

► Planting Rice In A Field Of Uncertainty

Presented by Milo Hamilton

Rice Market Analyst, Firstgrain, Inc.

When you plant your rice, you will have made that decision based on existing prices for alternative crops, your rotation patterns, your net worth expectations and your belief that the rice market can provide steady returns above those generally guaranteed by an irrigated crop, that is to say, that the market price can be relied upon as much as the yields.

Ironically in the last two years, hot dry weather, two mega-storms in 2005 and rising costs of production have caused unexpected variance in yields in certain areas. There are some very positive stories of new varieties keeping people in the rice business but there are others who have been bitten by low yields especially in the second half of harvest in part due to the record wind and rain storm in the north end of the Delta about half way through the harvesting period. The unexpected surfacing of the GE rice issue into Europe has added the taint of a dark cloud to the US rice market export demand.

My talk does not cover yields but does cover the decision making process to plant or not plant rice and looks at how to market that rice for the rest of this crop year and the next.

Aside from yield issues, good and bad, the US rice market is stuck in a global market place that is getting smaller, smarter and moving quicker. Trying to market a crop without some understand of the global factors that affect your price is like trying to get on a fast moving bus that may or may not go to where you want to go.

This talk covers the following questions.

How reliable will be the rice market price in the months ahead?

The presence of GE rice in shipments to the EU seems like stale news but is the latest straw that broke the market's back last fall, not so much with lower prices per se but with an alarming lack of unity in the rice industry between buyers and sellers. The market has been caught between a rock and hard place. On the one hand, buyers have used the GMO issue to totally reject US rice imports or to get a better deal and on the other hand many farmers can not afford to stay in business after two or three years of declining net worth. Will it take acreage cuts to move the price higher in 2007? Must we cut acreage back to those markets that will accept US rice?

Are higher world rice prices "good" for US farmers?

There is some kind of no man's zone in the rice price range for US rough rice prices where rising Asian rice prices take away variable subsidies and yet many not rise far enough and fast enough to "lift all boats." In fact as the Asian rice price rises it can lead to zero Loan deficiency Payments, which in turn may reduce total farmer returns despite a higher futures price. The same thing can be said about the rising cost of inputs such as fuel and fertilizers.

Are world rice fundamentals as bullish as its sister food grain, wheat?

A country that can not produce enough food grains to support its population can import rice or wheat. Prior to the run up in the price of wheat in Asia, wheat is the preferred import item for a number of reasons. To understand the world rice market, you must understand the trade offs of wheat and rice and what they mean to the rice price over the next 12 months.

Will rice acreage go down again in 2007 and if so why?

Rice acreage took a hit in 2006 for a number of reasons. In 2007 we are facing the possibility of more acreage cuts and perhaps higher prices. Do you want to take that ride or plant something else this crop year? Consider the risks and rewards of "staying on board the rice market."

How much US rice does the world market need with or without the GMO problem associated with it?

We need to look at what has happened to US rice demand in the wake of the GMO fiasco and where we are heading in anticipating demand for US rice in 2007 and beyond. Are there two markets, one that will accept GE Rice and another that will tolerate no GE rice?

What size will the rice industry be in the years ahead and where will it be located?

The rice belt has been moving away from the Gulf Coast for several decades. Is it also moving north into the Delta and perhaps closer to the Mississippi River?

Can rice futures and options be a useful tool for managing market risk? What are the key questions to answering this question? Where is the rice price headed for the rest of 2007 and 2008? What does the difference between my local cash price and the futures tell me about different choices I can make? How much can I stand to lose by not having a sound marketing plan?

Bring your questions and if possible your answers to my talk and together we will peer into the future of the US rice price in 2007 and into the long-term size and shape of the US rice production industry in the South of the US.

► Performance Of Hybrid Rice In A Furrow Irrigation System

Presented by Wes Long

Technical Service Representative, RiceTec

Multi-year furrow irrigation trials were established in Arkansas County using conservation tillage practices. RiceTec hybrids XL723 and a new experimental XP729 along with varieties Wells, Cybonnet, and Cheniere were planted on beds using a conventional style drill, under a furrow irrigation system. The hybrids were all planted at the standard 600,000 seeds per acre (approximately 30 lbs/ac), while the varieties were planted at 70 lbs/ac. Hybrid grain yields were excellent as shown in Figure 1. In the past, weed pressure would have taken over rice that was not grown under flooded conditions. The competitiveness of hybrid rice, as well as the new residual herbicides, makes it possible to grow rice with new, more conservation practices, in a furrow irrigation system. University and RiceTec data has documented those hybrids out compete weeds, even at lower seeding rates.

With an increase in the price of farm inputs and a reduction in commodity prices, no-till practices are becoming more popular. Reduced input cost associated with hybrid rice makes it a logical choice when planting on a raised seed bed. A potential concern with most rice varieties grown under these conditions is the susceptibility to diseases, mainly blast. University data has proven increased potential of losses due to Blast under shallow flood conditions. Hybrid rice offers the best disease package on the market today; including some of the highest resistance to the most common races of blast.

The RiceTec 2006 line up of hybrid seed offered yield stability, not only on raised beds, but across all types of environments. Planting from early to late the hybrids excel, however planting early will maximize yield potential. In 2006 RiceTec had 4 long grain hybrids CLEARFIELD®XL8, CLEARFIELD®XL730, CLEARFIELD®XP729 and XL723. RiceTec is also testing, for the second year, XP729 in university and RiceTec trials. With all these hybrids comes the possibility of ratoon crop. Ratoon crops have been done successfully, as far as North East Arkansas. Raised beds offer the chance of ratooning quicker by being able to flush within hours of harvest, while reducing the chance of rutting fields during harvest.

With water becoming such a valuable commodity, the maturity of your rice is extremely important. Hybrid rice offers the ability to be able to either plant late or early, without sacrificing yield or milling. RiceTec hybrid XL723 is the earliest hybrid RiceTec offers at 3-5 days earlier than Cocodrie; all other hybrids are within 2-5 days of XL723.

The benefits of raising rice on beds requires less labor, less fuel, and a dramatic reduction in conventional cultural practices; therefore increasing the potential of putting ground into production that normally required large numbers of levees to water. The labor cost is drastically reduced, with no need in checking or maintaining levees everyday. The fuel cost can be cut down as well, without having to maintain a consistent flood, or trying to maintain a consistent flood. Herbicide application also becomes a little easier with the absence of levees. With no levees present you have the choice of putting your herbicides out by ground. A good application of a residual herbicide is key, when trying to prevent heavy infestations of weeds before the rice has had a chance to tiller. Insects such as the water weevils, said to be the worst in rice, no longer present a problem.

Nitrogen application on bedded rice is also handled a little different than your conventional nitrogen applications. Instead of the normal 2 applications, raised beds usually use 4. The same amount of nitrogen is used, just in little shots spread out over time. This differs from RiceTec recommendations of 120 lbs N/A pre-flood and 30 lbs N/A at late boot. Urea should be treated with Agrotain® before application on bedded rice. Between the 3-5 leaf stage Ammonium Sulfate or DAP can be used for a flush application instead of Urea.

In conclusion, hybrid rice planted on raised beds offers many benefits. The disease package that the hybrids offer along with the yield stability makes them a logical choice for planting on raised beds. With a reduction in labor and fuel cost, furrow irrigated rice might work well in your farming practices.

Figure 1. Summary of RiceTec field yield trial. The data is a combination of 2 trial locations