

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

World Market Price Value Factors	This week 07/16/14	Last week 07/09/14	1 Year Ago 07/17/13	LDP	2013 Loan Factors	WMP and Loan Rates		
						'13 crop	L/G	M/G
Long Grain	To be	17.72	19.30	00.00	10.34	Yield	57.94/11.23	63.26/7.45
Medium Grain	released	17.37	18.97	00.00	9.72	WMP	11.63	11.89
Short Grain	July 16	17.37	18.97	00.00	9.72	Loan	6.65	6.58
Brokens	8:30am EDT	12.14	13.66	-	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	\$1030.00	per mt sacked 25kg containerized FOB Mill
U.S. #1 Medium Grain, max. 4% Broken (Korea Specs, add \$20 for 10kg)	#1/4	\$1130.00	per mt sacked 20kg, container CIP Oakland
U.S. #1 Medium Grain milled rice, except max. 7% Broken (Japan Specs)	#1/7%	\$1005.00	per mt sacked in 1mt tote bags FOB vessel
U.S. #3 Medium Grain Brown rice, max. 8% broken (Korea Specs)	#3 Brown	\$920.00	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	\$27-\$32	per cwt. bulk, F.O.B. mill
Pet Food Quality / #4 Brewers		spot mkt	\$21-\$27	per cwt. bulk, F.O.B. mill

Far East Report

SOUTHEAST ASIAN MARKETS



According to the acting director of the Department of Foreign Trade in Thailand, the ruling Thai military will soon begin a program of gradually releasing government held intervention stocks. This will be done in a number of ways ranging from G to G transactions (like they have with **China**), local public auctions, as well as trade with international exporters and buyers offshore. Their initial idea is to sell around 500,000 MT per month over a three year period, so as to not glut the market and try to avoid dramatic price swings. They have vowed to not show favoritism to any one party, like was the practice under the previous administration, thereby eliminating corruption...we shall see.

In the meantime, the inspection process continues; and, we understand that the initial reports on the condition of the rice are better than most had thought. However, there also are reports of substantial shortages in other warehouses. This story is just beginning to unfold.

As far as exports are concerned, over 5 MMT was shipped during the first half of 2014 as a result of the deluge of discounted selling by the Yingluk led Red party in an effort to generate funds to repay farmers. This would indicate that annual exports could reach 9-10 MMT, as opposed to the dismal forecast of 6.5 MMT just nine months ago.

As far as new business is concerned, **Iraq** held a tender last week and chose to cancel it when the validity date expired. There were two offers totaling 72,000 MT of Thai rice at \$506 CNF FO and \$522 respectively. We anticipate a new tender to be floated soon.

Given the restructuring of the intervention program and the increase in exports, prices continue to stay quite firm. 100% B is up a few dollars at \$425-440 per MT FOB Bangkok; 5% is \$410-425, and parboil is \$435-445. There is a rather broad discrepancy in pricing (low to high) account the superficially tight supplies in concert with the inspection and release program the military is conducting and the consequent difficulty in price discovery.

The market in **Vietnam** remains steady to firm driven primarily by coverage of previously made sales to the **Philippines** and **Malaysia**, along with a resumption of border trade with **China** (in spite of the ongoing dispute over territorial waters). There is also strong speculation over fresh demand out of NFA and Indonesia on the back half of the year.

5% is being quoted at \$420-430; whilst 25% is \$365-375. The strength in the market is derived from two fundamental economic features...temporary tight stocks as the winter/spring main crop is in short supply which leaves the summer/autumn crop as the primary source for stocks...and, there is adequate



demand, as aforementioned above.

Exports have picked up in the past month, but still trail last year's pace by about 4%. The undertone of the market looks a bit friendly to me, especially since all Asian values are a bit firmer.

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from January 1 – June 29, 2014 totaled 2,271,006 metric tons, up 33 percent from the same period last year

US Dollar to Thai Baht exchange 1 : 32.145

INDIA and PAKISTAN



The biggest issue in the **Indian** market continues to be the lateness of the monsoon and how far behind the rainfall and planting is compared to normalcy. At the risk of sounding repetitive, it is still too early to panic as all one can conclude for sure is that the crop will be late...how late, how much reduced remains to be seen. But, it is becoming more and more an issue every week. The eternal optimists continue to forecast a moderate El Nino and a crop that will be in the 100 MMT range (in line with the last few record years)...we will keep you closely posted, my friends.

Prices are firm here as well, as the Indian market follows the strength of the markets in **Thailand** and **Vietnam**. IR-64 5% is quoted at \$430-440 per MT FOB Kakinada; 25% is around \$385-390.

As regards new business, **Iraq** also canceled their tender for Basmati. However, the new tender has already been floated for closing July 21 for reply latest July 25.

In **Pakistan**, there is really not much in the way of substantive news as most of the present crop is sold and the concentration is on sowing the main season crop which comes off in October.

For nominal purposes, we would call IRRI-6 5% \$440 per MT FOB Karachi, and 25% around \$385-390...roughly at parity with **Indian** quotes.



OFFSHORE QUOTES



Thailand



Vietnam



India



Pakistan



Uru.



Arg.



Brazil

100%B '13/'14	\$435.00	5%	\$425.00								
5% '13/'14	\$420.00	10%	\$415.00	5%	\$430.00	5%	\$440.00	\$625.00	\$620.00	N/A	
10% '13/'14	\$410.00	15%	\$410.00	10%	N/A	10%	\$430.00	\$615.00	\$610.00		
15% '13/'14	\$400.00	25%	\$365.00	15%	N/A	15%	\$425.00	N/A	N/A		
25% '13/'14	\$370.00	Brokens	\$335.00	25%	\$390.00	25%	\$385.00				
25% '12/'13	N/A			IR64 PB 5%	\$420.00	Parb 5%	\$440.00	N/A			
Brokens	\$320.00			1121 parboil	\$1480	Parb 15%**	N/A	<u>Uru Parb</u>		<u>Brokens</u>	
Parb. 100B sorted	\$445.00			<u>Basmati</u>		Brokens	\$330.00	<u>Brown 5%</u>		N/A	
Thai Hom Mali	\$1000.00			Traditional	\$2250	<u>Basmati</u>		N/A		<u>parb-brwn</u>	
Frag. Brokens	\$370.00	MEP-25%	\$375.00	Pusa	\$1680	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 07/16/13	
'14 Sep	\$12.870	Down	0.025	Down	0.830	'13 Sep	\$15.260
'14 Nov	\$13.095	Down	0.030	Down	0.795	'13 Nov	\$15.500
'15 Jan	\$13.270	Down	0.045	Down	0.815	'14 Jan	\$15.730
'15 Mar	\$13.440	Down	0.045	Down	0.835	'14 Mar	\$15.880
'15 May	\$13.580	Down	0.045	Down	0.820	'14 May	\$16.025
'15 July	\$13.760	Down	0.045	--		'14 July	\$16.025

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. A little long grain traded this week at \$13.37 per cwt FOB farm for August delivery. New crop looks good.

Mid South - Futures plummeted this week as the July contract went off the board. Barge quotes for new crop L/G are now bid/asked \$14.00/\$15.00 per cwt CIF NOLA. Otherwise, there has been a small amount of interest for old crop at \$15.56 per cwt delivered mill. The new crop looks good.

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

Reflective Prices (all basis per cwt FOB country 2014 crop)				
	Texas	Louisiana	Mid-South	California
Long grain	no quote	\$13.37	\$12.50/\$14.00	*
Med Grain	*	-	\$15.00	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

The market in the south continues to come under pressure as the negative psychology of **Iraq** passing twice in a row on U.S. rice has the market nervous and frustrated. However, all is not lost as we anticipate a fresh tender will soon be floated for white rice as well (inclusive of Thai and South American origins). It is uncertain at this time what the shipping position will be...the previous called for August/Sept 4.

In the meantime, the market in **Haiti** has slowed as the U.S. has slowly but surely lost some of its precious market share. However, U.S. rice still maintains over 75%.

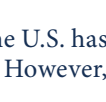
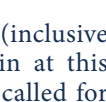
Prices on #2-4% milled rice has slipped as the mills have discounted new crop out of Texas and Louisiana and old crop out of Arkansas, and the rest of the mid-south. Today, we would call #2-4% around \$25.00-25.25 per cwt. bulk FOB vessel (and FAS), or around \$26 for bagged.

The paddy market is exceptionally quiet as practically all of the rice in Texas and Louisiana is either gone or committed, as the mills await new crop harvest now 2-6 weeks away.

Long grain paddy prices quoted in the barge market are bid/asked at \$315-335 per MT bulk FOB NOLA, amid very light trading. It seems all are keenly focused on new crop and lower prices account the increase in acreage...all except the growers.

Futures were off sharply, down around \$0.80 on average in each contract month...July is off the board and Sept. is now below \$13.

The undertone of the market is quite weak. However, a sale to **Iraq** would certainly be a "shot in the arm".



CALIFORNIA, AUSTRALIA, and the "MED"

The market in California is exceptionally quiet. We know of no new paddy trades. Buyers are indicating \$18 per cwt. over loan, whereas growers are asking at least \$22.

In this week's export sales report there was a cargo of 12,000 MT for **Japan**. Otherwise, there is virtually no export business.

Perhaps the most pertinent news is the WTO situation with **Korea**. The second 10-year agreement culminates in September. In short, what this translates to is a choice by the Koreans to either open their market to access with a negotiated unknown tariff, along with a frozen MA tonnage of 408,700 MT; or continue with the present agreement whereby the MA tonnage is increased annually and there would be no further access. The Korean Vice Minister of Agriculture recently stated that a quick response is mandated. His view is that they have no alternative but to open the market. The CRMR conclusion, with all due respect, is that this would freeze the MA at 408,700 MT and that the Koreans would push for a 400% tariff, which in our view (if approved) would make most any imports outside of MA business uncompetitive.

Of particular interest is the recent sale of 20,000 MT from **Egypt** to **Jordan** a few weeks ago. It remains to be seen whether or not this will serve as a precursor to opening the export market in **Egypt**.

The undertone of the CA. market looks soft to me. I think that we will be much closer to \$800 type numbers than \$1000 in relatively short order.



USDA Supply Demand Highlights:

RICE: U.S. all rice supplies in 2014/15 are raised 12.5 million cwt or nearly 5 percent to 279.8 million, the highest since 2010/11, as beginning stocks and production are raised 0.5 million and 13.0 million, respectively. Conversely, the import forecast is lowered 1.0 million cwt to 21.0 million. All rice production for 2014/15 is forecast at 226.0 million cwt, up 13.0 million or 6 percent due entirely to an increase in area. All rice average yield is estimated at 7,469 pounds per acre, nearly the same as last month, but 3 percent below record 2013/14. All rice total use for 2014/15 is raised 10.0 million cwt or 4 percent to 240.0 million, the highest since 2010/11, as domestic and residual use and exports are each increased 5.0 million to 133.0 million and 107.0 million, respectively. Ending stocks for 2014/15 are projected at 39.8 million cwt, up 2.5 million.

Changes to U.S. 2013/14 rice supply and use include larger imports, lower domestic and residual use, larger exports, and higher ending stocks. All rice imports for 2013/14 are forecast at 23.0 million cwt, up 1.0 million from last month, due mostly to an unexpectedly large May shipment of broken rice from Thailand reported by the Bureau of the Census. Domestic and residual use for 2013/14 is lowered 1.0 million cwt to 123.0 million based largely on NASS' Rice Stocks report showing larger than expected stocks as of June 1. Exports for 2013/14 are raised 1.5 million cwt to 93.5 million based on data from the Bureau of the Census through May and data from the weekly U.S. Export Sales report through early July.

The 2014/15 U.S. long-grain rice season-average farm price is projected at \$12.00 to \$13.00 per cwt, down 80 cents per cwt on each end of the range from last month. The 2014/15 combined medium- and short-grain price is projected at \$17.00 to \$18.00 per cwt, down \$1.20 per cwt from a month ago. The 2014/15 all rice price is projected at \$13.50 to \$14.50 per cwt, down 90 cents per cwt on each end of the range from last month. Larger domestic supplies of both long-grain rice and medium-grain rice along with plentiful supplies among most of the major global exporters will exert downward pressure on prices.

Global 2014/15 rice supplies are reduced due to both lower beginning stocks and production. Beginning stocks for 2014/15 are lowered 0.6 million tons due chiefly to reductions for China and the Philippines, partially offset by an increase for Vietnam. Global production is projected at a record 479.4 million tons, down 1.3 million from last month owing mostly to a decrease in India, partially offset by increases for Vietnam and the United States. India's 2014/15 rice crop is projected at 104.0 million tons, down 2.0 million from last month attributed to the slow and erratic start to the Southwest Monsoon. Global trade and consumption are changed little from a month ago. U.S. 2014/15 exports are raised 160,000 tons from a month ago. World ending stocks for 2014/15 are projected at 108.5 million tons, down 2.1 million from last month, and 3.0 million below the revised 2013/14 stocks forecast. Ending stocks projections for 2014/15 are lowered for India, China, and the Philippines, partially offsetting increases for Brazil, Vietnam, and the United States.

USDA Crop Progress

USDA Crop Progress: Rice *Headed* - Week Ending July 13, 2014

State	Selected States, Week Ending				2009-2013 Average	Rice Condition - Selected States: Week Ending July 13, 2014				
	July 13, 2013	July 6, 2014	July 13, 2014	(percent)		(percent)				
						Very Poor	Poor	Fair	Good	Excellent
Arkansas	1	11	13	15	1	8	29	48	14	
California	-	6	8	-	-	5	15	50	30	
Louisiana	52	57	72	59	-	1	19	57	23	
Mississippi	18	4	27	30	-	-	18	63	25	
Missouri	-	5	12	4	-	3	32	46	19	
Texas	73	20	50	60	-	3	44	47	6	
6 States	12	17	24	22	-	5	25	51	19	
				Previous Week	-	5	25	50	20	
				Previous Year	1	4	27	43	23	

- 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	\$135	\$135-150	\$200-\$220
Mill Feed:	\$55	\$55	\$65	-
Ground Hulls:	\$10-\$15	\$15	\$50	-
Unground Hulls:	\$10-\$15	\$15	\$15	\$8

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USDA Export Sales Highlights

(for the period June 27-July 3, 2014)

Sales

Net sales of 77,400 MT for 2013/2014 were up noticeably from the previous week and 94 percent from the prior 4-week average. Increases were reported for:

Mexico	(46,100 MT)
Japan	(12,000 MT)
Guatemala	(8,200 MT)
including 7,500 MT switched from unknown destinations)	
Haiti	(7,300 MT)
El Salvador	(4,100 MT)

Decreases were reported for:
unknown destinations (7,500 MT)

Net sales of 100 MT for 2014/2015 were reported for the United Arab Emirates.

Exports

Exports of 35,100 MT were down 30 percent from the previous week and 34 percent from the prior 4-week average. The primary destinations were:

Mexico	(26,800 MT)
Japan	(13,000 MT)
South Korea	(3,200 MT)
Canada	(3,000 MT)
Jordan	(800 MT)

Source: USDA

Upcoming Tenders:

July 21 Iraq tender to buy 15,000mt of Basmati rice from India for reply July 25. (1121 parboiled milled basmati rice, and pusa sila parboiled milled basmati rice)

July 24 Korea tender to buy 94,812mt of rice.

Tenders Results:

July 6 Iraq tender to buy 30,000mt of long grain milled rice (USA, Uruguay, Argentina, Brazil, and Thailand) for reply July 10. **No awards made.**

July 7 Korea tenders to buy 60,369mt. Bought 12,627mt of Chinese S/G brown at \$927 and 13,584 of Australian S/G brown at \$927 per mt CIP.