



# The Rice Advocate

US Rice Producers Association

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## Rice Market Update: Feeling the Effects of Iraq's Absence From the US Marketplace

USDA's World Market Price factors were lowered this week by 4 cents on long grain and by 17 cents on medium/short grain. This adjustment was made due to technical milling factors as well as market conditions. The on-farm WMP value of long grain rough drops to \$10.32 per cwt.

Net export sales registered with USDA had a good week with a total of 60,600 tons being posted. Long grain rough showed only one net sale to Honduras for 8,800 tons. Long grain milled and brown captured the headlines this week with a total of 44,600 tons listed. The big hitter was Colombia with 31,500 tons of milled, along with Saudi Arabia with 6,000 tons of parboiled milled, Mexico for 3,800 tons milled, and Canada with 2,700 tons of milled and 400 tons of brown. In the medium/short column, only milled sales with a total of 11,300 tons were posted. This included 5,000 tons sold to Jordan, 3,600 tons to Japan, 1,100 tons to Taiwan, 600 tons to South Korea, and 400 tons to Canada.

Export liftings for the week also totaled 60,600 tons, which included 32,500 tons of long grain rough loaded out for Costa Rica (17,700 tons), Honduras (8,800 tons), Guatemala (4,700 tons), and Mexico (1,300 tons). Long grain milled and brown shipped out 23,400 tons, with the largest consignee being Haiti (16,700 tons milled), followed by Mexico (2,600 tons milled), Canada (1,600 tons milled and 300 tons brown), and Saudi Arabia (1,200 tons milled). Medium/short grain shipments totaled 4,800 tons, with 700 tons of rough going to Mexico, 100 tons brown and 1,000 tons of milled to Canada, 700 tons of milled to South Korea, along with 500 tons milled each to Jordan, Japan, and Mexico.

There was one public sale this week in Texas, this time from the west side of Houston where 115,800 cwts were shown yesterday morning. The offerings were very heavy on the XL745 variety, which drew bids of \$4.50 to \$4.51 per cwt premium over loan, along with a few conventional variety lots where \$5.00 per cwt

over loan was the bid. Everything was turned down – there were no confirmations. It's estimated that just over 70% of the Texas crop has already moved or is committed, and it probably won't be long until the entire crop is spoken for. With the drought-reduced rice acreage going into its fourth year, Texas farmers are looking for planting alternatives. One of those is milo which seems to have a very good, positive basis at the moment. South Louisiana continues to feel the effects of Iraq's absence from the U.S. market. We heard that some long grain traded at \$18.00 per bbl at the farm early this week, but the week came to a close with bids at \$17.25 per bbl fob farm for conventional varieties and \$17.00 per bbl for hybrids. Both of these figures are very, very cheap and likely cannot be accepted by most growers without suffering a substantial loss. Since the lack of demand rather than price is what seems to be keeping us from selling either paddy or milled, we see this very low bid as a signal to the market that the buyer doesn't really want to buy right now. Even though the export demand is slow and somewhat weak, it still looks to us like all of the current crop long grain in this area should move before new crop is harvested. And with bankers looking ever more closely at what will work, we suspect that less long grain will be grown in the new crop, as it is replaced by medium grain production – at least for the coming year.

Reports from the Delta/Arkansas/Missouri region are calling the market very slow and too low priced throughout the entire area. The only price indication we heard in Mississippi this week was at a level well below \$11.00 per cwt delivered barge loading facility – a level that will not allow the farmer to finish in the black in most instances. Even so, Mississippi seems to have already moved a fair amount of the crop, with reports that the entire crop is expected to be bought/committed as the current crop year comes to a close. But prospects for next year are not very promising and we understand that bankers may be ready to pressure some growers into looking at planting something other than rice. In many cases, it looks like the growers themselves are seeing that the low price expectations will not work. Current alternatives seem to be soybeans and/or corn. Arkansas reports a similar situation, but with perhaps a bit more rice to move before the year finishes. We are hearing that cur-

*(Continued on page 2)*



Food and Agriculture Organization of the United Nations  
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We are pleased to send you the new issue of the FAO Rice Price Update:  
<http://www.fao.org/economic/est/publications/rice-publications/the-fao-rice-price-update/en/>

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## Rice Market Update: Feeling the Effects of Iraq's Absence... (continued)

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rent bidding is around the \$4.41 per bu level delivered, and that is extremely low – perhaps lethally low and totally unacceptable in many cases. There is too much long grain in this area this year, and questions are already being asked as to what will happen as the current marketing year comes to an end. This market does not need anything else weighing it down, and any sizable long grain carryover will be bad for all long grain producers in every state. Missouri seems to be in a similar situation as Arkansas, with a good bit of the current crop yet to be sold and moved. Bids are too low to be of interest to sellers at present – more export paddy demand is needed overall, but especially up here. We can't tell just what is being considered for next year – from some directions we hear that a normal rotation is anticipated, while others tell us the banks are starting to ask questions about how rice will make a profit next year.

Asian prices saw a few changes this week. Thai 100% Grade B held at \$420 per metric ton fob vessel and parboiled added \$2 and was quoted at \$412 per ton. Viet 5% long grain slipped to \$356 per ton. Pakistani 5% milled was off considerably at \$350 per ton, while parboiled held better at \$400 per ton. Indian 5% milled was quoted at \$398 per ton and parboiled was noted at \$393 per ton – both off by \$2 per ton. Myanmar 5% milled was solid at \$415 per ton, while its parboiled was up \$5 at \$460 per ton – all prices fob vessel.

Rice futures fell sharply on Monday and then on Monday night (part of the Tuesday session) to a new, nearly-5-year low of 10.01 in the nearby March contract. As the sun was rising on Tuesday morning, however, the buyers came with it. The balance of the week saw a

good bit of buying/profit-taking/short-covering, and Friday's settlement was 10.74 in the nearby March contract, just a penny off the high for the week and 17 cents over last Friday's settlement. We will have to see how the market acts over the next week or so, but it's quite possible that almost hitting the 10.00 level was too much overdone and too far away from fundamental value/cost of production for long grain. A look at the chart infers a push to the 11.00 area in the nearby contract – then we see what it does from there. We did not expect the nearby to drop as low as it did, and we hope that 10.01 was the bottom – for this year anyway. Volume was good all week, being particularly heavy during the Monday and Tuesday sessions. Delivery certificates registered in Chicago are now at 1,226, and open interest stands at 10,241 contracts – both as of Thursday's close of business. Even more so than usual, we strongly recommend that if you are trading rice or any other futures contracts, use calm decision making and good money management before taking and while holding any positions. In other markets, the Dow during the early afternoon session was at 17796.58, the Euro was at 1.1326 against the Dollar, and nearby crude oil futures were at 51.93 per bbl. Grains settled today with March corn at 3.85-3/4, March soybeans at 9.73-1/2, March wheat at 5.27, and March cotton at 61.59.



## Rice Market Letter

INFORMATION > ANALYSIS > OPINION >>> RICELETTER.COM

## USDA to Release New Long-Term Agricultural Projections

WASHINGTON, Feb. 2, 2015--The U.S. Department of Agriculture (USDA) will release its 10-year agricultural projections on Feb. 11, 2015, at 11:00 a.m. EST. USDA's Agricultural Projections to 2024 will be posted to the Office of the Chief Economist's (OCE) website at [www.usda.gov/oce](http://www.usda.gov/oce) and available in MS Word and PDF formats. Projections data will be available as Excel spreadsheets, as well. Selected tables from the projections report were made available on Dec. 18, 2014.

USDA publishes the projections each year in February. The projections are developed by interagency committees in USDA, with the Economic Research Service (ERS) having the lead role in the preparation of the report. The new projections cover crop and livestock commodities, agricultural trade and aggregate indicators, such as farm income, through 2024. The projections do not represent a USDA forecast, but a conditional, long-run scenario based on specific assumptions about farm policy, weather, the economy and international developments. Normal weather

is assumed throughout the projection period. The projections were prepared during October through December 2014 and reflect the Agricultural Act of 2014.

Background on USDA's long-term projections and past issues of the report are available on the ERS website at [www.ers.usda.gov/topics/farm-economy/agricultural-baseline-projections.aspx](http://www.ers.usda.gov/topics/farm-economy/agricultural-baseline-projections.aspx).

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## President's 2016 Budget Released

On Monday, February 2, 2015, the President's 2016 budget was released. As most political observers would expect, the general consensus of both House and Senate Republicans was that the proposal was a non-starter.

House Agriculture Committee Chairman Mike Conaway (R-TX) expressed his view by stating, "Like a broken record, the President's latest budget proposal calling for higher taxes and more spending doesn't sound any better to hard-working Americans than it did the first time around. Simply put – this budget will hurt the economy and cost American jobs."

Senate Agriculture Committee Chairman Pat Roberts (R-KS) was equally disapproving in his statement, "We have seen these types of proposals from this Administration before and Congress has been right to ignore them."

The big picture opposition to the budget was focused on the President's desire to end the "mindless austerity" in the current budget process. Both House and Senate Budget Committee Chairman in a joint statement expressly opposed the \$2.4 trillion spending increase and the \$2.1 trillion tax increase proposed in the President's budget. Meanwhile, opposition from Agriculture was focused on proposals such as the following:

- The creation of a new single food-safety agency at the Department of Health and Human Services that would consolidate the food-safety activities now handled by 15 different agencies. The proposal particu-

larly focused on consolidating the food-safety activities of the FDA and USDA's Food Safety and Inspection Service.

- Crop insurance "reform" proposals that would lower premium subsidies for revenue policies and change prevented-planting coverage. The proposals would reduce spending on crop insurance by approximately \$16 billion over 10 years, a reduction of approximately 17 percent. (USRPA signed a coalition letter to the House and Senate Budget Committee Chairs and Ranking Members opposing these reductions—see below.)
- Various user fees for activities such as food safety.
- Changes in the current estate tax exemption (recently negotiated in 2012) from a \$5.25 million exemption amount indexed for inflation and a 40% tax rate to a \$3.5 million amount not indexed for inflation and a 40% tax rate. In addition, the President proposes to alter the treatment of appreciated assets held at death by treating bequests and gifts as if the property had been sold in a taxable transaction (certain conditions apply). Under current law, heirs take a basis in property equal to the property's fair market value. The estate does not pay tax on any appreciation in the property (commonly referred to as a "stepped up" basis).

A budget summary of the USDA FY 2016 Budget proposal may be accessed [here](#).



## Letter to Senate Budget Committee Chairs and Ranking Members

The agriculture community is committed to the belief that balancing the Federal budget is important, which is why the industry supported the passage just last year of a farm bill that was estimated to reduce the deficit by \$16.6 billion. Additionally, crop insurance has been contributing more than \$1.2 billion a year towards reducing government spending since the 2008 Farm Bill.

Therefore, we strongly oppose the President's budget proposal to make crippling cuts to crop insurance. Attacking farmers' most important risk management tool only weakens the farm safety net in the bipartisan farm bill that Congress carefully crafted after years of deliberation and more than 40 hearings.

The farm bill places greater emphasis on risk management than previous farm bills. Farmers spend approximately \$4 billion a year of their own money to purchase insurance from the private sector, which is far more efficient and effective than government-run crop insurance delivery systems. Crop insurance products and protection levels can be tailored to the individual farm, making it so effective in managing risk that more than 90 percent of eligible farmland is currently protected.

This popularity enabled the country to face back-to-back years of wide scale natural disasters, including the

historic drought of 2012, without a single ad hoc disaster bill introduced for cropland. Such unbudgeted disaster bills were commonplace before crop insurance provided the depth and breadth of coverage that it does today, and these disaster bills were fully funded by taxpayers. Budget levels currently in place for crop insurance ensure the affordability and availability of risk protection, while maintaining the viability of private-sector delivery. Arbitrary funding reductions only weaken the system and ultimately shift risk exposure back to taxpayers.

As the House and Senate develop their own budget proposals we urge you to protect crop insurance and recognize its central importance to farmers, lenders and all of rural America.

Sincerely,

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US Rice Producers Association

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cc: House and Senate Budget Committee Members, House and Senate Agriculture Committee Members



[Click Here To Read the Full Letter](#)

## Healthy Cooking Course with Brown Rice

Luann Alemao, a food and nutrition educator and national speaker conducts healthy cooking courses in her city of Cedar Falls, IA. In the spring of last year, Cedar Falls became a Blue Zones certified city. Blue zones is located in Minneapolis, MN and has researched the places where people are the healthiest and live the longest. As a result of that designation and Alemao's background, she has created the program, "Spoon it with Luann," Blue zones inspired healthy cooking courses. The state of Iowa is trying to reach a goal of becoming the healthiest state, along with the help and research of Blue zones and a state health intuitive.

Louann Alemao's classes sell out each month. The students prepare the food and learn preparation techniques and nutrition from Luann. January's class was entitled "Splendors of Spain."

Louann says, "I needed brown rice for the class and called Greg with the US Rice Producers Association and the Missouri Rice Council for assistance with a brown rice donation. The students made Chicken Paella which is a Spanish dish of vegetables and rice flavored with saffron.

Many of the students had not cooked with brown rice before and I wanted to introduce them to the whole grain."

Some of the comments were "I learned so much about cooking", "Brown rice has a nuttier taste," The students were thrilled with the final product of chicken Paella and their new brown rice to take home and experiment with. With the national obesity rate climbing and one third of our population 30 pounds or more overweight, "Spoon it with Luann" was created to assist people with healthy methods of food cookery and to introduce new foods.

Louann and her students tell US Rice Producers Association, "thank you for your assistance to better well being!!"



### 2015 Missouri Rice Conference

February 19, 2015

Time: 8:00 a.m. – 2:30 p.m.

Location: Eagles Club at Dexter

#### Topics Include:

- Irrigation Mt Summary – Dr. Joe Henggeler,
  - Sensors Management – Dr. AJ Foster
  - Rice Varieties / Breeding – Dr. Donn Beighley
  - Rice Production Research – Dr. Gene Stevens
  - Rice Weed Control – Jim Heiser
  - Black Bird Rice Research Update – Parker Hall, USDA Wildlife Director
  - Rice Production Issues – Dr. Jarrod Hardke
  - US Rice Domestic & Foreign Markets – Greg Yielding
  - Farm Bill Program - David Reinbott
- Contact Sam Atwell, 573-748-5531 for more information.**  
CEUs Available



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#### 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)

#### Upcoming Events

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|----------------------|--|
| February 10-12, 2015 | USRPA Board Trip to Capitol Hill, Washington, DC                   |
| February 19, 2015    | Missouri Rice Conference, The Eagles Lodge, Dexter, MO             |
| February 23, 2015    | Missouri Rice Council Annual Meeting, Cape Girardeau, MO           |
| February 26, 2015    | Arkansas Rice Growers Association Membership Meeting, Brinkley, AR |
| June 2-4, 2015       | Rice Market & Technology Convention, Cancun, Mexico                |

For more information contact USRPA at [info@usriceproducers.com](mailto:info@usriceproducers.com).

#### USDA Reports Next Week

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|---|--------------------------------|
| U.S. Agricultural Trade Data Update (ERS)   | Monday, February 9, 3:00 pm    |
| World Ag Supply and Demand Estimates (WAOB) | Tuesday, February 10, 12:00 PM |
| Grains: World Markets and Trade (FAS)       | Tuesday, February 10, 12:15 PM |
| Weekly Export Sales (FAS)                   | Thursday, February 12, 8:30 am |
| RCS: Rice Outlook (ERS)                     | Thursday, February 12, 3:00 pm |

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).

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