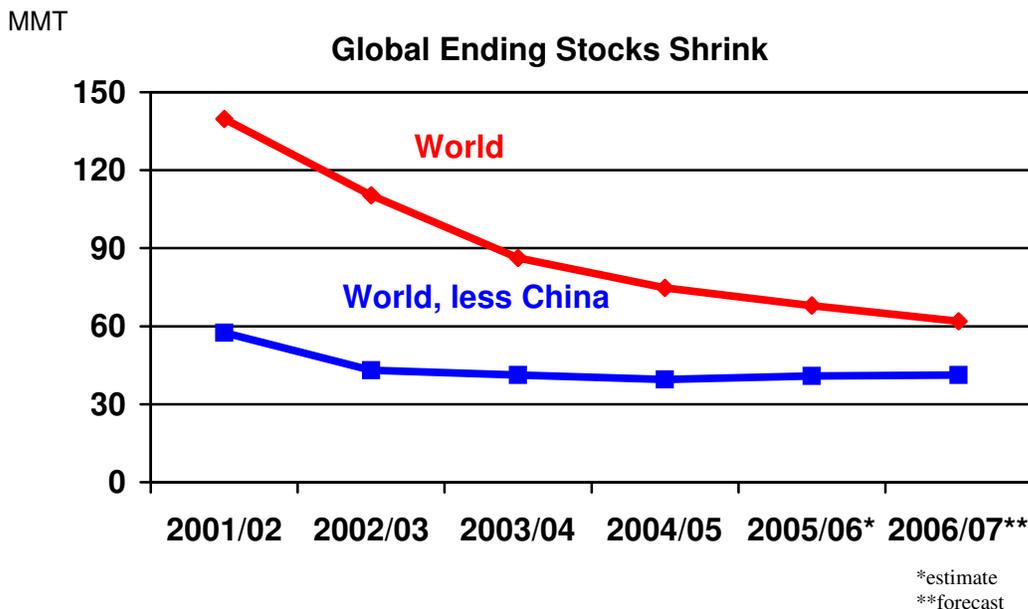
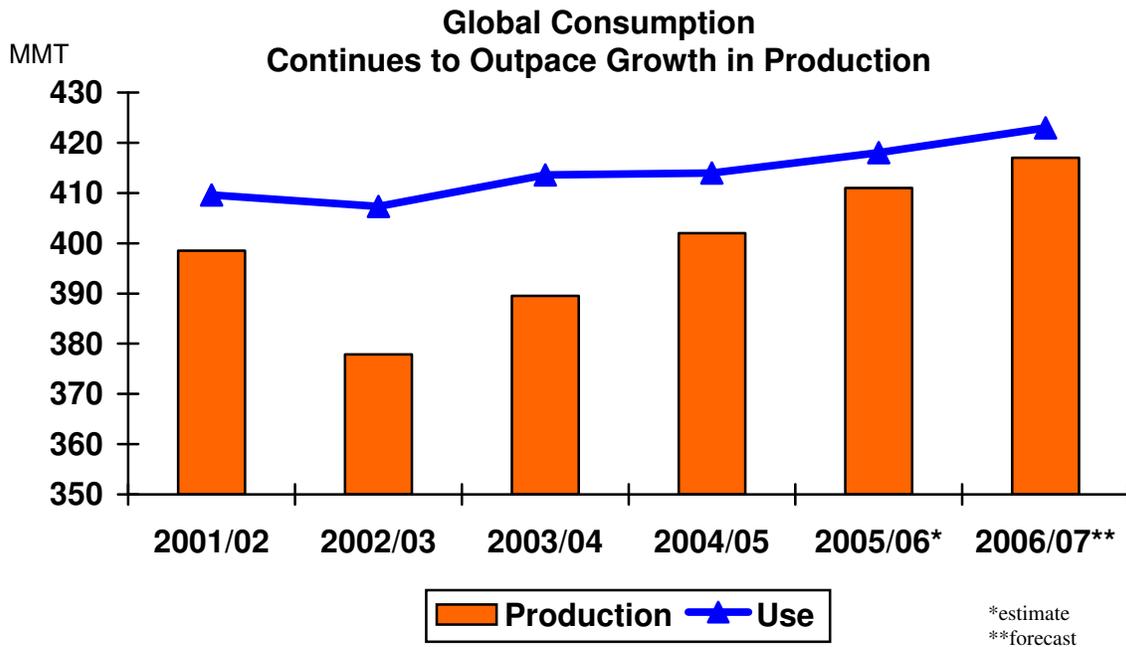


## RICE: WORLD MARKETS AND TRADE

Global production in 2006/07 is projected at 417 million tons (milled basis), up about 5.5 million tons from a revised 2005/06 estimate, with the largest increases forecast in China, Vietnam, Bangladesh, and Brazil. Global consumption continues to outpace production and is expected to grow 5 million tons to 423.2 million. Consequently, ending stocks are forecast to continue their downward trajectory, dropping 6.1 million tons to 62 million. However, with the majority of the decline in China, stocks in the rest of the world are forecast to show a minor gain for the first time in 5 years.

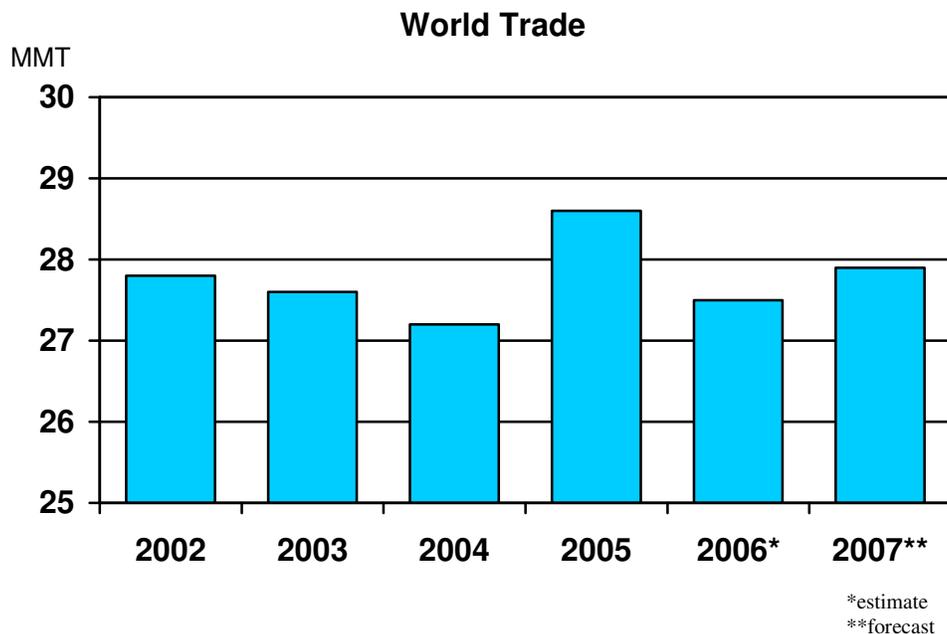


---

Global supply is forecast higher as Thailand is expected to weigh heavily on the market with an additional 1 million tons. Thailand's exportable supply is an outgrowth of its domestic support policies which have caused stock levels to increase to an estimated 4.2 million, the highest on record. Thailand's exports could lessen Vietnam's opportunities. India, meanwhile, is anticipated to export 4.0 million tons, despite higher domestic off-take due to reduced wheat availability.

Medium grain markets are expected to see the return of Australia this year. After consecutive years of drought conditions, Australia's production is expected to further rebound and its exports challenge medium suppliers such as Egypt for markets.

Import demand is forecast to marginally increase in Sub-Saharan Africa and Latin America. Demand from Iran in 2007 is expected to retreat from the high levels the previous year. The Philippines is forecast to remain a large importer, despite a slight increase in production. Meanwhile, Indonesia is expected to remain largely withdrawn from the market due to a continuation of their import ban. China is not forecast to be a net importer.



## MONTHLY HIGHLIGHTS 2006

### PRICES:

**International:** Asian prices are still showing a wide divergence between suppliers. In Thailand, prices remain high, sustained by the government intervention program, which was extended to the dry crop. Thai 100B is currently quoted at \$311 per ton, FOB, up \$1 from last month. However, speculation about when the government is likely to begin selling intervention stocks could pressure prices. The government recently announced a tender for fragrant rice to be sold

---

on either the domestic market or for export. Viet 5% is currently quoted at \$252 per ton, FOB, up \$10 from last month. Prices in India remain relatively unchanged; 5% is currently quoted at \$253 per ton, FOB.

**Domestic:** U.S. prices increased this month after no movement in April, with U.S. #2/4 long grain milled rice quoted at \$379 per ton, FOB. The spread between comparable qualities of Thai and U.S. rice is \$68 per ton. Prices for U.S. #1/4 medium grain milled rice from California are currently quoted at \$475 per ton, FOB, unchanged from last month.

## **TRADE CHANGES IN 2006**

### **Selected Exporters**

- **Vietnam** rice is up 200,000 tons to 5.2 million tons on trade reports that exports are stronger than anticipated.

### **Selected Importers**

- **Brazil** rice is down 200,000 to 550,000 tons due to the slow import pace from Argentina and Uruguay as well as Brazilian producers blocking imports from Uruguay.
- **Indonesia** is lowered by 100,000 to 600,000 due to strict enforcement of the rice import ban and prospects of a good crop. Imports will likely remain hindered unless there is a critical shortage or stocks fall below 1 million tons.
- **Nigeria** is raised 200,000 tons to 1.7 million tons because of a strong import pace similar to the prior year and reports of increased smuggling from Benin where the tariff duty is 65 to 95 percent less.

## **TRADE CHANGES IN 2005**

- Changes to **Australia** are based on year-end export statistics.