

U.S.D.A. World Market Price:

World Market Price Value Factors	This week 07/02/14	Last week 06/25/14	1 Year Ago 07/03/13	LDP	2013 Loan Factors	WMP and Loan Rates		
						'13 crop	L/G	M/G
Long Grain	To be	17.72	19.16	00.00	10.34	Yield	57.94/11.23	63.26/7.45
Medium Grain	released	17.37	18.84	00.00	9.72	WMP	11.63	11.89
Short Grain	July 2	17.37	18.84	00.00	9.72	Loan	6.65	6.58
Brokens	8:30am EDT	12.14	13.56	-	5.83	Difference	(4.98)	(5.31)

US Prices: (Shipment: August/September)

Southern U.S. - Long Grain	Abbreviation	Quote	Basis
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$25.25	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$25.25	per cwt, BULK, FOB Vessel US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$26.00	per cwt. containerized FOB US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$590.00	per mt sacked delivered Laredo TX
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	N/A	per cwt sacked delivered Miami FL
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$24.25	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$580.00	per mt sacked delivered Laredo TX
U.S. #2 Long Grain Brown, max. 4% Broken, 75% yield	#2/4/75	\$546.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G Brown, max. 4% Broken, 88% yield	#1/4/88	\$585.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G MILLED, max. 4% Broken	#1/4 Parb	no quote	per mt sacked FOB vessel NOLA
U.S. #1 Parboiled L/G MILLED, max. 4% Broken	#1/4 Parb	\$635.00	per mt bulk FOB vessel NOLA
U.S. #2 Long Grain Paddy, 55/70 yield	#2 55/70	\$365.00	per mt bulk F.O.B. vessel NOLA
Long Grain, max. 20% broken, Hard milled (Ghana specs)	#4/20/hm	\$23.75	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #5 L/G, max. 20% broken, WELL MILLED	#5/20/wm	\$23.50	per cwt. sacked, F.A.S. U.S. Gulf

Southern U.S. - Medium Grain

U.S. #2 Medium Grain, max. 4% broken, Hard Milled	#2/4%	N/A	per mt bulk FOB vessel NOLA
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	N/A	per mt bulk FOB vessel NOLA

Southern U.S. - Package Quality

Package Quality Parboiled L/G, max. 4% broken	Pkg. Parb.	\$28.00	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken	Pkg. L/G	\$26.00	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken (select variety)	Pkg. L/G	28.00-29.00	per cwt. bulk F.O.B. mill
Package Quality Long Grain Brown Rice, max. 4% broken	Pkg. Br.	\$29.00	per cwt. bulk F.O.B. mill
Package Quality Medium Grain Milled, max. 4% broken	Pkg. M/G	\$31.50	per cwt. bulk F.O.B. mill

California - Medium Grain

U.S. #1 Medium Grain, max. 4% Broken (Med)	#1/4	\$1075.00	per mt sacked 25kg containerized FOB Mill
U.S. #1 Medium Grain, max. 4% Broken (Korea Specs, add \$20 for 10kg)	#1/4	\$1175.00	per mt sacked 20kg, container CIP Oakland
U.S. #1 Medium Grain milled rice, except max. 7% Broken (Japan Specs)	#1/7%	\$1050.00	per mt sacked in 1mt tote bags FOB vessel
U.S. #3 Medium Grain Brown rice, max. 8% broken (Korea Specs)	#3 Brown	\$965.00	per mt in 40kg bags containerized Oakland
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	\$710-\$720	per mt bulk ex-spout Sacramento CA

California - Package Quality

Package Rice for Industrial Use and Repackers	#1/4%	\$45.00	per cwt. bulk F.O.B. Mill
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U.S. South Brokens:

Flour Quality brokens	Flour Qlty	\$24.50	per cwt. bulk, F.O.B. rail
Pet Food Quality / #4 Brewers (milled)	pet food	19.00-24.00	per cwt. bulk, F.O.B. rail

U.S. California Brokens:

Flour Quality brokens	(tight supplies)	Flour Qlty	\$34.00	per cwt. bulk, F.O.B. mill
Pet Food Quality / #4 Brewers		spot mkt	\$20-21	per cwt. bulk, F.O.B. mill

Far East Report

SOUTHEAST ASIAN MARKETS

On paper, **Thai** prices are up about \$10 per MT in concert to the suspension of the sale of intervention stocks, which in turn has created a temporary, albeit superficial, tight supply situation nearby. Further, most of the intervention rice bought over the past 4-6 months has been earmarked for destination markets offshore. This in no way indicates an overall shortage of rice in the country, it is moreover a case of taking the rice off the market...this time for the purpose of the interim military government taking inventory in hope of being in better position to regulate policy. Our boots on the ground tell us this will likely take weeks, not months, to complete...at which time we anticipate the resale of intervention stocks to resume and prices to softer. After all, there is no actual shortage. However, from a logistical perspective, it has slowed vessel loadings.



100% B is quoted at \$425-430 per MT FOB Bangkok; 5% is \$410-415, and parboil is \$430-435.

This rather abrupt tight supply situation and escalation of prices thereto, has fueled rumors in the market of some defaults, principally in Africa.

Also, of note on the corruption side of things, a top official of one of the leading exporters (former President Agri who was associated with several private purchases during the PM Yingluck regime) has been given a jail sentence for failure to deliver against a 20,000 MT contract with **Iran**.

The military has stated that they hope to have an interim government/parliament in place by September with elections to follow within the next year...hopefully when the civil unrest subsides.

As regards fresh demand, **Iraq** has floated a new tender for closing July 6 which includes Thai white rice. The shipment is the same as the previous shipment...i.e. sailing latest Sept. 4. Whereas the **Uruguayans** did sell on the previous tender (which likely exhausts their production time during that period), the **U.S.** did not. I look for a very keen competition for this tender between the **U.S.** and **Thailand**.



The summer/autumn harvest is not far away, so fresh stocks will soon enter the supply side portion of the equation, along with export numbers.

2014 annual exports have been revised to 9 MMT from a low of 6.5 MMT 6-8 months ago.

The undertone is firm nearby, but we do look for prices to soften going forward.

In **Vietnam**, prices remain firm on the coat tails of the 200,000 MT sale to **Malaysia** (BERNAS) and the prospect of fresh **Philippine** interest next month. However, the main focus (as regards steady export business) is on the border trade with **China**. As we have pointed in our CRMR for the past several weeks, the territorial battle in the South China Sea has been a volatile issue. Of particular note, is the Chinese closure of the border at the beginning of this week, which could play key in pricing of future contracts...we shall continue to follow this situation.



Next possible suitor for imports may very well be **Indonesia**. This is a business BULOG will shop between Thailand and Vietnam...could be as much as 1 MMT by year's end.



5% is now quoted at \$405-415 per MT FOB HCMC; 25% is \$365-370.

Exports thru mid-June totaled around 2.7 MMT versus 3.0 MMT last year.

The undertone of the market is steady to firm. The key factors to watch are:

- 1- The reinstatement of the Thai intervention stocks
- 2- Fresh sales to NFA and/or BULOG
- 3- Border trade with China on a regular basis.

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from January 1 - June 22, 2014 totaled 2,140,680 metric tons, up 28 percent from the same period last year

US Dollar to Thai Baht exchange 1 : 32.385

INDIA and PAKISTAN

Fresh demand, principally out of West Africa has been wrestled away from Thailand to **India**...a reversal of roles compared to the past few months...when Thai prices had fallen to their lowest this year.



Also, **Iraq** is currently reviewing offers from India for Basmati rice, which are still pending and firm through Thursday.

IR-64 5% is quoted at \$430-440 per MT FOB Kakinada; 25% is around \$390-395.

As we continue to track the progress of the sowing of the main season crop (Kharif), as it relates to the late arrival of the monsoon...it should be noted that it is almost 60% behind the pace this time last year. It is still too early to make a finite judgment on the magnitude of the monsoon (El Nino) and the overall effect on the Indian crop.

Otherwise, the market undertone is steady to firm, watching ever so closely the developments of the monsoon.

In **Pakistan**, the most notable issue, aside from the recent attacks at the airport, has been the reduction in exports due to a shortage of electricity. June exports were down 50% for the month. Fortunately, disappearance should not ultimately be a problem as most of Pakistan's exports are a result of core business in the region.



Prices remain quite firm with IRRI-6 5% is quoted at \$430-440 per MT FOB Karachi; 25% is \$390.

Despite the civil and public utility issues, a steady to firm undertone seems to be sustainable.

OFFSHORE QUOTES

Thailand		Vietnam		India		Pakistan		Uru.		Arg.		Brazil	
100%B '13/'14	\$430.00	5%	\$410.00										
5% '13/'14	\$415.00	10%	\$400.00	5%	\$435.00	5%	\$440.00	\$6250.00	\$620.00				N/A
10% '13/'14	\$405.00	15%	\$390.00	10%	N/A	10%	\$435.00	\$615.00	\$610.00				
15% '13/'14	\$395.00	25%	\$365.00	15%	N/A	15%	\$430.00	N/A	N/A				
25% '13/'14	\$370.00	Brokens	\$335.00	25%	\$395.00	25%	\$390.00						
25% '12/'13	N/A			IR64 PB 5%	\$410.00	Parb 5%	\$435.00	N/A					
Brokens	\$320.00			1121 parboil	\$1850	Parb 15%**	N/A	<u>Uru Parb</u>				<u>Brokens</u>	
Parb. 100B sorted	\$430.00			<u>Basmati</u>		Brokens	\$330.00	<u>Brown 5%</u>					N/A
Thai Hom Mali	\$990.00			Traditional	\$2350	<u>Basmati</u>		N/A					<u>parb-brwn</u>
Frag. Brokens	\$365.00	MEP-25%	\$375.00	Pusa	\$1950	S. Kernal	\$1650.00						N/A
All prices basis U.S. dollars per metric ton, FOB vessel, corresponding home port **Bangladesh Specs, Brazil prices basis Bagged FOB vsl													

Contract Month	Tuesday's Settle Price	Net Change From				Prices	
		Monday		Last Report		One Year Ago 07/02/13	
'14 July	\$14.500	Down	0.040	Down	0.290	'13 July	\$15.460
'14 Sep	\$13.530	Down	0.040	Down	0.160	'13 Sep	\$15.300
'14 Nov	\$13.735	Down	0.015	Down	0.170	'13 Nov	\$15.550
'15 Jan	\$14.905	Up	0.010	Down	0.160	'14 Jan	\$15.720
'15 Mar	\$14.080	Up	0.030	Down	0.145	'14 Mar	\$15.835
'15 May	\$14.085	Up	0.030	Down	0.140	'14 May	\$15.980

U.S. Paddy Market Report

Texas - No trading reported. There is very little old crop remaining unsold. New crop harvesting is not expected to begin until the end of July. So far, the new crop looks good.

Louisiana - The market is mostly quiet as there is very little rice remaining unsold. The last prices were \$15.00 per cwt FOB farm for July, and \$13.64 for August. New crop continues to look good.

Mid South - There is not much old crop remaining unsold. Current long grain prices are \$16.25 per cwt delivered mill for limited quantities. Otherwise, barges are bid/asked at \$16.00/\$16.75 per cwt CIF NOLA, \$14.25 for new crop. The new crop looks good.

California - No change. No new trading reported. Most growers are asking for \$22.00 per cwt over loan (or higher), while buyers' ideas are around \$18.00.

Reflective Prices (all basis per cwt FOB country 2013 crop)				
	Texas	Louisiana	Mid-South	California
Long grain	15.75-16.00	\$15.00	\$15.00b/\$15.75a	*
Med Grain	*	-	\$15.00 bid new	24.50/28.50

L/G is #2 55/70, M/G is #2 58/69 (California #1)

* - These areas do not have sufficient supplies of this type to quote.

U.S. Report

U.S. GULF, MERCOSUR, & FUTURES

Once again, the main focus is on **Iraq**, as IGB has floated another tender right in behind this most recent purchase for closing July 6, for reply latest July 10. The difference this time is that **Thai** white rice is included, although we are not likely to see South American rice offered...at least not from **Uruguay** and **Argentina**.

Prices have definitely softened in the U.S. gulf as offshore demand is thin, the recent miss with **Iraq**, and news of burdensome stocks in **Haiti**, as well as the government's propensity to dump some of their stocks on the market.

Also, I would be remiss if I failed to mention the tremendous increase in acreage in Arkansas of about 45% for long grain according to the latest USDA report. This, along with the thin demand going into new crop, is the primary reason futures were down \$0.14-0.29 this past week.

#2-4% is now quoted at \$555-565 per MT bulk FOB vessel or about \$580 basis bulk.

Medium acreage is up in the south about 66%...in sharp contrast to California.

The undertone of the market is somewhat soft, and that is based on **Iraq** buying U.S. this time...it is extremely bearish if not.



CALIFORNIA, AUSTRALIA, and the "MED"

The latest USDA stocks report was stunning, to say the very least. It showed 16 million cwt. of paddy left, and 2.67 million cwt. of milled still remaining out of the old crop. This is likely to result in a sizeable carryover into next year.

What this translate to is that in order to move this crop, the U.S. will have to find its way back into the South Pacific markets and more importantly the "Med". The only way I see this happening is by lower prices...much lower prices.

Slow recent old crop export sales have done nothing to help the "bullish" cause...it just is not there under the present day scenario.

I think it is pie in the sky to think that CA. can come close to sustaining \$1000+ type prices...even though we are still showing those levels today for lack of trading and proper price discovery.

The domestic market is already feeling the squeeze, as heavy discounting on milled rice for new crop compared to what the growers are asking for their paddy has creating a discrepancy of about \$100 per MT on paddy and closer to \$150 on milled.

Suffice it to say, that the paddy market is at best dormant...since the last buying interest (for small short coverage for domestic purposes) was around \$18 per cwt. over loan with growers asking \$22 and higher.

This market is headed towards some serious growing pains...or should I say tormenting price discovery endeavors.

USDA Rice Acreage report

Rice Area Planted and Harvested by Class - States and US: 2013 and 2014

Class and State	Area planted		Area harvested	
	2013	2014	2013	2014 1/
	1,000 acres			
Long grain				
Arkansas	955	1,380	950	1,375
California	6	5	6	5
Louisiana	396	430	392	425
Mississippi	125	170	124	169
Missouri	157	210	154	207
Texas	142	136	141	135
United States	1,781	2,331	1,767	2,316
Medium grain				
Arkansas	120	190	119	189
California	515	460	510	455
Louisiana	22	25	21	25
Missouri	2	6	2	6
Texas	3	4	3	4
United States	662	685	655	679
Short grain 2/				
Arkansas	1	1	1	1
California	45	30	45	30
United States	46	31	46	31
All				
Arkansas	1,076	1,571	1,070	1,565
California	566	495	561	490
Louisiana	418	455	413	450
Mississippi	125	170	124	169
Missouri	159	216	156	213
Texas	145	140	144	139
United States	2,489	3,047	2,468	3,026

1/ Forecasted.

2/ Includes sweet rice.

Upcoming Tenders:

June 29 Iraq tender to buy 15,000mt of Basmati rice from India for reply July 3.

July 6 Iraq tender to buy 30,000mt of long grain milled rice (USA, Uruguay, Argentina, Brazil, and Thailand) for reply July 10.

July 7 Korea tenders to buy 60,369mt.

USDA Crop Progress

USDA Crop Progress: Rice **Headed** - Week Ending June 29, 2014

State	Selected States, Week Ending				2009-2013 Average	Rice Condition - Selected States: Week Ending June 29, 2014				
	June 29, 2013	June 22, 2014	June 29, 2014			(percent)				
	(percent)						Very Poor	Poor	Fair	Good
Arkansas	-	1	5	4	-	7	28	49	16	
California	-	-	4	-	-	5	20	45	30	
Louisiana	29	12	31	38	-	1	24	55	20	
Mississippi	1	-	2	6	-	-	18	63	19	
Missouri	-	-	2	-	-	3	33	47	17	
Texas	38	5	12	28	-	4	42	47	7	
6 States	6	3	9	9	-	5	26	50	19	
				Previous Week	-	6	26	49	19	
				Previous Year	1	5	28	39	27	

- Represents zero. National crop conditions for selected States are weighted based on 2011 planted acres

Rice Co-Products - Spot market prices basis \$ per short ton bulk, FOB mill (spot prices, not deferred)

	Texas	Louisiana	Arkansas	California
Bran:	\$130	\$125	\$140-160	\$190-\$210
Mill Feed:	\$55	\$55	\$65	-
Ground Hulls:	\$10-\$15	\$15	\$50	-
Unground Hulls:	\$10-\$15	\$15	\$15	\$8

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Creed Rice Market Report

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USDA Export Sales Highlights

(for the period June 13-19, 2014)

Sales

Net sales of 13,300 MT for 2013/2014 were down 85 percent from the previous week and 68 percent from the prior 4-week average. Increases were reported for:

Colombia	(6,500 MT)
Canada	(2,400 MT)
Saudi Arabia	(1,500 MT)
Jordan	(1,200 MT)
Guatemala	(500 MT)

Decreases were reported for:

Costa Rica	(200 MT)
Republic of South Africa	(100 MT)

Exports

Exports of 32,800 MT were down 20 percent from the previous week and 39 percent from the prior 4-week average. The primary destinations were:

Japan	(13,000 MT)
Haiti	(8,800 MT)
Canada	(2,900 MT)
Mexico	(2,300 MT)
South Korea	(2,100 MT)

Source: USDA

Tenders Results:

June 23 Iraq tender to buy 30,000mt of rice. IGB bought 40,000mt of Uruguayan long grain milled rice.

July 1 KCCO (inv. 2000002596) tender to buy 10,540mt of rice, for shipment inland plants: August 1 to August 15, 2014 and/or August 16 to August 31, 2014. Results pending.