

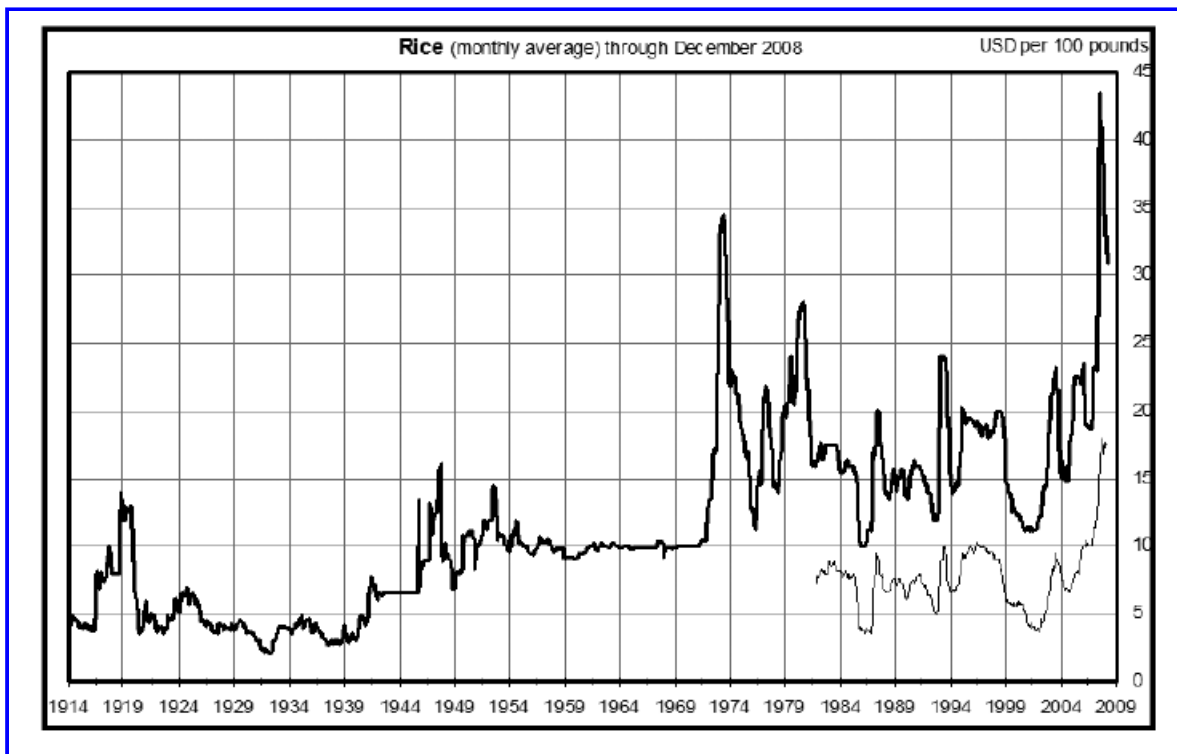
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Investing in Rice | Agriculture

Posted By [admin](#) On January 19, 2010 @ 10:38 am In [Agriculture](#) | [No Comments](#)

Rice is the primary food for half the world population. Rice cultivation started as early as 10,000 BC in Asia. Although grown in every continent (except Antarctica), Asia produces 90% of rice grown world wide. The growth cycle of rice plants is 3-6 months, depending on weather and conditions. Most countries are still harvesting rice by hand, with industrialised countries using combined methods.

Historical Price of Rice on CBOT 1914 - 2009



[1]

Rice Price Chart 1914-2008

At the time of writing, the price of rice futures is: \$14.01 (per 100 pounds)

Looking at the chart above, we see spikes in rice futures up to \$14 (ie current price) way back to 1914 ! This is ridiculously cheap.

Supply

World rice production in 2008-2009 rose 1.8% to 655 million metric tons. The world's largest rice producers were

China with 29% (of world production)

India with 22%

Indonesia 9%

Bangladesh 7%

Vietnam 5%

Thailand 4% (#1 exporter)

World Production of Rough Rice In Thousands of Metric Tons													
Year	Bangladesh	Brazil	Burma	China	India	Indonesia	Japan	Korea	Pakistan	Philippines	Thailand	Vietnam	World Total
2003-04	39,232	12,807	18,500	160,660	132,808	54,301	9,740	6,151	7,273	14,154	27,289	33,458	584,978
2004-05	38,404	13,229	16,500	179,090	124,707	54,000	10,912	6,737	7,538	14,500	26,303	34,418	597,333
2005-06	43,141	11,579	18,000	180,591	137,699	54,200	11,342	6,435	8,321	15,109	27,576	34,503	623,392
2006-07 ¹	43,504	11,316	18,276	181,714	140,039	54,729	10,695	6,306	8,176	15,516	27,652	34,730	627,323
2007-08 ²	43,204	12,057	18,500	186,034	144,659	55,504	10,893	5,962	8,551	16,633	29,242	36,932	644,206
2008-09 ³	44,404	12,200	16,897	193,000	146,265	56,202	10,989	6,545	9,451	16,905	29,394	35,606	655,489

¹ Preliminary. ² Estimate. ³ Forecast. Source: Foreign Agricultural Service, U.S. Department of Agriculture (FAS-USDA)

World Exports of Rice (Milled Basis) In Thousands of Metric Tons													
Year	Argentina	Australia	Burma	China	European Union	Guyana	India	Pakistan	Thailand	Uruguay	Vietnam	United States	World Total
2003-04	294	175	130	880	225	200	3,100	1,868	10,137	725	4,295	3,310	27,418
2004-05	325	80	190	656	175	243	4,569	2,801	7,274	775	5,174	3,496	28,507
2005-06	484	326	47	1,216	161	182	4,688	3,664	7,376	834	4,705	3,661	30,374
2006-07 ¹	450	200	31	1,340	148	250	5,500	2,839	9,557	734	4,522	2,923	31,343
2007-08 ²	520	92	541	945	152	210	4,500	3,000	10,016	775	4,649	3,452	30,941
2008-09 ³	550	20	500	1,300	150	210	2,000	4,000	9,000	800	5,200	3,134	28,969

¹ Preliminary. ² Estimate. ³ Forecast. Source: Foreign Agricultural Service, U.S. Department of Agriculture (FAS-USDA)

[2]

World Rice Producers and Exporters 2008-2009

Top Reasons Why You Should Invest in Rice

- **Rice is The world's most important food commodity** : The average American consumes 20 lbs of rice per annum, compared to an Asian american who consumes 150 lbs of rice per annum (thats x7 more: to look at it another way, if the average American has rice one day a week, the average Asian will be having rice 7 days a week).

- **Rice one of the most heavily subsidized and protected commodities in the U.S.:** Because rice is such an important commodity, it is one of the most heavily subsidized commodity in the US (and probably the world). This distorts the market and leads to a more volatile rice market. [Watch this video for Daniel Grisworld's explanation](#) ^[3] (director of Cato's Institute, centre for trade studies).

- **"Rice prices are on the rise after a typhoon in the Philippines and speculation that India will be allowing major imports of rice for the first time in decades."** BNN spoke with Ali Bilgen, president, A&BB Rice, a company that provides Canada with 60% of its rice, to find out where prices are heading. For the first time in 60 years, India is reducing its import tariff on rice and will potentially be a net importer. [Watch this video for the interview](#) ^[4].

How to Invest in Rice

It is not easy to invest in rice directly. Here are some ways to invest in rice (research ongoing):

1. Rice Futures through CBOT.

2. Agriculture ETFs: You can invest in rice via ETFs like Rogers Commodity RJA ETN. However, rice only makes up for 1.4% of the fund.

3. Listed Rice Companies: We are unable to find any listed rice companies at the moment, and would appreciate your contribution on this. We will update this section in the future.

Our Trading Plan to Profit From Investing in Rice

We will be opening some long rice futures position. We are currently finding a broker that gives us access to CBOT rice futures. We prefer to invest in a rice ETF or listed companies so that we do not need to worry about rolling over our rice contracts.

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[1] Image: <http://theinflationist.com/wp-content/uploads/picture-32.png>

[2] Image: <http://theinflationist.com/wp-content/uploads/picture-452.png>

[3] Watch this video for Daniel Grisworld's explanation:

<http://watch.bnn.ca/commodities/december-2009/commodities-december-8-2009/#clip243849>

[4] Watch this video for the interview: <http://watch.bnn.ca/commodities/december-2009/commodities-december-8-2009/#clip243850>

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