

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

World Market Price Value Factors	This week 08/03/16	Last week 07/27/16	1 Year Ago 08/05/15	LDP	2016 Loan Factors	WMP and Loan Rates		
						'15 crop	L/G	M/G
Long Grain	To be	15.71	14.92	00.00	9.98	Yield	56.41/12.76	59.91/10.45
Medium Grain	released	15.32	14.43	00.00	9.55	WMP	10.07	10.17
Short Grain	Aug. 3	15.32	14.43	00.00	9.55	Loan	6.60	6.45
Brokens	8:30am ET	9.48	9.00	-	7.16	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%	\$480.00	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%	\$21.00	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%	\$480.00	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	\$465.00	per mt sacked delivered Laredo TX
U.S. #2 Long Grain Brown, max. 4% Broken, 75% yield	#2/4/75	\$415.00	per mt bulk FOB vessel NOLA
U.S. #1 Parboiled L/G Brown, max. 4% Broken, 88% yield	#1/4/88	\$440.00	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	\$465.00	per mt bulk FOB vessel NOLA
U.S. #2 Long Grain Paddy, 55/70 yield	#2 55/70	\$265.00	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%	\$455.00	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	\$315.00	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	\$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

Prices continue to trend softer, albeit subtle, account a general lack of fresh demand. The once bullish trend has seemingly "come and gone", and now the temporary tight supply situation is not driving prices.



Thai 100% B is quoted at \$420-422 per MT FOB Bangkok (off about \$6-8); 5% is \$412; 15% is \$406; and 25% is down a mere \$1 at around \$396, account brokens are unchanged at \$368. Parboil is quoted at \$440, down sharply from \$462 last week.

The government held three simultaneous auctions for sale of intervention rice on July 25 but actually confirmed a mere 45,000 MT of very low quality rice for industrial usage. However, still under consideration, there is about 2-400,000 MT which could end up in the export market...results still pending. See page 4 for more details.

I look for this kind of programing to continue throughout the season, thereby adding to the supply base, albeit at a relatively slow pace. Also, it would not surprise me to see the government, when the proper time arises, to orchestrate a larger move thru a G to G sale out of these stocks, as it appears quite transparent they are bound and determined to (once and for all) rid themselves of this "albatross" of an issue...stay tuned, as this is a very fluid strategy.

In the meantime, the government has fined former PM Yingluck Bt286.6 BILLION, down from the original Bt500 BILLION. The charge relates to the corruption associated with adding over 13 MMT under the rice pledging scheme, while exporting less than 1 MMT. As bureaucracy usually does, this case is seemingly far from over...or I should say actual collection of the money, as there is still the ordeal of political appeal process to take place... enough of that nonsense!

The bottom line is that, in spite of the crop losses due to drought, the market rally is finished (for now), and the market is in dire need of the aforementioned G to G and traditional West African business in order to support prices, not only the Summer/Autumn (S/A) crop, but the main season planting (and its harvest at the end of the calendar year).

Somewhat amazingly, the undertone is soft...having shown signs of a slightly bullish market just four weeks ago...not a surprise to this writer, as I iterated my apprehensions throughout the process.

In **Vietnam**, the market trend is pretty much the same as Thailand, except the market particulars are somewhat different. There are no appreciable government stocks; and, the only rice being offered is out of the S/A crop. Further, it is being discounted to the former main crop. The reason is unclear; as one might deduce that a tight supply situation would or might negate the need to discount what is historically considered inferior quality to the main season rice. But, the demand side of the equation simply does not support that theory.



Prices are down considerably compared to the main crop quoted last week, as 5% is quoted at \$353-355; 15% is \$340, and 25% is \$336-\$338.

Like in Thailand, Vietnam needs the demand from these large traditional G to G trading partners...like **China, Indonesia, and The Philippines**. However, only China (buying smaller quantities under the radar) has been active in the market.

As aforementioned numerous times before, the net result of these delays is a net increase in the supply base by adding new crop production to export projections.

The undertone is soft, but I do see support for 5% around these current levels, with resistance at \$425-435 for both Thai and Viet 5%. I look for the Asian and US price to continue to converge over the next few months.

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 : 34.765

INDIA and PAKISTAN

The **Indian** market is relatively quiet, as prices remain steady to firm, with the exception of the Basmati market, which has a soft undertone due to a lack of adequate demand. There is ongoing private trade with **Iran**, which has kept prices for Basmati fairly stable, but far from firm.



The government has indicated that they plan to buy upwards of 30 MMT out of the new crop for buffer stocks. This is also lending fundamental support for the market, as the Indians seem to manage their surplus in a way that does not alter global supply side economics...unlike Yingluck did in Thailand.

IR-64 5% is quoted at \$395-400 per MT FOB Kakinada; 25% is \$360 and brokens are \$320. Parboil is firm at \$365, in spite of **Nigeria's** import ban... mind you, cross border trading there is the virtual norm.

The market in **Pakistan** for the old crop is over, and the new crop is just beginning harvest in a very few places. The thrust of the harvest will come in September.



In the meantime, IRRI-6 early indications for new crop 5% are around \$405, 25% is \$375.

The undertone of the market in this region is steady.

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

Thailand		Vietnam		India		Pakistan		Uru.	Arg.	Para.
100%B	\$422.00		S/A	5%	\$395.00			New Crop	New Crop	New Crop
100B Containers	\$437.00	5%	\$355.00	10%	N/A	5%	\$405.00	N/A	N/A	\$510.00
5%	\$412.00	15%	\$340.00	15%	N/A	10%	N/A	N/A	N/A	\$505.00
10%	\$410.00	25%	\$336.00	25%	\$360.00	15%	N/A	N/A	N/A	\$497.00
15%	\$406.00	Brokens	\$325.00	Brokens	\$320.00	25%	\$375.00			containers
25%	\$396.00			IR64 PB 5%	\$375.00	Parb 5%	\$425.00	N/A		Asuncion
Brokens	\$368.00			1121 parboil	\$825	Parb 15%**	N/A	<u>Uru Parb</u>		
Parb. 100B sorted	\$440.00			Pusa parboil	\$800	Brokens	\$325.00	<u>Brown 5%</u>		
Thai Hom Mali	\$697.00			Traditional	\$1025	<u>Basmati</u>		N/A		
Frag. Brokens	\$431.00	MEP-25%	\$340.00	Pusa	\$850	S. Kernal	\$775.00			
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 08/04/15	
'16 Sep	\$9.565	Down	0.120	Down	0.460	'15 Sep	\$11.455
'16 Nov	\$9.835	Down	0.125	Down	0.460	'15 Nov	\$11.710
'17 Jan	\$10.055	Down	0.135	Down	0.490	'16 Jan	\$11.995
'17 Mar	\$10.265	Down	0.145	Down	0.485	'16 Mar	\$12.215
'17 May	\$10.460	Down	0.150	Down	0.480	'16 May	\$12.400
'17 July	\$10.615	Down	0.150	Down	0.465	'16 July	\$12.400

U.S. Paddy Market Report

Texas - New crop harvesting has begun (16%). Rain has once again interrupted the normal pace of the harvest. One lot of Presidio variety long grain traded at \$4.00 per cwt over loan. Early reports of yields and quality are good.

Louisiana - Bids for new crop long grain are \$10.00-10.25 per cwt FOB country. However, there has been ongoing negotiations directly between Mexico and growers at higher levels. Early reports of yields and quality have been average to good.

Mid South - Futures prices have broken through resistance levels at \$10.00 closing down almost 50 cents for the week, signifying new crop production pressure. We are calling the bid/asked on L/G barges \$11.00/11.35 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 2016 crop)				
	Texas	Louisiana	Mid-South	California
Long grain	\$10.50	\$10.00-10.25	\$9.50/\$10.00	*
Med Grain	*	no bid	no bid	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

The market in the South is beginning to exhibit a softer trend. Prices are down about \$10 per MT on milled, and fresh offshore demand is dearly needed as we transition into the thrust of the new crop harvest.

Now, the good news: I firmly believe the outlook for regular biz with Iraq this season is at least 50/50. Why, you might ask? Granted, the MOU is simply "window dressing"; but, in the grander scheme of things, U.S. is cheaper than Mercosur, and getting closer to Asian values every day...or, so it seems. I know what you are going to say: "that is both good news and bad news"...perhaps. But, the alternative: no news, no biz, is unacceptable.

Suffice it to say that it is likely inevitable that with the size of the long grain crop in the Gulf, and the Calrose crop on the West Coast, we are heading towards lower values. How much lower depends on when price meets up with willing demand...and, I think that may be sooner than later.

However, just as lower prices will generate demand, higher prices will chase demand away...so long as there is an alternative. And, it appears as though the monsoon is providing the adequate rainfall for a bumper Indian crop; and, Vietnam and Thailand should reap the benefits of a La Nina and have average to good main season crops during the second semester of 2016 and entering into the first quarter of 2017.

Further, the short crop and high prices in Mercosur, in concert with ample water reservoir levels will likely bode well for the 2017 crop down there. Further, the strong play in Brazil is finished, for all practical purposes, albeit inclusive of some very difficult execution issues with customs, truck congestion, etc. at the border. All things considered, Mercosur prices may eventually drift lower; but,

I see fundamental support for 5% around \$475.00 FOB.

The way I see it: We have a classic case of substantive pent-up demand embracing bumper crops, resulting in a steady market for the next 6 months...with some peaks and valleys along the way.

That's my story, and I'm sticking to it!

CALIFORNIA, AUSTRALIA, and the "MED"

Korea did award all three of their tenders last week for a total of 66,666mt. The medium grain was awarded to California and the short grains to China. The 22,222mt of California medium grain brown rice was bought at \$588.24 per mt CIP Mokpo, while the short grain brown rice was bought at \$865.60 and \$865.97 per mt CIP Incheon and Masan, respectively. See page 4 Tender Results.

The paddy market in California has been quiet lately, as carry-over stocks and pledged new crop paddy have buyers comfortable. On the other hand, there has been talk of a cargo (30,000mt) of paddy having been sold to **Turkey** at a price reported to be about \$310 per mt FOB for early September shipment.

Milled rice prices are unchanged account a lack of recent activity but trending softer long term (first semester 2017). As mentioned in our previous reports, mills are mostly booked or have milling time earmarked for the balance of the calendar year.

California experienced very high temperatures last week (over 100 degrees) but night time temperatures were in the 60's so no adverse effect is expected with regard to the rice crop. The harvest is still about a month away and the crop looks good so far. USDA Crop Progress report has 85% of the CA crop rated as good-excellent.

Upcoming Tenders:

None

Tenders Results:

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 (Walu 506,000mt, Falu 78,000mt, fal big broken 96,000mt)

Hom Mali 321,000mt

Glutinous 114,000mt

Plus an additional quantity of 900,000mt for industrial use.

The Thai government has approved only 45,000mt of rice sales for industrial use at prices reported to be \$200.00-250.00 per mt. The government stated that prices on the auctions were too low. There are rumors in the market that 200,000 - 400,000mt of rice for export may be done as well.

July 26 Korea tenders to buy: Bought

22,222mt of Chinese non-glutinous brown short grain, at \$865.60 per mt CIP.

22,222mt of Chinese non-glutinous brown short grain, at \$865.97 per mt CIP.

22,222mt of US non-glutinous brown medium grain, at \$588.24 per mt CIP.

USDA Export Sales Highlights (July 15-21, 2016)

Sales

Net sales of 17,400 MT for 2015/2016 were down 49 percent from the previous week and 69 percent from the prior 4-week average. Increases reported for:

Haiti	(7,100 MT)
Japan	(6,900 MT)
El Salvador	(2,000 MT, switched from unknown destinations)

Canada	(1,600 MT)
Mexico	(500 MT)

were partially offset by reductions for:

unknown destinations	(2,000 MT)
Costa Rica	(300 MT)
Albania	(200 MT)

For 2016/2017, net sales of 39,800 MT were reported for:

Panama	(13,600 MT)
Honduras	(7,700 MT)
South Korea	(5,500 MT)
Mexico	(5,100 MT)

Exports

Exports of 28,900 MT, down 55 percent from the previous week and 69 percent from the prior 4-week average, were reported to:

Costa Rica	(6,000 MT)
El Salvador	(4,900 MT)
Canada	(3,500 MT)
Mexico	(2,800 MT)
Jordan	(2,600 MT)

Source: USDA

USDA Crop Progress: Rice Headed - Week Ending July 31, 2016

State	Selected States, Week Ending			
	July 31, 2015	July 24, 2016	July 31, 2016	2011-2015 Average
	(percent)			
Arkansas	59	61	80	52
California	24	26	27	22
Louisiana	93	86	91	90
Mississippi	78	57	68	72
Missouri	53	16	55	37
Texas	83	91	95	87
6 States	60	57	71	54
				Previous Week
				Previous Year

Rice Condition - Selected States: Week Ending July 31, 2016

	(percent)				
	Very Poor	Poor	Fair	Good	Excellent
	Arkansas	3	9	27	43
California	-	-	15	75	10
Louisiana	-	5	32	55	8
Mississippi	-	2	21	49	28
Missouri	1	3	24	51	21
Texas	3	4	36	48	9
6 States	2	6	26	51	15
				Previous Week	16
				Previous Year	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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