
RICE: WORLD MARKETS AND TRADE

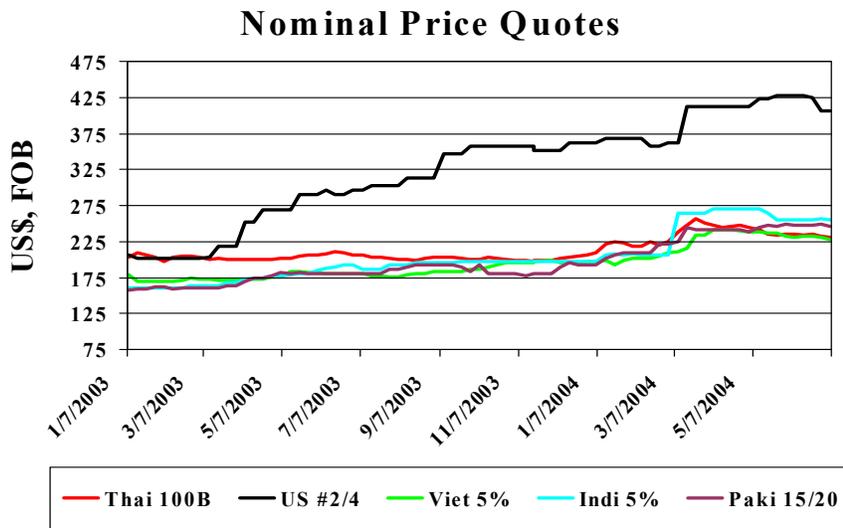
MONTHLY HIGHLIGHTS:

Thailand Could Set Record: Exports are expected to surpass the previous record by about 15 percent with an upward revision to 9.0 million tons for 2004. While a strong monthly export pace is expected to continue, June's unexpected record surge of 931,179 tons was largely due to delayed May shipments caused by unfavorable weather. Thailand continues to be the main player in Southeast Asia given its exportable supplies and competitive prices.

Indonesia Continues to Ban Imports: The government-imposed import ban has reportedly been very successful and is expected to remain in effect until August 1, 2004. A decision to extend or lift the ban beyond that date will depend on the government's review of stocks and market prices, although BULOG reportedly has outstanding contracts to import 300,000– 400,000 tons of Thai rice for delivery in November and December. Presidential elections are currently underway.

PRICES:

International: World prices continued to soften this month as demand has eased with China's continued absence from the market. Thai 100B is currently quoted at \$230 per ton, FOB, off \$5 over the month. Viet prices have also weakened with increased supplies from the summer-autumn crop becoming available. Viet 5% is currently quoted at \$228 per ton, FOB, easing \$3 through the month. India's 5% is steady at \$255 per ton, FOB, as the government's subsidy policy remains uncertain.



Domestic: With U.S. #2/4 long grain milled rice currently quoted at \$406 per ton, FOB, the spread between U.S. and Thai prices has narrowed to \$176 per ton compared to \$193 last month. Price quotes for U.S. #1/4 medium grain milled rice from California are quoted at \$430 per ton, bulk, ex-spout Sacramento.

TRADE CHANGES IN 2005

Selected Importers

- **United States** up 10,000 tons to a record 480,000 based on the expectation of continued strong demand.
- **China** is slashed by 700,000 tons to 600,000 with a larger-than-expected production response to the new government grain policy to expand production.
- **Cuba** is raised 150,000 to 700,000 in response to diminished production due to continued drought conditions.
- **Philippines** is doubled to 600,000 tons as the adoption of hybrid rice seeds, which had been expected to expand production and thereby reduce import demand, has been hampered by high costs and limited supplies.

TRADE CHANGES IN 2004

Selected Exporters

- **Pakistan** is reduced by 100,000 tons to 1.9 million based on a slow export pace to date.
- **Thailand** is boosted 250,000 tons to a record 9.0 million with a recent surge in shipments.

Selected Importers

- **United States** is increased 20,000 tons to 470,000 based on stronger-than-expected medium grain imports.
- **Bangladesh** raised 100,000 tons to 500,000 based on heavier-than-anticipated imports, mainly from India, over the first half of the year.
- **Costa Rica** is up 25,000 tons to 125,000 due to a stronger pace of imports.

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- In response to increased shipments from Vietnam and the United States, **Cuba** is increased 100,000 to 650,000.
 - **Indonesia** is dropped 250,000 tons to 1.0 million due to the continuing government-imposed import ban.
 - **Malaysia** expands by 100,000 tons to 650,000 due to a brisk import pace to date.
 - **Mexico** is trimmed 30,000 tons to 550,000 due to a slow import pace to date.
 - **Nigeria** falls 200,000 tons to 1.4 million because of pace to date.
 - Despite reported drought conditions, import pace to date remains slow, consequently **Peru** is lowered 50,000 tons to 150,000.
 - **Saudi Arabia** is increased 100,000 to 1.15 million because of heavy shipments from India.
 - **South Africa** is up 100,000 tons to 750,000 based on increased purchases of parboiled rice from Thailand and India.

Note: The rice consumption and stocks series for Japan are revised from 1989/90 to 2004/05 based in part on official stocks information from the Government of Japan and further analysis by USDA. Additionally, the rice consumption and stocks series for Thailand are revised from 1999/2000 to 2004/05 based on information from the U.S. Agricultural Counselor in Bangkok and further analysis by USDA.