

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

World Market Price Value Factors	This week 07/20/16	Last week 07/13/16	1 Year Ago 07/22/15	LDP	2015 Loan Factors	WMP and Loan Rates		
						'15 crop	L/G	M/G
Long Grain	To be	15.71	15.22	00.00	10.22	Yield	56.41/12.76	59.91/10.45
Medium Grain	released	15.32	14.83	00.00	9.63	WMP	10.07	10.17
Short Grain	July 20	15.32	14.83	00.00	9.63	Loan	6.60	6.45
Brokens	8:30am ET	9.48	9.18	-	6.51	Difference	(3.47)	(3.72)

US Prices: (Shipment: August -September) Note: These are offers by prospective sellers, not bids by buyers.

Southern U.S. - Long Grain	Abbreviation	Quote	Basis
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$500.00	per MT sacked, F.O.B. U.S. Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$450.00	per MT, BULK, F.O.B. Vessel US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$21.50	per cwt. Sacked F.A.S. US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$22.85	per cwt. containerized FOB US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$500.00	per mt sacked delivered Laredo TX
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$20.50	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #3 Long Grain, max. 15% Broken, Hard Milled	#3/15	\$475.00	per mt sacked delivered Laredo TX
U.S. #2 Long Grain Brown, max. 4% Broken, 75% yield	#2/4/75	no quote	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G Brown, max. 4% Broken, 88% yield	#1/4/88	\$455.00	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	\$475.00	per mt bulk FOB vessel NOLA
U.S. #2 Long Grain Paddy, 55/70 yield	#2 55/70	\$275.00	per mt bulk F.O.B. vessel NOLA
Long Grain, max. 20% broken, Hard milled (Ghana specs)	#4/20/hm	\$20.75	per cwt. sacked, F.A.S. U.S. Gulf
U.S. #5 L/G, max. 20% broken, WELL MILLED	#5/20/wm	\$20.50	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%	\$460.00	per mt bulk FOB vessel NOLA
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	\$255.00	per mt bulk FOB vessel NOLA

Southern U.S. - Package Quality

Package Quality Parboiled L/G, max. 4% broken	Pkg. Parb.	\$22.75	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken	Pkg. L/G	\$20.75	per cwt. bulk F.O.B. mill
Package Quality Long Grain Milled, max. 4% broken (select variety)	Pkg. L/G	\$24.25	per cwt. bulk F.O.B. mill
Package Quality Long Grain Brown Rice, max. 4% broken	Pkg. Br.	\$24.25	per cwt. bulk F.O.B. mill
Package Quality Medium Grain Milled, max. 4% broken	Pkg. M/G	\$22.00	per cwt. bulk F.O.B. mill

California - Medium Grain

U.S. #1 Medium Grain, max. 4% Broken (Med)	#1/4	\$650.00	per mt sacked 25kg containerized FOB Mill
U.S. #1 Medium Grain, max. 4% Broken (Korea Specs, add \$20 for 10kg)	#1/4	\$700.00	per mt sacked 20kg, container CIP Oakland
U.S. #1 Medium Grain milled rice, except max. 7% Broken (Japan Specs)	#1/7%	\$675.00	per mt sacked in 1mt tote bags FOB vessel
U.S. #3 Medium Grain Brown rice, max. 8% broken (Korea Specs)	#3 Brown	\$590.00	per mt in 40kg bags containerized Oakland
U.S. #2 Medium Grain Paddy, 58/69 yield	#2 58/69	\$325.00	per mt bulk ex-spout Sacramento CA

California - Package Quality

Package Rice for Industrial Use and Repackers	#1/4%	31.00-33.00	per cwt. bulk F.O.B. Mill
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U.S. South Brokens:

Flour Quality brokens	Flour Qlty	16.00-17.50	per cwt. bulk, F.O.B. rail
Pet Food Quality, #4 Brewers (milled)	pet food	11.00/15.00	per cwt. bulk, F.O.B. rail

U.S. California Brokens:

Flour Quality brokens	Flour Qlty	15.00/17.00	per cwt. bulk, F.O.B. mill
Pet Food Quality, #4 Brewers	spot mkt	12.85	per cwt. bulk, F.O.B. mill

Far East Report

SOUTHEAST ASIAN MARKETS

The market remains extremely quiet. Prices are mostly sideways; however, I sense a slightly softer undertone developing.



Here are my reasons why:

- 1- Absence of the large G to G buyers coming to the table when supply side economics might truly be altered.
- 2- The return of rainfall at a critical time in the planting of the summer/autumn crops has brought promise to what once was a doomed situation
- 3- A general calm throughout the rice market from the demand side, as economies suffer, violence encircles the globe, and governments are hard pressed to maintain any sense of stability...making commerce an even more challenging endeavor.
- 4- This is not 2008 all over again!

In the meantime, **Thailand** continues to auction intervention rice from much older crop years, which end up selling at huge discounts to current crop quotations. For example: 2015/2016, 5% is quoted (but nearly depleted in the market) at around \$415-418 per MT FOB; however, 2012-2013 old crop is selling around \$335. Although the quality is vastly inferior, it does distort the local market and confuse potential buyers offshore.

In a similar fashion, the 2016 main season crop in **Vietnam** is being quoted \$15-\$20 per MT higher than the projected summer/autumn harvest coming off soon. Once again, improved rainfall afforded the opportunity for some late planting and avoidance of a devastatingly small summer harvest.



In short: Supply side economics have been tested; but, the demand side has yet to surface in a manner to truly legitimize a sustainable driving of prices higher.

Conclusion: Apparently, this bull had a short tail!

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from Jan. 1 - July 3, 2016 totaled 1,830,342 mt, down 6 percent from the same period a year ago. Dollar to Thai Baht exchange 1 : 35.032

INDIA and PAKISTAN

The **Indian** market is curious in its own right. Old crop brokens are in relatively short supply, consequently those internationals currently trying to load, under the most adverse of weather conditions (due to sequential monsoon rains), are having to "pay-up" for the last bit of what is high priced broken inventory compared to that which is already in place in destination markets like **Senegal**, i.e. \$320 vs. \$275 FOB equivalent.



This situation is certainly a short term one, in that vessels under load are forced to complete loading at inordinately high prices against shorts.

Otherwise, the total vessel loadings are quite small (161,550 MT), of which 41,500 MT of Parboiled 5% against the first IGB tender for Olam.



As aforementioned above, the monsoon season is upon us, and the forecast bodes well for a bumper Kharif crop of 93-95 MMT...which on average would reflect an annual yield of about 105-107 MMT.

What is so important to keep in mind is that India has the supply to handle most any unforeseen large demand...almost on their own, if they so choose. In essence, this puts somewhat of a cap on the Asian market...at least on paper.

However, we have noted above how markets can react rather imprudently on relatively short notice, so nothing is to be dismissed at this point in time.

My take: I see the Asian values vacillating within a \$40-50 range for the foreseeable future...i.e. between now and second quarter 2017 amid a soft undertone.

In **Pakistan**, there is nothing of substance to report, as old crop has disappeared and new crop has just been sown (Sept. harvest).



OFFSHORE QUOTES Note: These are offers by prospective sellers, not bids by buyers.

Thailand	Vietnam	India	Pakistan	Uru.	Arg.	Para.
100%B	\$428.00	W/S vs. S/A	5%	\$395.00		
100B Containers	\$443.00	5%	\$374/362	10%	N/A	5%
5%	\$418.00	15%	\$367/342	15%	N/A	10%
10%	\$416.00	25%	\$337.00	25%	\$360.00	15%
15%	\$411.00	Brokens	\$330.00	Brokens	\$300.00	25%
25%	\$397.00			IR64 PB 5%	\$395.00	Parb 5%
Brokens	\$353.00			1121 parboil	\$825	Parb 15%**
Parb. 100B sorted	\$462.00			Pusa parboil	\$800	Brokens
Thai Hom Mali	\$710.00			Traditional	\$1025	<u>Basmati</u>
Frag. Brokens	\$432.00	MEP-25%	\$340.00	Pusa	\$850	S. Kernal
All prices basis U.S. dollars per metric ton, bagged FOB vessel, corresponding home port. **Bangladesh Specs.						

Contract Month	Tuesday's Settle Price	Net Change From				Prices	
		Monday		Last Report		One Year Ago 07/21/15	
'16 Sep	\$10.785	Up	0.025	Up	0.105	'15 Sep	\$11.005
'16 Nov	\$11.055	Up	0.025	Up	0.105	'15 Nov	\$11.275
'17 Jan	\$11.300	Up	0.010	Up	0.105	'16 Jan	\$11.545
'17 Mar	\$11.505	Up	0.015	Up	0.100	'16 Mar	\$11.700
'17 May	\$11.695	Up	0.015	Up	0.100	'16 May	\$11.885
'17 July	\$11.835	Up	0.015	--	--	'16 July	\$11.885

U.S. Paddy Market Report

Texas - New crop harvesting is underway. The main thrust of the harvest will not likely start until next week account some recent rain. There is no new crop pricing at this time. It is still too early to draw any conclusion with regard to quality and yields.

Louisiana - Like Texas, the harvesting of new crop is in the very early stages. The latest bids for new crop long grain were \$10.50 per cwt FOB country.

Mid South - We are calling the bid/asked on L/G barges unchanged at \$12.00/12.25 per cwt CIF NOLA. No bids for medium grain currently. The harvest is still a month away.

California - Calrose 2015 has traded at \$5.00-5.50 per cwt over loan FOB farm. Buyers are now withdrawn with price ideas below \$5.00.

Reflective Prices (all basis per cwt FOB country 2015 crop)				
	Texas	Louisiana	Mid-South	California
Long grain	no bid	\$10.50	\$10.50/\$11.00	*
Med Grain	*	no bid	\$9.78	11.50-12.00

L/G is #2 55/70, M/G is #2 58/69 (California #1) New - new crop bid.

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

U.S. Report



U.S. GULF, MERCOSUR, & FUTURES

Since the U.S. market has been rather quiet, amid very little change (the exception being the new crop long grain production increase), let's address Mercosur first.

This is where all the excitement has been for the past six months. It started around December/January at a time when all of Mercosur was facing heavy carryover, in concert with the possibility of at least an average new crop. That situation was quickly remedied (albeit at very low values...sub-\$400's) by virtue of large sales to both **Iraq** and **Colombia**. Then came the reality of short new crops throughout Mercosur, which brought **Brazil** to the table in a very demonstrative way and caused the market values to explode from \$400 to \$500 per mt FOB vessel in a matter of weeks.



However; the steam in the market seems to have subsided, as **Brazil** has covered most, if not all of their nearby needs (well into Oct.), and neighboring vendors have exhausted their milling time well into September.

The old adage of sustainability being the essence of a bull market really comes to mind in a situation like we see in Mercosur today. It remains to be seen, but my inclination is to forecast higher values for premium long grain milled rice in South America versus their North American counterparts. The driving force at work is supply driven economic factors...plain and simple ([click here for the latest USDA S&D report](#)).

Now we find ourselves in a situation whereby not only are U.S. values \$100 per MT above Asian values on a CNF Um QSR basis, but so are **Uruguayan** and **Argentine**...and U.S. prices still have to face new crop harvest pressure, whereas Mercosur has the numbers already factored-in for a very short new crop.



The U.S. futures market had a lackluster week, trading in a relatively narrow range, ending up \$0.10 since our last report. The cash paddy market is bid/asked at levels that reflect \$270/\$275 per mt FOB vessel NOLA. See page 4 for the details of the recent **Panama** paddy purchases.

Summation: Look for **U.S.** long grain to sell at a discount to Mercosur until March, when South America will likely face their own bountiful harvest brought on by high prices, plenty of water resources, and consequent increase in planted acreage for 2017.

CALIFORNIA, AUSTRALIA, and the "MED"



The big news here is that **Korea** has announced their tender for 22,222 mt of medium grain brown rice, July 26. The tender is for delivery latest Jan. 31 and will allow 2015 as well as 2016 crop. As a result, prices may be fairly aggressive given recent 2015 crop paddy sales. There are also two tenders for 22,222mt each of short grain brown rice to be held the same day. See page 4 for more details.

We continue to see softer prices on paddy sales. Recent trades of 2015 crop medium grain were done at prices ranging \$5.00 - \$5.50 per cwt over loan. Buyers are now withdrawn from the market, and are indicating their price ideas are now below \$5.00.

Milled rice prices have been somewhat steady, mainly account the lack of fresh trading. By and large, the mills have their milling time committed through the end of CY 2016. This is a result of **Korean** business already on the books, domestic core business, as well as **Japanese** MA tenders yet to come.

Upcoming Tenders:

July 25 Thai tender to sell 2.18 million mt of Govt. rice:
original quantity:
White rice total 1.063million mt (1.054 million mt 5%, 9,000mt 10%-25%)
Brokens total 680,000mt (Wa1su 506,000mt, Fa1su 78,000mt, fa1 big brokens 96,000mt)
Hom Mali 321,000mt
Glutinous 114,000mt

July 26 Korea tenders to buy:
22,222mt of non-glutinous brown short grain, Incheon Oct 31, 2016.
22,222mt of non-glutinous brown short grain, Masan Oct 31, 2016.
22,222mt of non-glutinous brown medium grain, Mokpo Jan. 31, 2017.

Tenders Results:

July 19 KCCO tender to buy 32,420MT of rice.
170mt of #5/20% L/G well milled,
32,290mt of #2/7% L/G well milled,
for inland plant shipment Aug 16 - 31, Sept 1 - 15.
Results pending.

Panama bought 43,000mt of long grain paddy from TRC at \$470 per mt CIF liner out, free on truck. 14,000mt of this is Guyana origin, with the balance being US. The delivery period is August.
ADM sold 14,000mt of US origin long grain paddy at \$13.70 per cwt CIF liner out, free on truck. This rice is for October delivery.
Both were sold basis US #2 with 55/70 minimum milling yield (which is not easy for Guyana).

USDA Export Sales Highlights (July 1-7, 2016)

Sales

Net sales of 45,600 MT for 2015/2016 were down 2 percent from the previous week and 24 percent from the prior 4-week average. Increases reported for:

Venezuela	(20,000 MT)
Honduras	(10,600 MT, including 6,800 MT switched from unknown destinations)
Haiti	(7,400 MT)
Mexico	(6,100 MT)
Jordan	(5,000 MT)

were partially offset by reductions for:
unknown destinations (19,300 MT)

For 2016/2017, net sales of 2,800 MT were reported for:
Jordan (2,100 MT)
Taiwan (500 MT)
Mexico (200 MT)

Exports

Exports of 51,100 MT, down 67 percent from the previous week and 39 percent from the prior 4-week average, were reported to :

Japan	(12,000 MT)
Honduras	(10,300 MT)
Haiti	(7,100 MT)
Guatemala	(4,400 MT)
Saudi Arabia	(3,300 MT)

Source: USDA

USDA Crop Progress: Rice Headed - Week Ending July 17, 2016

State	Selected States, Week Ending				2011-2015 Average
	July 17, 2015	July 10, 2016	July 17, 2016		
	(percent)				
Arkansas	27	14	34	22	
California	18	25	25	7	
Louisiana	82	70	81	75	
Mississippi	48	29	43	42	
Missouri	32	3	3	14	
Texas	60	71	83	66	
6 States	37	28	41	30	
				Previous Week	
				Previous Year	

Rice Condition - Selected States: Week Ending July 17, 2016

	(percent)				
	Very Poor	Poor	Fair	Good	Excellent
	Arkansas	3	8	27	44
California	-	-	15	75	10
Louisiana	-	5	30	58	7
Mississippi	-	2	23	46	29
Missouri	1	3	23	51	22
Texas	3	4	36	48	9
6 States	2	5	25	53	15
	2	5	25	53	15
	2	4	22	49	23

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

	Texas	Louisiana	Arkansas	California
Bran:	\$90	\$100-105	\$65-80	\$90-95
Mill Feed:	\$35	\$45-50	\$30-40	-
Ground Hulls:	\$5	\$7-10	\$5-10	-
Unground Hulls:	\$5	\$7-10	\$10	\$25

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