
RICE: WORLD MARKETS AND TRADE

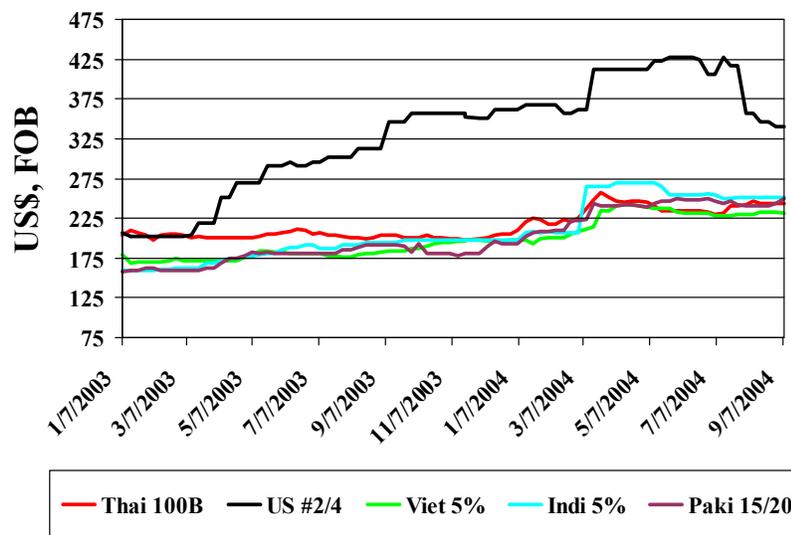
MONTHLY HIGHLIGHTS:

Where have all the major markets gone? Part One: Indonesia, the world's largest rice importer in 2003 of 2.75 million tons, is now estimated to import only 800,000 tons in 2004. That would be the first time since 1997 that imports would be less than a million tons. The collapse is due to the government-imposed import ban, which has been extended through the end of the year because of record production. Despite that official ban, however, traders acknowledge that rice is still being imported (200,000 tons in the first few months of the year). Food aid has also been subject to the import ban; however, donations are now being cleared on a case-by-case basis. Imports are expected to increase next year to 1.5 million tons.

PRICES:

International: World prices have been stagnant to lower over the past month. Despite surging demand for parboiled rice, white rice trade eased. Thai 100B prices fell \$2 over the month, with quotes currently at \$244 per ton, FOB. Viet prices were also flat as the government continues to discourage new contracts. Viet 5% is quoted at \$231 per ton, FOB, down \$1 from last month. India 5% remains at \$252 per ton, FOB. The government announcement on export policy doused Indian exporters' hopes for grain export subsidies.

Nominal Price Quotes



Domestic: U.S. #2/4 long grain milled rice is currently quoted at \$340 per ton, FOB, down only \$6 from last month. The spread between U.S. and Thai prices continues to hover around \$100 per ton. Prices for U.S. #1/4 medium grain milled rice from California are not being quoted as the harvest for new crop is in the beginning stages.

TRADE CHANGES IN 2005

Selected Exporters

- **Australia** is cut 150,000 tons to 350,000 based on smaller production and smaller exportable supplies.
- **Vietnam** is down 250,000 tons to 3.75 million due to less import demand in Southeast Asia, particularly Indonesia and the Philippines.

Selected Importers

- **Indonesia** drops 300,000 tons to 1.5 million due to forecast record production.
- **North Korea** is boosted 200,000 tons to 500,000 as food aid is expected to continue.

TRADE CHANGES IN 2004

Selected Exporters

- **Argentina** and **Uruguay** are down 75,000 tons to 300,000 and 700,000 tons, respectively, as regional demand has waned due to a bumper crop in Brazil and less import demand than expected in Peru.

Selected Importers

- **Afghanistan** is cut 100,000 tons to 200,000 based on the slow pace of exports from Pakistan.
- **Indonesia** is reduced 200,000 tons to 800,000 as the government-imposed import ban is expected to continue through the end of the year.
- **North Korea** is up 100,000 tons to 600,000 due to increased food aid donations.
- **Saudi Arabia** is up 50,000 tons to 1.2 million as a result of heavy parboiled shipments from India.

