

Dealing With Your Emotions In Your Rice Marketing

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Everyone seems discouraged by what is happening in the US rice market, mainly its lack of bullishness compared to about everything else that is grown in the ground in the US. The cash bids have been somewhat flimsy and there is all kinds of negativity surrounding the market.

We have seen the same market despair before. It happened during the fall of 2005, when most folks thought the price would never rise again. Nothing is gained by having market despair; it clouds our thinking. Then again in September 2006 when the problems with GMO tainted rice upset a lot of people and many predicted that the US would lose all of its export business. I did not share that export opinion either. Then there was the fall of 2007 when everyone was calling me from all over the world and complaining about the low price of rice to wheat. How could "my rice market" get so ridiculously cheap?

Is there anything bullish about the rice market right now other than a collapse in the US dollar? In our rice advisory service we have been discussing the rice to corn relationship a little bit. We will do more research on the connection or lack of connection between these two row crops. So far, corn has cut rice acreage this year, much more than any wheat effect on rice acreage this spring. As with wheat in 2007, we are now facing the lowest prices for rice in the last 100 years versus corn. 2007 was the year of wheat for the rice price. Perhaps in 2011, this is the year of corn for the rice price.

You cannot accuse rice of not going to extremes from time to time. It is never a dull moment in the rice market.

Remember this, rising rice prices tend to increase rice acreage from March until June. Conversely, lower rice prices or no bid rice prices could cut acreage over the next 60 days. All this

negativity about US rice and all this positivity for the rest of the grains has not cut its full swathe through the Delta...yet.

The nasty weather problems out there as we move into the final phase of rice planting do not help rice acreage maintain its share. We may not know what rice acreage is until the end of June with the next acreage report from USDA. For better or worse, USDA is the final say in what the market perceives to be truth. The truth is that acreage estimated on March 1 has little relationship to the final figure or even my estimates at that time.

The cure for lower rice prices is always lower prices in Arkansas or South America or Saigon. Even in Mexico, financial problems in the industry there may lead to more cuts in domestic rice production this year. If you are blue about the market, ask someone about how scary things are in Mexico for farmers there and you will be grateful you grow and ship your rice in the USA. Gratitude, not depression, is the secret to successful marketing. It keeps the head clear for new opportunities as rice sits at 100 year lows to the corn price in Arkansas. Profitable opportunities to sell will come again. Are you prepared. Chance favors the prepared mind, especially one that is up beat not down beat. Δ

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