

Arkansas' Rice Situation and Outlook

*Presented at 2017 USA National Rice Outlook Conference
San Antonio, Texas – December 10-12, 2017*



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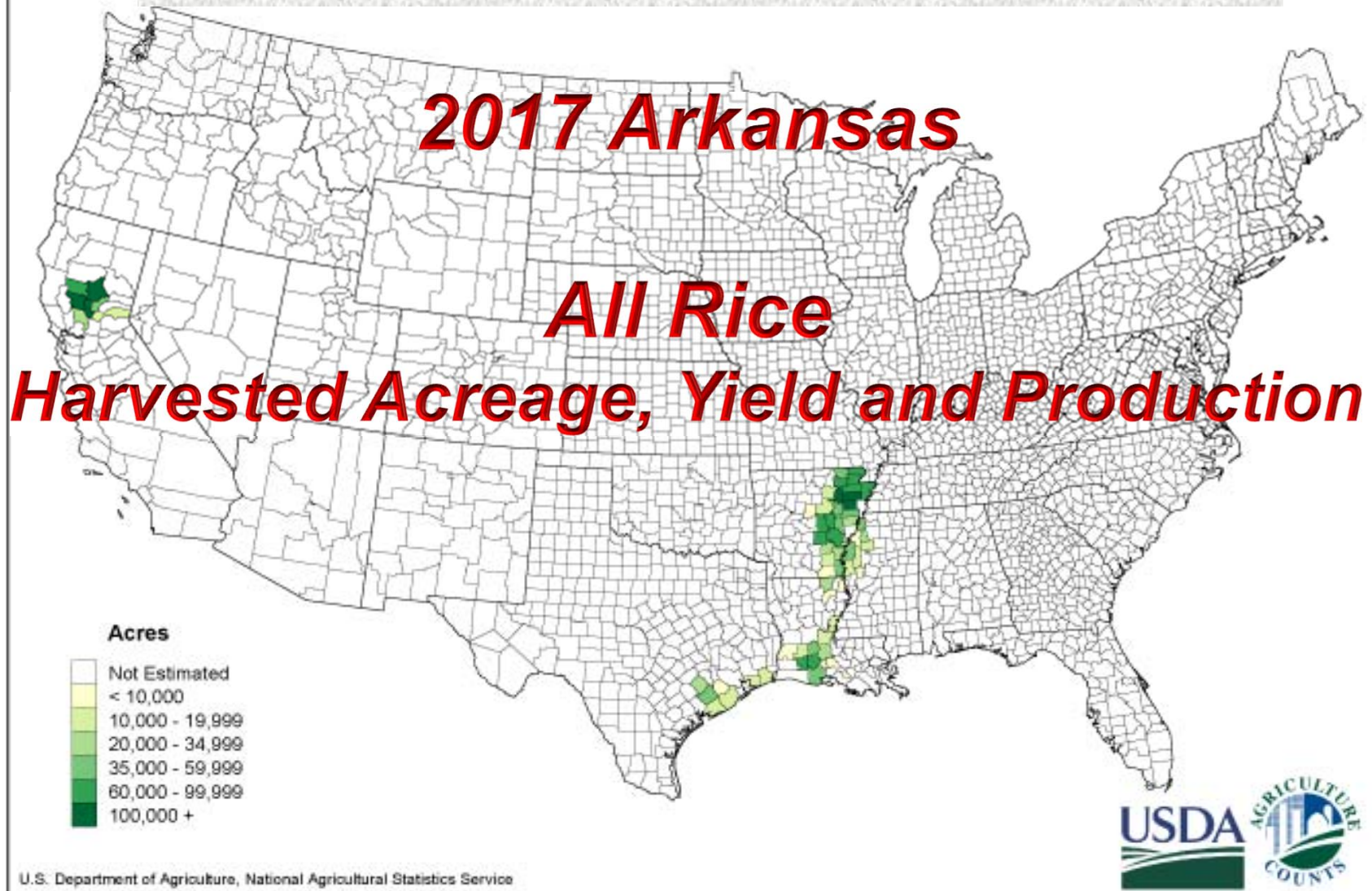
Department of Agricultural Economics and Agribusiness

Division of Agriculture

Cooperative Extension Service

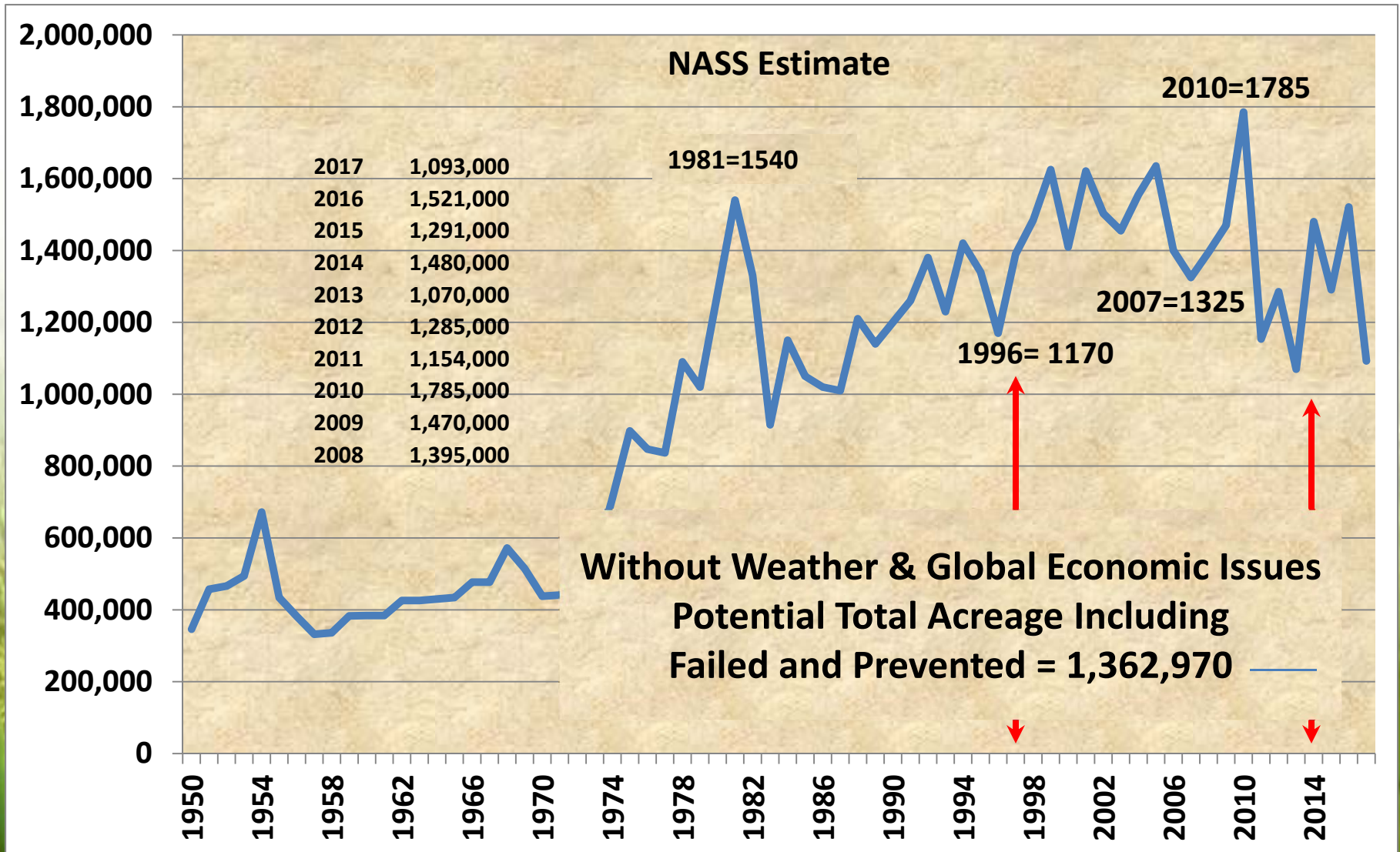
University of Arkansas System

Arkansas' Rice Situation and Outlook



Arkansas' All Rice Harvested Acres, 1950 to 2017

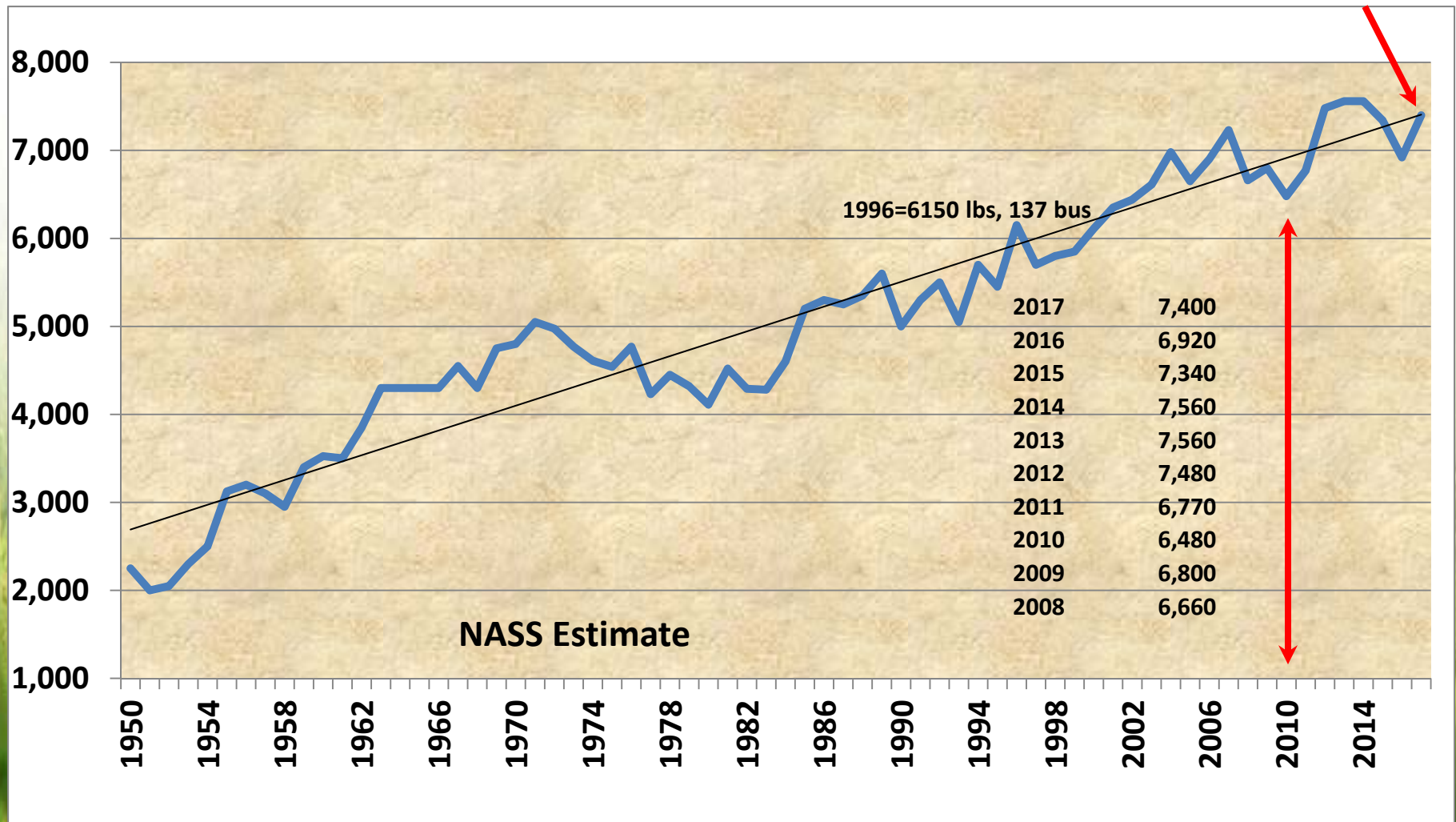
2017 – 1,093,000 Acres, 28% < 2016, Failed 51,179, Prevented Planted 218,791



Arkansas All Rice Yield Per Acre, 1950 to 2017

2017 Yield 7400 lbs. (164 bus.) – 4th Highest on Record

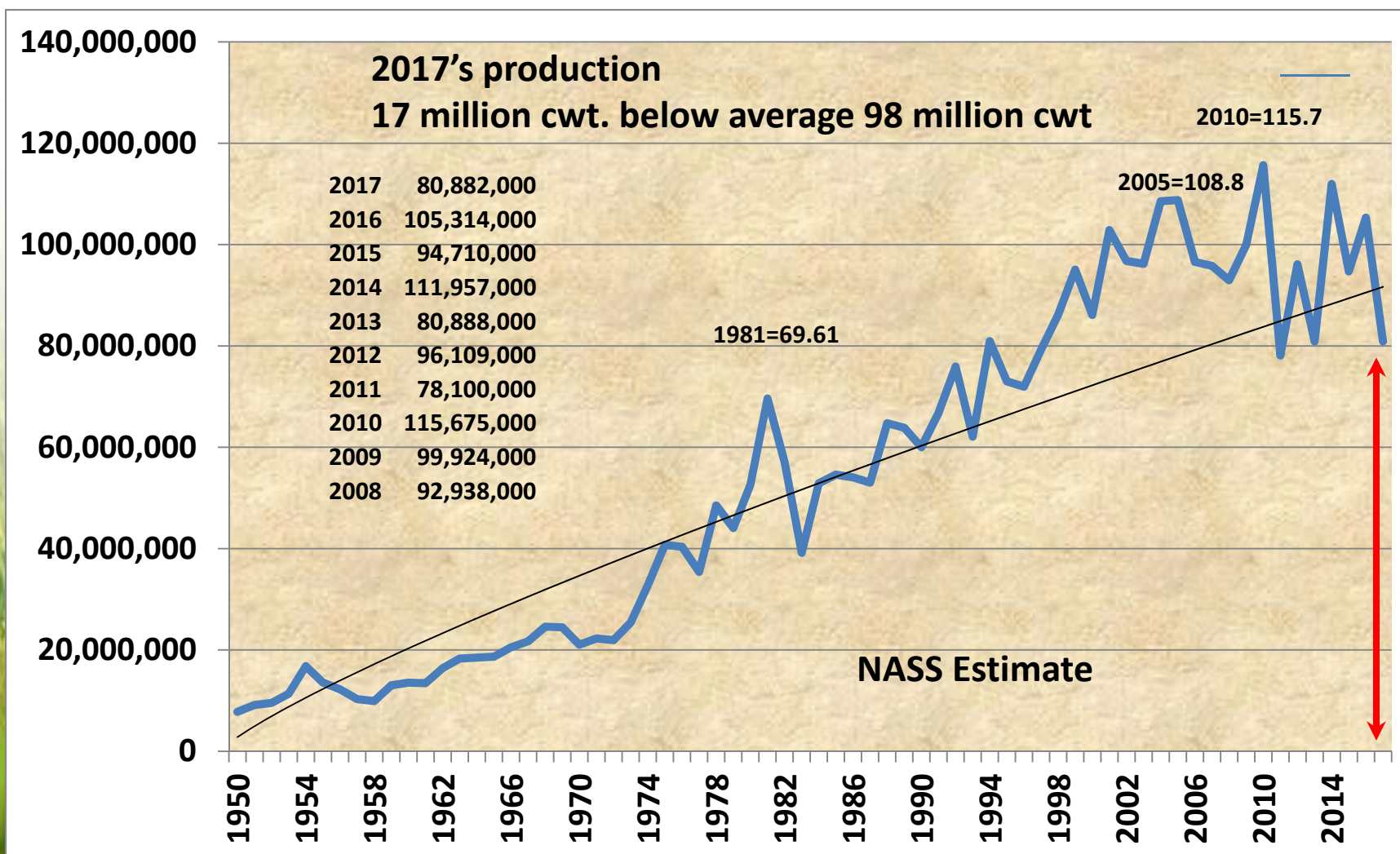
7% above 2016's - 6920 lbs. (154 bus.)



Arkansas All Rice Production, 1950 to 2017

2017's 81 million cwt.

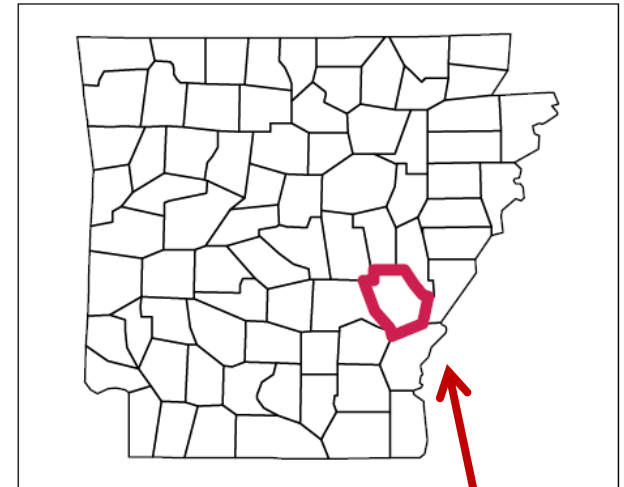
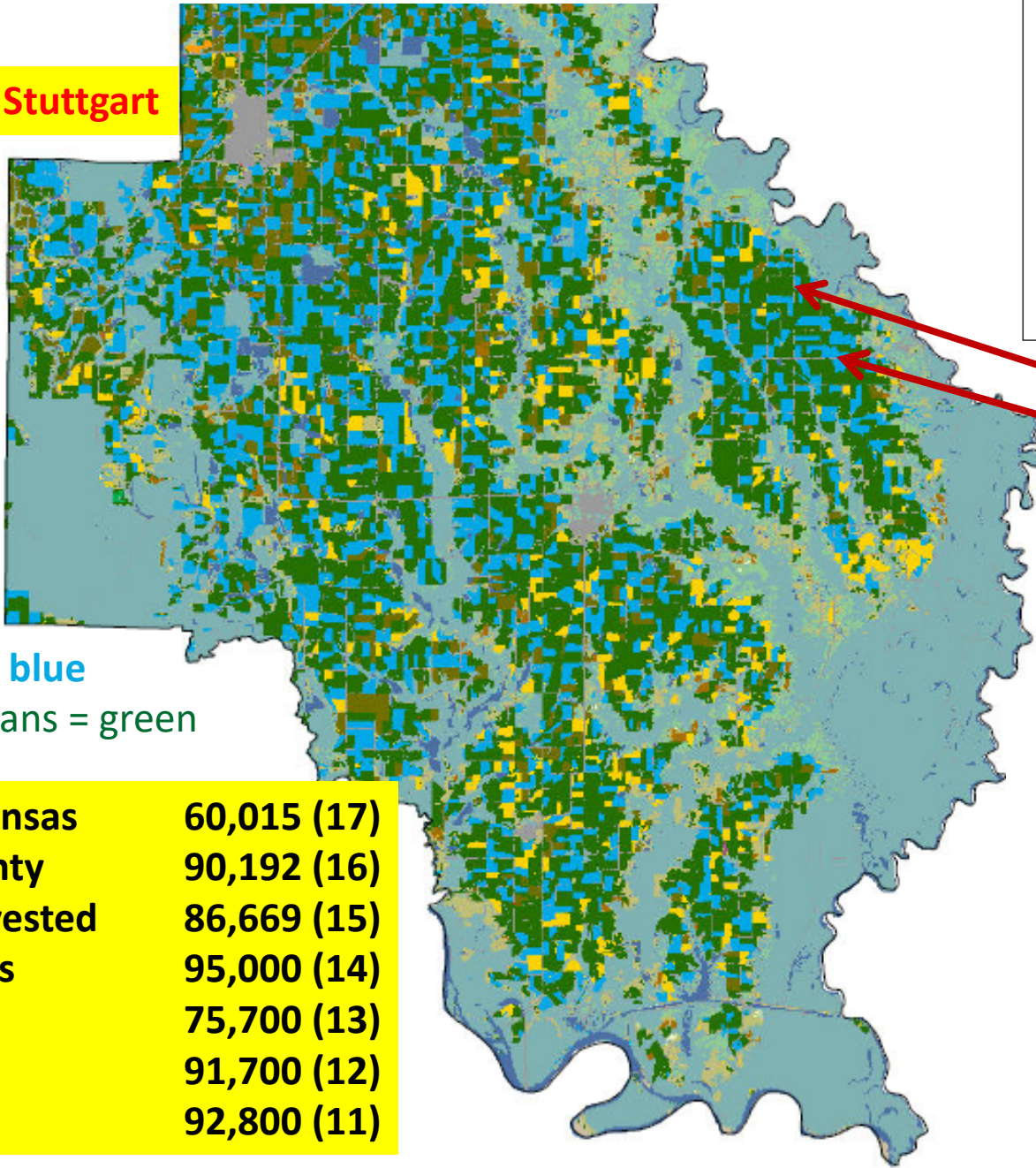
Previous 5 yr. = 97.8, 10 = 97.1, 15 average = 98.6, (98 million cwt.)





Arkansas Long Grain Rice

Stuttgart



AGRICULTURE

- Pasture/Grass
- Soybeans
- Rice
- Cotton
- Fallow/Idle Cropland
- Corn
- Dbl Crop WinWht/Soybeans
- Winter Wheat
- Sorghum
- Aquaculture
- Pecans

Rice = blue
Soybeans = green

Arkansas County

- Oats
- NON-AGRICULTURE**
- Forest
- Wetlands
- Developed
- Water
- Shrubland
- Barren

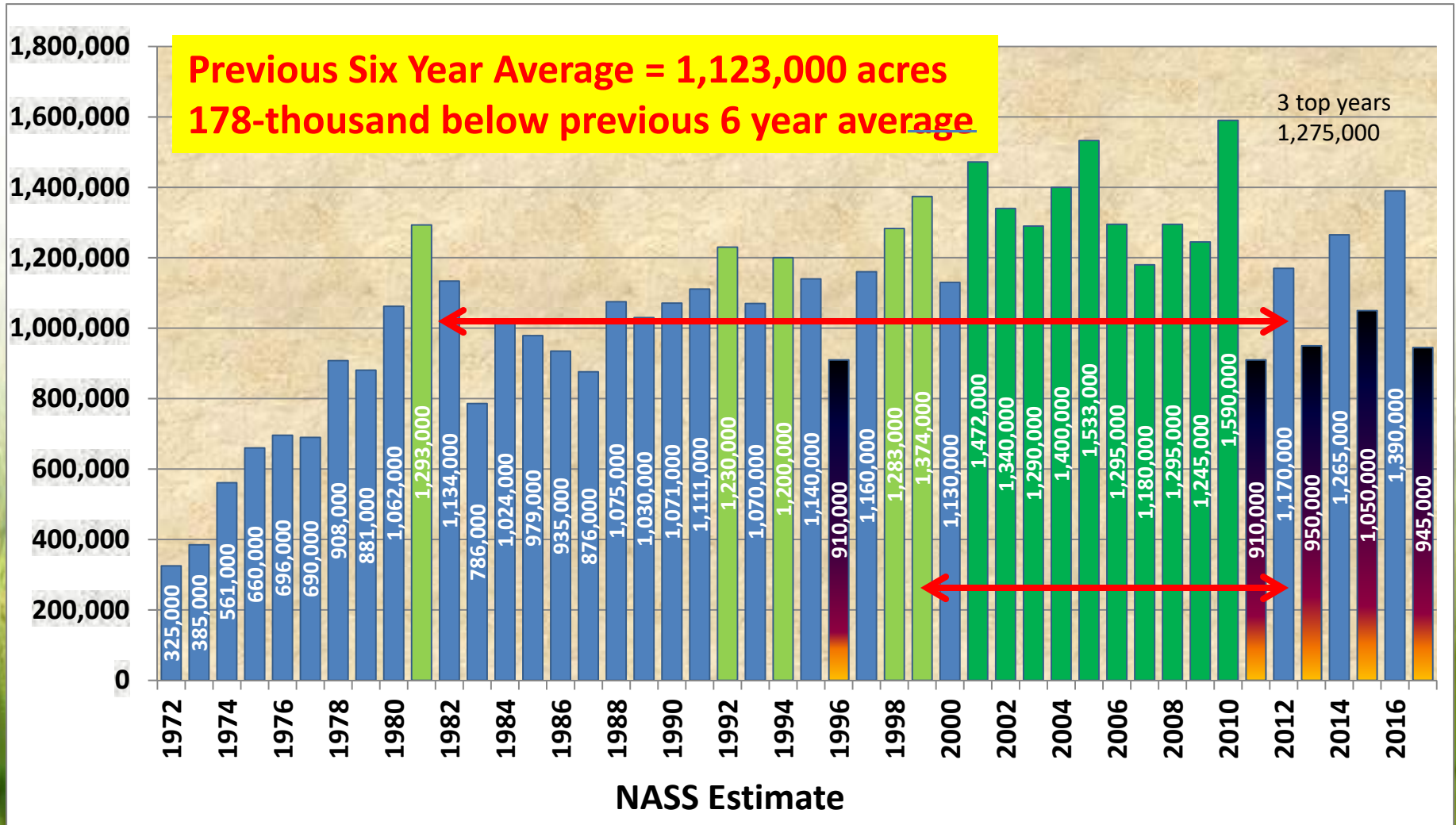
Arkansas	60,015 (17)
County	90,192 (16)
Harvested	86,669 (15)
Acres	95,000 (14)
	75,700 (13)
	91,700 (12)
	92,800 (11)



Arkansas Long Grain Rice Harvested Acres, 1972 to 2017

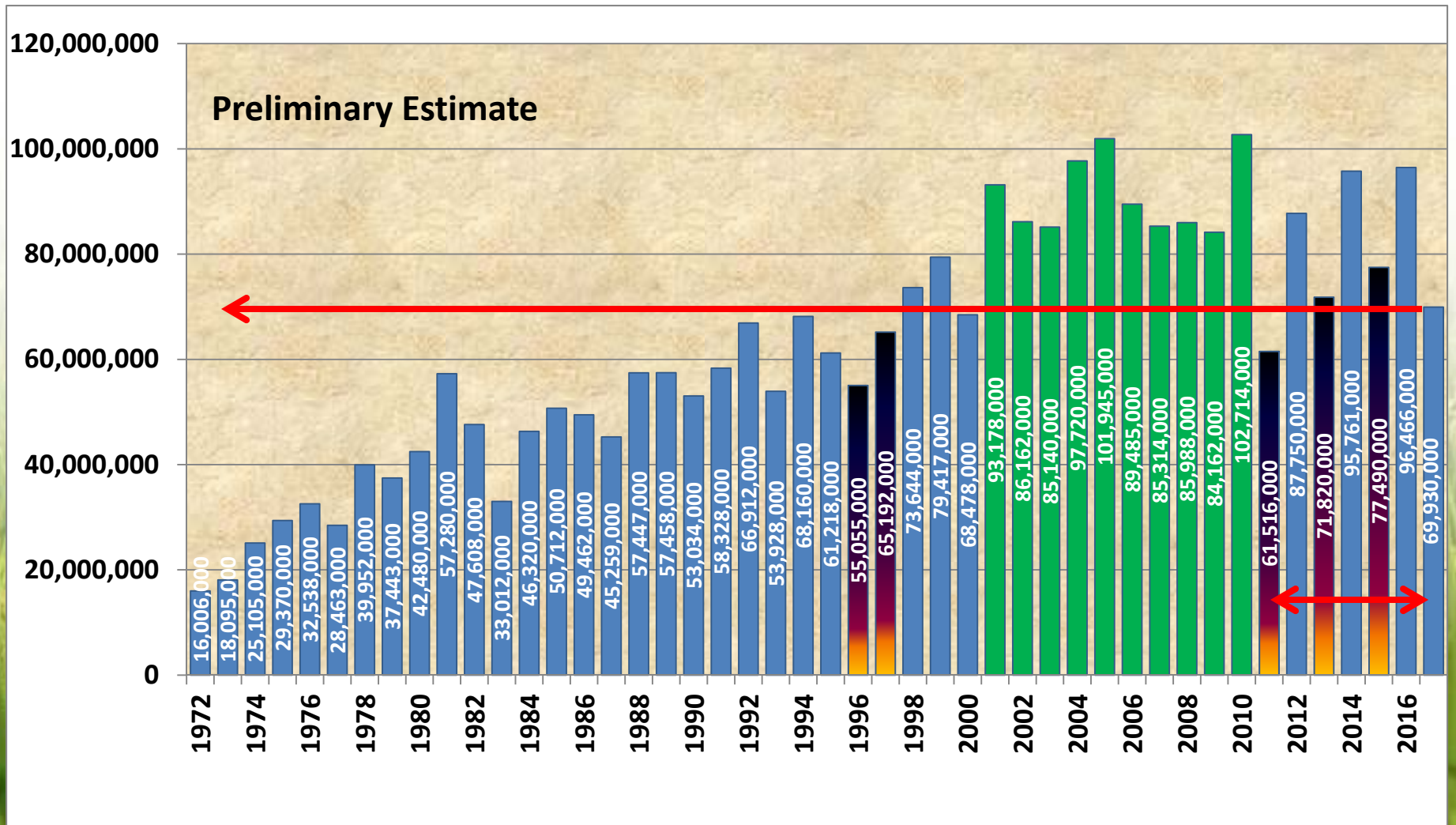
2017: 945,000 acres - 445,000 acres (32%) below 2016's 1,390,000 acres

1981 to 2017 average 1,171,833 acres, 6 year average 1,122,500 acres



Arkansas Long Grain Rice Production, 1972 to 2017

2017's Preliminary Estimate 70 million cwt.
2nd Lowest in the Current 7 Production Periods

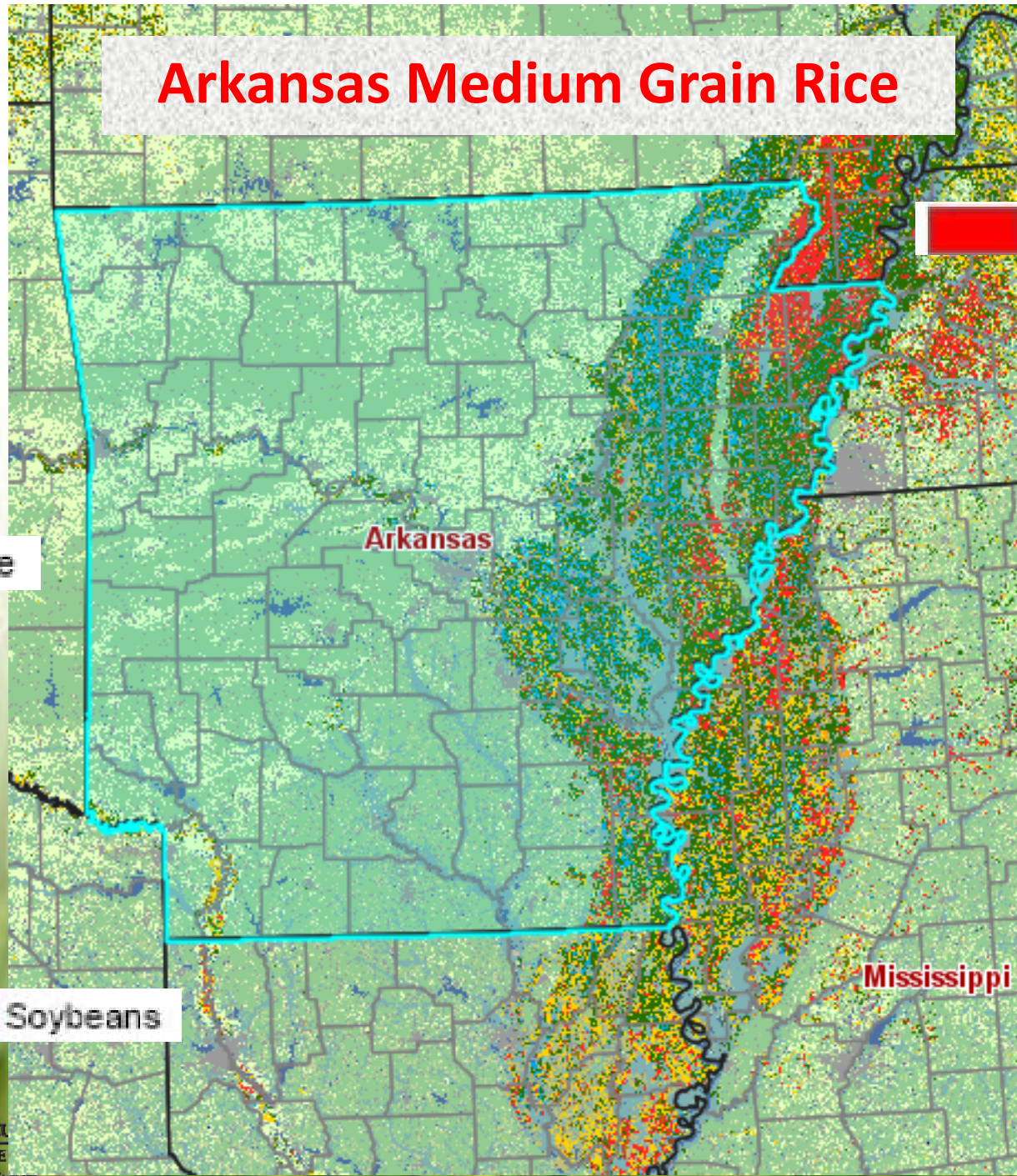


Arkansas Medium Grain Rice

Rice

Cotton

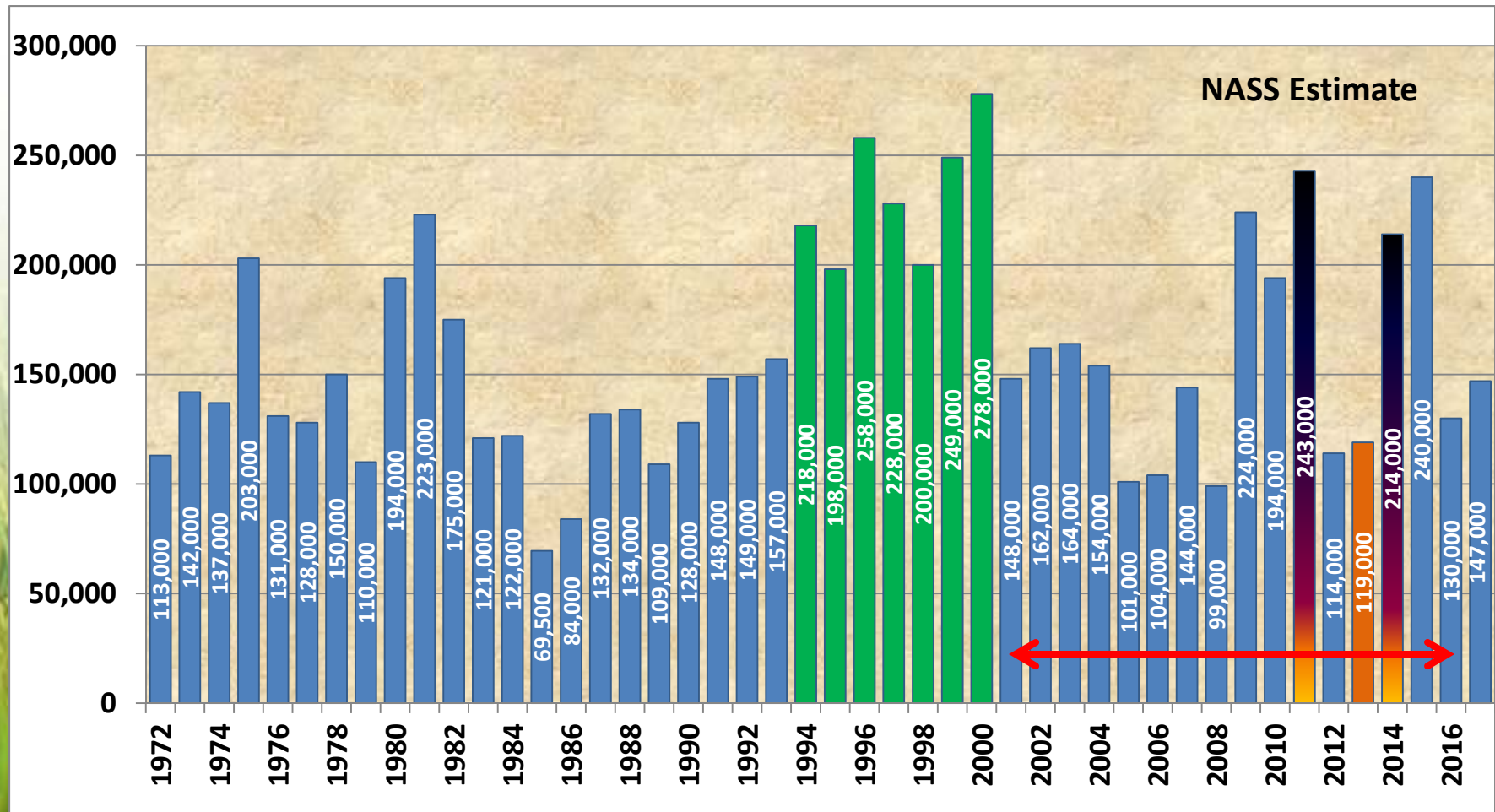
Soybeans



Arkansas Medium Grain Rice Harvested Acres, 1972 to 2017

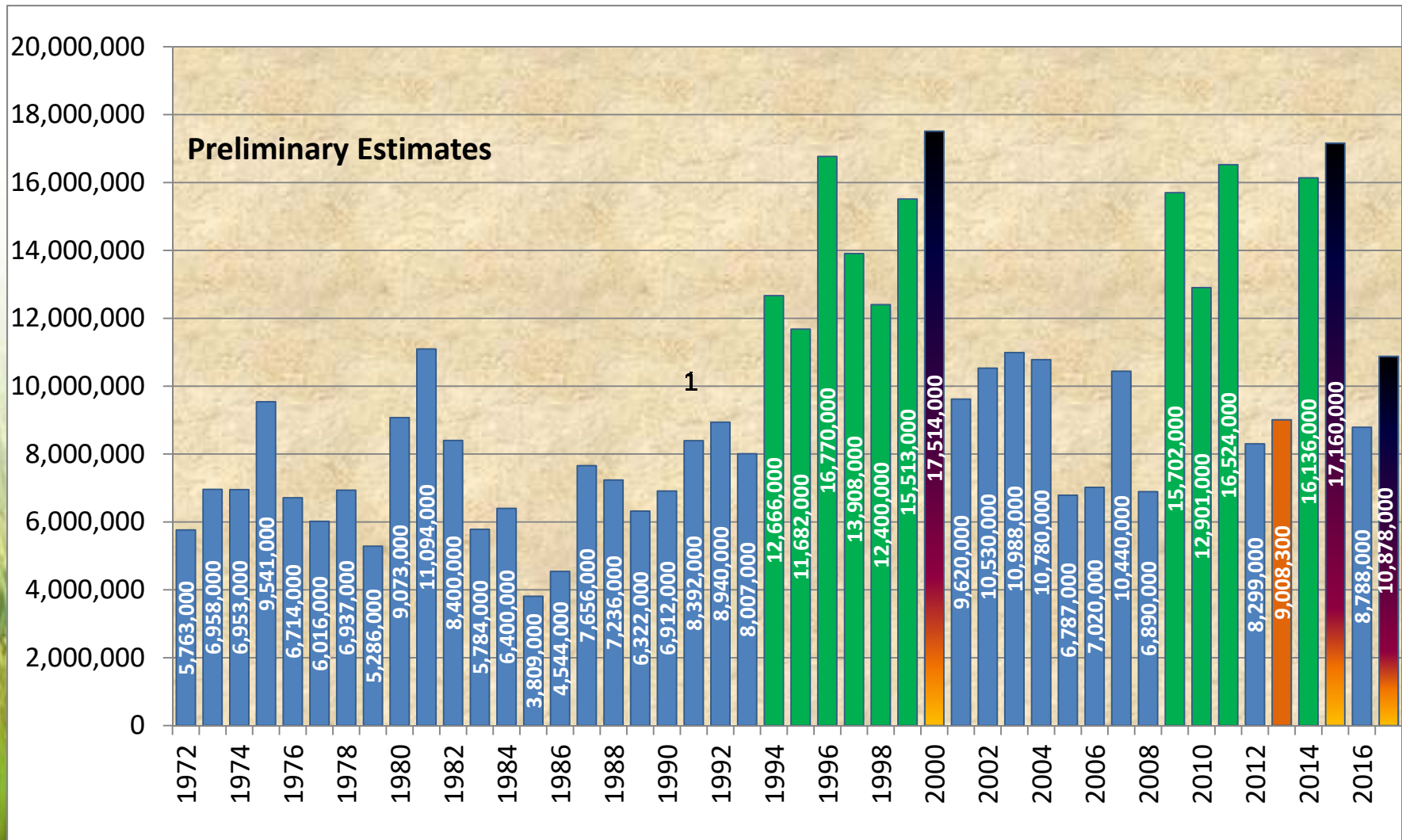
2017 - 147,000 acres

Previous 16 year average 159,625 —



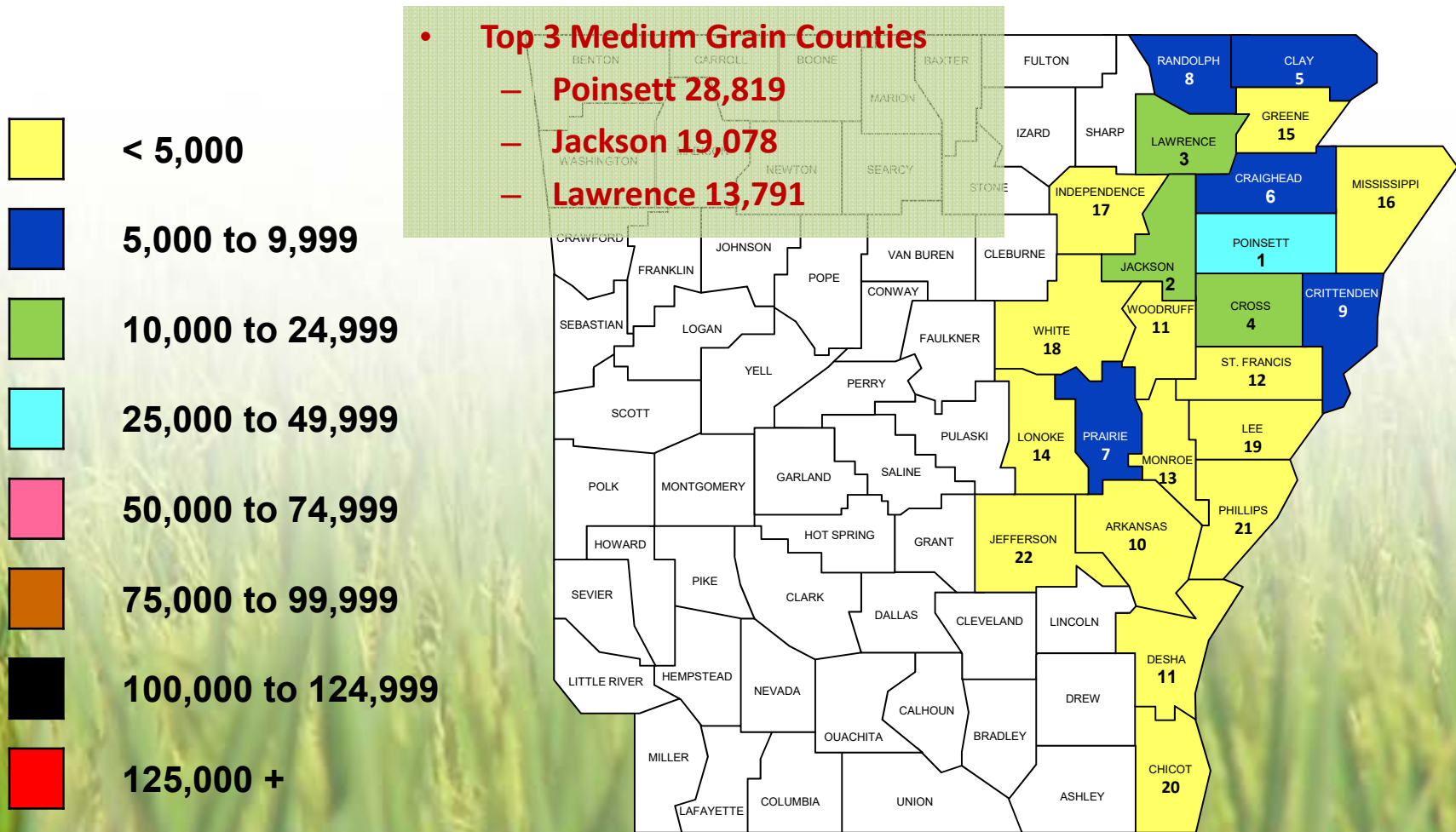
Arkansas Medium Grain Rice Production, 1972 to 2017

2017 – 11 Million cwt. – 24% greater than 2016



Ranking 2017 Arkansas Medium Grain Rice Producing Counties

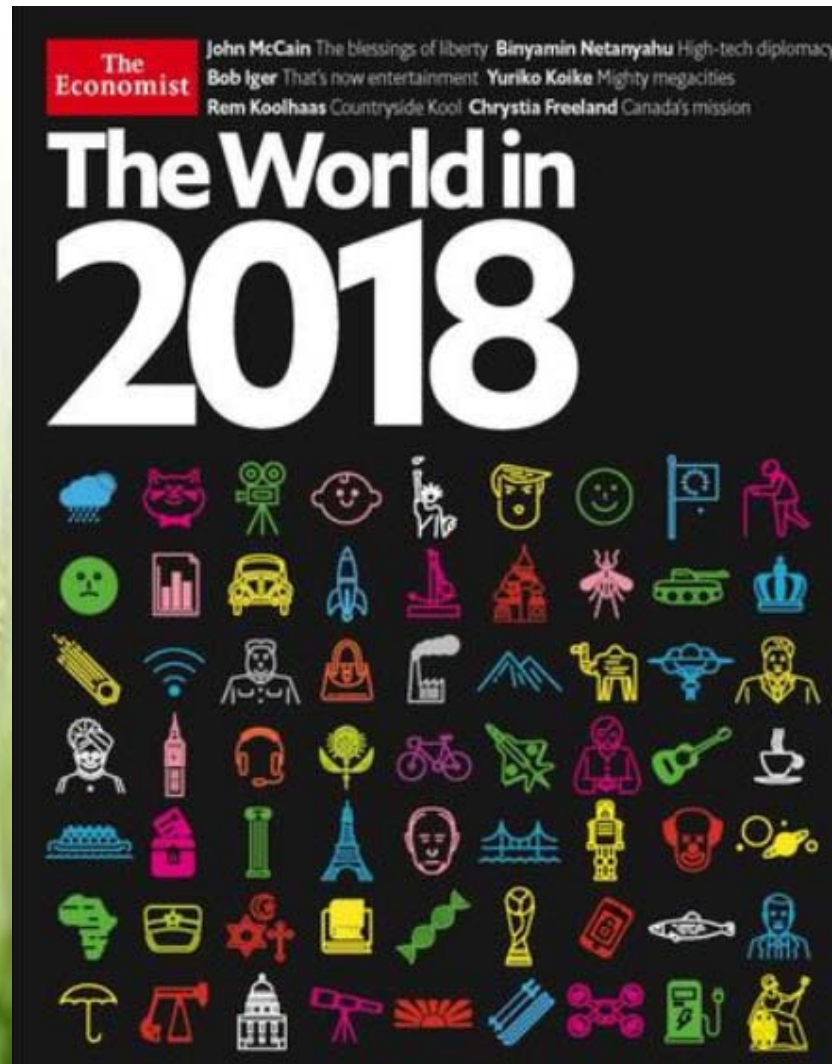
Top 3 AR Medium Grain Rice Counties by Harvested Acreage



The Year Ahead

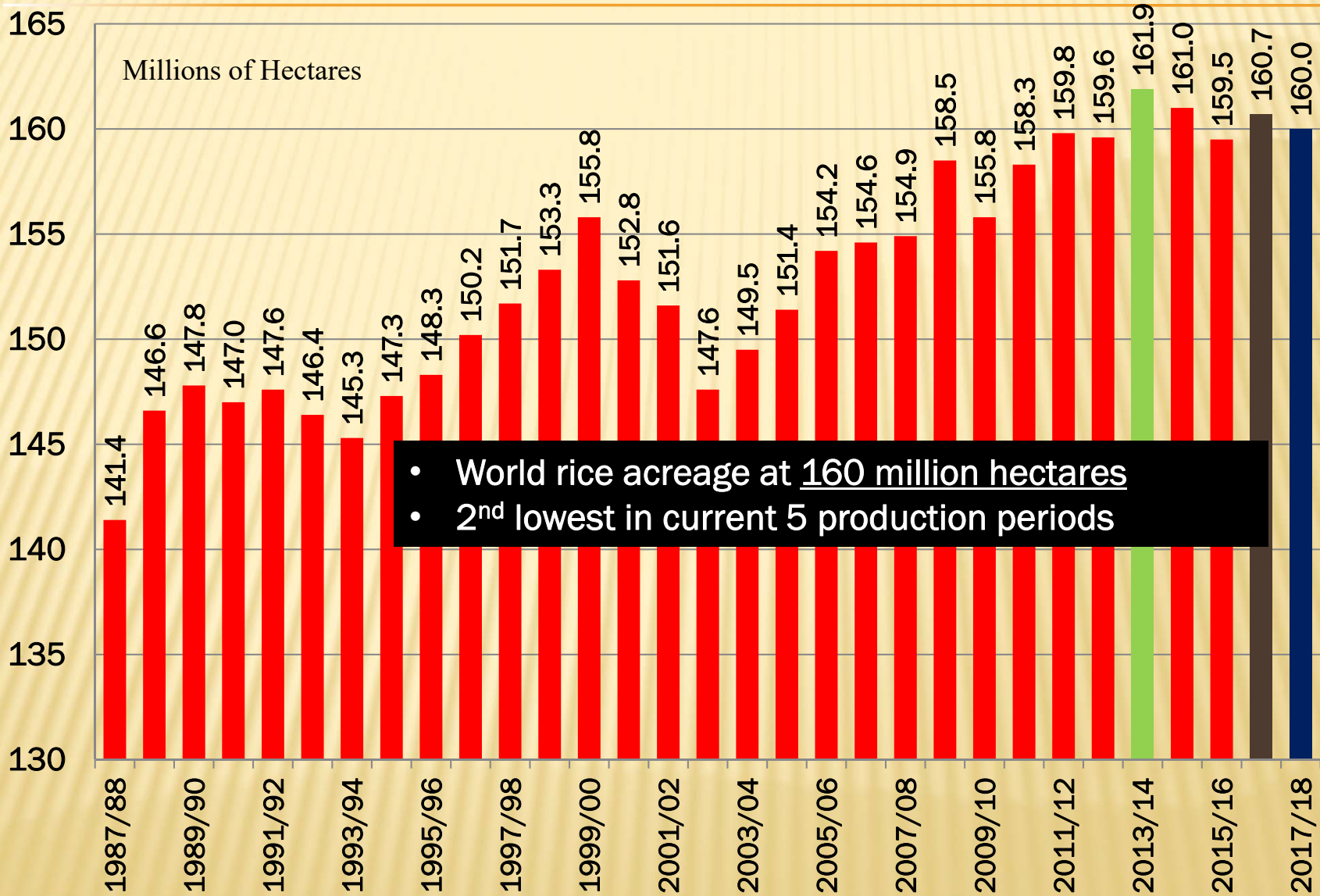
Build a Foundation for 2018

Arkansas Acreage and Production Outlook



WORLD RICE
USDA SUPPLY AND DEMAND ESTIMATES
NOVEMBER 2017

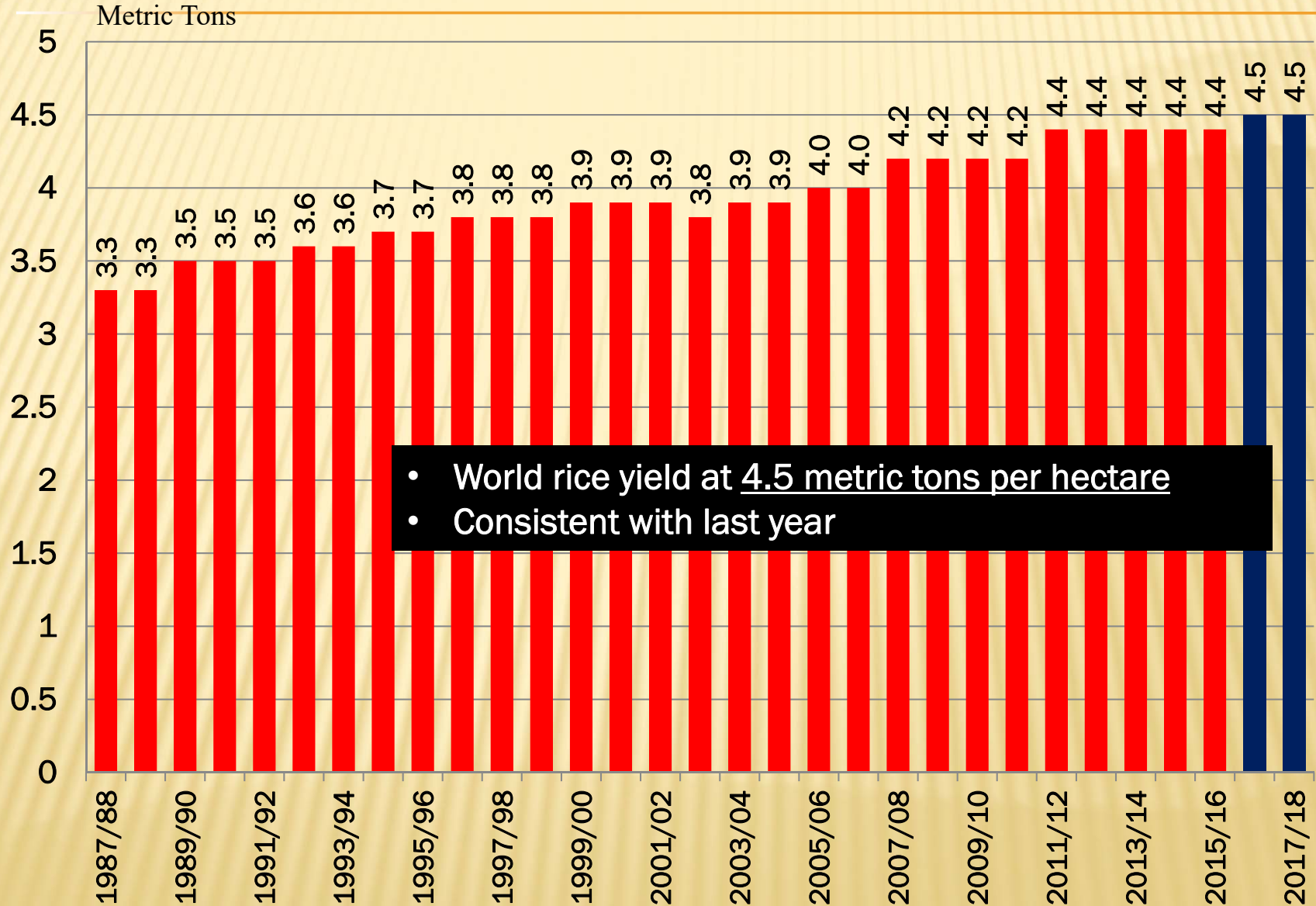
WORLD RICE AREA HARVESTED 1987/88-2017/18



- World rice acreage at 160 million hectares
- 2nd lowest in current 5 production periods

Source: USDA

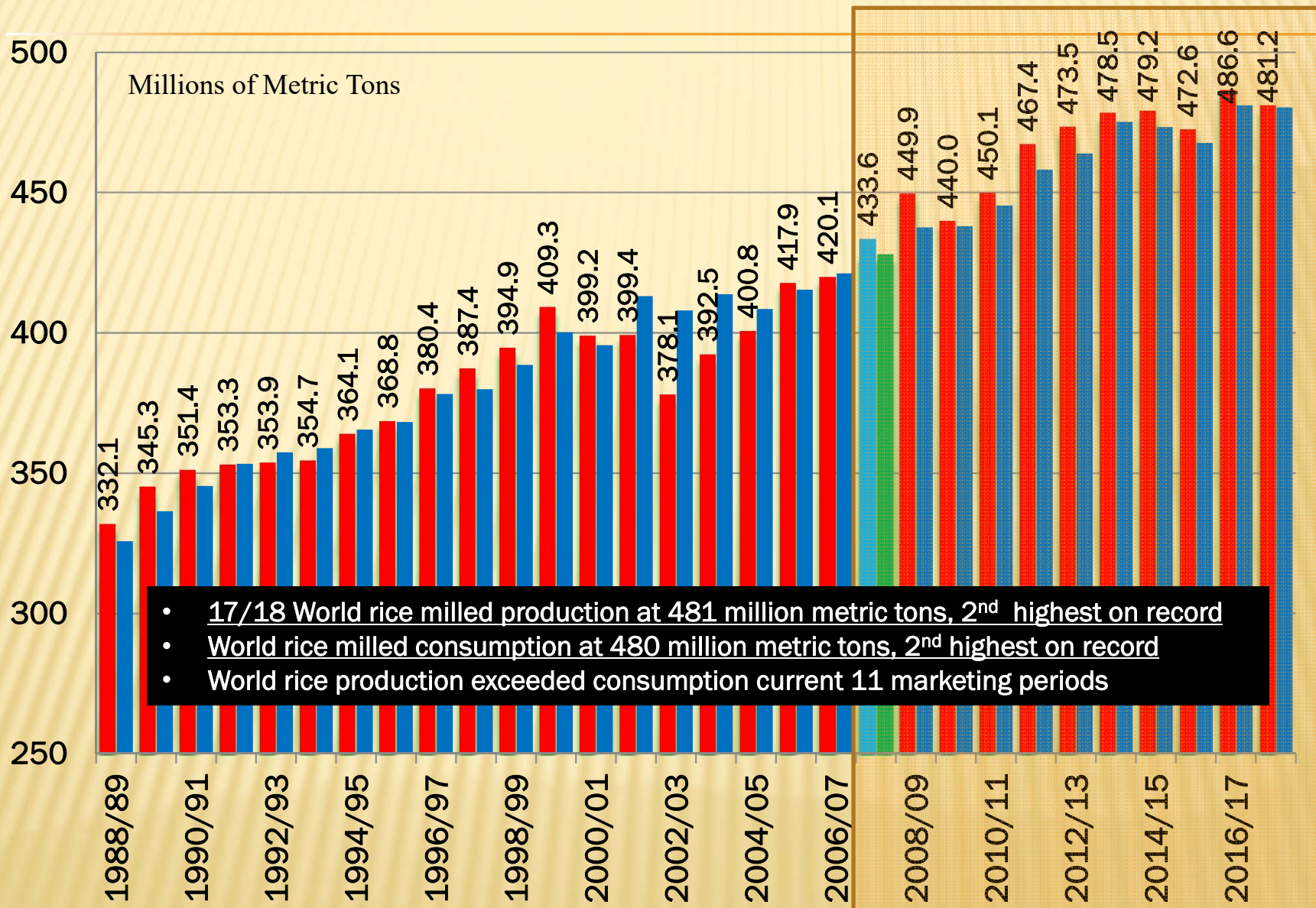
WORLD RICE YIELD (ROUGH) 1987/88-2017/18



- World rice yield at 4.5 metric tons per hectare
- Consistent with last year

Source: USDA

WORLD RICE MILLED PRODUCTION & CONSUMPTION 1988/89-2017/18

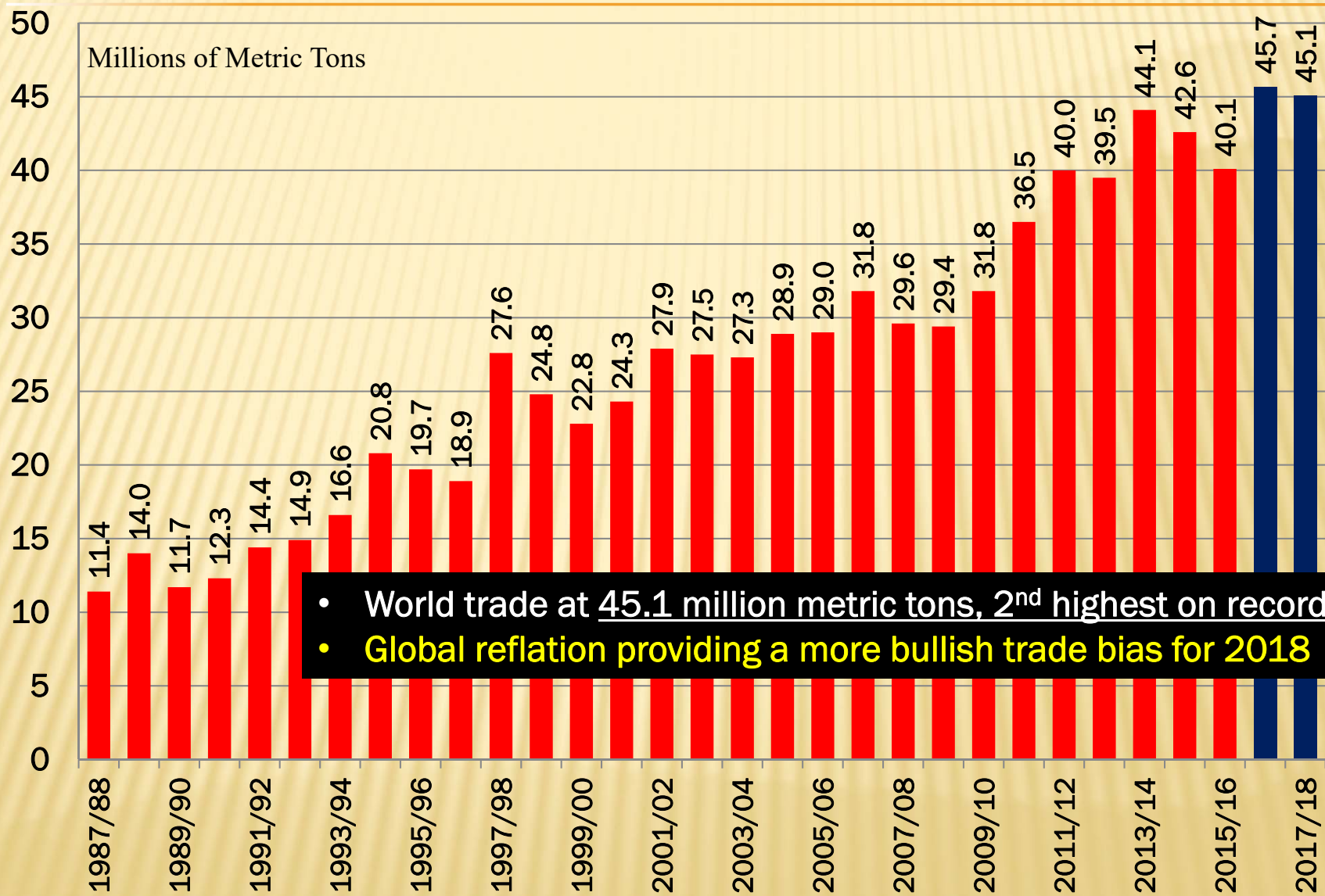


- 17/18 World rice milled production at 481 million metric tons, 2nd highest on record
- World rice milled consumption at 480 million metric tons, 2nd highest on record
- World rice production exceeded consumption current 11 marketing periods

Source: USDA

WORLD RICE TRADE YEAR EXPORTS CALENDAR

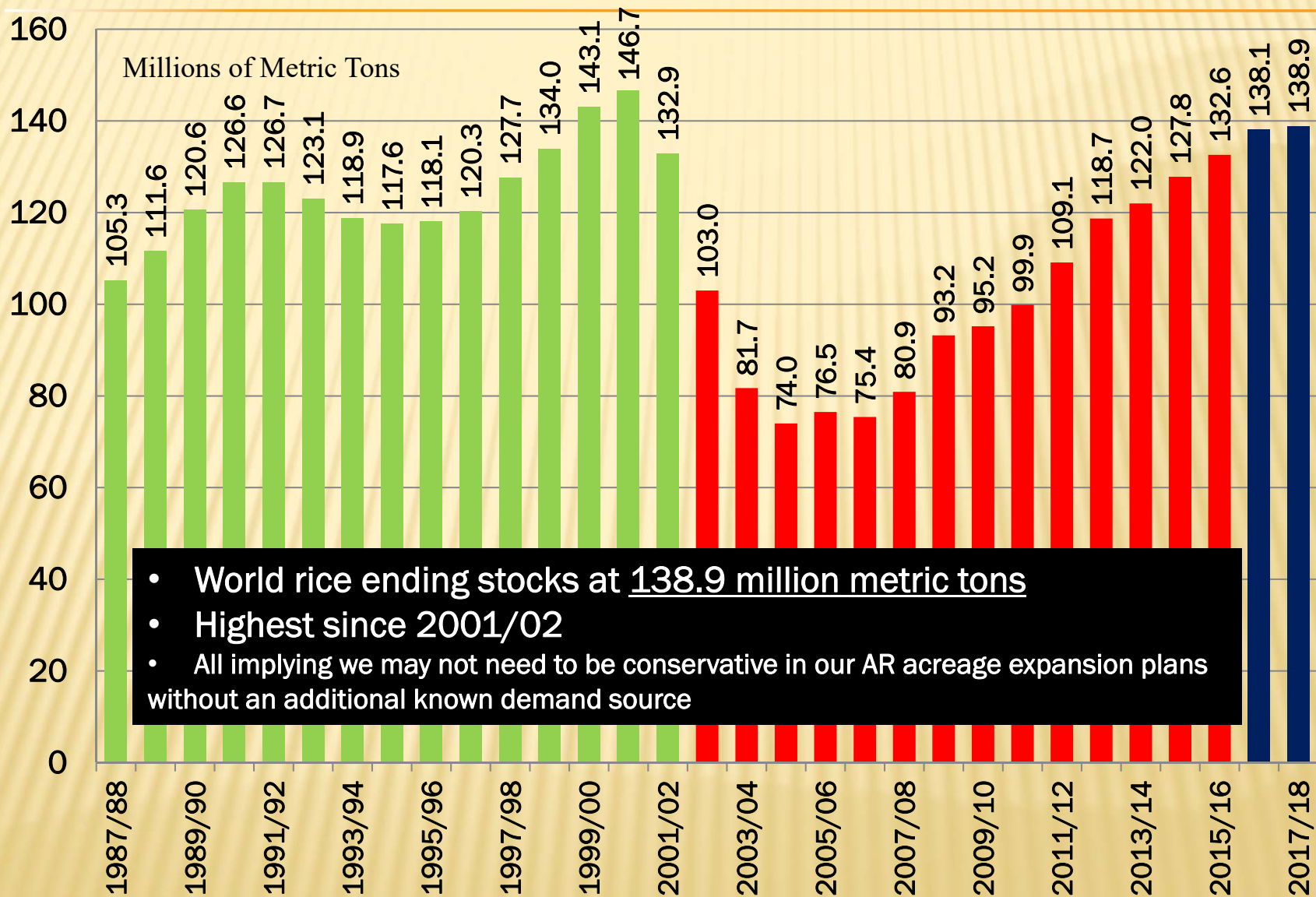
1987/88-2017/18



- World trade at 45.1 million metric tons, 2nd highest on record
- **Global reflation providing a more bullish trade bias for 2018**

Source: USDA

WORLD RICE ENDING STOCKS 1987/88-2017/18

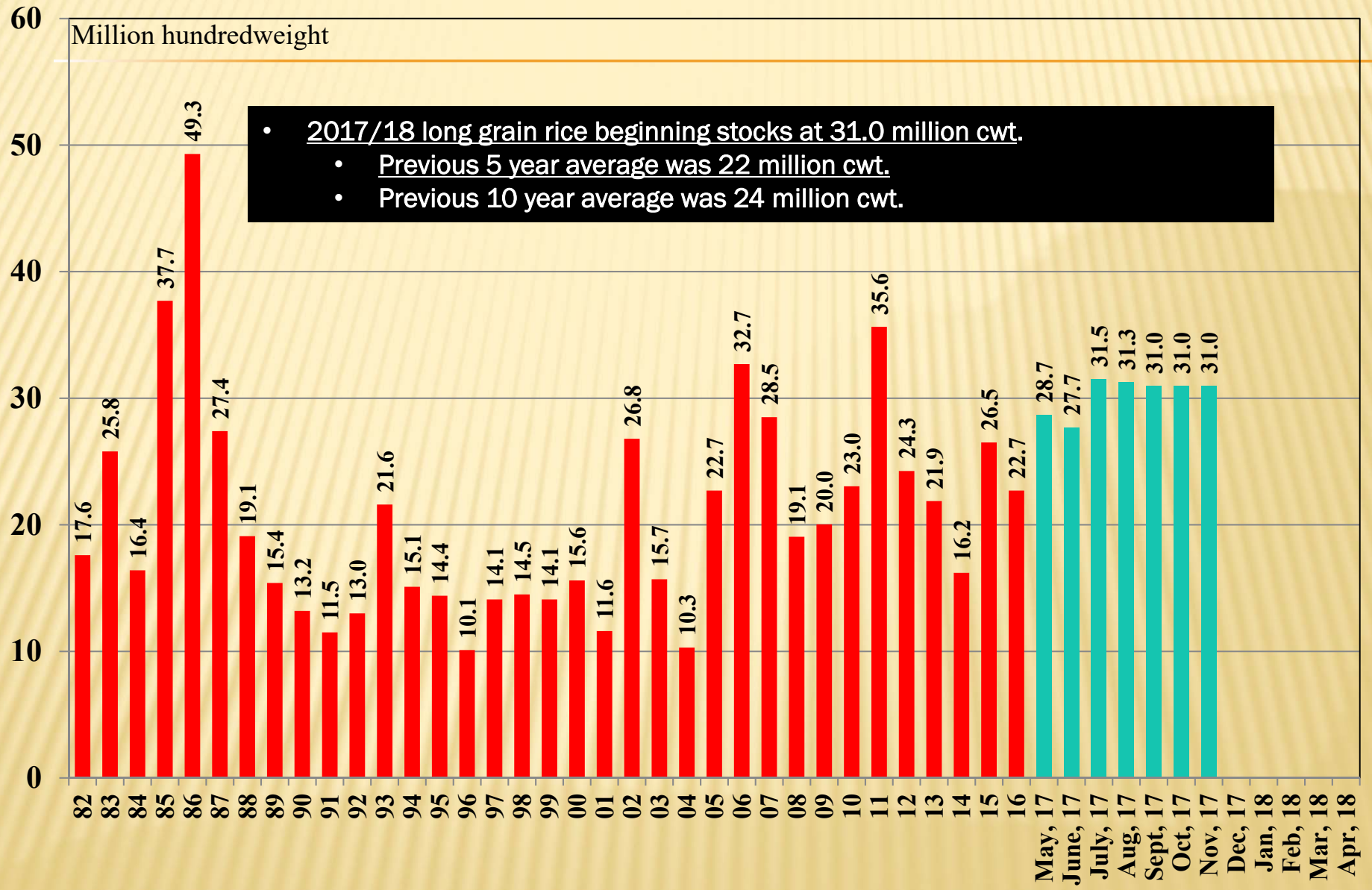


- World rice ending stocks at 138.9 million metric tons
- Highest since 2001/02
- All implying we may not need to be conservative in our AR acreage expansion plans without an additional known demand source

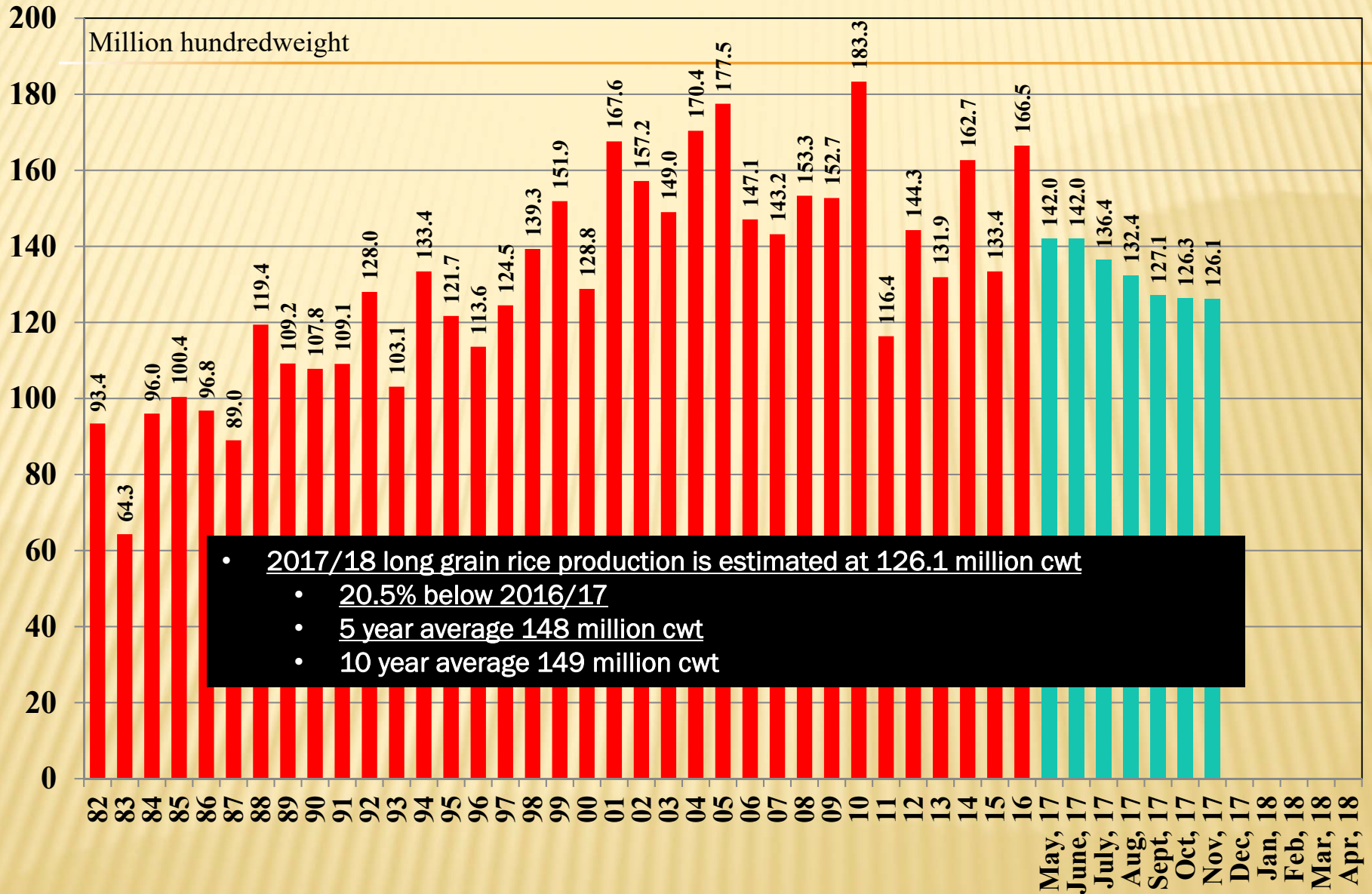
Source: USDA

***U.S. LONG-GRAIN RICE
USDA SUPPLY AND DEMAND ESTIMATES
NOVEMBER 2017***

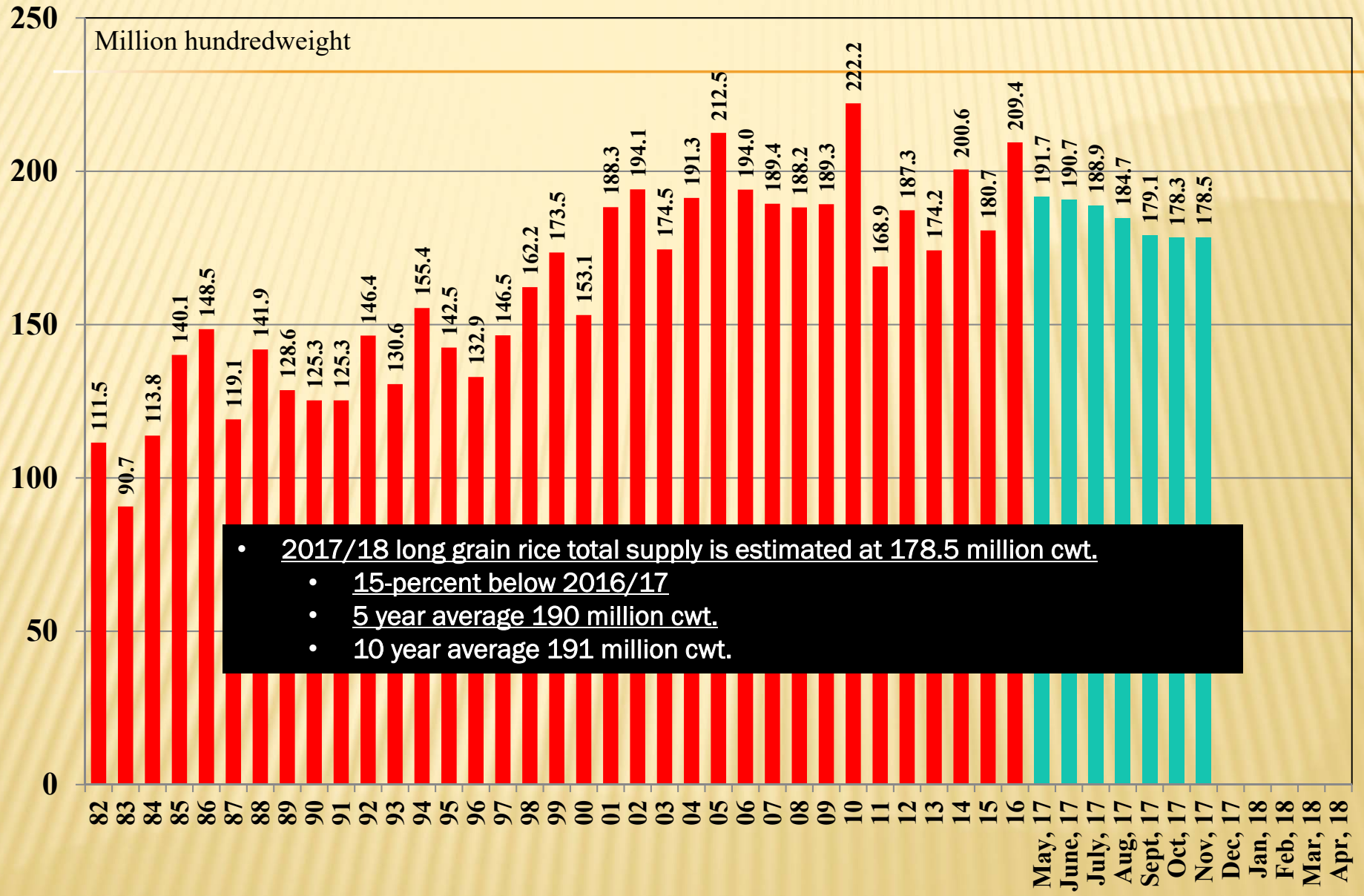
U.S. LONG GRAIN RICE BEGINNING STOCKS 1982/83 – 2017/18



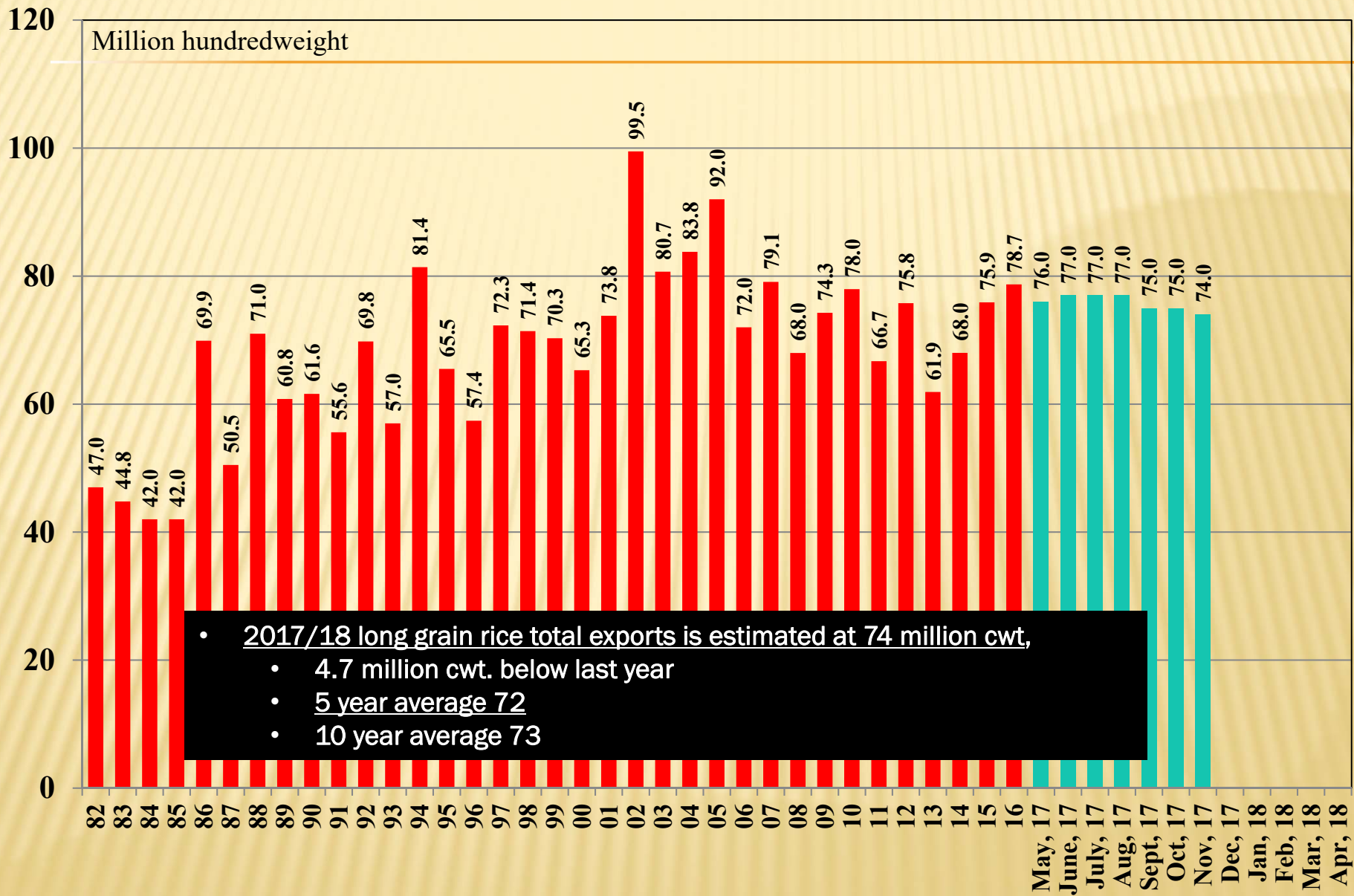
U.S. LONG GRAIN RICE PRODUCTION 1982/83 – 2017/18



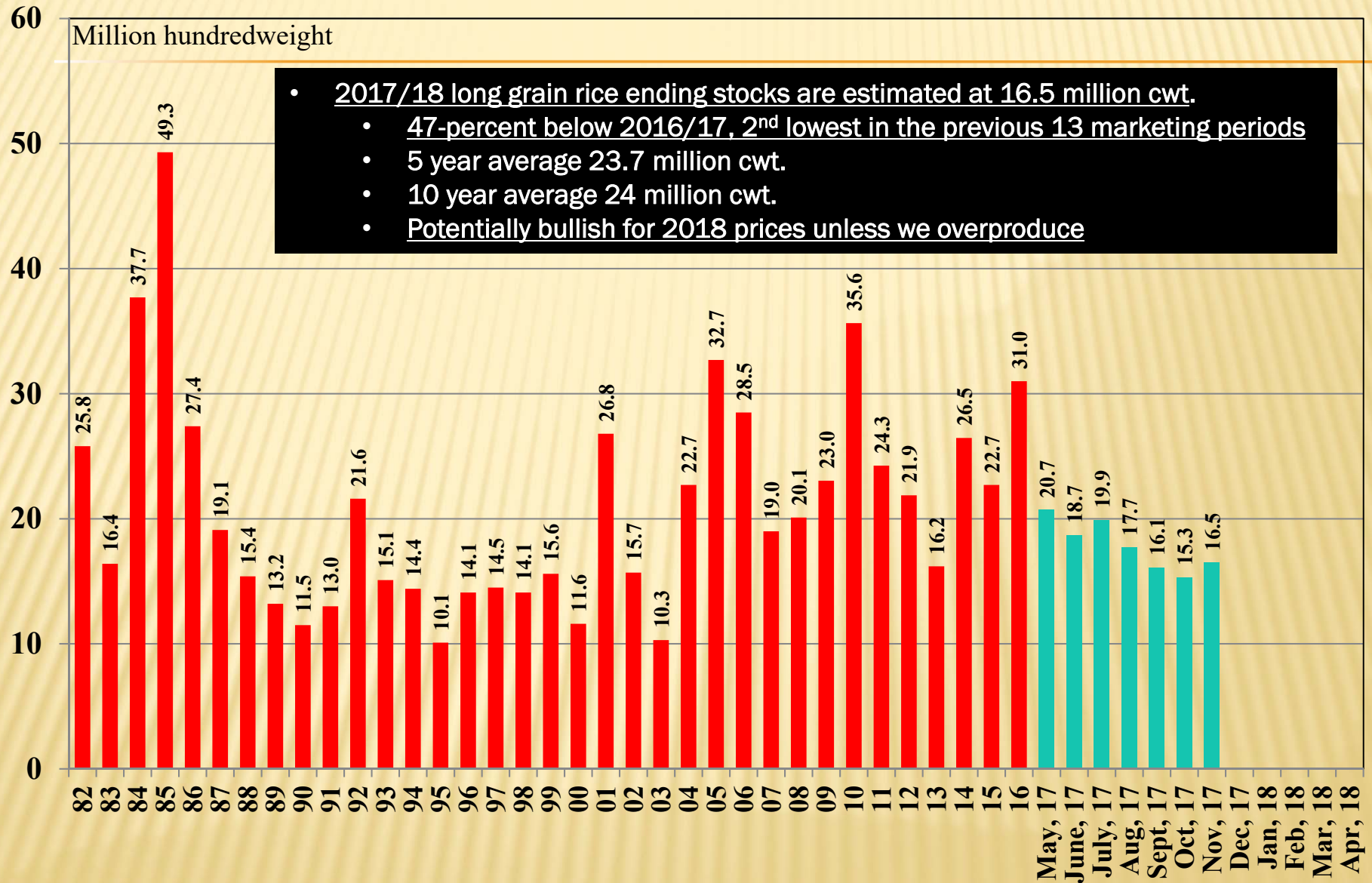
U.S. LONG GRAIN RICE TOTAL SUPPLY 1982/83 – 2017/18



U.S. LONG GRAIN RICE TOTAL EXPORTS 1982/83 – 2017/18



U.S. LONG GRAIN RICE ENDING STOCKS 1982/83 – 2017/18



2018 Market Outlook

Policy Drivers Key To Understanding

Present

Global Governments and Central Banks Intervention Policy Strategies

- US and Global economic momentum heavily dependent on Fiscal, Monetary, Trade and Regulatory Policy actions of
 - U.S. and Global Governments and Central Banks
- Present policy course adequate to
 - Chronic global slow growth
 - Low to negative interest rates

Huge statement
Implying 2018 Inflationary Pressures
Supportive of rice and grain prices
Assuming no major over-production

Current Policies likely extends the business cycle one possibly two to three years and avoids a near term US and Global recession

“What is the Market Impact”

Intervention by Governments and Central Banks

- Near Term or First half of 2018 (chart pattern dependent on global stability)
 - Bonds: Duration dependent, but yields sideways-to-up
 - 10-Year US Treasury Yield today at 2.37 and ends 2018 at 2.85 and higher in 2019
 - Dow Jones Industrial Average, grinds higher with consolidation and/or correction periods, with more price strength than weakness
 - EFA Global Equities – excluding U.S. and Canada, continues building momentum
 - EEM Emerging Markets, continues building momentum critically important for healthy commodity prices

“What is the Market Impact”

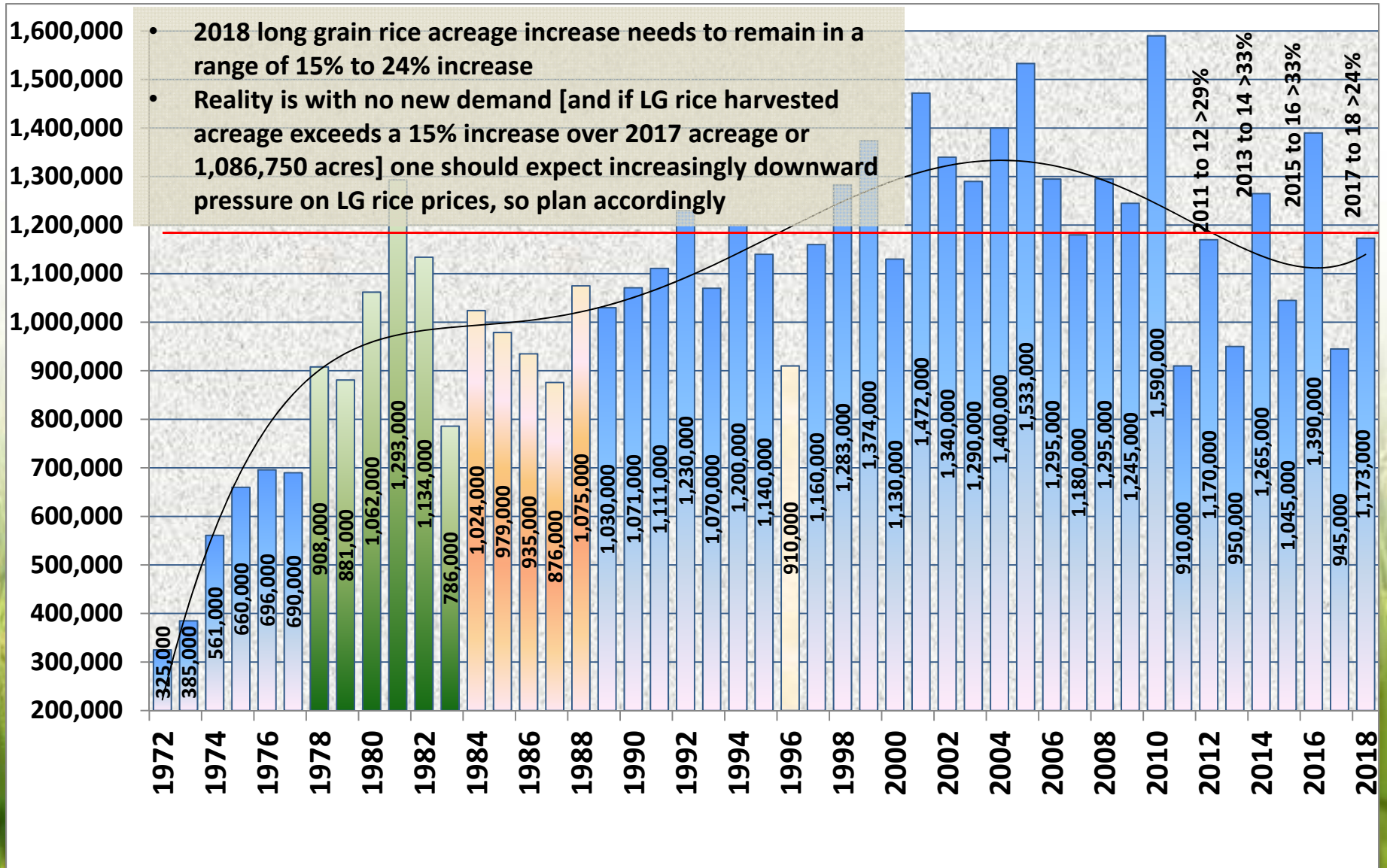
- **Near Term or 2018 (chart pattern dependent on global stability)**
 - **\$CRB Index, Commodity Index, Aggressive Government and Central Bank intervention policies will continue elevating economic activity and commodity prices in the aggregate**
 - **\$WTIC Light Crude Oil, a complex market having more strength than weakness in 2018, thus positive for the commodity sector**
 - **\$USD US Dollar Index – more weakness than strength**
 - **Commodities, land, fine arts, etc. new highs following equities up**
 - **Corn, soybeans and wheat build a base and have more price strength than weakness in the first half of 2018, due to global growth, value, concern over anomaly uncertainties, like weather, military friction, etc.**



2018 Arkansas Long Grain Rice Harvested Acreage and Production Expectation

2018 Arkansas Long Grain Rice Harvested Acreage Expectation

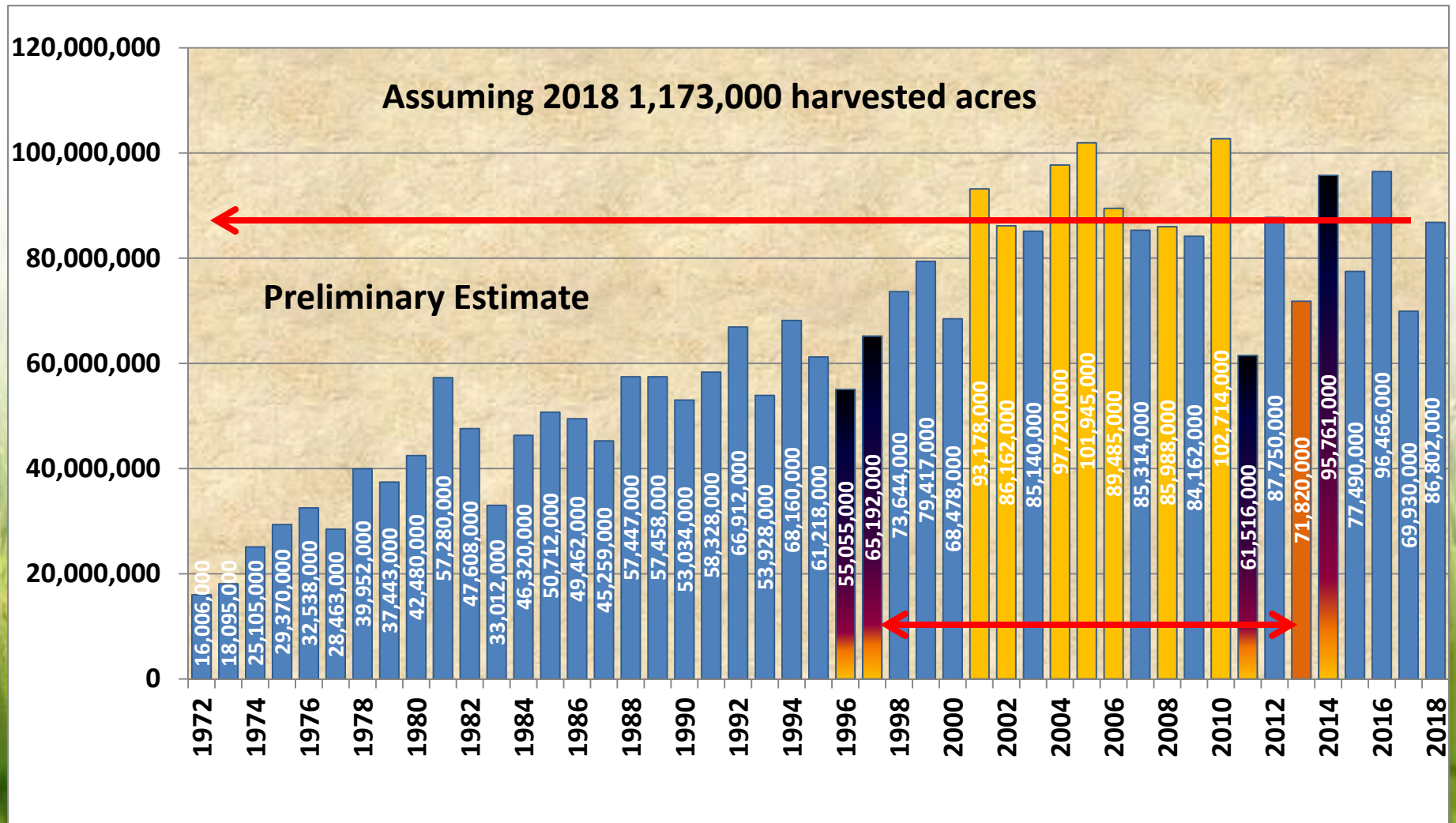
2018 acreage range 1,086,750 to 1,173,000 acres (2017 = 945,000) or 15% to 24.1% increase



Arkansas Long Grain Rice Production, 1972 to 2018

2018's Preliminary Estimate of 87 million cwt.

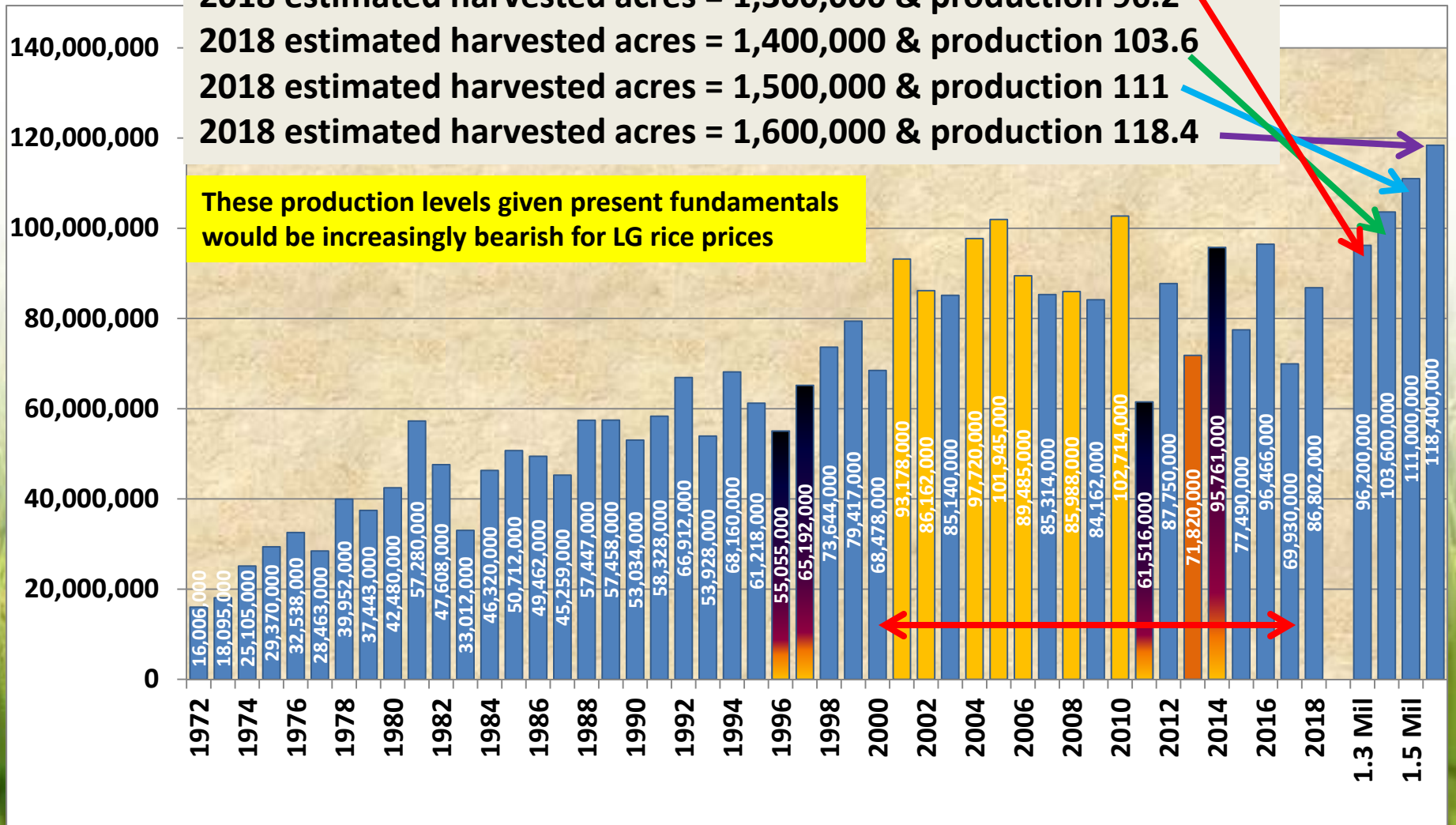
4th largest since 2011 —



Arkansas Long Grain Rice Production, 1972 to 2018

2018 estimated harvested acres = 1,173,000 & production 86.8
Without new demand higher production increasingly bearish prices
 2018 estimated harvested acres = 1,300,000 & production 96.2
 2018 estimated harvested acres = 1,400,000 & production 103.6
 2018 estimated harvested acres = 1,500,000 & production 111
 2018 estimated harvested acres = 1,600,000 & production 118.4

These production levels given present fundamentals would be increasingly bearish for LG rice prices

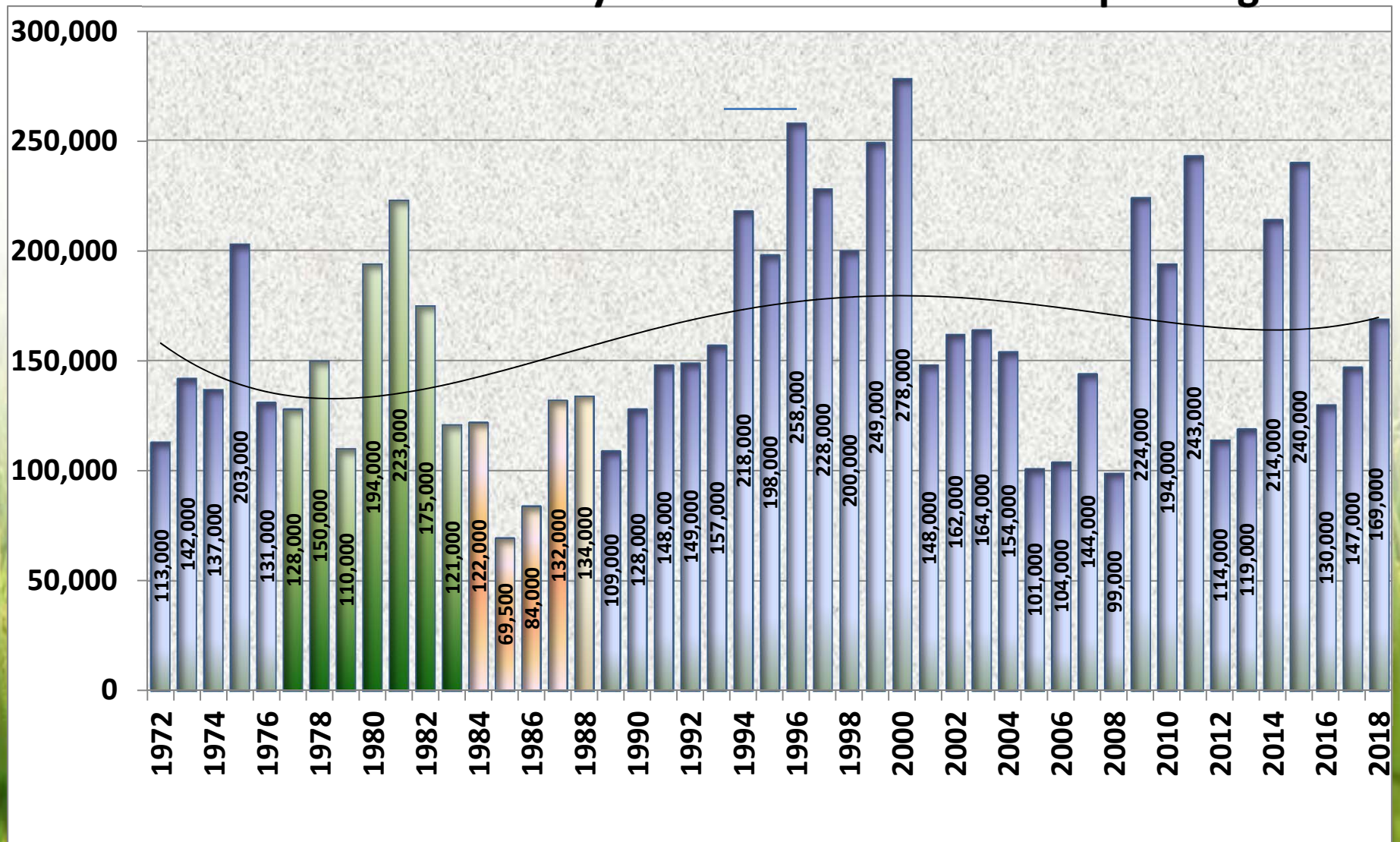




2018 Arkansas Medium Grain Rice Harvested Acreage and Production Expectation

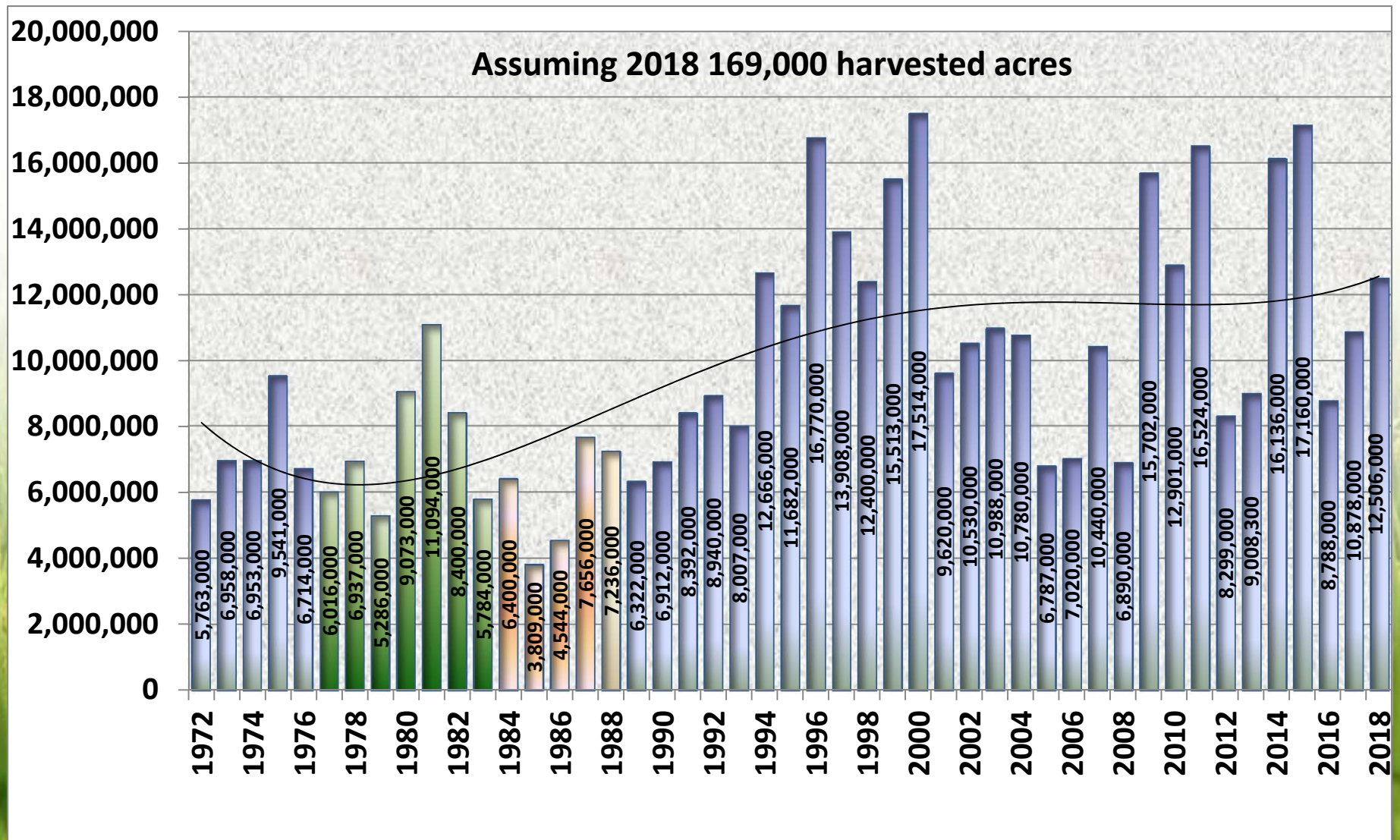
2018 Arkansas Medium Grain Rice Harvested Acreage

Expectation 169,000 Acres - 15% greater than 2017
Producers should study demand for MG before planting



2018 Arkansas Medium Grain Rice Production

Expectation 12.5 million cwt. – 15% greater than 2017



Concluding Thoughts

U.S. and Global Governments and Central Banks

- **Present domestic and global policy adequate to overcome:**
 - **Chronic global slow growth**
 - **Low to negative interest rates**
(Assumes social, political, trade and military stability)
- Policy intervention should enhance 2018 Global Inflationary Forces**
- Supporting rice and grain prices**
- **Assuming no major over-production. Over-production would be bearish pushing prices back toward 2016/17 season's lows**

Concluding Thoughts

U.S. and Global Governments and Central Banks

Current Policies likely extends the business cycle one possibly two to three years and avoids a near term US and Global recession

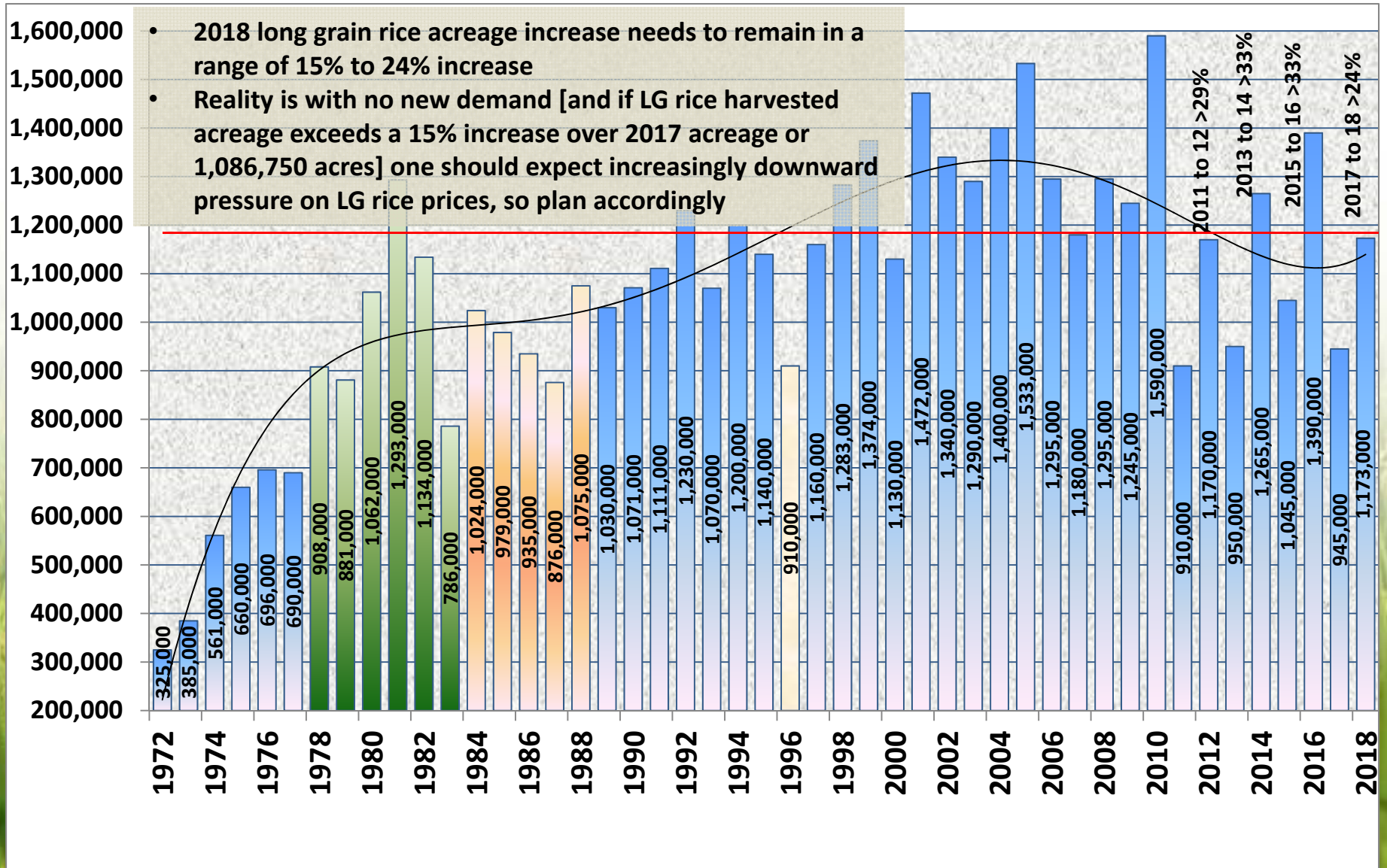
Concluding Thoughts

Marketing challenges of policy intervention

- **A 1-year Business Cycle extension will create a complex chart pattern & increase the complexity of the market decision**
- **Assuming a 2 to 3-year Business Cycle extension will create even more complex chart patterns and marketing decisions**
- **Why the complexity? A key policy focus will be minimizing asset bubble damage with managed flows of stimulus**

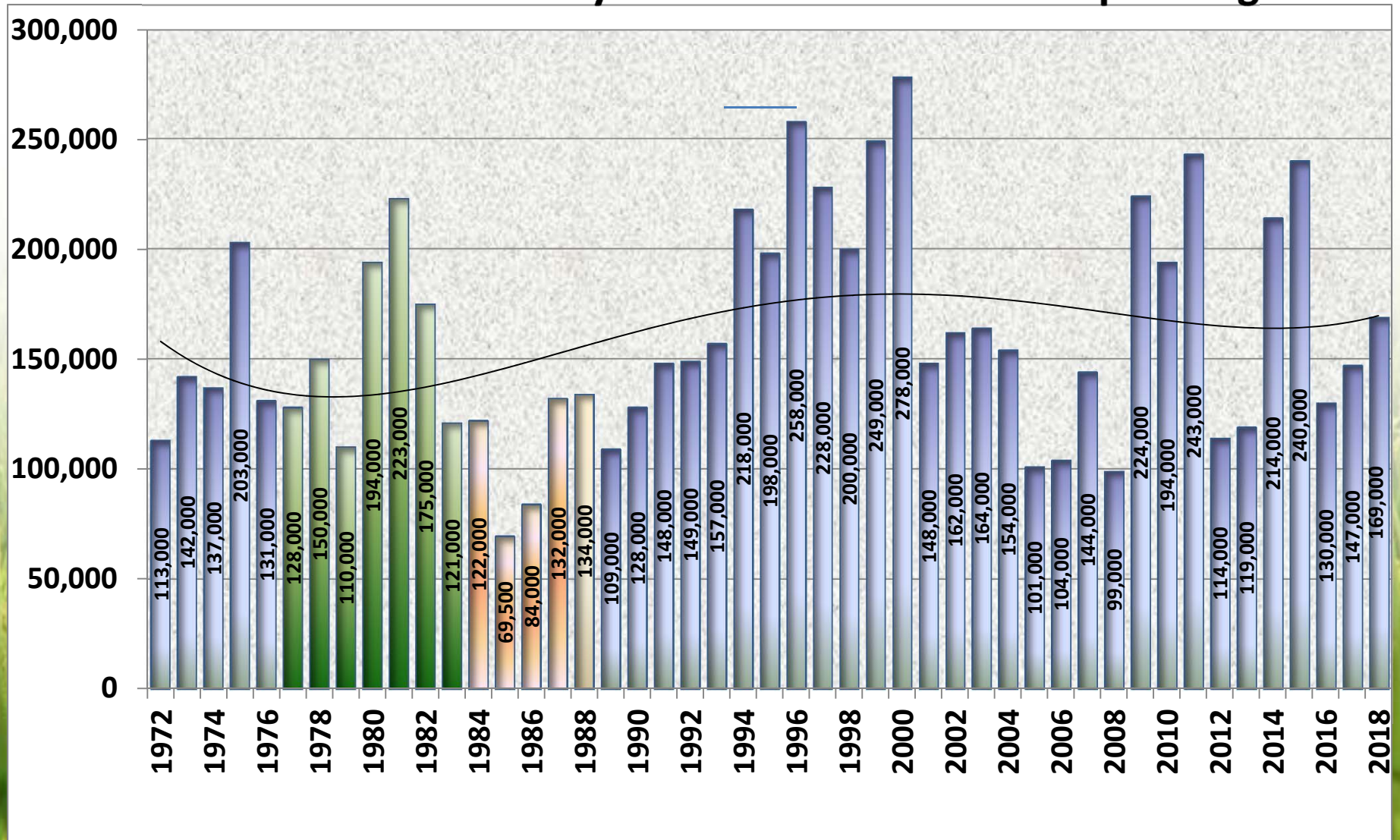
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2018 Arkansas Medium Grain Rice Harvested Acreage

Expectation 169,000 Acres 15% increase over 2017
Producers should study demand for MG before planting





Food and Agribusiness Webinars

Webinar Series Produced by University of Arkansas System Division of Agriculture

Host and Interviewer

Bobby Coats - Professor, University of Arkansas System Division of Agriculture, Department of Agricultural Economics and Agribusiness

Executive Producer

Mary Poling – Coordinator of Interactive Communications, Office of Information Technology, University of Arkansas System Division of Agriculture

I do appreciate your attention!
Thank you so very much!

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http://twitter.com/Robert_Coats



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