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## RICE: WORLD MARKETS AND TRADE

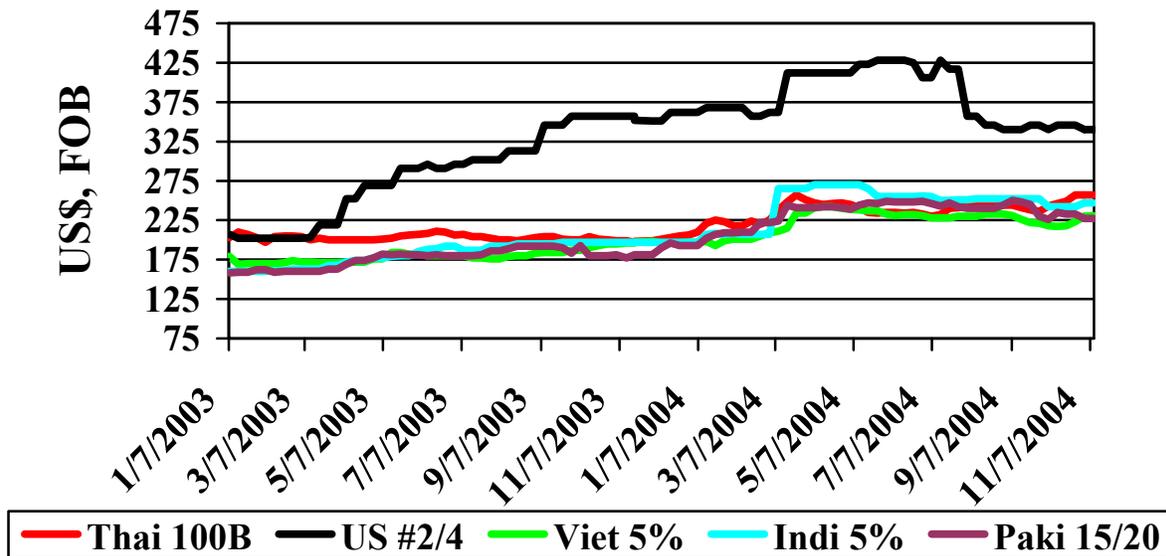
### MONTHLY HIGHLIGHTS:

**China a Net Importer in 2004:** Despite expected production gains due to government incentive programs and the continued release of rice stocks, China continues to import from Thailand and Vietnam. Meanwhile, exports remain small, with only 75,000 tons shipped in the last six months. China seems intent to tend to its domestic needs rather than supply the international market.

### PRICES:

**International:** Asian prices have surged over the last month. Thai 100B is currently quoted at \$257 per ton, FOB, \$14 above last month. Prices are being supported by the domestic intervention program, which began on November 1. Viet 5% prices have also gained \$13, with quotes currently at \$231 per ton, FOB. Meanwhile, Indian 5% is up \$5 to \$247 per ton, FOB.

Nominal Price Quotes



**Domestic:** U.S. #2/4 long grain milled rice is currently quoted at \$335 per ton, FOB, down \$5 from last month. Thus, the spread between U.S. and Thai prices has shrunk to \$78 per ton. Prices for U.S. #1/4 medium grain milled rice from California are quoted at \$325 per ton, FOB.

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## TRADE CHANGES IN 2005

### **Selected Exporters**

- **China** is cut 200,000 tons to 800,000 as exports are unlikely to expand year to year given supply constraints.
- **Thailand** is dropped 500,000 tons to 8.25 million due to anticipated tighter exportable supplies, based on 2004 expected record exports.

### **Selected Importers**

- **Bangladesh** down 50,000 tons to 550,000 as a result of sufficient domestic supplies.
- **Chile** is reduced 50,000 tons to 100,000 as import demand is expected to fall to more traditional levels.
- **Indonesia** is slashed 500,000 tons to 1.0 million as record production in 2003/2004 and stable prices are anticipated to curb import demand.

## TRADE CHANGES IN 2004

### **Selected Exporters**

- **Argentina** is down 50,000 tons to 250,000 due to a lackluster pace.
- **China** is dropped 200,000 to 800,000 as exports have been reduced to a trickle over the last 6 months.
- **Thailand** is boosted 550,000 tons to 9.8 million based on an exceptional pace to date.
- **United States** is cut 300,000 tons to 3.0 million due to a slow pace to traditional milled markets.
- **Vietnam** is raised 150,000 tons to 4.0 million due to increased exports to China, Malaysia, and Africa.

### **Selected Importers**

- **Bangladesh** is down 50,000 tons to 550,000 as increased production has offset demand.

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- **Chile** is cut 50,000 tons to 100,000 due to a slow pace to date.
  - **China** is up 100,000 tons to 1.1 million as border shipments continue from Vietnam and Thailand.
  - **Haiti** is dropped 50,000 tons to 250,000 as a result of fewer imports from the United States coupled with sporadic problems unloading ships.
  - **Malaysia** is raised 25,000 tons to a record 725,000 based on a strong pace of imports from Thailand and Vietnam.
  - **Mexico** is reduced 25,000 tons to 525,000 due to slower-than-expected shipments from the United States.
  - **Saudi Arabia** is up 50,000 tons to a record 1.35 million on strong imports from India.
  - **South Africa** is boosted 50,000 tons to 800,000 based on increased imports from Thailand.