

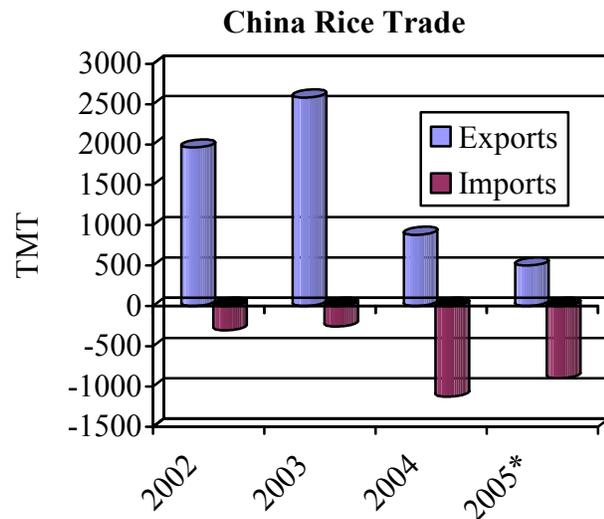
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## RICE: WORLD MARKETS AND TRADE

### MONTHLY HIGHLIGHTS:

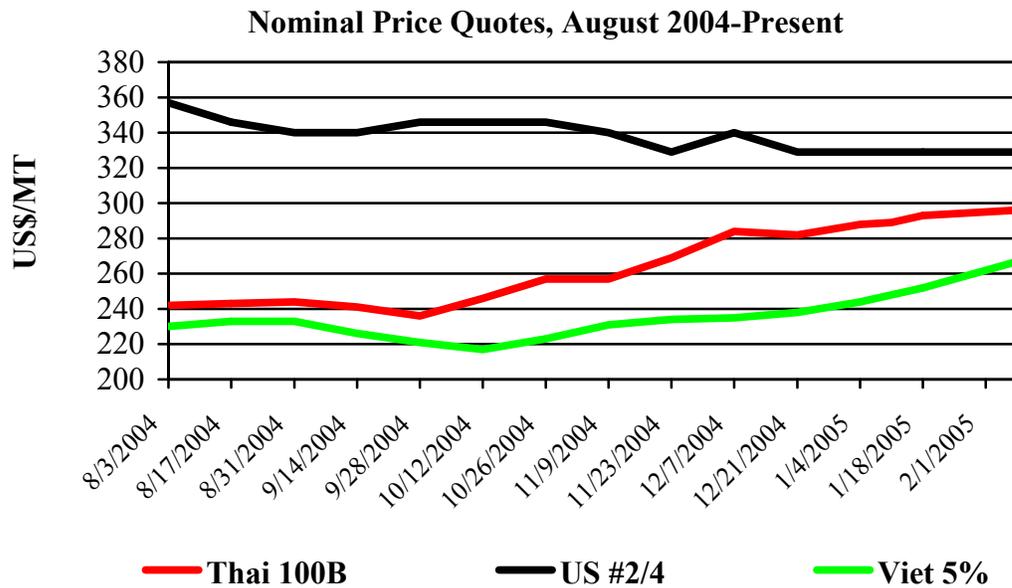
**Philippines Imports To Rise:** In response to concerns over the weak El Niño, the Philippines is expected to import 1.3 million tons of rice in an effort to secure buffer stocks. Vietnam was awarded 400,000 tons of rice in a government tender held last month, with delivery expected throughout February and March. The Philippines is expected to return to the market on March 1, with a tender for 500,000 tons.

**China, Net Importer in 2005:** As long grain rice stock levels continue to fall, such rice will be less available for export in the coming year. Further, although China continues to encourage greater rice production through various government incentive programs, the country is expected to continue to need to supplement domestic supplies with foreign imports. It is expected that China will again be a net importer in calendar year 2005, buying additional long grain rice, mainly from Thailand and Vietnam. With ample supplies of medium and short grain rice, China is not expected to retreat from this subset of the international rice market.



### PRICES:

**International:** Asian prices continue the upward trajectory over the last month, led by Vietnam. Viet 5% soared \$20 and is currently quoted at \$267 per ton, FOB. Meanwhile, in Thailand price quotes have strengthened mainly as a result of the continuing appreciation of the baht and due to the intervention program. Since last month, quotes for Thai 100B increased \$7 and are currently at \$296 per ton, FOB. However, there appears to be resistance to these higher Thai levels as buyers remain mostly on the sidelines. Indian 5% is up \$7 to \$267 per ton, FOB, but remains relatively withdrawn from the white rice market.



**Domestic:** While Asian prices continue upward, U.S. prices remain unchanged for the second month with U.S. #2/4 long grain milled rice quoted at \$329 per ton, FOB. The price spread between similar qualities of U.S. and Thai rice has shrunk to \$33 per ton. Although the gap between similar qualities of U.S. and Viet has narrowed, it remains at about \$60. It is this price spread that is expected to constrain demand for U.S. rice in key milled markets, such as Cuba and Iraq. Prices for U.S. #1/4 medium grain milled rice from California are also unchanged at a low \$300 per ton, FOB, due to bumper supplies.

### TRADE CHANGES IN 2005

#### **Selected Exporters**

- **China** is cut 300,000 tons to 500,000 as exportable supplies of long grain rice remain limited, and China is expected to fulfill domestic needs first.
- **India** is up 250,000 tons to 3.25 million with larger supplies due to crop increases, as well as increased competitiveness vis-à-vis high Thai prices in parboiled markets.
- **Thailand** is up 250,000 tons to 8.5 million based on increased import demand from the Philippines and Iraq.
- **Vietnam** is increased 300,000 tons to 4.2 million on strong import demand from the Philippines.

#### **Selected Importers**

- **Brazil** is cut 150,000 tons to 550,000 due to larger than expected production and carryover stocks.

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- **China** is boosted 300,000 tons to 900,000 as imports of non-fragrant white rice from Thailand and Vietnam are expected to continue.
  - **Dominican Republic** down 15,000 tons to 60,000 as import demand is expected to return to more normal levels.
  - **Philippines** is boosted 500,000 tons to 1.3 million as the government seeks to build buffer stocks in part in response to El Niño concerns.
  - **Saudi Arabia** is down 100,000 tons to 1.0 million as a result of large carryover stocks following record imports in CY 2004.

### **TRADE CHANGES IN 2004**

#### **Selected Exporters**

- **China** and **Thailand** are increased based on final export data.
- **United States** is raised 150,000 tons to 3.15 million based on census data through November and strong end of the year sales.

#### **Selected Importers**

- In Africa, imports are increased 260,000 to just under 7.0 million tons based on final year exports from Thailand. The bulk of the increase is attributed to imports in **Ghana, Mozambique, Senegal, and South Africa**.
- In Asia, imports are estimated higher due to stepped-up purchases by **Sri Lanka**.
- In Latin American, imports are up slightly on balance with increases in Central America (**Colombia, Costa Rica, Honduras, Nicaragua**) and decreases in the Caribbean (**Dominican Republic, Jamaica**). These changes are based on U.S. census data.