

# Let's Talk Rice Plantings And 2013 Rice Price



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**W**ill the final rice acreage numbers be as much of an April fool's surprise to most of us as they were last year? A lot of input suppliers will be very interested in the final numbers and farmers may try again to fade the current market idea

of where rice acreage is headed. If the thought is that rice acres will be cut hard, some will plant more, it happens every year.

I am here to tell you I will be talking just about all these and other rice things at the 16th annual NCS cotton & Rice Conference in Baton Rouge, LA on 31 January – 1 February. I would like to meet you there, if you come, and we will also have a booth there. If this article triggers something in your mind, just email me at [milo@firstgrain.com](mailto:milo@firstgrain.com).

Right now, it will take higher prices to tug acreage higher than 2012, which was a big jump from the low acres of 2011. The last few years have brought us a lot of weather problems for rice in the Delta. What we do not have is a problem this year with rice subsidies, thankfully. I will say this: Delta rice acreage can turn on a dime. We saw that last spring when acreage spiked higher to the surprise of many very savvy rice people, who sell seed or fly on inputs, for example.

What could drive rice acreage lower in 2013? Here is a short list: dry weather in April together with strong corn and/or bean prices and no change in the price of rice from recent levels at mid-January.

So why did the grain prices remain high and the rice prices low in 2012? The drought took grains higher and big cuts in field yields, other than some milling problems rice did fairly well, a fact that may affect actual decisions of what to

plant now. I would not give up on the rice market. Brazil traded at \$17.70 per cwt last October for example. Can you make money at that price?

Yes, rice had record yields in 2012 and a huge 28 million cwt boost in production. But all that is behind us now. The stuff has been chewed up by strong rice demand.

Other bullish wild cards include:

Strong rice prices in Brazil into the summer months

The final go-ahead to sell rice to China from the US (held up over quality issues)

Another year of crop problems in the US or South America

Strong wheat prices due to weather problems and low stocks

Return of speculative interest in commodities

Weak dollar and stronger crude prices

If the rice price had trouble getting to the bottom of the price range for other grains in 2012, say \$7.00 per bushel, rice may have trouble going below that level in 2013. The big IF is that rice acres go down in 2013. In this case, less is more. Δ

*Milo Hamilton is President and Co-founder of the rice market advisory service, The Firstgrain Rice Market Strategist. He has extensive background buying and selling rice from 1981-1999. He established Firstgrain, Inc. in 2000. He has clients from farmers to rice processors, brokers and traders to international concerns involved in human and pet food rice products. With his business partner, Kevin Ries, Milo publishes the on-line service, [www.firstgrain.com](http://www.firstgrain.com) that is read by buyers and sellers around the world. His company, Firstgrain, Inc. is focused on rice and believes that "every individual is a market force." The name, Firstgrain, comes from a Chinese proverb, "The precious things are not pearls and jade but the five grains, of which rice is first." His email address is: [milo@firstgrain.com](mailto:milo@firstgrain.com).*

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