

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

World Market Price Value Factors	This week 07/30/14	Last week 07/23/14	1 Year Ago 07/31/13	LDP	2013 Loan Factors	WMP and Loan Rates		
						'13 crop	L/G	M/G
Long Grain	To be	18.08	18.89	00.00	10.34	Yield	57.94/11.23	63.26/7.45
Medium Grain	released	17.72	18.58	00.00	9.72	WMP	11.87	12.13
Short Grain	July 30	17.72	18.58	00.00	9.72	Loan	6.65	6.58
Brokens	8:30am EDT	12.39	13.37	-	5.83	Difference	(5.22)	(5.55)

US Prices: (Shipment: September/October)

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
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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

The market in **Thailand** remains quite firm as the government has yet to hold the 1st auction of intervention rice. However, we believe this is forthcoming in a matter of weeks as their inspection procedures wind down.



It is still unclear how much rice has been lost due to damage or simply pilfered, but the latest local print media reports indicate at least 80% is in good condition...which is still going to mount to a huge financial loss.



On the demand side of the equation, **Nigeria** remains as a relatively steady buyer as parboil prices are steady to firm...\$445 per MT FOB Bangkok.

It is beginning to appear to be more of a case of when and not if we see BULOG (up, to 1 MMT for the second half of 2014), NFA (4-500,000 MT), and **Malaysia** (perhaps as much as 100-200,000 MT by the end of the year) enter the market to shore up buffer stocks. And, we look for a G to G deal to be finalized with **China** for 300,000 MT. And, then there is the possibility of **Iraq** coming back into the fold.



On paper, this sounds like a lot of pent up demand; however, there is more than enough pent up supply in Thailand alone to cover all of this three times over...that is before you bring **India** and **Vietnam** into the equation.

In any event, the government is going to be quite prudent as to how they go about holding these auctions with the key interest not depressing prices by putting too much out there too fast. It seems clear to this writer that if they could simply sustain present day values, that would be a monumental achievement.

For now, 100% B is quoted at \$450 per MT FOB Bangkok; 5% is \$435, and white brokens are \$330.

That pretty much sums up the events of the week in Thailand!

In **Vietnam**, prices have really been strong over the past several weeks, in the wake of the border trade with **China**, along with short coverage of old **Malaysian** and **Philippine** sales...amid rumors of more of the same ahead.



5% is quoted at \$465 per MT FOB HCMC; 15% is \$440, and 25% is around \$400-410.

I think the main keys to the market are as follows:

- 1- The battle between **Thailand** and **Vietnam** over this aforementioned regional demand, and who gets what.
- 2- The sale of the intervention stocks vs. the arrival of the summer/autumn new crop from both origins.
- 3- And, the prognosis of success at upcoming IGB tenders by Thailand.

These three key items along with steady demand out of **China**, will not likely paint a bullish picture, but it may create a sustainable market environment in the Eastern Hemisphere...one that is no showing prices within \$150 of the Western origins (they were once over \$300).

Thailand Exports

Preliminary unofficial rice exports (excluding premium white and fragrant rice) from January 1 – July 20, 2014 totaled 2,649,129 metric tons, up 45 percent from the same period last year.

US Dollar to Thai Baht exchange 1 : 31.840

INDIA and PAKISTAN

The market in **India** is fairly steady, although demand is relatively thin. Markets throughout West Africa, who observe Ramadan, have now begun the Eid Al Fitr celebration; but, on a somber note given the turmoil throughout the Arab world.



This holds true for **Pakistan** as well...additionally, their old crop is virtually gone.



Prices for these two origins are basically at par.

As regards the latest El Nino reports, and the progress of the monsoon, FAO now projects paddy production in **India** to be 158 MMT, which would reflect above 104 MMT basis milled and down a mere 1%. However, let's all keep in mind that it is still quite early and this situation could change on a dime.

OFFSHORE QUOTES



Thailand



Vietnam



India



Pakistan



Uru.



Arg.



Brazil

100%B '13/'14	\$450.00	5%	\$465.00								
5% '13/'14	\$435.00	10%	\$455.00	5%	\$440.00	5%	\$445.00	\$620.00	\$615.00	N/A	
10% '13/'14	\$425.00	15%	\$440.00	10%	N/A	10%	\$435.00	\$610.00	\$605.00		
15% '13/'14	\$420.00	25%	\$410.00	15%	N/A	15%	\$430.00	N/A	N/A		
25% '13/'14	\$410.00	Brokens	\$360.00	25%	\$395.00	25%	\$390.00				
25% '12/'13	N/A			IR64 PB 5%	\$425.00	Parb 5%	\$455.00	N/A			
Brokens	\$330.00			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	\$1010.00			Traditional	\$2250	<u>Basmati</u>		N/A		<u>parb-brwn</u>	
Frag. Brokens	\$380.00	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 07/30/13	
'14 Sep	\$13.130	Up	0.205	Down	0.035	'13 Sep	\$15.895
'14 Nov	\$13.355	Up	0.200	Down	0.005	'13 Nov	\$16.120
'15 Jan	\$13.520	Up	0.195	Down	0.030	'14 Jan	\$16.365
'15 Mar	\$13.685	Up	0.195	Down	0.030	'14 Mar	\$16.495
'15 May	\$13.845	Up	0.205	Down	0.010	'14 May	\$16.630
'15 July	\$14.025	Up	0.205	Down	0.010	'14 July	\$16.630

U.S. Paddy Market Report

Texas - Harvesting has begun on the first few fields. It is too early for any reports of the yields. The rice looks very good. The market continues to be very quiet with no bids.

Louisiana - Much the same as Texas. Bids are lower this week at \$12.60 per cwt FOB farm.

Mid South - Futures bounce back up today such that the market for the week is down only \$0.01-\$0.03. 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.

California - No new trading reported -- very quiet. 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	\$12.60	\$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 rice market throughout the U.S. is so incredibly quiet that one might even be able to hear a "dog-whistle".

However, the mills have done yeoman's duty finding ways to at least partially fill out milling schedules, albeit leftover **Iraq** business, core domestic orders, **Haitian** shipments, as well as Medium grain deliveries for Puerto Rico.

Going forward, I think it is safe to say that the Aug. 11 IGB tender is critical. This would give the necessary jump start to the new crop marketing campaign; and, provide hope that the U.S. is "back in the hunt" on these regular tenders that amount to 1.2 MMT annually. The **Thai, Uruguayan, and Argentine** origins will also be under consideration.

Meanwhile, both milled and paddy prices have come under pressure, amid mill and grower resistance.

#2-4% is offered at \$550-560 per MT bulk FOB vessel, or about \$25 higher for bagged goods. This is for Sept/Oct shipment when some harvest pressure is anticipated by most prognosticators...including your's truly.

The long grain paddy market is bid asked at levels that reflect \$330-350 per MT bulk FOB vessel NOLA.

The futures market is equally dormant, amid tranquil trading...down pennies for the week.



CALIFORNIA, AUSTRALIA, and the "MED"

Since the market is so dead, we are going to concentrate this segment on acres, production, carryover, and disappearance.

In order to demonstrate how broad a disparity in ideas throughout California (among traders, millers, growers, warehousemen, etc.), I list the range (low to high) of a few of the numbers we have accrued via our intense survey of the industry (all basis paddy).

- 1- CA. Medium grain Acreage: 375,000 - 460,000
- 2- Production: 31.5 - 38.6 million cwt.
- 3- Carryover from the 2013/2014 crop: 3 - 5 mill. cwt.
- 4- Disappearance (export and domestic): 25 - 28 mill.
- 5- Ending stocks: 3 - 6 mill. cwt

Whereas 2014 production of M/G is down is other key rice producing nations...i.e. **Australia, Egypt, & Turkey** (which in itself is up to debate); with the exception of Australia, the other two are carrying huge stocks either from their own production in past years in the case of **Egypt**, or abundant imported inventory.

The puzzle is more difficult to solve than a Rubik's cube.



Upcoming Tenders:

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

Aug. 11 Iraq tender to buy 30,000mt of long grain milled rice from USA, Thailand, Uruguay and Argentina.

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.

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

July 29 KCCO (inv. 2000002654) tender to buy 2670mt of rice: 540mt of #2/7% long grain well milled, 130mt of #2/7% Parboiled long grain milled rice, and 2,000mt of #5/20% long grain well milled. September shipment. Results pending.

USDA Export Sales Highlights

(for the period July 11-17, 2014)

Sales

Net sales of 8,200 MT for 2013/2014 were down 82 percent from the previous week and 80 percent from the prior 4-week average. Increases were reported for:

Costa Rica	(5,000 MT)
Colombia	(4,900 MT)
Canada	(1,300 MT)
Australia	(300 MT)
Mexico	(200 MT)

Decreases were reported for:

Turkey	(5,300 MT)
Haiti	(1,100 MT)

Net sales of 60,900 MT for 2014/2015 were reported for:

Mexico	(30,000 MT)
Turkey	(26,300 MT)
Honduras	(2,600 MT)
El Salvador	(2,000 MT)

Exports

Exports of 39,000 MT were down 42 percent from the previous week and 16 percent from the prior 4-week average. The primary destinations were :

Japan	(13,200 MT)
Colombia	(10,900 MT)
Haiti	(8,600 MT)
Canada	(2,400 MT)
Mexico	(900 MT)

Source: USDA

USDA Crop Progress

USDA Crop Progress: Rice *Headed* - Week Ending July 27, 2014

Rice Condition - Selected States: Week Ending July 27, 2014

State	Selected States, Week Ending				2009-2013 Average	(percent)				
	July 27, 2013	July 20, 2014	July 27, 2014	(percent)		Very Poor	Poor	Fair	Good	Excellent
Arkansas	21	18	31	42	1	8	28	48	15	
California	18	15	20	7	-	5	15	50	30	
Louisiana	86	82	86	85	-	1	19	57	23	
Mississippi	45	45	58	61	-	-	14	62	24	
Missouri	12	29	40	21	-	3	32	45	20	
Texas	92	63	81	84	-	3	43	47	7	
6 States	34	32	42	44	-	5	24	51	20	
				Previous Week	-	5	24	51	20	
				Previous Year	1	5	25	42	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	\$135	\$135-150	\$200-\$220
Mill Feed:	\$55	\$55	\$65	-
Ground Hulls:	\$10-\$15	\$15	\$45	-
Unground Hulls:	\$10-\$15	\$15	\$15	\$8

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Creed Rice Market Report

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