

# SunRice update

April 2010 Number 71

## A letter from our Chairman

Dear Member

The 2010 harvest is underway with the expectation that crops will yield exceptionally well. The 2009/10 growing season has been favourable and we expect production will reach close to 200,000 tonnes from the 19,200 hectares to be harvested. This will be the largest harvest since 2006 and while the drought is far from over in the Riverina, we all hope it is the commencement of a sustained improvement in water availability and rice production.

### Challenging Market Conditions

In the last eighteen months we have experienced the high point of a global rice price cycle and now the inevitable price softening that follows. I reported at the February RGA Branch Meetings that international rice marketing conditions are challenging and difficult. The record high medium grain prices that peaked in April 2009 at around USD\$1,200/t (milled Free On Board Sacramento) have almost halved to around USD\$620/t. Long grain prices have also declined to a range of US\$375-US\$475 (milled Free On Board Vietnam and Thailand). Three major reasons contributed to the sharp decline in world rice prices:

1. Improved medium grain availability out of the US (record crops in California and the Southern US States) saw prices offered to supply Japanese Minimum Access tenders drop to levels not seen for several years.
2. Improved long grain availability following good harvests in the US, Vietnam, Thailand and the release of rice stocks by some Governments
3. The appreciation in value of the Australian dollar over the last twelve months, from an average in April 09 of US\$ 0.72 to the current levels of US\$0.92, has significantly contributed to tough trading conditions.

Despite the significant deterioration in market conditions outlined above, the board and management of SunRice will be focussing all resources and efforts to maximise the paddy price return of the No. 2 Pool. Furthermore, I want to thank growers for their assistance with the pre-harvest crop inspection/measurement program that is critical to managing the integrity of payment for rice delivered into the Premium and No 2 Pools. SunRice will be carefully monitoring delivery to the two pools and all growers have an obligation to deliver under the terms of their contracts.

### 2009/10 First Payment

The first payment for 2009/10 crop will be made on Tuesday 20 April and at two week intervals thereafter during harvest.

The "Traditional Pool" payment rates for the No. 2 Pool and initially for the Premium Pool will be: \$225 per tonne (medium grain & Illabong); \$249 (Langi & Opus); \$237 (Doongara) and \$315 (Kyeema). On completion of harvest and verification of tonnage, Premium Pool growers will receive a top-up payment to the following rates: \$330 per tonne (medium grain & Illabong); \$366 (Langi); \$342 (Doongara); \$354 (Opus) and \$420 (Kyeema).

### 2010/11 Outlook

Summer rain and associated flooding in northern NSW and Queensland plus good rainfall across the Riverina has provided a much needed boost in morale and engendered optimism for next season.

There will be a significant volume of 2009/10 allocation carried over to 2010/11 and if reasonable winter/spring rainfall occurs, there is a good chance of having an improved allocation at rice planting time. It is likely that a large percentage of any available allocation will be used for rice production.

It is not possible to provide a price forecast for the 2010/11 crop at this early stage as production volume, market conditions, exchange rate and other variables cannot be accurately forecast. Growers need to prepare prudent budgets that take into account the following market factors:

1. World supply of medium grain rice
2. Availability and relative pricing of alternative long grain sources, and
3. Australian dollar exchange rate

These factors may result in a 2010/11 paddy return well below that of recent years and possibly below \$300 per tonne.

For those able to grow rice this season, I wish you a great harvest.



Gerry Lawson  
Chairman



The Rice Food Experts

# SunRice Innovation Recognised at “Product of the Year” Awards



Innovation and Operating Excellence underpin all of SunRice’s programs, including new product development. The focus on innovation has resulted in a pipeline of strategic new products in development, a growing awareness of and support for our magnificent SunRice brand and an improvement in market share.

Two of our new SunRice products were recently selected winners at the 2010 “Product of the Year” awards held in Sydney. The awards identify the best innovations in the FMCG sector and are contested by hundreds of products across 17 categories. The winners are selected by consumer vote.



*SunRice product development and marketing staff at the “Product of the Year” awards.*

*Rear, l to r; Simon Spiers, Pierre Pienaar, Craig Young, Vicki Poulson & Jason Fields. Front l to r : Francesca Di Giorgio, Sally Doig, Emma Hunting, Sarah Caddy & David Welch.*



In the Convenience Cooking category, the SunRice Rice and Curry Microwave Meals range took top honours and in the Savoury Snacks category, the SunRice Vintage Cheddar and Black Pepper Rice Cakes claimed top spot. This is a great achievement for our product development and marketing teams.

## 2010 Rice Field Day - Best Ever

Over 140 rice growers attended the 2010 Rice Field Day in March and affirmed it was the best Rice Field Day they have attended. The day was hosted by SunRice subsidiary Rice Research Australia Pty Ltd (RRAPL) at “Old Coree” Jerilderie in conjunction with NSW Industry & Investment and the Rural Industries Research & Development Corporation. The day highlighted a range of technical innovation and best practice, including:

- ♦ Cold tolerance advances in the breeding program

- ♦ Potential new rice variety - YRM 69
- ♦ Weed control for drill sowing
- ♦ Nitrogen uptake and management
- ♦ Telemetry for improving water management
- ♦ Precision seeding and guidance technologies

If you were unable to attend the field day, copies of the Rice Field Day Information Booklet are available from SunRice Grower Services.



**Growers inspecting rice variety trials at the 2010 Rice Field Day**



**Precision seeding and guidance technology being demonstrated at the 2010 Rice Field Day**