

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

World Market Price Value Factors	This week 07/27/16	Last week 07/30/16	1 Year Ago 07/29/15	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 27	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%	\$490.00	per MT sacked, F.O.B. U.S. Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$440.00	per MT, BULK, F.O.B. Vessel US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$21.25	per cwt. Sacked F.A.S. US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$22.00	per cwt. containerized FOB US Gulf
U.S. #2 Long Grain, max. 4% Broken, Hard Milled	#2/4%	\$490.00	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	\$270.00	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%	\$465.00	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

I have good news and bad news...the bad news is that there is no good news...the good news is that there is no really bad news. In a nutshell, I list the key issues facing **Vietnam** and **Thailand** today:



- 1- With the exception of the Thai intervention stocks, supplies (15/16) are relatively tight, thereby superficially supporting levels that, in actual, are not actively being traded in the export market...for the most part.
- 2- Viet stocks are tight as the main season harvest was less than average; and, the initial conventional wisdom pointed towards a poor summer/autumn (S/A) harvest, due to the "hangover effect", visa vi, a lack of rainfall account the El Nino Phenomenon earlier this year.
- 3- Now, the S/A crop projections have improved slightly both in Vietnam and Thailand as the La Nina has made its presence known, albeit on a relatively small scale.
- 4- The last two IGB tenders have resulted in purchases that were not only disappointing to the West ("high priced" premium rice offers), likewise for S.E. Asian offerors (on a different level); as, significantly cheaper Indian parboil (particularly on a CIF FO basis) prevailed for a total of 160,000MT (ultimately driving Indian parboiled prices up about \$30 per MT in their local market).
- 5- The "BIG 3" G TO G BUYERS (**China, Indonesia, and The Philippines**) remain on the sidelines...strategically playing a wait 'n see game...thereby potentially enlarging the global supply pool, as main season crops are being sown throughout the region as I write.

Net result:

- 1- Thai and Viet prices are mostly sideways, but no real buyers at currently quoted values.
- 2- Thai 100% B is quoted at \$426 per MT FOB Bangkok; 5% is \$416; 15% is \$409, and 25% is \$396...all down about \$2.00 from last week.
- 3- Viet 5% is offered, amid very thin supplies at \$374 for the winter/spring (W/S) crop, but discounted \$12 for the S/A rice...as explained in #3 above. 15% is \$367/342, and 25% is only offered for the S/A crop at around \$335-337.

Patience and frustration are the words that likely best describe the sentiment of the international traders and origin vendors...a combination that results in a soft undertone following a short lived bullish "fanfare".

Unless there is a radical change in new crop outlooks in the region...I must say, I am no longer very friendly to this market...bearish you say?

Perhaps, that's too strong a term...but, certainly not a "raging bull" by any means!

I look for relatively shallow dips and rallies that will likely be short in duration and very sensitive to spot market developments.

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from Jan. 1 - July 10, 2016 totaled 1,870,118 mt, down 8 percent from the same period a year ago. Dollar to Thai Baht exchange 1 : 34.975

INDIA and PAKISTAN

Our projection for a bountiful monsoon season continues to stay on course (reference CRMR May 11).

Nonetheless, **India** has had the good fortune of benefiting from several trade opportunities well in advance of this ultimate happenstance next Fall:

- 1- 160,000 MT sale of PB 5% to **Iraq** recently done.
- 2- Very attractively priced coverage of brokens by exporters caught short with vessels in port needing additional cargo to complete loading and avoid dead freight...in spite of facing much cheaper abundant inventories at destination warehouses in Dakar... which they are and will pay a very heavy price.
- 3- Steady sales of basmati to **Iran**, albeit under the radar.
- 4- Well managed FCI buffer stock program, although often criticized by locals.
- 5- Resulting steady gain in "true value" for their export prices.

Outlook: They face a bumper Kharif crop on paper, but should have options including replenishing eventual West African import needs...in particular **Nigeria**. Reality dictates the mascaaed of the Nigerian import ban, sooner or later, will be abandoned...at least any reasonable trader would agree.

Asian G to G participation, although not a given (like in Thailand and Vietnam), is a viable opportunity on some level.

Pakistan, is a virtual non-factor at present, as there is very little rice left from the old crop and new crop sowing is in full swing.

Undertone and outlook: I continue to see resistance to price around \$425-450 for 5% throughout the East, with support around \$365-375.



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

Thailand	Vietnam	India	Pakistan	Uru.	Arg.	Para.
100%B	\$426.00	W/S vs. S/A	5%	\$395.00		
100B Containers	\$441.00	5%	\$374/362	10%	N/A	5%
5%	\$416.00	15%	\$367/342	15%	N/A	10%
10%	\$414.00	25%	\$337.00	25%	\$360.00	15%
15%	\$409.00	Brokens	\$327.00	Brokens	\$300.00	25%
25%	\$396.00			IR64 PB 5%	\$395.00	Parb 5%
Brokens	\$369.00			1121 parboil	\$825	Parb 15%**
Parb. 100B sorted	\$450.00			Pusa parboil	\$800	Brokens
Thai Hom Mali	\$697.00			Traditional	\$1025	Basmati
Frag. Brokens	\$431.00	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	\$10.025	Down	0.335	Down	0.760	'15 Sep	\$11.005
'16 Nov	\$10.295	Down	0.335	Down	0.760	'15 Nov	\$11.275
'17 Jan	\$10.545	Down	0.335	Down	0.755	'16 Jan	\$11.545
'17 Mar	\$10.750	Down	0.335	Down	0.755	'16 Mar	\$11.700
'17 May	\$10.940	Down	0.335	Down	0.755	'16 May	\$11.885
'17 July	\$11.080	Down	0.335	Down	0.755	'16 July	\$11.885

U.S. Paddy Market Report

Texas - New crop harvesting has begun (<10%); however, the main thrust of the harvest has not quite started yet 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 - The harvesting of new crop is slightly ahead of Texas but has been interrupted by rain as well. The latest bids for new crop long grain were \$10.50-10.80 per cwt FOB country depending on delivery period. However, there has been ongoing negotiations directly between Mexico and growers at higher levels.

Mid South - Futures price are down \$0.335 today and \$0.755 - 0.760 from our last report amid a very weak export sales report and a bumper harvest in

the mid-south just a month away. We are calling the bid/asked on L/G barges \$11.50/12.00 per cwt CIF NOLA. Medium grain is quiet.

California - No new trading reported. The last Calrose 2015 crop traded at \$5.00-5.50 per cwt over loan FOB farm. Buyers are 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	\$10.50-10.80	\$10.00/\$10.75	*
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



There is very little to "chatter" about on the home front. The market in the South might best be described as stale.

In Texas and Louisiana we are in the midst of what I refer to as bridge crop...old crop stocks virtually depleted with the exception of rice earmarked for value added biz; and, Arkansas is still carrying old crop stocks, albeit dwindling ever so slightly as they approach the thrust of their harvest in September.

Fresh demand is extremely thin, as exemplified by the pitiful export sales report for long grain milled rice this past Thursday (see page 4 for details). As one can plainly see, not only are the total numbers relatively small, but the milled rice sales are virtually non-existent.

Haiti has been fairly steady on a monthly basis, albeit absent in this latest report. The industry has been non-participatory in **Cuba**, for all practical purposes since the easing of the sanctions...in spite of 60,000 MT having been sold collectively out of **Uruguay** and **Argentina** for July shipment. True enough, the price was cheaper, but there have been no visible signs of meaningful progress in negotiations...a huge disappointment for the Southern mills, to say the very least...especially when one considers the recent absence of Viet G to G sales on the coat tails of their tight stocks situation; and, perhaps a less than zealous effort to offer the unmistakable and incredible terms given over the past 20 years or so.

Iraq has been a "no-go" ever since the 90,000 MT "politically driven" sale made a few months ago...mainly account the huge price discrepancy with the Indian 160,000MT sales (approx \$100/mt); and, the 90,000MT Mercosur sales (approx. \$90/mt).

Now we see, perhaps, an opening in **Iran**...although they chose to pass on a similar opportunity when Mercosur was in dire straits in sharp contrast with Iraq. Alternatively, they have painted themselves as being more self-sufficient, when the smart money says "horsepucky". Rightly said, as we touched on in the Asian segment, GTC through privates and internationals has bought under the radar from places like **India** and **Pakistan**; but, there has been zero tender process, nor market effect...one way or another.

Meanwhile, futures continue to give back all of the short lived rally, as funds and specs vacate the ideology of a potential bull market driven on low global stocks (i.e. 2008)...on paper that is; but, rapidly showing signs of a reversing trend account a large projected (monsoon driven) new crop in **India** now anticipated, in concert with better conditions for planting in **Vietnam** and **Thailand**.

And, that brings us to the bumper new crop for long grain in the U.S. Gulf, amid old crop stocks yet to sell (although some would reasonably argue those are not nearly as burdensome as they appeared 4-6 weeks ago).

The fact of the matter is that we need substantial offshore demand from several destination markets; as, a steady diet of **Mexico** and **Haiti** and TRQ with **Colombia** just won't suffice. This market needs an **Iran**, or a **Cuba**, or a share of the **Iraq** business (i.e. 300,000 MT as outlined in the MOU).

Then there is the possibility that our new crop paddy prices might fall to levels that would afford an opportunity in Rio Grande do Sul, **Brazil**... particularly if there was a concession on tariff. At the same time, I don't hold out much hope for milled rice sales to the north of Brazil, unless our prices come in line with Asia...and, that would be viewed as devastating to the US grower.

The undertone of the market is "murky", at best. I don't see +\$500 FOB values sustainable, barring some unforeseen climate or crop disaster. At the same time, there are global demand centers to service, but lots of competition to service same. I look for a fairly flat market with moderate peaks and valleys for the balance of the calendar year...the same for California, as one will see in the next segment.

I hope for the sake of you all, I am wrong, and bountiful prices ultimately prevail!

CALIFORNIA, AUSTRALIA, and the "MED"

There has not been much of any change in the California market since last week. The **Korean** tenders were held Tuesday, but as of our press deadline, no results had been released. Korea tendered for 3 x 22,222mt of short and medium grain brown rice. See Tenders on page 4 for more details and monitor RiceOnline.com this week for the tender awards.

The paddy market is fairly quiet as there is very little buying interest at this time. Mills are comfortable with their carry-over stocks and the new crop harvest is just a little over a month away. In addition, paddy pool sign-ups have been heavy this year with about 75% of the forth coming crop pledge to some kind of pool, which were closed in April.

Milling schedules are mostly booked and/or milling time is earmarked, through the second half of 2016, the product of old Korean business, core/domestic commitments, and the upcoming **Japanese** MA tender season. I maintain these ultimately will be the best sales of the marketing year.

The latest GAIN report for **Australia** forecasts the 2016/2017 rice crop production to be 450,000mt (basis milled). Record rainfall during June in Queensland and the New South Wales areas is one of the reasons for the increase. SunRice's price guarantee of A\$415/mt was cited as another reason. The report also showed production for 2015/2016 as 250,000mt.

Upcoming Tenders:

None

Tenders Results:

July 19 KCCO tender to buy 32,420MT of rice.
 Bought: 170mt of #5/20% L/G well milled at \$428.47 per mt Intermodal plant RHPP.
 31,320mt of #2/7% L/G well milled at \$461.86-\$474.43 per mt FAS Jacinto-port - FAS Lake Charles
 820mt of #2/7% L/G well milled forifed at \$522.38 - \$595.39 per mt FAS Lake Charles - Intermodal Jacintoport.

July 25 Thai tender to sell 3.81 million mt of Govt. rice:
 original quantity:
 White rice total 1.063million mt (1.054 million mt 5%, 9,000mt 10%-25%)
 Broken total 680,000mt (Wa1su 506,000mt, Fa1su 78,000mt, fa1 big broken 96,000mt)
 Hom Mali 321,000mt
 Glutinous 114,000mt
 Plus an additional quantity of 900,000mt for industrial use.
 Winners to be announced July 28.

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.
 Results pending.

USDA Export Sales Highlights (July 8-14, 2016)

Sales

Net sales of 33,800 MT for 2015/2016 were down 26 percent from the previous week and 40 percent from the prior 4-week average. Increases reported for:

Costa Rica	(9,800 MT)
Mexico	(9,200 MT)
Honduras	(4,500 MT)
South Korea	(1,500 MT)
El Salvador	(1,500 MT)
were partially offset by reductions for:	
Venezuela	(900 MT)

Exports

Exports of 63,700 MT, up 25 percent from the previous week, but down 29 percent from the prior 4-week average, were reported to:

Venezuela	(29,100 MT)
Haiti	(14,200 MT)
Japan	(8,000 MT)
Mexico	(3,600 MT)
Canada	(2,300 MT)
Source: USDA	

USDA Crop Progress: Rice Headed - Week Ending July 24, 2016

State	Selected States, Week Ending				2011-2015 Average
	July 24, 2015	July 17, 2016	July 24, 2016		
	(percent)				
Arkansas	41	34	61	36	
California	19	25	26	11	
Louisiana	89	81	86	84	
Mississippi	67	43	57	60	
Missouri	40	3	16	23	
Texas	74	83	91	77	
6 States	48	41	57	41	
				Previous Week	
				Previous Year	

Rice Condition - Selected States: Week Ending July 24, 2016

	(percent)				
	Very Poor	Poor	Fair	Good	Excellent
	Arkansas	3	8	27	43
California	-	-	15	75	10
Louisiana	-	5	31	56	8
Mississippi	-	2	23	47	28
Missouri	1	3	24	51	21
Texas	3	4	36	48	9
6 States	2	5	26	51	16
	2	5	25	53	15
	2	4	25	49	20

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

	Texas	Louisiana	Arkansas	California
Bran:	\$95	\$100-105	\$70-80	\$105-110
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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Creed Rice Market Report

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