



The Rice Advocate

US Rice Producers Association

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Today's Supply/Demand Report: No Christmas for Rice Farmers

USDA released its monthly Supply/Demand Report this morning and, contrary to what many in the trade expected, made no changes to last month's US figures. Corn, wheat, soybeans, and cotton all took their individual reports as negatives, but rice, at least at the open of the futures day session, actually jumped up by as much as 11 cents. Shortly after the opening, however, the negative effect of the other markets dragged rice futures into the red as well. Today's action (or inaction) by USDA causes us to suspect that lower production numbers will finally surface in the January and/or February monthly reports. At farm price projections for both long grain and medium/short grain were left at \$13.50 to \$14.50 per cwt and \$15.50 to \$16.50 per cwt respectively. Global projections were lowered a bit from the November report due to lower production forecasts for Brazil and China. This is in line with what we have been told about South America for the last few months – that production would be down due to a lack of water and high input costs.

There was no change in WMP factors this week, but a lowering over the next few weeks would not be a surprise, given the easing of prices in Asia. The current on-farm long grain WMP value is now \$14.46 per cwt.

Total export sales were very good this week at 65,200 tons. The lion's share of the business was in the medium/short milled column with Japan taking 38,100 tons followed by South Korea at 4,600 tons and Canada at 1,100 tons. Long grain rough rice was next in line with 13,100 tons of sales to El Salvador, Nicaragua, Honduras, and Mexico. The balance of the sales report came from purchases by the United Kingdom of 3,400 tons, Honduras of 1,200 tons, Guatemala of 1,100 tons, and Mexico of 800 tons. There was hope during the week that the Iraqi Grain Board would buy a cargo of US long grain, but that did not develop. The medium/short sales are great to see, but we need to sell more long grain – both milled and rough.

Exports of 49,700 tons for the week were better but still less than usual due to the easing of export sales this year. Again the leading numbers were in the medium/short column with 19,200 tons of milled loading out for Turkey, South Korea, and Jordan, and 10,200 tons of medium rough going to Turkey and Mexico. South Korea and Taiwan also shipped out 5,500 tons of medium/short brown. Long grain liftings were light this week at 12,000 tons of milled destined for Haiti and the United Kingdom, added to by 2,500 tons of long grain rough to Jamaica and Mexico and 300 tons of brown for Canada. There should be a pick up of long grain rough sales and shipments over the next few months.

There is still some interest in buying long grain rough, but for the most part everyone is on a Christmas and/or hunting and/or Rice Outlook Conference schedule right now. And this will be pretty much the case into the second week of January, if past years are any indicator. Public sales in Texas offered 126,988 cwts this week which drew bids of \$8.25 to \$8.50 per cwt premium over loan for package lots and \$7.00 to \$7.75 per cwt premium for high milling hybrid lots. Everything offered was second crop, and only 25,011 cwts confirmed. South Louisiana reported things as quiet this week. There were no bids noted, but buying interest is there if the offer is low enough. Some there are seeing decreasing stocks in first hands in Texas as well as the near certainty of a 50% to 60% production cut in 2012 as a factor that may eventually drive domestic buyers into south Louisiana for coverage to finish the year and/or start next year. The dry conditions in Texas are spilling over into south Louisiana, and though not as bad, they may have a fairly substantial effect on ground with salt problems.

We are advised that Mississippi continues to be quiet with nominal bids at low levels. Sellers are showing no interest at current levels. There was some talk of a basis bid for new crop at \$2.25 under the Nov 2012 futures, but that has attracted no serious attention to our knowledge. Arkansas is slow, too, with few bids noted. It appears that mills will pay something between \$12.70 and \$13.25 delivered mill, but these are low numbers. Given the current price atmosphere and the ease of pricing and booking other crops, talk of lower rice acres next in both Mississippi and Arkansas continues to be heard.

Prices on Thai and Viet rice slipped over the last week, some say in reaction to India's low levels. Vietnam is the most anxious about its new crop sales, even though there will probably not be any new rice harvested until the end of February/March 2012. Some observers think that the Vietnamese have sold more rice for this year than they actually have in current crop stocks.

Thai 100% Grade B ended the week quoted at \$605 per ton fob vessel, and Thai parboiled was at \$590 per ton – off \$10 and \$5 per ton respectively from last Friday. Prices were slashed in Vietnam this week with 5% long grain milled dropping by \$45 per ton to \$500 per ton. The lowering was in reaction to a public statement made by a Vietnamese official early in the week – this says they are in a selling mood for new crop. They don't want to let Indonesia or the Philippines get lured into Indian rice. Pakistani long grain milled 5% and parboiled both maintained their \$460 per

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Today's Supply/Demand Report: No Christmas for Rice Farmers Continued

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ton levels. Indian long grain was also unchanged at \$460 per ton for milled and \$430 per ton for parboiled milled.

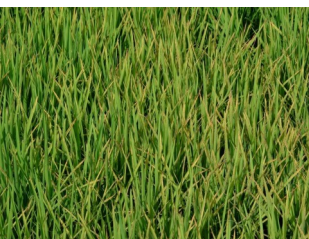
There was a lot of red ink on futures quote screens as the week came to a close, and rice futures were not left out of the selling. After attempting to rally early in the week, the nearby Jan contract made a new low on Friday at 14.01 and settled there, down 21 cents on the day. This puts closure of the big continuation chart gap at 13.55 within easy reach between now and the end of December – our guess is that it will be closed and soon. Though painful to see, this should help the overall technical health of the market, since it will take away a big mathematical impediment to the market going back up. This is not to say the market is guaranteed to head north again, but technical traders will be happy to have that stumbling block out of the way. Overall domestic rice fundamentals should take the market

back up, regardless of how bewildered and pessimistic the trade is right now. Rice futures prices at these levels are very cheap and will not encourage rice planting next year. Volume was mediocre at best during the week and got lighter as the week came to a close, but open interest remained at or near 18,000 contracts all week. As tired as the trade is of the pounding futures have been subjected to over the last several weeks, we do not think the hard ride in futures, rice and others, is over yet. We continue to urge care in trading any futures contracts. In other markets, an hour before the close, the Dow was up nearly 200 points for the week at 12195.91; the Euro was slightly down again at 1.3369 against the Dollar; and nearby crude futures were off a little since last Friday at 99.49 per bbl. Grains and cotton finished the week with Mar corn settling at 5.94-1/4, Jan beans at 11.07, Mar wheat at 5.96, and Mar cotton at 90.43. 🌿

Research Initiatives Highlight Texas Meeting By: Dr. Mo Way

In late November, Texas AgriLife Research rice scientists met with the President of the Texas Rice Research Foundation, Arthur Anderson, and Crop Consultants, Glenn Crane, Cliff Mock and J. J. Schmidt, to exchange ideas regarding research priorities for 2012. The half-day meeting was held in Houston, TX at the headquarters of the US Rice Producers Association. Scientists summarized their current research results and plans for future investigations followed by comments and suggestions from Mr. Anderson and the Crop Consultants representing the Texas rice industry. The exchanges were very valuable and served to better link the efforts of Texas AgriLife Research with the research needs of Texas rice farmers.

Panicle blight management remains an important research topic, but narrow brown leaf spot (*Cercospora*) was reported becoming more problematic on both main and ratoon crops. New fungicides and more resistant/tolerant varieties are needed. Another priority research area is nitrogen fertility rates and timings to maximize yields while minimizing lodging for conventional and hybrid varieties. Apparently, some high input farmers are applying more than 300 lb nitrogen per acre on the main crop (conventional varieties) applied preplant, pre-flood and post-flood (more than 1 application at this time) to produce exceptionally high yields on both main and ratoon crops. Frequently, especially during the very dry 2011 growing season, flooded paddies dry up increasing nitrogen loss. To make up for these nearly dry or dry post-flood periods, the above farmers are applying more nitrogen to compensate for potential nitrogen losses caused by denitrification and volatilization. However, no quantitative data are available to confirm or refute these practices. Also, Crop Consultants are recommending application of more potassium because they are observing signs of potassium defi-



Potassium deficient rice: note chlorotic or yellow older leaves. Baling and removing rice straw from fields can result in potassium deficiency in subsequent rice crops. Photo taken by Dr. Johnny Saichuk.

ciency in the field. In addition, there may be an interaction between potassium deficiency and prevalence of narrow brown leaf spot. Thus, more research is needed in this area. For the ratoon crop, some farmers are applying nitrogen fertilizer before main crop harvest to nurture ratoon crop growth. The idea is that fertilizer applied before harvest is more likely to contact the soil and help the ratoon crop compared to being tied up in the straw and stubble when applied after main crop harvest---another area of relevant research. In addition, some farmers fly on more than 1 application of nitrogen on the ratoon crop. Is this beneficial and economical? Only replicated investigations can reveal the answers! Another area of interest is providing evaluations of the efficacy of certain fertilizer and nutrient products claiming sizable rice plant responses. For weed management, farmers are interested in identifying resistant weeds and developing new tools to combat them. Neally sprangletop seems to be of concern. The Crop Consultants agreed that more “brews” of herbicides are being applied to control troublesome weeds. For insect management, seed treatments warrant more research and combinations of seed treatments to provide a broader spectrum of control should be evaluated. Input costs are increasing rapidly, so minimizing insect management costs is of value. More tools to control rice stink bug are of interest to Texas rice farmers. Finally, a strong need to develop new conventional varieties with both excellent main and ratoon crop yield potential was expressed. New varieties should have good panicle blight and narrow brown leaf spot resistance and be easy to harvest with minimal shattering. Varieties with panicles above the canopy rather than within seem to be preferred.

All in all, the meeting was very productive and will help scientists direct research efforts in more relevant areas to maximize benefits to the Texas rice industry.



Narrow Brown Leaf Spot (*Cercospora*) on rice foliage. This disease also infests culms below rice panicles and is becoming more problematic on both main and ratoon crops. Photo by Dr. Shane Zhou.



Congratulations to Jacko Garrett upon being awarded the Rice Lifetime Achievement Award this week at the USA Rice Outlook Conference in Austin, Texas. A member of original board of directors of the US Rice Producers Association, Jacko is been a life long farmer and rancher near Danbury, Texas south of Houston. His service as a leader within the rice

industry and to his community have been an example to all of us who have known him over the years. Jacko's Share the Harvest Foundation has donated almost 6 million tons of rice since it was formed in 1999. Jacko continues to serve as an alternate on the USRPA board and on the Texas Rice Council board of directors. The award was sponsored by Horizon Ag and presented by Mr. Randy Ouzts (pictured).



Jose A. Rodriguez (left) from BASF in Costa Rica and Eduardo Rojas partner in the Cibao Seed Consortium (CSC) during the inauguration of the new seed plant in the Dominican Republic this week. Dwight Roberts, President &

CEO of the USRPA attended the opening event while visiting with rice mills this week in the region.

State Rice Research News; Texas A&M AgriLIFE Research Center: The latest Texas Rice Crop Survey reports are available through the [Beaumont Center web-site](http://www.beaumontcenter.com)

For Texas rice farmers or those interested in following the developments regarding drought and lake water levels, check out the interactive website of <http://hydromet.lera.org>



**January 31 & February 1, 2012
Tunica, MS**



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Additional Resources

For economic analysis on agricultural efficiency, efficacy, and equity issues: www.ers.usda.gov

Texas Rice from A&M AgriLife Research Ctr. at Beaumont: http://beaumont.tamu.edu/eLibrary/eLibrary_default.htm

AgFax - Editor: Owen Taylor:
www.agfax.com

Upcoming Events

December 16-17, 2011	FECARROZ Board Meeting; Houston, TX
January 17, 2012	Arkansas Rice Growers Association Meeting; Crawfordville, AR
January 18, 2012	Arkansas Rice Growers Association Meeting; Walnut Ridge, AR
January 18, 2012	Western Rice Belt Conference; El Campo, TX
January 19, 2012	South East Texas Rice Symposium; Winnie, TX
January 24, 2012	Arkansas Rice Growers Association Meeting; Lonoke, AR
January 25, 2012	Arkansas Rice Growers Association Meeting; Dewitt, AR
January 26, 2012	Arkansas Rice Growers Association Meeting; Dumas, AR
January 27, 2012	Arkansas Rice Growers Association Meeting; Newport, AR
Jan. 31 - Feb. 1, 2012	15th Annual NCS Cotton & Rice Conference, Tunica Resorts, MS
February 8, 2012	Arkansas State University Agribusiness Conference; Jonesboro, AR
February 8, 2012	3rd Annual Louisiana Independent Rice Producers Assn.; Welsh, LA
February 9, 2012	61st Annual Texas Rice Council Meeting; El Campo, TX
February 21-23, 2012	Middle East Grains Congress 2012; Dubai, United Arab Emirates
Feb. 27 - March 3, 2012	Rice Technical Working Group; Hot Springs, AR
June 5-7, 2012	Convencion Arroz de las Americas 2012; Miami, FL

For more information visit USRPA's online calendar at: www.usriceproducers.com/calendar

USDA Reports Next Week

Crop Progress (NASS)	Monday; December 21, 4:00pm
U.S. Export Sales (FAS)	Friday; December 25, 8:20am

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

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