

U.S. Rice Producers Association President And CEO's Market Thoughts

Volatile Year: Opportunity And Danger

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Dwight Roberts, President and CEO, U. S. Rice Producers Association, attended the Missouri Rice Producers Conference and talked about the rice marketplace.

"We are in a very interesting aspect of the marketplace right now, a lot of volatile events going on when you look at the situation in the Middle East and the weather conditions around the world. We are still dealing with the quality issues we confronted during this past growing season in the United States, where we were hit hard by panicle blight or water management problems, high nighttime temperatures; which resulted in low milling yields. This brings on complaints from foreign buyers that must buy much more paddy rice to get the head rice they need."

According to Roberts this situation is one which nobody wins, not the farmer, not U. S. mills, not foreign buyers. "The next discussion is how much acreage will be in the United States that is the 64 thousand dollar question right now. You are hearing numbers of reduction, a wide variety of numbers, gen-

such as Venezuela, the Argentines have been aggressively marketing this crop. With our milling yield issues, this is going to be a tough few months. We have got to keep our foot in the door in a lot of these markets until say October 1; till we get well into our harvest because I don't think we'll ever have another year like we had this past year when it comes to the rice crop. This was the first time ever in history they



Discussing the rice marketplace, events in the Middle East and weather conditions around the world is Dwight Roberts, President and CEO, U.S. Rice Producers Association.

Photo by John LaRose, Jr.

erally high to very high."

Roberts pointed out a reduction in last year's numbers is anticipated. "The futures market is feeding off of an anticipation of a reduction. The market is having a hard time finding itself. We really don't know how much good quality rice is available and we see movements of rice, milled rice from certain areas of the growing region shipped to other areas that normally does not, which indicates a problem in the packaging company finding high quality milled rice to package."

"Farmers are scratching their heads," said Roberts. "Up here in the Bootheel, in the northern Delta, they are looking at corn and soybean prices, cotton prices are staring them in the face. So rice is looking less attractive but rice could turn out to be the real sleeper this year, just as cotton was this last year; never a dull moment."

A 20 percent reduction over last year rice acreage is not significant explained Roberts. "I think it needs to be five percent more than that, probably to strengthen the bottom line on prices, but demand is strong in the foreign market. We had a good week last week on export sales. We are confronted with a very large South American crop this year in Brazil, Argentina; Uruguay they are on the verge of harvesting a very large crop."

"I have noticed that in some southern markets

tell me, the old timers, so it's going to be volatile. We have these weather patterns in grain growing regions of the world that are very unique, very different historically. Water is getting tighter in certain countries. Throw in high oil prices as a result of what is going on in the Middle East and you're going to have a lot of volatility in this market. That is going to present opportunities for farmers at times. It can also present some dangerous times, so it's going to require following the market a lot closer. But this volatility is going to create some opportunity."

Roberts was asked about what impact the earthquakes in Japan could have on the U. S. market. "The U. S. rice futures market has finished stronger in the last two days as there are indications of Japan projecting an increased demand. The trade is expecting Japan will increase imports to make up for damaged rice supplies. I have not seen a figure related to the exact damage but we know a number of warehouses that stored rice were destroyed and while there is no rice growing during this time of the year, a number of acres of rice land have been ruined we are told. This situation will evolve over the coming days and weeks." Δ

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