander (R-LA), and others. Roberts and Clark also met with Carol House of NASS in Washington to discuss how USRPA and NASS can work cooperatively to increase the reliability of NASS rice reporting.

Later in the week, Roberts met with Dr. Rajiv Shah, USDA undersecretary for research, education and economics, to discuss strategic agriculture research priorities, as well as support for increased funding for agricultural

research. The Senate version of the fiscal year 2010 Agriculture Appropriations bill includes \$295.2 million for the USDA's Agriculture and Food Research Initiative, which is an increase of almost \$94 million over the current funding level. This is one of those rare issues where USRPA agrees with the White House Office of Management and Budget. OMB recently stated, "The Administration appreciates the Committee's strong support for the National Institute for Food and Agriculture's Agriculture and Food Research Initiative for competitively awarded extramural research grants." Earlier this year USRPA urged Congress to increase AFRI funding by \$100 million. USRPA is pleased the Senate has gone more than 94 percent of the way to our goal, and we will be working with a coalition of other farm and agriculture organizations to support the Senate appropriation in conference.

Roberts also engaged in several other meetings while in Washington. Most notably, he attended meetings on the sale of U.S. rice to Cuba and the implementation of the U.S.-Colombia Free Trade Agreement. 🌱

Central America: Creative Program Impacts Rice Usage



Pictured: The School Nutrition Program in El Salvador (pictured), Nicaragua and Costa Rica is a cooperative promotion for US rice, beans and soy. Surveys and independent sales data show that the program has impacted the use and sales of these products in the areas where the promotions take place.

It has been an interesting year for the program in Central America. Guatemala and Honduras started activities in April and May, respectively, under the Market Access Program funding from FAS/USDA. As such, it is no longer a cooperative program with soy and beans. But, the same program strategy for teaching school cooks and

mothers how to provide more nutritious meals for less money is continuing to impact rice usage in these important markets for U.S. rice farmers. Schools in both countries have experienced temporary closings due to outbreaks of swine flu. During these times, the teams teach the same message to mothers in other community gatherings and meetings. The program in Honduras also has encountered occasional hold ups due to the political unrest caused by the military coup and ousting of President Zelaya.

For El Salvador, Nicaragua and Costa Rica, the program is finally working at full speed after a late start waiting for funds to be appropriated through the Global Based Initiative program of FAS/USDA. As in years past, this program is a cooperative promotion of U.S. rice, beans and soy. Occasional school closings are encountered due to the swine flu in these countries as well. However, the teams are very resourceful in finding other venues to reach the target market of mothers who make the buying decisions at home, for the school meals and other outlets.

In total, promotions have been conducted in 443 schools and trained 10,095 mothers/school cooks how to prepare low-cost, nutritious meals. More than 92,400 children have been fed a nutritious meal of rice and beans or rice, beans and soy in these schools. 🌱



A Malaysian aboriginal myth holds that all of the sky once lay flat on the Earth in the form of rice until the women of the tribe, wielding their long wooden rice brooms, heaved it upwards in the first harvest. From then on, rice fell back to Earth each year in time for a bountiful harvest.

General Market Update

It was a fairly slow week in the rice industry as the market factors continue to build and it remains unclear as to which direction this market will move. As it stands now, exports continue at a normal pace, while cash markets are quiet. The futures market is a difficult read as it is pulled by multiple factors. The market in Asia has remained relatively unchanged pending fresh demand, but otherwise the market seems to be in fairly good shape.

As we move into the new marketing year (starting on August 1), total net sales were reported at 73,200 MT. Sales increases were reported for Costa Rica with 42,100 MT of long grain paddy, Canada with 15,000 MT of long grain milled, the United Kingdom with 4,200 MT of long grain milled, Mexico with 3,000 MT of mostly paddy, and Saudi Arabia with 2,500 MT of long grain milled. Carryover sales from the last marketing year totaled 225,400 MT. Vessel loadings during the last marketing year totaled 3,322,900 MT, an 8 percent decrease from the prior year's 3,616,400 MT. The primary destinations from the last week in the 2008/09 marketing year were Mexico (1,700 MT of mostly paddy), Canada (1,100 MT of long grain milled), Jordan (1,100 MT of long grain milled), and El Salvador (400 MT of paddy). Exports for August 1-6 (new marketing year) totaled 14,900 MT and were primarily to Haiti (7,000 MT of long grain milled), Saudi Arabia (2,200 MT of long grain milled), Jordan (1,200 MT of long grain milled), and Syria (1,000 MT of medium grain).

USDA's world market price estimate was decreased for the week by \$0.06 for long grain and \$0.07 for medium/short grain. Current estimates are \$11.31 per hundredweight for long grain and \$11.40 for medium/short grain.

This week, USDA released its monthly World Agricultural Supply and Demand Estimate (WASDE) for August. Supply side revisions to the rice equation are as follows: average yield was increased by 6 pounds per acre to 7,093 pounds per acre; there were no changes to the harvested acreage estimate of 3.0 million acres, resulting in a total production of 211.1 million hundredweights. The components of the production estimate were a .6 million hundredweight decrease in long grain production and a .8 increase in medium short grain production. Domestic and Residual use estimates were left unchanged. On the demand side, revisions encompassed an increase in rough rice exports with a corresponding decrease of milled rice exports resulting in no net change. The season average farm price was raised \$0.40 on both ends to result in a \$13.65 - \$14.65 per hundredweight range. Ending stocks were projected at 23.9 million hundredweights, a 1.2 million hundredweight increase from last month's estimate.

The cash markets had relatively no changes over the week as producers continue to gear up for the harvest. In Texas, bids are reported at \$12.75 per hundredweight level (\$6.25 premiums) with some trades reported. In

Louisiana bids are at around \$12.96 per hundredweight (62/70) (\$21.00 per barrel) on very light trading in the region as well. Delta some new crop is reported to have traded at \$13.11 per hundredweight (\$5.90 per bushel).

Asian prices have again backed off over the week marking several weeks in a row that this has occurred. Thai 100%B is bid at \$550 per MT while Vietnamese 5% is bid at \$395 per MT, both fob vessel for the week. The Thai prices seem to have the most stability in the region because of the government intervention program and will probably remain a stabilizing factor until something of significance changes the demand equation.

Futures market had a rough week, including a significant technical pullback. On Monday, the market opened at \$13.86 per hundredweight in the nearby September '09 contract and climbed to \$13.895, a \$0.035 increase by the market close. Tuesday saw the market slide by \$0.165 to close at \$13.72 per hundredweight while Wednesday's action moved the market down an additional \$0.30 per hundredweight to close at \$13.385. Thursday's trading slid by \$0.16, while Friday's trades resulted in no change between open and close (although there was a \$0.20 trading margin throughout the day). The total range for the week was \$0.89 on an average daily volume of 1,274.8.

Each week brings new factors to the table and this week is no different. Harvest continues across the south in Texas and Louisiana, but remains several weeks away for the growers in the Delta. Yield reports to date have been very positive thus far with many reporting yields in excess of 9,000 pounds per acre. The Delta yields are still up for question and given the overall volume of rice produced in that region, will have a substantive impact on the total average yield figures. This week as was noted earlier, the USDA issued its first survey based supply and demand estimate. It is encouraging that the USDA is finally getting back on track. Overall, the estimate showed a net increase in production, but the noteworthy portion is the way that they arrived at their number. Long grain production was decreased by 3 million hundredweight while medium/short grain was increased by 11 million hundredweights. This seems much more in line with the expectations of the industry than previous reports in which the long grain figure was much overstated. As it stands, the long grain supply projections indicate a much tighter supply equation than was previously indicated in earlier reports. The market reaction was not substantial overall as most of this had been anticipated for several months, but it is a positive factor that the government is finally in line with industry. Hopefully they will keep up the good

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The latest Texas Rice Crop Survey reports (updated through Friday August 14, 2009) are available through the Beaumont Center web site at:
<http://beaumont.tamu.edu/CropSurvey/>

General Market Update—Continued from Page 3

work and continue to make revisions as the real values become apparent at the farm level. The cash markets have been fairly steady with very strong factors being derived from the futures market. Offshore demand remains fairly thin, which has not helped generate a better pricing situation for producers. When some key players move back into the market then this should be a significant aid, but until then, the futures will likely be the market driver for this segment. Offshore, the Asian markets have been very quiet because of a general lack of demand, but the prices continue to slide in the region. There is some concern as to whether the Vietnamese will be able to fulfill any substantial buying interest in the near future, but this remains a moot point now. Thai prices have been mostly stable because of the government intervention programs, which has had the side effect of keeping the U.S. competitive in this market. The Indian monsoons are still under par for the season, which may have some longer

lasting effects later into the year. As with everything else though, it remains to be seen. In the futures market, we have seen what looks to be a pullback over the week, as the nearby contract slid quite a bit. Technically, it was time for a retraction as the market was in overbought territory for a while, but the technical indicators seem to suggest that this will be a short-lived fall. External factors affecting the market are the oscillating financial indices, which have been up and down all week. In short, it may be advisable to withdraw from the market for a few days until everything is sorted out, but it would be very difficult to suggest trying to short the market. Longer-term prognosis is that this will be a short-term pull back and everything should be back on track in the next week or two. From a global demand standpoint, very little has changed in the past week and we still anticipate a stronger demand later in the year.

Chicago Rice Futures for the Week Ending August 14, 2009						
Closing Price	Sep-09	Nov-09	Jan-10	Mar-10	May-10	Open Int.
7-Aug	13.865	14.110	14.250	14.390	14.575	10,016
14-Aug	13.285	13.575	13.720	13.980	14.230	0
Weekly Change	-4.18%	-3.79%	-3.72%	-2.85%	-2.37%	-100.00%
Average Daily Volume			1,274.8 ↑		Source: Chicago Board of Trade	



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Upcoming Events

August 19, 2009	Cache River Valley Seed Rice and Soybean Field Day—Cash, AR
August 26, 2009	California Rice Field Day—Biggs, CA
August 26, 2009	Rice Irrigation & Innovation Field Day—Osceola, AR
August 27, 2009	Missouri Rice Research Farm Field Day—Glennville, MO
September 2, 2009	48th Annual Delta Center Field Day—Portageville, MO
September 16-19, 2009	12th European Rice Millers' Convention—Venice, Italy
September 18, 2009	Annual Delta Rice Promotion, Inc. Rice Luncheon—Cleveland, MS
October 8-10, 2009	World Rice Commerce 2009—Nusa Dua, Bali, Indonesia
October 27-29, 2009	World Rice Conference—Cebu, Philippines
January 11-13, 2010	13th Annual NCS Cotton & Rice Conference—Tunica, MS

USDA Reports Next Week

Crop Progress	Monday, Aug. 10, 4:00 pm
Weather-Crop Summary	Tuesday, Aug. 11, 12:00 pm
World Agricultural Supply and Demand Estimates	Wednesday, Aug. 12, 8:30 am
U.S. Export Sales	Thursday, Aug. 13, 8:30 am

All USDA reports are available by visiting http://www.usda.gov/wps/portal/?navid=AGENCY_REPORTS=RT.

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