



# The Rice Advocate

US Rice Producers Association

Volume 7, Issue 34

Friday, August 27, 2010

## General Market Update: U.S. Rice Farmers Keep Eyes on Iraq and Cuban Markets

Regarding last week's breaking news: Reuters news service reported on Thursday that the Iraqi Grain Board announced that it has purchased a total of 310,000 metric tons of milled rice from the U.S., Thailand, and Vietnam. A quantity breakdown was not given, but it is widely believed that at least 120,000 tons is of U.S. origin. Once this is completely confirmed, it will be very good news of much needed business for both producers and millers.

USDA held the line with no changes in WMP factors this week. Weekly export sales were reported at whopping 130,400 metric tons, over 82,000 tons of which was long grain paddy for Nicaragua, Mexico, Honduras, and El Salvador. Long grain milled posted sales of 22,600 tons, with the biggest buyer being Nigeria at 15,000 tons of parboiled while Honduras, Canada, Mexico, and Turkey rounded out the week. Medium grain paddy came in at 15,000 tons to Turkey, and medium milled totaled 10,600 tons to Israel, Jordan, Egypt, Canada, and Australia. This continues the great start to the new crop marketing year. Physical liftings for the week were 23,900 tons, about a third of which went to Mexico, Jamaica, and Guatemala as long grain rough. Milled shipments made up the balance of the week's reported tonnage split fairly evenly between long grain – 6,600 tons to Canada, Saudi Arabia (parboiled), Panama, Mexico, and the Dominican Republic – and medium grain – 7,100 tons to South Korea, Canada, Israel, Australia, Saudi Arabia, and Syria. The long overdue Iraq purchase of U.S. long grain is seen by many in the trade as something of a confirmation of big buyers' concern about global supplies. The much larger than usual quantity bought is another sign of at least one large buyer trying to make sure that it has the supplies coming to feed its population – food shortages are not good, and the ensuing potential for political unrest is even worse. With at least something on the books for Iraq out of the new marketing year, now we look toward Cuba and a move out of Washington to get things underway there.

First crop harvest is well on its way to the finish line – somewhere between 50% and 80% complete – in Texas and south Louisiana, and cutting is progressing nicely in the Delta and Arkansas areas. Bids for long grain rough in Texas are ranging from \$3.00 to \$3.75

over loan for hybrids and conventional varieties respectively with some buying of distressed lots being seen. Buyers are not finding the market to be exactly as they thought it would be – the quantity of distressed rice is much smaller and the willingness to entertain low bids is dwindling. In the Delta/Arkansas region, bids as low as \$8.25 loaded barge have been heard, but there have also been reports of some small trading at \$9.00 to \$9.25. Interest in selling at drastically low levels is not there. Even though not as severe as along I-10, there is a good bit of talk about yields not being nearly as good as had been expected in the north Louisiana/Mississippi/Arkansas areas. It will be interesting to see what the final figures are for this harvest and what adjustments USDA will make over the next few months.

Prices in Asia have continued to be on something of a roll this week. Thai 100% Grade B is up to \$490 per metric ton fob vessel now with Thai parboiled still in the \$520/\$525 range. Viet 5% is up substantially at \$430/\$440 per ton, and Pakistani 5% is quoted at \$450 per ton. Reports of planting being later than usual due to the dry conditions are being followed by talk of Thai exporters approaching the government for purchase of as much as a million tons out of its stockpiles. Reports of very heavy flood damage to rice production in Pakistan persist as even more people there are being displaced by additional flooding. This will likely have a substantial effect on Pakistan's ability to export. Though little is being said about it, there are still big questions about how much more China may have to import, and the crop problems in Russia and Europe are keeping traders off balance and rather unwilling to be short.

Rice futures had an interesting week with a big upside move on Monday from a low of 10.88 to a high that day of 11.39 to be followed by mostly sideways action for the rest of the week. Tuesday's high for the week at 11.48 put a nearby double top on the continuation chart, but not much selling pressure seemed to follow. The market is a bit overdone to the upside for now, but after perhaps a 20 or 30 cent pullback, room for a bit more upside seems to be in the cards. There is still a lot of influence from world crop problems in this and all other ag

*(Continued on page 3)*

### Inside this issue:

General Market Update; U.S. Farmers Keep Eyes on Iraq and Cuba Markets.....	pg. 1
Rice Producers of California Annual Meeting.....	pg. 2
School Nutrition Program Update .....	pg. 3

## Rice Producers of California Annual Meeting Held in Colusa

Dr. Farman Jodari updates participants with regards to the long grain program and varieties during the California Rice Field Day this week in Biggs, CA.



While in California this week to attend the annual rice field day and farmer meetings, Dwight Roberts (left) from the USRPA gets a chance to talk about the Western Hemisphere markets with Jay Kapila of The Rice Company, a leading exporter of rice throughout the region.



Members of the Rice Producers of California (RPC) and invited guests from throughout the Sacramento Valley gathered at the Colusa Golf and Country Club yesterday for their annual meeting with a focus and discussion on current rice farming issues while gaining input from hearing the concerns and comments from area producers. Chris Capaul, Chairman of the RPC, welcomed the audience and thanked the farmers for their support while challenging them to become more actively involved in the organization's effort to represent the farmer and give him or her a stronger voice. After representatives from the Sacramento office of the USDA's National Agricultural Statistics Service gave an overview of how rice statistics are gathered for publication, Jeremy Zwinger, from Farm & Trade, gave a local market outlook followed by an update of the US Rice Producers Association from CEO Dwight Roberts. A long question & answer session led by

board member, Ryan Schohr, allowed farmers to give suggestions and opinions for the leadership of the RPC. Upon completion of the meeting an excellent lunch was served thanks to an impressive list of RPC sponsors such as AAA Pump, Big Valley Divers, Davis Machine Shop, Farm & Trade, Inc., Hoblit Motors, Meridian Supply, Poly Riser & Pipe, Selovers Body & Auto Repair, Sweco Products, Valley Truck & Tractor, Louis F. Putman Auctioneers and Umpqua Bank. For information or membership to the RPC you can email [rpcnews@yahoo.com](mailto:rpcnews@yahoo.com) or go to [www.calriceproducers.org](http://www.calriceproducers.org). RPC board members include Chris Capaul (Chairman), Greg Massa, Ron Phelps (Secretary), Jim Campbell, Brian Gibbs, Steve Jones, Joe Kaye, CJ LaGrande and Ryan Schohr. Upon completion of the approaching harvest the RPC will conduct the next membership meeting. The RPC is an affiliate member of the US Rice Producers Association.

Attending a membership meeting in Colusa, California yesterday of the Rice Producers of California are (left to right) rice farmers Ron Phelps, Chris Capaul, Ryan Schor, Travis Boyan (sales for Sweco Products, Inc.), Jim Sligar and Tom Feeney. Sweco, one of the sponsors for the Rice Producers of California member meeting is a specialized agricultural and industrial machinery company. Go to: [www.swecoproducts.com](http://www.swecoproducts.com)



Dr. Kent McKenzie, Director for the California Rice Experiment Station discusses the staff's rice breeding program at a tour stop during the 2010 California Rice Field Day this week near town of Biggs.



## General Market Update (cont'd)

(Continued from page 1)

futures markets, as talk of dryness in Russia now affecting the planting of the next crop is creeping into the headlines. This year's wheat crop has been a worry, but not producing sufficiently next year is the fear. Friday's rice futures settlement at 11.215 was down 13 cents on the day but up 30.5 cents over last Friday's close. Average daily volume in rough rice was substantial at over 3,000 contracts per day, a good bit of which was due to rolling out of the September position into the November. Open interest continues to pick up, gaining 424 from the previous Thursday to 19,293 contracts – a high and positive number. In other markets, the Euro remains at just over 1.27 to the Dollar, the Dow is about 65 points below last week's close, and nearby crude futures were about 75.50 per bbl. 🌱

### RiceFax 08/26

#### No Harvest Miracles but a Few Bright Spots

##### Overview

Harvest rocks along with no big surprises. In south Louisiana and coastal Texas, yields remain lackluster at best. Midsouth harvest continues to progress. Stink bugs remain a threat to a significant portion of the later rice in Arkansas. Questions about variety or hybrid preference will be sorted out when more numbers are in, but some were hit harder than others by the heat and dry conditions.

[Click Here for This Week's Full Report](#)



2825 Wilcrest Drive, Suite 505  
Houston, Texas 77042  
Phone: 713-974-RICE  
Fax: 713-974-7696

[rice\\_advocate@usriceproducers.com](mailto:rice_advocate@usriceproducers.com)  
[www.usriceproducers.com](http://www.usriceproducers.com)  
[www.riceromp.com](http://www.riceromp.com)



### Additional Resources

For economic analysis on agricultural efficiency, efficacy, and equity issues: [www.ers.usda.gov](http://www.ers.usda.gov)

Texas Rice from A&M AgriLife Research Ctr. at Beaumont: [http://beaumont.tamu.edu/eLibrary/eLibrary\\_default.htm](http://beaumont.tamu.edu/eLibrary/eLibrary_default.htm)

AgFax - Editor: Owen Taylor: [www.agfax.com](http://www.agfax.com)

USRPA News & TRA Archives: [www.usriceproducers.com/news](http://www.usriceproducers.com/news)

## School Nutrition Program Update

The USRPA's School Nutrition Program in Guatemala has been conducted in more than 300 hundred schools and trained 8,843 mothers how to prepare low cost, nutritious meals using rice. The USRPA's partner in trade and promotion, ARROZGUA, funded the program from March through May. Beginning in June, the USRPA has utilized promotion dollars from the FAS/USDA to continue the program beginning in June. Guatemala, as is the rest of Central America, is a very important market for US rice. In 2009, Guatemala imported 65,006.7 MT tons of US rice valued at more than 25.3 million dollars. So far in 2010 (Jan-June) Guatemala has imported 34,484.8 MT. This is a 35 percent increase compared to the same time period in 2009. Virtually all of the rice exported to Guatemala is rough rice. 🌱



### Upcoming Events

September 2, 2010	University of Missouri Delta Center Field Day, Portageville MO
September 17, 2010	Delta Rice Luncheon, Cleveland, MS
September 21 - 24, 2010	Rice Challenges in the 21st Century, Cali, Colombia
September 28, 2010	Mini Field Day, Texas A&M Rice Research Center, Beaumont, TX
September 29, 2010	41st Annual Texas Rice Festival, Winnie, TX
October 12 - 14, 2010	TRT World Rice Conference, Phuket, Thailand
October 14, 2010	20th Annual Ag Producers' Luncheon, Bay City, TX
December 6 - 7, 2010	Texas Plant Protection Conference, College Station, TX
February 1 - 2, 2011	14th Annual NCSCRC "Tillage Conf.," Baton Rouge, LA

For more information visit USRPA's online calendar at: [www.usriceproducers.com/calendar](http://www.usriceproducers.com/calendar)

### USDA Reports Next Week

Crop Progress (NASS)	Monday, August 30, 4:00 pm
Outlook for U.S. Agricultural Trade (ERS)	Monday, August 30, 4:00 pm
Farm Income and Costs (ERS)	Tuesday, August 31, 11:00 am
Weather Crop-Summary (NASS)	Tuesday, August 31, 12:00 pm
Agricultural Prices (NASS)	Tuesday, August 31, 3:00 pm
U.S. Export Sales (FAS)	Thursday, September 2, 8:30 am

All USDA reports are available by visiting [http://www.usda.gov/wps/portal/?navid=AGENCY\\_REPORTS=RT](http://www.usda.gov/wps/portal/?navid=AGENCY_REPORTS=RT).

USRPA does not discriminate in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, or marital/family status. Persons with disabilities who require alternative means for communication of information (such as Braille, large print, sign language interpreter) should contact USRPA at 713-974-7423.