



**Growers, Processors, Packers, Distributors  
and Exporters of Dried Beans, Peas, Rice and Popcorn**

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**Market Update:**

The market continues to be firm and shows little sign of coming down in any way. Supply shortages along with high demands are keeping prices high and unstable. In this volatile market nothing is for sure and anything can be expected. Recent world events have stirred the price of rice to keep firm and may even spark more highs. The future of rice is still very uneasy but we need to keep the faith. For now reports from news sources tell us of the impact the Burma cyclone has had on rice.

**The Burma cyclone:**

The recent cyclone in Burma is probably the most devastating event not only for rice prices but for all the damage that has come along with it. The 600,000 tonnes of milled rice expected to be exported from Burma can now be excluded from the global market. According to some findings it is believed that nearly half of the dry season crop was destroyed in the storm and thousands of stored rice has been lost. Another problem is rice production. With rice mills destroyed, transportation roads damaged and a broken infrastructure it will take Myanmar sometime to get back on its feet and ready for production. Instead Myanmar will have to import rice from other countries like Thailand.

**Supply and demand:**

The supply of rice has been stifled by several ongoing factors such as the bans on exports from countries like India, Egypt and Vietnam; poor harvest; stock shortages; bad weather and hoarding. High production and distribution costs are just some of the ingredients that have also caused the rise in price. Countries around the world are unable to rely on their domestic stock pile as they are low in quantity. Rice production in the United States, Australia and Europe is expected to decline and in the Philippines production is slow because paddy land is being overtaken for industrial development.

The growing population in some rice-importing countries has also upset the demand of rice. Countries sending aid to China are on the lookout for high volumes of rice as well.

As far as the domestic market goes in Texas old crop is virtually gone. Rice from the 2007 crop is already committed and there is not much to go around. In California there is a lack of paddy that will cause a gap in August as we head into new crop. Prices for Long Grain Rice have increased up to 61% since the beginning of this year.

**What to expect:**

The best hope for the market is the new crop season. As supply of rice feeds the demand prices should stabilize, but no guarantees should be taken. Consider other factors such as commodity prices in corn, ethanol and wheat.

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