



2020 Outlook: Arkansas

“Rice Acreage in The Year Ahead”

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Arkansas: 2020 Outlook

- **Overview:**

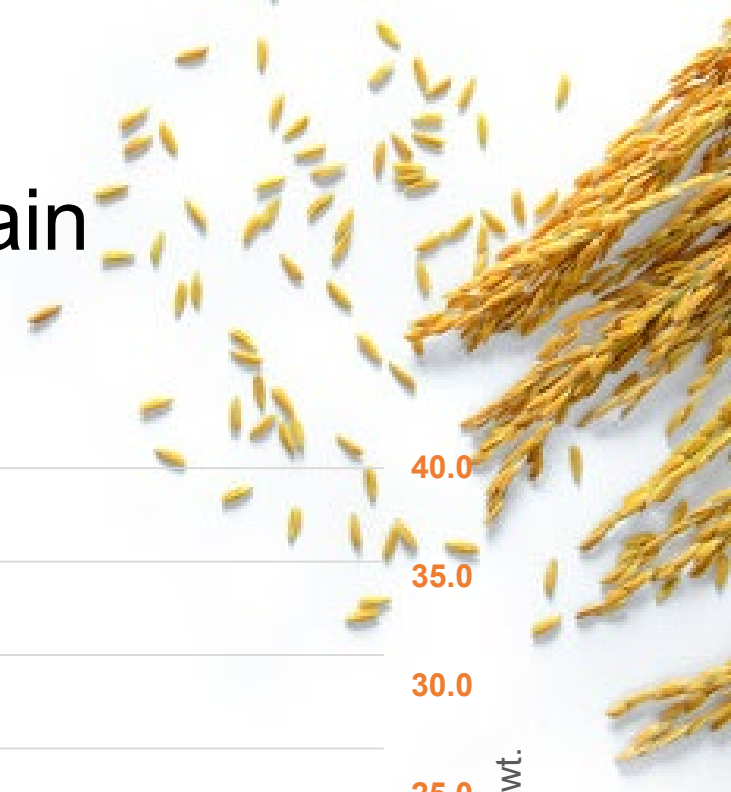
- Expect a sharp increase in total rice acres driven by long-grain.
- Modest reduction in medium-grain acres.

- **Key Acreage Influences:**

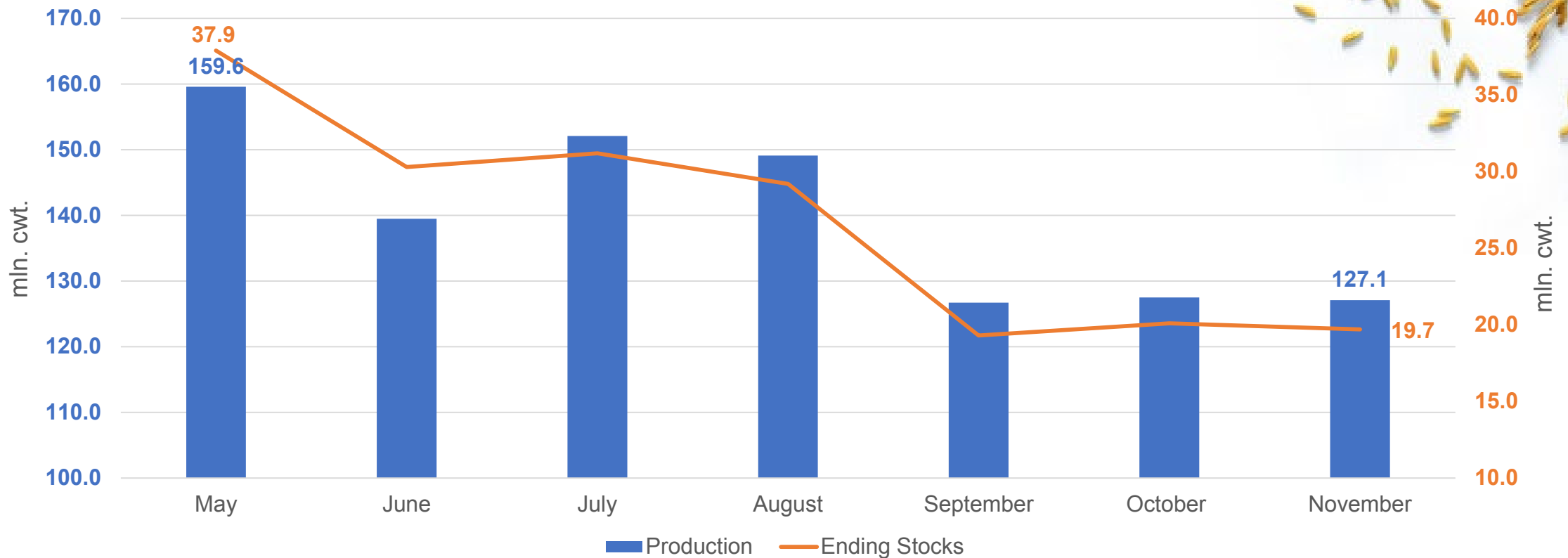
- Long-grain supply situation
- Soybean (un)competitiveness
- Rice input costs / returns



Improved Market Fundamentals for Long-Grain



Monthly USDA Projections for 2019/20



Source: USDA.

2019 Long-Grain Prevented Planting Acres

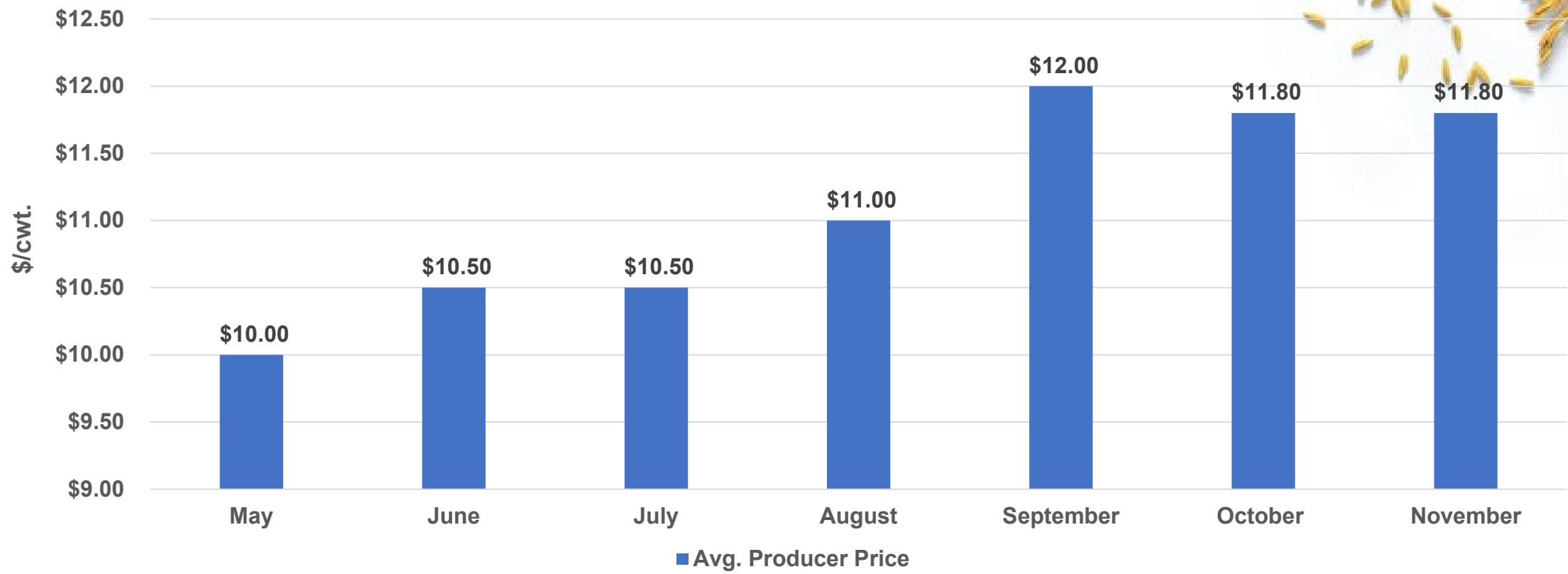
• Arkansas	405,305
• Louisiana:	37,266
• Mississippi:	38,215
• Missouri:	60,269
• Texas:	<u>39,319</u>
• TOTAL, All States:	584,847

Source: USDA, Farm Service Agency, November 2019.

Lower production in 2019 averted a long-grain price collapse



Monthly USDA Projection for 2019/20



Source: USDA.

CME Rough Rice Futures

1-year daily nearby continuation



ZRF20 - Rough Rice - Daily Nearest Line Chart



Futures Contract	Price (\$/cwt.) 12-6-19
January '20	\$12.31
March '20	\$12.515
May '20	\$12.665
July '20	\$12.75
September '20	\$11.96
November '20	\$11.96

Source: CME Group.



Soybean Price Competitiveness:

Will soybeans compete for acres in 2020?

November '20 Soybean Futures

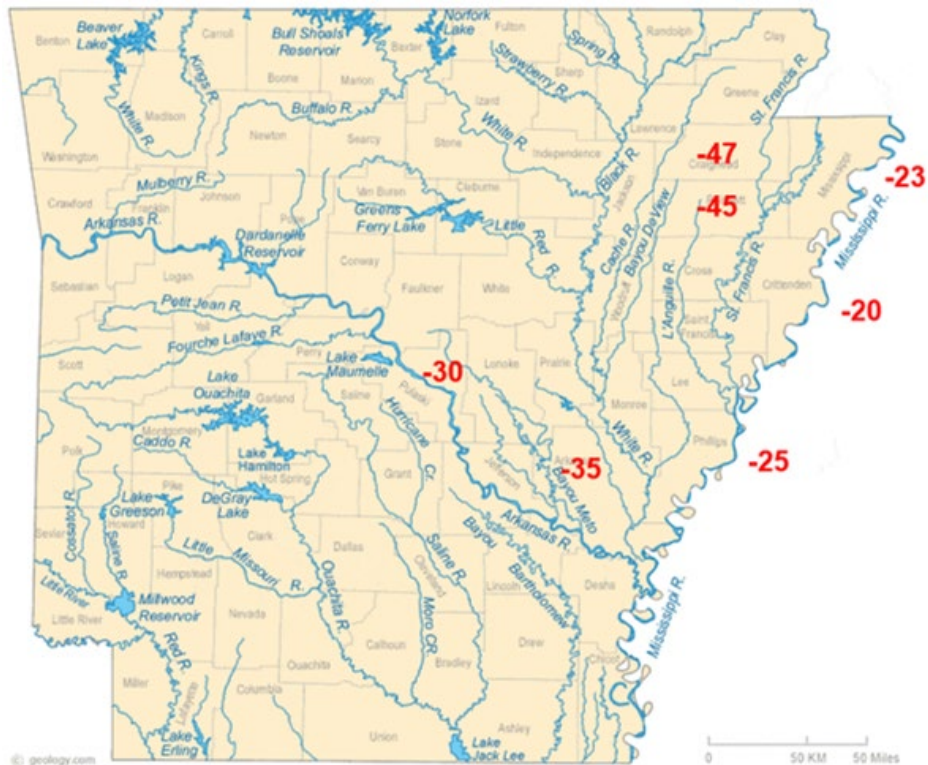


Source: CME Group.

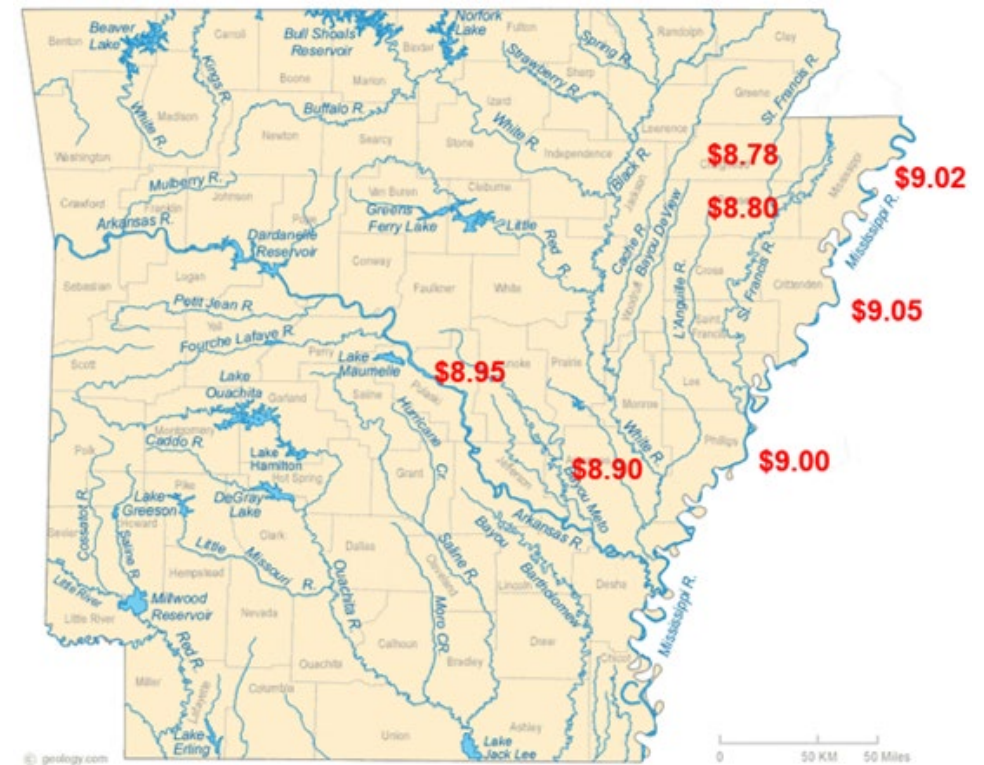
Arkansas 2020 Soybean Basis / Bids



New Crop (2020) Soybean Basis



New Crop (2020) Soybean Bids



Source: USDA, AMS.

Rice/Soybean Returns Over Variable Costs

(\$713/ACRE RICE COST) – (\$388/ACRE SOYBEAN COST)

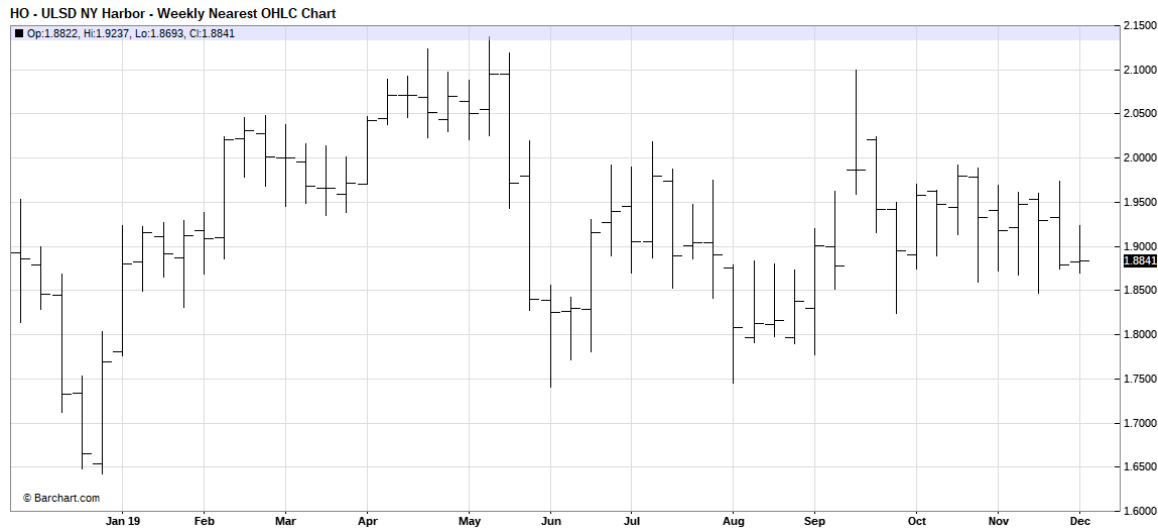
unit	Price \$/bu.	Yield bu./acre	Producer Share / Returns Over Variable Costs		
			100%	80%	75%
Rice	\$5.22	190	\$279	\$80	\$31
Soybeans	\$8.90	60	\$146	\$39	\$13
Difference (\$/acre)			\$133	\$41	\$18

Source: Univ. of Arkansas, *Cost of Production Estimates*, 2019.

2020 Input Costs

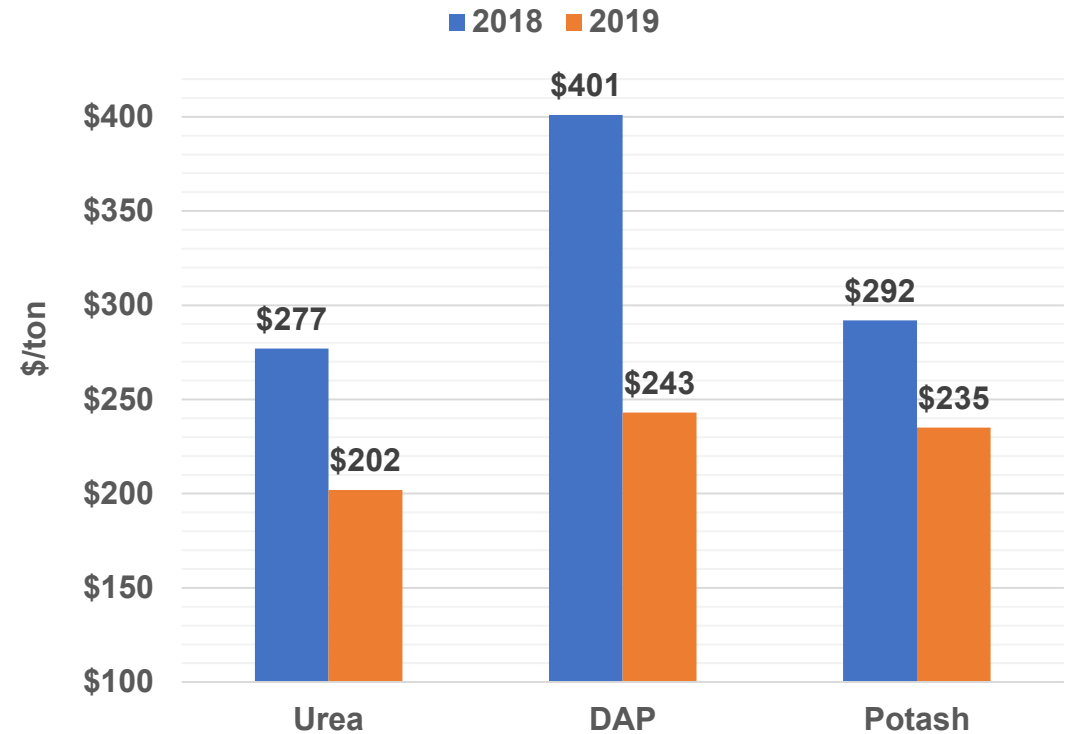


NYMEX Diesel Futures (1-year weekly nearby contract)



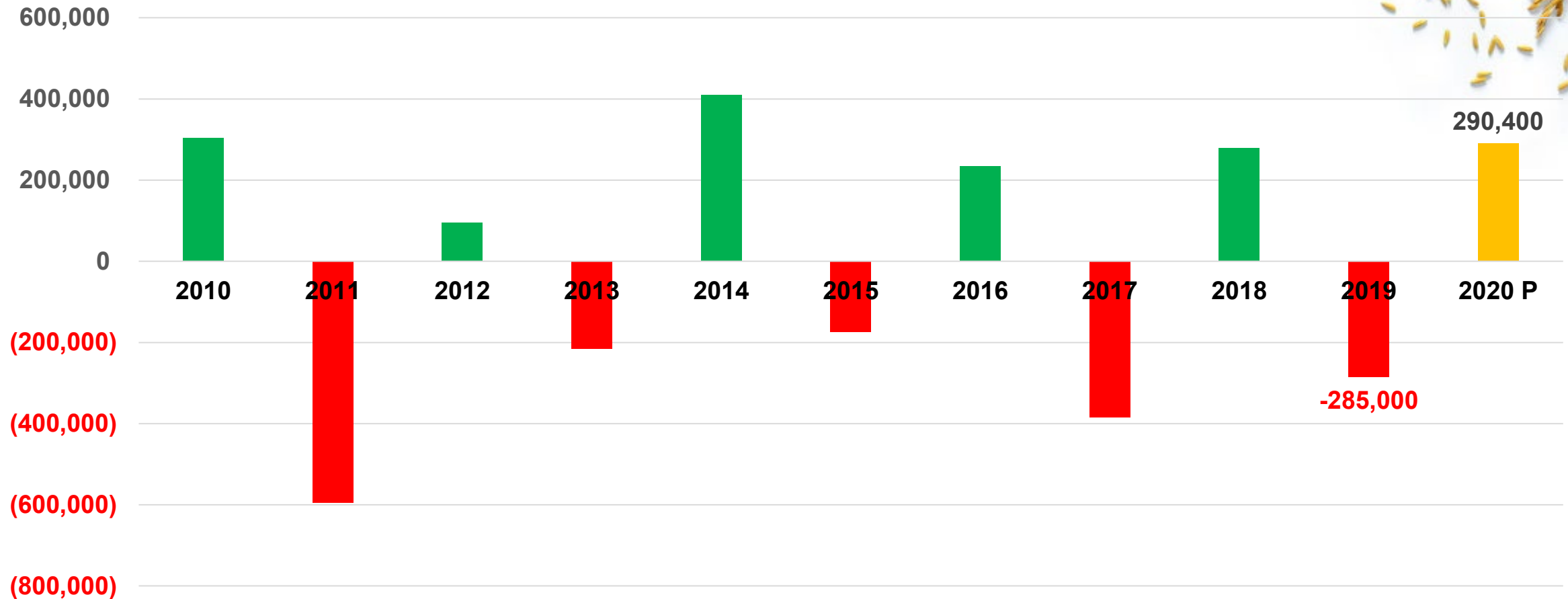
Source: NYMEX.

Fertilizer (NOLA barge prices) week ending November 29



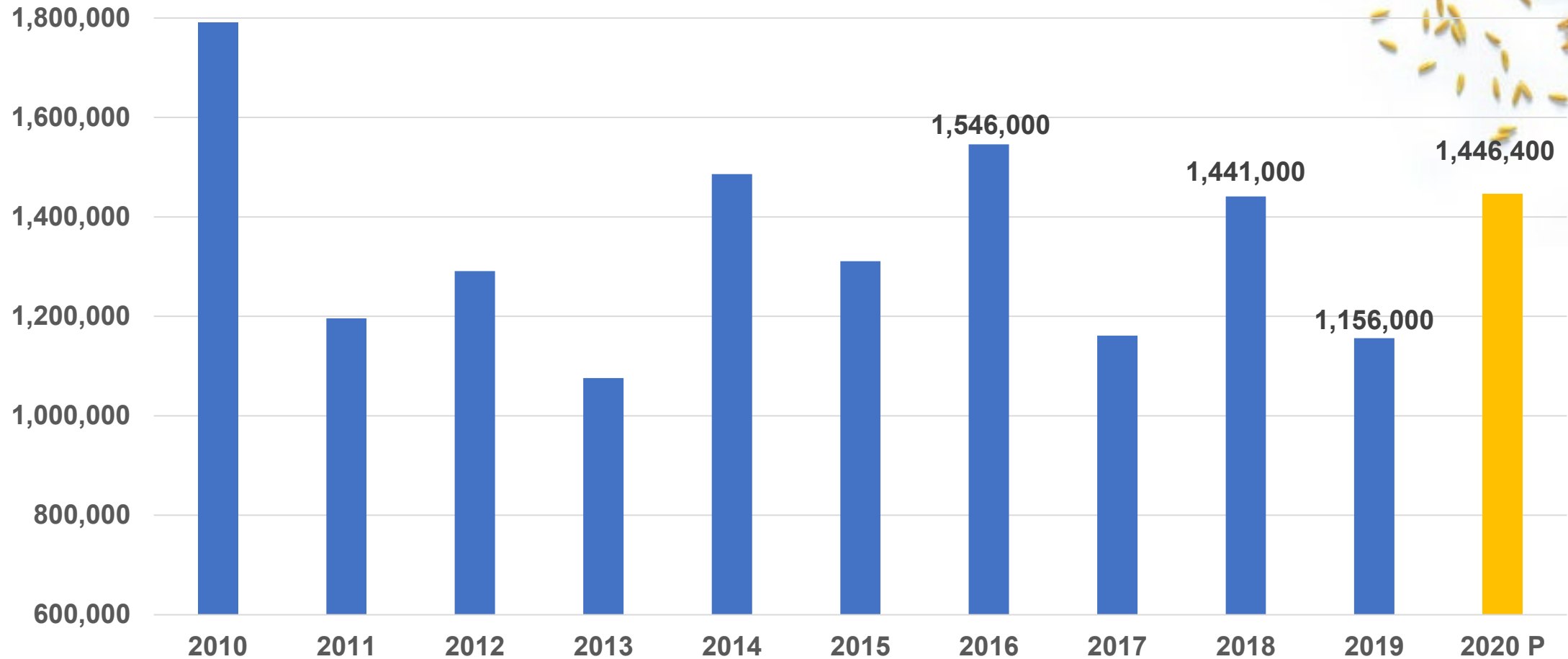
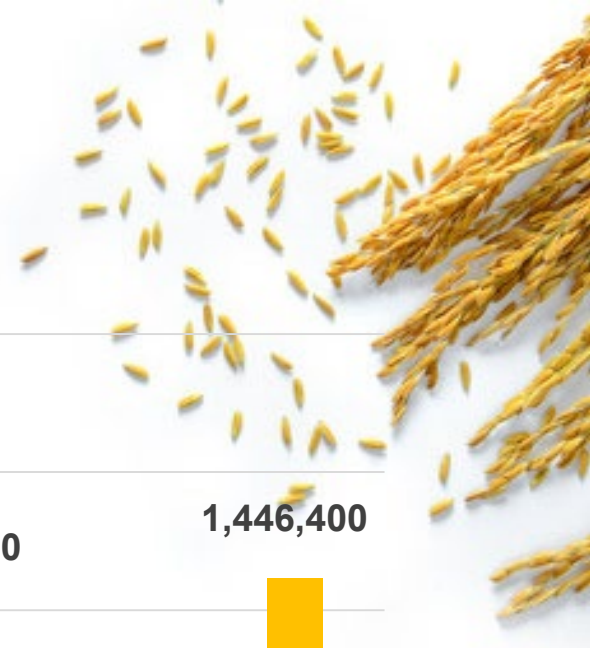
Source: Mosaic Corp.

Year-to-Year Change in Rice Acres, Arkansas.



Source: USDA, NASS.

Arkansas Rice Acres (2010 – 2020 proj.)



Source: USDA, NASS.

Arkansas Rice Acreage: Outlook for 2020

	2019	2020	Change	% Change
Long-grain	950,000	1,257,800	307,800	+32.4%
Medium-grain	205,000	188,600	-16,400	-8%
Total	1,156,000	1,446,400	290,400	+25%

- **Potential Acreage Game Changers:**

(besides weather)

- **Ag trade agreement with China by Q1 '20.**
 - Includes significant grain/oilseed purchases.
- **Growing conditions turn unfavorable in South America.**
 - Dry pattern continues in southern Argentina—expands into southern Brazil.
- **Soybeans retest SX20 highs \$9.80+ / Corn \$4.00+**



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THANK YOU

