

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

World Market Price Value Factors	This week 07/23/14	Last week 07/16/14	1 Year Ago 07/24/13	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 23	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: September -- August \$5 per mt premium for long grain)

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%	\$43.00	per cwt. bulk F.O.B. Mill
---	-------	---------	---------------------------

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

The market in **Thailand** remains quite firm as stocks continue to be relatively tight in conjunction with the military government holding the intervention stocks off the market until an comprehensive inventory has been conducted. However, we understand they will soon begin their marketing program, possibly in advance of completion of the survey, with the idea of selling approximately 500,000 MT per month, or 18 MMT over the next three years. The idea is to release stocks in a responsible manner so as to not disrupt pricing, or the market in general. In addition to this, the commerce ministry is urging the mills and exporters to buy the main season paddy (that will be harvested in Nov/Dec) at Bt8500 per MT or about half the price of the former intervention price. This is designed to make the new crop move smoothly at competitive prices without the government having to take title to it and guarantee some unachievable price to the farmers.



Currently, at least until the auctions begin, 100% B is quoted at \$440 per MT FOB Bangkok; 5% is \$425, and parboil is \$445 based on good demand out of **Nigeria** (ever since they lowered their import duty a few weeks ago).



As noted in last week's report, **Iraq** held a tender at which there were 72,000 MT of Thai rice offered (\$506-520 per MT CIF FO); however, IGB scrapped the tender and has yet to announce a new one.



In short, the market is steady to firm...let's see how the monthly sales of intervention rice affect the market and prices thereto. It is one thing to act prudently about how to achieve competitiveness; however, the other side of that coin is demand, and competition for said demand by others in the region.

The undertone of the market is a real mixed bag!

In **Vietnam**, the market is strong in concert with short covering by Vinafood (from the privates) against sales on the books with **The Philippines** and **Malaysia**.



5% is quoted at \$445 per MT FOB HCMC; whilst 15% is around \$420. FYI, these are the qualities being covered against the aforementioned sales, hence the sharp increase. The bottom line is that the government sold this rice too cheap. Regular white rice supplies are relatively tight as growers have, more and more, switched to specialty rices that are better suited for markets like Hong Kong and **China**.



The \$64,000 question is: What role, or how big a role, will **Vietnam** play when the likes of BULOG, NFA, and BERNAS return to the market during the second half of 2014. I will say this, it has been my experience that demand and subsequent higher prices have a tendency to draw rice out of the woodwork...so the speak. That is to say, whereas I see firm support for Asian 5% at around \$400, at the same time I feel resistance at \$450.

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from January 1 – July 13, 2014 totaled 2,508,424 metric tons, up 42 percent from the same period last year
US Dollar to Thai Baht exchange 1 : 31.780

INDIA and PAKISTAN

In **India** the market is steady to firm as we continue to get mixed reports about the progress of the monsoon. Two things are a given, the monsoon is late and rainfall is down. However, we still believe this to be a fairly moderate El Nino, one that can still afford to possibility of eclipsing 100 MMT crop



Prices are mostly sideways with IR-64 5% quoted at \$430-440 per MT FOB; whilst 25% is around \$385-395.

Offshore demand is relatively thin, in spite of steady to firm prices, as **Thailand** has been a factor is recouping market share over the past few months. The local government levy program has lent stability to the market. Otherwise, the market is fairly quiet and the undertone steady.

In **Pakistan**, all is quiet as most of the old crop has been sold. Also, Ramadan has played a role as well. The holiday season culminates with the Eid al Fitr on Monday.



Prices are steady to firm with IRR1-6 5% quoted at \$440 per MT FOB Karachi; 25% is \$390.

OFFSHORE QUOTES

Thailand	Vietnam	India	Pakistan	Uru.	Arg.	Brazil				
100%B '13/'14	\$440.00	5%	\$445.00							
5% '13/'14	\$425.00	10%	\$430.00	5%	\$430.00	5%	\$440.00	\$625.00	\$620.00	N/A
10% '13/'14	\$415.00	15%	\$420.00	10%	N/A	10%	\$430.00	\$615.00	\$610.00	
15% '13/'14	\$410.00	25%	\$370.00	15%	N/A	15%	\$425.00	N/A	N/A	
25% '13/'14	\$375.00	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 07/23/13	
'14 Sep	\$13.165	Up	0.185	Up	0.295	'13 Sep	\$15.770
'14 Nov	\$13.360	Up	0.150	Up	0.265	'13 Nov	\$15.950
'15 Jan	\$13.550	Up	0.150	Up	0.280	'14 Jan	\$16.175
'15 Mar	\$13.715	Up	0.150	Up	0.275	'14 Mar	\$16.330
'15 May	\$13.855	Up	0.150	Up	0.275	'14 May	\$16.475
'15 July	\$14.035	Up	0.150	Up	0.275	'14 July	\$16.475

U.S. Paddy Market Report

Texas - No change. No trading reported. The market is very quiet as we approach harvest. A few early fields may be cut in the next week or two but the bulk of the harvesting is not expected to begin until the end of July.

Louisiana - The market is mostly quiet. Prices are slightly lower this week at \$13.29 per cwt FOB farm for August delivery and limited buying interest at that level. We should see the first few early fields being cut soon.

Mid South - Futures bounce back up after plummeting the previous week. The cash market is quiet with barge quotes for new crop L/G basically unchanged - 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.

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	\$13.29	\$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 is deathly quiet. There are some fundamentals at work here like being between crops, annual repairs by the mills, vacation time, and thin supplies of old crop paddy...i.e. zero M/G...and next to nothing for long grain except Ark. However, there is a psychological issue at work here...the general lack of demand and the bearish undertone it is casting on the market, even though carryover numbers appear friendly on the surface. What is also playing a role is the dramatic increase in both medium grain and long grain acreage in the mid-south (Arkansas et.al.)

Market share in **Haiti** and **Mexico** has been compromised, and business with Iraq has been far from consistent...these are huge items to consider in the overall equation.

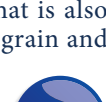
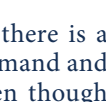
In the meantime, prices have fallen about \$20-25 per MT on L/G #2-4% over the past 4-6 weeks and some \$40 per MT for paddy over the a similar time frame...mainly futures, but cash as well.

The futures were up this past week \$0.26-0.29, however we view this as a correction in an overall down market period.

The **Uru.** and **Arg.** mills are continuing to operate at or near full capacity, primarily on old sales to **Iraq**, but on core regional business as well.

Cash prices for South American rice in now at a very slight premium to its U.S. counterpart, primarily due to **Iraqi** sales, of the lack thereof.

The undertone of the market in the U.S. gulf is trending downward, whereas the Mercosur market is much steadier.



CALIFORNIA, AUSTRALIA, and the "MED"

Following the dramatic uptick in pricing during the Spring months, the California market feels top heavy to me. As I iterated in last week's report, this market is much more likely to trend toward \$800 per MT than stay at \$1000.

Perhaps the biggest news in the market is the decision of the part of the **Koreans** to open their rice market and thereby cap the Minimum Access portion going forward. The unanswered question is whether the tariff for rice imported outside of MA will be 500%, like the Koreans are hoping for, or more like 300% which is the position of the U.S. contingency. This is a very key item that we will continue to monitor in the weeks and months ahead.

To our knowledge, there has been zero activity on paddy in the cash market, as buyers are stand offish, and growers have very high expectations.

As far as new business is concerned, **Korea** has floated a series of new tenders totaling, as follows:

- 1- July 24 - 94,812 MT specifies short grain brown and milled rice and all but 15,580 MT is CSQ for **China**, the balance will likely be similar.
- 2- July 31 - 44,158 MT of which 34,724 is CSQ **China** short grain and milled rice...the balance is 9434 MT **Australian** CSQ M/G brown and milled.

As far as the "Med" is concerned, demand is virtually dormant. And, the verdict on what **Egypt** is going to implement, or not, in the way of an export program is still uncertain at this time. On paper, it seems clear it would be a given. However, there are a lot of politics in play here.

Upcoming Tenders:

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

July 31 Korea tender to buy 44,158mt of rice.

Tenders Results:

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) Results pending.

USDA Export Sales Highlights

(for the period July 4-10, 2014)

Sales

Net sales of 45,900 MT for 2013/2014 were down 41 percent from the previous week and 10 percent from the prior 4-week average. Increases were reported for:

Colombia	(20,900 MT)
Honduras	(14,000 MT, including 11,400 MT switched from unknown destinations)
Mexico	(13,000 MT)
Haiti	(4,400 MT)
El Salvador	(2,000 MT)

Decreases were reported for:
unknown destinations (13,200 MT)

Net sales of 200 MT for 2014/2015 were reported for Mexico.

Exports

Exports of 67,000 MT were up 91 percent from the previous week and 69 percent from the prior 4-week average. The primary destinations were:

Colombia	(14,900 MT)
Honduras	(13,700 MT)
Japan	(12,100 MT)
Cote D'Ivoire	(10,300 MT)
Haiti	(4,400 MT)

Source: USDA

USDA Crop Progress

USDA Crop Progress: Rice **Headed** - Week Ending July 20, 2014

Rice Condition - Selected States: Week Ending July 20, 2014

State	Selected States, Week Ending				2009-2013 Average	(percent)				
	July 20, 2013	July 13, 2014	July 20, 2014							
	(percent)					Very Poor	Poor	Fair	Good	Excellent
Arkansas	7	13	18	28	1	8	27	49	15	
California	7	8	15	3	-	5	15	50	30	
Louisiana	74	72	82	74	-	1	19	57	23	
Mississippi	36	27	45	46	-	-	12	62	26	
Missouri	3	12	29	10	-	3	32	46	19	
Texas	87	50	63	74	-	3	44	47	6	
6 States	22	24	32	33	-	6	25	52	17	
				Previous Week	-	5	25	51	19	
				Previous Year	-	4	24	48	24	

- 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

Creed Rice Co. Inc. 800 Wilcrest Suite 200 Houston, Texas 77042 USA

Ph 1.713.782.3260 Fax 1.713.782.4671 www.RiceOnline.com email: market_report@riceonline.com

Brokers • Consultants • Market Reports • Arbitrators

The information in this Creed Rice Market Report has been included in good faith for general informational purposes only. All warranties, express or implied, are excluded in respect to the Report and its content. Creed Rice shall not be liable for any loss that a user and/or reader of the Report suffers (including, without limitation, damages for any consequential loss or loss of business opportunities or projects, or loss of profits) howsoever arising, whether in contract, tort, or otherwise from user and/or readers's use or inability to use the Report or its content, or from any action or omission taken as a result of using or reading the Report. User and/or reader acknowledges that any reliance upon any such opinion, advice, statement, or information in this Report shall be at user and/or reader's sole risk. Creed Rice reserves the right but not the obligation, in its sole discretion, to correct any errors or omissions in any portion of the Report.

Creed Rice Market Report

Copyright © 2014 Creed Rice Co., Inc. All Rights reserved

800 Wilcrest, Suite 200 • Houston, Texas 77042 • USA

www.RiceOnline.com

email: market_report@riceonline.com

ph. +1-713-782-3260 • fax +1-713-782-4671